

# Council Economic Development Committee



May 6, 2019



Approval of Minutes from April 1, 2019  
Regular Meeting



THE  
TRUE  
LIFE

COMPANIES

Council Economic  
Development  
Committee

May 6, 2019

27283, 27177 Mission Boulevard, Hayward



Two Parcel Assemblage totaling 2.49 acres  
General Plan: SMU: Sustainable Mixed Use  
Zoning: S-T4





Neighboring properties include Bowman Elementary School, Moreau High School, St. Clement's Church.

















### Allowed Uses S-T4

a. RESIDENTIAL		b. LODGING		c. OFFICE		d. RETAIL		d, RETAIL		e. CIVIC		f. OTHER: AGRICULTURE		g. OTHER: AUTOMOTIVE		h. OTHER: CIVIL SUPPORT		i. OTHER: EDUCATION							
Multiple Family	P	Bed & Breakfast	AU	Office	P	Alcohol Sales**	CU	Pawn Shop	-	Assembly*	AU	Vegetable Garden	P	Automobile Repair (Minor)	AU	Fire Station	P	Day Care Center	P						
Second Dwelling Unit	-	Hotel	CU			Artisan/Craft Production	P	Personal Services	P	Conference Center	-	Urban Farm	P	Automobile Repair (Major)	CU	Hospital	CU	Day Care Home	AU						
Live-Work	P					Appliance Repair Shop	P	Printing and Publishing	AU	Cultural Facility	P	Community Garden	P	Drive-Through Facility	CU	Medical/Dental Clinic	AU	Educational Facility	AU						
Small Group Transitional Housing	P					Check Cashing & Loans	-	Recycling Collection Area	AU	Park & Recreation	P	Green Roof		Gas Station	Cu	Mortuary	AU	Vocational School	AU						
Large Group Transitional Housing	CU					Dance/Nightclub	-	Restaurant	P	Parking Facility	AU	Extensive	P	Taxi Company	AU	Police Station	P								
Small Group Supportive Housing	P					Equipment Rentals	AU	Retail Sales	P	Public Agency Facility	P	Semi Intensive	P												
Large Group Supportive Housing	CU					Home Occupation	P	Tattoo Parlor	-	Religious Facility*	AU	Intensive	P												
Emergency Homeless Shelter	P					Indoor Recreation	AU	Tobacco Specialty Store	-	Wind Energy	P	Vertical Farm	-												
						Kennel	AU	Small Motion Picture Theater	P																
						Liquor Store	-	Large Motion Picture Theater <sup>(1)</sup>	CU																
						Massage Parlor	CU	Live Performance Theater	P																
						Media Production	AU																		



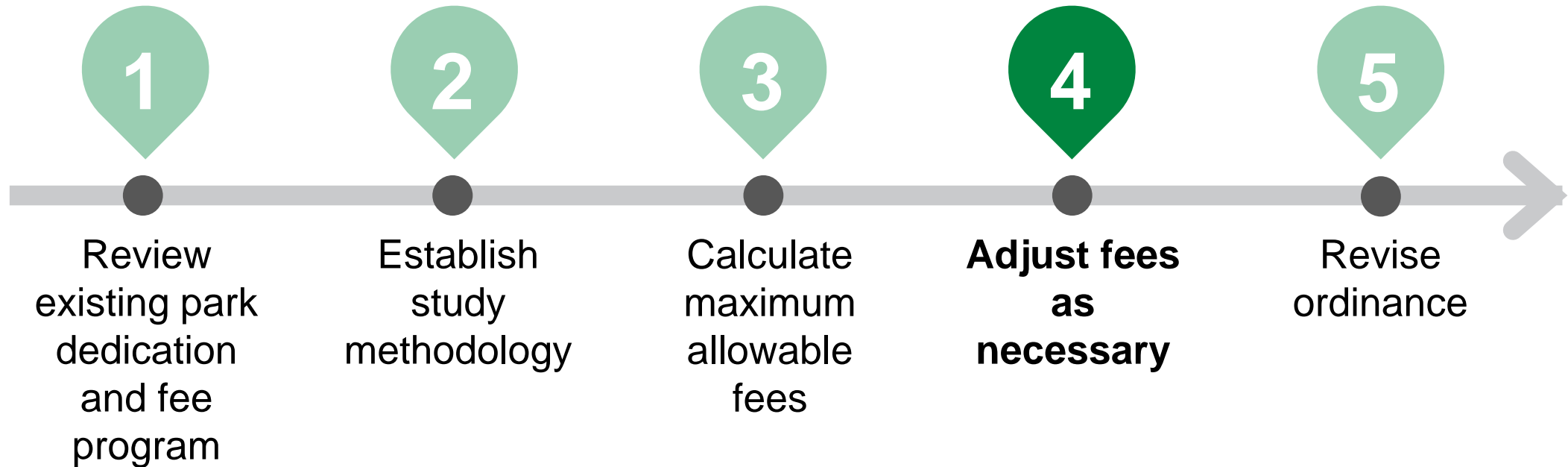
# Park Nexus Study Fee Calculations

May 6, 2019





# Park Nexus Study Project Status



# Current City of Hayward Park Fees

The last nexus study and fee schedule update occurred in 2003.

- **Current Park Fees**
  - Single-Family Detached \$11,953
  - Single-Family Attached \$11,395
  - Multifamily \$9,653
- Fees have not kept pace with inflation and land values.

## Park Fees if Annual CPI Adjustment Had Been Made

Year	Single-Family Detached	Single-Family Attached	Multifamily
2003	\$11,953	\$11,395	\$9,653
2004	\$12,099	\$11,534	\$9,771
2005	\$12,336	\$11,761	\$9,963
2006	\$12,732	\$12,138	\$10,282
2007	\$13,149	\$12,535	\$10,619
2008	\$13,558	\$12,925	\$10,949
2009	\$13,657	\$13,019	\$11,029
2010	\$13,844	\$13,198	\$11,180
2011	\$14,204	\$13,541	\$11,471
2012	\$14,585	\$13,904	\$11,779
2013	\$14,912	\$14,216	\$12,043
2014	\$15,336	\$14,620	\$12,385
2015	\$15,737	\$15,002	\$12,709
2016	\$16,210	\$15,453	\$13,091
2017	\$16,732	\$15,951	\$13,512
<b>2018</b>	<b>\$17,379</b>	<b>\$16,567</b>	<b>\$14,035</b>

Source: Community Attributes, Inc.



# Types of Park Fees

**California law allows two types of park fees.**

- **Quimby Act**
  - Allows cities to require dedication of land up to 5 acres/1,000 population, depending on current level of service
  - Applies to residential development
- **Mitigation Fee Act**
  - Allows cities to charge park fees to all types of new development
  - Fee must bear a reasonable and proportionate relationship to impact



# Residential & Non-Residential Fee Calculations

## Maximum Allowable Park Impact Fees, Calculated for Residential and Non-Residential Development

<i>Type of Development</i>	<i>Existing Fee</i>	<i>Maximum Allowable Fee</i>
Residential		
Single-Family <sup>1</sup>	\$11,953	\$20,056
Multifamily	\$9,653	\$16,415
Mobile Home/Other	\$9,653	\$13,280
Non-Residential		
Office/Other Commercial	-	\$7.88/sq. ft.
Retail	-	\$9.72/sq. ft.
Industrial	-	\$0.78/sq. ft.
Government	-	\$9.00/sq. ft.
Education	-	\$2.87/sq. ft.

Notes:

1. Attached single-family homes are assessed a fee of \$11,395.

Source: Community Attributes, Inc.

## Fees are based on "equivalent population"

- Population and employment are both projected to grow
- Employees and visitors spend less time in Hayward and its parks than residents
- Non-residential development fees are based on the "equivalent population" that the development would generate



# Residential & Non-Residential Fee Calculations

Maximum Allowable Park Impact Fees, Calculated for Residential and Non-Residential Development

Type of Development	Existing Fee	Maximum Allowable Fee
Residential		
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Education	-	\$2.87/sq. ft.

Notes:

1. Attached single-family homes are assessed a fee of \$11,395.

Source: Community Attributes, Inc.

Maximum Allowable Park Impact Fees by Unit Size

Type of Development	Maximum Allowable Fee
0 Bedrooms	\$4,416
1 Bedroom	\$6,915
2 Bedrooms	\$12,474
3 Bedrooms	\$21,784
4 Bedrooms	\$30,301

Source: Community Attributes, Inc.

# Residential-Only Fee Calculations

## Maximum Allowable Park Impact Fees, Calculated for Residential Development Only

<i>Type of Development</i>	<i>Existing Fee</i>	<i>Maximum Allowable Fee</i>
Residential		
Single-Family <sup>1</sup>	\$11,953	\$28,504
Multifamily	\$9,653	\$23,329
Mobile Home/Other	\$9,653	\$18,874

Notes:

1. Attached single-family homes are assessed a fee of \$11,395.

Source: Community Attributes, Inc.

## Fees are based on projected residential population

- Would continue the City's current practice of assessing park fees only on residential development



# Residential-Only Fee Calculations

Maximum Allowable Park Impact Fees, Calculated for Residential and Non-Residential Development

Type of Development	Existing Fee	Maximum Allowable Fee
Residential		
Single-Family <sup>1</sup>	\$11,953	\$28,504
Multifamily	\$9,653	\$23,329
Mobile Home/Other	\$9,653	\$18,874

Notes:

1. Attached single-family homes are assessed a fee of \$11,395.

Source: Community Attributes, Inc.

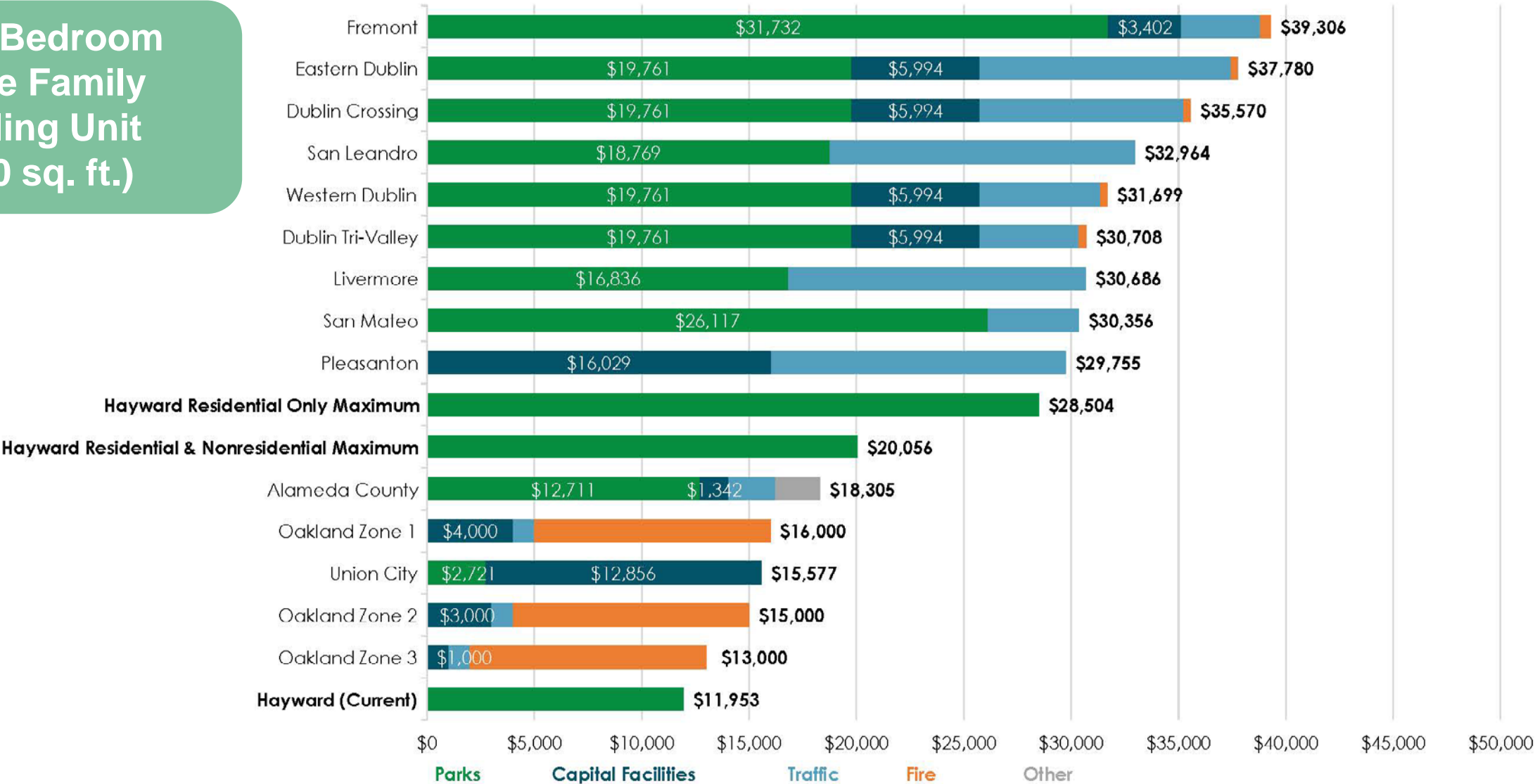
Maximum Allowable Park Impact Fees by Unit Size

Type of Development	Maximum Allowable Fee
0 Bedrooms	\$6,277
1 Bedroom	\$9,828
2 Bedrooms	\$17,728
3 Bedrooms	\$30,959
4 Bedrooms	\$43,065

Source: Community Attributes, Inc.

# Fee Comparisons with Neighboring Jurisdictions

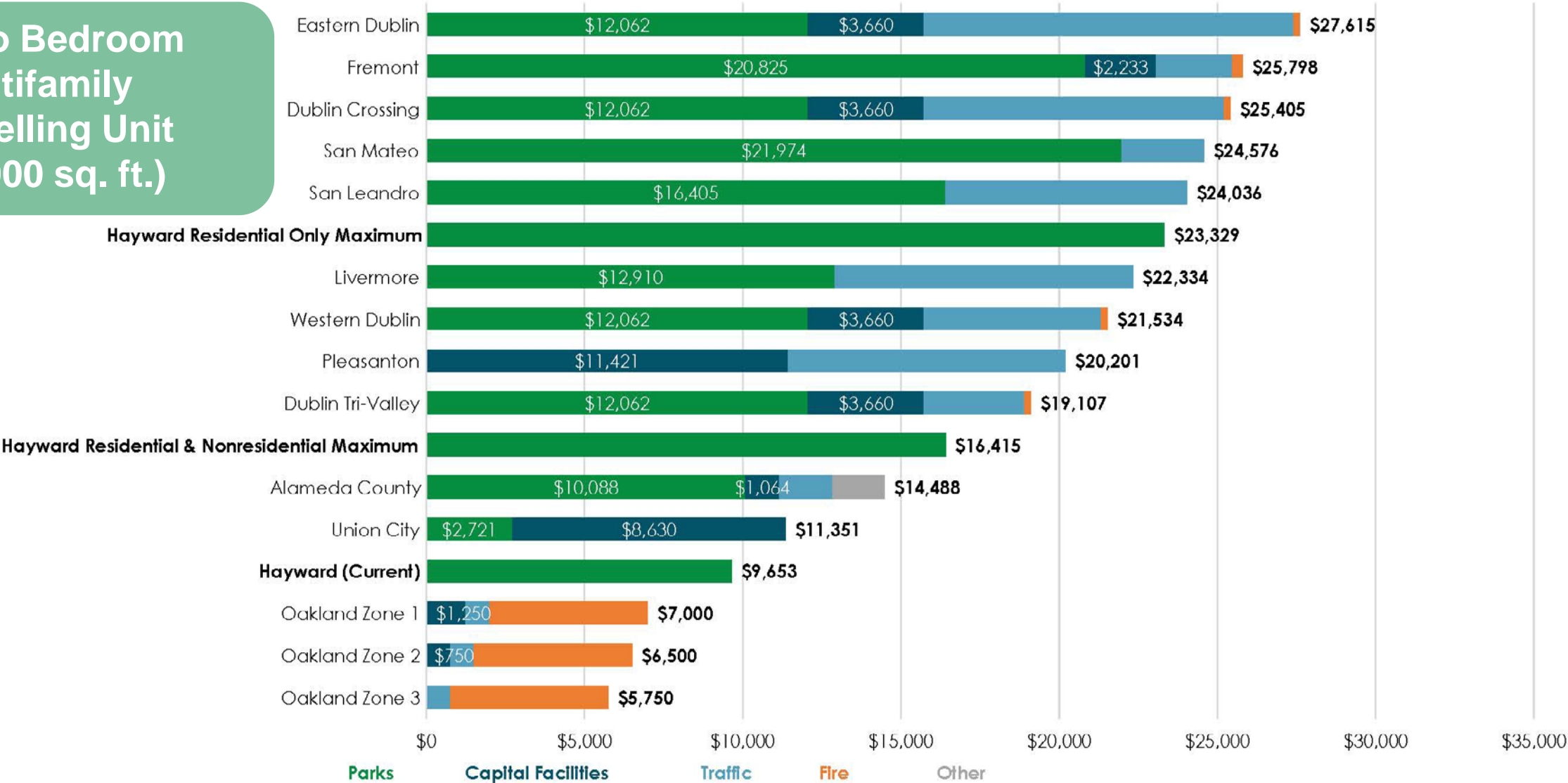
Four Bedroom  
Single Family  
Dwelling Unit  
(2,200 sq. ft.)





# Fee Comparisons with Neighboring Jurisdictions

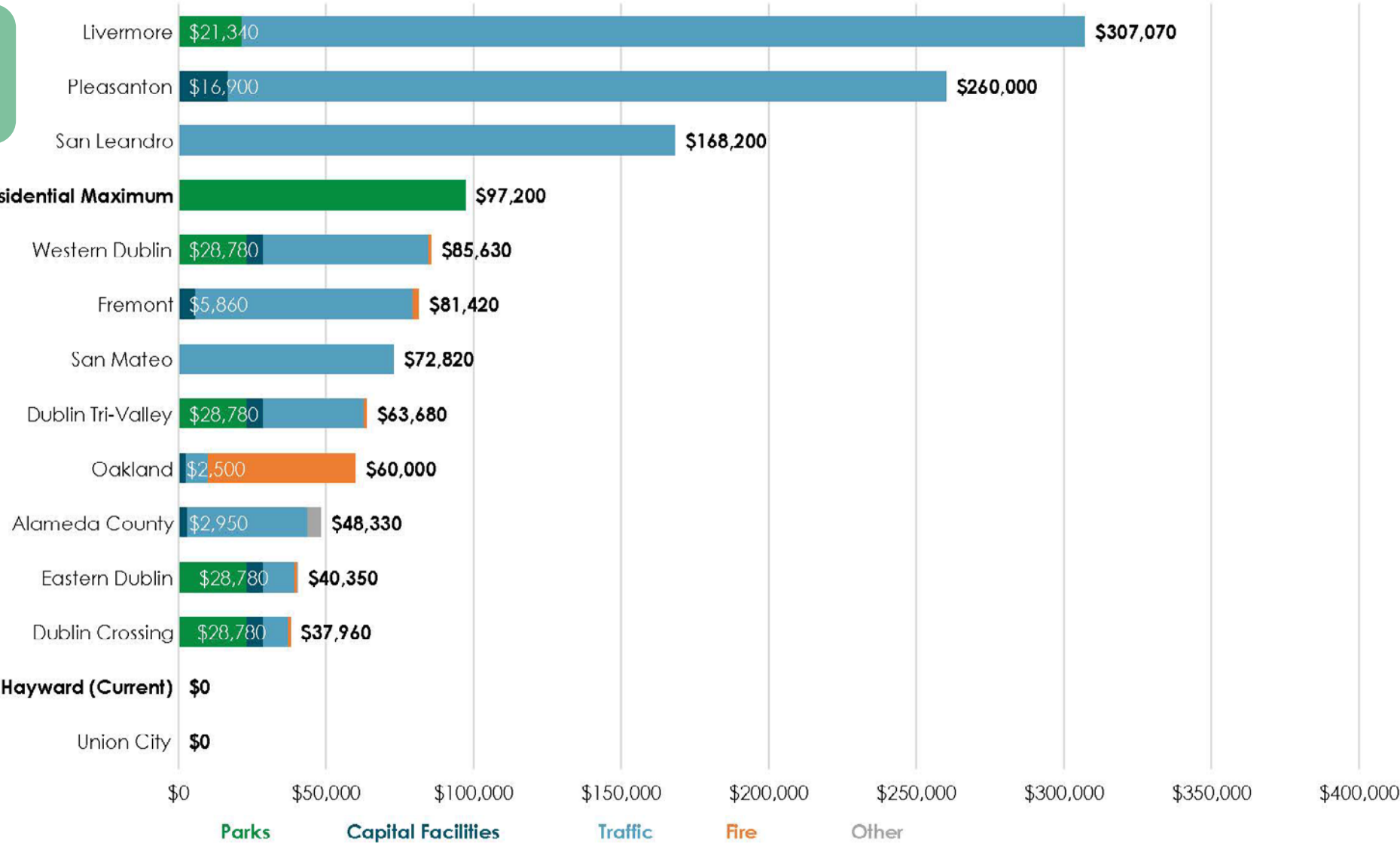
Two Bedroom  
Multifamily  
Dwelling Unit  
(1,000 sq. ft.)



# Fee Comparisons with Neighboring Jurisdictions

Retail Facility  
(10,000 sq. ft.)

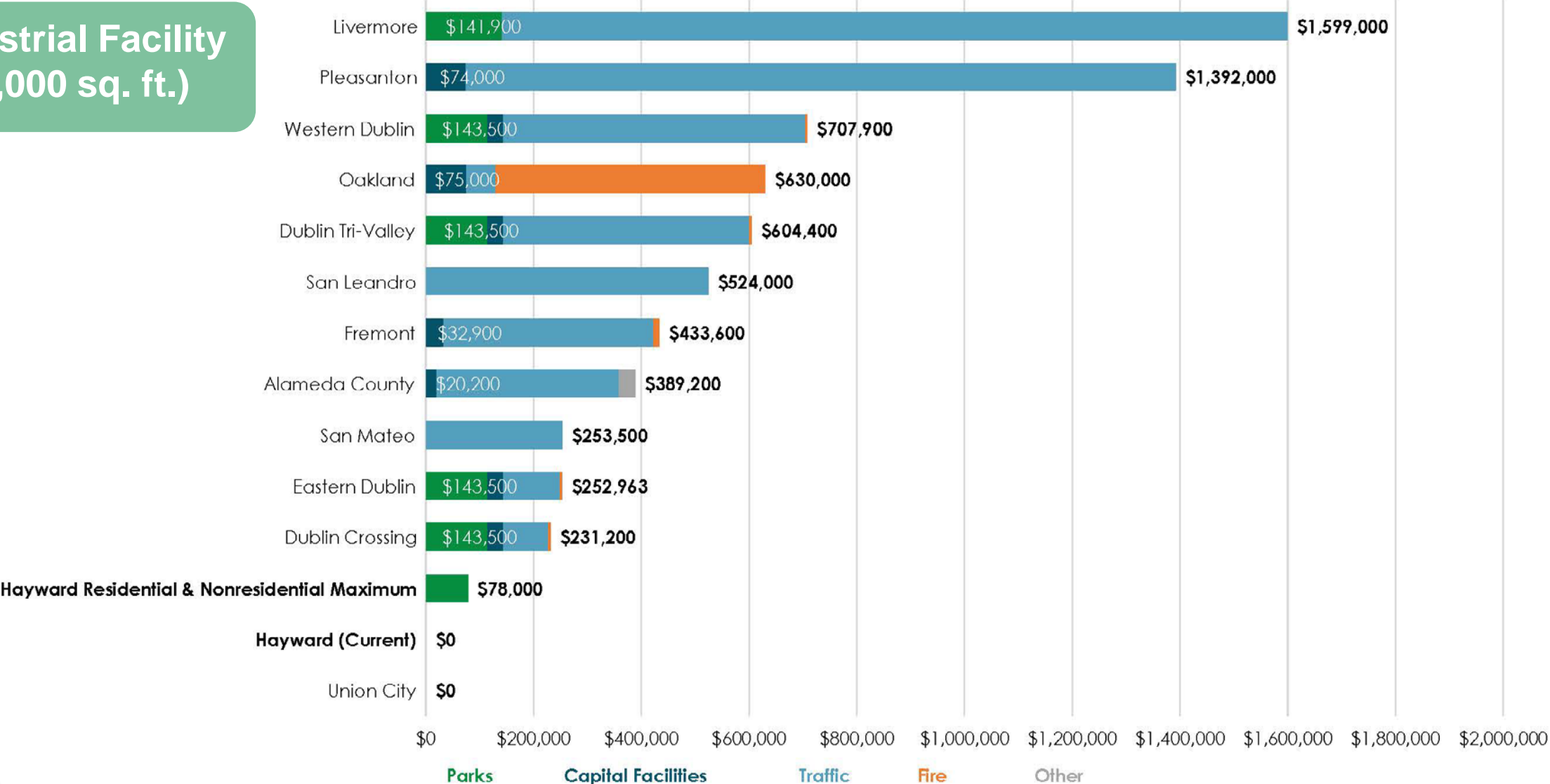
Hayward Residential & Nonresidential Maximum



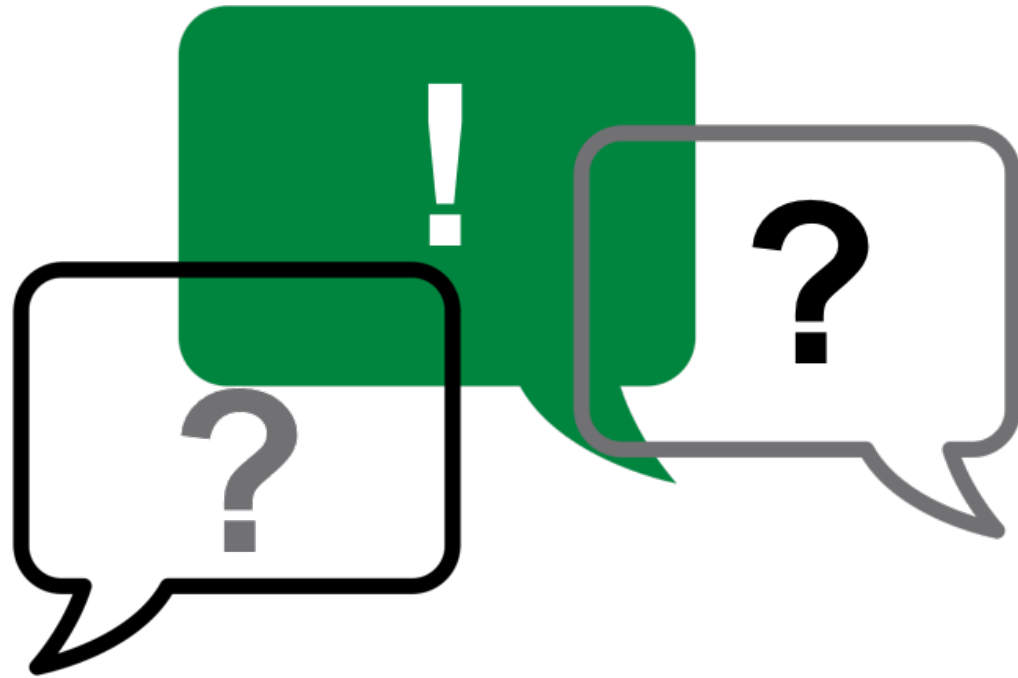


# Fee Comparisons with Neighboring Jurisdictions

Industrial Facility  
(100,000 sq. ft.)



# Questions for Discussion



- 1 Should park impact fees be applied to **non-residential** development?
- 2 Should park impact fees be **reduced** below the maximum allowable for any types of development? If so, which types and how much?
- 3 Are there any types of development that should be **exempt** from park fees, such as accessory dwelling units (ADUs), affordable housing, senior housing, etc.?
- 4 Should park impact fees for **residential** development be set by development type or per bedroom?



# Vacancy Rates and Property Trends

May 6, 2019







# Property types

- Office
- Industrial
- Retail
- Multi-family residential



# Property Data Points

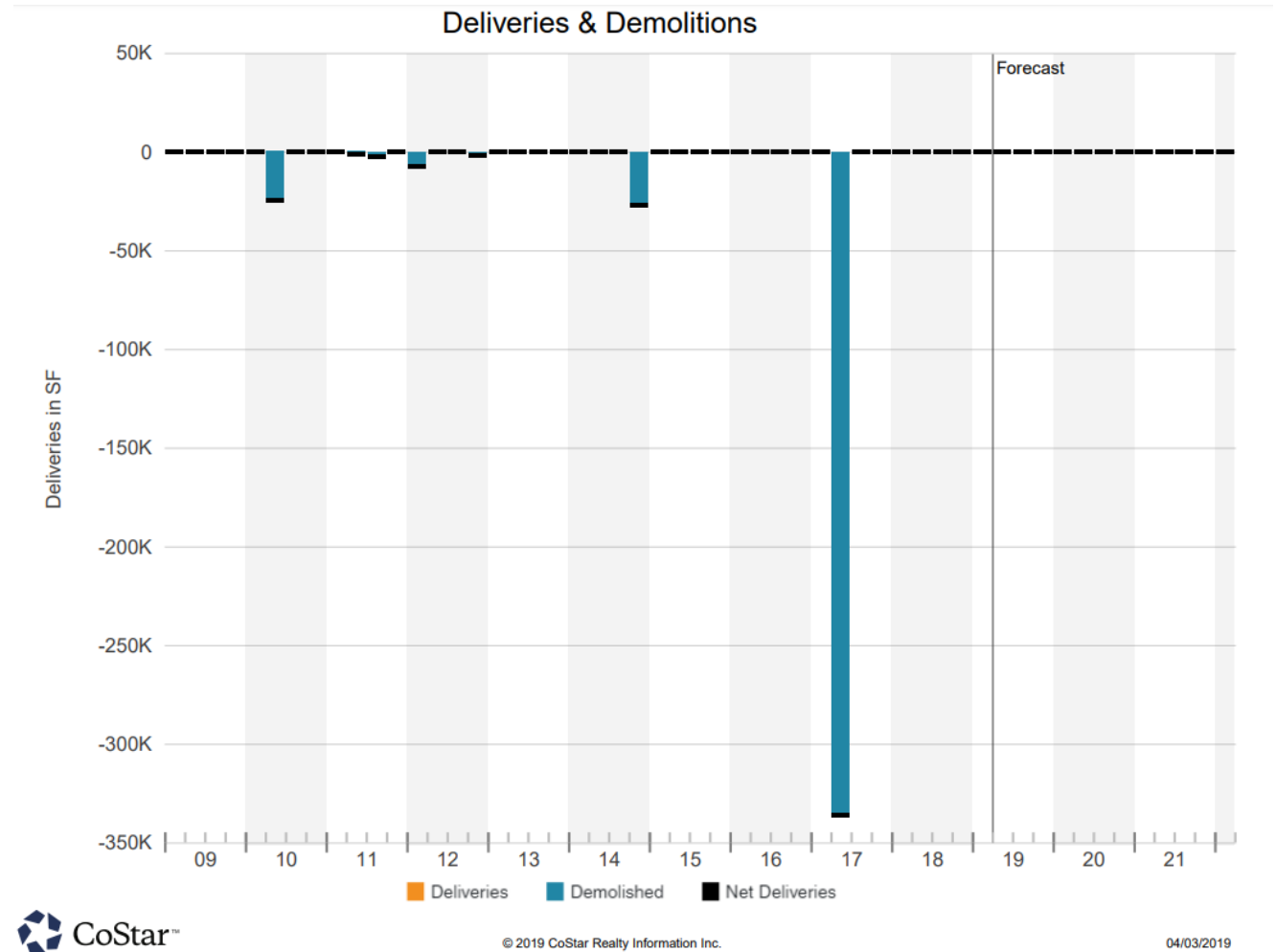


- Total leasable space
- Vacancy Rate
- Rent per square foot or unit
- Absorption Rate
- New Construction
- Sales Price

All data provided by CoStar

# Office Space

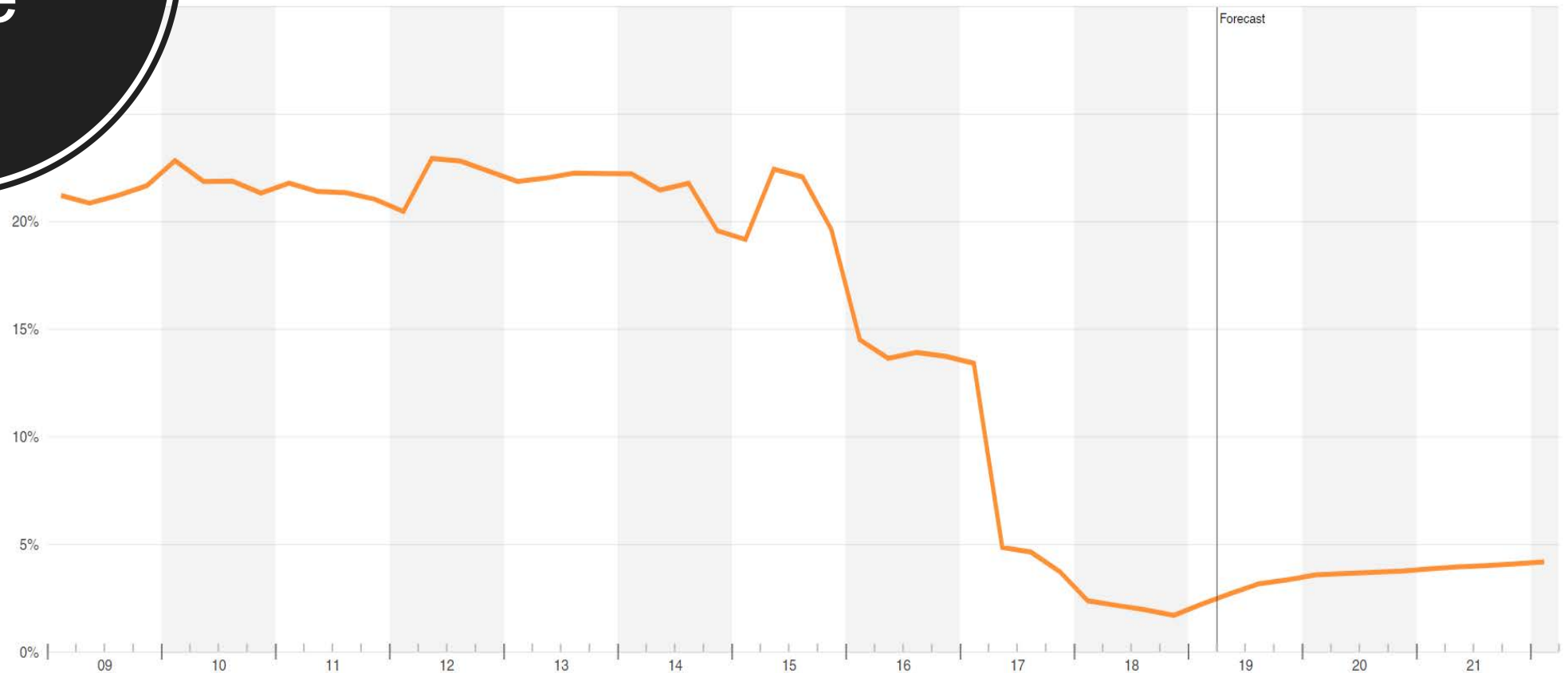
- Total Current Leasable Space – 3.1 Million Square feet (includes 145,000 sq.ft. at City Center)
- No Significant New Office space constructed in past 10 years
- Some existing space demolished (Mervyn's)





# Office Vacancy Rate

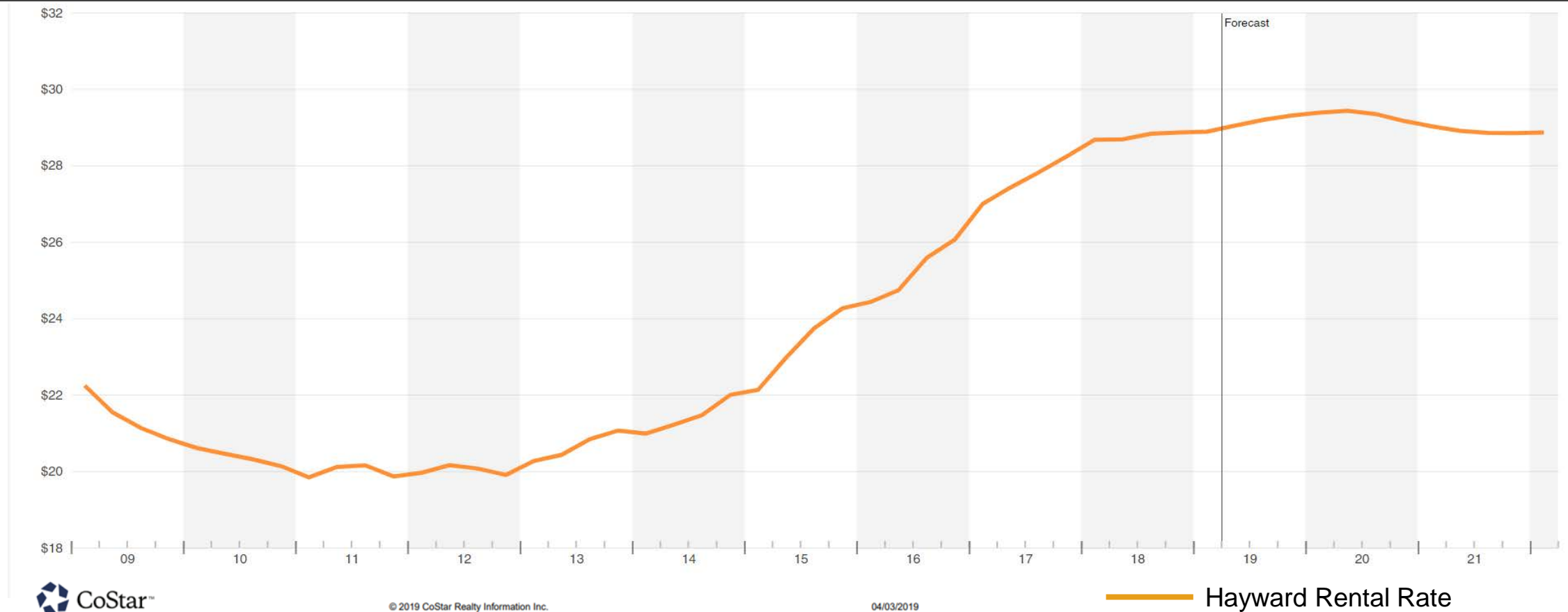
Hayward Vacancy Rate – 2.3%  
East Bay Vacancy Rate – 8.8%



# Office - Rent per square foot

Hayward Rent - \$29.00/ sq. ft. per year

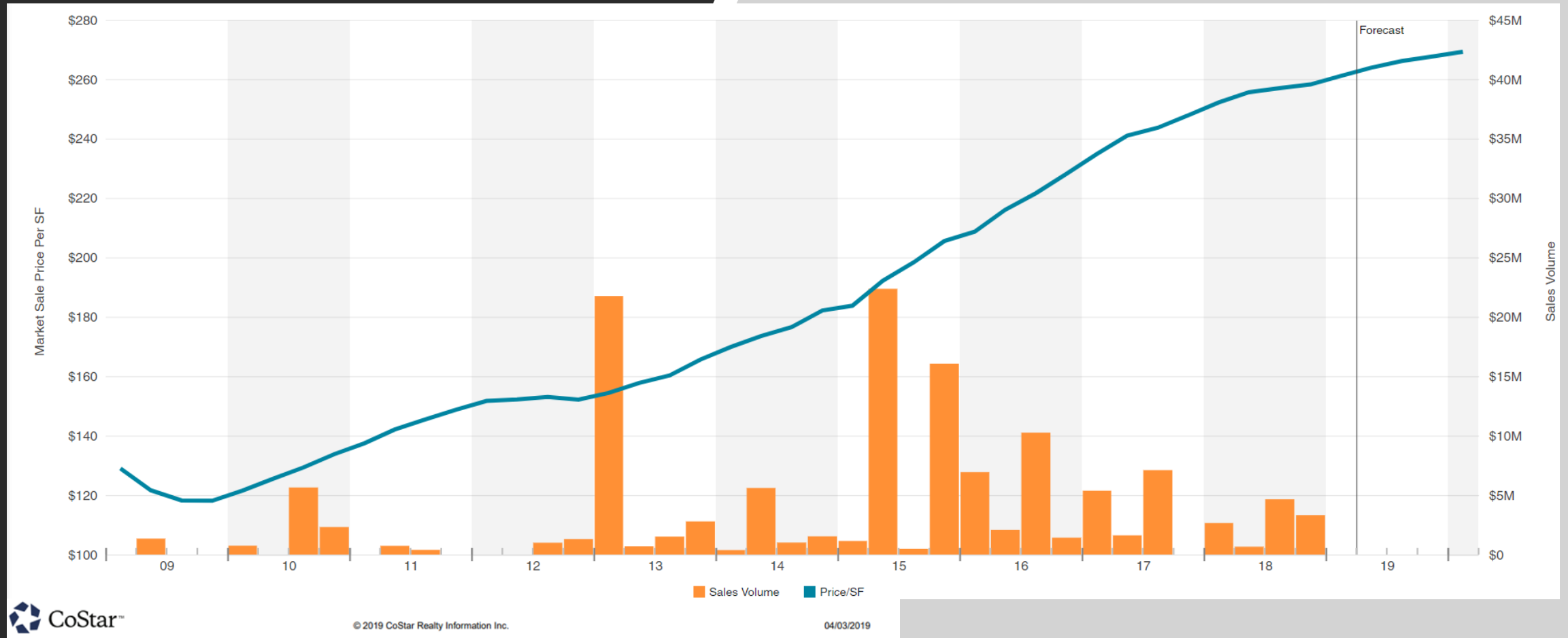
East Bay - \$37.00/ sq. ft. per year



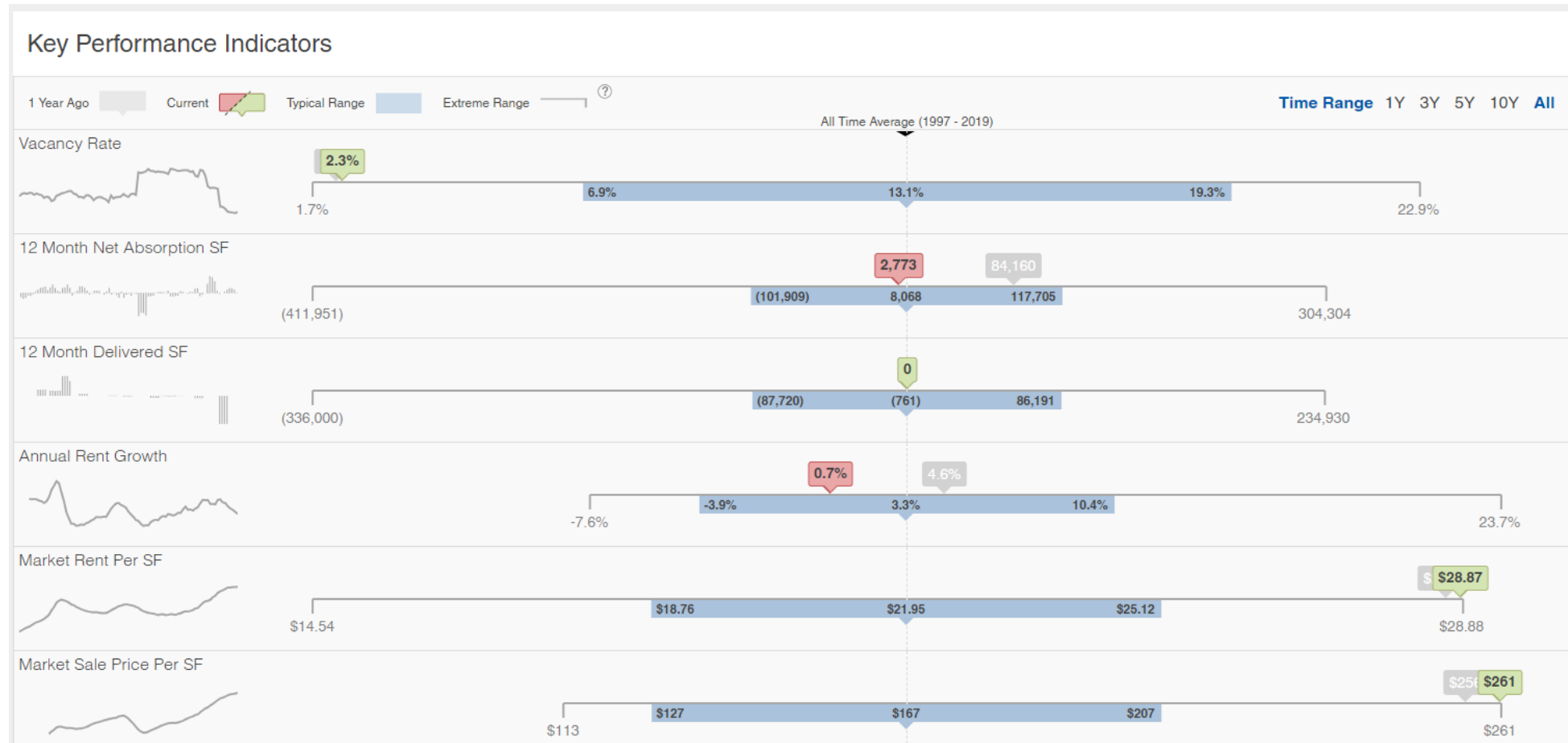


# Sales Volume and Sale Price per Square Foot

## Office Space



# Office Performance Indicators – 22 years

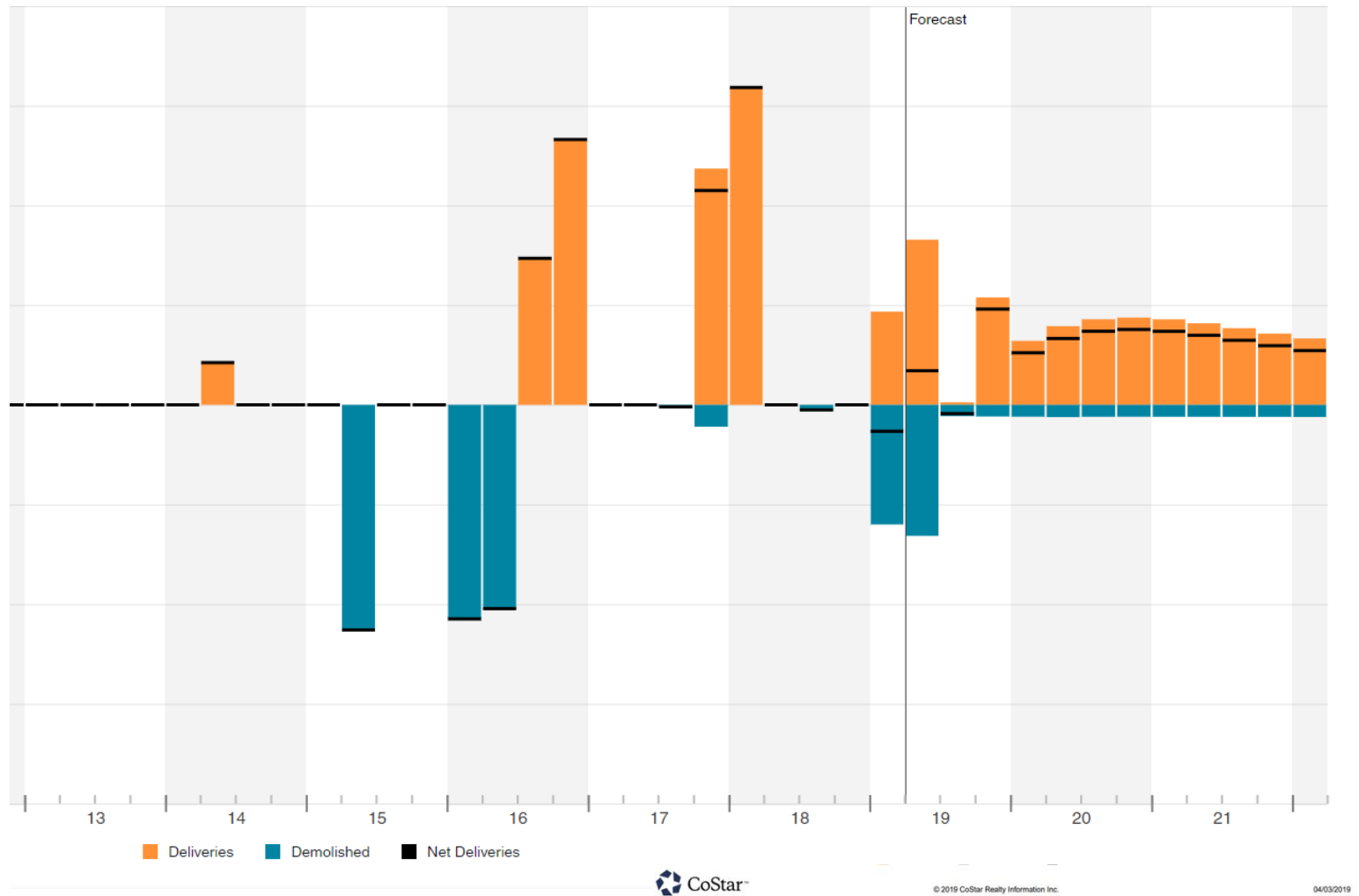


# Office Summary

- Rent growth has slowed dramatically since 2016, but remains positive, while market occupancy remains elevated above the historical norm.
- Assets are selling at record price levels.
- In San Francisco, rents have more than doubled since 2010. As a result, emerging East Bay submarkets with solid transportation infrastructure, are seeing an in-migration of tenants moving across the bay.



# Industrial Space



- Total Current Leasable Space – 37 Million Square feet
- New Industrial Space on the market and proposed

# Industrial Vacancy Rate

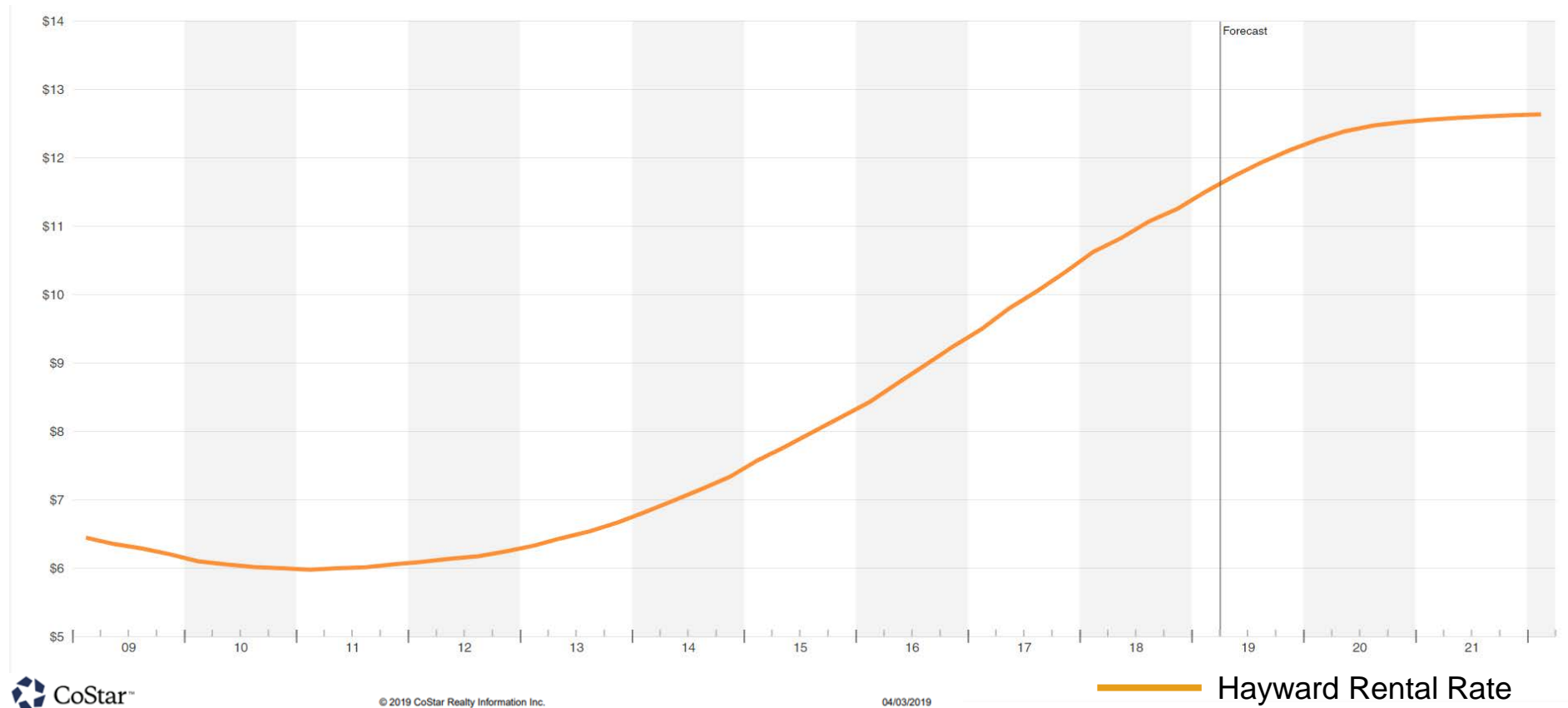
Hayward Vacancy  
Rate – 3.7%  
East Bay Vacancy  
Rate – 4.8%



# Industrial - Rent per square foot

Hayward Rent - \$12.50/ sq. ft. per year

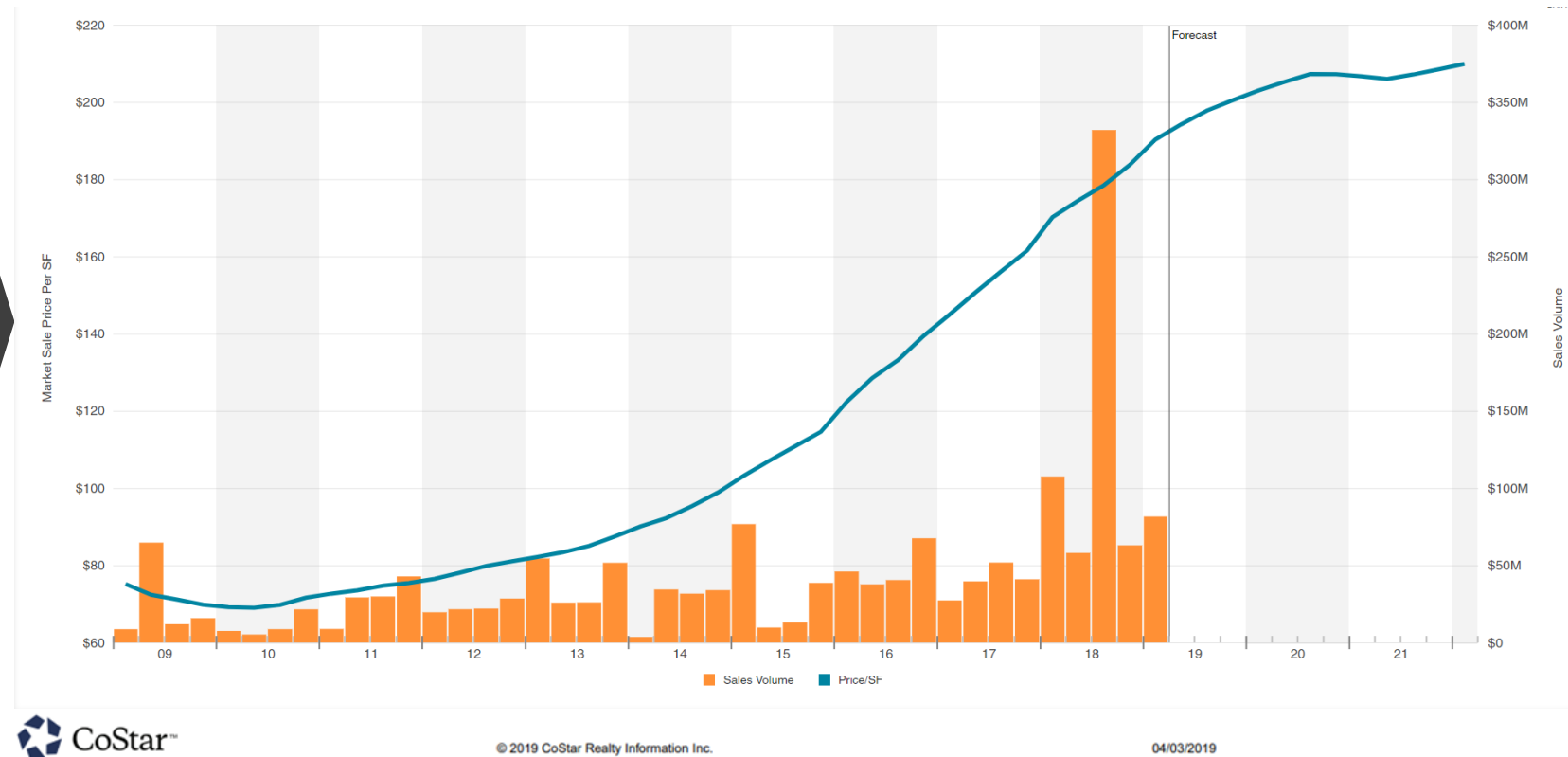
East Bay - \$14.25/ sq. ft. per year



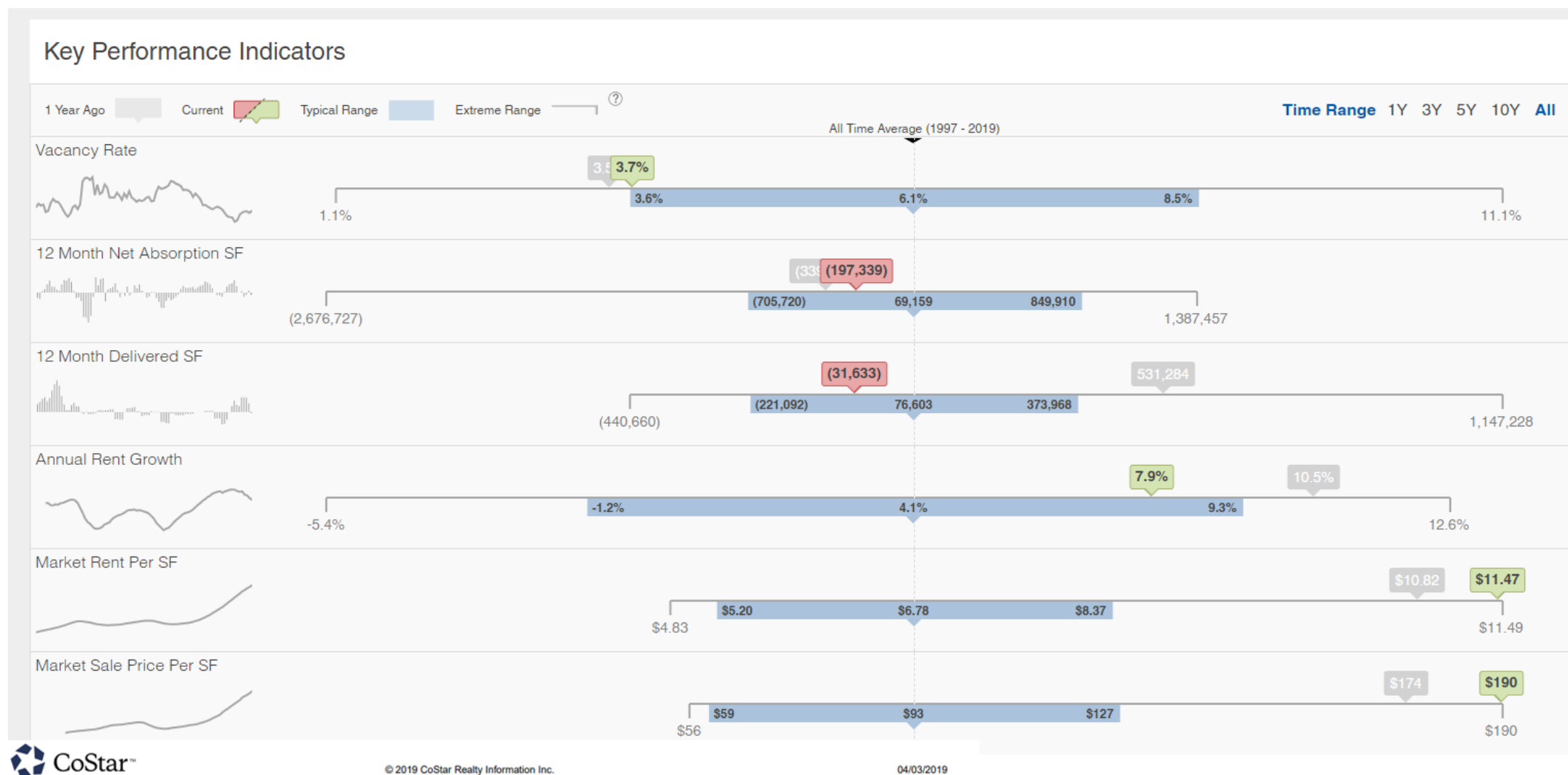


# Industrial Space

Sales  
Volume and  
Sale Price  
per Square  
Foot



# Industrial Performance Indicators – 22 years

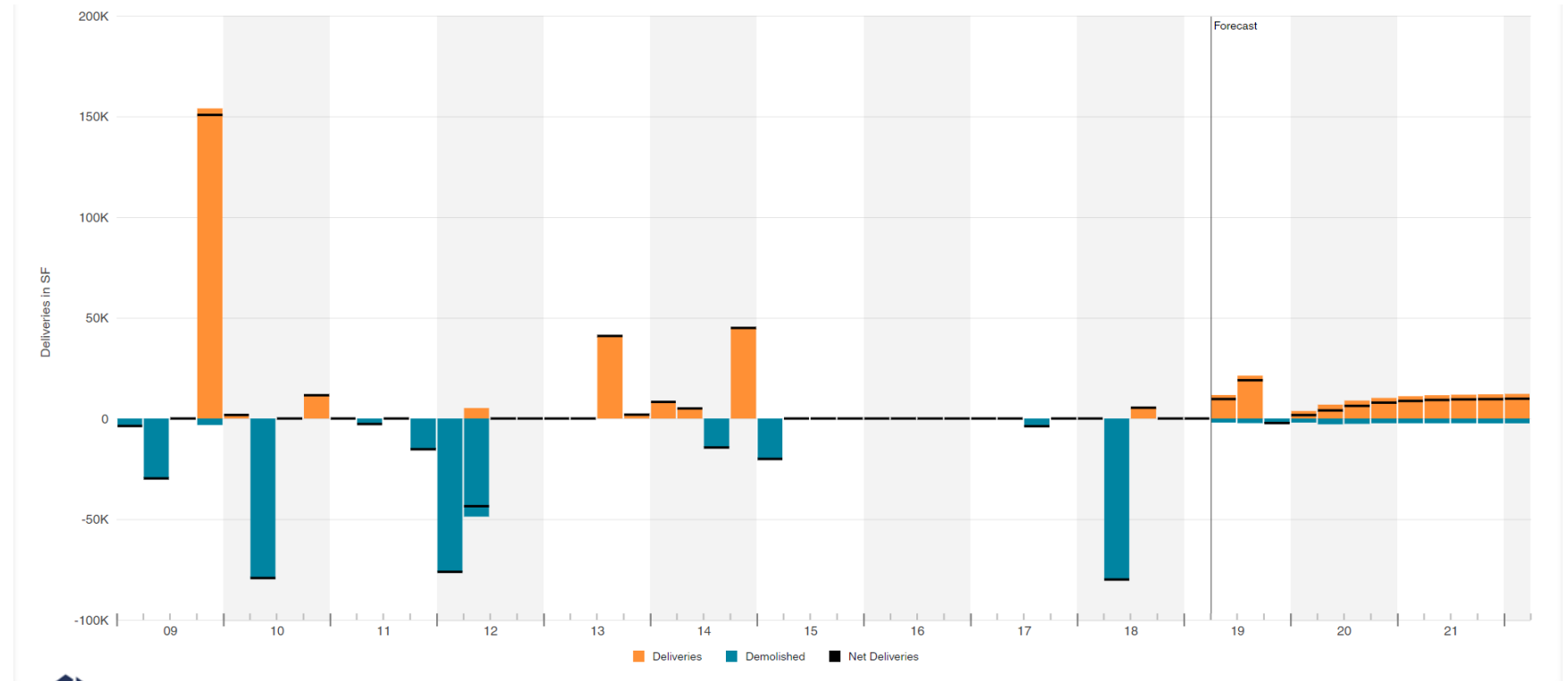


# Industrial Summary

- National industrial production is at an all-time high and robust employment growth, both nationally and across the Bay Area, have bolstered the industrial sector.
- Investors and owner-users are capitalizing on the industrial market's strong momentum. Sales volume reached a new record high in 2018, and pricing continues to increase.
- E-commerce sales are driving demand for industrial real estate, particularly in the Bay Area. Tech savvy Bay Area residents are likely shopping online more often than average, and a thriving local economy and rising wages allow for the consumption of more goods. Retailers are growing warehouse inventories and establishing last mile distribution centers for digital commerce.



# Retail Space



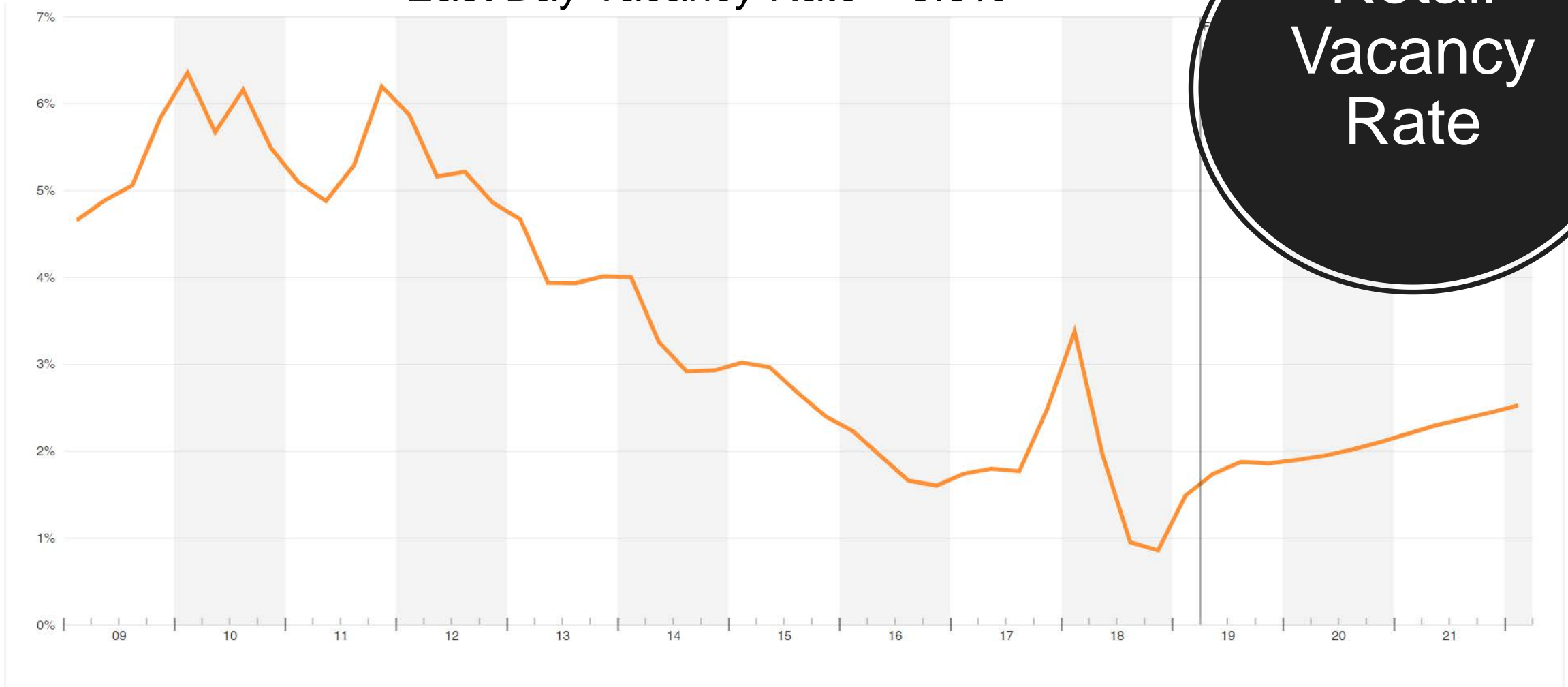
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04/03/2019

- Total Current Leasable Space – 7.7 Million Square feet
- New retail space on the horizon – small scale

Hayward Vacancy Rate – 1.5%  
East Bay Vacancy Rate – 3.3%

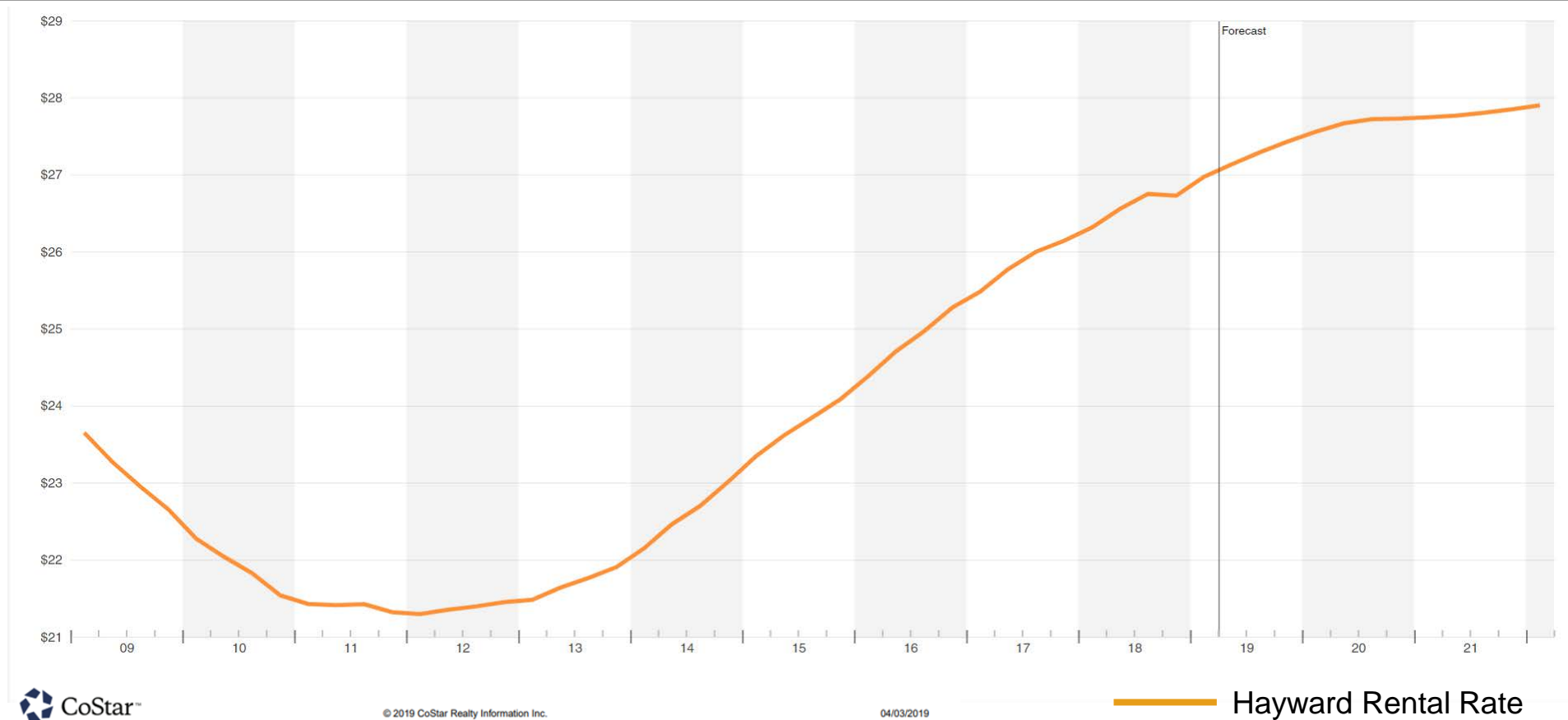
Retail  
Vacancy  
Rate



# Retail - Rent per square foot

Hayward Rent - \$27.00/ sq. ft. per year

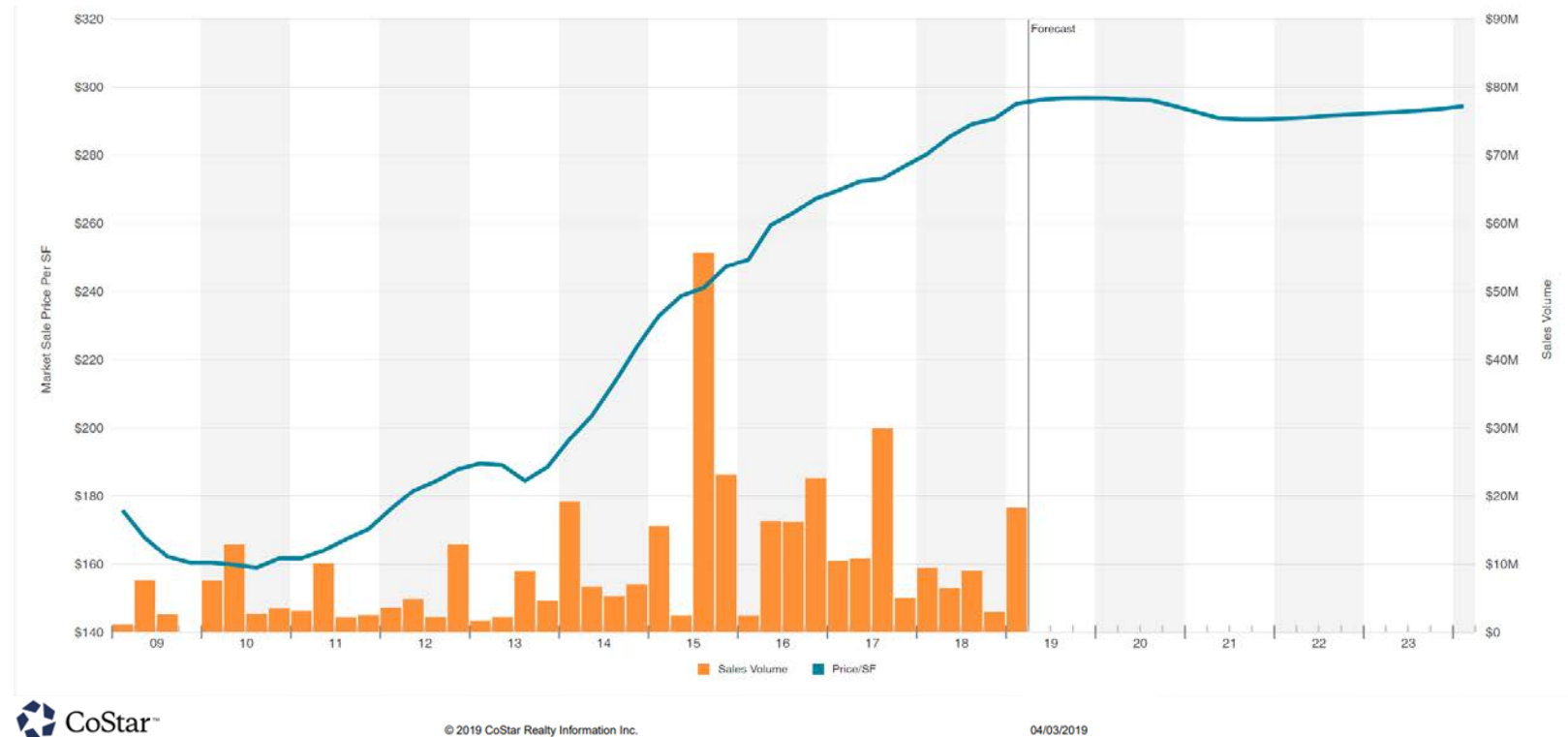
East Bay - \$29.90/ sq. ft. per year



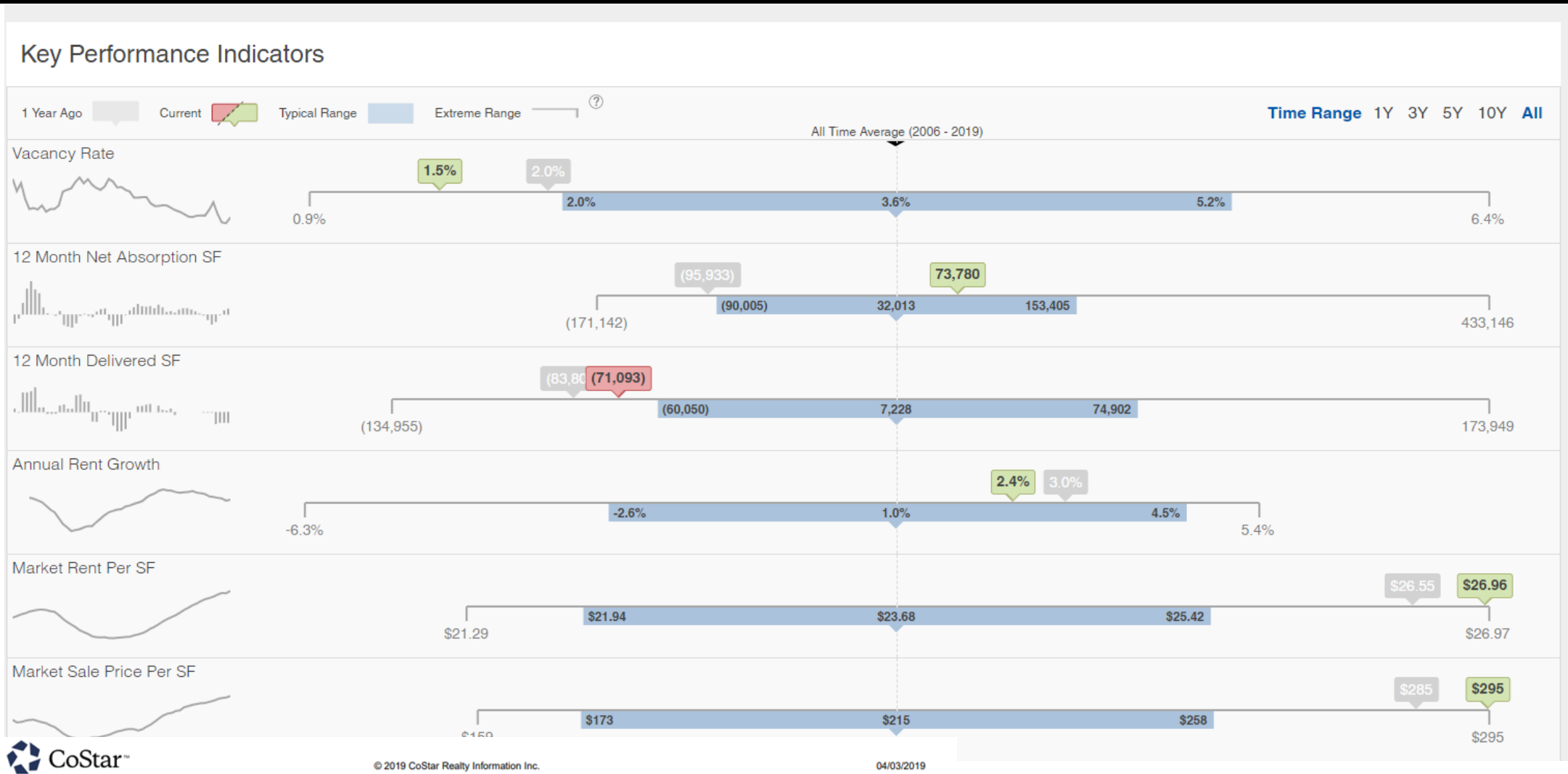


# Retail Space

Sales  
Volume and  
Sale Price  
per Square  
Foot



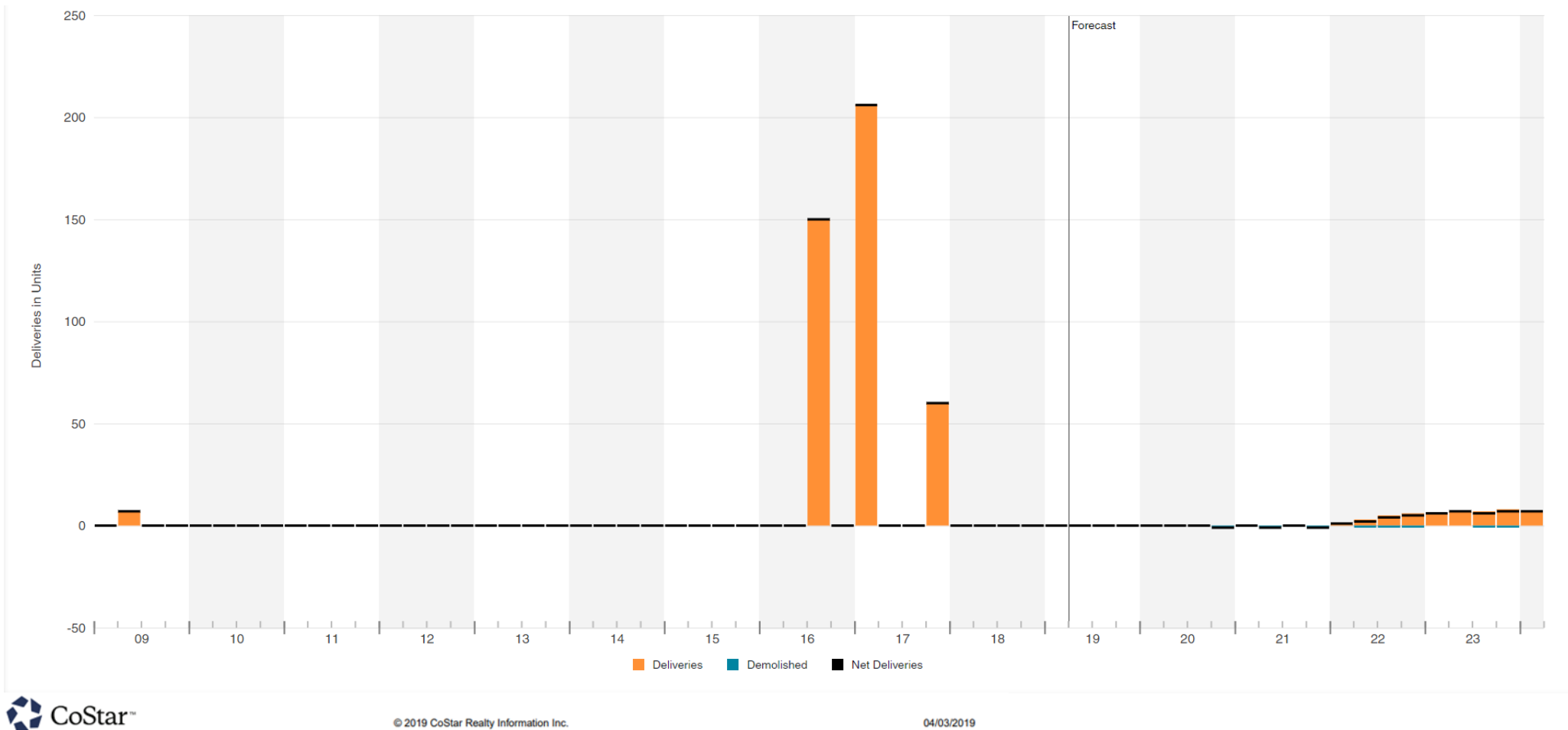
# Retail Performance Indicators – 22 years



# Retail Summary

- East Bay is home to one of the healthier retail markets in the country. Vacancies remain tight, and relatively limited new construction averts concern about a major vacancy expansion happening any time soon.
- While rents were especially slow to recover from the recession, gains were strong over the last few years.
- Institutional and regional investors alike continue to show interest in this area.



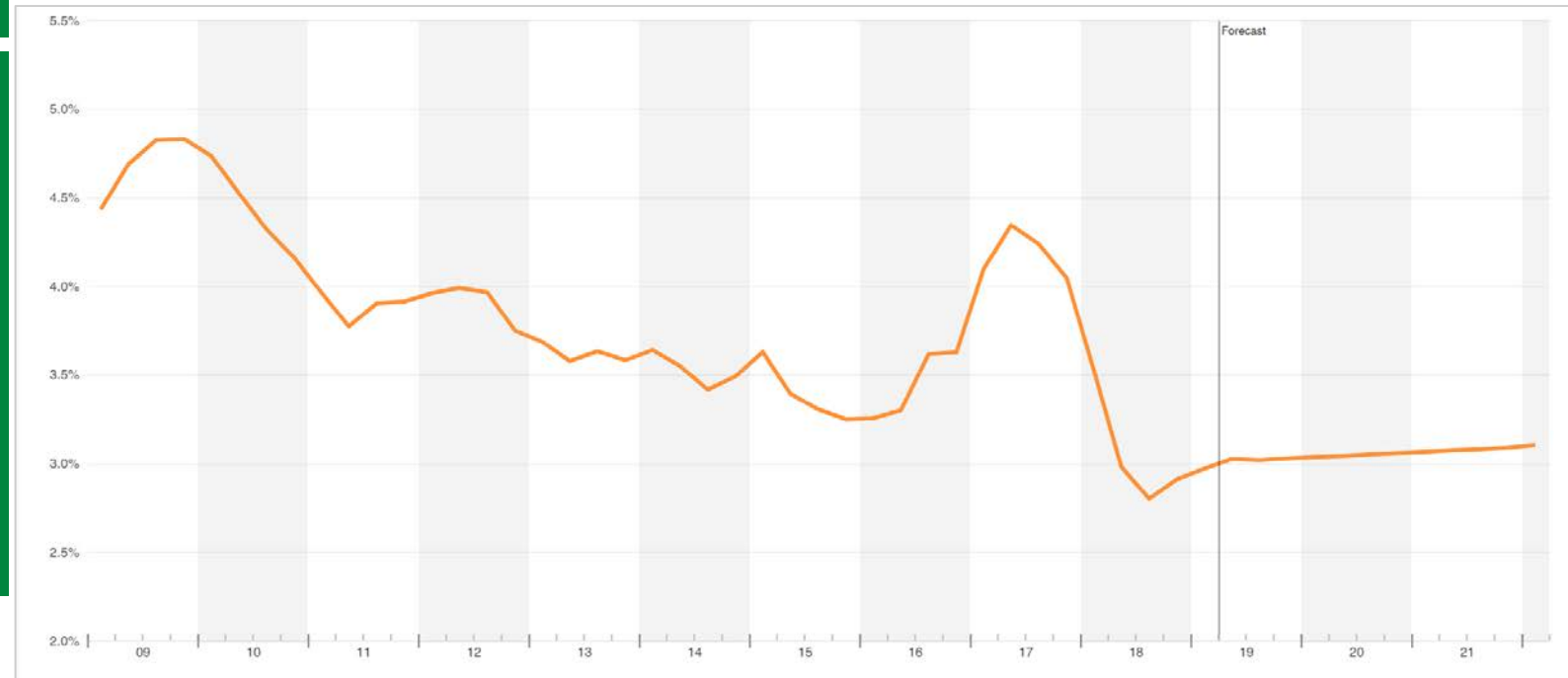


# Multi-family Units

- Total Current Number of Units – 18,827
- Multi-Family are rental units only. Does not include condo projects

## Multi-Family Vacancy Rate

Hayward Vacancy  
Rate – 3.0%  
East Bay Vacancy  
Rate – 4.3%



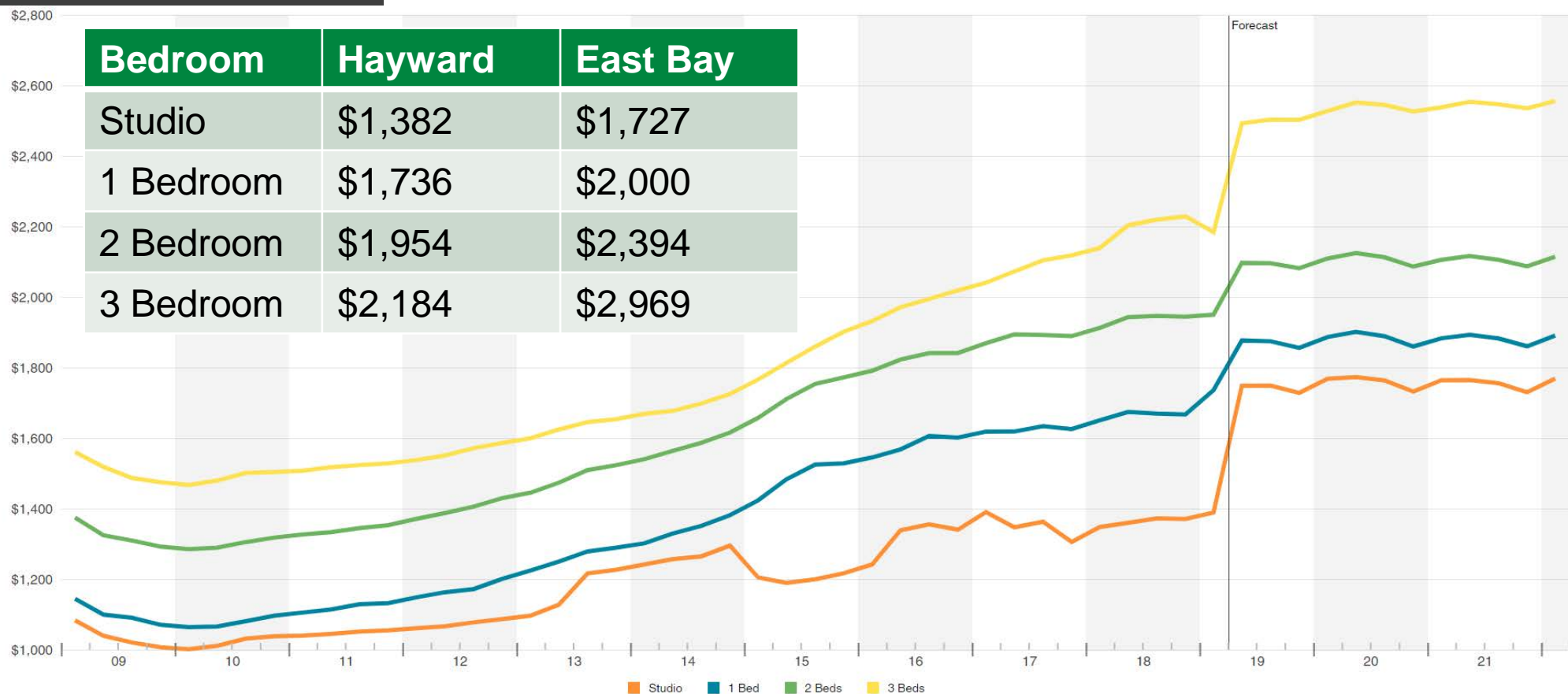
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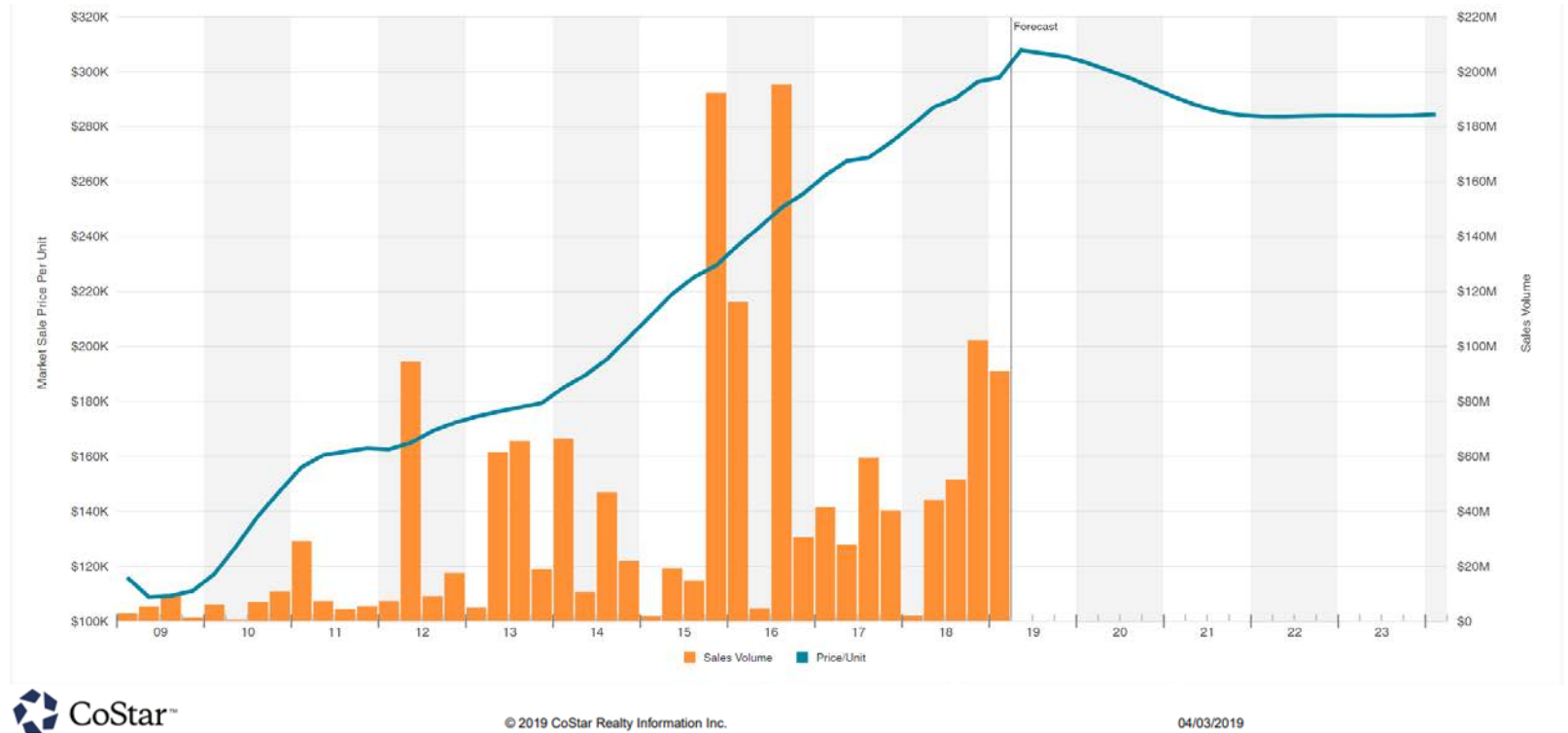
— Hayward Vacancy Rate

# Multi-Family - Rent per Bedroom

— Studio Rent  
— 1 Bed Rate  
— 2 Bed Rate  
— 3 Bed Rate

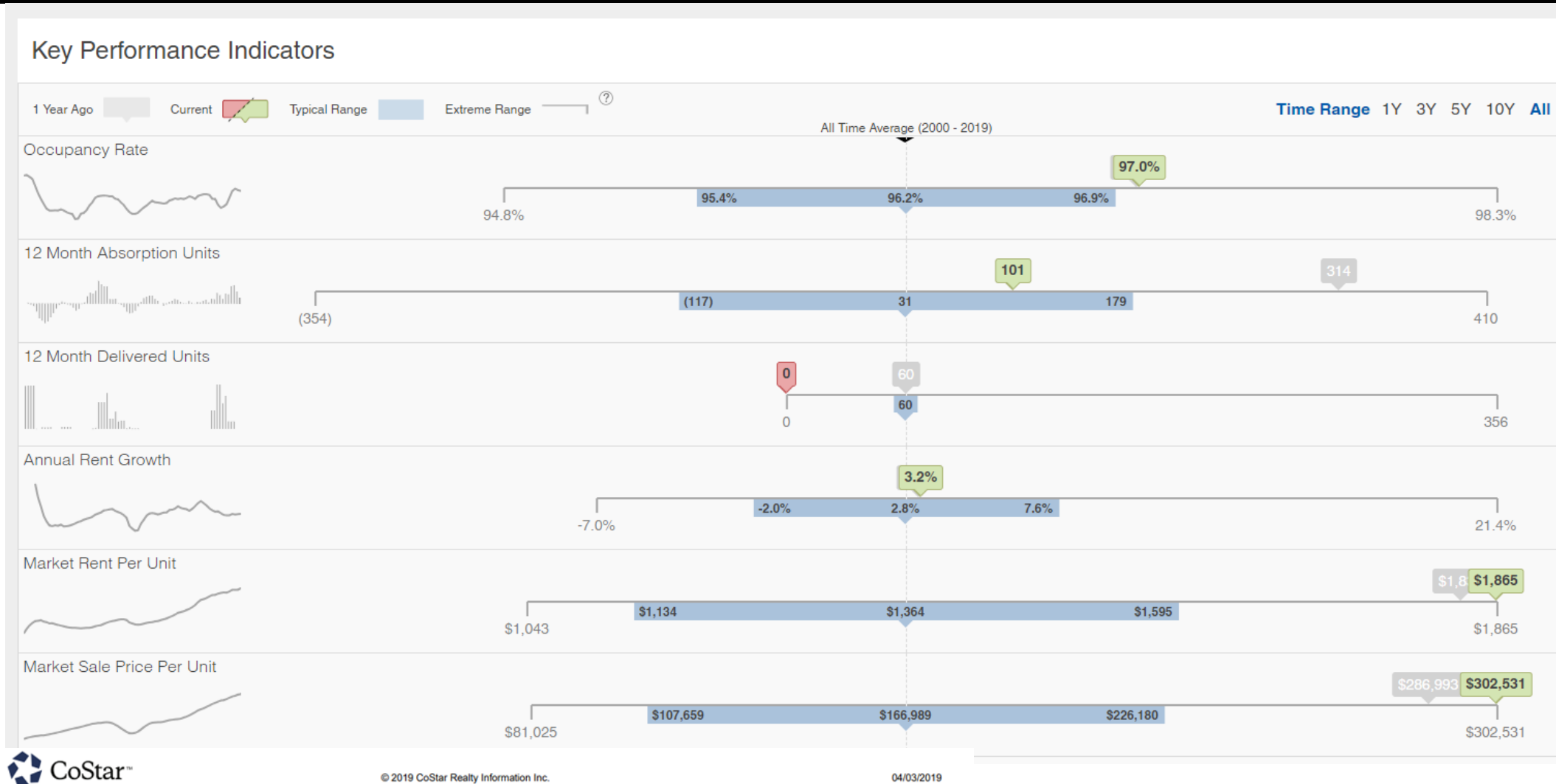


# Multi-Family Sales Volume and Sale Price per Square Foot





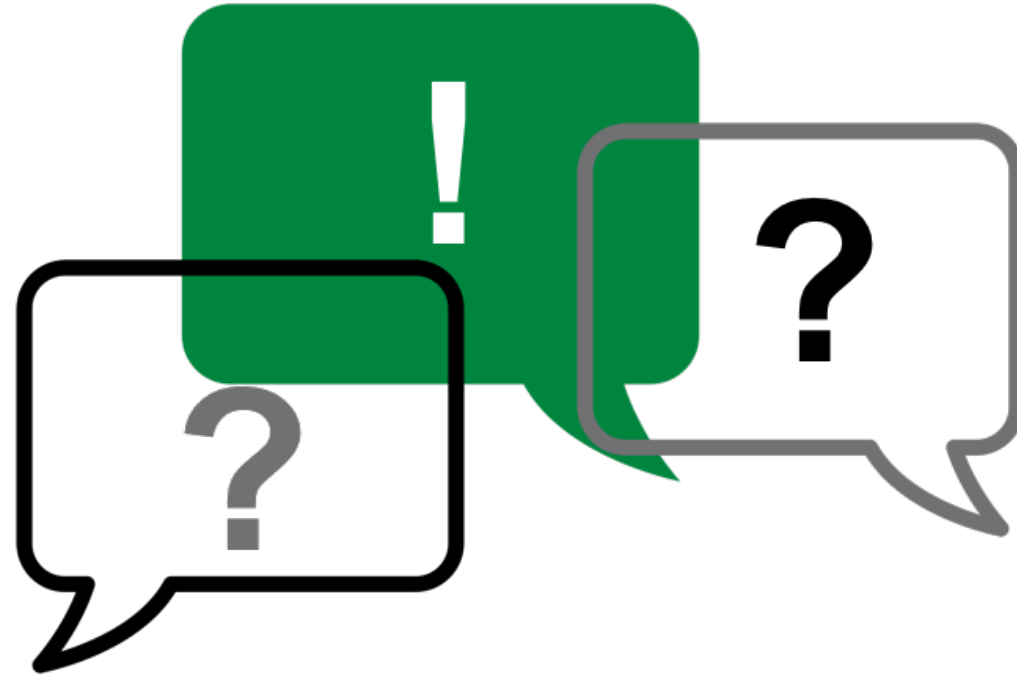
# Multi- Family Performance Indicators – 19 years



# Multi-Family Summary

- While strong market fundamentals in the East Bay and Hayward have triggered a flurry of multifamily building construction, there are indications that high, escalating construction costs may be affecting financial feasibility.
- The Bay Area is the most expensive place in the world to build an apartment, office, or warehouse building due to high demand, labor shortages, steel tariffs and rapid economic growth.
- Vacancy is trending near expansion-era lows despite the measured levels of recent supply growth.
- In response to traffic congestion significantly impacting mobility in the Bay Area, most multifamily units under construction in the East Bay are located within walking distance of BART stations.

# Questions



## Future Meeting Topics