

**CITY COUNCIL MEETING**

**NOVEMBER 10, 2020**

**PRESENTATIONS**

# **PRESENTATION**

**ITEM #8**

**LB 20-049**

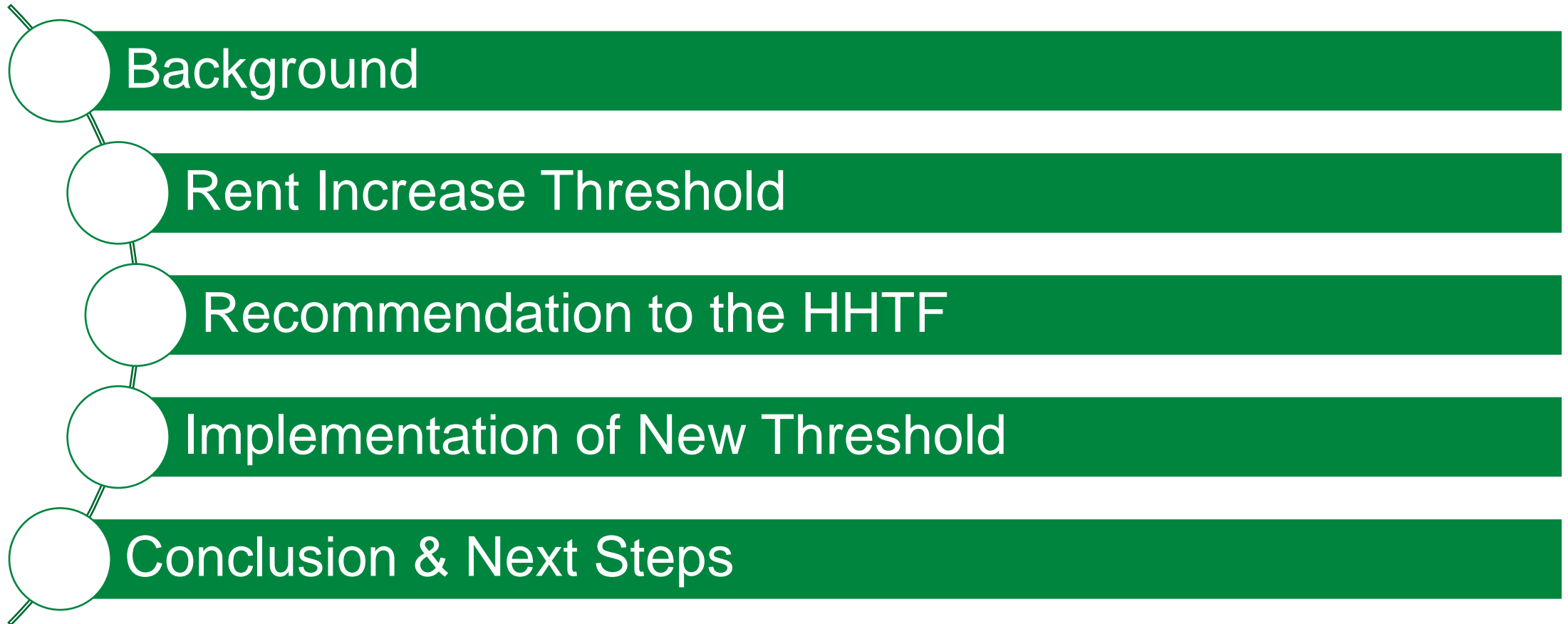
**RESIDENTIAL RENT STABILIZATION  
AND TENANT PROTECTIONS**

The background image shows a city street scene. In the foreground, there is a paved road with a white line. To the left, a traffic light is visible. In the middle ground, there is a large, multi-story building with a prominent glass facade and arched windows. To the left of the building, there is a fountain with water spraying upwards. The sky is filled with large, white clouds. The overall scene is a typical urban environment.

# **Residential Rent Stabilization and Tenant Protection Ordinance: Proposed Amendment to Modify the Rent Increase Threshold**

**November 10, 2020 | Hayward City Council  
Christina Morales | Housing Division Manager**

# Overview



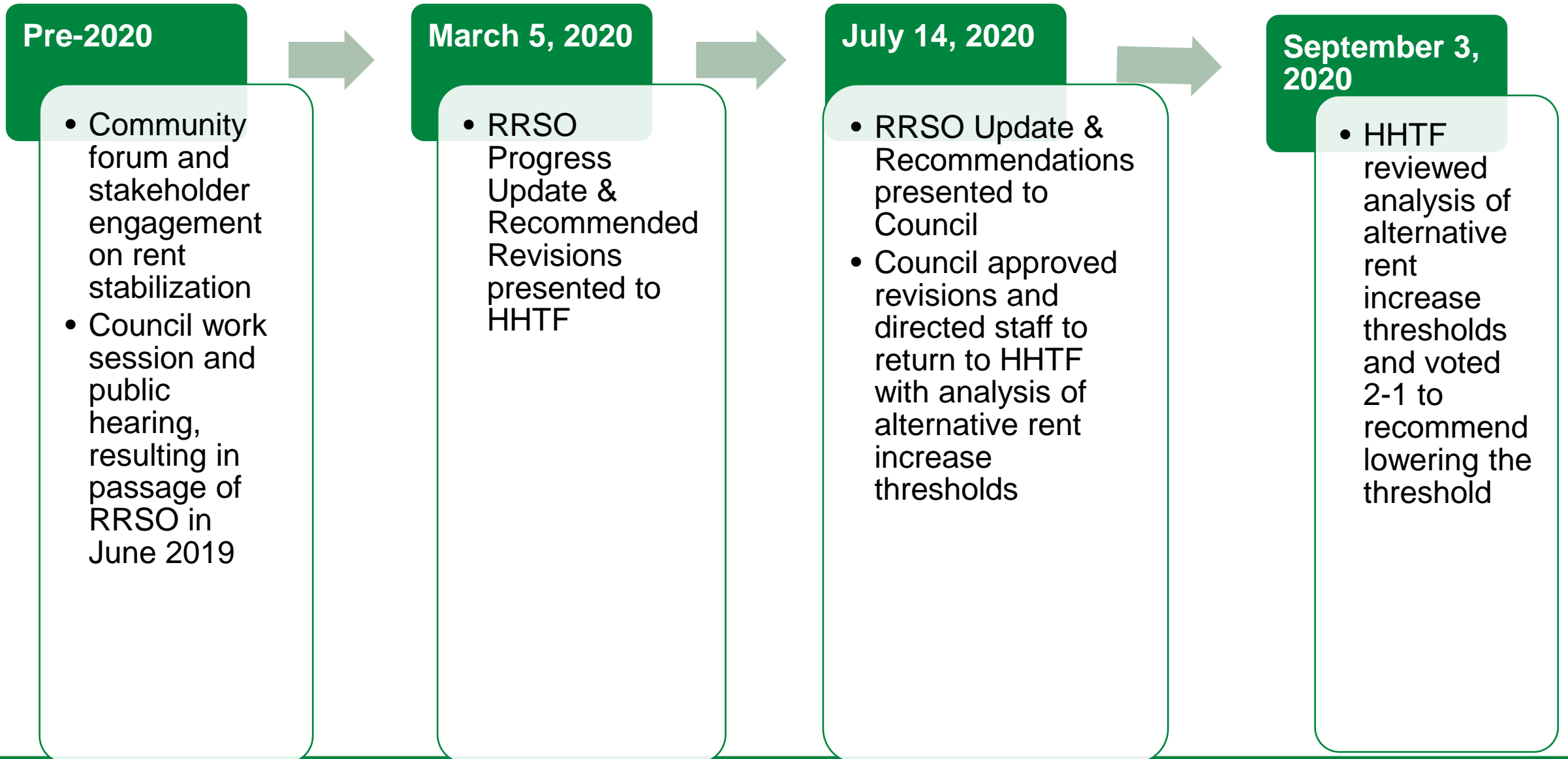
# Background

# RRSO Purpose

- Hayward's RRSO:
  - Provides rental relief to tenants as allowed under State law
  - Establishes a mediation and arbitration program to reduce displacement
  - Encourages investment in new residential rental property
  - Assures landlords receive a fair return on their property and sufficient rental income to cover operational costs

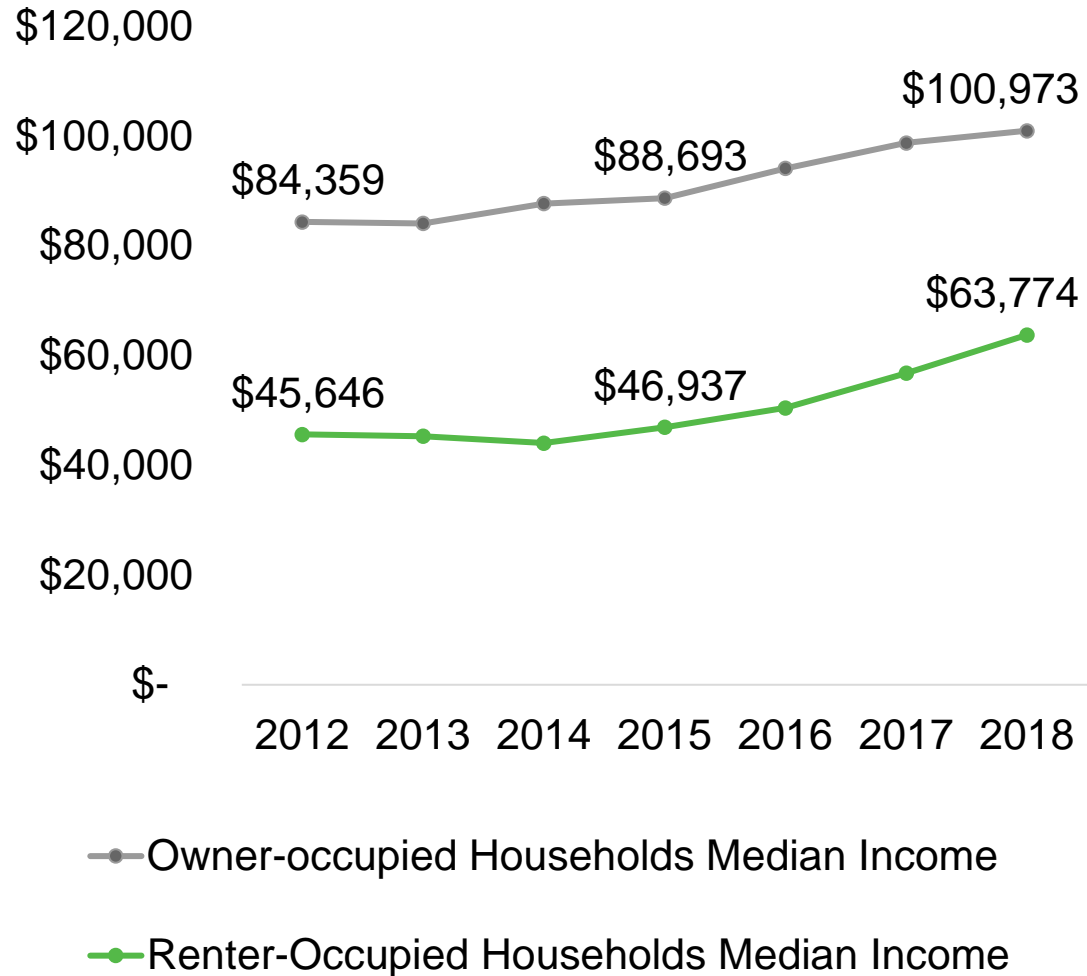


# Timeline

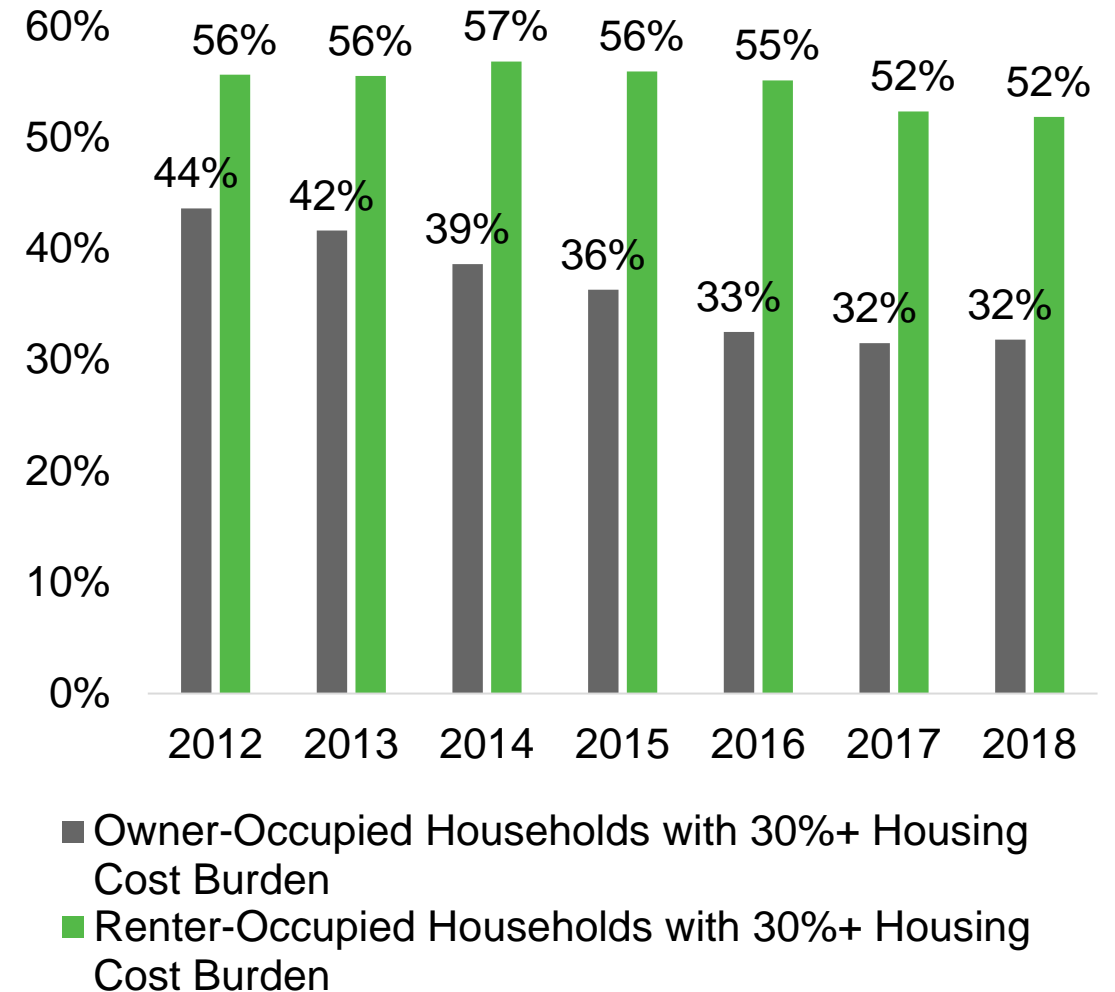


# Income & Housing Cost Burden

Annual Median Income of Owner- and Renter-Occupied Households



Percent of Owner- and Renter-Occupied Households with Housing Cost Burden





# Rent Increase Threshold

# Current Rent Increase Threshold

- For Covered Rental Units, rent increases:
  - Can only be imposed once every 12 months
  - Can be no more than 5% of the existing monthly rent absent other justifications allowable under the RRSO
  - Are subject to the RRSO's rent dispute resolution process if they exceed 5%, meaning that tenants can petition a rent increase more than 5% to initiate a review of the increase
- There are circumstances in which higher rent increases for covered units are allowed

# The RRSO's Fair Return Standard

**Purpose:** Assure landlords

1. A Fair Return on their property and
2. Rental income sufficient to cover operating costs.

**Landlords' Right to Fair Return:** The California State Constitution guarantees landlords the right to a fair return on their rental property. Hayward's RRSO defines "fair return" based on the standard below.

**Standard:** Annual net operating income must increase at least as much as CPI increases.

**Petition:** If net operating income is less than the percent increase in CPI, landlords can petition for a rent increase greater than 5%.

# Rent Increase Stabilization Indices

Staff analyzed four potential rent increase thresholds:

**Fixed increase:** Maintain affordable housing by preventing unpredictable spikes in rent

1. Average Historical Market Appreciation

**Increase tied to an economic index:** Adjust based on economic factors

2. Consumer Price Index (CPI)
3. Annual Adjustment Factors (AAF)
4. Annual Median Income (AMI)

# Recommendation to the HHTF

# Two Options for Consideration

## Maintain the current threshold as a fixed percentage at 5%

- Maintains the City's current stabilization rates
- Provides an approximation of long-term market appreciation
- Promotes clarity and predictability for both landlords and tenants
- Avoids confusion related to frequent policy changes and annual threshold changes

## Implement a new threshold using 100% of the annual change in the CPI All Items metric, with a ceiling (5%) and floor (2%)

- May mitigate affordability concerns over time by allowing tenants to realize economic gains
- Landlords may still likely receive a fair return as defined in RRSO
- If the landlord's increase in net operating income is less than the percent change of CPI, the landlord will have to petition for a fair return

# HHTF Recommendation

- The HHTF voted 2 – 1 to recommend to Council to change the threshold to the annual percentage change in CPI.
- Should Council not vote to implement the change recommended by the HHTF, the existing threshold would be maintained.

# Proposed Threshold Modifications



# Implementation

Using annual percent change in CPI means the threshold will change annually.

- Landlords would be able to bank a 5% increase from 2018 to 2020, then starting in 2021 would bank the amount from the new threshold
- The proposed legislation would establish the following schedule:

Timeframe	Tasks
September	BLS releases CPI figure for August
	Staff calculates threshold for next year, comparing August of the current year to August of the previous year
October	Staff posts threshold for next year
October-December	Rent increase notification period for rent increases effective January 1st
January 1	New threshold becomes effective January 1 of each year

# 2021 Threshold

Determining the Annual Percentage Change in CPI	
CPI All Items SF-Oak-Hay: August 2019	295.49
CPI All Items SF-Oak-Hay: August 2020	300.182
Difference in CPI	4.692
Percent Change (Rounded to Nearest Tenth of a Percent)	1.6%

Determining the Threshold Level	
Annual Percentage Change in CPI	1.6%
Rent Increase Threshold Floor	2%
Rent Increase Threshold Ceiling	5%

The annual percentage change in CPI (1.6%) is less than the threshold minimum (2%).  
**Therefore, the proposed threshold for Calendar Year 2021 would be 2%.**

# Opportunity Costs of Implementing New Threshold

- Added responsibility of drafting RRSO threshold amendment
- Requires re-education of stakeholders and development of new material and revisions to existing resources – this would have to occur annually due to proposed annual change in threshold
- Has delayed identification of other affordable housing funding priorities until March 2021 and has delayed staff work on other projects on the housing workplan.
- Reduces capacity to monitor and respond to evolving COVID-19 related housing impacts

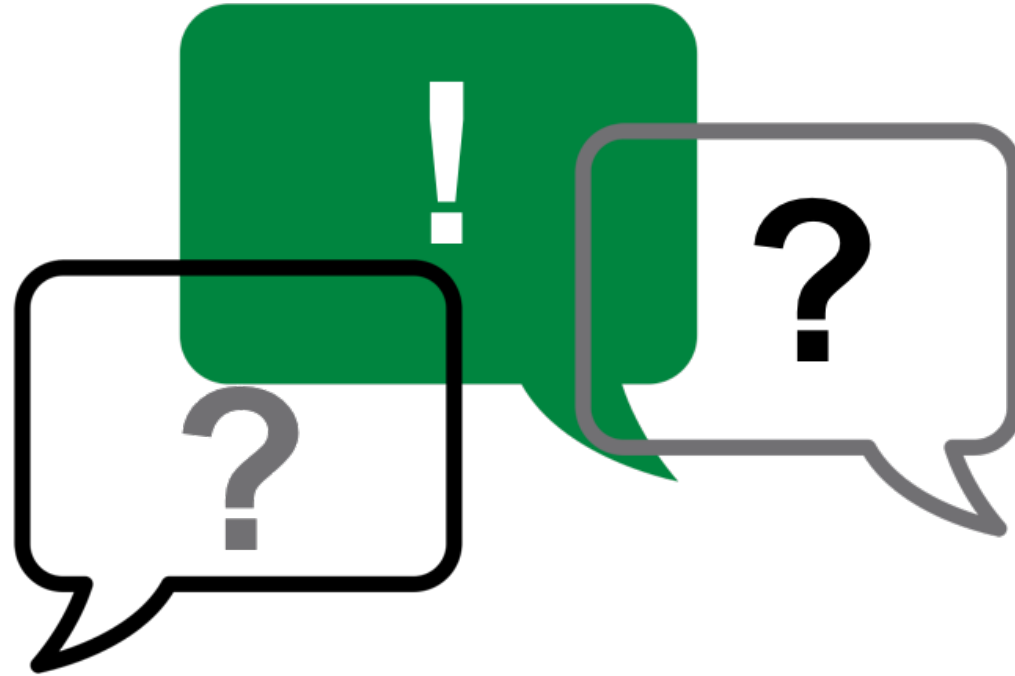
# Conclusion & Next Steps

# Next Steps

If Council adopts an Ordinance amending Chapter 12, Article 1 of the Hayward Municipal Code to change the increase threshold, this would be the proposed timeline:

1. **Next regularly scheduled meeting**: Council adopts item at second reading
2. **November 2020**: Staff updates resources and conducts outreach to landlords and tenants to notify them of the change and posts the new threshold online
3. **January 1, 2021**: Revised RRSO effective date and effective date of new threshold (2% for 2021)

# *Questions and Discussion*



**PRESENTATION**

**ITEM #9**

**LB #20-054**

**EAST BAY  
COMMUNITY ENERGY**



# City Council

## Default Electricity Product Choices from East Bay Community Energy

November 10, 2020



# East Bay Community Energy

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<https://ebce.org/>

# ELECTRIC SERVICE OPTIONS

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**More renewables**  
than PG&E  
**lower rates**  
than PG&E

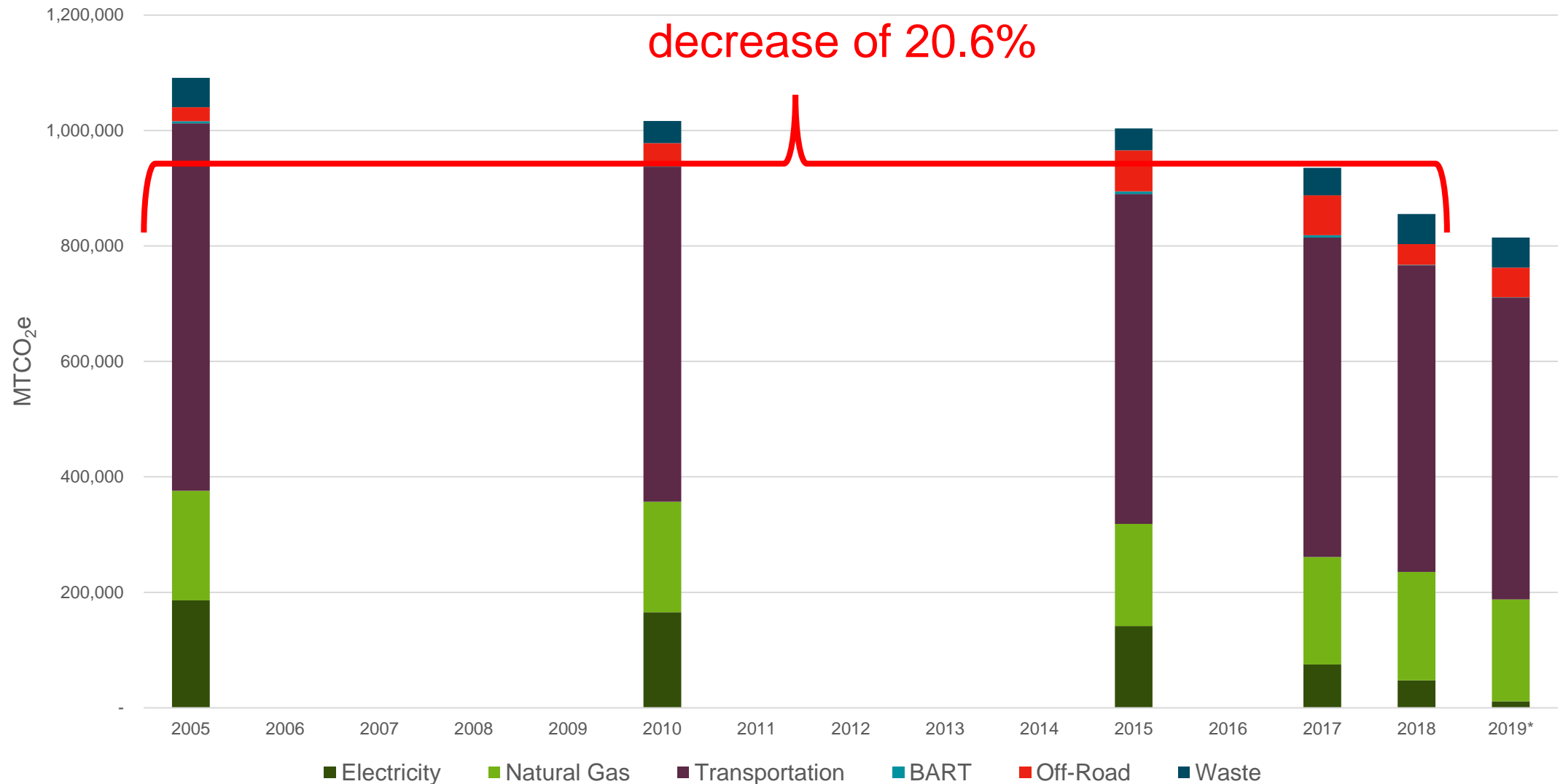


**100%**  
clean energy  
**same rate**  
as current PG&E price



**100%**  
renewable  
**\$0.01/kWh**  
more than Brilliant 100

# Hayward's GHG Emissions: 2005 - 2019



\*Electricity and waste are estimated for 2019

# Financial Challenges

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- PG&E increased rates by increasing the transmission component of the rate while decreasing the generation component. PG&E's generation rate decreased by 8% on May 1, 2020.
- Power Charge Indifference Adjustment (PCIA) increased by 30% on May 1, 2020 and will increase again in 2021.
- Procurement costs for Brilliant 100 have been higher than expected.

# EBCE Board Action

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When the Board approved the budget on June 17, they voted to:



- Change discount for Bright Choice from 1.5% to 1.0% below PG&E rates effective July 1, 2020.



- Consider changes to Brilliant 100 – to be decided this fall.



- Maintain the rate for Renewable 100 at \$0.01/kWh more than PG&E rates.

# Brilliant 100 Discussions

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July 13, 2020	Council Sustainability Committee Meeting
July 14, 2020	City Council Work Session
September 16, 2020	EBCE Board Meeting
September 25, 2020	EBCE Executive Committee meeting
October 15, 2020	Special Council Sustainability Committee Meeting

# Options for Hayward

	<b>A. Carbon Free w Nuclear</b>	<b>B. Renewable 100</b>	<b>C. Brilliant 100 w Rate Increase</b>	<b>D. Brilliant 100 w Subsidy</b>	<b>E. Bright Choice</b>
Rates	equal to PG&E	8 to 9% more than PG&E	2 to 5% more than PG&E	equal to PG&E	1% less than PG&E
RPS (35.8%)*	solar & wind	solar & wind	solar & wind	solar & wind	solar & wind
Remaining Energy Mix (64.2%)	nuclear	solar & wind	large hydro	large hydro	may be mix of large hydro & natural gas
Help meet Hayward's GHG goals?	yes	yes	yes	yes	no

\* CA Renewable Portfolio Standard in 2021.

# Sustainability Committee Recommendation

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Recommendation based on these factors:

- Bright Choice expected to have more GHG emissions than PG&E
- Accepting nuclear allocation would not change the amount of nuclear energy generated in CA
- EBCE customers already paying for nuclear energy through PCIA
- Accepting nuclear could be for a limited time – (two years max.)



# Sustainability Committee Recommendation

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- Provide EBCE Board with following ranking:
  1. Brilliant 100 with subsidy.
  2. 100% carbon free product with nuclear (expire at end of 2022)
  3. Brilliant 100 with rate increase
  4. Bright Choice
  5. Renewable 100
- Switch Hayward's municipal accounts to Renewable 100.

# Economic Impact

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Customer Class	Bright Choice (1% discount)	PG&E	100% Carbon-Free with Nuclear	Brilliant 100 (2% premium)	Brilliant 100 (5% premium)	Renewable 100
Residential	\$44.21	\$44.66	\$44.66	\$45.55	\$46.89	\$48.46
Small Commercial	\$255.85	\$258.43	\$258.43	\$263.60	\$271.35	\$281.13
Large Commercial	\$35,411.02	\$35,768.71	\$35,768.71	\$36,484.08	\$37,557.15	\$38,715.81

# Fiscal Impact

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## Approximate Annual Costs

Current spending on City accounts enrolled in Brilliant 100	\$558,000
If City keeps its accounts enrolled in Brilliant 100	\$575,000
If City's accounts are changed to Renewable 100	\$629,000

# Strategic Roadmap

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This agenda item relates to the Strategic Priority of Combat Climate Change *and* projects:

Project 2: Work with EBCE to transition citywide electricity use to 100% carbon free

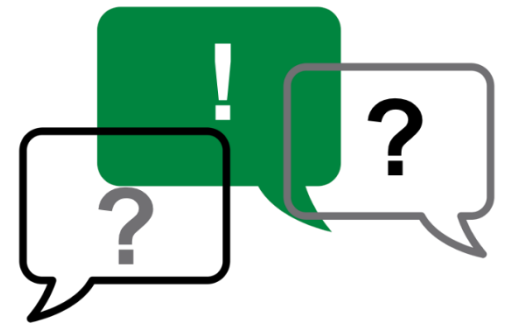
Project 3: Transition electricity use in city operations to 100% renewable energy

Project 4: Adopt and implement 2030 GHG Goal and Roadmap

# Next Steps

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- EBCE Board November 18, 2020
- EBCE Board December 16, 2020



**PRESENTATION**

**ITEM #10**

**PH #20-085**

**COSTCO BUSINESS CENTER**

**FUEL FACILITY**

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# Planned Development Modification

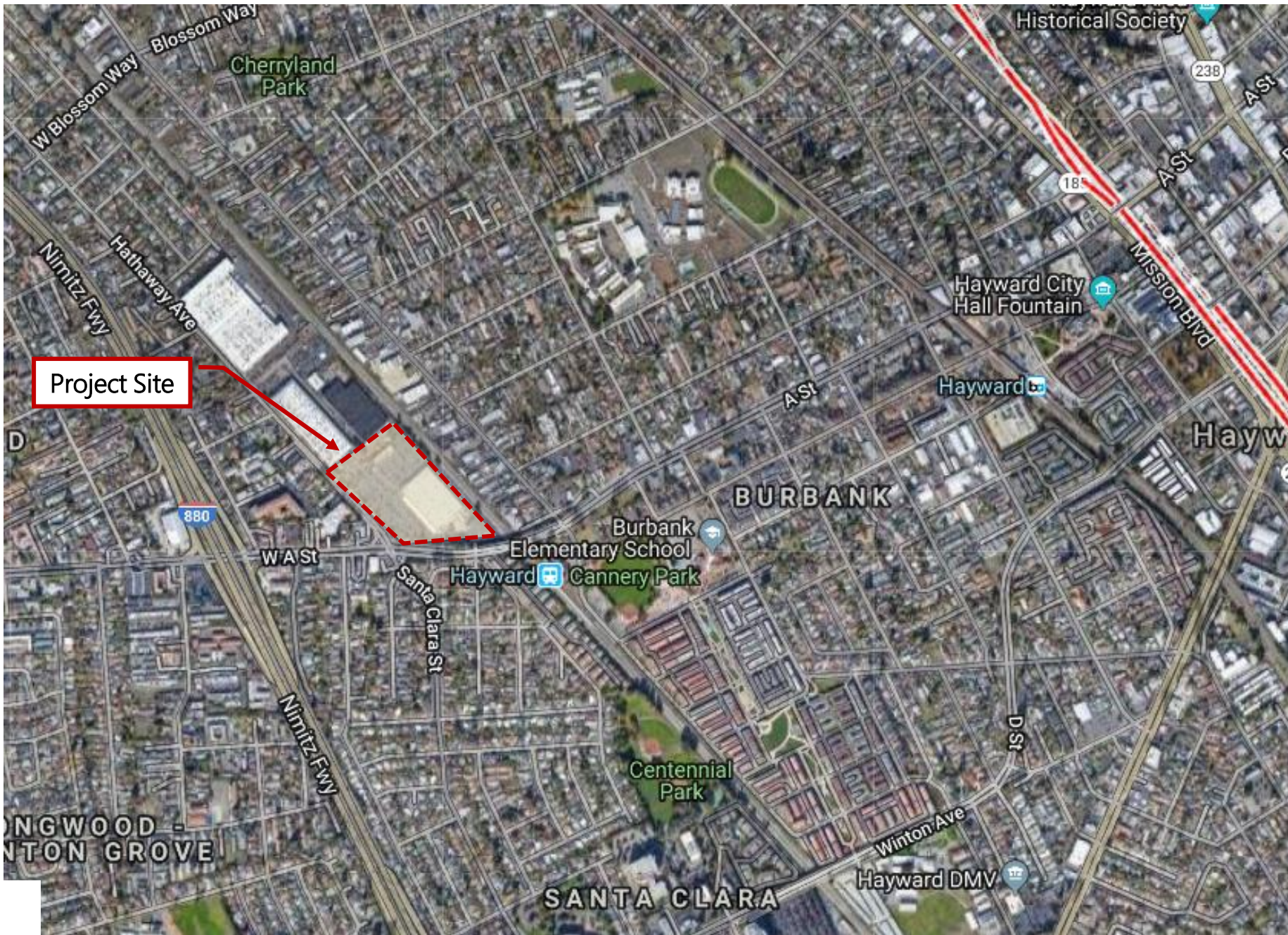
## Proposed Fuel Facility (Gas Station) at the Costco Business Center

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City Council Public Hearing  
November 10, 2020  
Marcus Martinez, Associate Planner







## VICINITY MAP

- ✓ North Hayward
- ✓ Approximately ¼ Mile from Interstate 880 (Nimitz) Freeway
- ✓ Northeast Corner of "A" Street and Hathaway Avenue



# PROJECT SITE

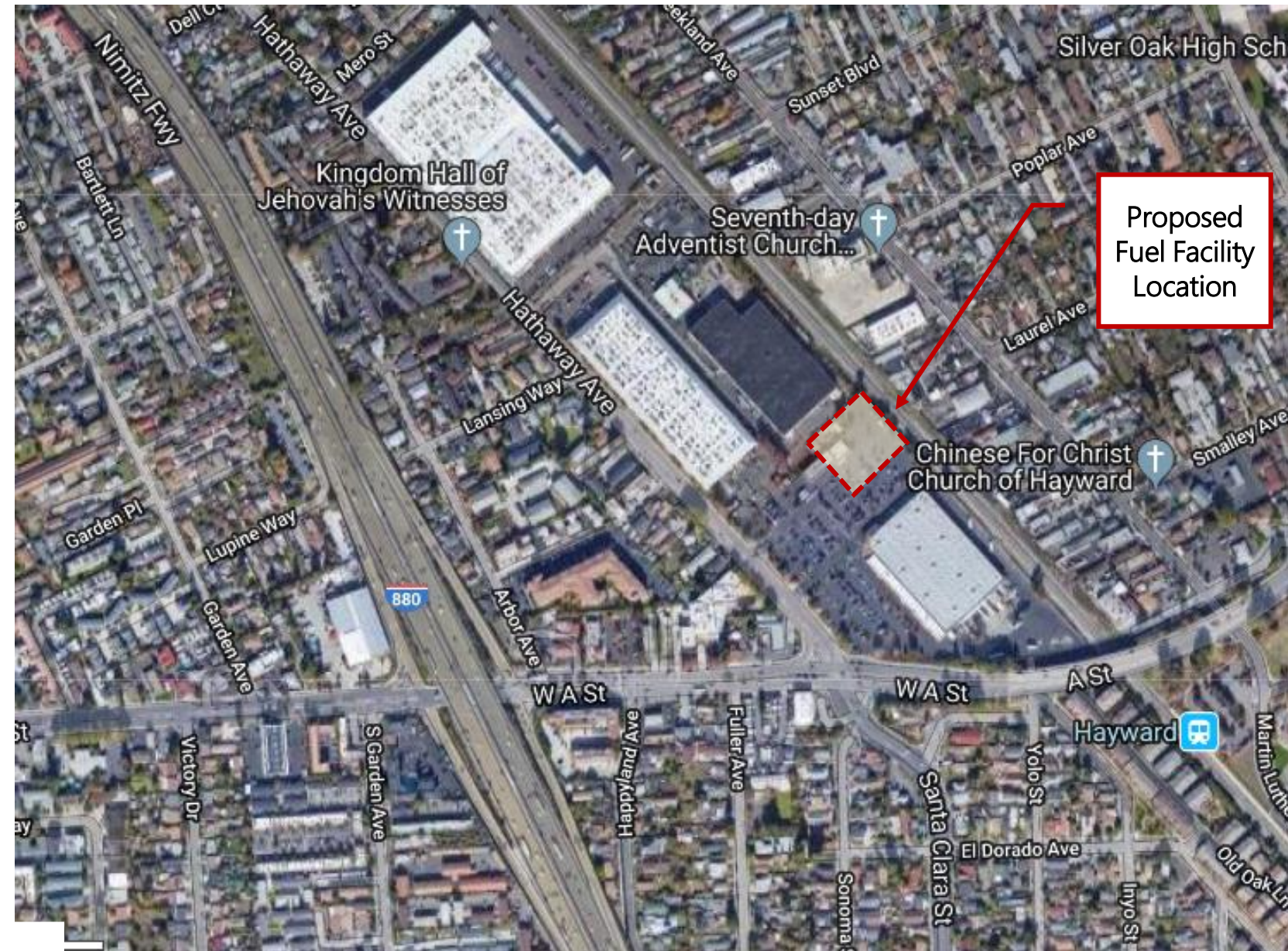
- ✓ 22330 Hathaway Avenue
- ✓ Costco Business Center
- ✓ ~2 Acre Project Area of Entire 10.87-Acre Property
- ✓ Access from Hathaway Avenue

## Zoning District:

- ✓ Planned Development ("PD")

## General Plan Land Use Designation:

- ✓ Mixed Industrial ("MI")



# PROJECT SUMMARY



## Requested Approvals

- Major Modification of an existing Planned Development (PD) District

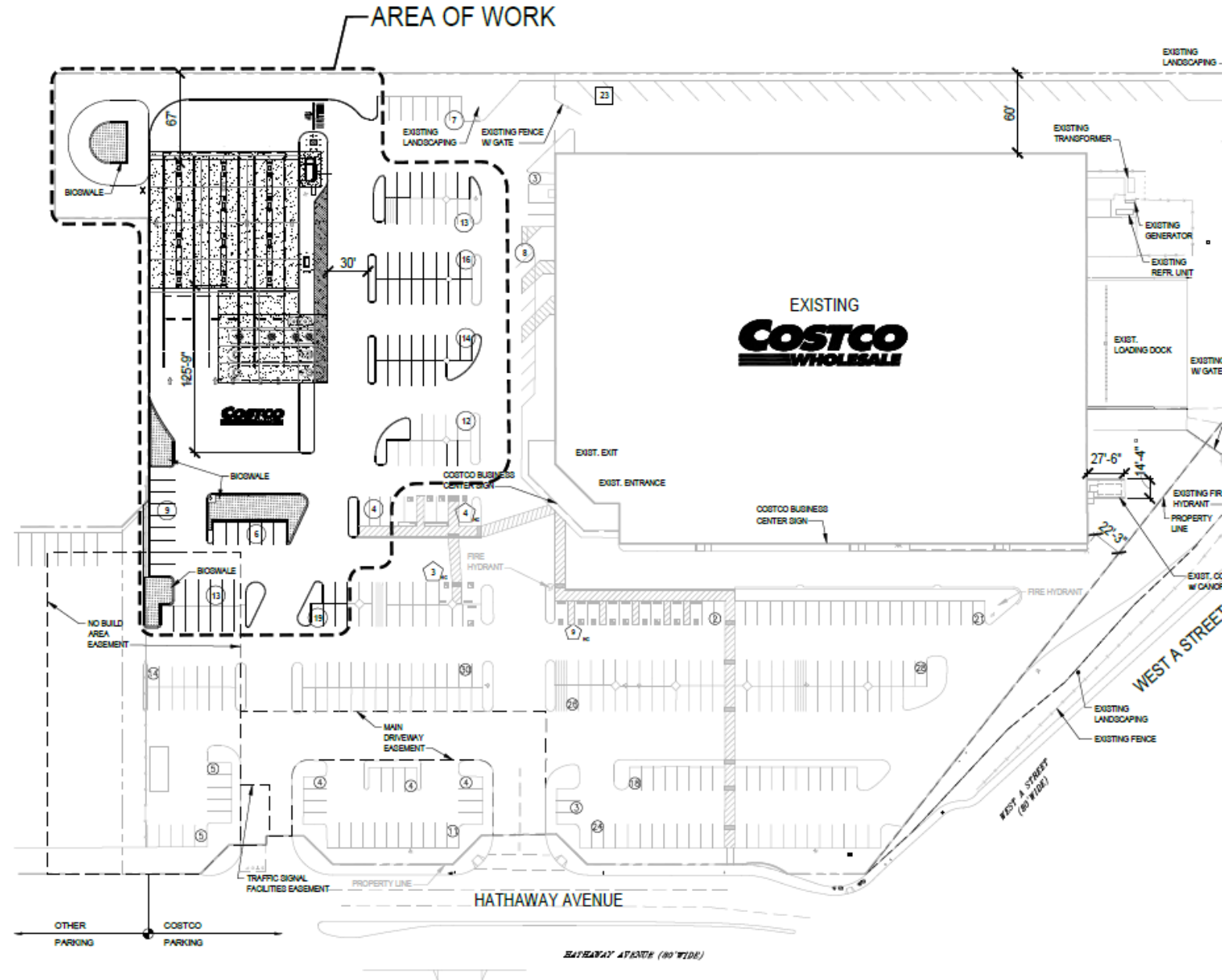
## Project Scope

- Proposed Fuel Facility (Gas Station)
- ~ 9,350 Square-Foot Canopy
- 12 Dispensers (24 Fueling Positions)
- Demolition of Existing Tire Center Building
- Related Site Improvements (i.e. landscaping, stormwater management, site circulation.)



# SITE DESIGN & CIRCULATION

- Site History:
  - Formerly at Corner of "A" Street and Hathaway Avenue
  - Most Utilized Parking Area
- Proposed Location:
  - Northern Corner of the Site
  - Least Utilized Parking Area
- Two Points of Access along Hathaway Avenue
  - Signalized Intersection
  - Non-Signalized Driveway



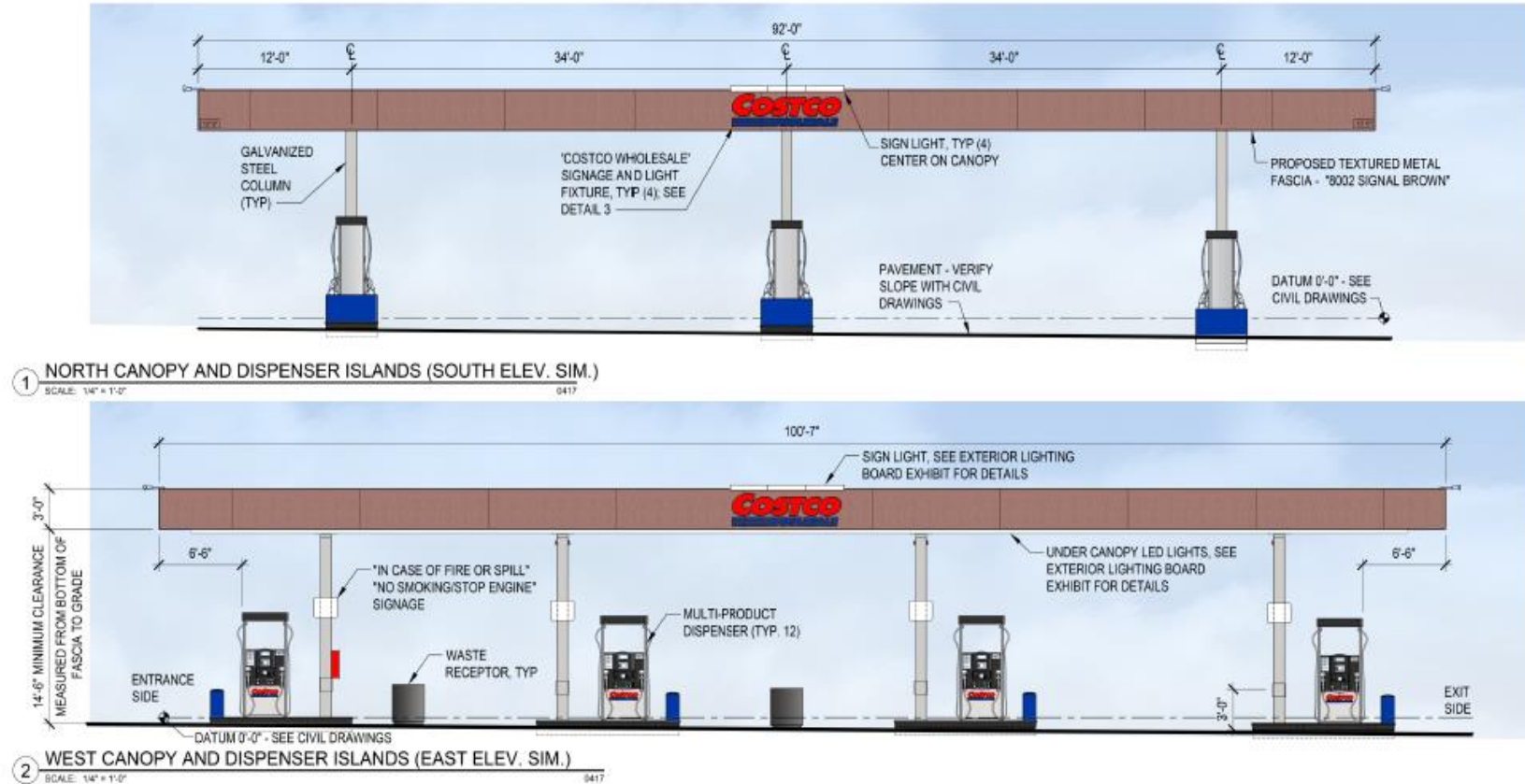
# PROJECT FEATURES

## Hours of Operation:

- Monday – Friday; 6 a.m. – 9:30 p.m.
- Saturday – Sunday; 6 a.m. – 8 p.m.

## Off-Street Parking

- Existing : 503 Parking Spaces  
Loss of 105 Parking Spaces
- Proposed : 398 Parking Spaces  
(65 Spaces under Requirement)

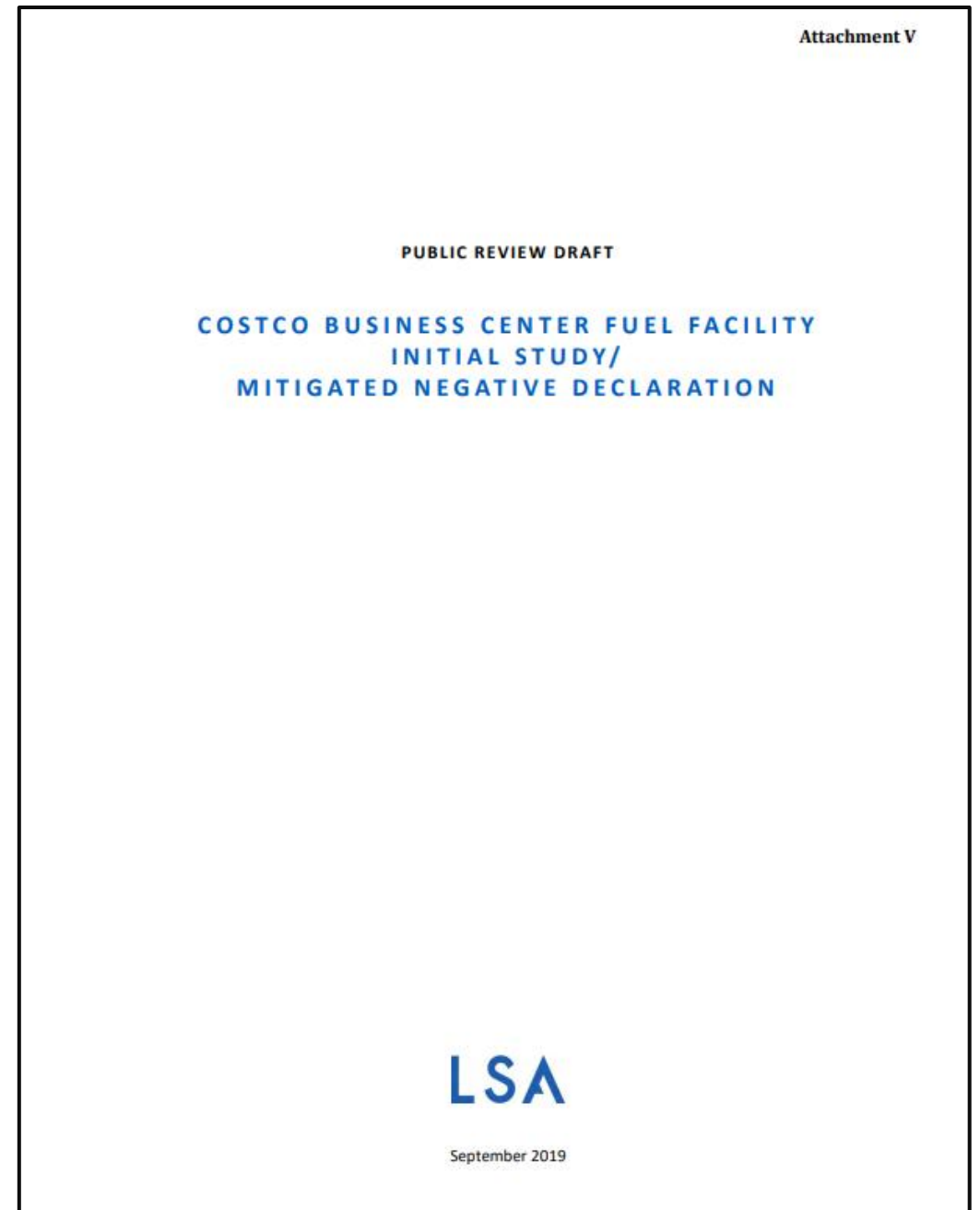


# SUSTAINABILITY FEATURES

- Conversion and rehabilitation of ~5,750 sqft of landscaping to comply with WELO beyond code requirement;
- TDM program for Costco Business Center employees to offer subsidized transit passes;
- Retrofit of all parking lot lighting fixtures to LED for entire site for energy efficiency and reduction of light pollution;
- Installation of 8 electrical shore power stations for commercial delivery trucks;
- Installation of 5 EV chargers for employees/customers to accommodate up to 10 vehicles at the site **(MODIFIED)**

- ✓ An Initial Study and Mitigated Negative Declaration (IS/MND) were proposed for the proposed project
- ✓ Impacts identified were related to:
  - Air Quality, Biological Resources, Cultural Resources, Geology & Soils, Hydrology & Water Quality, and Noise
- ✓ Mitigation Measures have been incorporated into project to reduce impacts to a level *less than significant*

# Environmental Review



# PUBLIC HEARING SUMMARY

## Planning Commission Hearing - November 14, 2019

- One public comment in opposition received from adjacent gas station owner and operator;
- Voted 4-3 to recommend **denial** to the City Council for the following reasons:
  - Lack of sustainability features incorporated into the project (e.g. EV chargers, solar, etc.)
  - Potential traffic impacts on A Street and Hathaway Avenue;
  - There are already enough gas stations on A Street and there isn't perceived demand for an additional one.

## City Council Hearing - July 21, 2020

- Two public comments in support received from Chamber of Commerce and Hayward resident
- All motions failed due to no affirmative # of votes which **resulted in project denial**
  - Similar concerns of potential traffic issues and number of gas stations in Hayward

## City Council Hearing - September 22, 2020

- Voted 5-2 to bring for a motion to renew further debate on this project a future hearing (tonight)



A nighttime aerial photograph of a city, likely Hayward, California. A large bridge with multiple spans is visible, crossing a body of water. The city lights are illuminated, and the surrounding hills are visible in the foreground. The sky is dark with some light clouds.

# **STAFF RECOMMENDATION**

That the City Council:

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- ✓ APPROVE the Major Modification of the Planned Development District based on the required Findings and subject to the Conditions of Approval; and
- ✓ ADOPT the Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program





**Questions?**

# Applicant Presentation

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# Costco Fuel Facility

Costco Business Center  
22330 Hathaway Avenue

*PLANNED DEVELOPMENT MODIFICATION*



# COMMUNITY CONTRIBUTIONS

- Costco Business Center opened in 1997, prior to the merger it was a Price Club
- Costco opened a second Hayward warehouse in 2009
- Vital part of local business and residential community
- Sales tax revenue generator
- Charitable organization
- High paying jobs with benefits
- Deemed an essential business during COVID-19



# COSTCO BUSINESS MODEL – FUEL SERVICE

- ***Business Model:***

- Costco strives to provide a consistent range of services to all members of its locations;
- Sustainability philosophy is to operate efficiently and in environmentally responsible manner;
- Gasoline is regularly the most requested service where it is not already provided;
- Costco is able to pivot its business model should member demand for fuel service decrease.

- ***Current Demand:***

- 270 million registered vehicles in the US, of which only 0.33 percent are electric;
- Last year of the 17 million vehicles sold, only 1.4 percent were electric;
- On average car owner keeps their vehicles for 10 to 12 years.
- Costco anticipates that gasoline will continue to be a necessary fuel source for personal vehicles for years to come.

# ECONOMIC/MARKET ANALYSIS

- Fuel Facility provides a specific product to a membership base, making it unique from a typical gas station with convenience store.
- An extensive market analysis prepared for the project.
- Based on the case studies, it is unlikely any gas stations will close and the impact on business will be temporary and minimal.



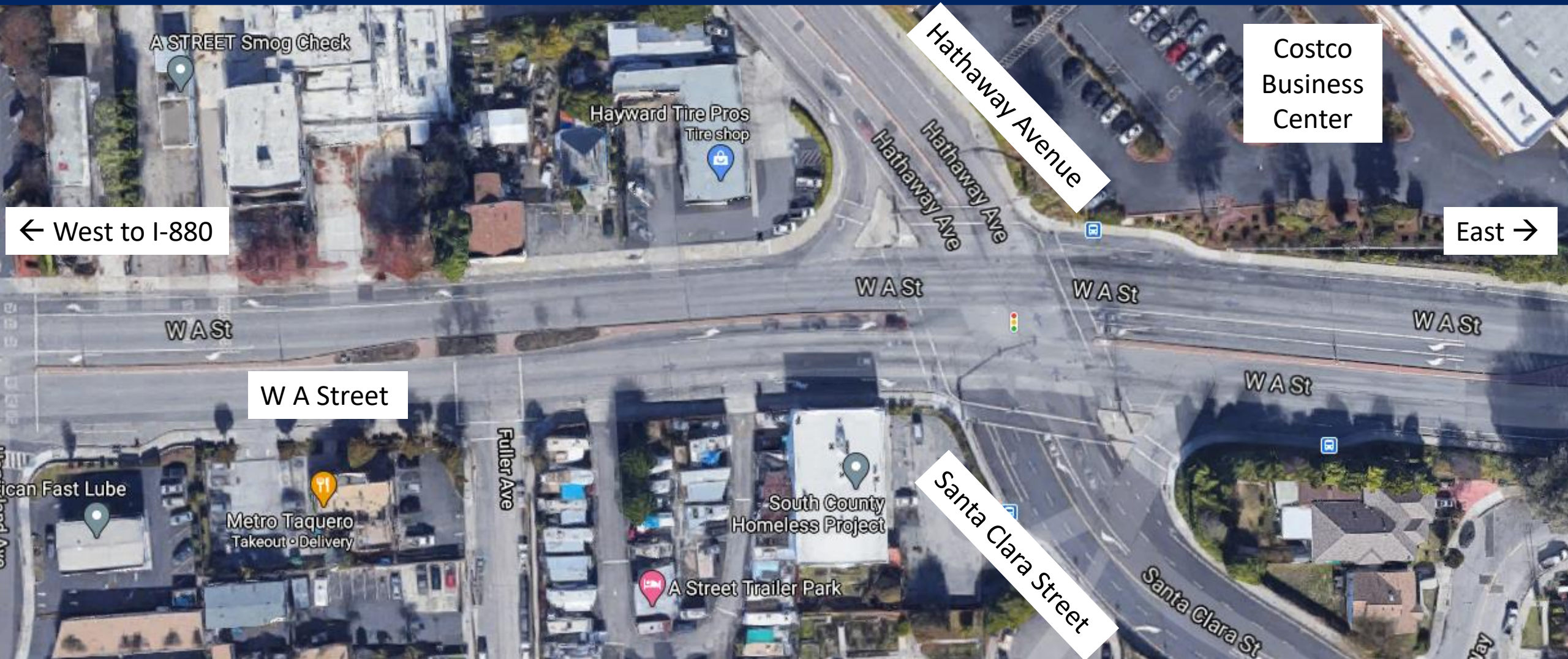
# SUSTAINABILITY FEATURES:

- Green Infrastructure
  - 5 EV stations (charge up to 10 cars)
  - Parking lot lighting upgrade to LED
  - Fuel canopy lighting and signage to be LED
  - 8 shore power stations (16 chargers) to eliminate idling refrigeration trucks
- Transportation Demand Management Plan





# HATHAWAY AVENUE / W. A STREET INTERSECTION:

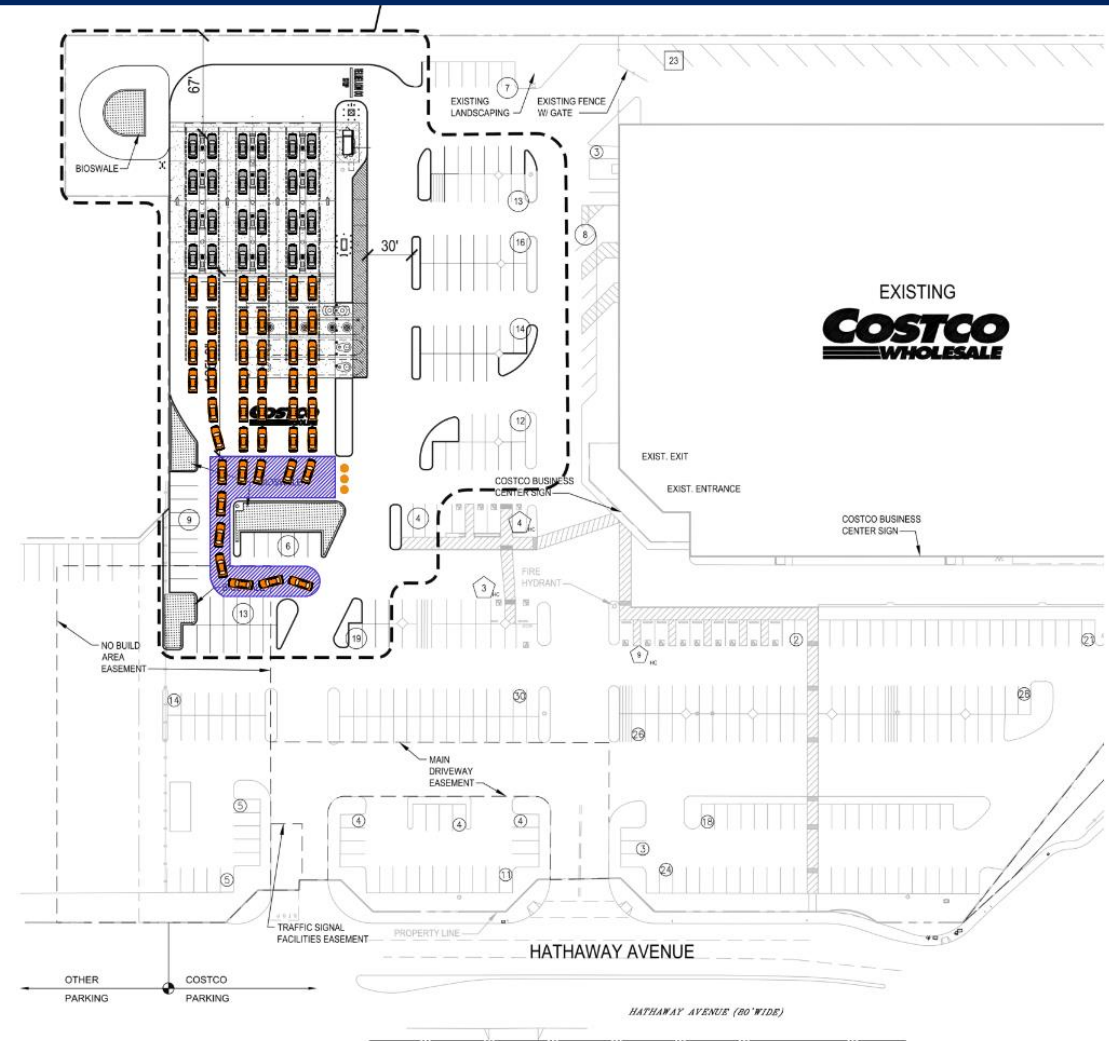




# QUEUE MANAGEMENT:

- Three-Tiered Queue Management
  - Tier 1: Trained Attendant assists directing vehicles to open pumps
  - Tier 2: Additional Trained Attendant provides targeted management of queue
  - Tier 3: Implementation of Queue Management Plan

- Secondary Queue Area for Spillback
- Temporary Cone
- Vehicle at Fueling Position
- Vehicle in Queue



# THANK YOU

## Questions?

