



COUNCIL ECONOMIC DEVELOPMENT COMMITTEE

MEETING MINUTES – March 5, 2018

CALL TO ORDER: Mayor Halliday called the meeting to order at 4:06 p.m.

ATTENDANCE:

Committee Member	Present 3/5/18	All Meetings Year to Date		Meetings Mandated By Resolution	
		Present	Absent	Present	Absent
Michael Ly	✓	3	1	3	1
Didacus-Jeff Joseph Ramos		3	1	3	1
Mayor Halliday (Chair)	✓	4	0	4	0
Council Member Márquez	✓	4	0	4	0
Council Member Mendall	✓	4	0	4	0

OTHERS IN ATTENDANCE:

Kelly McAdoo, City Manager; Stacey Bristow, Interim Director of Development Services; Micah Hinkle, Economic Development Manager; Paul Nguyen, Economic Development Specialist; Suzanne Philis, Senior Secretary

PUBLIC COMMENTS

None

1. APPROVAL OF MINUTES OF SPECIAL MEETING FEBRUARY 5, 2018

A motion to approve minutes was made by Council Member Mendall with a second by Council Member Márquez. Minutes from the February 5, 2018 Regular Meeting were approved with Member Ramos absent.

2. CITY OF HAYWARD-OWNED PROPERTIES – AFFORDABLE HOUSING DEVELOPMENT

City Manager McAdoo said the topic was brought before the committee because Alameda County Supervisor Keith Carson requested cities identify city-owned properties in the county for possible development of affordable housing or temporary shelters. She noted Council Member Mendall had also

asked for a list of city-owned properties so bringing the item for CEDC review and feedback satisfied both requests. She noted there were not many opportunities left and she gave the floor to Economic Development Manager Hinkle to review the list.

Manager Hinkle explained that when the Redevelopment Agency (RDA) was dissolved the City lost affordable housing development tools and instead focused on economic development projects such as the Route 238 CalTrans property acquisition, development of City Center, and airport hotels. He said the remaining properties fell into three categories: City-operational properties (City Hall, fire stations, parking structures, etc.); City excess properties (properties acquired through public improvement projects); and economic development properties (Route 238 CalTrans properties, the building at C and Main Streets, etc.). He noted the list contained a handful of properties and only two could potentially be used as housing. Members clarified the locations and acreage of the properties.

Member Ly commented that there didn't seem to be a lot of opportunity and asked what qualified as affordable housing. Manager Hinkle explained that properties would become income-restricted with the City most likely targeting low and very low-income families and individuals.

City Manager McAdoo said most likely the City could issue a Request for Proposals (RFP) from affordable housing developers, see what came in and then work from there.

Member Ly asked what caused affordable housing projects to bottleneck in the development process. Mayor Halliday said cost was the main reason and noted developers wanted to build market-rate projects. She mentioned San Francisco State Senator Scott Weiner had proposed a bill (sb827) that would abolish local land use controls concerning size, height, number of units and design standards, for developments near public transit hubs.

Council Member Mendall said he was expecting more properties to be on the list including those along Mission Boulevard. City Manager McAdoo explained that those were previously RDA properties, not technically City-owned, and would have to go through County Oversight Board review for the City to acquire. Council Member Mendall confirmed those were the properties he thought the City should be combining and steering toward desired uses. He asked what influence the City had on the development of the former RDA properties and City Manager McAdoo said less and less starting in July when the County took control. She also noted, per state legislation, those properties were supposed to be sold at the highest and best use to maximize proceeds and using the land for temporary shelters would not fulfill the intent of the legislation.

Council Member Mendall asked if the City should attempt to acquire any of the properties before further control was lost. City Manager McAdoo confirmed he meant purchasing them from the state and he said the City should at least be considering that. City Manager McAdoo expressed concern about staff capacity to explore that option, but Council Member Mendall pointed out the City didn't have much time to act. Mayor Halliday said she had applied to serve on the committee making recommendations to the County Oversight Board.

City Manager McAdoo said there was some latitude in the dissolution statute of the RDA for the City to say that it intended to consolidate the parcels and sell them as one for economic development purposes, but acknowledged the timeliness of the situation and said she would have staff take a look.

Regarding the City-owned property list and what to do with the parcels, Council Member Mendall said no to interim housing and support services. He said was open to the possibility of affordable housing perhaps at the site off D Street although that wasn't his preferred use. Council Member Márquez suggested microunits or tiny homes at that site and he agreed that could work.

Council Member Márquez said she would definitely consider development of micro units, tiny homes, or manufacturer homes—any product more affordable by design and material, but needed more information on how many would be proposed for the two sites mentioned. She said she was not in favor of temporary housing especially if that meant encampments.

City Manager McAdoo said generally that was what it meant, noting Oakland was using Tuff Sheds, which she philosophically disagreed with. From a public safety perspective, she said staff was not in favor of sanctioning encampments. She said she would consider bringing in construction trailers to surplus sites—similar to San Francisco—with the understanding that people could stay temporarily, but noted there was still some risk related to relocation obligations. She also questioned who would manage the site and what agency would maintain on site services.

Council Member Márquez asked if the City could apply for County Measure A1 funding to build microunits or tiny homes. City Manager McAdoo said A1 funding was for long-term solutions, but said the City could apply for County funding. Council Member Márquez was in favor of exploring that option.

Council Member Márquez asked staff what was meant by support services (question 3). City Manager McAdoo explained that with no place to keep their belongings, homeless were often forced to leave their things by creeks or in parking garages, so one idea was to provide storage lockers. Council Member Márquez said she would be supportive if the lockers were easily accessible at facilities or maintenance yards near public transit rather than in neighborhoods.

Council Member Márquez said she was interested in allocating a percentage of the CalTrans properties to affordable housing to better utilize A1 and inclusionary housing funding. City Manager McAdoo said that was a conversation for the entire City Council noting the intent of buying the CalTrans properties was to generate revenue when selling the parcels to developers. She said the RFP could include language that affordable housing was highly desirable and then see what the impact would be on pricing.

Council Member Márquez asked when the RFP would come before City Council for review and City Manager McAdoo said March 13th, 20th, and 27th at Closed Session. Council Member Márquez also asked if it was July of 2018 that the County took control of RDA properties and that was confirmed.

Mayor Halliday pointed out that affordable housing was included in the William-Lyons development and staff confirmed any development on CalTrans property would be required to have 10% affordable units or pay an in-lieu fee.

Mayor Halliday said she also was not in favor of temporary housing, but regarding support services, she emphasized the need for permanent winter warming shelters October through March. She acknowledged that wasn't the same as a navigation center, noted the City already funded temporary winter warming shelters, but said possibly the two could be combined.

Mayor Halliday said she wasn't sure about question 4 (Are there properties with a higher priority for disposition than others that staff should focus on?). She said perhaps the RDA properties and suggested a mixed-use development generate the required revenue. City Manager McAdoo recommended the Route 238 properties remain the priority but reiterated that staff would review the RDA properties to see if any made strategic sense to acquire.

Economic Development Manager Hinkle pointed out that for some parcels on Mission Boulevard acquisition was anticipated to assemble enough land for a larger-scale development.

Council Member Mendall clarified that the property on Main Street should be rezoned for a park or community garden along with the property next to it. He also suggested that language for any development on CalTrans properties should emphasize that affordable units needed to be onsite rather than paying the in-lieu fee. He asked staff to send a basic list of all RDA properties in Hayward.

3. REGIONAL MINIMUM WAGE INVENTORY

Economic Development Manager Hinkle explained that at the request of CEDC members, staff put together an inventory of regional minimum wage amounts and timelines.

Council Member Mendall said that he had long felt that Hayward needed to do more than the state to raise the local minimum wage. He said it was probably impossible to survive in the Bay area on \$10 an hour. He said he recognized that there would be impacts to local businesses, but there were ways to mitigate the impacts and pointed out most were already paying more. He said it was shameful that large, profitable corporations like fast food restaurants used a business model that paid people dirt. He suggested that businesses with more than 50 people should be required to pay a higher wage.

Member Ly suggested interviewing temporary staffing agencies to find out what businesses were paying to attract workers. He said it had to be more than minimum wage to compete and explained that last year he raised wages at his business by 16% and he still had a hundred openings. Member Ly said he didn't think the situation was going to get any better and not all industries would be able to survive in this environment. He cautioned against hurting small businesses.

Council Member Márquez said she was open to exploring raising the minimum wage, but she wasn't sure of the timeline to do so. She didn't know how many employees worked at a typical fast food franchise and would need more information. City Manager McAdoo pointed out that most fast food restaurants were independent franchises with less than 50 employees and to analyze appropriate numbers would require reprioritizing staff time.

Looking at the chart provided, Council Member Márquez noted each city took a different approach to wages and more analysis would be needed to determine Hayward's approach and timeline.

Mayor Halliday said the state wouldn't raise wages to \$15 an hour until 2023 and said Hayward should accelerate the process, but acknowledged it would take staff time to develop recommendations. She expressed concern about the impact of wage increases on local non-profits.

Mayor Halliday wondered what businesses like Target or Costco paid and Member Ly said Costco paid \$13 an hour to start with benefits.

Mayor Halliday said she would like to step up the state's timeline by a couple of years, but the real question was which businesses would a minimum apply to and how could the City avoid hurting the businesses that really couldn't afford to pay it.

City Manager McAdoo said an accelerated timeline would require a lot of outreach and discussion so there would be no misperception on what the Council was trying to accomplish.

Mayor Halliday said she hadn't heard from constituents that they needed the minimum wage increased, but noted those same people probably didn't have the time to come into City Hall to complain. She suggested looking at San Leandro as an example.

Council Member Márquez pointed out that San Mateo exempted non-profits.

Council Member Mendall said Hayward could craft language any way they wanted. City Manager agreed but noted the staff time that would take. Council Member Mendall pointed out that solving the housing affordability issue was taking time, too and raising the minimum wage might keep someone in their house or apartment.

Member Ly asked if San Leandro had experienced any negative impacts from raising the minimum wage. Economic Development Specialist Nguyen said it depended on who you talked to. He said restaurants would say yes there were impacts, but the UC Berkeley Labor Center (the source of the chart data), found that any short-term impacts were mitigated by long-term benefits. He concluded there were no easy answers.

Mayor Halliday asked if the CEDC would like to recommend that Council discuss the matter at a Work Session and members said yes. Council Member Mendall pointed out it would take staff time to prepare a report and City Manager McAdoo said Council could start with the chart. Mayor Halliday suggested a staff report that captured the comments of the CEDC should accompany the chart and members agreed.

Mayor Halliday asked Member Ly if new tax laws were proving beneficial to his business. Member Ly said yes noting the tax savings would help mitigate the \$3 million increase in labor costs he experienced last year. He said he was already paying at least \$2 more than minimum wage for entry level positions, usually \$4-\$5 more for heavy lifters, so any required increase wouldn't impact him.

Member Ly pointed out that most big businesses were already paying more so the City needed to be careful not to hurt businesses that could least afford it. City Manager McAdoo expressed concern on staff outreach to gather that data and when Mayor Halliday asked if there was an easy to find out what fast food restaurants were paying Economic Development Specialist Nguyen said the information was proprietary and businesses didn't have to tell hourly rates or how many employees they had.

Member Ly suggested calling temp agencies, but Specialist Nguyen cautioned that outreach by a government entity would not garner the same results as would inquiring about rates as a paying client.

Council Member Mendall said he was ready to move forward without that information.

Mayor Halliday said she would like more information.

City Manager McAdoo pointed out that Fremont was Hayward's biggest competitor when it came to

attracting new businesses and suggested that information be included in the staff report to demonstrate the advantage of accelerating increases slightly faster than other cities.

Council Member Mendall asked if higher wages impacted Hayward's ability to attract businesses and Specialist Nguyen said from the advanced industry and industrial perspective, no, local businesses already paid a good starting wage. From what he's read, Specialist Nguyen said the greatest impact would be on retailers and restaurants. Any minimum wage increase could impact the City's ability to attract mom n' pop or start-up retailers, he said.

4. APPROVAL OF FUTURE MEETING TOPICS AS OF MARCH 5, 2018

Economic Development Manager Hinkle said staff was working to address topics on the list and said data regarding a Hayward Bucks Program would be discussed at the next meeting. He also noted a report on sales tax revenues and a report back from the retail consultant would be coming soon.

Mayor Halliday said she would like to see a report on workforce development efforts.

Council Member Mendall said he would like to hear about the progress of the Downtown Specific Plan Update. Interim Director of Development Services Bristow said she would be presenting Council with a memo that week.

Council Member Márquez asked about an update to the Economic Development Strategic Plan (EDSP) and Manager Hinkle noted some sections had already been reviewed by the CEDC, that the Plan ended in 2018, and that staff was working on revamping the entire plan for CEDC review.

Regarding an analysis of sales tax generation, Council Member Márquez noted revenues came in higher than projected and she asked if high performing sectors could be identified. City Manager McAdoo said a consultant from MuniServices could give a report to the City Council.

Council Member Mendall said he would like the comparison of sales tax generation by housing versus retail uses be folded into that report from MuniServices. City Manager McAdoo said the spending power of new households on sales tax revenues should also be considered and Council Member Mendall said that was exactly what he wanted to see.

Council Member Mendall commented that rather than revamp the entire EDSP, perhaps staff should concentrate on solidifying its retail approach. Economic Development Manager Hinkle said the retail consultant would be providing the baseline information for retail and making recommendations on how to proceed. Members agreed that solid progress was already being made in the Industrial Sector.

City Manager McAdoo noted the Plan sunset in 2018 and said even if it were a short-term plan it would be useful to have goals in place. She said the retail section could be more robust and the industrial section could be a continuation.

Economic Development Manager Hinkle said staff was also working to revise the format of the Plan and could include the Annual Update of Economic Development Activities with the revised Plan.

COMMITTEE MEMBER ANNOUNCEMENTS AND REFERRALS

Mayor Halliday said the ribbon cutting for the Dow Dupont Innovation Center was really cool and it was exciting to have that business in Hayward. In other news, she was sad to announce the closing of the 2525 Vintage & Modern Resale Clothing store on Foothill Boulevard. The City wasn't at fault, she said, the owner had personal reasons for closing, but it was another downtown retail business lost.

Mayor Halliday reminded members that Hayward had two finalists nominated for the East Bay Economic Development Alliance's Innovation Awards coming up on March 29th: ThermX (makes custom components for the semi-conductor industry) and Reflexion (developing a revolutionary device for the detection and prevention of cancer). When the Mayor mentioned the event was sold out, Economic Development Specialist Nguyen said the City had one table. Then he noted the two businesses were so excited about the nominations they had purchased their own tables for the event.

ADJOURNMENT: The meeting was adjourned at 5:18 p.m.