



DATE: March 2, 2020
TO: Council Economic Development Committee
FROM: Deputy City Manager
SUBJECT: Mission Boulevard Code Regulations Update

RECOMMENDATION

That the Council Economic Development Committee provides feedback to staff on the draft Mission Boulevard Code, including the policy issues identified in the report.

SUMMARY

The draft Mission Boulevard Code is proposing to replace the City's two existing form-based codes (FBC): Mission Boulevard Corridor and South Hayward BART/Mission Boulevard, which would require zoning map and text amendments. The intent of the Form-Based Code update is to supersede the present codes and other local land development regulations that apply to these areas and reflect consistent quality with the Downtown Specific Plan and *Hayward 2040 General Plan*. The updated Mission Boulevard Code will create a clear and consistent regulatory framework that is understandable and intuitive for residents, developers, and City staff.

The updated Code will continue to regulate development to ensure high-quality public spaces defined by a variety of building types and uses, including housing, retail, and office space. The updated Code proposes to modify the regulating plan, development standards, land use regulations, and other elements needed to implement the principles of urbanism, planning, and practical growth management consistent with the community vision established in the *Hayward 2040 General Plan*.

BACKGROUND

Since adoption of the FBCs, there have been few revisions or modifications to the Codes and like any zoning ordinance, specific plan, or general plan, regular updates and/or amendments are required to reflect new policies, development standards, and land uses. As part of the approved FY2018 budget, the Development Services Department-Planning Division established a goal of revising and updating the City's two form-based codes and earmarked funds to initiate this project. The project required a thorough review of each Code to remove inconsistencies, update policies and land uses, and streamline the development review process to make the Codes easier to understand and administer.

City Council Work Session: On January 22, 2019, the City Council held a work session on the updates to the FBCs and provided feedback to staff on the topics highlighted from the stakeholder interviews in December. The Council noted that many of the original goals that were identified when the FBCs were adopted are not currently being achieved and as such, the FBCs may no longer be an appropriate land use framework to guide development. The Council expressed concerns with the complexity of the existing Code, the inconsistent development pattern of new projects along the Corridor, and the number of Planned Development (PD) Rezones approved since the FBCs were adopted as evidence that the FBCs are not achieving the goals and objectives originally envisioned. The Council also confirmed that all the issues raised by the stakeholders are valid and should be addressed as part of the FBCs update.

Planning Commission Work Session: On February 13, 2020¹, the Planning Commission held a work session on the draft Mission Boulevard Code and expressed support for the proposed changes as well as recommended the Code provide more specific details about the placement of potential open space areas in relation to Mission Boulevard. The Commission supported the additional flexibility being proposed with various land uses in order to address numerous vacant commercial spaces along the Corridor. The Commission also supported the multi-modal and pedestrian-friendly approach that provided objective standards related to size and scale of buildings, landscaping treatments, and circulation. The Commission also supported the effort to streamline the planning review and entitlement process to encourage additional development activity.

DISCUSSION

Although the FBCs established a framework for new development along the Corridor, the downturn in the local and national economy between 2008-2012 limited the number of new development applications along the Corridor. Over the past several years, the amount of development activity has increased and the Planning Division has experienced a rise in the number of new, large-scale planning applications within the Code Area and, in the process, determined that inconsistencies within and between the adopted Codes and the City's Zoning Ordinance have resulted in significant warrants and exceptions granted for projects and inconsistent development patterns along the Corridor. The draft Mission Boulevard Corridor Code (Attachment II) proposes to supersede and replace Article 24 and Article 25 of the Hayward Municipal Code.

Land Use Inconsistencies. While many of the existing commercial, residential, and office land uses are proposed to remain, staff did update the land use table of the Mission Boulevard Code to more clearly identify the land uses that are permitted along the Corridor and resolve inconsistencies that were carried over between both existing Codes. By consolidating the Codes, staff noted there are some land uses that are permitted in the Mission Boulevard Corridor FBC (north of Harder Road) but prohibited in the South Hayward BART/Mission Boulevard FBC (south of Harder Road). In other instances, land uses were identified in one Code, but omitted in the other Code. For example, automotive

¹ Planning Commission Meeting Minutes:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4326918&GUID=7864183E-E467-4B22-BCEB-8CCA5D56A7FE&Options=&Search=>

sales are permitted as a “retail” land use in the Mission Boulevard FBC but are specifically prohibited as a “retail” use in the South Hayward BART FBC. Everywhere else in the City, automotive sales are not considered a retail use and are specifically identified as “Automotive Sales.” In an effort to mitigate these inconsistencies, staff consolidated these uses and updated the land use tables to identify where, geographically, these uses are allowed. In the updated Code, “Automotive Sales” are now listed as a permitted use north of Harder Road but are now conditionally permitted south of Harder Road, which reflects the previous Code boundaries. While the land use patterns, lot sizes, and access to transit vary along the Corridor, staff requests feedback from CEDC on whether the proposed geographic limitations of these uses should be maintained or eliminated. Additionally, staff requests feedback on the overall land use table and entitlement process, which was consolidated as part of the Code update.

Proposed Map Amendments. As mentioned previously, the two FBCs will be consolidated into one document to simplify understanding and implementation of the revised regulating map by reducing the number and type of duplicative zoning districts. Specifically, staff removed the dual-zoning designation applied to properties on key catalyst sites to help eliminate confusion related to development standards and permitted land uses. Additionally, these sites were updated to also include a Commercial Overlay #1 in order to maintain the viability of these parcels as regional and neighborhood commercial sites.

Staff is also recommending that the Commercial Overlay #2 be expanded onto properties where commercial uses and centers already exist in key areas or intersections to preserve non-residential uses (e.g. services, retail, and restaurants) along the street level in an effort to balance the pedestrian experience and encourage walkability from nearby residential areas.

Staff is also proposing the TOD Overlay #2 be expanded to include the north side of Mission Boulevard between Tennyson Road and Valle Vista Avenue in order to allow for greater residential densities due to its proximity to the South Hayward BART Station (approximately 0.25-miles away) and consistent with Priority Development Area (PDA) designations. The application of the TOD Overlay #2 allows a higher minimum density “by right” and helps the City meet its housing goals by focusing high-density, mixed-use development near major transit stops. In conjunction with recently adopted State legislation, including SB 330 (Housing Crisis Act of 2019) and AB 1763 (Density Bonus for 100% Affordable Projects), staff believes the increased residential densities are warranted and further support the City’s efforts towards increased housing production, consistent with the City’s Regional Housing Needs Allocation (RHNA) requirements contained in the *Hayward 2040 General Plan*.

Finally, all parcels that are currently zoned MB-T3 are proposed to be removed from the FBC areas and recommended to revert back to the Single-Family Residential (RS) zoning district as many of these are within established single-family neighborhoods.

PDA Designation. A majority of the Mission Boulevard Corridor has been designated as a Priority Development Area (PDA) by the Association of Bay Area Governments (ABAG) and the Metropolitan Transportation Commission (MTC). PDAs are areas within existing communities that local city or county governments have identified and approved for future growth. These areas typically are accessible by one or more transit services; and they are often located near established job centers, shopping districts, and other services. The City currently has five

designated PDA areas where residential and job growth are forecasted. The updated Code reflects additional opportunities for residential and job growth along the Corridor by expanding the number of proposed land uses and increasing the residential densities.

Infill Housing Report. In December 2019, the Council of Infill Builders released their report on efforts to accelerate and accommodate infill housing in the City of Hayward and presented this report to the City Council² on January 14, 2020. While the report identified barriers unique to Hayward, it also provided recommended solutions that could help facilitate new development in the City. Specifically, the report identified four priority barriers to infill:

- High costs and fees to build infill;
- Market uncertainty due to unknown or weak demand for infill;
- Lack of supporting uses for infill in public spaces, such as the streetscape; and
- Unusual parcels and challenging land assembly to support infill

While additional barriers exist, to help overcome these barriers, the group recommended the City update the design guidelines to allow retail flexibility for infill projects. Developers and City staff noted that ground-floor retail on some projects may not make economic sense, while nearby parcels may present better options for such uses. As a result, the city could help provide flexibility to meet these requirements. The report suggests the City develop a plan for street-level activation and amenities in areas without retail, in order to boost walkability and street life without rigid retail requirements. Staff has incorporated this land use flexibility in the updated Code to allow for additional flexibility in the land uses along the street-frontages.

The Report also recommends that the City develop optimal parking policies to encourage market-driven supply that boosts walkability, biking, and transit usage. Excess parking supply and requirements add to project costs and can reduce the walkability and transit-friendly nature of downtowns and commercial corridors. For example, the average cost of a parking space in a parking structure ranges from \$15,000 to \$30,000. Costs per unit in San Francisco for podium parking can range from \$17,500 to \$35,000 per unit, depending on the ratio of spaces per unit, and up to \$38,000 for underground parking. Ongoing operation and maintenance of parking structures can also be costly for rental properties. At the same time, it was noted that lenders are reluctant to finance new projects in Hayward without sufficient on-site parking. As a result, the report recommends the City consider parking policies that allow the market to determine supply while providing options to reduce the demand for on-site, decentralized parking that can increase project costs. While the existing FBC uses contain no parking minimums, there are maximums required for residential uses that may or may not address the issue of parking supply and demand. As such, staff is proposing to eliminate the parking maximums in the updated Code area to provide applicants with flexibility to provide parking that is sufficient to meet market demand.

Policy Direction. Staff is requesting that the CEDC provide policy feedback to City staff on the proposed updates to the Mission Boulevard Code, specifically related to: the

² City Council Meeting:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=4288614&GUID=8884B223-5825-443E-AEB7-561FE7CECC64>

proposed map amendments to the Commercial Overlay and TOD Overlay districts; the proposed land use table, which includes an existing and expanded list of uses and entitlement requirements; and the elimination of the parking maximum.

NEXT STEPS

Following feedback from the CEDC, staff will incorporate comments, finalize the Code, and complete environmental review. Following environmental review, the updated Code and environmental documentation will be presented to the Planning Commission for review and recommendation and to the City Council for consideration.

Prepared by: Jeremy Lochirco, Principal Planner

Recommended by: Laura Simpson, Development Services Director
 Jennifer Ott, Deputy City Manager

Approved by:



Kelly McAdoo, City Manager