



**City of Hayward Downtown Specific Plan
Task Force Meeting #3 Summary Notes
February 16, 2017
6:00pm – 8:30pm**

Hayward City Hall, 777 B St, Hayward, CA 94541 Conference Room 2A

I. Presentation Summary

On February 16, 2017, the City of Hayward and Consultant Team held the third Task Force meeting for the City of Hayward Downtown Specific Plan (Plan). Lisa Wise Consulting, Inc. (LWC) and MJB Consulting presented findings from the Market Demand Analysis, which included an overview of existing and future demand for retail, residential, and office space within the Plan Area, as well as economic development strategies to consider.

A summary of the major discussion topics is provided below.

II. Key Takeaways

- Arts and music festivals could help to activate Downtown – existing festivals already bring in people throughout Bay Area.
- Community generally desires to increase the number of college students that frequent Downtown.
- Potential increases in retail space rents is an important concern among Task Force/community members.
- Areas south of Oakland in the East Bay are becoming increasingly desirable to retailers, with popular restaurants such as “Pican” (an Oakland based restaurant) opening new locations in Downtown Hayward.
- Task Force/community members expressed concern that the new Century movie theater will compete with the existing Downtown Century movie theater, reducing foot traffic within the Plan Area.
- Absentee landlords continue to present problematic vacancy issues within the Plan Area.
- Incentivizing tenant improvements to existing retail space could help to reduce vacancies within the Plan Area.
- Small “mom and pop” businesses contribute strongly to the Plan Area’s character and should be retained.
- Office demand in the East Bay is increasing – BART is especially interested in increasing office space to help fill the reverse commute (e.g., East Bay to San Francisco).



III. Discussion Points

FUTURE ACTIVITY/VIBRANCY

- Many in Hayward want the City to become more of a “college town”, and some students are already coming into Downtown on shuttles to eat, shop, etc.
- Mission Boulevard has the potential to connect both BART stations and become increasingly more vibrant as the area positions itself to become more attractive to college students.
- Many college students already frequent “Turf Club” bar/restaurant Downtown. In addition, local music festivals have brought in up to hundreds of people from all over the Bay Area.
- Arts and music festivals could serve as an important method of bringing people into Downtown. If such festivals became known as a part of everyday life in Downtown Hayward, it would serve to attract people of all age groups.

RETAIL RENTS

- Several Task Force members expressed concern that the Specific Plan could serve to displace existing retail tenants as landlords (many of whom are absentee) may increase rents in anticipation of new development and economic revitalization. Task Force members cited the following examples as evidence:
 - When the Downtown Century movie theater was constructed, several downtown landlords significantly increased the rents of existing retail tenants adjacent to the theater.
 - During the planning phase of another Specific Plan in a nearby community (need to confirm municipality and Plan), an idea was developed to designate an area for the potential development of a hotel/convention center where a bowling alley was located. In the hopes to redevelop this property, the property owner shut down the bowling alley at the disappointment of community members.
- It is sometimes best to not overly market/attempt to “sell” a downtown urban environment to potential outside investors, but rather to let the area earn a “hip” reputation as a catalyst for subsequent investment and revitalization.

DEVELOPMENT DEMAND/POTENTIAL

- The financially feasible market for high-density development in Downtown Hayward is rental – not for sale – residential developments.
- Though not considered “highest-and-best uses”, there may still be a niche market for uses such as thrift stores within the Downtown area.
- Century movie theater is considered by some as the best thing to happen to the Downtown area in decades.
- Several Task Force members stated their concern that the development of another movie theater in a nearby shopping center, located outside of Downtown, may compete with the existing movie theater and potentially reduce business and associated street activity.
- The “Dirty Bird Lounge” draws a variety of new groups/patrons to the area.



VACANCIES/BUILDING CONDITIONS

- B street Downtown has the most vacancies of any other Downtown street – some retail space has been vacant for decades. Vacancies were noted as largely a result of building conditions – many are older buildings with larger floorplans that generally do not suit today's retail and office needs.
- The City needs to incentivize tenant improvements, as capital infusions will likely not only come from tenants and property owners.
- A Task Force member stated that the level of retail vacancies along B-Street is likely due to landlords that have purchased properties not to rent, but rather to use as a “write-off” for tax purposes. The Task Force member went on to state that these landlords are also charging far too much for such retail spaces.
- City staff stated that the Economic Development Division outreaches to every vacant property owner within the City to reconcile issues with vacancies.
- City staff described that although vacancies remain a problem in Downtown, many properties have undergone tenant improvements that generally positions such properties as well-suited for new tenants.
- A Task Force member described his opinion that the City is generally not supportive enough for small businesses, and some business owners believe the City has too many regulatory hurdles for business owners.
 - In regards to this comment, City staff described that the process of opening a new business is a smooth process if the business and/or development project has been approved by neighborhood groups, stakeholders, and City Council.
- City Council is often asked by the public why there is no Trader Joe's in Hayward, and that Trader Joe's as reportedly described the City has not fitting within the demographic targets that define their business model.
 - MJB consulting described that companies like Trader Joe's and Sprouts (a similar grocery store) look at educational attainment thresholds when deciding whether or not to locate in a certain area, but that they are generally very secretive about this process.
- A Task Force member stated that the strength of Downtown is not in chain-stores but rather “mom-and-pop” businesses that contribute to the area's overall character and desirability. The Task Force member went on to describe how the City should be very careful about its marketing campaigns, because this character should be retained as much as possible.

DEMAND FOR DOWNTOWN OFFICE SPACE

- Office demand is high, but Downtown (and city in general) does not have adequate stock to fill demand.
- Downtown previously had office space on 2nd floor of many mixed-use buildings, but those spaces generally lack infrastructure required for today's office tenants.
- Majority of Downtown office space is for government agencies.
- San Leandro has developed office buildings next to BART Station – Hayward should follow suit, as BART is interested in developing office space in the East Bay – want job centers to fill reverse commute. Hayward could build office space around both BART stations.
- Downtown is well-positioned for office space because of larger trends of the urbanization of office space – people don't want office parks, but places in proximity to amenities.



IV. Meeting Attendees

Task Force Members

Mimi Bauer
Larry Gray
Lory Hawley
Antonio Isais
Richard Patenaude
Charles Purvis
Stacy Snowman
Chris Zaballos

City of Hayward

Damon Golubics, Senior Planner- Development Services Department
Micah Hinkle, Economic Development Manager
Morad Fakhrai, Public Works Director
Fred Kelly, Transportation Manager
Eric Pearson, Environmental Services Manager
Ramona Thomas, Economic Development Specialist

Consultant Team:

Kathryn Slama, Lisa Wise Consulting, Inc.
Jennifer Daugherty, Lisa Wise Consulting, Inc.
Michael J Berne, MJB Consulting, Inc.
Arti Harchekar, Opticos Design, Inc.

Visitors:

Amber Collins, Hayward Area Planning Association
Jerry Egusa, Building owner
Frank Goulart, Resident
Carl Gorringer, member of Hayward Techies club
Audrey Lapell, Citizens for Alternative Transportation Solutions
Donald Philip
Chris Sturken, City Spark Fellow
Sianhan Wang, Bike Walk Eden