

Addendum to Appendix B

Mission Boulevard Market Analysis and Economic Development Strategy
September 2013

The City's former economic consultant, AECOM Economics, completed a detailed market analysis and development strategy for the Mission Boulevard Corridor Specific Plan project in May 2010. This study is included in the Specific Plan document as Appendix B and represents a "snapshot in time" of available data and conditions for the period in which the research was conducted. While the data presented in the Market Analysis is now slightly outdated, the long-term growth trends and conclusions presented in the study remain valid and present a reasonable outlook of potential development along Mission Boulevard Corridor north of Harder Road, excluding the Downtown area.

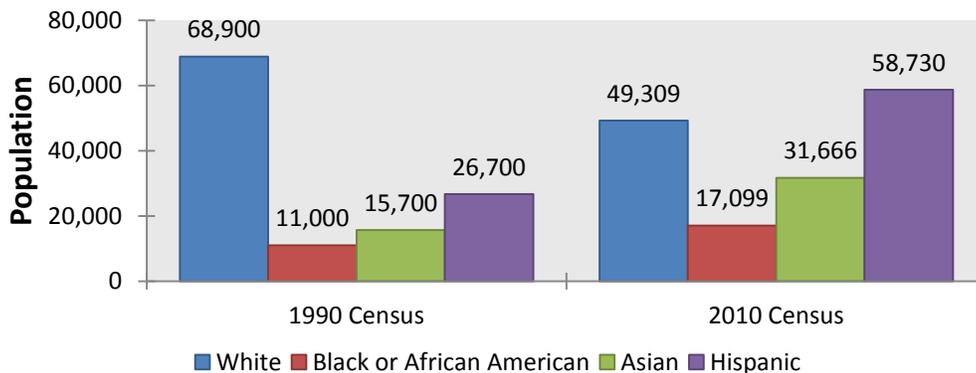
According to the original Market Analysis, the Hayward market will create demand for approximately 9,000 new housing units over the next twenty years. This averages out to roughly 450 units per year; but given the highly cyclical nature of real estate markets, actual construction in any one year could deviate considerably from this long-term annual average. If the Mission Boulevard Corridor Specific Plan area is able to capture twelve to fifteen percent of the citywide demand, as estimated in the Market Analysis, the net result will be approximately 650 to 800 units over the next twenty years for the two sections of the corridor included in the Specific Plan area.

New housing development is particularly important in the northern section of Mission Boulevard (north of A Street) because of its proximity to the Hayward BART station and the services available in Downtown Hayward. Housing development in this section not only satisfies the City's economic development objectives but would also be consistent with the regional goal of concentrating growth in Priority Development Areas along transit corridors in order to reduce vehicle miles traveled and greenhouse gas emissions. The original Market Analysis notes that as available land becomes scarce, the proportion of multi-family development will increase, and the Specific Plan and Form-Based Code will provide the needed framework and incentives to support this type of development.

The original Market Analysis suggests that a successful economic development strategy for Mission Boulevard needs to recognize and take advantage of the changing demographics of Hayward and its neighboring communities. Since 1990, the population of Hayward has become increasingly diverse (see Figure 1). According to the 2010 Census, the number of residents identifying as White decreased from 68,900 to 49,309, a decrease of 28%. The number of residents identifying as Black or African-American increased from 11,000 to 17,099, an increase of 55%. The number of residents

identifying as Asian increased significantly from 15,700 to 31,666, an increase of 102%. The largest increase came from the city's Hispanic population, with the number of residents identifying as Hispanic increasing from 26,700 to 58,730, an increase of 120%. The original Market Analysis concludes that "retail leakage along Mission Boulevard in part reflects the misalignment between the new ethnic composition of trade area population and the types and quality of retail establishments that [currently] exist [in the corridor]."

Figure 1: The Changing Ethnic Composition of Hayward



A detailed analysis of Hayward's proportionate share of countywide retail sales by sector indicates that the City is substantially under served in the following retail sectors: furniture and appliances, specialty stores, restaurants, and grocery stores. This conclusion is echoed in a more recent market analysis completed by Applied Development Economics (ADE) in March 2013 in relation to development of the City's Economic Development Strategic Plan, which was adopted by the City Council in early 2013. The ADE study also notes that "the unmet demand for [the retail categories mentioned] could potentially be met by either establishing smaller scale stores or through expanding and upgrading existing stores." Both of these approaches are supported and encouraged under the Mission Boulevard Corridor Specific Plan and Form-Based Code.

The ADE study also identifies several catalyst sites that have greater potential for retail and other development. Several sites within the Mission Boulevard Corridor Specific Plan area were identified as having potential for matching the retail categories with high unmet demand. These sites include the former Auto Row sites (grocery store and restaurants) and sites near Harder Road and Carlos Bee Boulevard (specialty retail). The original Market Analysis also identifies specific development strategies for several of these same areas: West Side of Mission Boulevard between Harder Road and Torrano Avenue; East Side of Mission Boulevard at Carlos Bee Boulevard; West Side of

Mission Boulevard between Sycamore Avenue and Pinedale Court; and the Northern Section of the Specific Plan area located north of A Street. All of these areas are identified as having good potential for near term development.

Another key economic driver for the Hayward economy is the presence of California State University East Bay located on the hill overlooking Mission Boulevard. According to the university's website, the student head count at CSU East Bay is projected to increase from 14,800 in 2013 to 17,600 in 2020 and 21,000 by 2030. Of greater importance, the students residing on campus are projected to increase from about 750 (5%) in 2013 to 3,500 (20%) by 2020 and 5,000 (24%) by 2030. Other than the campus bookstore, dormitory food service and a few recent minor food-serving establishments, these on-campus students will have few options for dining, shopping or entertainment, and there are also few dining options locally for faculty or staff wishing to entertain visitors or recruitment candidates. With the adoption of the Mission Boulevard Specific Plan and Form-Base Code, the southern section of the Mission Boulevard Corridor will be well positioned to provide the needed commercial services for the campus community.

In terms of retail demand, AECOM Economics estimated that increases in the student population at CSUEB will result in increased demand for retail in the southern section of the project area. They suggested development of a total of 160,000 square feet of new retail area will occur by 2030, divided into two phases with the bulk of growth occurring in the first phase (2010-2020). For the northern portion of the project area extending north from A Street to the City's northern boundary, AECOM Economics cited the lack of large sites as a limiting factor in the growth of retail uses. They estimated the total growth in demand in the northern part of the corridor to be 30,000 to 40,000 square feet. Based on current economic conditions, these near-term projections (2010-2020) for future commercial development along the Mission Boulevard Corridor seem overly optimistic. However, in the longer term (2020-2030) these projections may be more plausible, especially as initial new projects are completed and momentum builds for the transformation of Mission Boulevard under the Form-Based Code.

Overall, the combined impact of the Route 238 Corridor Improvement Project, the City's economic development efforts, the projected on-campus student population growth at Cal State, and the guidance and zoning protection provided by the Specific Plan and Form-Based Code will transform the Mission Boulevard Corridor over the next several decades. This transformation will respect the character of existing neighborhoods, but replace vacant and underutilized commercial properties and deteriorated buildings with new development, including mixed-use, that relies on principles of good urban design to create vibrant commercial areas, active street frontages, and greater connectivity between neighborhoods.