

6.1 Introduction

This chapter outlines the steps necessary for the successful implementation of the Mission Boulevard Corridor Specific Plan. The proposed General Plan Amendments and Municipal Code/Zoning Ordinance changes are listed below, as well as the following key components:

- Documentation of infrastructure that is required and its expected cost.
- Proposed financial policies and a financing strategy for this Specific Plan to guide City implementation efforts.

6.2 Implementation Steps

6.2.1 Regulatory Actions

In order to implement the vision and concept that are outlined and described in this Specific Plan, the City will amend the Zoning Code and map to identify the Mission Boulevard Corridor Form-Based Code as the regulations controlling development in the Plan area. This action will happen at the same time the Specific Plan is adopted.

6.2.2 Infrastructure Improvements

Development will require a variety of improvements, including those typically associated with infrastructure improvements needed to create sufficient capacity for the new development or redevelopment anticipated in the area, and civic amenities that benefit the entire city.

Thoroughfares

The Mission Boulevard Corridor Specific Plan includes new thoroughfares as well as improvements to existing streets. The new thoroughfares are shown in Figure 3-3 and described in detail in Table 2. New thoroughfares and related infrastructure will be implemented when needed to provide access to newly developed parcels as well as improve walkability in the specific plan area.

Water

Based on information provided in the 2002 Water System Master Plan update, and as described in Chapter 5 of this Specific Plan, the water system within the Mission Boulevard Corridor Specific Plan Area is projected to meet the system capacity requirements for both domestic water and fire flow demands.

Wastewater

As identified in Chapter 5 of this Specific Plan, existing deficiencies in the sanitary sewer system downstream of the Plan Area will require improvements in order to handle the additional capacity due to the planned densification. As well, each future development project should anticipate replacing existing sewer laterals serving the parcel and, in some cases, the public mains fronting the property, in order to alleviate the inflow and infiltration issues which are negatively impacting the capacity of the current system.

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Stormwater

As described in Chapter 5 of this Specific Plan, the backbone infrastructure for the storm drainage system serving the Specific Plan area has been designed to handle runoff from the existing development. Given that future improvements within the Specific Plan area are not likely to intensify runoff beyond current levels, storm drainage improvements to add additional system capacity should not be required. However, recent Regional Water Quality Control Board requirements will make onsite stormwater treatment a requirement for all future development where 10,000 square feet of impervious surface is replaced or created per project. As well, onsite flow control requirements may also be required for all future development.

6.3 Conceptual Financing Plan for Future Development & Infrastructure

The revitalization strategy of Mission Boulevard should not count on the long term resurgence of the automobile sales and service sector. The dealerships that have recently closed on Mission Boulevard are not expected to return; however, Toyota, Honda, Nissan and Volkswagen are expected to remain and perform well during the economic rebound expected in 2013 to 2014 period. As the role of Mission Boulevard changes from a regional arterial to more of a local serving boulevard, some of the auto-related uses may gradually relocate to be closer to I-880. Those that provide services to dealerships will likely move to where the new car dealerships are located; however, those that serve car owners directly and have established local clientele will remain in Hayward.

Over the past two decades, the *Asian and Hispanic populations have been growing much faster in Hayward and its neighboring cities than the overall population.* The national retail chains that do not understand the preferences of these populations will not compete as effectively as the retailers that serve these populations well. *A successful economic development strategy for Mission Boulevard needs to recognize and take advantage of the changing demographics of Hayward and its neighboring communities.*

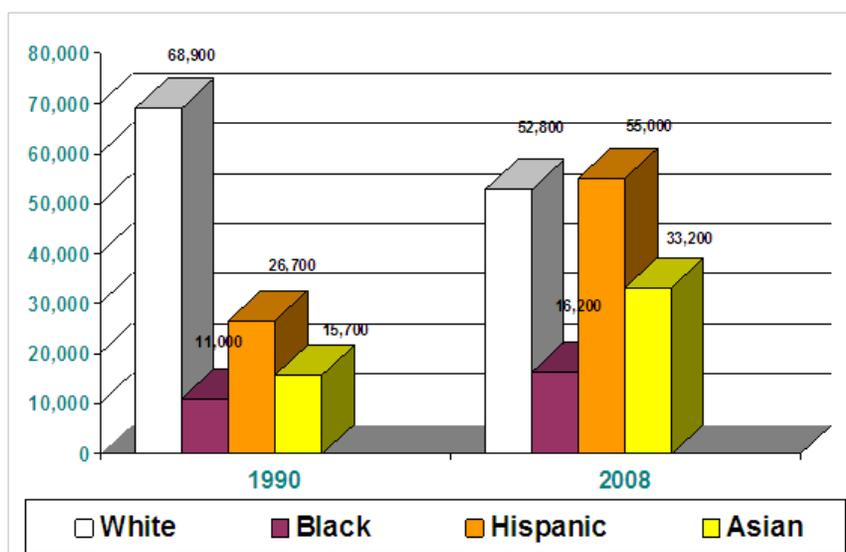


Figure 6-1: Changing Ethnic Composition of Hayward and Retail Opportunities Created

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A detailed analysis of Hayward’s proportionate share of the countywide retail sales by sector indicates that *the City is substantially under retailed in the following sectors: furniture and appliances, specialty stores, restaurants and grocery stores.* (For detailed analysis, refer to Appendix B – Market Analysis and Economic Development Strategy.) The retail leakage along Mission Boulevard in part reflects the misalignment between the new ethnic composition of the trade area population and the types and quality of retail establishments that exist.

A review of the Hayward housing market indicates demand for 9,000 new units over the next 20 years. This averages out to 450 units per year; and given the highly cyclical nature of real estate cycles, the actual construction in any one year could deviate considerably from this long-term average. As land in the inner Bay Area becomes scarcer, the proportion of multi-family development will increase. The multi-family share of overall Hayward demand is estimated at 59 percent. The Mission Corridor Specific Plan Area is estimated to be able to capture 12 to 15 percent of the citywide demand provided that good residential sites can be created. This translates into 650 to 800 units over the next 20 years for the two sections of this corridor. Because of limited commercial demand, housing development is particularly important to the northern section of Mission Boulevard. Housing development in this northern section not only satisfies the City’s economic development objectives but would also be consistent with the regional goal of concentrating growth in Planned Priority Development Areas that are focused along transit corridors to reduce vehicle miles traveled and greenhouse gas emissions. This northern section of Mission Boulevard is largely within walking distance of the Hayward BART station and the services available in Downtown Hayward.

PROJECTED DEVELOPMENT PROGRAM - BASED ON MARKET AND STRATEGY STUDY¹

	2010-20	2020-30	Total
Residential Units			
Townhomes	36	44	80
Condominiums	80	120	200
Market Rate Apartments	160	220	380
Affordable Apartments	<u>60</u>	<u>80</u>	<u>140</u>
Total Residential Units	336	464	800
Commercial/Industrial SF			
Retail Commercial	100,000	100,000	200,000
Industrial/Service Commercial	<u>40,000</u>	<u>60,000</u>	<u>100,000</u>
Total Commercial/Industrial	140,000	160,000	300,000

¹ Appendix B - Mission Boulevard Market Analysis and Economic Development Strategy, May 2010

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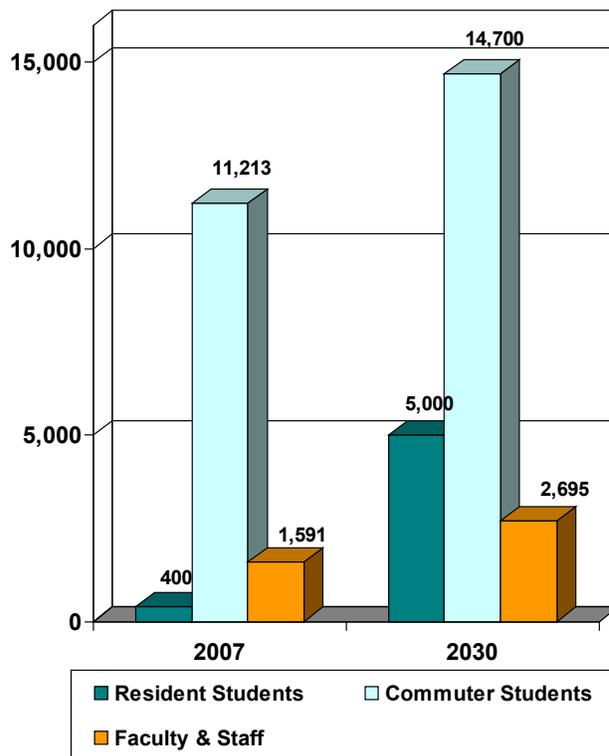


Figure 6-2: Projected Student, Faculty and Staff Growth at CSU East Bay

One of the key economic drivers for the Hayward economy is the presence of California State University East Bay located on the hill overlooking Mission Boulevard. The student head count at CSU East Bay is projected to increase from 12,200 in 2007 to 17,600 by 2020 and 21,000 by 2030. Of greater importance, the students residing on campus are projected to increase from about 400 in 2007 to 3,500 by 2020 and 5,000 by 2030. Other than the campus bookstore and dormitory food service, these on-campus students will have few dining, shopping or entertainment options. There are also few dining options locally for faculty or staff wishing to entertain visitors or recruitment candidates. Clearly, this campus is underserved by local commercial facilities, and the southern section of Mission Boulevard has the location to provide more commercial services to this campus community.

6.3.1 Commercial Development Strategy for the Southern Section

AECOM Economics recommends an initial development of approximately 100,000 square feet in a new neighborhood/specialty center or district, assuming an economic recovery by 2012 to 2015. This development will likely require eight to nine acres of property. Departing from the standard shopping center formula, this district should have four key anchors including two grocery stores:

- An ethnic grocery store of 15,000 to 20,000 square feet (possibly Indian, South Asian or Pan Asian).
- A specialty grocery store of another 15,000 to 20,000 square feet (like Trader Joe's).

- A pub or sports bar of 8,000 square feet offering karaoke, ping pong, pool tables, dart board, Wii type sports and dancing.
- A full service dinner restaurant of 8,000 square feet (like Le Cheval in Walnut Creek).
- Smaller in-line shops and food service outlets with ethnic specialty foods and other items (e.g. ice cream or yogurt shop, sandwich shop, pizza parlor, coffee shop, tea shop, sushi, dumplings, tacos, bakery, laundry, cleaners, beauty salon, etc.).
- A cluster of other smaller restaurants (a selection from Indian, Chinese, Filipino, Korean, Japanese, Vietnamese, Thai, Middle Eastern, Mexican, South American and/or Southern).
- Apparel, specialty stores and sundry outlets.

A second phase of 50,000 to 60,000 square feet could be added approximately five to six years following the initial phase. The timing of the second phase would depend upon the success of the initial phase and will be influenced by the actual increase in the enrollment and on-campus population at CSU East Bay. Its tenant mix would be similar to the initial phase and should be planned to complement that phase. Once the first phase has demonstrated success, the second phase should not require any significant government incentives.

6.3.1.1 West Side of Mission Boulevard between Harder Road and Torrano Avenue

Three areas are identified as having good potential for near term redevelopment. The first is the west side of Mission Boulevard between Harder Road on the south and Torrano Avenue on the north. This site is largely vacant and is of sufficient size to attract a significant new development project. It is at a key intersection that has visibility to much north-south traffic along Mission Boulevard and east-west traffic along Harder Road. It is well located relative to the campus population at CSU, and is not on the Hayward Fault. A new Holiday Inn Express is being built across Mission Boulevard at the NE corner of Mission Ave. and Torrano Ave. A church has been approved for the mid section of this parcel, a clothing store has been approved toward the southern end of the site, and a few residences are on this land that will need to be addressed for redevelopment. The commercial strategy described above should focus initially on this site.

The illustration below shows a frontage road on the west side of Mission Boulevard extending from one parcel south of Berry Avenue to one parcel north of Harder Road. This frontage road is one of the most important urban design elements of this Specific Plan. While this frontage road will require the dedication of private property and expenditures for construction, AECOM is of the opinion that it will accelerate the development of this portion of Mission Boulevard and cause this new development to take on a more urban character. The more urban characteristics of this new development along the frontage road, likely retail commercial and mixed-use, will signal a departure from the suburban style commercial centers of the last couple of decades and mark a new beginning for Mission Boulevard. The lots appear to have sufficient depth to allow development flexibility and the properties to reap the full benefit of the frontage road. Because the Route 238 improvements will remove peak commute period parking from this stretch of Mission Boulevard, an urban format commercial project fronting on Mission Boulevard is unlikely to succeed without this frontage road.

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Figure 6-3: West Side of Mission Blvd. between Harder Rd. and Torrano Ave. Study Area



Figure 6-4: Illustration of New Frontage Road on the West Side of Mission Blvd.

6.3.1.2 East Side of Mission Boulevard at Carlos Bee Boulevard

This is a high priority redevelopment area because the existing properties on site are either vacant or in poor condition, and the City and other public agencies own much of this property. Carlos Bee is the key entrance to CSU East Bay, and the Hayward Fault does not traverse these key public agency properties. Figures 6-5 to 6-7 on the opposing page illustrate a potential development concept for this study area.



Figure 6-5: East Side of Mission Blvd. at Carlos Bee Blvd. Study Area



Figure 6-6: Potential Development Concept for East Side of Mission at Carlos Bee Blvd. Study Area



Figure 6-7: Potential Development Concept for East Side of Mission at Carlos Bee Blvd. Study Area

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6.3.1.3 West Side of Mission Boulevard between Sycamore Avenue and Pinedale Court

Because the existing properties are either vacant or in poor condition, the redevelopment of this area would remove blight and upgrade Mission Boulevard. The City also owns a number of the parcels in this stretch of Mission Boulevard, and the properties are well located on the route between CSUEB and Downtown Hayward. However, shallow lot depth makes pedestrian-oriented design challenging for retail.

The concept illustrated in Figures 6-8 to 6-10 below shows how this property could be redeveloped with a frontage road buffering the Mission Boulevard through-traffic from the mixed use buildings (residential over retail) at the corners of Pinedale and Sycamore with residential buildings in between.



Figure 6-8: West Side of Mission Blvd. between Sycamore Ave. and Pinedale Court Study Area



Figure 6-9: West Side of Mission Blvd. between Sycamore Ave. and Pinedale Court Study Area



Figure 6-10: West Side of Mission Blvd. between Sycamore Ave. and Pinedale Court Study Area

Considering the blighted conditions of much of this target area and the fact that several parcels are already in City ownership, strategic public-private partnerships may be required to assemble the property, construct the frontage road and to provide other incentives to attract a private development consistent with the vision above. An illustrative concept of this development is shown above, as viewed from Mission Boulevard.

6.3.2 Development Strategy for the Northern Section

Due to the lack of retail sites of any significant size, the mixture of auto related uses and older buildings in deteriorated condition, and close proximity to the earthquake fault, the demand for pure retail space in this section is projected to be fairly limited. The revitalization strategy for this northern section is going to require a more comprehensive multi-faceted approach that incorporates residential development. The key steps include the following:

- The reconstruction of the Mission Boulevard public right-of-way, which is being designed as part of this project.
- A long term commitment to protecting and upgrading the housing stock in the immediately surrounding neighborhoods through an expanded housing rehabilitation loan and grant program.
- Adopting an infill live-work mixed use strategy with housing above work space that could be retail, services, artist studios, or artisan manufacturing.
- Strategic public-private partnerships to create one or two anchor projects at strategic locations and then encourage infill development with row houses that have ground floor commercial or workspaces at the street front.
- Encourage a study to determine the feasibility of implementing a parklet program along this portion of Mission Blvd, north of A Street.

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The value of the City's housing stock is the key determinant of future community income and household purchasing power. Since local retail potential will be determined by community purchasing power, reinvestment in the City's housing stock needs to be an important policy priority. AECOM recommends that the City aggressively expand its residential rehabilitation loan program and target the older neighborhoods around the northern section of Mission Boulevard. After an initial start-up period, the program should be self funding as the repayment of earlier loans fund subsequent loans. A better housing stock around Mission Boulevard will attract higher income households over the long run and they will in turn spend more money in local retail establishments. The increased local retail spending will lead to new retail businesses and the upkeep of commercial properties. Most of the new retail establishments are expected to be local serving and would likely include smaller restaurants, specialty food stores, a hardware store, and local services.

6.3.3 Fiscal Impact of Plan Implementation

The combined impact of the State Route 238 Corridor Improvement Project, the City's economic development efforts, and the guidance and zoning protection provided by this Specific Plan and Form-Based Code adoption will help transform the Mission Boulevard Corridor over the next 20 years. The transformation will be from a corridor of vacant automobile dealerships, underutilized commercial property, and deteriorated buildings to one which the entire city can take pride in. The new Mission Boulevard will change the perception of Hayward for people of the Bay Area.

In addition to changing perceptions, the transformation of Mission Boulevard will improve the City's fiscal position resulting in new sales and property tax for the City's General Fund. The resulting fiscal impacts on the City of Hayward's General Fund are shown below for the years 2020 and 2030. For more details, refer to Appendix C – Fiscal Impact Analysis.

Summary of Annual Fiscal Impact of Specific Plan Implementation		
Annual Impact in Year	2020	2030
Estimated General Fund Revenue Impact	\$814,420	\$1,963,707
Estimated General Fund Expenditure Impact	(481,096)	(1,127,970)
Net City of Hayward General Fund Impact	\$333,324	\$835,737
Net General Fund with CSD of \$500/unit/year	\$501,324	\$1,235,737

¹ Community Facilities District (CFD) municipal service fee applied to each new residential unit on yearly basis.

6.3.4 Financing Concepts

For the construction of public realm improvements that are in addition to the Route 238 Project, the City of Hayward has relatively few funding options. These are the City's capital improvement program funds, or grants from other government agencies or foundations. In addition, as one-time funds in the City's General Fund become available for infrastructure, such funds may be allocated as appropriate. Financing for development on private properties will require participation by private developers and financiers.

6.3.5 Networking to Identify Appropriate Developers

The recent recession has devastated the real estate development industry. Many of the high flying development firms of the 2004 to 2006 period have shrank to one-third to one-tenth of its former size, with many former developers turning into development consultants. The market capitalizations of major merchant home builders have contracted by a similar amount or greater. Without a substantial effort in networking with the development community, it will be extremely difficult for City staff to determine which development firms will be able to emerge aggressively from this recession. The near term success of Mission Boulevard revitalization will depend upon the City's ability to identify the right real estate developers and then to interest such developers in the available local opportunities.

The development of this network of contacts and knowledge will require City investment in staff time and associated expenses to attend events such as Urban Land Institute (ULI) gatherings and International Council of Shopping Center (ICSC) conferences. From knowledge gained at those meetings and conferences, the City will be able to compile a shortlist of developers that may have the financial ability, risk appetite and interest in Hayward to invest in Mission Boulevard.

6.3.6 Marketing to Targeted Developers

Once City staff has identified the appropriate real estate developers, the effort shifts to marketing or "courtship." The marketing effort entails several key steps:

- The forwarding of marketing materials such as materials from development of a marketing and branding program per the City's Economic Development Strategic Plan, the adopted Form Based Code and Specific Plan, maps identifying City controlled development parcels, development concept plans for those parcels, pro formas demonstrating potential success and environmental approvals.
- Invitations to visit the City to inspect and discuss potential development sites.
- Discussion of what the City is prepared to do to facilitate the desired private real estate development – deliver assembled and cleared property with the necessary entitlements at attractive prices, assist in attracting tenants and subsidizing front-end tenant rents, waiving certain development fees, being somewhat flexible in terms of zoning requirements, and/or funding or partially funding the construction of public infrastructure (i.e. frontage road or parking structure).

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Depending upon the briskness of the economic rebound, the City may be able to interest one or more development entities. If there is substantial development interest, the City will be able to formally solicit through a competitive process. If there is only a single developer interested, then the City may need to enter into an exclusive negotiating period without much leverage. The key to gaining developer interest is the City being able to convey a development parcel of ample size with the necessary entitlements and environmental clearances. This does not necessarily imply the advance acquisition of all potential development parcels but rather a willingness and ability to assist in the assembling of such parcels in the event of serious development interest.

6.3.7 A Community Facilities District for Long-Term Fiscal Sustainability

In the near term, the City of Hayward will need to invest resources to attract development entities and to stimulate their investment of private risk capital. In the longer term, the success of Mission Boulevard will depend on the creation of good quality residential neighborhoods along this corridor, including both new neighborhoods and the maintenance and rehabilitation of existing neighborhoods. Because residential development, especially multi-family residential development, often does not generate sufficient General Fund revenue to cover long-term service cost, the sustainability of these neighborhoods will necessitate that the City augment its General Fund revenue base. In order to address this long-term problem, some cities have implemented Community Facilities Districts (CFD) that assess an annual fee on all new housing built after a certain date to help fund municipal services. The institution of such CFDs may slow housing development slightly in the near term; however, in the longer-term such districts will help maintain the quality of residential neighborhood by insuring adequate municipal services. Having high quality residential neighborhoods in the corridor will insure high quality commercial establishments along Mission Boulevard.