



SUBJECT

Proposed Rezone of a Property from Business Park (BP) District and Regional Commercial (CR) District to Planned Development (PD) District to allow the construction of a light industrial building for the Steelwave Industrial Park, located at 2580-2582 Industrial Boulevard. The Project requires an Addendum to a previously certified Mitigated Negative Declaration with Mitigation Monitoring Plan. Michael Olson/Eden Shores Associates I LLC (Applicant/Owner).

RECOMMENDATION

That the Planning Commission recommends approval to the City Council of the proposed Zone Change Application No. 201604872, to allow construction of a new light industrial shell building; and adoption of the Addendum to the previously approved 2007 South of Route 92 Specific Plan Amendment Legacy Eden Shores Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program, subject to the attached Findings and Conditions of Approval.

SUMMARY

The proposed project would constitute some of the last development in the Eden Shores area and require a zone change request from Business Park (BP) and Regional Commercial (CR) District to Planned Development (PD) District to allow for construction of flexible light industrial space with specified uses that are not explicitly permitted under the current zoning. The proposed 93,345 square foot light industrial shell building would provide a "Class A" light industrial/flex office space to attract small to mid-size light advanced industries including, but not limited to, manufacturing, biotechnology, and research and development firms.

The building and site are well designed and would offer an attractive addition to the neighborhood in that the building frontage and entrances would be oriented toward the adjacent residential area; the site would provide deep landscaped frontages with meandering sidewalks along Marina Drive and Industrial Boulevard; and the development would contribute towards creating a complete community within the Eden Shores area, which contains a healthy mix of residential, commercial and advanced industrial jobs which tend to attract highly skilled workers.

BACKGROUND

In 1998, the City of Hayward certified a program-level Environmental Impact Report (EIR) and approved the South of Route 92 General Plan Amendment, Zone Change and Specific Plan for the Oliver Estate/Weber Properties (Specific Plan). In 1999, the City approved and executed the Mount Eden Business and Sports Park Community Development Agreement. The original

Specific Plan provided for a mixed-use development consisting of a business park, high-quality single-family housing, light manufacturing, open space and a 25-acre sports park on 333.5 acres. The Specific Plan sought to expand the supply of owner-occupied housing and increase the variety of the City's housing stock, particularly housing for professionals, technical specialists and managers and business owners, and create opportunities for businesses that provided higher wage jobs and/or sales tax revenues to develop and expand in Hayward. The sports park and the Oliver West portion of the Eden Shores residential community were constructed.

In November of 2005, the Specific Plan, Development Guidelines and Development Agreement were amended, as were the City's General Plan and Zoning Ordinance, to allow for residential development (Eden Shores East) on approximately 29 acres formerly designated for light manufacturing just east of the railroad tracks. Those developments, consisting of 139 single-family units and 122 condominiums, were constructed.

In October 2007, the City Council approved a General Plan amendment, Specific Plan amendment, Development Guidelines revisions, rezoning application, Zoning Text amendment, and an amendment to the Mount Eden Business and Sports Park Community Development Agreement (Development Agreement) to permit the construction of an approximately 500,000 square foot business park. The City Council action resulted in the subject property and adjacent Shea Properties Industrial Park being zoned BP, Business Park, except for a 16.5-acre site that contains the Costco store, gas station and associated parking lot (approved on December 17, 2008), including surrounding commercial and residential lands. Per the amended Development Agreement, the development of the residential lots must be proportional to the development within the Regional Commercial (Costco), Neighborhood Commercial and Business Park zones located east of Marina Drive.

On [May 20, 2014](#), the City Council approved a rezoning from Medium Density Residential to Planned Development (PD) and a Vesting Tentative Tract Map to construct 118 detached single-family homes. The project was approved to be constructed in two phases: Phase I equaling the proportional release of 58.4 percent of the housing units based on the development of Costco; and Phase II, which is contingent on the completion of the neighborhood commercial and business park sites adjacent to Costco, which includes the subject site. On [February 3, 2015](#), the Council approved a five-year extension to the Development Agreement, with an expiration date of October 28, 2019.

On [September 15, 2015](#), the City Council approved a rezoning and subdivision for Shea Properties Industrial Park, which included the construction of four light-industrial buildings containing approximately 274,998 square feet of office space on a 14.41-acre property located west of Marina Drive. The proposed project would be subject to the same PD District uses and standards as the previously approved Shea Properties Industrial Park, and would result in a cluster of Class A, light-industrial warehouses in the Eden Shores area.

Existing Conditions: The 5.86-acre project site is undeveloped, relatively flat and covered with long grass and shrubbery. A 35-foot landscaped corridor, including a paved sidewalk, is located on the north and northwest corner of the project site, adjacent to the Industrial

Boulevard and Marina Drive intersection. The project site is surrounded by commercial uses to the east and southeast (Costco, and a future multi-tenant commercial development), single-family residential development to the west and southwest, and industrial to the north and northwest. The Shea Properties Industrial Park is located northwest of the project site across Marina Drive and is currently under construction.

PROJECT DESCRIPTION

The proposed development would rezone a property to PD District to allow for more flexibility of land uses and potentially attract advanced industries within a new industrial shell building.

Rezoning: The project site is current zoned BP District (approximately 5.46 acres) and CR District (approximately 0.4 acres of the site), both of which allow for a wide range of administrative and professional offices and other supporting service uses. The applicant is seeking to rezone the entire 5.85-acre site to PD District (Attachment IV) to allow a spectrum of industrial related uses, office, research and development (R&D), STEM (science, technology, engineering, and math), manufacturing, assembling and high tech services that involve a combination of assembling, warehousing and/or sales. The rezoning would permit land uses consistent with the existing PD district established for the Shea Industrial Park and would contain development standards consistent with the South of Route 92 Specific Plan and Development Guidelines for lot requirements, setbacks, building size and placement, public service easements, landscaping, and parking.

Proposed Building: The project includes the development of a 38-foot tall, one-story industrial building with 93,345-square feet. The building would be developed as a “shell” building with potential to be demised to accommodate up to two tenants depending on market demand. Building access would be from two entrances; one entrance would be located on the northwestern corner of the building and one located on the southern elevation. The building would be constructed with concrete wall panels broken up with vertical and horizontal building elements to break up the building massing including columns, score lines, accent paint, and future locations of panels that could be knocked-out for clerestory windows depending on interior floor plan layout. Prominent building entrances would be decorated with substantial glazing, canopies, and accent paint and materials. A loading dock and two trash enclosures would be located on the east side of the building. All rooftop mounted equipment would be screened by parapet walls.

Parking. The South of Route 92 Specific Plan and Development Guidelines do not provide parking requirements for the proposed office and light manufacturing uses; therefore, parking requirements from the City’s Off-Street Parking Regulations for similarly listed uses were applied.

The proposed development includes parking ratio of one parking space per 500 square feet of gross building floor area for a total of 164 parking spaces. Assuming this mid-range parking scenario for the development would allow a portion of the building to be developed as warehousing (one parking space per 2,000 square feet) and other portions to be office (one

parking space per 250 square feet); research and development (one parking space per 350 square feet); manufacturing (one parking space per 500 square feet); while still meeting the minimum parking requirement for the development as a whole. Additionally, the applicant has indicated there would be an area dedicated for indoor bicycle parking for employees.

Access and Circulation. The parking lot on the west side of the building would be accessed from two driveways along Marina Drive and the parking lot on the east side of the building would be accessed from an internal shared driveway with Costco. Pole mounted light fixtures would be dispersed throughout the parking areas and pedestrian pathways. The site would be surrounded by meandering sidewalks along Marina Drive and Industrial Boulevard and a new sidewalk along the interior shared driveway with Costco. In addition, textured crosswalks would be added at all project driveways and adjacent intersections.

AC Transit Routes 97, S and SB) that provide Transbay service and regular service to destinations in and around Hayward and to and from San Francisco can be found along Hesperian Boulevard, approximately one-quarter of a mile from the project site, which will provide alternative transportation to the site for employees.

Landscaping and Bio-Retention. Per Sheet L-1 in Attachment V, approximately 22% of the site (58,310 square feet) would be covered with landscaping and bio-retention areas. Six street trees would be retained along project frontages, and 112 trees would be added along frontages throughout the site. Landscaping and bio-retention would primarily be located within the required setback areas along Marina Drive and Industrial Boulevard and in islands within the parking lot. The landscaping plan, as proposed, meets the City's Water Efficiency Landscape Ordinance.

POLICY CONTEXT/CODE COMPLIANCE

Hayward 2040 General Plan. The proposed project has two General Plan land use designations that align with the existing zoning. Specifically, approximately 5.46 acres of the site has an Industrial Technology and Innovation Corridor (Industrial Corridor) General Plan land use designation where warehouses, office buildings and light manufacturing is identified as allowed uses. The Industrial Corridor is envisioned to grow as the City's economic and employment center with a balance of manufacturing and advanced industries. Approximately 0.4-acre of the site has a Retail and Office Commercial (ROC) General Plan land use designation which generally applies to regional retail centers and professional office developments. The proposed PD District would allow secondary/support uses such as restaurants, gyms, and minor retail sales areas is consistent with the underlying ROC General Plan land use designation.

The proposed development is consistent with numerous General Plan goals and policies including but not limited to the following:

- Land Use (LU) Policy 1.1, to support efforts to improve the jobs-housing balance of Hayward and other communities throughout the region;

- Policies LU-1.6 and LU-3.1, to encourage Mixed Use Neighborhoods and Complete Communities by ensuring the integration of a variety of compatible land uses into new and established neighborhoods to provide residents with access to goods, services and jobs;
- LU-5.2, to allow flexible land use alternatives that allow the establishment of economically productive uses in regional and community centers;
- Policy LU-6.1, to promote employee intensive uses such as research and development, advanced and specialized manufacturing, among other uses throughout the Industrial Corridor;
- LU-6.7, to incorporate various design strategies for Industrial Corridor developments to provide attractive on-site landscaping and to use it as a buffer from nearby commercial and residential uses; to screen areas used for shipping and receiving with building elements, walls and landscaping; to encourage consistent architectural treatment on all sides of the building; to screen roof-top equipment with parapets; and, to provide pedestrian walkways to connect parking areas to the development and surrounding commercial uses; and
- LU-6.8, to encourage provision of employee amenities such as courtyards and plazas, outdoor seating areas, and indoor bicycle storage areas.

South of Route 92 Specific Plan and Development Guidelines. The South of Route 92 Specific Plan and Development Guidelines provides guidance on land uses as well as development standards, architectural guidelines, landscaping, grading and drainage and site maintenance standards. As noted above, the proposed development is consistent with all applicable development standards, which are incorporated into the proposed PD District.

Economic Development Strategic Plan (2014-2018): The City's Economic Development Strategic Plan (EDSP) provides guidance to ensure that Hayward is recognized as a desirable place to locate and conduct business. The EDSP contains numerous Goals related to the Industrial Sector such as Goal IS3 to recruit and secure new businesses in priority locations; and Goal IS4 to create proactive, site-specific land use policies that clearly convey information to potential businesses. The proposed development would achieve these goals through implementation of various EDSP Tasks such as identification of desired uses for opportunity sites in the industrial area (IS4.A); and, development of preferential zoning areas that support desired business types (IS4.D).

DISCUSSION AND STAFF ANALYSIS

The overall purpose of the PD, Planned Development District is to establish development procedures and standards where such land may be developed most appropriately to enhance the advantages of such sites; and to foster well-designed non-residential development by allowing a diversification in the relationship of uses, buildings and standards not achievable under other zoning districts. The proposed development would result in a land use change from Business Park and Regional Commercial, which allowed limited office and supporting commercial uses, to PD District to allow for advanced industries, offices and other supporting commercial uses.

The proposed PD District is consistent with the existing PD District adopted for the adjacent Shea Industrial Park Project, located across Marina Boulevard to the west of the project site. The Shea Industrial Park PD District was carefully crafted in collaboration with the applicant and the City's Economic Development and Planning Division staff to provide maximum flexibility to attract advanced industries which are defined as industries that involve heavy investment in technology innovation and employ skilled technical workers that develop and apply new technologies, processes and products. Advanced Industries offer multiple economic development benefits. These industries employ and continue training of STEM (Science, Technology, Engineering and Math) workers, who earn more at every level of education compared to other industry sectors. Advanced Industries also conduct more business-to-business transactions than other sectors, which supports growth in other industry sectors both within Hayward and the larger region. Expansion of the uses and standards from the Shea Industrial Park to the Steelwave Industrial Park will expand the City's Class A space available for advanced manufacturing which will make it attractive to employers throughout the region.

The proposed development is attractive and consistent with the applicable South of 92 Specific Plan development standards and the Industrial Corridor design strategies in that it would be oriented toward the residential uses across Marina Boulevard; the loading areas would be screened from those residential uses by the building and large buffers of attractive landscaping; and would provide meandering sidewalks with decorative crosswalks that connect the proposed development to nearby existing and proposed commercial uses.

While the proposed development is consistent with the Hayward Municipal Code and applicable Specific Plan, staff does recommend parking lot modifications to ensure coherent and attractive parking lot layout and screening. Specifically, staff recommends that the landscape islands that are interspersed with the parking spaces along the northwestern parking banks be moved to the ends of the rows of parking stalls to provide screening along trash enclosures and at the shared driveway (proposed Conditions No. 34h and i). In addition, staff recommends conditions of approval related to pavement resurfacing along property frontages; installation of sidewalks, slighting and textured crosswalks along the property lines; and, bicycle signing and striping along Marina Boulevard to fulfill General Plan Goal M-3, to provide complete streets that balance the diverse needs of uses within the right-of-way (proposed Condition No. 51).

ENVIRONMENTAL REVIEW

As described in the Background section above, the project site was originally included in the Specific Plan for the Oliver Estate/Weber Properties Specific Plan and related 1998 Environmental Impact Report. Subsequently in 2007, the City approved an Amendment to the South of 92 Specific Plan and approved an associated Mitigated Negative Declaration (MND). The amended MND proposed text changes to the 1998 Final EIR mitigation measures and proposed new mitigation measures resulting in a new Mitigation Monitoring and Reporting Program.

The proposed project includes a rezone request which would result in land use changes from those previously analyzed in the EIR, and in the subsequent MND. Pursuant to California Environmental Quality Act (CEQA) Guidelines Section 15162(b), if new information becomes available after adoption of a negative declaration, the lead agency shall determine whether to prepare a subsequent negative declaration, an addendum or no further documentation. Pursuant to CEQA Guidelines Section 15164, the City determined that an Addendum (Attachment VI) was the appropriate level of review for the proposed project due to the fact the proposed land use changes resulted in minor technical changes and updates to the already prepared analysis and in that the proposed land use change would not result in any new or more severe impacts than was already disclosed and analyzed in the previous CEQA document, which was a MND (Attachment VII).

The Addendum determined that the conclusions of the Mitigated Negative Declaration remain unchanged related to the potential environmental impacts of the proposed project, provided the mitigation measures identified in those documents are incorporated into the project. In some cases, Mitigation Measures are not applicable to the proposed project (for example, where they reference future residential uses and when they have already been accomplished).

The attached Addendum clearly notes which Mitigation Measures remain valid including implementation of basic and enhanced dust control measures; limitation of construction hours to minimize construction noise; and implementation of a Transportation Management Plan (TMP) to minimize the transportation-related effects on residents during construction and operation of the proposed development.

SUSTAINABILITY FEATURES

The proposed development will be subject to the California Code of Regulations (Building Code, Fire Code, etc.) 2016 edition of Title 24 which applies to all new development. The most recent code update included additional green building and energy efficiency standards and is advancing toward the eventual goal of requiring zero net energy buildings.

The proposed project will be wired to accommodate solar panels in the future; include energy efficient fixtures throughout the building and site; meet City and State water efficient landscaping requirements; retain and treat all stormwater on the site; provide trash enclosures to accommodate all waste streams; and, include short and long term bicycle storage both within the building and outside and comply with Complete Streets provisions to install bicycle path signage and striping as well as pedestrian connections to adjacent commercial and residential areas.

PUBLIC OUTREACH

On September 28, 2016, the City mailed 131 initial notices of the proposed project to property owners and residents within a 300-foot radius, as well as interested parties in the project vicinity. Following that notice, two residents reached out to City staff. One resident encouraged approval of the proposed land use change and building and the other resident inquired about potential uses and expressed a desire for more small-scale commercial uses

for use by nearby residents (as indicated previously, a retail center is proposed south of the Costco site and permits are anticipated to be issued this spring or summer).

On April 28, 2017, 132 notices of this public hearing were sent to all property owners and residents within a 300-foot radius of the project site. In addition, notice of this public hearing was published in *The Daily Review* on April 28, 2017. No notice or public review period for the Addendum to the Mitigated Negative Declaration is required. No comments have been received as of the writing of this staff report. Any additional comments that are received before the Planning Commission meeting will be forwarded or presented to the Commission for consideration.

NEXT STEPS

Assuming the Planning Commission takes action at the hearing, the City Council is expected to consider the proposed project, along with the Planning Commission's recommendation, at a noticed public hearing. The tentative date for this hearing is May 23, 2017.

If approved by the Council, the applicant will be required to submit a Precise Plan, Improvement Plans and Construction Documents, modified subject to the approved Conditions of Approval, with the goal of breaking ground by the third quarter 2017.

Prepared by: Leigha Schmidt, Senior Planner

Approved by:



Sara Buizer, AICP, Planning Manager



David Rizk, AICP
Development Services Director