



DATE: May 9, 2017

TO: Mayor and City Council

FROM: Development Services Director

SUBJECT Proposed subdivision and construction of 140 three-story condominiums of a townhome design, a 93-room hotel, and 7,225 square feet of community-serving retail use on a 9.72-acre site located at 25501 & 25551 Mission Boulevard and 671 Berry Avenue; requiring: 1) a Zone Change on a 1.9-acre portion of the project site from T4-2 Urban General Zone with a Commercial Overlay Zone 1 to T4-2 with a Commercial Overlay Zone 2; 2) Site Plan Review; 3) Conditional Use Permit to Allow Ground-Floor Residential Units; 4) Administrative Use Permit to Allow a Hotel; 5) Warrant to Allow Number of Parking Spaces to Exceed Standards; 6) Vesting Tentative Tract Map 8345 Associated with the Subdivision; and 7) an Addendum to the Mission Boulevard Corridor Specific Plan Area Environmental Impact Report (EIR). MLC Holdings, Inc. (Applicant) Auto Mission, Ltd. and Charles L. Pifer (Property Owners).

RECOMMENDATION

That the City Council adopts the attached resolution (Attachment II) adopting an Addendum to the Hayward Mission Boulevard Corridor Specific Plan Environmental Impact Report (SCH 2011042076) and conditionally approving the Site Plan Review, Conditional Use Permit, Administrative Use Permit, Warrant, and Vesting Tentative Tract Map 8345 (Mission Crossings) applications, subject to the findings and recommended conditions of approval in the attached resolution; and introduces the attached ordinance (Attachment III), approving the Zone Change to the Hayward Mission Boulevard Corridor Specific Plan and Form-Based Code.

SUMMARY

The proposed project, known as Mission Crossings, is supported by staff and recommended for approval by the Planning Commission because it represents attractive mixed use envisioned by the Mission Boulevard Corridor Specific Plan and Form-Based Code, and meets key objectives of the Specific Plan and policies of the General Plan. The project reflects the site's General Plan land use designation of Sustainable Mixed Use by incorporating green building features that exceed code standards, such as solar photovoltaic systems on the residential and hotel buildings, and providing a large centralized open space that incorporates an urban farm that would provide the residents of the development with access to locally grown fresh produce. The hotel would provide opportunities for hospitality training for Cal

State University East Bay students, and the project is supported by the President of the University.

A deviation (Warrant) from standards is required because of the proposed 25 guest parking spaces on a site located over 1.5 miles walking distance from either BART station in Hayward, which will help to reduce potential for residents and guests parking along adjacent public streets. The Zone Change is requested to allow for ground floor units on 1.9 acres (under 20%) of the site that would otherwise not be allowed.

Finally, the project's projected hotel transit occupancy tax, retail sales tax and property tax revenues would exceed revenues projected for a new automobile dealership, a use that is not viable as indicated by an industry expert (see analysis included in Attachment VIII) as well as the current property owner, the nation's largest automobile retailer. Additionally, the nearly \$1.6M in park in-lieu fees and over \$1M in affordable housing impact fees would not be generated with a new auto dealership use.

BACKGROUND

Site Description and Project Setting

The 9.72-acre project site is situated between a major thoroughfare (Mission Boulevard) and the BART right-of-way. It is comprised of four legal parcels and generally is flat. The largest parcel at 25551 Mission Boulevard is approximately 7.5 acres and was previously used as the Hayward Ford Dealership and service facility. This parcel is approximately 766 feet deep extending the full distance between Mission Boulevard and the BART tracks. A used car dealership at 25501 Mission Boulevard (at the corner of Mission and Torrano) occupies a 1.2-acre site that is comprised of two legal parcels. An unoccupied house currently is situated on the fourth parcel at 671 Berry Avenue on an approximately one-acre lot.

Surrounding properties include a variety of uses that are in various stages of occupancy. Uses to the north along Mission Boulevard and adjacent to the project site along Berry Avenue are automotive in nature with used auto sales and service operations, a gas station, and other independent auto services set back from Mission Boulevard. Uses along Berry Avenue include auto glass repair and multi-family residential, generally apartments, including an affordable housing project with a pre-school. Uses along the southerly boundary across Torrano Avenue also are related to new and used auto sales, services, and repairs. Uses across Mission Boulevard to the east include small scale retail (convenience stores, etc.) scattered among a variety of vacant and abandoned properties. The property adjacent to the westerly boundary of the project site is used as a line for the Bay Area Rapid Transit (BART) District. Whitman Avenue runs parallel along the west side BART line. Uses on the opposite side of Whitman Avenue mainly are apartments with exception of a perpendicular street improved with older, single-family homes.

Public Meetings and Outreach

September 14, 2015 Council Economic Development Committee (CEDC) Meeting – The CEDC reviewed a previous design for this site by the same proponent that involved an art walk and community center along the front of the property (versus a hotel with retail space), along with 164 three-story townhome-style condos. The CEDC members expressed concerns with the absence of retail and/or commercial use in the proposal, and encouraged sustainable features and more parking. The current proposal is a response to comments made at that meeting.

April 27 Planning Commission Meeting – The project was initially scheduled to be heard by the Planning Commission on April 20. However, due to the amount of information submitted after the April 20 packet was published, and per the request of the project proponent and opponents, the hearing was continued from April 20 to April 27.

At the hearing on [April 27, 2017](#), the Planning Commission voted 5-0 to recommend approval of the project to the City Council. At this hearing, six members of the public spoke on the proposed project. Questions and concerns focused on traffic and overflow parking impacts, especially how the traffic from the project would impact business along Dollar Street or how potential overflow parking would impact parking along Dollar Street and Berry Avenue (see written communications received in opposition to the project in Attachment IX). Other comments were related to the loss of an opportunity for another auto dealership to locate here and the bifurcation of historical auto row, as well as how the sensitivity of residents to noise associated with deliveries and operations of nearby industrial and auto-supporting uses would negatively impact the ability of such uses to continue. There were also requests for the Planning Commissioners to again delay their recommendation until the Government Relations Committee of the Hayward Chamber of Commerce had an opportunity to review the project and provide a formal recommendation.

As discussed below and included as Attachment VI to this report, an EIR Addendum was prepared, which determined that project-generated traffic impacts are considered less than significant, provided mitigation measures outlined in the Addendum are incorporated. Also, the projected traffic generation for the project would be less than what was projected for the site and analyzed in the Mission Boulevard Specific Plan EIR.

Related to the bifurcation of historic auto row and missed opportunity for another dealership, the City's Economic Development Manager discussed how the property owner, AutoNation, was not interested in placing another franchise auto dealer at this location due to changes in needs for modern auto dealerships; namely, wanting to be clustered with other franchise dealerships with good visibility off major freeways.

Related to the review by the Government Relations Committee (GRC), the project proponent had discussed an earlier proposal with the GRC when the application was first submitted in May 2016. Also, the GRC had an opportunity to review and comment on the proposed project at its April 7 meeting, but was unable to make a formal recommendation at that time. The next GRC meeting is scheduled for May 5, at which time the GRC members are scheduled to discuss the project, who can share their recommendation with the Council on May 9.

Overall, the Planning Commissioners were very supportive of the project and mentioned the potential benefits of having an extended stay hotel of this caliber in the City, the project amenities that include the large group open space that will be developed by Farmscape, as well as the green features that include solar panels on both the hotel and the townhomes as well as installation of EV charging stations throughout the project. Also, the Planning Commissioners made comments and expressed concerns about traffic and the need for affordable housing to be incorporated within the project as opposed to payment of in-lieu fees. The draft Planning Commission meeting minutes are included as Attachment V.

DISCUSSION

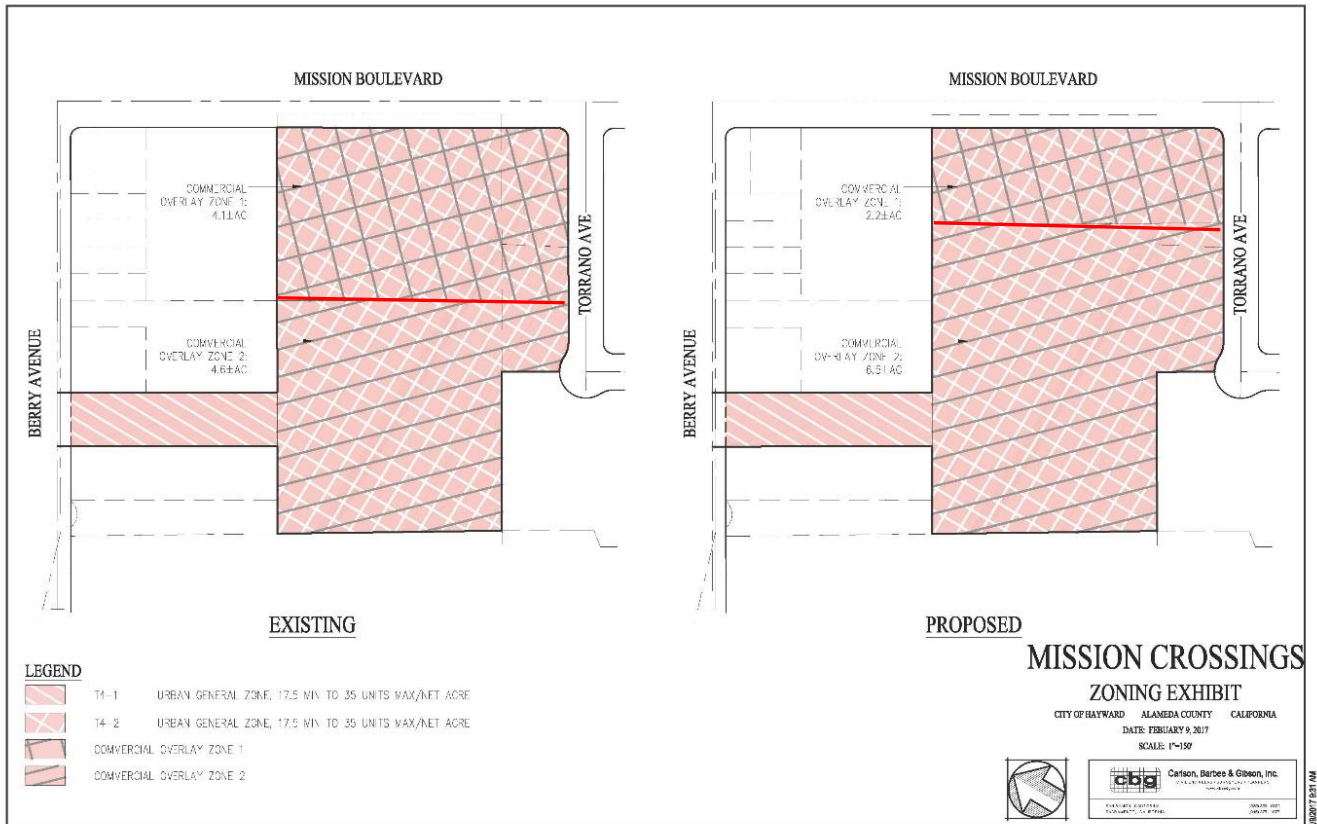
The project represents consolidation and re-use of abandoned, obsolete, or underperforming uses, resulting in permanent improvements to the area. Key objectives of the Mission Boulevard Corridor Specific Plan, in which the project site is located, are to:

- Revitalize an economic spine that provides services to the eastern portion of the City while addressing the current deterioration of the existing uses, including distressed auto-related uses;
- Establish a vision for transit-oriented development that incorporates economic and environmental sustainability;
- Offer housing options and civic functions;
- Strengthen the City's economy;
- Create a vibrant pedestrian-oriented environment;
- Foster a safe public realm;
- Improve circulation and streetscapes; and
- Support environmentally sustainable forms of development, while enhancing Hayward's existing character and quality of life.

Regulatory Context

The project site is included in the Mission Boulevard Corridor Specific Plan area and subject to the development standards and regulating plan of the Form-Based Code. The Code includes transect zones, which include New Urbanism techniques that allow flexibility while accommodating mixed use and adhering to core concepts like walkability.

Zone Change - In keeping with the proposed Site Plan, an application has been filed to rezone approximately 1.9 acres of the project site from Urban General Zone T4-2 Commercial Overlay Zone 1 to Urban General Zone T4-2 Commercial Overlay Zone 2, as shown below (red lines represent boundaries between the two overlay zones). Currently, there is no legal lot line demarcating the boundary between those overlay zones. Findings in support of the Zone Change are included in the attached resolution.



Site Development and Building Design

Commercial Use - The hotel and retail uses will be situated within an area of approximately 2.2 acres along Mission Boulevard. The ground floor of the four-story hotel is occupied by the lobby, commercial space oriented towards Mission Boulevard, dining area, meeting rooms, fitness room, laundry, storage, mechanical, and equipment. An indoor hotel pool also is located at ground level near the northwest corner of the building. Floors 2, 3, and 4 each have 31 guest rooms for a total of 93 rooms. Total building area for the hotel and commercial space is approximately 83,202 square feet.

The ground floor retail uses extend towards the street beyond the upper levels of the hotel. The exterior of the hotel is articulated with alternating wall planes defined by the color and texture. The hotel entry and commercial uses to the southerly corner are enhanced with white, textured, pre-cast concrete panels. The upper floors are typically sand pebbled stucco painted in three different colors and accented with black, pre-cast concrete veneer panels. Roof mounted equipment (including solar panels) would not be visible to any ground level location on or off the project site

Proposed signage is not a part of this application. However, it is anticipated that the commercial uses would be served by ground floor signage, and the hotel would request top

story signage. Separate sign permits would be required to ensure the signs would comply with the City's sign regulations.

Residential Use - The 140 three-story, townhome-style condominiums would be developed on approximately 7.52 acres at a density of 18.18 units per acre, consistent with the zoning of 17.5 to 35 units per acre. The site would be developed with 27 buildings of three, four, five, or six units each. Each unit would have two enclosed parking spaces accessed from a system of drive aisles. Front entries would be oriented towards a series of landscaped walkways or paseos. Vehicular access to the residential community would be located from both Torrano Avenue on the south (primary entrance) and Berry Avenue on the north. The private street/drive aisle system would be landscaped with through access and perpendicular guest parking spaces available in several locations.

As shown on Attachment IV, the project proposes five different floor plans ranging in size from 1,437 square feet to 2,219 square feet. Plans 2, 3A, 3B, and 4 all have 4 bedrooms and 3½ bathrooms. In each of these plans, parking and a bedroom suite with full bathroom are located on the ground floor. Living areas with kitchens and powder rooms are located on the second floor. The master suite (with full bathroom), two bedrooms, and a second full bathroom are located on the third floor. The smallest (Plan 5) is a two-bedroom unit with dual suites on the third floor and tandem parking in each garage. Plan 2 and Plan 5 are designed as an interior unit. Plans 3A, 3B, and 4 are end units. Each unit also has a private balcony off the second floor living area. Plan 2 is the most common floor plan in the project at 37 units (or 26%) of the total.

The floor plans are arranged in five building types depending upon the number of units per building (buildings types A through F). Building A is a 3-plex. Building B is a 4-plex, Building C is a 5-plex, and Buildings D and E are 6-plexes. Of the 27 residential, 3-story buildings, 22 buildings are equally divided between 5 or 6 units each. All buildings have flat roofs. Exterior elevations are articulated with recessed or projecting wall planes and a mix of contrasting, but neutral, colors. Exterior materials feature stucco finish with secondary materials of vertically scored fiber cement board and brick veneer on the lower level entry façade of Plan 2. Accent materials include metal trim, railings, awnings, and fixtures as well as tile detailing in balconies and at some unit entries. All windows are vinyl framed, and all units have sectional roll-up garage doors.

An eight-foot wall is proposed along the rear of the property to help mitigate noise and aesthetic impacts associated with the BART trains, and six-foot walls are proposed along the perimeter of the property adjacent to residential buildings, which will help provide privacy and separation from adjacent uses.

Parking

Commercial - The Mission Boulevard Corridor Form-Based Code specifically states that "Non-Residential Functions shall have no requirement for a minimum number of off-street automobile parking spaces." However, the hotel parcel includes 65 on-site spaces located in parking areas on the north and south sides of the building and parallel spaces along the rear

drive aisle adjacent to the building. Some of the on-site spaces would be provided in covered locations beneath the hotel. In addition, there are 18 angled spaces within the area to be dedicated as public parking within the proposed slip lane off Mission Boulevard. Total parking associated with the hotel and commercial uses would be 83 spaces.

Residential - A standard of two parking spaces per residential condominium unit is applied to projects within the Mission Boulevard Corridor area. As stated above, each residential unit is provided with two covered (garage) spaces per unit (tandem parking for the 31 Plan 5 units). The Form-Based Code does not require off-street guest parking. However, the project has been designed with 25 guest spaces.

Warrant

Section 10-1-25.245 of the Form-Based Code specifically requires a Warrant for parking in excess of 2.0 spaces per residential unit. The requested Warrant typically would be subject to administrative approval by the Director of Development Services. However, because the other requested applications are subject to Commission (and Council) review, the Warrant has been included as part of a comprehensive request for approval by the City Council. Findings in support of the Warrant are included in the attached resolution (Attachment II).

Circulation

Mission Boulevard is defined in the Form-Based Code as a boulevard/transit route between Jackson Street and Harder Road. The Thoroughfare Plan for the Mission Boulevard Corridor Form-Based Code specifies two circulation elements specific to the project site: 1) a “new thoroughfare” or slip lane (vehicular access to the project frontage) off the westerly side of the main thoroughfare, and 2) a new and direct public access (or walkable) connector bisecting, as feasible, the depth of the site between Torrano and Berry Avenues. The proposed on-site circulation system has been reviewed by Hayward Fire Department staff and has been determined (based on conditions of approval) to be adequate for access by safety vehicles and apparatus.

Commercial - The hotel site would be accessed from the slip lane along Mission Boulevard. Traffic would enter one-way in a southerly direction behind the angled parking spaces near the northeast corner and exit on to Mission Boulevard at the southeast corner of the project site or proceed to on-site parking areas. Parking would not be allowed along Mission Boulevard adjacent to the slip lane. The slip lane would be dedicated as public right of way, but maintained by the hotel operator. Improvements to Mission Boulevard would be made to allow access to the slip lane point of entry. From these entry points, the hotel building would be accessible on all four sides by vehicles.

A continuous sidewalk within the public right-of-way would be installed in accordance with the applicable thoroughfare details connecting the project site and the right-of-way fronting the adjacent parcels or corner crossings. The Thoroughfare Plan for the Mission Boulevard Corridor Form-Based Code shows the eventual extension of the slip lane to the north and south of the project site, which would occur when adjacent properties redevelop.

Residential - As shown in Attachment IV, the residential community is accessed by a system of drive aisles or private streets with proposed Drive A off Torrano Avenue and Drive Aisle C taking access from Berry Avenue. A 16-foot high entry monument for the residential community is proposed at Torrano Avenue and Drive Aisle A. Drive Aisle B serves as the east-west connector and also the access to Drive Aisles C, D, and E. Drive Aisles F through L are motor courts providing terminal access to residential garages. Emergency vehicle turn-around with turf block pavers would be provided adjacent to Drive Aisle D, which is a dead end. The Urban Farm is located along Drive Aisle E.

The proposed site plan does not provide a direct vehicular connection between Torrano and Berry Avenues as shown in the Thoroughfare plan because it would be infeasible due to the existing developed properties adjacent to the project site along Berry Avenue. However, a vehicular circulation feature has been incorporated between the residential development and the hotel that eventually could connect to Berry Avenue if and when one of the Berry Avenue parcels redevelops. The proposed site plan does provide pedestrian circulation through the project between Torrano and Berry Avenues. Gates or other restrictions are not proposed to be installed as part of the proposed project.

Perimeter improvements include paving, landscaping, curb, gutter, and sidewalks. All entry areas and pedestrian pathways throughout both the commercial and residential portions of the project would be enhanced with permeable concrete pavers within concrete bands. All drive aisles and private streets are to be designated as fire lanes, and no parking will be allowed except in the designated parking areas. Fire lane signage will be installed on private streets, and curbs will be painted red as directed by the Fire Chief and City Engineer.

Conditional Use Permit (CUP)

As mentioned above, the Mission Boulevard Corridor Form-Based Code specifically requires a CUP for the development of residential units on the ground floor within Commercial Overlay Zone 2. Therefore, any of the 140 condos proposed for this project would be subject to approval of a CUP. Approval of the CUP would be subject to approval of the Zone Change request to change 1.9 acres from Commercial Overlay Zone 1 (where ground floor residential is not allowed) to Commercial Overlay Zone 2.

Administrative Use Permit (AUP)

The Mission Boulevard Corridor Form-based Code requires an Administrative Use Permit to allow lodging. The findings for approval are stated in the attached Resolution (Attachment II).

Vesting Tentative Tract Map and Infrastructure

An application for Vesting Tentative Tract Map 8345 has been submitted that would reconfigure the project site into a lot for the hotel use, a number of lots for each townhouse structure (condominiums), and lots for common areas associated with landscaping, the urban

farm, circulation, and environmental areas. Findings in support of the proposed vesting map are included within the attached resolution.

The existing utilities in the project vicinity, including sanitary sewer, water and storm drain systems, have sufficient capacity to adequately serve the proposed development. As reflected in the recommended conditions of approval that are included as Exhibit A to the attached resolution, the Applicant will be required to pay a fair share contribution toward the cost for upgrading the sewer collection system on Harder Road, which is planned to be done in the future. On-site sewer and water utilities will be installed within new public utility easements granted as part of the subdivision map process. Any overhead utility lines, as well as any new utility lines, will be required to be placed underground as part of the site improvements.

Property ownership within the residential portion of the project will require participation in an incorporated Homeowners Association (HOA) that privately will own and be responsible for maintenance of the common areas. CC&Rs will be required to include HOA responsibilities for maintaining all private streets, private street lights, private utilities, and other privately owned common areas and facilities on the site, including, but not limited to, clean water treatment facilities, landscaping, preservation and replacement of trees, as well as decorative paving.

Landscape and Open Space

A preliminary landscape plan has been submitted for both the commercial and residential portions of the project site.

Commercial - For the hotel and commercial area, the Mission Boulevard frontage would be landscaped with an allée of street trees and underplantings in the six-foot wide median strip between the slip lane and the Mission Boulevard traffic lanes. Entrances to the hotel site would be embellished with canopy trees and ornamental shrubs. The plaza area between the slip lane parking and the commercial storefront plaza would include tree wells within decorative concrete pavement. The side and rear property lines abutting commercial properties to the north and the residential community to the west would be landscaped with evergreen screen trees and ground cover. A six-foot, precast concrete wall with pilasters, concrete caps, and vines would separate the hotel site from the existing commercial property to the north, and a six-foot tubular steel fence would separate the hotel site from the new residential community.

Residential - Developments within the T4-2 zone are required to provide at least 15% of their lot area as Open Space. This open space requirement can be accomplished through a combination of private and common open space. The residential portion (7.7+ acres) of the project site includes 38,700 square feet of open space. The focal point would be the 16,000 square-foot urban farm adjacent to the hotel site. The urban farm is proposed to be professionally managed by Farmscape, LLC under the financing and supervision of the homeowners' association. It would include areas for growing produce, including 15 fruit trees, which are anticipated to produce 1,200 to 1,800 pounds of food per year. The urban farm is consistent with many General Plan policies that encourage local food production and

could be used to host agricultural education programs. Amenities within the urban farm area would include outdoor dining/BBQ area with pergola, farm shed, and children's play area in addition to park quality tables, chairs, benches, and seat walls. A row of screen trees would be planted along the fence between the residential community and the hotel site.

Within the townhome structures, all setbacks, paseos, and open space areas would be landscaped. The paseos between the multi-unit residential buildings providing access to front doors of units would have a connected concrete path flanked by a variety of trees, shrubs, and ground covers. Small community gathering areas and landings with scored concrete surfaces and concrete seat walls would be placed at various locations along the pathways. A secondary barbecue area with pergola is proposed to be located near the corners of Buildings 6, 7, 10 and 11. Wooden arbors would identify paseo entrances along Drive Aisle B near the Torrano Avenue entrance.

Various bioretention areas would be landscaped and interspersed within the project site. Turf block would be installed beneath the emergency vehicle access turn-around area along Drive Aisle D between buildings 14 and 15. A six-foot precast concrete wall with pilasters, concrete caps, and vines would be used for the boundary with other existing and abutting commercial uses. A linear bio-retention area and an 8-foot precast concrete wall with pilasters, concrete caps, and vines would serve as a buffer between the condos and the BART line right-of-way along the westerly boundary. The bioretention areas will further efforts to prevent stormwater pollution.

The private balcony area of each unit also may be considered open space within the project. Based on the distribution of floor plans, private balcony area totals 12,979 square feet. Common and private open space areas combined would satisfy the minimum 15% requirement.

Tree Preservation Ordinance

A tree survey was conducted for the project site and an arborist's report was prepared. Based on the City's Tree Preservation Ordinance, a total of 42 protected trees and 29 non-protected trees were identified on the Project Site. Many of these protected trees are located on the Berry Avenue parcel with the abandoned residential structure. There also are a number of dead or diseased trees on the project site that were recommended for removal. Removal of the protected trees would require removal permits and satisfactory replacement. The preliminary landscape plan proposes to remove all existing landscape materials and trees from the site and replace them with a variety of new trees, shrubs, and ground cover that are water-conserving and native to California. As proposed, the proposed landscape plan would satisfy that requirement, and applicable tree removal permits are included as a condition of approval.

Public Parkland Obligations

The Applicant has opted to pay Park Dedication In-lieu fees (versus dedication of parkland), which are based on \$11,395 per attached unit. Therefore, a total of \$1,595,300 would be paid prior to certificate of occupancy of the respective units.

Affordable Housing Ordinance

All Ownership Residential Projects consisting of twenty (20) or more Dwelling Units are required to comply with the City's Affordable Housing Ordinance (Article 17 of the Zoning Ordinance). Applicants for residential projects may comply by several methods. The most common is payment of a Housing Impact Fee or direct sale or rent to qualifying low and moderate income households. The method of choice shall be specified with the application. For this project, the applicant has proposed payment of the fee.

The Housing Impact Fee for attached units currently is shown on the City's Master Fee Schedule as \$3.87 per square foot of habitable space (\$4.28 per square foot if paid at time of issuance of certificate of occupancy). At a habitable square foot area of 266,081 square feet, the Housing Impact Fee required to be paid to the City would be \$1,029,733.47.

Environmental Review

An Addendum has been prepared to the Hayward Mission Boulevard Corridor Specific Plan Environmental Impact Report (EIR) certified on January 24, 2014, (SCH No. 2011042076) by Resolution No. 14-007, which is included as Attachment VI. In general, impacts associated with the project are no greater than the impacts anticipated by the EIR (which assumed 46 more residential units and 5,837 square feet more of retail space than is proposed), and all mitigation measures contained in the EIR are applicable to this project. No new significant impacts were identified, nor were any new mitigation measures anticipated or required. Based on that analysis, which was supported by project-specific technical analyses for traffic, air quality, and historic resources, an Addendum to the EIR was determined to be the appropriate CEQA document, and findings in support of such decision are included in the attached resolution. Information to further support the determination that an EIR Addendum is appropriate is included in Attachment X, which are responses to project opponent Anthony Varni's comments that raise concerns that inadequate environmental impact analysis was conducted for the project. Mitigation Measures include, but are not limited to implementing traffic improvements, noise abatement designs and materials, geotechnical analysis, clean water/stormwater runoff measures, greenhouse gases reduction efforts, and sustainability enhancements. The Addendum was made available for public review as a part of the staff report packet for the proposed Mission Crossings project.

ECONOMIC AND FISCAL IMPACTS

A Fiscal and Economic Impact Analysis for the proposed project was prepared in July 2016 by Economic and Planning Systems, Inc. (EPS). A revised analysis was prepared by EPS, dated April 11, 2017, which was included in the Planning Commission packet and is included as Attachment VI. The EPS analysis assessed the effects of the proposed development on the City of Hayward's General Fund and the local economy, which included quantifying whether the proposed project will generate adequate revenues to cover the costs of providing ongoing services to associated new residents and employees. The key conclusions of this analysis, as indicated on page 17 of Attachment VI, are summarized below.

- The Transient Occupancy Tax would account for a large revenue source to the City in the amount of approximately \$400,000 per year.
- Given the estimated values on the construction of a multi-story hotel and residential housing units, the estimated net Property Tax to the City would be over \$185,000 per year (\$208,406 estimated minus \$23,000 existing).
- The project as currently proposed would result in an estimated annual net fiscal benefit to the City General Fund of \$672,000 per year.

In addition to the positive fiscal impacts, the project would include a high-quality Marriott branded hotel that would serve a growing hospitality market in the East Bay and provide for quality lodging for our businesses, university and residents. The hotel/retail portion of the project would create 64 new jobs and add to the City's hotel offerings and bolster the tourism opportunities for the City. The project hotel/retail operations have an estimated annual total economic output of \$9.4 million and the total project has an estimated construction impact of \$77 million. The net positive impact on the City's General Fund would be an estimated increase of \$672,000 annually.

The site was a former auto dealership and if replaced with another auto sales franchise available to the Hayward market, could potentially generate up to \$240,000 annually in sales tax generation to the City. With the consolidation of the automobile franchise market, finding a replacement business with similar tax generation has been difficult and the current property owner (Auto Nation) has elected not to place another franchised auto dealership back into the property and instead electing to improve their existing Toyota franchise in Hayward. In comparing the potential sales tax generated by the possibility of replacing the current use with a similar auto sales to the proposed hotel/residential project, the City would generate significantly higher tax revenue with the proposed project based on the economic impact analysis.

A subsequent Hotel Market Review memo dated April 14, 2017 was also prepared by EPS (Attachment VII), which was presented to the Planning Commission and provides market strength and demand analysis that supports an upscale extended-stay hotel within the market area of the project site. The hotel proposed would be the only upscale extended stay hotel in Hayward.

SUSTAINABILITY FEATURES

The General Plan places an emphasis on sustainability. The hotel and all residential units will be equipped with solar panels. The solar panels on the residential units will generate 280 kW of power. The proposed Urban Farm furthers the goals of incorporating productive use of open space areas and access to local fresh food, and the bio-retention areas will further efforts to prevent stormwater pollution. The hotel will provide six electrical vehicle charging stations. The residential portion includes one electric vehicle charging station and all garages will have the capability, as required by Code, to charge electrical vehicles. Bicycle racks for both the residential and commercial uses would serve the needs of people-powered commuters. Both measures contribute toward air quality by reducing vehicle emissions. The proponent is

striving to be well above a 100-point score for Green Point Rating, with every unit being Energy Star rated.

PUBLIC CONTACT

On April 28, 2017, a notice of this public hearing was mailed to every property owner and occupant within 300 feet of the project site, as noted on the latest assessor's records. In addition, notice of this public hearing was published in *The Daily Review* on April 28, 2017.

Staff received several communications that were submitted prior to the April 20 and April 27 Planning Commission hearings after the Commission packets were published. Attachment VIII include communications received in support of the project, including a letter from CSUEB President Morishita. Attachment IX includes communications in opposition to the project, including several letters from local attorney Anthony Varni, who indicates he represents nearby local business owners and operators. Mr. Varni and other project opponents' express concerns with how the project would undermine nearby businesses, add to traffic congestion in the area, impact parking along nearby public roads, and undermine the potential for additional auto dealerships in the area. Mr. Varni also raises concerns with aspects of the EIR Addendum, arguing that the Addendum is not the appropriate CEQA document for the project, and raising concerns with traffic and air quality. This report and attachments address the issues raised by the project opponents.

NEXT STEPS

Based on public testimony, information presented in this staff report, and other information received by Council members, if the Council approves the proposed project as recommended by the Planning Commission and based on required findings being made, the Ordinance approving the amendment to the Hayward Mission Boulevard Specific Plan and Form-Based Code will return to the City Council for a second reading. The Final Map is subject to City Council review and approval, after which construction permit applications will be processed and permits issued to ultimately allow for construction of the project.

Prepared by: Mike Porto, Consulting Planner

Recommended by: David Rizk, AICP, Development Services Director

Approved by:



Kelly McAdoo, City Manager