

## **SUBJECT**

Proposed Zoning Text Amendment, Conditional Use Permit and Site Plan Review to Allow Drive-Throughs in the Air-Terminal-Commercial District, and Construction of a Starbucks Coffee Shop with Drive-Through as Part of a New Two-Story Mixed-Use Development on a Vacant Portion of the Property Located at 22101 Hesperian Boulevard Adjacent to the Home2Suites by Hilton Hotel (Assessor's Parcel Number 432-0108-008-00), and a Finding that the Proposed Zoning Text Amendment and Mixed-Use Development are Exempt from the California Environmental Quality Act (CEQA) Pursuant to CEQA Guidelines Sections 15061(b)(3) and 15332, Respectively. Applicant/Developer: Jayvant Shah, Ramesta Hospitality LLC; Architect: MWT Architect; Property Owner: City of Hayward.

## RECOMMENDATION

That the Planning Commission recommend City Council approval of the proposed Zoning Text Amendments with accompanying Conditional Use Permit and Site Plan Review application for the proposed mixed-use development at 22101 Hesperian Boulevard to allow a drive-through, and finding that the Amendments and mixed-use development are exempt from CEQA pursuant to CEQA Guidelines Sections 15061(b)(3) and 15332, respectively, based on the analysis set forth in this staff report and the recommended Findings for Approval (Attachment II), subject to the recommended Conditions of Approval (Attachment III).

#### SUMMARY

The proposed project features a two-story mixed-use building containing a 2,345-square-foot Starbucks coffee shop with drive-through facility on the ground floor and a 1,912-square-foot second floor containing four small office suites ranging in size from 365 to 425 square feet, and related site improvements on a vacant portion of the Home2Suites by Hilton Hotel (Home2Suites) site at 22101 Hesperian Boulevard.

The project site is located adjacent to the Hayward Executive Airport, has a General Plan land use designation of Retail & Office Commercial (ROC), and is zoned Air Terminal-Commercial (AT-C). The land use regulations of the AT-C zoning district currently allows office uses by right, but do not allow drive-through facilities for restaurants or coffee shops. As such, the applicant is seeking an amendment to the AT-C land use regulations to allow drive-through facilities, subject to a Conditional Use Permit which is consistent with drive-through regulations in all zoning districts where such uses are permitted. To support the proposed mixed-use development, staff recommends that the AT-C District be amended to allow drive-through coffee shops and restaurants, similar to other commercial zoning districts throughout the City.

## BACKGROUND

On January 15, 2019, the Planning Director approved Site Plan Review Application No. 201803495 allowing the construction of a 4-story, 131-room Home2Suites and a separate 5,300-square-foot multi-tenant commercial building at the subject site. Although the hotel was completed in accordance with the Site Plan Review approval, the multi-tenant commercial building was never constructed. In 2022, the hotel owner/developer (Applicant) requested that the multi-tenant commercial building be replaced with a coffee shop with drive-through facility. The Applicant informed staff that the multi-tenant building was not financially feasible at the location and was subsequently approached by the Starbucks Corporation to construct a new drive-through facility at the site. Staff informed the Applicant that the proposed change in land use would require an amendment to the Zoning Ordinance because such uses were not permitted in the AT-C zoning district.

<u>Council Economic Development Committee Meeting</u>. On April 28, 2022<sup>1</sup>, the Council Economic Development Committee (CEDC) reviewed the concept of amending the Zoning Ordinance to allow a coffee shop with drive-through facility to replace the previously approved multi-tenant commercial building at the subject property. The CEDC was generally supportive of the concept but expressed concerns about the potential for the new drive-through facility to generate litter, increase greenhouse gas emissions from idling vehicles waiting in the drive-through queue, and adversely impact traffic traveling along Hesperian Boulevard. One Committee member specifically expressed support for a mixed-use concept with second story office space to intensify development on the site. The proposed development was later modified to incorporate that recommendation.

<u>Public Outreach</u>: On March 25, 2024, the Planning Division mailed out a total of 117 Notice of Receipt of Application (NOR) for the project to the owners and occupants of all properties located within 300 feet of the project site. No comments were received from the public in response to the NOR.

On April 29, 2025, the Planning Division mailed public hearing notices to the owners and occupants of all properties located within 300 feet of the project site. The City also published a legal advertisement for the project in the *East Bay Times* on May 2, 2025. No correspondence was received from the public prior to the publication of this staff report.

#### **PROJECT DESCRIPTION**

*Existing Conditions*: The project site consists of a small area of unimproved land surrounded by a paved parking area with landscaping for the recently constructed Home2Suites Hotel. When the hotel was built, the developer (Applicant) completed all the necessary parking and vehicular/pedestrian circulation facilities, and other infrastructure needed for the proposed development in anticipation of its eventual construction.

The site is accessed via shared driveways with both the hotel and an adjoining business park along Hesperian Boulevard to the east and Skywest Drive to the west. The property is bordered by commercial and light industrial uses to the north and south along Hesperian Boulevard, the

<sup>&</sup>lt;sup>1</sup> April 28, 2022 Council Economic Development Committee meeting documents: <u>https://hayward.legistar.com/MeetingDetail.aspx?ID=953546&GUID=1CEC3FD2-9A24-4A19-94A5-90B6C0109754&Options=info]&Search=</u>

Hayward Executive Airport across Skywest Drive to the west, and a single-family residential neighborhood across Hesperian Boulevard to the east.

<u>Proposed Zoning Text Amendments</u>: A small number of text amendments to the Hayward Municipal Code (HMC) are needed to enable a new coffee shop with drive-through facility to locate at the subject site. The proposed amendments can be found in Attachment IV to this staff report and are shown in red font, with added text shown as <u>underlined</u> and deleted text shown as <u>stricken through</u>.

Specifically, the land use regulations of the AT-C zoning district contained in HMC Sections 10-1.1952<sup>2</sup> and 10-1.1953<sup>3</sup> must be amended to clarify that restaurants <u>without</u> drive-through facilities would continue to be permitted uses by right, while restaurants <u>with</u> drive-through facilities would require approval of a Conditional Use Permit by the Planning Commission. The AT-C District consists of nine parcels, or portions of parcels, located along the east side of Hesperian Boulevard from West A Street to West Winton Avenue and along the north side of West Winton Avenue (Attachment V).

Additional text amendments are needed to enable the proposed coffee shop with drive-through facility to locate at the subject site. Specifically:

- HMC Subsections 10-1.845<sup>4</sup> (j)(5)(a)(i) and (j)(6)(a)(i) specifically prohibit drive-through restaurants and coffee shops within a ½-mile radius of any other drive-through unless they are located within ½-mile of the Interstate 880 freeway or State Route 92. Staff proposes amending these two subsections to allow an additional exception if the proposed drive-through facility is located on a parcel within the AT-C zoning district.
- HMC Subsection 10-1.845(j)(6)(b) would be amended to increase the size limit for a new drive-through coffee shop from 500 to 2,500 square feet. The current size limit was originally intended to apply to the small, kiosk-style drive-through coffee shops with no customer seating areas, but these kiosks have become obsolete since coffee companies like Starbucks and Peet's began operating full-service coffee shops that have both drive-through facilities and indoor cafés with seating for their customers, similar to fast-food restaurants with dining rooms. The proposed Starbucks coffee shop measures 2,345 square feet and is typical of a standard-sized freestanding coffee shop with drive-through facility.

<u>Proposed Development Project</u>: The proposed project features a 4,257-square-foot, two-story mixed-use building containing a 2,345-square-foot coffee shop with drive-through facility on the ground floor and four small office spaces with a shared access corridor and restroom totaling 1,912 square feet on the second floor. Access to the site would be provided via two existing driveways along Hesperian Boulevard and Skywest Drive. The development includes 16 parking spaces directly outside the building, but the project's tenants and customers would also be able to utilize the additional parking available around the hotel and business park through existing reciprocal access easements affecting the two adjoining parcels.

<sup>4</sup> HMC Section 10-1.845 – Minimum Design and Performance Standards.: https://library.municode.com/ca/hayward/codes/municipal code?nodeld=HAYWARD MUNICIPAL CODE CH10PLZOSU ART1ZOOR S10-1.800NECODICN S10-1.845MIDEPEST

<sup>&</sup>lt;sup>2</sup> HMC Section 10-1.1952 - AT-C Uses Permitted: https://library.municode.com/ca/hayward/codes/municipal\_code?nodeld=HAYWARD\_MUNICIPAL\_CODE\_CH10PLZOSU\_ART1ZOOR\_S10-1.1900ATTEDIAT\_S10-1.1952USPE <sup>3</sup> HMC Section 10-1.1953 - AT-C Conditionally Permitted Uses:

https://library.municode.com/ca/hayward/codes/municipal code?nodeld=HAYWARD MUNICIPAL CODE CH10PLZOSU ART1ZOOR S10-1.1900AITEDIAT S10-1.1953COPEUS

A roofed trash enclosure will be provided outside the entrance to the coffee shop, and an exterior staircase will be constructed to provide access to the office spaces on the second floor. See Figure 1, below, showing the proposed site layout.



Figure 1 – Proposed Site Plan

The drive-through entrance would be situated directly inside the Skywest Drive driveway and wrap around the south side of the building between it and the hotel. The drive-through lane has been designed to accommodate up to eight vehicles at 20 feet of length per vehicle.

<u>Architecture</u>: The building features a contemporary architectural style that utilizes a mix of modern building materials, including smooth stucco and fiber cement horizontal siding in a variety of coffee-themed colors, a large two-story glass curtain wall, louvered aluminum canopies over the building's windows and doors, and an exposed metal staircase with steel wire mesh railing. In addition to the standard Starbucks corporate signage, the Applicant is also proposing to install a Hayward Executive Airport logo sign on the coffee shop's façade to pay tribute to the City's popular general aviation airport located across Skywest Drive to the west.

*Landscaping*: Approximately 4,780 square feet of the site area would be landscaped with bioretention and ornamental plant materials. The proposed landscape plan for the project

features a mix of shrubs and trees along both sides of the drive-through lane, as well as several shade trees to provide canopy over the parking stalls, trash enclosure and two outdoor seating areas. The outdoor seating areas will be paved using decorative pavers and furnished with café tables, chairs and sun umbrellas for use by the coffee shop's customers.

All landscaping will consist of drought-tolerant species and be watered using a water-efficient drip irrigation system. The existing landscape planters along the Hesperian Boulevard and Skywest Drive frontages will remain as is, since both were recently constructed to provide landscape-based stormwater treatment areas for the new hotel. A copy of the proposed site and landscaping plan are included as Attachment VI.

<u>Sustainability Features</u>: The proposed project will be required to comply with the California Green Building Standards Code (CALGreen) and the City's Reach Code by featuring a rooftop solar photo-voltaic system and electric vehicle chargers in its parking lot, among other requirements. The coffee shop will also be required to separate waste into the three standard streams (trash, recyclables and organic [or "green"] waste), both behind the counter and in the customer seating area and comply with the City requirements to recycle all scrap demolition and construction materials during the project's construction.

# POLICY CONTEXT AND ZONING CODE COMPLIANCE

<u>Hayward 2040 General Plan</u>: The project site is designated Retail & Office Commercial (ROC) in the Hayward 2040 General Plan<sup>5</sup>. The ROC land use designation generally applies to properties located along major thoroughfares with regional and community shopping centers and office buildings and business parks. Typical building types include commercial buildings, mixed-use buildings, shopping centers, and single- or multi-story office buildings with a wide variety of retail and service commercial uses, including restaurants (both with and without drive-through facilities) and shops, as well as professional offices.

In addition to being consistent with the ROC land use designation, the proposed mixed-use development and Zoning Text Amendments would be consistent with a number of *Hayward 2040 General Plan* goals and policies, including, but not limited to, the following:

- Land Use Goal LU-4: Create attractive commercial and mixed-use corridors that serve people traveling through the city, while also creating more pedestrian-oriented developments that foster commercial and social activity for nearby residents and businesses.
- Land Use Policy LU-4.1: Mixed-Use Corridors. The City shall encourage a variety of development types and uses along corridors to balance the needs of residents and employees living and working in surrounding areas with the needs of motorists driving through the community.
- Land Use Policy LU-4.8: Shared Driveways & Parking Lots. The City shall encourage adjoining properties along corridors to use shared driveways and shared parking lots to promote the efficient use of land, reduce the total land area dedicated to parking, and

<sup>&</sup>lt;sup>5</sup> Hayward 2040 General Plan

to create a more pedestrian-friendly environment by minimizing curb cuts along the sidewalk.

- Economic Development Goal ED-6: Achieve recognition as the most desirable and business-friendly place to locate and conduct business in the East Bay.
- Economic Development Policy ED-6.2: Land Use Certainty. The City shall strive to enhance land use certainty for businesses by identifying and removing unnecessary regulatory barriers that discourage private sector investment.

<u>Zoning Ordinance</u>: The zoning of the subject property is Air Terminal-Commercial (AT-C). Pursuant to HMC Section 10-1.1951, the purpose of the AT-C zoning district is to allow commercial, and service uses that are compatible with airport activity, in addition to simultaneously serving the general population of the City. The Zoning Ordinance consistency section below relates to the proposed use and the proposed development.

## Proposed Use

HMC Section 10-1.1952<sup>6</sup> lists the uses currently permitted and conditionally permitted in the AT-C zoning district. Offices and restaurants without drive-through facilities are permitted; however, drive-through facilities are specifically prohibited. As described above, the applicant is proposing to amend the AT-C district regulations to allow such facilities. Pursuant to HMC Section 10-1.3425<sup>7</sup>, the following findings must be made in order to approve a Zoning Text Amendment:

- (1) Substantial proof exists that the proposed change will promote the public health, safety, convenience, and general welfare of the residents of Hayward;
- (2) The proposed change is in conformance with the purposes of the Zoning Ordinance and all applicable, officially adopted policies and plans;
- (3) Streets and public facilities existing or proposed are adequate to serve all uses permitted when property is reclassified (not applicable to this application); and
- (4) All uses permitted when property is reclassified will be compatible with present and potential future uses and, further, a beneficial effect will be achieved which is not obtainable under existing regulations (also not applicable to this application).

#### Proposed Development

The development standards for all coffee shops with drive-through facilities are contained in HMC Section 10-845(j)(6)<sup>8</sup>. Additional standards for all new development are also contained in Sections 10-1.1954, 10-1.1955 and 10-1.1956. Table 1 shows how the proposed project complies with the applicable development standards for a new coffee shop with drive-through facility in the AT-C zoning district.

#### Table 1 - Required & Proposed Development Standards

- <sup>6</sup> HMC Section 10-1.1952 AT-C Uses Permitted: <u>https://library.municode.com/ca/hayward/codes/municipal\_code?nodeld=HAYWARD\_MUNICIPAL\_CODE\_CH10PLZOSU\_ART1ZOOR\_S10-11900AITEDIAT\_S10-1.1950AITEOMSU</u>
- <sup>7</sup> HMC Section 10-1.3425 Planning Commission Procedures: https://library.municode.com/ca/hayward/codes/municipal code?nodeld=HAYWARD MUNICIPAL CODE CH10PLZOSU ART1ZOOR S10-1.3400AM S10-1.3425PLCOPR
- <sup>8</sup> HMC Section 10-1.845 Minimum Design and Performance Standards: https://library.municode.com/ca/hayward/codes/municipal code?nodeld=HAYWARD MUNICIPAL CODE CH10PLZOSU ART1ZOOR S10-1.800NECODICN S10-1.845MIDEPEST https://library.municode.com/ca/hayward/codes/municipal code?nodeld=HAYWARD MUNICIPAL CODE CH10PLZOSU ART1ZOOR S10-1.2500PLDEDIPD S10-1.2520STDE

Development Standard	Requirement	Proposal	Compliant?
Cannot be located across street from a Residential District unless the street is an arterial street		Proposed use is located across Hesperian Boulevard from a Residential District, but Hesperian is an arterial street	Yes
Minimum Required Landscaped Setbacks	Minimum 10-foot landscaped setbacks	≥10-foot landscaped setbacks	Yes
Minimum Percentage of Site to be Landscaped	20%	22.6%	Yes
Maximum Floor Area	500 square feet	2,345 square feet	No – requires a text amendment
Minimum Drive-Through Queueing Lane Capacity	2 vehicles (but 8 vehicles for drive-through restaurants)	8 vehicles	Yes
Drive-Through Queueing Land Paving Requirement	Must consist of decorative paving such as pavers or stamped concrete	Plans do not specify, so a Condition of Approval requiring special paving is included	Yes
On-Site Public Restrooms	Must be provided inside the coffee shop	2 accessible unisex restrooms provided inside the coffee shop	Yes
<i>Minimum Setbacks</i> Front Sides Rear	20 feet; No minimum; No minimum	35 feet (from Hesperian Blvd.); 30 feet (north); 200+ feet (south); 60 feet (from Skywest Drive)	Yes
Maximum Lot Coverage	60%	7.3%	Yes
Maximum Building Height	40 feet	29.5 feet	Yes
Minimum Parking	Coffee Shops: 1 space per 3 seats, plus 1 space per 200 sq. ft. all other areas; Offices: 1 space per 250 square feet; 33 total spaces required	16 spaces immediately outside building; 40+ additional spaces available outside adjacent hotel and business park	Yes

If the proposed amendments are approved, the proposed mixed-use development would be subject to Site Plan Review approval (required of all projects that materially alter the appearance and character of a property pursuant to HMC Section 10-1.1980<sup>9</sup>) and approval of a Conditional Use Permit. Pursuant to HMC Section 10-1.3025<sup>10</sup>, the following findings must be made in order to grant Site Plan Review approval:

- a. The development is compatible with on-site and surrounding structures and uses and is an attractive addition to the City;
- b. The development takes into consideration physical and environmental constraints;
- c. The development complies with the intent of City development policies and regulations; and

 <sup>&</sup>lt;sup>9</sup> HMC Section 10-1.1980 – Site Plan Review Required: https://library.municode.com/ca/hayward/codes/municipal code?nodeld=HAYWARD MUNICIPAL CODE CH10PLZOSU ART1ZOOR S10-1.1900AITEDIAT S10-1.1980SIPLRERE
<sup>10</sup> HMC Section 10-1.3025 – Findings: https://library.municode.com/ca/hayward/codes/municipal code?nodeld=HAYWARD MUNICIPAL CODE CH10PLZOSU ART1ZOOR S10-1.1900AITEDIAT S10-1.1980SIPLRERE
<sup>10</sup> HMC Section 10-1.3025 – Findings: https://library.municode.com/ca/hayward/codes/municipal code?nodeld=HAYWARD MUNICIPAL CODE CH10PLZOSU ART1ZOOR S10-1.1900AITEDIAT S10-1.1980SIPLRERE
<sup>10</sup> HMC Section 10-1.3025 Findings: https://library.municode.com/ca/hayward/codes/municipal code?nodeld=HAYWARD MUNICIPAL CODE CH10PLZOSU ART1ZOOR S10-1.1980SIPLRERE

d. The development will be operated in a manner determined to be acceptable and compatible with surrounding development.

Pursuant to HMC Section 10-1.3225<sup>11</sup>, the findings required for approving a Conditional Use Permit are as follows:

- a. The proposed use is desirable for the public convenience or welfare;
- b. The proposed use will not impair the character and integrity of the zoning district and surrounding area;
- c. The proposed use will not be detrimental to the public health, safety or general welfare; and
- d. The proposed use is in harmony with applicable City policies and the intent and purpose of the zoning district involved.

Staff believes that the Planning Commission can make the required findings to recommend approval of the Zoning Text Amendments, Site Plan Review and Conditional Use Permit as detailed below and described in Attachment II, Findings.

# **STAFF ANALYSIS**

Staff believes that allowing drive-through facilities on properties within the AT-C zoning district to be exempted from the ½-mile-radius prohibition from other drive-through facilities is appropriate because commercial uses along major thoroughfares and near large regional facilities, such as the Hayward Executive Airport, given that AT-C-zoned parcels are designed to cater to air travelers, flight crews, and other people who are in transit and in a hurry. Travelrelated uses such as hotels, fast-food restaurants and coffee shops with drive-through facilities, gas stations with convenience stores offer quick and convenient options where individuals can purchase sundries, necessities and food and beverages quickly and to-go. Furthermore, because the AT-C district is small, and comprised of roughly nine sites along Hesperian Boulevard, West Winton Avenue, and West A Street, staff believes that the area should be exempted from the ½mile-radius prohibition similar to properties located within ½-mile of the Interstate 880 freeway and State Route 92 highway, which also cater to local and regional commuters and travelers. The ROC General Plan land use designation allows for retail, restaurant, office and service uses, so the proposed mix of uses including drive-throughs would remain consistent with the General Plan.

Staff also believes the Planning Commission can make the findings to recommend approval of the Conditional Use Permit and Site Plan Review application. The project was designed to comply with all applicable development standards for a new two-story mixed-use development. It includes a ground-floor coffee shop with a drive-through facility and second-floor office space. The only exception is the facility size, as coffee shop design has changed over the past few decades.

The project would not jeopardize the public health or safety or adversely impact the adjacent residential and commercial uses in that the site can accommodate at least eight vehicles in the drive-through lane as well as additional queueing capacity throughout the surrounding parking

<sup>&</sup>lt;sup>11</sup> HMC Section 10-1.3225 - Findings: https://library.municode.com/ca/hayward/codes/municipal\_code?nodeld=HAYWARD\_MUNICIPAL\_CODE\_CH10PLZOSU\_ART1ZOOR\_S10-1.3200COUSPE\_S10-1.3225FI

areas, and sufficient parking to accommodate the coffee shop's patrons and employees and the office space tenants. To ensure that overflow vehicles do not spill out into Skywest Drive, a condition of approval will require installation of signage prohibiting parking for a 175-foot-long segment of Skywest extending from the driveway entrance to the south in accordance with the recommendations of the traffic study completed for the project. In the event the drive-through lane is full, drivers waiting to enter it will be required to utilize the drive aisles outside the coffee shop entrance and/or behind the hotel for queueing.

Furthermore, the plans feature attractive architecture, generous landscaping and indoor and outdoor seating areas for patrons and tenants, and the development has been designed to fit seamlessly into the existing surrounding improvements of the adjoining hotel and business park and their respective parking lots. To incorporate public art and highlight the project's adjacency to the Hayward Executive Airport, a condition of approval has also been included requiring the Applicant to incorporate aviation-themed finishes into the interior of the coffee shop to the satisfaction of the Development Services Director.

## **ENVIRONMENTAL REVIEW**

Adoption of the proposed Zoning Text Amendments is exempt from the California Environmental Quality Act (CEQA) under the "common sense" exception set forth in CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the action may have a significant effect on the environment. The amendments would not expressly allow new restaurants and coffee shops with drive-through facilities of a certain size; instead, they would allow the use and development subject to approval of a Conditional Use Permit (CUP) by the Planning Commission. Each CUP application for a new drive-through facility would be subject to site and use specific CEQA review which would include analysis of each project's potential to cause environmental impacts.

If the proposed Zoning Text Amendments are approved, the proposed mixed-use development featuring the ground-floor coffee shop with drive-through facility and second-floor office space would also be exempt from CEQA pursuant to CEQA Guidelines Section 15332, In-fill Developments, in that it would be a project: (1) that is consistent with the City's General Plan land use and zoning designations for the property; (2) located within the City limits on a site where the developable portion is less than five acres, surrounded by urban uses/development and already served by all necessary utilities and public services and which has no value as habitat for rare, threatened or endangered species; and (3) that will not result in any significant effects related to traffic, noise, air quality or water quality.

A traffic study prepared for the project by the City's consultant, Advanced Mobility Group, on March 28, 2025, concluded that the project would not have a significant impact on traffic levels or vehicular/pedestrian safety on the surrounding streets or nearby intersections with the implementation of various measures pertaining to on-site and off-site circulation and parking restrictions, all of which have been included as conditions of approval of the Conditional Use Permit and Site Plan Review.

# NEXT STEPS

Following the Planning Commission hearing, the Commission's recommendation will be forwarded to the City Council for their consideration at public hearing, tentatively scheduled for June 3, 2025.

Prepared by: Steve Kowalski, Senior Planner

Recommended by: Leigha Schmidt, Principal Planner

Approved by:

Jeremy Lochirco, Planning Manager

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