



**DATE:** May 8, 2018

**TO:** Mayor and City Council

**FROM:** Interim Development Services Director Bristow

**SUBJECT** Introduction of an Ordinance and Resolution to Approve General Plan Amendment, Rezoning and Tentative Map and Related Environmental Review for Sohay Mixed Use Development (Application No. 201704129) on Various Parcels Located on the Northwestern Corner of Mission Boulevard and Industrial Parkway

### **RECOMMENDATION**

That the City Council introduces the Ordinance (Attachment II) approving the Zone Change to Planned Development District and adopts the Resolution (Attachment III) approving the General Plan Amendment, Vesting Tentative Map, Initial Study/Mitigated Negative Declaration (Attachment VIII) and Mitigation and Monitoring Plan (Attachment IX) prepared for the project.

### **SUMMARY**

The proposed project will result in development of approximately 25 acres of underutilized and mainly vacant land located near the South Hayward BART Station into a mixed-use, transit-oriented neighborhood composed of 472 mixed-income, multi-family rental and for-sale townhome-style units, and approximately 20,000 square feet of ground floor retail. The proposed development would be connected through a series of trails, paseos, sidewalks and bicycle paths. A series of open space nodes, commercial courtyards, street furniture and decorative paving would tie the areas together and provide a cohesive identity for the large-scale development. Proposed conditions of approval would require implementation of Transportation Demand Management Measures, installation of additional bicycle parking for the mixed-use buildings, construction of off-site improvements to support the multi-modal access, and installation of common open space to serve the residents of the mixed-use buildings.

The proposed project is the subject of a Purchase and Sale Agreement between the City and the applicant, William Lyon Homes, for the sale and disposition of former Caltrans-owned properties along the Mission Boulevard corridor. Three additional parcels included in the project area would require a land swap between the City and Hayward Area Recreation and Park District (HARD), and purchase of property from BART and the Alameda County Flood

Control District (ACFCD), all of which would be conveyed to the developer. If the land swap and sales are approved by the respective agencies, the proposed development would result in the relocation and expansion of the existing, one-acre Valle Vista Park to a new, approximately 1.89-acre, amenity-rich, linear park that would run along and over the existing ACFCD-owned channel. The new park would be constructed by the developer and dedicated to HARD for public use.

## **BACKGROUND**

On [January 12, 2016](#), the City Council adopted Resolution No. 16-004, authorizing the City Manager to negotiate and execute an agreement with Caltrans to acquire 17 properties along the 238 Bypass Corridor to: remediate blight; support transit-oriented, mixed-use development; and ensure redevelopment of the properties under a coherent plan that meets the City's land use goals and other public purposes.

On [January 19, 2016](#), the City Council adopted Resolution No. 16-007, authorizing the City Manager to enter into an Exclusive Negotiating Rights Agreement (ENRA), as amended, with William Lyon Homes, the applicant, to develop a conceptual land use plan for the subject properties. The City's goals for the property were to promote economic development opportunities and create transit-oriented development and public open spaces in the Mission/Dixon area.

On [May 16, 2017](#), the City Council held a public hearing and adopted Resolution No. 17-058, authorizing the City Manager to negotiate and execute a Purchase and Sale Agreement (PSA) with William Lyon Homes. The PSA detailed the way the subject properties will be conveyed and was subsequently executed on June 2, 2017. The City is currently negotiating with the ACFCD, BART and HARD for purchase and conveyance of three additional properties to include in the proposed development project shown on the map included as Attachment V. The land sales and reconfigurations are expected to be considered and approved by the respective agencies prior to issuance of grading permits for the project (proposed Condition Nos. 35 and 36).

On [April 26, 2018](#), the Planning Commission held a public hearing and voted 6:0:0, to recommend that the Council approve the proposed project. Prior to the Commission meetings, three residents submitted written comments urging the Commission to recommend approval. Of the 15 public speakers, the majority expressed support for the project. Four residents of the neighborhood expressed concerns related to traffic, parking and loss of the park; one individual urged decision makers to require upgrades to the existing ACFCD channel; one individual encouraged the Council to require deeper levels of affordability in the project; and two individuals urged decision makers to pause the proposed development to require higher density on the project site due to its proximity to the South Hayward BART Station. While Commissioners expressed reservations about the low parking ratio and the low density relative to the allowable density, on balance, the Commission felt that the Council could make the findings to approve the project, as conditioned. The Draft Meeting Minutes are included as Attachment XI to this report.

## **Project Description**

Existing Conditions: The project site is composed of 21 scattered yet generally contiguous parcels that would be aggregated to create a 25-acre project site roughly bound by Mission Boulevard on the east; the BART tracks on the west; Valle Vista Avenue on the north; and Industrial Parkway on the south. Two parcels would be located outside of these general boundaries: one parcel (Site PA 2-3) is located on the north side of Valle Vista Avenue, and one parcel (Site PA 2-4) is located on the east side of Mission Boulevard. See Attachment V for a list of property APNs, addresses, existing uses and owners.

Project Description: The proposed project requires a General Plan Amendment to amend the existing Parks and Recreation (PR) land use designation from the current parcel at the southwestern corner of Mission Boulevard and Valle Vista Avenue; a Zone Change to PD (Planned Development) District to allow for a consistent development pattern across the site; and a Vesting Tentative Map. See Attachment VI and VII, for the existing and proposed General Plan and Planned Development boundaries.

The proposed project would result in development of 472 housing units, approximately 20,000 square feet of commercial space, 2.4 acres of designated park land and a network of pedestrian and bicycle trails, along with related improvements within three “planning areas” labeled PA 1, PA 2, and PA 3, as described in detail below. Please note that all references within this staff report to Plan Sheets can be found within Attachment IV, Project Plans.

### Planning Areas:

*Planning Area PA 1:* The PA 1 neighborhood would be located on a five and one-half acre area at the southwestern corner of Mission Boulevard and Valle Vista Avenue (Plan Sheet T1.5). This planning area would be composed of three sub-areas: PA MU; PA 1-1; and PA 1-2.

PA MU would consist of two approximately 55-foot tall, mixed-use buildings with 9,800 square feet of ground floor leasable commercial space with glazing and entrances along Mission Boulevard. Each building would have 36 multi-family rental units (9 studios, six one-bedroom and 21 two-bedroom units) on the second through fourth floors. The mixed-use buildings would be separated by an approximately 107-foot wide commercial courtyard that would be divided into an upper and lower courtyard (Plan Sheets A1.4 and AS1.2), and a 25-foot wide commercial courtyard would be located south of the southernmost building between the commercial development and a proposed park. The commercial courtyards would be decorated with a variety of planters, decorative fencing, pavers and trellises (Plan Sheet L0.12) and would be utilized by retail customers as well as residents of the mixed-use buildings. There is no proposed common open space solely for the residents of the mixed-use buildings.

The mixed-use buildings would incorporate a contemporary architectural style with substantial glazing and entrances along Mission Boulevard. The commercial spaces would be framed with staggered metal and stucco awnings painted with accent colors and include in-ground and raised planters, benches, and street furniture. The building rooflines would be broken up with parapets of varying heights, and the second through fourth floors would have horizontal and vertical plane breaks with building pop-outs, balconies with metal railings, and varied color and materials including a mix of stucco and lap siding (Plan Sheets A1.10 through A1.14). Residential lobby entrances would be located at the rear of the building and would be enhanced with signage, raised awnings, and planters.

Parking for the multi-family residential development would be provided at a ratio of one parking space per unit in an underground parking garage that would be accessed from a central driveway ramp that would run under the central commercial courtyard (Plan Sheets A1.5 and AS1.2). A total of 113 street and on-site parking spaces along Mission Boulevard, Valle Vista Avenue, behind the mixed-use buildings and along the new internal private roadways would be shared by commercial, park and residential guest parking.

The PA MU site would also have 14 bicycle parking spaces (10 long term and four short term spaces). Two long term bicycle lockers would be in the garage; eight long term bicycle parking spaces would be located within the ground floor of each commercial structure; and four short term bicycle racks would be located near the residential lobby entrances to the mixed-use buildings.

PA 1-1 and 1-2 would be located behind the PA MU buildings and would consist of U-shaped cluster townhomes oriented around central driveway courts with pedestrian access to the units from paseos and sidewalks (Plan Sheet TM1.3). PA 1-1 and 1-2 would include 76 residential units within three different building types. Each building type would have different layouts, colors and materials in a contemporary style reflecting the architectural style of the mixed-use buildings within PA MU. The structures would be three stories in height (approximately 36 feet), with flat, parapet rooflines staggered to create variation in building plane; vertical and horizontal building pop-outs; balconies with projecting coverings; and varied colors and materials such as masonry veneer and metal railings to break up the facades (Plan Sheets A2.33-A2.35).

Each building would have up to seven floor plans with one to three-bedroom units ranging from 968 square feet to 1,687 square feet (Plan Sheet TM 1.5 and A2.4 through A2.32). One of the unit types (Plan 5C) would have the option of converting to an in-law suite, with ground floor living space and kitchenette. Three of the unit types (Plan 1C, 2C and 5C) would have one car garages; one plan type (5C) would have a two-car tandem garage; and, the other plan types would have two-car, side-by-side garages for a ratio of about 1.6 covered parking spaces per unit.

PA-1 and PA-2 buildings would be separated by a series of paseos that range from 19 to 32-foot wide and would be landscaped and connect to the vehicular right-of-way, the meandering pathways and pocket open spaces (Sheet T1.9). Garages for the PA-1 units would be accessed from driveways fronting the mixed-use buildings, and garages for the PA-2 units would be accessed from the L-shaped private road that would run from a driveway on Valle Vista Avenue to Mission Boulevard.

*Planning Area PA 2:* The PA 2 neighborhood would be located on approximately eight acres within four different sub-areas. Two of the sub-areas (PA 2-1 and 2-2) would be located at the center of the development flanking the future park, and two of the sub-areas (PA 2-3 and PA 2-4) would be located on non-contiguous parcels (Sheet T1.5).

PA 2-1 and PA 2-2 would be composed of three-story row townhome structures. PA 2-1 would have four row townhome buildings ranging from six to 11-plex structures with a total of 34 units. PA2-2 would have ten row townhome buildings, ranging from eight to ten-plex structures with a total of 88 units (Plan Sheet TM 2.3). Vehicular access to PA 2-1 would be from the proposed L-shaped private road that would run between Valle Vista Avenue and Mission Boulevard and access to PA 2-2 would be from Dixon Street. Garages for the PA 2-1 and PA 2-2 townhomes would be accessed from private courts while the front doors of the units would front onto internal paseos. Several of the buildings within sub-areas PA 2-1 and 2-2 would front the proposed park or would be connected to the park via pedestrian pathways crossing the ACFCD channel.

PA 2-3 would be located on an approximately 1.9-acre parcel on the east side of Mission Boulevard and would have a total of 46 units within six row townhome structures (Plan Sheet TM 3.3). Vehicular access would be provided from a driveway from Mission Boulevard that would run along the length of the site and provide access to the garages from courts as well as ten on-street guest parking spaces. The site slopes up at the rear of the site (Sheet TM 3.2) so the buildings would be set back approximately 30 feet from the rear property line, and incorporate three decorative, terraced retaining walls ranging from five to six feet in height and separated by landscaping (Plan Sheet L0.07, PA 2-3 Section C).

PA 2-4 would be located on an approximately 1.3-acre-parcel on the north site of Valle Vista Avenue, and would have a total of 30 units within five row townhome structures (Plan Sheet TM4.3). Vehicular access would be from an internal driveway that would run from Mission Boulevard south to Valle Vista Avenue, providing access to the garages from courts and five on-street guest parking spaces.

All the PA 2 row townhome buildings would be approximately 37 feet in height and would have a more traditional architectural style than the PA 1 areas with: hip roofs; balconies and minor building plane off-sets primarily at the ends of the buildings; stucco finish with wood and stone and metal accents; and, four different earth tone colors schemes with varying accent colors (Plan Sheets A3.28 through A3.31). Variation in buildings would generally come from building length, orientation of buildings on the site, often at angles to each other, and through open spaces and paseos that run along and between the buildings (Plan Sheets T1.8 and T1.9). PA 2 buildings would be separated by approximately 25 to forty-foot wide

paseos that would be landscaped and connected to right-of-way with meandering pathways and pocket open spaces (Plan Sheets T1.8 and T1.9).

The structures would have five floor plans with one to three-bedroom units ranging from 477 square feet to 2,105 square feet (Plan Sheets T1.5, A3.01 through A3.03). Three of the unit types (Plans 1, 2 and 3) would be stacked flats with living area located on a single floor although all units would have ground floor garages. Plans 1-3 would have one-car garages and Plans 4 and 5 would be three-story townhomes with living space located above two-car garages resulting in a ratio of about 1.2 covered parking spaces per unit.

*Planning Area PA 3:* The PA 3 neighborhood would be located on an approximately 9.2-acre parcel south of Dixon Street and north of Industrial Parkway (Sheet T1.5). The planning area would be composed of two sub-areas labeled PA 3-1 and PA 3-2 and would be comprised entirely of three-story row townhome structures.

PA 3-1 would have a total of 21 row townhome buildings ranging from two- to six-plex structures with a total of 93 units (Plan Sheets TM 5.3B and 5.3C); and, PA 3-2 would have a total of seven townhome buildings ranging from three- to six-plex structures with a total of 33 units (Plan Sheets TM5.3D).

The PA 3 row townhome buildings would be approximately 37 feet in height and would be similar in architectural style to the PA 2 neighborhoods with hip roofs, balconies, varied wall planes and corner treatments to break up building massing, and a stucco finish with horizontal lap siding, masonry veneer and metal railings. The building would utilize three different color schemes (Plan Sheets A 4.28 through A4.30). Similar to other sub-areas, these buildings would be connected with open space areas and paseos ranging from 21 to 35 feet in width (Plan Sheets T1.10).

Each of the PA 3 townhome structures would include up to four floor plans with two and three-bedroom units, ranging in size from 1,486 square feet to 1,872 square feet (Plan Sheets T1.5, A4.24 through A4.27). Two of the floor plan types would contain ground floor living space with a den or bedroom and all the units would have a two-car garage for a ratio of two covered parking spaces per unit.

Vehicular access to the PA 3 neighborhood would be provided by a new 24-foot wide private roadway that would run from Dixon Street to Industrial Parkway. Pedestrian and bicycle access to and from the site would be provided by a new, eight-foot-wide bicycle and pedestrian trail that would run along the private roadway and would connect the PA 3 sub-areas to the proposed park (Plan Sheet TM 5.3A).

All Planning Areas: Open Spaces, Landscaping, Fencing & Details: The proposed Landscape Plan would tie the Planning Areas together with consistent plantings (Plan Sheets L0.01 and L3.00 through L3.06) within pocket parks, paseos, and commercial courtyards throughout the development. The Planning Area common open spaces would range from 10% to 40% of the various areas, generally within paseos, courtyards and open space nodes, with an average of about 19% open space in each planning area (Plan Sheets T1.8 through T1.10).

In addition to landscaping, the development would include new hardscaped areas that feature decorative fencing (Plan Sheet L0.03), street and open space furniture, and decorative paving at roadway entrances adjacent to the driveway courts, private streets, street corners, and pedestrian pathways (Plan Sheets L1.01 through L1.05).

Proposed Park: The project would include the relocation and expansion of the approximately one-acre Valle Vista Park from its current location to a new 1.89-acre park area fronting Mission Boulevard and running in an east-west linear orientation along the ACFCD channel to Dixon Street. The channel would remain in place and be protected by decorative fencing. Two proposed pedestrian bridges would traverse the channel connecting the PA 2-1 neighborhood and areas at the north of the project site to the park.

While the ultimate design of the new park would be determined through collaboration between HARD, the City and developer, the conceptual plans show a multi-use park with discovery maze, sport court, structured/unstructured play areas, jogging and walking paths, spaces for public art, spaces for food trucks near Mission Boulevard, a parcourse, interpretive learning kiosks, and pedestrian benches (Plan Sheets L0.10 and L0.11).

Vehicular access to the park would be provided from Mission Boulevard and Dixon Street and the new multi-user trail that would run from Industrial Parkway through the PA 3 neighborhood to the park. Vehicular parking would be located on the L-shaped private roadway that connects Mission Boulevard to Valle Vista Avenue. A total of 20 short-term bicycle parking spaces would be clustered near the park entrance at Mission Boulevard (Sheet L1.02).

## **Policy Context and Code Compliance**

Hayward 2040 General Plan: The proposed project would require a General Plan Amendment to convert a 1.8-acre area from the [Medium Density Residential](#) (MDR) land use designation to [Sustainable Mixed-Use](#) (SMU) land use designation; and to convert approximately 7.6 acres with a [Parks and Recreation](#) (PR) land use designation to Sustainable Mixed Use (SMU) designation. The amendments would result in an overall area of 22.4 acres designated as Sustainable Mixed Use and approximately 2.6 acres with a Park and Recreation General Plan designation (Attachment VI).

The Sustainable Mixed-Use land use designation generally applies to areas near regional transit that are planned as walkable urban neighborhoods. The land use designation allows residential development with a density range between 4.3 and 100 dwelling units per acre and commercial and retail uses at maximum 2.0 floor area ratio. The proposed development has an average density of 18 units per acre with the highest density at 38 units per acre in the PA MU neighborhood stepping down to 13.2 units per acre in the PA 3-2 neighborhood. The proposed 20,000 square foot commercial space is well within the allowable 2.0 FAR for the PA MU site (maximum 168,141 square feet).

In addition to consistency with the Sustainable Mixed-Use land use designation, the proposed mixed-use, transit-oriented development is consistent with numerous General Plan Goals and Policies, including but not limited to the following:

- Support development of compact, mixed use and walkable neighborhoods within the City's Priority Development Areas; near regional transit; within the South Hayward neighborhood; and that integrates a mix of land uses into new and established neighborhoods (General Plan Land Use Goal 2 and Policies LU-1.5, LU-1.6, and LU-2.8).
- Create complete neighborhoods with a mix of densities and uses and that provide convenient access to parks and other community amenities and foster commercial and social activity for nearby residents and businesses (LU Goals 3 and 4 and Policies LU-3.5, LU-4.1, and LU-4.3).
- Design mixed use neighborhoods to place retail frontages and outdoor gathering spaces along the public right-of-way while locating parking at the rear of the building; and enhance development with landscaping, lighting, planters and other amenities. Develop highly connected block and street networks; provide alley loaded garages for townhome development; locate parking for multifamily development below apartment buildings; and ensure that windows front streets and public right-of-way (Policies LU-3.4 and LU-3.5).
- Develop a comprehensive, integrated and connected network of transportation facilities to serve all modes of travel (Mobility Goal 1 and Policy M-8.4).
- Encourage active lifestyles and the development of urban infill parks where traditional, large-scale neighborhood and community parks are not appropriate; and construct infrastructure improvements in existing neighborhoods to enable people to drive less and walk, bike or take public transit more (Health and Quality of Life Goal 2 and Policies HQL-10.4 and HQL-11.2)

While the proposed development is consistent with the General Plan land use designation and goals and policies outlined above, the proposed project could theoretically conflict with General Plan Policy HQL-10.2, that the City seek to increase the number of parks throughout Hayward and maintain minimum park acreages per resident, because it would result in a theoretical reduction in the amount of land designated Parks and Recreation in the General Plan and in that it would result in demolition of the existing Valle Vista Park.

However, there is approximately 4,554 acres of land with a Parks and Recreation General Plan land use designation so the loss of 7.6 acres which is less than one percent of the existing potential parkland in the City would not have a significant impact. Further, the proposed project would relocate and expand the existing Valle Vista Park, subject to conditions of approval, which would increase the acreage of parks per residents within the City. See additional discussion in the Staff Analysis section below.



Zoning Ordinance: The proposed project site is composed of multiple parcels with a variety of zoning designations. The locations of the various zoning districts are shown in Attachment VII, and the specific acreages and zoning districts within the project area are as follows:

- [Civic Space Zone \(S-CS\)](#), 10.2 acres. The purpose of the zone is the provision of public open space, civic buildings, and civic uses.
- [Urban General Zone \(S-T4\)](#), 5.3 acres. Consists of mixed use but primarily residential urban fabric at 17.5 to 35 units per net acre. Includes a mix of building types such as townhouses, apartment buildings, mixed-use buildings, and commercial buildings with maximum parking standard of two parking spaces per unit.
- [Urban Center Zone \(S-T5\)](#), 7.6 acres. Consists of higher-density mixed-use buildings that accommodate retail, office, and residential uses along with townhouses and apartment buildings with maximum 1.5 parking spaces per acre. Permitted densities range between 35 to 55 units per net acre.
- [Industrial \(I\) District](#), 0.4 acres. Provides for and encourages the development of industrial uses in areas suitable for them and to promote a desirable and attractive working environment with a minimum of detriment to surrounding properties.
- [High Density Residential \(RH\) District](#), 1.5 acres. Allows for multiple-family dwellings, additions to existing single-family dwellings, and group homes. Permitted density is up to 34 units per acre.

The proposed project includes a Zone Change from the various zoning districts to PD (Planned Development) District (22.4 acres) and S-CS District (1.89 acres). The PD District area would include all proposed mixed use and residential development, and the proposed 2.4-acre S-CS District would include the proposed public park and trail areas.

Pursuant to HMC Section 10-1.2505, the purpose of the PD District is to encourage development and redevelopment through efficient and attractive space utilization that is harmonious with characteristics of the land and incorporates open space, recreational opportunities; and to foster well designed development that incorporates a variety of housing types by allowing a diversification of uses, building architectural designs, lot sizes, yard areas and open spaces that may not be achievable under applicable zoning districts. See additional discussion related to the Zone Change in the Discussion section below.

Affordable Housing: The proposed project is subject to the requirements set forth in [HMC Chapter 10, Article 17, Affordable Housing Ordinance](#). Per HMC Section 10-17.205, an applicant may satisfy the requirements of the ordinance by paying an affordable housing in lieu fee, including affordable units within the proposed development as specified in the ordinance, or constructing off-site affordable units.

If an applicant elects to provide on-site affordable units to satisfy the Affordable Housing Ordinance requirements, the affordable units shall be integrated within the proposed residential development, shall be of similar or the same quality, and provide access to the same amenities as the market rates units. Any comparative deficiency shall be compensated for by providing additional affordable units, providing larger units, or by making units available to households with lower incomes (HMC Section 10-17.220).

The proposed development consists of a mix of both multi-family rental units and attached townhome ownership units, which have different on-site requirements as follows:

	<b>Total Units</b>	<b>Affordable Requirement Per HMC Sections 10-17.210 &amp; 10-17.215</b>	<b>Very-Low Income Units*</b>	<b>Low Income Units*</b>	<b>Moderate Units*</b>
Rental	72	4.32 (6%)	2.16	2.16	
Ownership	400	40 (10%)			40
<b>Total</b>	<b>472</b>	<b>44.32</b>	<b>2.16</b>	<b>2.16</b>	<b>40</b>

\*In 2017, the [Area Median Income \(AMI\) in Alameda County](#) was \$97,400 for a family of four. Very Low-income households earn up to 50% of AMI or \$52,150 for a family of four; low income households earn up to 80% of AMI or \$80,400; and moderate-income households earn up to 120% of AMI or up to \$116,900.

Per HMC Section 10-17.230, an applicant may also propose alternatives to satisfy the Affordable Housing Requirements if the decision-making body finds that such an alternative would provide a greater benefit to the City. The applicant prepared an Affordable Housing Plan that was prepared pursuant to HMC Section 10-17.510 (Attachment X) that details the proposed affordable units, levels of affordability, unit types and locations.

According to the applicant's Affordable Housing Plan which is outlined in the Table below, the applicant would set aside more rental units for low income households (27%) and fewer for sale townhomes (7%) than is required by the Ordinance.

	<b>Total Units</b>	<b>Total Proposed Affordable Units</b>	<b>Very Low Income Units</b>	<b>Low Income Units</b>	<b>Moderate Units</b>
Rental	72	20 (27%)	0	20	
Ownership	400	28 (7%)	0		28
<b>Total</b>	<b>472</b>	<b>48</b>	<b>0</b>	<b>20</b>	<b>28</b>

According to the applicant's Affordable Housing Plan, the multi-family rental housing units would be integrated into the mixed-use buildings and would contain a mix of unit types (eight studios, four one-bedrooms and eight two-bedrooms). The "for-sale" units would be limited to the Plan 1 type within the PA 2 areas. The Plan 1 type would be a 472-square foot, one-bedroom townhome with one-car garage. See further discussion and staff recommendations related to the proposed alternative Affordable Housing Plan in the Discussion section below.

Parkland Dedication: [HMC Chapter 10, Article 16, Property Developers – Obligations for Parks and Recreation](#) sets forth the parkland dedication requirements for private development based on residential unit count. Current land dedication and in lieu fees are as follows:

	<b>Dedication Acreage (per unit)</b>	<b>Total Dedication Acreage Required</b>	<b>In Lieu Fee (per unit)</b>	<b>Total In Lieu Fee Required</b>
Multi-Family Residential (72 units)	604 sq. ft.	0.99 acres	\$9,653	\$695,016
Attached Single Family Residential (400 units)	713 sq. ft.	6.55 acres	\$11,395	\$4,558,000
<b>TOTAL</b>		<b>7.54 acres</b>		<b>\$5,253,016</b>

Pursuant to HMC Section 16-16.31, the applicant may provide a land dedication, in lieu fees or a combination thereof, and if the proposal is deemed acceptable by the City Council, the value of the dedicated land and park and recreation improvements shall be credited against the fees or dedication (HMC Section 10-16.47).

As described in the Background section above, the City is currently negotiating a land swap with HARD to relocate and redevelop the existing Valle Vista Park at 381 Valle Vista Avenue as part of the development project. On January 23, 2017, City staff and the project applicant presented an initial plan for the proposed project including the land swap and a combination of land dedication and credits for improvements for the proposed park to the HARD Board.

On June 26, 2017, the HARD Board adopted Resolution No. R-1617-90, to enter into an agreement to exchange the existing Valle Vista Park for a park parcel within the new development, at equal value. At that meeting, the HARD Board recommended that the future park be included in a Lighting and Landscape District to cover on-going maintenance costs (proposed Condition No. 157). Following those meetings, the applicant met with HARD sub-committees and the Board on September 14, 2017 and September 25, 2017, to present and discuss the proposed park design, which would be subject to a Park Improvement Agreement between the applicant and HARD (proposed Condition No. 51).

As proposed, the applicant is requesting to receive credit toward the required land dedication and in-lieu fees in exchange for development of the relocated and expanded park that is the subject of the land swap, including the parkway trail that would run through PA 3 from Dixon Street to Industrial Parkway. The applicant’s proposed combination of land and in lieu fee credits are as follows:

- Land Dedication Credit of 2.52 acres for the park and trail improvements.
- Improvement Credit for the costs related to construction of improvements within the proposed park and along the parkway trail, which are estimated at \$3.3 million based on a preliminary cost estimate submitted with the proposed development application.

See further discussion and staff recommendation in the Discussion section below.

Vesting Tentative Map Tract 8428: The proposed project includes a Vesting Tentative Tract Map (8428) for Condominium Purposes. The proposed project site is an infill site and the City of Hayward provides water and sanitary sewer service to the site and has adequate capacity to serve the proposed development. Access to the site would be provided through a combination of public and privately dedicated streets.

The applicant did not propose a formal phasing plan but is planning to submit phased Final Plans, which will be ultimately approved by the City Council. Per proposed Condition No. 64, the applicant will be required to enter into Subdivision Improvement Agreements for each of the Final Maps to ensure that related site infrastructure and improvements are constructed in a timely manner. Maintenance of public facilities including the park and trail would be through a Lighting and Landscaping District (proposed Condition No. 157), while maintenance of private facilities (private roads, driveways, courts, common open spaces, landscaping and stormwater facilities) would be handled through a Property Management Company for the mixed-use development or a Homeowners' Association (HOA) for the townhome development (proposed Conditions of Approval 164-166).

## **DISCUSSION**

Staff believes that the Council can make the findings to approve the General Plan Amendment, Zone Change, and Vesting Tentative Map if conditioned to address deficiencies in common open space for residents of the mixed-use buildings and to ensure that public and roadway improvements (such as the park, trail and roadway improvements) are constructed in a timely manner. The findings and conditions to support the recommendation for approval are included in the attached Resolution (Attachment III).

General Plan Amendment: The proposed development would promote public health, safety, convenience and general welfare of the residents of Hayward in that it will result in development of a disaggregated set of vacant, underutilized infill parcels that would be difficult to develop individually due to their varying sizes and locations. The development would support public health and the City's environmental sustainability goals and policies in that it would result in development of a high-density transit-oriented development within one-half mile of the South Hayward BART Station and would contain a robust pedestrian and bicycle network including highly visible mid-block crossings and pedestrian trails to support alternate modes of transportation (proposed Condition of Approval Nos. 70c through g). Additionally, the development would support the general convenience and welfare of Hayward residents in that it would offer a variety of housing types: rental, for sale, multi-family apartments, and stacked and row townhomes, at varying levels of affordability.

As described in the General Plan section above, the proposed project would reduce the amount of land theoretically designated for and available to meet park per resident goals set forth in the General Plan. Of the 10.2 acres currently designated as Parks and Recreation in the General Plan, one acre is currently developed as public park (Valle Vista Park), while the remaining 9.2 acres are City-owned, vacant and not open to the public. It is essential to note that the City and HARD have no plans, funding, or programming in place to create parkland or

a community center on the 7.6 acres area designated Parks and Recreation within the project area. In contrast, the proposed development would result in an expanded and renovated public park in the near future.

Staff recommends that the Council adopts Condition No. 51 requiring that the applicant enter into a license agreement to maintain the Valle Vista Park, as well as Condition No. 53, requiring that the future park be constructed and dedicated to the City or HARD within twenty months of issuance of the first grading permit for the project. These conditions would minimize the impacts related to the loss of parks within the project area and ensure that public improvements would be accomplished as quickly as possible.

Zone Change: As described above, the proposed project includes a request for a Zone Change from varying zoning districts to PD District. Rather than look at each individual lot and how it relates to the base zoning since it may be unrelated, staff analyzed the development and how it relates to the purpose and intent of the South Hayward BART/Mission Boulevard Form Based Code, which covers the vast majority of the site area.

According to HMC Section 10-24.115, the purpose of the South Hayward BART/Mission Boulevard Form Based Code is to tie the community, transect or neighborhood, block and building together in a cohesive and connected whole. To achieve this purpose, the Form Based Code calls for uses, building orientation and form and the related connections between those buildings to be compact, pedestrian oriented and contain a mix of uses within neighborhoods that are well defined and allow for multi-modal access through an interconnected network of multi-use roads, open spaces and paths. It also calls for higher densities to be placed nearer to high frequency transit; and, for a diversity of housing types and costs to accommodate a diverse population. The Form Based Code also prescribes minimum and maximum land use densities, maximum building setbacks, the placement and orientation of buildings, requirements to provide multi-use pathways, new roadways and thoroughfares, minimum open space requirements, parking maximums, and identified allowable land uses.

For the most part, the proposed development adheres to building form, disposition on the lot, parking requirements, minimum height and open space requirements of the Code. The major differences between the underlying zoning and the proposed PD District is related to density. Specifically, the development would result in an overall lower density, at 18 units per acre, than otherwise would be permitted by the Form Based Code. The Form Based Code requires that land use densities would range from minimum of 17.5 to maximum of 55 units per acre, depending on the area. While the applicant is proposing a lower land use density across the entire site, the clustered development pattern would meet the goals of the Form Based Code by locating the highest density sub-area, PA MU with 37 units per acre, nearest to Mission Boulevard, which is a major commercial arterial that contains high frequency transit and stepping back to the lower densities within the PA 1 and PA 2 subareas (24 units per acre) and PA 3 neighborhood (14 units per acre).

To off-set the benefits of establishing a PD District on the site, the applicant is proposing to install solar panels on all of the residential units and the mixed-use buildings and will construct an expanded network of paseos and multi-user trails on the development site to accommodate bicycle and pedestrian travel. To ensure maximum benefit and usage of the proposed multi-modal trails on private property, staff recommends that the developer: implement the Transportation Demand Management strategies identified per Condition Nos. 56 through 58; construct off-site, mid-block crossings and trails to connect PA 2-3 and PA 3 sub-areas to the larger development site (proposed Condition No. 70); and install additional bicycle parking for the PA MU residents (proposed Condition No. 40). The proposed conditions would ensure the project better accommodates a multi-modal network as part of the new development.

While staff believes that the proposed development achieves most of the goals for the area, staff is concerned that the mixed-use buildings located within PA MU are not providing sufficient common open space areas for use by the residents. The City typically requires a minimum of 100 square feet of common open space per dwelling unit for high density, multi-family residential development (HMC Section 10-1.545(l)(1)(b)). As proposed, the open space for residents would be located within the commercial courtyards or in the adjacent park, which would be shared with commercial customers and other members of the public. While the commercial courtyards and the public park would be a great amenity for the development, staff believes that the residents who reside in the PA MU buildings should have access to private recreational amenities which foster community and connectedness among residents. This requirement is similar to private open space amenities provided in other multi-family developments within Hayward (Lincoln Landing, Maple and Main, Campways, Mission Seniors), as well as surrounding jurisdictions such as Oakland ([Alta Waverly Mixed Use Building](#), [Trammel Crow Residential](#)), Berkeley ([Higby, Garden Village](#)), San Leandro ([Westlake San Leandro Tech Campus Mixed Use Residential](#)), Fremont ([Walnut Residences](#)), and Alameda County ([Ashland Family Housing](#)). To satisfy this requirement, staff recommends that the applicant either redesign the mixed-use buildings to incorporate private open space in the form of rooftop courtyards, terraces, or some internal common space or provide an equivalent private off-site amenity, or combination thereof (proposed Condition No. 42).

Park Dedication Credit: The applicant's proposal includes a credit for land dedication and improvements on the public park and multi-user trail to off-set the park dedication and in-lieu fee requirements outlined above. Per the ordinance, the City Council may authorize such a proposal if the proposed combination of dedications and improvements is deemed acceptable. Staff recommends that the Council approve the proposal with the caveat that the dedication credit only be extended to the net increase in park area.

Thus, the proposed credit would reduce the land dedication credit by approximately one acre from 2.52 to 1.52 acres (proposed Condition No. 49).

Affordable Housing: As described above, the applicant submitted an alternative plan to meet the requirements of the City's Affordable Housing Ordinance which may be permitted if the

Decision-Making Body finds that such an alternative would provide a greater benefit to the City.

As noted in the Background section above, the applicant entered into an ENRA and PSA prior to Council adoption of the revised Affordable Housing Ordinance and related fee update. As a result, the applicant's assumptions and pro forma related to the proposed development did not include the significant increase in affordable housing fees adopted by the Council in November 2017. Recognizing the importance of affordable housing to the community and decision makers, as well as the unique opportunity to provide additional housing on the site, the applicant amended their original application to: 1) add 120 additional units to the site, from 352 to 472 units; 2) modify the plans to provide a mix of housing types (multi-family rental, stacked flat condominiums and traditional townhomes); and 3) provide deed-restricted affordable housing units on site.

Staff is supportive of the proposed modifications and alternative affordability plan because it would result in a more complete and diverse neighborhood with a variety of housing types at a range of income levels in a neighborhood near BART and commercial uses.

The proposal includes a significantly higher proportion of multi-family rental units for low income households (27%) than is required by the Ordinance (6% split between low and very low for a total of four very low and four low income units). While the proposal includes a higher percentage of rental units than is required by the Ordinance, it proposes a lesser number of units than is required for the for-sale product, a total of 28 (7%) where 40 (10%) are required. According to 2009-2013 American Community Survey data, 43% of all Californian households are lower-income, but the percentages differ between renter and owner households in that 29% of owner households and 61% of renter households in California are lower-income. Staff is supportive of the alternative because it provides a higher number of rental units than ownership units and staff believe that the loss of four very low-income units is off-set by the gain of 15 additional low-income rental units which will benefit more households.

As proposed, the ownership units would consist of only one-bedroom units. The units will be of equal size to other one-bedroom units in the development. However, the units would be significantly smaller (477 square feet) than the average townhome units being offered in the development (1,439 square feet), which is not consistent with the Ordinance that requires the affordable units be of similar size and quality as the market rate units. While staff acknowledges that there is a significant size differential, the proposed affordable units would be scattered throughout the PA 2 neighborhood and would enjoy the same finishes, quality and amenities as the market rate units. Further, providing the smaller units for sale would result in affordability by design and appeal to households such as elderly individuals or retirees who want to downsize, millennials or younger people who have not started families, individuals who want to reduce their carbon footprint by living in small homes, and others who would otherwise not be able to afford to purchase a home in the Bay Area.

Land Sale and Swap: In connection with its authorization of the PSA, Council approved the City's acquisition of the Third-Party Properties, which include the existing HARD park property at Lot 5, and the existing BART and ACFC Properties shown on the attached site plan. To facilitate the acquisition closings for those parcels, staff recommends that Council expressly authorize the City Manager to execute such documents as are needed to acquire the Third-Party Properties from their respective owners.

## **ENVIRONMENTAL REVIEW**

An Initial Study evaluating the potential environmental impacts of this project was prepared in accordance with the California Environmental Quality Act (CEQA). The Initial Study found that the proposed project would result in potential impacts in the areas of Air Quality, Biological Resources, Cultural Resources, Hazards and Hazardous Materials, Hydrology and Water Quality, Noise, Transportation/Traffic, Tribal Cultural Resources and Mandatory Findings of Significance, and contains mitigation measures reducing the identified impacts to a level of less than significant.

A Notice of Intent to Adopt a Mitigated Negative Declaration (NOI) was filed with the Alameda County Clerk on March 30, 2018. The NOI and the Initial Study were posted at the Permit Center and the City Clerk's Office at City Hall; delivered to both Hayward libraries; and posted on the City's website. Copies of the NOI were sent to interested parties and property owners within 300 feet of the project site on March 30, 2018. The public comment period for the proposed Mitigated Negative Declaration and Initial Study ran from March 30, 2018 through April 19, 2018.

The City did not receive any public comments on the environmental documents. A copy of the Initial Study/Mitigated Negative Declaration (IS/MND) and Mitigation Monitoring and Reporting Plan (MMRP), are attached to this report (Attachments VIII and IX, respectively), and the mitigation measures were included as conditions of approval for the project. The Council shall consider and adopt findings related to the approval of the environmental analysis prepared for the project.

## **ECONOMIC IMPACT**

Replacement of the primarily vacant and underutilized project site with the proposed development will have a positive economic benefit in that it would result in the establishment of a desirable, interconnected neighborhood on currently vacant, underutilized land. The proposed development would likely have a positive economic benefit in that it would raise the subject parcel as well as the surrounding property values.

The proposed development is expected to attract up to 452 market rate income households and 20 low income households whose expenditures would increase retail sales in the City and the new retail component would generate sales tax revenues both from the new and existing residents. Development of the project is also expected to generate up to 420 temporary construction jobs and up to 60 permanent jobs associated with the commercial space.



## **FISCAL IMPACT**

As noted in the Background section above, the project site is the subject of a Purchase and Sale Agreement (PSA) between the City and the applicant. According to the staff report prepared for the PSA, upon transfer of the property from the City to the developer, the assessed value of the property will immediately change from \$0 to up to \$31,583,075, resulting in an increase of property tax revenue of approximately 1% of this amount annually prior to build-out, which could result in a reassessment and likely increase to assessed valuation. According to projections provided by the developer, the project valuation is estimated at \$220 million with approximately \$21.6 million allocated to the mixed-use buildings and the remainder allocated to the condominium parcels and related private improvements.

According to an estimate based on the City of Hayward Fiscal Impact Model (2017) prepared by Applied Development Economics, Inc. the project would generate about \$1.21 million in annual revenue from taxes including: property, real property transfer, business license, emergency facilities and intergovernmental transfer among others, and would generate approximately \$1.12 million in annual costs related to City services including but not limited to Fire, Police, Library, Maintenance Services, resulting in a net positive impact of approximately \$82,000 per year.

## **STRATEGIC INITIATIVES**

The proposed project, as conditioned, supports the City's *Complete Communities* and *Complete Streets* Strategic Initiatives. The purpose of the *Complete Communities* Initiative is to create and support structures, services, and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work and play for all. This item supports the following Complete Community goal and objectives:

Goal 2: Provide a mix of housing stock for all Hayward residents and community members, including the expansion of affordable housing opportunities and resources.

Objective 2.b: Facilitate the development of diverse housing types that serve the needs of all populations.

Objective 2.d: Increase the supply of affordable, safe and resilient housing in Hayward.

The purpose of the *Complete Streets* Initiative is to build streets that are safe, comfortable, and convenient for travel for everyone, regardless of age or ability, including motorists, pedestrians, bicyclists, and public transportation riders. As conditioned, this item supports the following Complete Streets goals and objectives:

Goal 1: Prioritize safety for all modes of travel.

Objective 1.c: Ensure that roadway construction and retrofit programs and projects include complete streets elements.

Goal 2: Provide complete streets that balance the diverse needs of users of the public right-of-way.

Objective 2.a: Increase walking, biking, transit usage, carpooling, and other sustainable modes of transportation by designing and retrofitting streets to accommodate all modes.

## **SUSTAINABILITY FEATURES**

The proposed project includes: placement of solar panels on all residential buildings; installation of energy star appliances and tankless water heaters within residential units; and tools to harvest rainwater for landscaping from the residential structures.

In addition to the sustainable building elements, the majority of the proposed development would be located within one-half mile of the South Hayward BART Station, include an extensive network of pedestrian and bicycle connections throughout and across the site (Plan Sheet L0.02), numerous open spaces and a new park that support active lifestyles, and incorporate Transportation Demand Management (TDM) strategies to minimize single occupancy vehicle use, including the distribution of Clipper cards to all households, participation in commuter tax benefit programs, and dedication of car sharing spaces within the development. (Attachment VIII, Appendix TIA, Transportation Demand Management Plan and proposed Condition Nos. 56 through 58).

## **PUBLIC CONTACT**

As noted in the Background section, the proposed redevelopment of the sites was the subject of multiple meetings and a public hearing with the City Council related to the ENRA and PSA. Following submittal of the formal development application, an initial Notice of Receipt of the project application was sent to 812 property owners and residents within a 300-foot radius of the site on July 28, 2017.

On January 24, 2018, the applicant held a community meeting at the Mission Hills Golf Course Clubhouse, near the project site, to share updated site plans and building elevations and to answer questions about the proposed development. Notices of the community meeting were sent to property owners, residents and businesses located within 300 feet of the project site. The applicant also attended a Fairway Park Neighborhood Association meeting on January 31, 2018 to present the project to neighbors and receive feedback from members of the public and interested stakeholders. Inquiries about the project at both community meetings generally centered around traffic and parking, but community members and residents in attendance at the meetings were generally positive about the proposed development.

On April 27, 2018, notices of this public hearing and the Notice of Intent to Adopt a Mitigated Negative Declaration with Mitigation Monitoring Plan were sent to all property owners and residents within a 300-foot radius of the project site, to interested parties who requested to be notified about the project and was published in The Daily Review.

## **NEXT STEPS**

Following Council approval, the Ordinance approving the Zone Change to Planned Development District will return to the City Council for a second reading after which the applicant will submit a Precise Development Plan and Final Maps. The Final Maps will be subject to City Council review and approval, after which construction permits will be processed and issued to ultimately allow for development of the project.

The City will also take the lead on finalizing the land sales and swap with outside agencies to convey the properties to the developer in accordance with the PSA.

*Prepared by:* Leigha Schmidt, AICP, Senior Planner

*Recommended by:* Stacey Bristow, Interim Development Services Director

Approved by:



---

Kelly McAdoo, City Manager