



SUBJECT

Proposed Development of an Approximately 65,000 Square Foot Mental Health Rehabilitation Center and Related Site Improvements on Two Sites, totaling 0.97 Acres, at 3788 Depot Road (APN: 439-0070-006-02 & 439-0070-006-01), Requiring Approval of a Variance, Site Plan Review, and Findings that the Project is Exempt from the California Environmental Quality Act (CEQA) Pursuant to Section 15332 of the California Environmental Quality Act (CEQA), Application No. VAR-25-0005. Applicant: Bay Area Community Services (BACS). Owners: City of Hayward

RECOMMENDATION

That the Planning Commission approves the proposed Variance and Site Plan Review, subject to the attached Findings (Attachment II) and Conditions of Approval (Attachment III).

SUMMARY

The applicant is requesting approval of a Variance and Site Plan Review Application No. VAR-25-0004 to construct an approximately 65,000 square foot Mental Health Rehabilitation Center (MHRC) on two sites, totaling 0.97-acres, at 3788 Depot Road. The project is requesting deviations from the required street side setback, floor area ratio and fence height. The use of the proposed building as an MHRC is allowed by right in accordance with California Welfare and Institutions Code (WIC) Section 5960.3. Other than the requested variances, the proposed project is fully consistent with the Zoning Ordinance, Off-Street Parking Regulation, the Tree Preservation Ordinance and the Hayward 2040 General Plan.

BACKGROUND

From approximately 1928 to 1958, the subject properties were used as agricultural land. In the late 1960s/early 1970s, the site was redeveloped for industrial purposes. It was used as an automobile wrecking and towing storage facility until 2014 when the city utilized eminent domain to extend Whitesell Street thereby making the resulting irregularly shaped parcels substandard.

The site remained vacant for several years until the Hayward Housing Navigation Center (HNC) opened on November 18, 2019. Navigation centers are low-barrier, service-enriched temporary housing facilities designed to help people experiencing homelessness transition into permanent housing. The HNC moved to Regis Village, located at 23950 Mission Boulevard, in May 2026, and all the portables were removed from the HNC site in early July 2026.

On September 23, 2025, the Planning Division received a Variance and Site Plan Review Application No. VAR-25-0005 to construct an approximately 65,000 square foot Mental Health Rehabilitation Center (MHRC) and related site improvements at the subject properties.

State Funding. In 2022, BACS received \$19.4 million from California Department of Social Services' Community Care Expansion Program (CCE) to develop and operate a MHRC, along with other services. On May 12, 2025, the California Department of Health Care Services (DHCS) announced that BACS received an additional \$32 million through the Behavioral Health Continuum Infrastructure Program (BHCIP) to construct the MHRC in Hayward.

Disposition and Development Agreement: On December 16, 2025¹, the City Council adopted a resolution authorizing the negotiation and execution of a Disposition and Development Agreement (DDA) with Bay Area Community Services (BACS) for the transfer of both sites and construction of the MHRC. The DDA was finalized and signed on August 11, 2026.

Public Outreach: On October 6, 2025, a Notice of Receipt (NOR) of Application was mailed out to 162 property owners, businesses, and community groups (South Hayward Parish) within 300 feet of the project site. Staff received one public comment in response to the NOR. The public commenter was in opposition to the project, citing concerns regarding the proposed use proximity to industrial businesses and compatibility with the surrounding industrial district.

On August 14, 2026, notices of this public hearing were sent to all property owners within a 300-foot radius of the project site and were published in *The Daily Review*. To date, staff has not received any correspondence from the public on this notification.

PROJECT DESCRIPTION

Existing Conditions: The project site is located within an industrial area of West Hayward. The site is composed of two parcels, totaling 0.97 Acres, (Assessor's Parcel Number (APN) 439-0070-006-02 & 439-0070-006-01). Parcel A is located at the southeast corner of the Depot Road and Whitesell Street intersection while Parcel B is located across Whitesell Street at the southwest corner of the intersection. Both sites are generally flat and vacant. Parcel A has several easements that prohibit development including a ten-inch sanitary sewer easement which bisects the property and a PG&E easement that covers approximately a 7,543 sf (0.17 Acres) triangular portion of the northeastern corner. As noted above, Parcel A was previously occupied by the HNC.

The project site is substantially surrounded by urban uses with two industrial parks (Crocker-Hayward North Industrial Park and Cabot Business Park) to the north, a former automobile wrecker to the east, an automobile repair facility to the South (Chilton Auto Body Hayward), and contractor services (Golden Bay Construction and Transport Refrigeration Services & Trailer Repair) to the west.

The project site is located approximately 100 feet south of AC Transit bus route 86 on Depot Road. This public transit facility provides service to Hayward BART, South Hayward BART, Cabot Boulevard, Industrial Boulevard and Tennyson Road. Vehicular access to the site is

¹ December 16, 2025 City Council Hearing: <https://hayward.legistar.com/LegislationDetail.aspx?ID=7783338&GUID=FA3F660D-FD3B-4B6F-A9E8-193A36A0E550&Options=&Search=>

from Depot Road and Whitesell Street which connect to several arterials including West Winton Avenue, Industrial Boulevard and Clawiter Road. The project site is also located approximately three miles north of State Route 92 (CA-92), which also provides access to Hayward and the greater Bay Area. Within the vicinity of the site, there are also Class III bicycle facilities and sidewalks located on Depot Road and Whitesell Street which connect to a larger network throughout the city.

Project Description: The project is to allow for the construction of an approximately 65,000 square foot Mental Health Rehabilitation Center (MHRC) on Parcel A and an associated parking lot on Parcel B. The MHRC includes one building that includes offices, program facilities, staff facilities, 83-patient rooms, and a rooftop courtyard. The building is 53 feet tall containing three-stories of treatment facilities and a roof deck. The project includes a total of 23 parking spaces with three on Parcel A and 20 on Parcel B.



Figure 1- Perspective View (Whitesell Street)

The proposed buildings incorporate a contemporary architectural style that includes a series of recesses and projections, ample glazing, a mix of materials and colored accent panels as shown in Figure 1. The building has an inviting entry with landscaping, glazing, mural, seating and shade structures as shown in Figure 2.



Figure 2 -Perspective View of Primary Entrance (Depot Road)

Proposed Circulation and Access: Vehicular access to Parcel A would be from an 18-foot two-way driveway that runs along the eastern property line, perpendicular to Depot Road. Across that driveway, there will be a vehicular gate. Vehicular access to Parcel B would be from a 12-foot one-way driveway with entrance along the northeast side of the property and exit along the southeast side of the property. The project also proposes an internal sidewalk that connects the existing sidewalks along Depot Road and Whitesell Street. In addition to the proposed accessways, the applicant is providing bicycle parking near the MHRC entrance.

Landscaping and Open Space: The project includes a variety of shared open spaces including indoor seating areas, a 3,877 square foot ground-level courtyard gathering space, a 3,632 square foot roof courtyard, a 1,112 square foot indoor activity room and site landscaping. New landscape plantings are proposed along the frontages of Parcel A and the northern and southern areas of Parcel B. The plantings will include a variety of native trees, shrubs and ground cover consistent with the Bay Friendly Water Efficient Landscape Ordinance. The project proposes the removal of one tree, preservation of one tree and the installation of one new tree. The removed tree is protected which is discussed in greater detail in the Code Compliance Section below. A copy of the site and landscaping plans are included as Attachment IV.

Additionally, there is a 14-foot-tall decorative perimeter fence along the northern, southern and western property lines of Parcel A. The fence features colored panels that match the building design.

Sustainability Features: The project is required to comply with the California Green Building Standards Code (CALGreen) and the City's Reach Code. Additionally, all landscaping is required to comply with the City's Bay-Friendly Water Efficient Landscape Ordinance for irrigation and drought tolerant materials.

POLICY CONTEXT AND CODE COMPLIANCE

California Welfare & Institutions Code: In 2021, the State of California adopted new legislation² which established the Behavioral Health Continuum Infrastructure Program (BHCIP) that provides funding to build, acquire, and maintain facilities for mental health and substance use care. In accordance with California Welfare and Institutions Code (WIC) Section 5960.3³, uses funded by BHCIP shall be allowed by right, and the use shall not be subject to a conditional use permit or any other discretionary approvals. As noted above, the proposed project has received BHCIP funding and therefore, the use of the building as a MHRC is permitted by right. Under state law, the City is prohibited from denying the use, reviewing the use or adding any conditions of approval related to the use.

Hayward 2040 General Plan: The project site is designated Industrial Corridor (IC) in the *Hayward 2040 General Plan*⁴, which allows a maximum FAR of 0.8. As discussed in further detail in the Zoning Ordinance Section below, the development proposes a FAR of 1.53, which exceeds

² Assembly Bill 133 (AB 133): https://leginfo.ca.gov/faces/billNavClient.xhtml?bill_id=202120220AB133

³ WIC Section 5960.3: https://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=5960.3&lawCode=WIC

⁴ Hayward 2040 General Plan: <https://www.hayward-ca.gov/2040-General-Plan>

the allowable 0.8 FAR. Per Hayward Municipal Code (HMC) Section 10-1.1604, the additional FAR on the site would remain in compliance with the General Plan standards in that it will not result in collective FAR above 0.8 across the Industrial Corridor land use designation. In fact, the average FAR for all projects within the Industrial Corridor land use designation since the adoption of this regulation (2019) is 0.48 even when accounting for this project as shown in Table 1. Prior to 2019, the average FAR in the Industrial Corridor was 0.36.⁵

Table 1: Floor Area Ration (FAR) Analysis

Application #	Approval Date	Address	Development Type	FAR
202200390	3/3/2022	3890/3989 Depot Road	Warehouse	0.48
202101456	8/27/2021	24101 Whitesell Street	Warehouse	0.29
SPR-23-0041	3/27/2025	24401 Whitesell Street	Office Building	0.03
202102725	9/22/2022	3636 Enterprise Avenue	Warehouse	0.46
201901039	2/15/2022	4150 Pt Eden Way	Warehouse	0.47
SPR-23-0043	11/14/2024	25375 Clawiter Road	Warehouse	0.52
202003917	12/9/2021	25450-25550 Clawiter Road	Warehouse	0.43
201906718	2/11/2021	25800 Clawiter Road	Warehouse	0.54
SPR-23-0036	5/22/2025	26062 Eden Landing Road	Data Center	0.76
202206056	10/20/2023	29469 Ruus Road	Warehouse	0.3
202201051	10/27/2023	1441 Industrial Pkwy	Warehouse	0.42
202104579	2/8/2022	1190 Zephyr Ave	Office Building	0.53
202200563	1/25/2023	31145-31153 San Antonio Street	Office Building	0.5
201802051	12/18/2019	31500 Hayman Street	Warehouse	0.43
202103815	3/4/2022	2429 Whipple Road	Restaurant	0.11
202003389	12/2/2021	24493 Clawiter Road	Warehouse	0.36
VAR-25-0005		3788 Depot Road	Office Building	1.53
Average FAR:				0.48

Furthermore, the project is also consistent with the following Land Use (LU) and Community Health and Quality of Life (HQL) policies within the *Hayward 2040 General Plan*:

- *LU-1.3 Growth and Infill Development.* The City shall direct local population and employment growth toward infill development sites within the city, especially the catalyst and opportunity sites identified in the Economic Development Strategic Plan.
- *LU-1.4 Revitalization & Redevelopment.* The City shall encourage property owners to revitalize or redevelop abandoned, obsolete, or underutilized properties to accommodate growth.
- *LU-9.3 Medical Centers.* The City shall coordinate with the owners of existing and planned medical centers to encourage site development or redevelopment in a manner that is compatible with surrounding areas.
- *HQL-4.1 Adequate Health Care Facilities.* The City shall encourage the development and maintenance of a full range of healthcare facilities, including hospitals, acute care facilities, neighborhood health portals/clinics, and mental health facilities, to meet the needs of all residents.

The project's consistency with the *Hayward 2040 General Plan* is discussed further in the project Findings (Attachment II).

⁵ May 14, 2019 City Council Meeting. <https://hayward.legistar.com/LegislationDetail.aspx?ID=3945377&GUID=F091BBBE-D966-4851-AE41-898552900871&Options=&Search=>

Zoning Ordinance: The project sites are located within the General Industrial (IG) zoning district⁶, which allows the development of buildings subject to the specific development, open space and design standards. Besides the requested variances, the proposed development is consistent with all IG development standards as shown in Table 2.

Table 2: Zoning Compliance

Applicable Development Standards	IG Requirement	Proposed	Consistent
Maximum Floor Area Ratio (FAR)	0.8	1.53	Variance Required
Min. Front Setback	20 ft	20 ft	Yes
Min. Street Side Yard Setback	10ft	4 ft	Variance Required
Min. Side Yard Setback	0 ft	5 ft	Yes
Min. Rear Yard Setback	0 ft	116.17 ft	Yes
Building Height	75 ft	53 ft	Yes
Street Side Yard Fence Height	4 ft	14 ft	Variance Required
Min. Landscaping (% of site)	5%	21.65%	Yes
Employee Amenity Area	300 sf	331 sf	Yes

Due to the Whitesell Street extension, the parcels are individually substandard to the minimum lot size and minimum average lot width requirements outlined in the IG district. However, in accordance with Section 10-1.2720 of the HMC⁷, the parcel may be used as a building site as they were lawfully created. Due to this, the proposed development needs variances which is further discussed in Attachment II.

Industrial Design Guidelines: In accordance with Section 10-1.1606(A)⁸ of the HMC, all development shall be consistent with the Industrial District Design Guidelines. The guidelines encourage coordinated landscaping along frontages and adjacent to open spaces, safe and clearly demarcated pedestrian connections, prominent entries with articulation and detailing, and amenities such as recreational facilities, open space, benches, shelter and other features that enhance the employee experience. The project features prominent landscaping along the frontages, ample open space, internal sidewalks that connect to the existing pedestrian systems and an inviting entry with seating, and a shade structure. Furthermore, the guidelines promote desirable massing on street facing building elevations including variation in wall planes. The proposed project includes a building with several wall plane variations along the Whitesell Street frontage as shown in Figure 1.

Off Street Parking Regulations: In accordance with Section 10-2.320⁹ of the HMC, one parking space is required for every three beds within the MHRC. There are 83 beds within the MHRC, therefore, a total of 28 parking spaces is required before any reductions. The project is utilizing two parking reductions allowed by the HMC. In accordance with Section 10-2.405¹⁰ of the HMC, parking space requirements for hospitals may be reduced 15 percent provided public transportation is available within 500 feet of the site. This reduction is appropriate in this case

⁶ IG Zoning District: https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1ZOOR_S10-1.1600INDI

⁷ HMC Section 10-1.2720: https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1ZOOR_S10-1.2700GERE_S10-1.2720SPLORE

⁸ HMC Section 10-1.1606(A): https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1ZOOR_S10-1.1600INDI_S10-1.1606SUSTAPALPRINDI

⁹ HMC Section 10-2.320: https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART2OREPARE_IIRERAPASP_S10-2.320LOREHOHOU

¹⁰ HMC Section 10-2.405: https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART2OREPARE_IVEXREEXAP_S10-2.405CRPRPUTRFA

due to the presence of AC Transit bus services within 100 feet of the site. Furthermore, in accordance with Section 10-2.406¹¹, credit for one parking space shall be given for every four bicycle spaces provided, whether the spaces are required or not. The applicant is providing four bicycle parking spaces to reduce their parking requirement by an additional one space. With the allowable reductions, the required parking is 23 parking spaces, which are provided on project sites A and B as detailed in the Project Description section above.

Tree Preservation Ordinance: The proposed project is subject to requirements set forth in the Tree Preservation Ordinance¹² to protect significant trees and ensure removal of trees is adequately mitigated. There are currently two trees on the project site; one which is considered “protected” and subject to the Tree Preservation Ordinance. The project proposed to remove one protected tree, retain one existing tree and plant one new tree. To mitigate the loss of the protected tree, the applicant will provide one new 48-inch box tree which exceeds the minimum size for a replacement tree. The City’s Landscape Architect has reviewed the request and supports the tree mitigation proposed.

Variance: In accordance with Section 10-1.3325¹³ of the HMC, the Planning Commission may approve or conditionally approve a Variance request when the following findings are made:

- There are special circumstances applicable to the property including size, shape, topography, location, or surroundings, or other physical constraints.
- Strict application of the Zoning Ordinance deprives such property of privileges enjoyed by other property in the vicinity under the same zoning classification.
- The variance does not constitute a grant of a special privilege inconsistent with the limitations upon other properties in the vicinity and zone in which the property is situated.

The project’s consistency with these Findings is discussed below and in Attachment II.

Site Plan Review: In accordance with Section 10-1.3025¹⁴ of the HMC, Site Plan Review is required for all projects that materially alter the appearance and character of the property. As such, the development of an approximately 65,000 square foot mental health rehabilitation center requires Site Plan Review. The Planning Commission may approve or conditionally approve a Site Plan Review application when the following findings are made:

- The development is compatible with on-site and surrounding structures and uses and is an attractive addition to the city;
- The development takes into consideration physical and environmental constraints;
- The development complies with the intent of City policies and regulations;
- The development will be operated in a manner determined to be acceptable and compatible with surrounding development.

The project’s consistency with these Findings is discussed below and in Attachment II.

¹¹ HMC Section 10-2.406: https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART2OREPARE_IVEXREEXAP_S10-2.406CRTEEVAPAS

¹² Tree Preservation Ordinance: https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART15TRPROR

¹³ Variance Findings: https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1ZOOR_S10-1.3300VA_S10-1.3325FI

¹⁴ Site Plan Review Findings: https://library.municode.com/ca/hayward/codes/municipal_code?nodeId=HAYWARD_MUNICIPAL_CODE_CH10PLZOSU_ART1ZOOR_S10-1.3000SIPLRE_S10-1.3025FI

DISCUSSION

Staff believe the Planning Commission can recommend approval of the project based on the analysis below and per the findings and conditions of approval (Attachment II and III, respectively). Staff also believe the project complies with the intent of City development policies and regulations, including the *Hayward 2040 General Plan*, the Zoning Ordinance, and Industrial District Design Guidelines. Key findings from staff's analysis are described below.

The project site is composed of two parcels which are both remnant parcels resulting from the City's extension of Whitesell Street in 2017. Prior to this roadway extension, the parcel was an approximately five-acre (217,800 sf) rectangular parcel. Due to the Whitesell Street design, the remnant parcels do not resemble other parcels within the zoning district. Specifically, the parcels are substandard to the IG zoning district lot standards and are irregularly shaped in that the subject parcels are triangular where other industrial parcels are generally rectangular. These features make it challenging to adhere to the zoning district standards which are crafted for large, standard, proportional parcels. Strict application of zoning standards, specifically the minimum side street yard setback and the maximum floor area ratio, would deprive this property of development features that can be seen throughout the district today. Further, due to the location of the building, the higher security fence is necessarily pushed into the required setback. As such, the requested variances will not grant the project site a special privilege as the project site is not similar to any of the other parcels within the IG zoning district.

Additionally, the project will result in the redevelopment of a vacant parcel with an approximately 65,000 square foot MHRC. The proposed site layout makes efficient use of the site by placing one building on Parcel A to create an aesthetically pleasing and engaging frontage while Parcel B is utilized for parking. Furthermore, the development is an attractive addition to the city with a building that emulates a contemporary architectural style with a series of recesses and projections, ample glazing, a mix of materials and colored accent panels. The project has a large variety of shared open spaces including indoor seating areas, a 3,877 square foot ground-level courtyard gathering space, a 3,632 square foot roof courtyard, a 1,112 square foot indoor activity room and landscaping.

ENVIRONMENTAL REVIEW

This project is exempt from environmental review in accordance with the California Environmental Quality Act (CEQA) Guidelines, Section 15332, In-Fill Development Projects, because the project is an in-fill development project that is fully consistent with the conditions outlined in Section 15332 and none of the exceptions outlined in Section 15000.2 apply as noted in Attachment II.

NEXT STEPS

Following the Planning Commission hearing, a ten-day appeal period for the project will occur. If no appeal is received then the Commission's decision will become final, and the applicant can submit applications for site improvement plans and building permits. If an appeal is filed, then a hearing by the City Council on the application will be scheduled for a date to be determined.

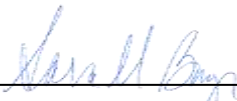
Prepared by: Taylor Richard, Associate Planner

Recommended by: Elizabeth Blanton AICP, Principal Planner

Approved by:



Leigha Schmidt, Planning Manager



Sara Buizer, AICP, Development Services Director