



February 13, 2024

HILLTOWN Development Short History

The Tentative Map was designed following the conceptual site plan from the development agreement between Santa Clara Valley Housing Group and The City of Hercules which was approved on November 25, 2008. The Tentative Map was approved by the City Council on April 14, 2020.

Immediately following approval of the Tentative Map, SCVHG immediately started moving forward with construction documents. As we began the construction documents and final engineering, we quickly realized that the infrastructure costs; mostly attributed to the grading, off-haul of dirt, and retaining walls, was substantially higher than originally expected. Therefore, we engaged our engineers, Carlon, Barbee and Gibson, to complete a study on the site and access where improvements can be made to reduce the overall improvement costs will staying in substantial conformance with the approved Tentative Map. They were able to make some modifications to the street configuration and revise retaining wall locations and heights; thus, reducing the amount of dirt that needed to be off hauled from the site. This minor modification was approved on September 22, 2020 by the City Council. While this minor modification reduced the improvement costs of the development, it was still not enough to get the project off of the ground. The issue with the improvement costs is that they are front-loaded, meaning that the majority of improvements need to be completed at the very beginning due to the site's complexity. Our lead engineer from CBG, Lee Rosenblatt, explained the improvement issue in a letter to the City of Hercules dated October 5, 2021 (attached via Email).

SCVHG came forward to the City of Hercules to discuss this issue about the front-loaded improvement cost and discussed the idea of utilizing a Mello-Roos. This financial tool, as City Staff can attest to, is utilized on projects like this all over the Bay Area to help get projects off the ground that have very large front-loaded costs. Stated in an open letter to the City of Hercules dated, January 4, 2022, SCVHG answered questions from the city staff and council members regarding a Mello- Roos District (attached via Email). At the very end of this letter, Santa Clara Valley Housing Group stated without an approval of a Mello-Roos District, the project cannot advance at this time.

On the January 18th 2022, City Council denied a Mello-Roos District for the project called Hilltown. As noted many times previously, we expressed that this project could not move forward without the Mello-Roos. As such, it has sat in its current state since the City Council's denial of the Mello-Roos.



Fast forward to now in 2024, Santa Clara Valley Housing Group is dealing with the same constraints plus rising construction cost and inflation. Our Tentative Map is set to expire on April 14, 2024. Therefore, we are coming forward to ask for an extension on our tentative map.

Sincerely,

A handwritten signature in blue ink, reading "Stephen E. Schott".

Stephen E. Schott

Vice President

404 Saratoga Avenue, Suite 100
Santa Clara, CA 95050-7062
Facsimile: 408-985-6050