



## **STAFF REPORT TO THE PLANNING COMMISSION**

**DATE:** Special Meeting of June 19, 2017

**TO:** The Chairperson and Members of the Planning Commission

**SUBMITTED BY:** Holly Smyth, Planning Director  
Robert Reber, Adjunct Planner

**SUBJECT:** Site Visit and Discussion of Conceptual Planned Development Plan for the Hillcrest Project by applicant Santa Clara Valley Housing Group

### **RECOMMENDED ACTION:**

- a. Review prior (June 5, 2017) Planning Commission discussion of Conceptual Planned Development Plan for Hillcrest.
- b. Public comment.
- c. Visit project site: Hilltown property (west side of San Pablo Avenue opposite Linus Pauling Drive).
- d. Visit other nearby neighborhoods as time and daylight permit (including potentially the Victoria by the Bay, Bayside, Baywood, and Promenade neighborhoods).

### **DISCUSSION:**

Santa Clara Valley Housing Group (SCVHG) has submitted to the City an application for a conceptual plan for the approximately 44-acre Hill Town site. SCVHG seeks to develop the site with 137 single-family homes on approximately eight acres of the site. Additionally, SCVHG would create a commercial pad on approximately six acres, with the remainder of the site as predominantly open space and wetlands.

**Proposed Project:** The conceptual project plan consists of 137 two- and three-story single-family detached homes, 53 of which would be front-loaded on lots typically around 3,150 sq. ft., and 84 of which would be alley (rear) loaded on lots typically about 1,472 sq. ft. All homes would have attached, enclosed two-car garages. The homes would cover 8.21 acres of the northern portion of the site (18% of the site) and be accessed via a new two-lane, 28-ft.-wide entrance drive off of San Pablo Avenue aligned with Linus Pauling Drive on the west side of San Pablo Avenue. A separate 20-ft.-wide emergency vehicle access (EVA) lane, just south of the main entrance drive, is proposed to connect San Pablo Avenue to the south end of the residential neighborhood. A small neighborhood park is proposed on slightly less than a quarter acre at the center of the neighborhood, and approximately nine acres on the periphery would be set aside and preserved as open space. Approximately 20 acres

of the southern portion of the site are designated for potential but undefined future development, including 6 acres for commercial development and the remaining 14 acres for open space.

**Project Site:** The project site consists of an approximately 44-acre parcel (Assessor's Parcel Number 404-040-064) on the west-facing slopes of a ridge that forms the eastern boundary of Refugio Valley. The site is bounded by the Victoria by the Bay residential development on the north, by John Muir Parkway and a vacant lot (currently proposed for a Safeway market retail center) on the south, by Interstate 80 on the east, and by San Pablo Avenue and the North Shore Business Park on the west. The site lies approximately 0.5 mile from San Pablo Bay and overlooks both the Bay and Refugio Valley, with elevations varying from approximately 30 to 240 feet above mean sea level. The topography of the site is characterized by a relatively level, low-lying area in the southern portion of the site and another relatively level, elevated area in the northern portion of the site, separated by a steep north-to-south trending slope. The northern portion of the site previously consisted of a Pacific Gas & Electric (PG&E) oil storage, heating, and pumping station, the infrastructure for which was removed and remediated in 2008–2013. A storm-water treatment facility consisting of two detention basins and associated equipment on an approximately 50-foot-by-160-foot asphalt pad was developed in the lower portion of the site to pretreat runoff from the tank farm.

Most of the Hill Town site is currently undeveloped, including the majority of the central and northeastern portions of the site and the area around the detention ponds in the southern portion. The undeveloped portions of the site are primarily covered with non-native grassland that is studded with eucalyptus groves and oak trees. In addition to this upland vegetation, the swale along the site's southern boundary supports a small patch of wetland vegetation.

The site presently contains a cellular telephone tower and other utility installations. The cell tower is located in the northeast portion of the site and occupies an approximately 30-foot by 50-foot pad, which also includes a small accessory structure and ground-level equipment. A 30-foot utility right-of-way (ROW) bisects the site from north to south and consists of adjacent easements: one 20-foot EBMUD easement and a 10-foot easement controlled by Phillips 66 (formerly Union Oil of California, a.k.a. Unocal). EBMUD maintains a 24- to 36-inch water transition pipeline through its easement, and Phillips 66 maintains a petroleum pipeline through its easement. PG&E also maintains easements on site: an approximately 65-foot-by-390-foot area in the northwest corner of the site that contains two sets of electrical power line towers; an access easement that follows the site's northern boundary; and a 10-foot pipeline easement that extends from the existing San Pablo Avenue entrance at the northwest corner of the site southward for a distance of about 220 feet.

Restricted access to the existing utility improvements on site is provided via a limited network of paved and unpaved roads and drives. A paved access road extends from the western edge of the former tank farm site, crosses at the base of the earthen berm, and travels in a loop around the southwestern quadrant of the site, encircling the western detention basins. A turn-off from the northern side of this looped road provides access to the storm-water treatment facility. Where the looped road branches off from the main access road, a second branch forks toward the northeast and leads to the cell tower facility.

**Applicable Land Use Regulations:** In 2009, the City approved General Plan and Zoning Ordinance amendments that changed the project site's designation from "Industrial" to "PC-R Planned Commercial-Residential Mixed-Use District," the specific purposes of which are to:

1. Provide the opportunity to accommodate both residential and commercial uses in a well-planned, mixed-use development.

2. Provide the opportunity for an integrated mixture of residential and commercial employment-generating uses within the same structure or site.
3. Allow lower-cost live-work opportunities for start-up commercial enterprises and other smaller-scale point-of-sale enterprises that are compatible with the residential and commercial uses within the building or site.
4. Provide the opportunity for upper-floor residential over ground-floor commercial uses.
5. Encourage mixed-use development that could minimize vehicle use.

**Site Background:** In 2001, the City of Hercules adopted *The Central Hercules Plan* (CHP), a long-range planning document intended to guide the development of a town center for Hercules and establish an overall vision for four interconnected districts in the central portion of Hercules: the Waterfront District, the Central Quarter, the Civic Center/Hospitality Corridor, and Hill Town. The underlying purpose of the CHP was to enhance the City's quality of life, increase mobility, and to create a true town center. According to the CHP's "vision statement" for future development, the "The Hill Town (Hill Town) offers an alternative for upscale residents and should be marketed based on its urbanity, convenience, and views. The demographic segment, to whom this alternative will appeal, with its high discretionary income, is exactly the kind of population that will help generate business in the commercial components of the Town Center as well." However, as described in Chapter VII of the [\*Regulating Code for the Central Hercules Plan\*](#), the Hill Town property is a "permissive" site, meaning the property owner has discretion as to whether development on the site would adhere to the uses, intensity of development, design standards, and other development regulations allowed under the Hill Town planning area of the *Regulating Code for the Central Hercules Plan* or to the standard provisions of the Zoning Ordinance.

On April 16, 2007, the Hercules Planning Commission held a public hearing at which it conditionally approved an application by Santa Clara Valley Housing Group, Inc. (SCVHG, same as the current applicant) for an Initial Planned Development Plan (IPDP 07-01) to develop the site with 640 residential dwelling units, a neighborhood retail facility, and a series of public and private open space amenities, all with a Tuscan villa hillside theme. The conditions of approval stipulated that the applicant (a) return with an analysis of how the project would connect with the surrounding community and (b) revise the site design to include additional entries to the site.

Following up the Planning Commission's review of the Initial PDP, the City and its then Redevelopment Agency in 2008 entered into a Development & Owner Participation Agreement with SCVHG to develop the project site in accordance with the Initial PDP. To facilitate the agreement and enable the project, and for consistency with the goals and concepts of *The Central Hercules Plan*, the City in 2009 amended the General Plan land use and zoning designations for the Hill Town site from Industrial (I) to Planned Commercial Residential Mixed-Use District (PC-R). The PC-R district allows for up to 40 dwelling units per acre (du/ac) as well as non-residential development with a Floor Area Ratio (FAR) of 4.0. The district has minimal front and rear setbacks (10 feet each) and no required side setbacks. Residential buildings may be up to 40 feet in height, while mixed-use (commercial and residential) buildings can rise to 50 feet and buildings with frontages along San Pablo Avenue may be up to 65 feet. Most other aspects of site planning and building form are left to be determined through the mandatory Planned Development and Design Review processes.

Concurrent with changing the land use and zoning designation for the site, the City certified an [Environmental Impact Report](#) (EIR) that presumed development of the Hill Town site consistent with the full scope of development described in IPDP 07-01 and the Developer & Owner Participation Agreement, including 640 residential units and 4,000 sq. ft. of retail.

The site previously consisted of a Pacific Gas & Electric (PG&E) oil pumping station, comprising eight above-ground storage tanks, water holding/evaporation ponds, and one retention basin. The above-ground storage tanks were removed from the site in late 2010 and early 2011. Subsequently, a total of 20,200 tons of petroleum-impacted soil on the site was treated through bio-remediation. Another 1,000 tons of concrete, steel, and wood debris were excavated and removed from the property, as were about 7,600 gallons of oily water and 1,372 tons of oily soil. Following extensive site sampling and testing, the San Francisco Bay Regional Water Quality Control Board (RWQCB) issued a letter of staff concurrence (dated April 30, 2015) stating that no further remediation work related to residual petroleum fuel/fuel constituents is necessary for the property and that the site is suitable for unrestricted residential development.

**Future Review and Approvals:** On February 23, 2017, SCVHG submitted an application for a new “Conceptual PDP” reflecting the current proposal of 137 single-family residential dwellings unit for the property. As currently presented, the project would need the following discretionary approvals from the City Council (presuming the applicant opts to follow standard provisions of the Zoning Ordinance rather than the Central Hercules Regulating Code):

- ***Initial and/or Final Planned Development Plan (PDP)***
  - As required by Section 48.200 of the City’s zoning code.
- ***Design Review Permit***
  - The project must follow the Design Review process and findings outlined in Chapter 42 of the Zoning Ordinance. Design review would include the full review of building elevations, site plan, and landscape plans, in conformity with City plans and requirements.
- ***Vesting Tentative Tract Map***
  - A subdivision of 137 individual residential lots and remainder commercial pad and open space and cell tower parcels.

Because the Conceptual PDP involves no formal or binding actions, the Conceptual PDP does not require review under the California Environmental Quality Act (CEQA). Nonetheless, the discretionary entitlement approvals listed above needed to construct the project would be subject to CEQA review and clearance. Staff anticipates the required CEQA review will involve either an addendum to the Hercules Updated 2009 Redevelopment Plan Environmental Impact Report (that included SCVHG’s previously approved Initial Planned Development Plan for 640 multi-family dwelling units and 4,000 sq. ft. of retail on the site) or a Mitigated Negative Declaration.

At its regular meeting on June 13, 2017, the City Council approved a contract with WRT, LLC (with LSA Associates as environmental subcontractors) to assist City staff in conducting the necessary environmental studies and drafting the planning documents required for the project.

### **Site Visit and Continuing Discussion from June 5 Planning Commission Meeting**

The Conceptual Planned Development Plan (PDP) is an optional and non-binding review intended to provide the landowner/applicant an opportunity to receive preliminary comments from City officials and members of the public before proceeding with more detailed and complex project plans. As such, there is no formal action that the Planning Commission needs to take regarding the conceptual PDP. At this stage, the applicant and staff are seeking input and feedback from the Commission and the community on questions and issues in a “workshop” format whereby the

preliminary project proposal can be evaluated for how it achieves the City's objectives for the site, and where it may be improved so that the applicant's and the City's goals can best align.

At its regular meeting on June 5, 2017, the Planning Commission initiated informal consideration of SCVHG's "Hillcrest" proposal for the "Hill Town" site. The June 5 discussion covered a series of topics laid out in the Staff Report for that meeting, under the heading "Issues for Planning Commission Consideration." This report follows the same set of topics, reporting on key points from the June 5 discussion. Discussion highlights are provided below in bulleted format.

### **Topography**

- Planning Commissioners generally appreciated the way the proposed project was designed to limit the need for site grading.
- One Commissioner suggested that development could be more attractive if it retained some slope rather than placed on a flat pad. Another Commissioner pointed out that that portion of the site was already highly graded, and that he'd like to see as little additional slope engineering as possible to avoid landslide hazards.
  - *SCVHG representatives said that their engineers determined this site plan as the best option from a soil stability perspective as well as for accessibility reasons.*
- The Commission expressed its desire to better understand the topography along the site's northern edge, adjacent to the existing neighborhoods.

### **Vegetation and Landscaping**

- Staff noted that the current plans are unclear on the removal and integration of existing trees into the project.
  - *SCVHG representatives noted that the proposal would feature 5-to-1 replacement of trees.*
- One Commissioner pointed out that eucalyptus trees should not be protected, since they are fire hazards. He felt that most of the trees in the proposed plant palette look appropriate, with the exception of the flowering pear which has proven problematic in some areas of Hercules.
- A Commissioner inquired about how much turf was included in the landscaping plan.
  - *SCVHG representatives stated that turf was limited to the small common open space. Elsewhere on the site, grass would be seeded for erosion control.*
- A Commissioner suggested that the Applicant work with an arborist to understand what would grow well in the open space areas.

### **Land Use**

- One Commissioner stated that the proposed development was entirely single-family residential, which does not match the City's goals for the site. He suggested multi-family housing be included, perhaps along the San Pablo Avenue frontage.
- Another Commissioner suggested the inclusion of duplexes and triplexes in clusters, providing more variety of housing types and versatility for residents at different stages of life. The Promenade development was cited as a positive example.
- A third Commissioner stated that he was not concerned about the lack of higher-density housing types on this site, because these will be provided by the Waterfront development.
  - *SCVHG representatives suggested that townhomes were a possible component of the future development on the lower portion of the site.*

- A Commissioner observed that he wasn't aware of developments where single-family houses directly faced each other in such close proximity.
  - *SCVHG representatives offered to find examples.*

### **Phasing and Site Relationships**

- One Commissioner described the proposal as “circular” and inward-facing.
- Commissioners saw that as currently represented, the proposed residential development on the upper portion of the site and the future commercial development on the lower portion would have little connection.
  - *SCVHG representatives clarified that the emergency vehicle access (EVA) road shown on the plans is meant to also function as a pedestrian path, which could also provide access between the upper and lower developments in the future.*
- Commissioners were interested in seeing a three-dimensional model showing the proposed development as well potential building massing of future commercial development.

### **Access and Relationship to the Surrounding Community**

- Staff expressed concern that the single vehicular access may not be adequate.
  - *SCVHG representatives stated that they'd like to meet with Fire District personnel to go over this issue.*
- One Commissioner pointed out that the access roadway, as depicted, would have only one lane in each direction, and expressed concern that left-turning (south-bound) traffic out of the development would cause backups.
  - *SCVHG representatives agreed to consider providing a right-turn (north-bound) stacking lane.*

### **Parks and Open Space**

- Commissioners noted that it would be helpful to get clarity about which parts of the property will be set aside as open space for the initial residential phase, and which parts are anticipated to be set aside as open space as part of a future commercial phase.
- Commissioners were interested in seeing more of the site be usable as recreational open space. The exercise stations in Refugio Valley Park were cited as an example.
- Commissioners envisioned a path up to the cell tower on the highest portion of the site.
  - *SCVHG representatives stated that access to the open space would not be restricted, and were interested in these ideas.*
- Commissioners agreed that the proposed central open space may not be sufficient to meet the needs of future residents.
- One Commissioner pointed out the importance of recreation amenities to serve not only small children but older children and teens as well. For example, it would be good to provide sports courts.
- A Commissioner suggested the site adjacent to the intersection of the proposed access road and San Pablo Avenue as a potential park site.
  - *SCVHG representatives said that they had considered that possibility, and would reconsider.*
- One Commissioner suggested that a community gathering place (for example, a clubhouse) could be a valuable amenity, and could also generate revenue.

## Views and Visibility

- Staff asked whether the site plan optimized views to the bay.

## Architecture and Design

- One Commissioner was concerned about the lack of driveways shown on the proposed plans, noting that this would likely result in conflicts over limited on-street parking.
  - *SCVHG representatives stated that all units would have garages, and on-street parking would be provided at a ratio of one space per unit.*
- One Commissioner emphasized desire to see more articulation and variety of housing types. She wanted to see houses that differed in their massing, not just in their exterior details.
  - *SCVHG representatives noted that they could include “enhanced” elevations for units that would be especially visible. Staff suggested that this may be especially relevant for houses with rear facades along the south-facing slope.*
- The Commissioner stated that she would like to see floor plan variety as well as variety in building massing, pointing to the need for versatility to suit changing household types and people at different stages in life.
- One Commissioner was concerned about a potentially tunnel-like experience along the interior streets, resulting from relatively tall structures, limited setbacks, and narrow streets.
  - *SCVHG representatives agreed to review their plans again with this in mind.*

At the conclusion of the June 5 meeting, the Planning Commission requested that staff—with property owner consent—make arrangements for the Commission and the applicant to visit the project site as well as other nearby residential neighborhoods. Staff has arranged for this June 19 meeting of the Planning Commission to include a site visit to the “Hillcrest” site, as well as visits to the neighborhoods recommended by the Commission for comparison, including the Victoria by the Bay, Bayside, Baywood, and Promenade neighborhoods.

Additionally, the City has contracted with WRT to act as an extension of City staff for the Hillcrest project, a role that includes providing additional design guidance at the conceptual stage. Attachment 5 to this report provides a conceptual “sketch plan” showing how the proposed project could be adjusted to address the Planning Commission’s priorities from the June 5 discussion.

## ATTACHMENTS:

1. Illustrative Site Plan, Detail Site Plan, Sections/Elevations, and Illustrative Images
2. Preliminary Development Plans
3. Architectural Plans & Elevations
4. Photo-Simulations
5. WRT Conceptual Sketch