



# Agenda Report

**MEETING DATE:** Tuesday, July 6, 2021

**TO:** City Council

**FROM:** COMMUNITY DEVELOPMENT DIRECTOR MERRIAM  
JUSTIN MEEK, AICP, PRINCIPAL PLANNER

**SUBJECT:** PUBLIC HEARING TO CONSIDER APPROVAL OF A MAJOR  
MODIFICATION (P155) TO MAJOR SUBDIVISION, SPECIAL USE  
PERMIT WITH DESIGN REVIEW AND SPECIFIC DEVELOPMENT  
PLAN (PP2016-199 & PP2017-116) AND ADDENDUM NO. 2 TO  
THE PREVIOUSLY CERTIFIED ENVIRONMENTAL IMPACT REPO

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## STATEMENT OF ISSUES:

Consideration of a Major Modification, Tentative Map, and EIR Addendum No. 2 to the Hillcrest Estates (formerly Sunshine Vista) project. Modifications include a reduction from 150 to 144 units, modification to design, floor plan, and layout of units, modified remedial grading and circulation.

## RECOMMENDED ACTION:

Staff recommends that the City Council adopt:

1. A resolution approving First Amended Tentative Map for the subdivision of a 13± acre site into 144 residential lots and six common area parcels; and
2. A resolution approving a Major Modification (P155) to the Special Use Permit with Design Review and Specific Development Plan (PP2017-116) for the construction of 144 dwelling units on individual parcels, consisting of 5 single-family units, 60 duplex-style townhouse units and 76 row-style townhouse units on a 13± acre site located at 511 Ohlone Parkway, Watsonville, California.
3. A resolution approving Addendum No. 2 to the certified Sunshine Vista Phased Development Project EIR.

The recommendation is based on the findings attached to the Resolutions as Exhibits A and B, and subject to the conditions of approval attached to the Resolutions as Exhibit C.

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## BASIC PROJECT DATA

**Application:** P155  
**Location:** 511 Ohlone Parkway (APN: 018-372-14 and 018-381-01)  
**Lot Size:** 11.85± acre

**General Plan:** Residential High Density  
**Zoning:** Multiple Residential High Density/Planned Development Overlay (RM-3/PD)  
**Surrounding:** Residential Medium Density in the RM-2/PD Zoning District (west), Environmental Management in the EM-OS Zoning District (north and east), Industrial in the IG Zoning District (south), and Industrial in the Manabe-Ow Specific Plan Area (southeast)

**Existing Use:** Vacant (former automotive dismantling, repair and storage; open space next to Watsonville Slough; entitled 150-unit residential development)  
**Proposed:** 144-unit residential development with modified Tentative Map and Specific Development Plan  
**Surrounding:** Residential (i.e., townhouses), industrial, vacant industrial lot, open space

**Flood Zone:** The lower elevations of the project site next to the Watsonville Slough is within the 100-year floodplain with a base flood elevation of 26 feet (FEMA Flood Map Panel 0392E, no. 06087C0392E, May 16, 2012)

**CEQA Review:** An Environmental Impact Report (EIR) was certified by the City Council on August 28, 2018 for the original 150-unit residential project. Addendum No. 1 to the certified EIR was prepared for the installation of a roundabout at Ohlone Parkway and Loma Vista, use of Errington Road as secondary access route, and revisions to Mitigation Measure N-6. Addendum No. 2 to the certified EIR was prepared for the modified, 144-unit project.

**Applicant:** John Fry, CDM Real Estate Co., 444 Airport Blvd, Ste 203, Watsonville, CA  
**Owner:** California Sunshine Development LLC, 4041 Soquel Dr, Ste 403, Soquel, CA

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## PROJECT HISTORY

The project site, now called Hillcrest Estates, was known previously as Clusters and has served as a car repair, maintenance, and disposal business since the 1960s.

On June 15, 2017, an application for General Plan Map Amendment, Rezoning, Planned Development, Major Subdivision (Tentative Map), and Special Use Permit with Design Review (PP2017-116) to allow construction of 150 dwelling units on individual parcels, consisting of 23 single-family units, 40 duplex-style townhome units and 87 row-style townhome units on a 13± acre site located at 511 Ohlone Parkway, Watsonville, California, was filed by California Sunshine Development LLC, applicant and property owner. The preparation of the EIR for the project was filed under a separate permit number (PP2016-199).

On June 5, 2018, the Planning Commission considered all written and verbal evidence regarding this application at a public hearing and made findings in support of the proposed entitlements to allow construction of 150 dwelling units on the project site ([Planning Commission meeting agenda](#)).

On June 26, 2018, the City Council conducted a public hearing to consider written and verbal evidence regarding this application ([City Council video recording](#)). Twelve members of the public spoke at the meeting, expressing their concerns about the project.

On August 28, 2018, the City Council adopted Resolution No. 139-18 (CM), certifying the Final EIR prepared for the Sunshine Vista Phased Development Project, consisting of the construction of 150 dwelling units on individual parcels on a 13± acre site located at 511 Ohlone Parkway, Watsonville, California (APNs 018-372-14 & 018-381-01); making certain findings concerning potentially significant impacts, mitigation measures and alternatives; and adopting a Mitigation Monitoring and Reporting Program for the project, in accordance with the California Environmental Quality Act (CEQA).

The City Council also approved a General Plan Map Amendment, Zoning Map change, Tentative Map, and Special Use Permit with Design Review to entitle the construction of the Sunshine Vista Phase Development Project (Resolution Nos. 140-18 through 142-18 [CM] and Ordinance No. 1372-18 [CM]).

As part of the August 28 project approval, the City Council ([agenda](#), [video](#)) required the installation of a roundabout at Ohlone Parkway and Loma Vista Drive *and/or* use of Errington Road as a permanent secondary access road (per Condition of Approval No. 8). These roadway improvements were not contemplated prior to the hearing and were not evaluated in the EIR, thereby requiring additional environmental review. The full text of Condition of Approval No. 8 is included below for reference.

**8. Off-site Improvements: Secondary Access and/or Roundabout.** Applicant shall (a) provide secondary access via Errington Road within the 30-foot wide right-of-way on the east side of a 1.7± acre property owned by the Sea View Ranch Homeowners Association (APN 018-661-31) and/or (b) install a roundabout at the intersection of Ohlone Parkway and Loma Vista Drive. If the applicant is required to select option “a,” the existing dirt road shall be improved to a 20-year road standard and the CC&Rs shall identify the HOA established for the project site as the responsible party for maintenance of the roadway. Since primary pedestrian access would be provided via the extension of Loma Vista Drive to the project site, this secondary access road will not be required to provide sidewalk and street trees. If the applicant is required to select option “b,” the applicant shall design and construct a roundabout as part of the first phase of development. In addition, the City shall determine a cost sharing arrangement with the applicant for installing the roundabout as part of a separate Development Agreement. (CDD-E)

In October 2018, the applicant requested modifying Mitigation Measure N-6 regarding the mitigation of construction noise. The applicant indicated that it would be technically infeasible

to install the required temporary sound attenuation barrier along the north and south edge of the project site.

On March 12, 2019, the City Council adopted a Resolution approving Addendum No. 1 to the certified EIR for the Sunshine Vista (now Hillcrest Estates) development ([agenda](#), [video](#)). The purpose of Addendum No. 1 was to modify the project description regarding site access and preparation of a noise study regarding construction noise reduction techniques and potential new roadway improvements (i.e., the use of Errington Road as a permanent secondary access road and installation of a roundabout at the intersection of Ohlone Parkway and Loma Vista Drive).

The Council changed in the November 2018 elections after the subdivision was approved in June 2018. The Council changed again in the November 2020 elections after Addendum No. 1 to the EIR was approved in March, 2019. So not all members of the Council tonight participated in the earlier decisions.

The Council's approval of Addendum No. 1 did not predetermine which of the two roadway improvements would be constructed as part of the project. A final determination regarding whether the roundabout will be included in the project would be negotiated as part of a Development Agreement. Including both roadway improvement options in Addendum No. 1 provided flexibility to pursue either option or both options, if desired, at a future date without having to conduct further environmental review.

## **PROCESS**

On May 18, 2021, an application for a Major Modification to the Original Project known as Hillcrest Estates (formerly Sunshine Vista) was submitted for review. The original project entitlements involved certification of an Environmental Impact Report, adoption of a General Plan Map Amendment, Rezoning, Planned Development Overlay District, Major Subdivision (Tentative Map), and Special Use Permit with Design Review and Specific Development Plan (PP2016-199 & PP2017-116) for the construction of 150 dwelling units on individual parcels, consisting of 23 single-family units, 40 duplex-style townhome units and 87 row-style townhome units.

The proposed modifications include the reduction in the total number of units from 150 to 144, modification of the Tentative Map and grading plans, parking and project phasing, and minor modifications to landscaping, circulation, programming of common open space, building design and floor plans.

### Major Modification to Special Use Permit with Design Review

Section 14-12.1000 of the Watsonville Municipal Code (WMC) allows for both minor and major modifications to approved permits. A major modification is considered a request that involves more than 25% of the building area or project site area where new construction is involved, include minor changes in design, and minor design changes that represent improvements to engineering, site design, or building practices that would not result in negative impacts.

All other revisions are considered major, and shall be forwarded to the final decision making body in accordance with the procedures established for the original approval. For this project, the final decision-making body was the City Council.

### Tentative Map

Tentative Maps normally are considered by the Planning Commission with recommendation to the City Council, however because this is part of a Major Modification application, it is being considered by the final decision making body only.

The approval of the Tentative Map shall in no way relieve the subdivider of the responsibility to comply with the requirements of WMC Title 13 (Subdivisions & Maps) and to provide the improvements and easements necessary to meet all City standards, whether or not the same are set forth in the approval of the Tentative Map. The City Council may not approve a Tentative Map unless it makes all of the findings set forth in the City's Subdivision Ordinance. See [subdivision \(d\) of WMC Section 13-04.09](#). In the event that one or more of the findings included in WMC Section 13-04.09 cannot be made to support approval or conditional approval of the Tentative Map, the map shall be denied.

### EIR Addendum

An Addendum to the certified Final EIR for the Original Project is the appropriate document to address the proposed Modified Project because the proposed modifications to the approved Original Project do not meet the conditions of Section 15162(a) of the CEQA Guidelines for preparation of a Subsequent EIR. The proposed Modified Project would not result in new or more severe impacts related to: 1) substantial changes to the Original Project which requires major revisions to the certified Final EIR; 2) substantial changes to the circumstances under which the Original Project are being undertaken which will require major revisions to the certified Final EIR; or 3) new information of substantial importance showing significant effects not previously examined.

The certified Final EIR and the Addendum to the certified Final EIR serve as informational documents to inform decision-makers and the public of the potential environmental consequences of approving the proposed Modified Project. An Addendum neither controls nor determines the ultimate decision for approval of the proposed Modified Project. The City Council shall consider the information presented in the Addendum to the certified Final EIR alongside the certified Final EIR prior to making a decision on the Modified Project.

## **DISCUSSION**

### Existing Site

The project site is located approximately 200 feet east of Ohlone Parkway and a half-mile east of Highway 1. Two legal parcels comprise the project site: APNs 018-372-14 and 018-381-01. The project site has served as a car repair, maintenance, and disposal business since the 1960s. Specific known activities have included automotive dismantling, car crushing, car burning, automotive repair, automotive bodywork, automotive service, and storage of automotive waste fluid. As of January 2017, there were numerous vehicles stored or discarded at the site (estimated at over 1,000), as well as seven associated dilapidated commercial buildings.

Since approval of the original project in 2018, the entire project site has been cleaned up, with all buildings and vehicles removed from the site.

Surrounding Uses

The site is bordered to the north and east by the Watsonville Slough, to the south by vacant industrial land and a trucking and hauling company, to the southeast by former vacant land presently under development as the Sunshine Gardens residential project, and to the west by the Sea View Ranch residential development.

Proposed Modifications

Approved in 2018, the original project allowed the construction of 150 dwelling units consisting of 23 single-family units, 40 duplex-style townhome units and 87 row-style townhome units (Attachment 3). The project has been revised in order to reduce the construction costs for the entire project, including soil remediation, grading and retaining walls, as well as the unit design and number of floor plans proposed.

The following items are proposed to be modified for the project:

	<b>Item</b>	<b>Original Project</b>	<b>Proposed Modification</b>
1	Total units	150 units	144 units
2	Affordable units	30 affordable	29 affordable
3	Phasing	2 phases	5 phases
4	Grading/remediation	Off-haul approx. 35,000 cu. yd.	Bury approx. 18,000 cu. yd. in containment pit, off haul remainder
5	Errington Road	used for construction traffic only	1-way ingress, 12-foot wide
6	Building design	modern craftsman	modern craftsman
7	Building type	Single family dwellings and duplex, 3-plex, 4-plex, 6-plex and 8-plex style townhomes	Single family dwellings and duplex, 3-plex and 4-plex style townhomes
8	SFD	23 3-bedroom units	5 3-bedroom units
9	height	26 ft	24 ft
10	Duplex	40 3-bedroom units	60 3-bedroom units
11	height	35 ft	32 ft
12	Row style plexes	87 2- to 3-bedroom units	76 3-bedroom units
13	height	35 ft	31 ft
14	# units attached	3 to 8	3 to 4
15	Lot size	705 to 2793 sf	917 to 5444 sf
16	Resident parking	300	288
17	Guest parking	111	86

## Major Modifications

### *Tentative Map*

The Tentative Map approved in 2018 provided for the creation of 150 residential lots and associated open space areas, including the slough trail. The revised Tentative Map proposes the creation of 144 residential lots with similar open space areas. The street pattern and emergency access through the Sunshine Gardens development will remain unchanged.

The project proposes modifications to the grading plan by utilizing 2:1 slopes rather than 3:1 slopes, reducing the overall height and length of retaining walls from the Original Project, with maximum retaining wall height at 14-feet at the edge of the proposed sport court. The geotechnical firm for the project indicates that the proposed grades will not result in slope instability and that the proposed subdivision is feasible from a geotechnical perspective. The analysis in their report has been reviewed by the City Engineer. A condition of approval requires that the project design adhere to the specific recommendations and criteria in the geotechnical report to the satisfaction of the City Engineer.

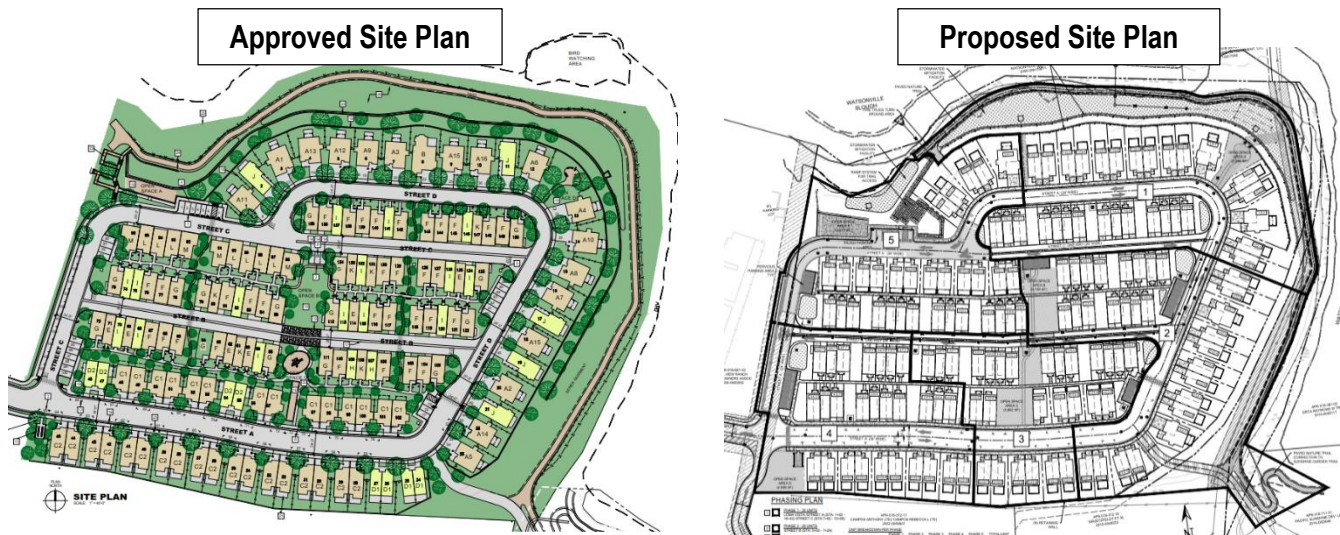
### *Unit Count and Configuration*

The revised project includes significantly fewer single family detached homes and more attached duplex and row-style townhomes. The Original Project included both 2- and 3-bedroom units, whereas the revised project proposes all 3-bedroom units. The difference in type of units is outlined below:

<b>Unit Type</b>	<b>Original Project</b>	<b>Proposed Project</b>
<b>Single Family</b>	23	5
<b>Duplex</b>	40	60
<b>Row Style</b>	87	76
<i>Total</i>	<i>150</i>	<i>144</i>

The Original Project included 14 different floor plans for the single family, duplex and row style units. The modified project proposes six floor plans with eight different elevations to provide variation to the exterior design of the development.

The modified project design involves removing the long, unbroken row-style townhome units, reducing the number of attached units to 4 maximum, and providing additional landscaped areas and pathways between buildings. By breaking up the 6- and 8-plex style townhome buildings and replacing them with 3- and 4-plex style townhome buildings, the project may appear less dense even though the project will result in only six fewer units. The additional pathways between buildings will also provide better circulation throughout the site.



**FIGURE 1** Approved and proposed site plan for Hillcrest Estates

Source: Architectural Plans for Hillcrest Estates

### *Affordable Units*

The Original Project provided affordable units spread throughout the development, to include the single family, duplex, and row-style units with specific floor plans for those units that would have been smaller than the market rate units. For example, the market-rate single family homes included 2,078 square feet of living area, whereas the affordable single-family homes would have included 1,392 square feet of living area. The revised project proposes to provide one affordable row-style floor plan to be dispersed throughout the project, with a living space totaling 1,397 square feet. The exterior elevations of the affordable units would be varied so that the units would not be distinguishable from the market-rate units.

The project requires adoption of an Affordable Housing Agreement by the City Council, which identifies which lots will be deed-restricted affordable, the term of affordability, and the process by which the units will be advertised and sold. The Affordable Housing Agreement will be considered by City Council with the Development Agreement for the project at a future date.

### *Open Space*

The original project provided four common open space areas for residents of the development. These included a bocce ball court, children’s playground, open play lawn, and observation deck. The revised project includes these same features with some modification and additions, as outlined in Table 1 below and shown on the Landscape Plan and Site Amenities (Attachment 2, sheets L-1.0 and L-2.0).



**TABLE 1** Comparison of Open Space Amenities

<b>Item</b>	<b>Original Project</b>	<b>Proposed Modifications</b>
Common Area A	Bird observation venue - tables & benches	Bird observation venue - tables & benches
Common Area B	Play lawn	Children play area, community garden, family area
Common Area C	Tot lot and bocce ball court	Adult gathering & bocci ball venue
Common Area D	Mailbox location	Vista Point at Errington, Loma Vista & Street - A Loop
Common Area E	Observation deck, picnic tables, tables & chairs	Community event venue & active hard-court play area [basketball – volleyball – pickle ball – barbeque area]
Site-wide	Construction of the slough trail	Exercise par-course throughout the development & construction of the slough trail

Attachment 12 provides a materials board for the children’s playground equipment, tables and benches, community garden, and other amenities to be installed throughout the site.

*Design*

The design of the units has been modified as the number of unit types has been reduced, as well as the mix of housing types, however both the Original Project and the revised project propose a modern Craftsman architectural style. Distinguishing characteristics include a mix of stucco, vertical and horizontal siding, faux-stone bases, and shingling. These proposed materials are shown in Attachment 12.

The City’s *Livable Community Residential Design Guidelines* (2001) is used in concert with the City’s General Plan, Zoning and Subdivision Ordinance for new housing developments. The *Design Guidelines* add a qualitative direction for new projects in support of General Plan policies, and provide guidance for increasing density with greater attention paid to amenities and creating interconnected and livable neighborhoods. The *Design Guidelines* also supplement the Zoning Ordinance, which establishes basic quantitative direction for residential development standards (e.g., setbacks, lot coverage, parking), by providing neighborhood and architectural design principles and objectives. In addition, the *Design Guidelines* augment City engineering design standards with additional criteria for streetscapes and a greater variety of street sizes, including narrow alley streets.

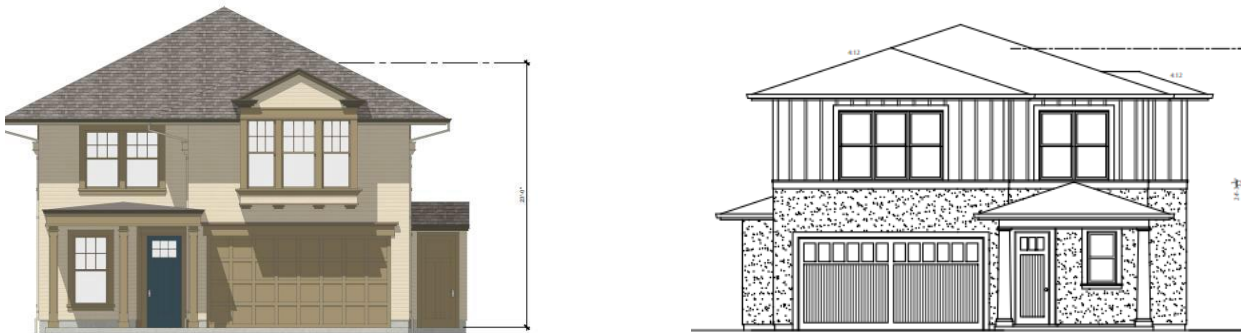
The design of the original project was reviewed and found to be in conformance with the City’s Design Guidelines, and the modified design elements of the revised project, while different than the Original Project, provide a variety of finish materials, patio areas and porches. The building facades are well composed, balanced, and appropriately articulated, and the materials are of high quality, and exterior materials and finishes will be aesthetically pleasing and harmonious. The massing of wall and roof planes are sufficiently broken up by the use of balconies, offsets in surfaces, and the use of complimentary materials and trims that reflect traditional styles.



**FIGURE 2** Exterior design of row-style townhouses for the Original Project



**FIGURE 3** Proposed row house design for the Modified Project



**FIGURE 4** Original and proposed single-family residence design

*Circulation: Loma Vista Roundabout and Errington Road*

Circulation was voiced as a project concern from the June 5, 2018 Planning Commission hearing for the project, as residents of the adjacent Las Casitas development were largely unaware that Loma Vista was a public street that could eventually be extended.

When the Original Project was approved by City Council in 2018, Council required the installation of either a roundabout at Ohlone Parkway and Loma Vista Drive and/or the use of Errington Road as a permanent secondary access road. These roadway improvements were not contemplated prior to the hearing and were not evaluated in the EIR, and therefore additional

environmental review was required. Special Use Permit with Design Review Condition of Approval No. 26 required this additional study to be completed prior to completion of the 121<sup>st</sup> unit in the project. Tentative Map Condition No. 8 required that the roundabout, if chosen as an option, would be constructed as part of Phase 1 of the development. These two conditions created a conflict in timing of improvements.

The additional review of the roundabout and Errington Road as secondary access was completed and presented to the City Council in an EIR Addendum No. 1 on March 12, 2019.

The EIR Addendum No. 1 included a traffic study to review traffic conditions with and without the conversion of the Ohlone Parkway/Loma Vista Drive intersection into a roundabout. The study also evaluated a potential secondary access on Errington Road with project traffic and whether operations at Ohlone Parkway/Loma Vista would change with the secondary access road.

The traffic study prepared for the EIR Addendum No. 1 found that while there would be no significant traffic impacts associated with the provision of Errington Road as a secondary access road, there would be no significant improvement in the operation of the intersection at Ohlone Parkway and Loma Vista Drive with or without an Errington Road access road. A roundabout at Loma Vista and Ohlone Parkway, however, would improve the existing operations from LOS C and LOS B during the morning and afternoon peak hours, respectively, to LOS A for both periods under all conditions. In addition, a roundabout would make crossing Ohlone Parkway safer for pedestrians.

The decision regarding a final circulation plan was not made at the March 12, 2019 meeting, but was put off until such time that the Development Agreement was considered for approval. This final decision can also be made through the Major Modification application process.

The developer is requesting approval of a circulation pattern that includes the construction of a roundabout at the intersection of Loma Vista and Ohlone Parkway as part of Phase 3 of construction, and the retention of Errington Road as an ingress-only, 12-foot wide street. The main entry/exit point would remain through Loma Vista, however the applicant would like to retain this secondary ingress point for residents of the project.

The original condition No. 8 of the Original Project called for the construction of the roundabout at Ohlone Parkway and Loma Vista with Phase 1 of the development. The applicant is requesting that the condition be modified to defer construction of the roundabout to Phase 3 of construction, after the 59 units in Phase 1 and 2 have been completed. Given that the EIR for the Original Project identified that traffic generated by the project would not require the installation of the roundabout as a mitigation measure, the deferral of the roundabout construction to Phase 3 of the project is acceptable. The proposed modification to Condition No. 8 is listed below.

**8. Off-site Improvements: Secondary Access and/or Roundabout.** Applicant shall (a) provide a 12-foot wide ingress-only secondary access via Errington Road within the 30-foot wide right-of-way on the east side of a 1.7± acre property owned by the Sea View Ranch Homeowners Association (APN 018-661-31) and (b) install a roundabout at the

intersection of Ohlone Parkway and Loma Vista Drive. ~~If the applicant is required to select option "a,"~~ Errington Road ~~the existing dirt road~~ shall be improved to a 20-year road standard and the CC&Rs shall identify the HOA established for the project site as the responsible party for maintenance of the roadway. ~~Since primary pedestrian access would be provided via the extension of Loma Vista Drive to the project site, this secondary access road will not be required to provide sidewalk and street trees.~~ ~~If the applicant is required to select option "b,"~~ ~~t~~The applicant shall design and construct a the roundabout as part of the ~~first~~ third phase of development. ~~In addition,~~ The City shall determine a cost sharing arrangement with the applicant for installing the roundabout as part of a separate Development Agreement. (CDD-E)

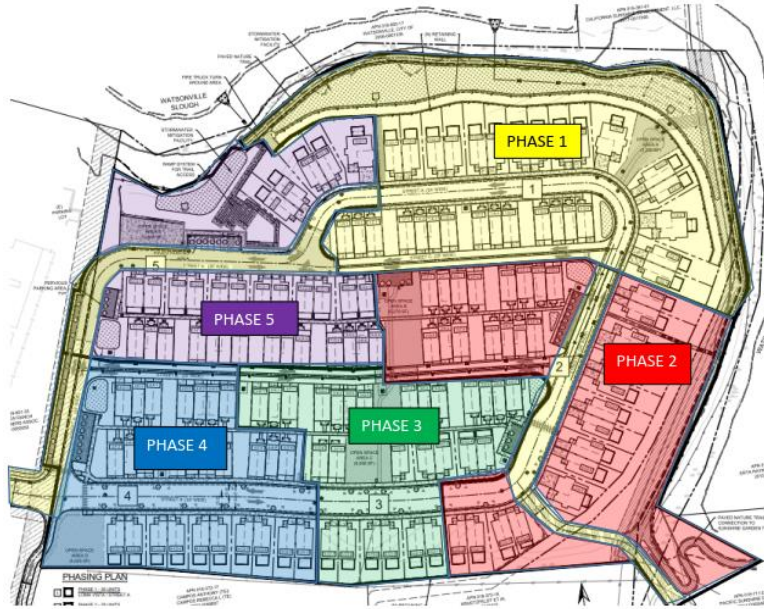
### *Parking*

The Original Project provided 411 parking spaces for 150 units, which included 300 garage spaces for residents and 111 spaces for guests in driveway aprons and in designated parking areas throughout the project. The revised project includes six fewer units, with 288 garage parking spaces (2 per unit), and 86 guest parking spaces in the driveway aprons and in designated parking areas throughout the project.

Each 3-bedroom unit is required to provide at minimum a 2-car garage for resident parking. In addition, for projects with more than 125 dwelling units, the minimum parking requirement for guest parking is one space per eight bedrooms. The 144-unit project would include 432 bedrooms. Therefore, a minimum of 288 resident parking spaces are required within garages, and 54 guest parking spaces are required. The project will provide 288 resident parking spaces within a 2-car garage for each unit, with 86 guest parking spaces throughout the site, and therefore the parking requirement is met.

### *Phasing*

The Original Project was intended to be built in one phase, however, after approval, the developer proposed to split the project into several phases. The Development Agreement and Phasing Plan outline the construction of the project split into five phases over a five year period, beginning with environmental grading in the summer of 2021. The phasing plan is outlined in Attachments C and D of the Development Agreement, and the phasing map is included below and is a part of the project plans.



**FIGURE 5** Phasing of Hillcrest Estates Development  
 Source: Civil Plan Set, sheet C-4.0

Environmental Review

*EIR Addendum #2*

The Hillcrest Subdivision project is substantially similar to the Sunshine Vista Subdivision approved in 2018, and amended in 2019. The City has conducted new environmental review via an EIR Addendum #2, and has concluded that substantial changes are not proposed to the Original Project nor would the changes requested require substantive revisions to the certified Final EIR prepared for the Original Project. Impacts beyond those identified and analyzed in the certified Final EIR would not be expected to occur as a result of the Modified Project. Overall, the proposed modifications to the Original Project that constitute the Modified Project would not result in new impacts or mitigation information of substantial importance that would generate new, more severe impacts or require new mitigation measures compared to those identified for the Original Project in the certified Final EIR.

Therefore, the City certified the analyses conducted and the conclusions reached and the mitigation measures adopted in the Final EIR certified in August 2018. The Modified Project will not result in conditions identified in State CEQA Guidelines Section 15162 requiring supplemental environmental review or a Subsequent EIR. The Modified Project remains subject to all previously adopted mitigation measures included in the certified Final EIR for the Original Project, except for Mitigation Measure N-6, which may be implemented in accordance with Addendum No. 1. This Addendum No. 2 to the previously certified Final EIR has therefore been prepared in accordance with Section 15164 of the State CEQA Guidelines (Attachment 6).

*Remediation of Contaminated Soils*

As the property was used for approximately 60 years as an auto-wrecking, dismantling and storage yard, soil contamination exists onsite. The chemicals of potential concern evident onsite include arsenic, hexavalent chromium, lead, nickel, diesel and motor oil, and naphthalene, and

the goal of the remediation is to remove contaminated soil so that the soil leftover contains levels and concentrations that area safe for the residential development. There are established federal guidelines that direct safe levels of contaminants in soils and remediation plans are reviewed and approved by the County of Santa Cruz Health Services Agency.

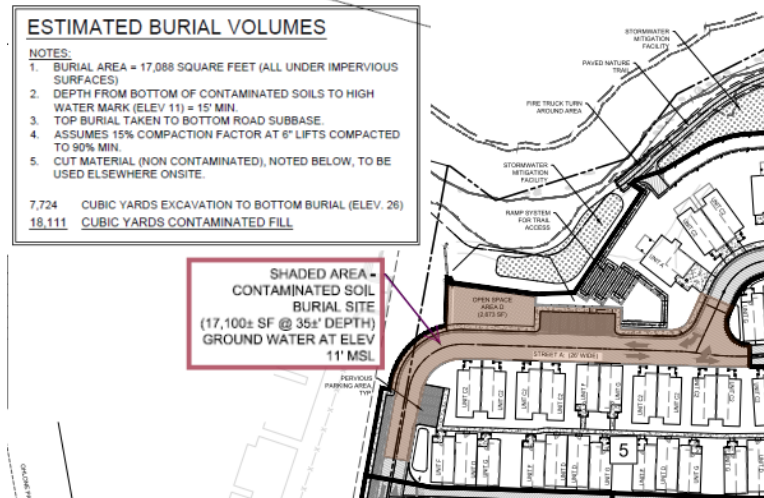
The Original Project proposed to create a relatively flat-lying development with retaining walls and the export of approximately 35,000 cubic yards of contaminated soil. In 2019, the developer determined that the off-haul of 35,000 cubic yards of soil was infeasible due to the cost for transport and landfill disposal. The alternative option to remediate the contaminated soil is to bury and cap contaminated soils onsite. As shown on Figure 6, the proposed location for burying the contaminated soil is beneath the roadway and parking area at the northeastern corner of the development. The updated remedial action plan is included as Attachment 5.

The proposed remediation plan would require the removal of 1,500 cubic yards of hazardous waste soils that will be off-hauled to a Class 1 landfill, and the removal of 5,500 cubic yards of demolition debris, which has already been completed. This leaves approximately 26,000 cubic yards of contaminated soil, located within the top two feet of soil throughout the project site, to be collected and buried in the area identified in Figure 6. Clean soil would then be placed on top of the contaminated soil, and the entire area would be capped with concrete paving.

This proposal will require the recordation of a land use covenant condition for the project to ensure that the thickness of the fill cover be regularly checked and maintained. The fill cover should also not become eroded because the burial pit is proposed underneath a street and parking area. These measures should eliminate any potential exposure to underlying impacted soil.

In addition, groundwater risk modeling has been prepared for the burial pit (Attachment 10). The groundwater consultant firm Thomas Harder & Co. evaluated the potential for contaminants in the soil to leach into the groundwater over time. This analysis concludes that proposed burial and engineered cap/cover system would not result in the migration of chemicals out of the impacted soil at rates or concentrations that would impact groundwater.

The County Health Services Agency, Environmental Health Division circulated the Remedial Action Plan for a 30-day public review period on June 25, 2021 (Attachment 11). If any corrections or modifications are required for the Plan, additional modifications will be required for the overall project and the Addendum.



**FIGURE 6** Location of contaminated soil burial site

Source: Updated Remedial Action Plan (Weber, Hayes & Associates, January 12, 2021)

### Public Comment

The City has received two comment letters (Attachment 8). Donna Bradford with Watsonville Wetland Watch expressed concerns about the proposed modifications to the grading plan and contaminated soils remediation plan. In addition, Noriko Ragsac and Bob Culbertson raised concerns about the location of the burial pit and whether it would result in impacts to townhomes located nearby in the Las Casitas neighborhood. The applicant has submitted a written response to provide additional information about the preparation of the updated Remedial Action Plan and the implementation of soil remediation measures with project development (Attachment 9).

### CONCLUSION

The modified project would allow construction of 144 dwelling units on a 13± acre site located at 511 Ohlone Parkway. The project would provide five single-family dwellings, 60 duplex-style townhouse units and 76 row-style townhouse units on individual parcels. The project design continues to adhere to many of the principles and objectives in the City's *Livable Community Residential Design Guidelines*, including, but not limited to, creating a new subdivision to be land-efficient with narrow residential streets, attached row-style townhouses on small lots with alley access, houses with front porches facing the street, centrally located common open spaces, and a variety of housing types and architectural styles. The project also involves remediation of contaminated soils caused by the former car repair and disposal business onsite and is compatible with existing and planned residential neighborhoods on adjacent properties, such as the Las Casitas neighborhood within the Sea View Ranch development and the Sunshine Gardens development. Therefore, staff recommends that the City Council adopt the attached resolutions approving a Major Modification, Tentative Map, and EIR Addendum No. 2 to the Hillcrest Estates (formerly Sunshine Vista) project.

### STRATEGIC PLAN

The modified project will provide 144 housing units, which will include 29 affordable units within a new neighborhood. The project meets 2021-2023 Strategic Plan Goals 1 (Housing), 3 (Infrastructure and Environment), and 5 (Community Engagement and Well-Being). The project

will provide 144 housing units, will clean up a contaminated site that has been used as a junkyard for 60 years, and create open space amenities, such as the slough trail, for use by Watsonville residents.

## **FINANCIAL IMPACT**

The project applicant would be required to pay development impact fees at either the time of issuance of building permits or certificate of occupancy. These one-time fees paid to the City by developers are used, for instance, to offset the additional cost of extending public services to a site along with partially funding road improvement projects. In addition, a portion of the property tax for each residential lot would be allocated to the City, in accordance with Proposition 13 and Revenue and Taxation Code section 95 *et seq.*

## **ALTERNATIVE ACTION**

The City Council takes separate actions on approving, amending or denying project entitlements. There are a number of possible scenarios for actions the City Council may take, which are listed below.

1. The City Council, in the exercise of its independent judgment as the decision-making body for the City of Watsonville as Lead Agency, makes and adopts findings and certifications in compliance with the requirements of CEQA regarding the EIR Addendum No. 2.
2. The City Council makes and adopts findings to approve or deny the requested modifications to the project entitlements (Tentative Map, Special Use Permit with Design Review and Specific Development Plan).
3. In response to public testimony, the City Council may modify the conditions of approval to address issues raised during the hearing.
4. If the City Council determines that the project is not consistent with the General Plan and/or the Zoning Code and therefore cannot make required findings for one or more of the requested project entitlements, the City Council may provide direction to staff on developing new findings to deny the project.

## **ATTACHMENTS AND/OR REFERENCES**

1. Site and Vicinity Map ([link](#))
2. Proposed Plan Set ([link](#))
3. Staff report packet from August 28, 2018 City Council Hearing (Original Entitlements)
  - a. Staff report ([link](#))
  - b. Attachment 1 – June 5, 2018 Planning Commission meeting minutes ([link](#))
  - c. Attachment 2 – June 5, 2018 Planning Commission packet – Original Plan Set ([link](#))
  - d. Attachment 3 – June 26, 2018 City Council meeting list of commenters ([link](#))
  - e. Attachment 4 – June 26, 2018 City Council public comments ([link](#))
  - f. Attachment 5 – June 26, 2018 City Council meeting questions and answers ([link](#))
  - g. Attachment 6 – Letter from the applicant ([link](#))
  - h. Attachment 7 – Artistic renderings of the extension of Loma Vista Drive ([link](#))
  - i. Attachment 8 – Support letter ([link](#))



- j. Attachment 9 – Letter report about secondary access and associated traffic ([link](#))
- k. Attachment 10 – Revised Civil Plans ([link](#))
- 4. Final Environmental Impact Report for the Original Project ([link](#))
- 5. Updated Remedial Action Plan for Hillcrest Estates dated January 12, 2021 ([link](#))
- 6. Addendum #2 to the certified Final EIR ([link](#))
- 7. Staff report packet from March 12, 2019 City Council Hearing (EIR Addendum #1)
  - a. Staff report ([link](#))
  - b. Attachment 1 – EIR Addendum #1 ([link](#))
  - c. Attachment 2 – Caltrans District Director’s Report, Winter 2019 ([link](#))
- 8. Public comment Letters ([link](#))
- 9. Applicant response to comment letters ([link](#))
- 10. Soil contaminants transport modeling ([link](#))
- 11. County of Santa Cruz Public Notice of Remedial Action Activities ([link](#))
- 12. Materials board ([link](#))

Information previously distributed and/or adopted and referenced herein:

- Resolution No. 139-18 (CM), certifying the Final EIR prepared for the Sunshine Vista Phased Development Project, consisting of the construction of 150 dwelling units on individual parcels on a 13± acre site located at 511 Ohlone Parkway, Watsonville, California (APNs 018-372-14 & 018-381-01); making certain findings concerning potentially significant impacts, mitigation measures and alternatives; and adopting a Mitigation Monitoring and Reporting Program for the project, in accordance with CEQA. ([link](#))
- Resolution No. 140-18 (CM), approving the twenty-second (22nd) amendment to the *Watsonville 2005 General Plan* to re-designate Assessor’s Parcel Number 018-372-14 located At 511 Ohlone Parkway, Watsonville, California from (I) Industrial to (R-HD) High-Density Residential to allow the construction of 150 dwelling units on individual parcels, consisting of 23 single-family units, 40 duplex-style townhouse units and 87 row-style townhouse units on a 13± acre site parcel located at 511 Ohlone Parkway, Watsonville (APN 018-372-14), and directing changes to be made on the General Plan Land Use Diagram of the City of Watsonville. ([link](#))
- Resolution No. 141-18 (CM), approving application no. PP2017-116 for a Tentative Map, Tract No. 1607, filed by California Sunshine Development LLC., applicant and property owner, to construct 150 dwelling units on individual parcels, consisting of 23 single-family units, 40 duplex-style townhouse units and 87 row-style townhouse units on a 13± acre site located at 511 Ohlone Parkway, Watsonville, California (APNs 018-372-14 and 018-381-01). ([link](#))
- Resolution No. 142-18 (CM), approving Special Use Permit with Design Review and Specific Development Plan for application no. PP2017-116 filed by California Sunshine Development LLC., applicant and property owner, to allow construction of 150 dwelling units on individual parcels, consisting of 23 single-family units, 40 duplex-style townhouse units and 87 row-style townhouse units on a 13± acre site located at 511 Ohlone Parkway, Watsonville, California (APNs 018-372-14 and 018-381-01). ([link](#))
- Ordinance 1372-18 (CM), approving Rezoning to establish a Planned Development Overlay District on Assessor’s Parcel Number 018-372-14 located at 511 Ohlone Parkway, Watsonville, California, from IG (General Industrial) To RM-3/PD (Multiple

Residential High Density) for application no. PP2017-116 for the construction of 150 dwelling units on individual parcels, consisting of 23 single-family units, 40 duplex-style townhouse units and 87 row-style townhouse units on a 13± acre site located at 511 Ohlone Parkway, and directing changes to be made on the Zoning Map of the City of Watsonville. ([link](#))

- Resolution No. 29-19 (CM), approving an Addendum to the previously certified Final Environmental Impact Report (EIR) - State Clearinghouse (SCH) no. 2017032041 prepared for the Sunshine Vista Phased Development Project, consisting of the construction of 150 dwelling units on individual parcels on a 13± acre site located at 511 Ohlone Parkway, Watsonville, California (APNs: 018-372-14 & 018-381-01), and making certain findings in accordance with CEQA. ([link](#))
- Resolution 161-20 (CM), approving Time Extension (PP2020-113) of Tentative Map Tract No. 1607 for two years (expiring August 27, 2022) and Special Use Permit with Design Review (PP2017-116) for one year (expiring August 27, 2021) for 150 lot subdivision on 13± acre site (APNs 018-372-14 and 018-381-01) at 511 Ohlone Parkway, Watsonville. ([link](#))