Location:	**Oak Knoll Mixed Use Community Plan Project,** located on the former Oak Knoll Naval Medical Center Property at 8750 Mountain Boulevard, bounded by Keller Avenue and Mountain Boulevard. APNs: Multiple, including 043A-4675-003-21; 048-6865-002-03; 043A-4712-001; 048-6870-001; 048-6870-002; and 043A-4675-074-01
Proposal:	The Project consists of a Master Planned community on approximately 191 acres consisting of 935 residences, 72,000 square feet of neighborhood commercial, 14,000 square feet of civic/commercial use (relocated historic Club Knoll building as a community center and commercial space), open space, creek restoration and trails.
Applicant/Owner:	Oak Knoll Venture Acquisitions LLC, c/o Sam Veltri (949) 777-4000
Case File Number:	PLN15378; PLN15378-ER01; PLN15378-PUDF01; PLN15378-PUDF02; CP15032; PLN1715378-DA07; TTM8320
Planning Permits Required:	Proposed General Plan Amendment (change to Land Use Diagram), Rezoning, Planned Unit Development Permit (PUD) including Preliminary Development Plan (PDP), Final Development Plan (FDP) for Master Developer Installed Improvements, Final Development Plan for Relocation and Rehabilitation of Club Knoll, Design Review, Vesting Tentative Tract Map, Creek Permit, Development Agreement and other permits and/or approvals
General Plan:	**Current:** Hillside Residential, Community Commercial, Institutional, Urban Open Space and Resource Conservation Area **Proposed:** Amend the General Plan land use designation for the Project site to Hillside Residential, Detached Unit Residential, Mixed Housing Type Residential, Neighborhood Center, Community Commercial, Urban Open Space and Resource Conservation Area land use designations. *Note: Amending the General Plan land use designations for the Seneca Center and Sea West Federal Credit Union parcels is not proposed.*
Zoning:	**Current:** RH-3 (Hillside Residential Zone -3), and RH-4 (Hillside Residential Zone -4) **Proposed:** Rezone to a new Zoning District (D-OK Oak Knoll District Zoning which includes seven (7) sub-zones) *Note: Zoning changes for the Seneca Center and Sea West Federal Credit Union parcels are not proposed.*
Environmental Determination:	The Draft Supplemental Environmental Impact Report (SEIR) was published for a 45-day review period beginning August 29, 2016. The review and comment period ended on October 12, 2016. The Final SEIR, including responses to all comments on the Draft SEIR, was published on April 27, 2017.
Historic Status:	The existing Club Knoll building is an historic resource under CEQA, listed on the Local Register, Oakland Cultural Heritage Survey rating of B+3, eligible for Landmark status with an A rating, and placed on the Preservation Study List as a Designated Historic Property.
City Council District:	District 7 - Reid
Actions to be Taken:	Receive public comments and provide recommendations to City Council regarding certification of SEIR, General Plan Amendment, Rezoning, Development Agreement, PUD Permit/PDP, subsequent FDP's, Vesting Tentative Tract Map, and other permits and/or approvals

Finality of Decision	All of the Planning Commission's recommendations as to CEQA findings, certification of the SEIR and the Project will automatically be considered at a later date by the City Council for its independent review, consideration and final action. Thus, no appeal of these actions is necessary. However, all interested parties must exhaust their administrative remedies by raising any and all issues and/or evidence at this public hearing or in writing received by the Project Planner Scott Gregory or Heather Klein no later than 4:00pm on June 21, 2017.
For Further Information:	Contact case planner **Scott Gregory**, Contract Planner at (510) 535-6671 or by e-mail at sgregory@lamphier-gregory.com, or Project Planner **Heather Klein** at (510) 238-3659 or hklein@oaklandnet.com

SUMMARY

The Oak Knoll Project site consists of approximately 165 acres of the 183-acre former U.S. Navy medical facility (Oak Knoll Medical Center Oakland – or NMCO), approximately 18 acres of adjacent and undeveloped property, approximately 5 acres of City-owned property and an additional 3 acres of land owned by EBMUD, for a total of approximately191 acres (see **Attachment A**). The Applicant is seeking City approval for several land use entitlements for this site, including:

- Planned Unit Development (PUD) permit, including a Preliminary Development Plan (PDP) and related Design Guidelines for the entire Project;
- Amendment to the General Plan Land Use Diagram to rearrange General Plan land uses to match the Project's parcel-by-parcel proposed zoning and site conditions;
- Rezoning of the site to new and unique Oak Knoll zoning districts that also correspond to the amended General Plan land uses and design of the PDP;
- Final Development Plan (FDP) for installation of Master Developer Site Improvements, including grading, backbone streets, streetscape improvements, major utilities, and reconstruction and restoration of Rifle Range Creek;
- FDP for relocation and rehabilitation of the historic Club Knoll building;
- Vesting Tentative Tract Map to subdivide the Project site into 418 parcels;
- Creek Permit for corresponding reconstruction and restoration of Rifle Range Creek and improvements to Powerhouse and Hospital Creeks;
- Tree Removal permit;[1] and
- Development Agreement (DA).

If granted, these approvals would enable development of 935 residential units, 72,000 square feet of primarily neighborhood-serving commercial uses, relocation and rehabilitation of the historic Club Knoll

[1] Note: The requested permits include a Tree Removal/Preservation permit. However, this permit is not included in this recommendation as it is processed by the Tree Division per the Oakland Municipal Code, not the Planning Code.

to accommodate commercial uses (10,000 square feet) and civic uses (4,000 square feet), with the remainder of the site consisting of parks, open space, and streets.

Staff is supportive of the Oak Knoll Project with the following three exceptions (further discussed below in the *Key Issues* section of the report):

- The need for further development and a draft of the DA so that the Planning Commission has the appropriate information to provide meaningful comment and act on the permit;

- Further details regarding the establishment of a Community Facilities District (CFD) so that the Staff, the future residents, and the Oakland community can be assured of the appropriate ongoing maintenance of important infrastructure on the Project site; and

- The preliminary design of the commercial area known as the Retail Village and concerns regarding the inclusion of a drive-thru in the proposed zoning district.

The current entitlement applications and documents have benefited from comments, questions and recommendations received at three (3) separate Design Review Committee meetings, five (5) Landmark Preservation Advisory Board meetings, a Zoning Update Committee meeting and a Bicycle and Pedestrian Advisory Committee meeting. The Project Applicants have also conducted a substantial public outreach effort over a span of over 10 years that has kept the surrounding community informed and involved.

The Project's Supplemental Environmental Impact Report (SEIR) has been prepared consistent with the requirements of the California Environmental Quality Act (CEQA); provides a solid basis for understanding the environmental implications associated with implementation of the Project; and that mitigation measures and Conditions of Approval identified in that SEIR, if implemented, would reduce impacts to the extent reasonable and feasible. However, not all environmental impacts can be reduced to a level of less than significant and Staff has included a Statement of Overriding Considerations with the other Project approval findings.

The purposes of this hearing are to:

1) Receive additional public testimony on the Project;

2) Address remaining Planning Commissioner's questions or comments about the Project, and

3) Consider two alternative actions on the proposal.
   a) Postpone to a date uncertain a decision on the Project until a draft DA and condition regarding the establishment of a Community Facilities District (CFD) has been prepared; or

   b) If the Planning Commission chooses, consider an alternative action to recommend the City Council ultimately certify the Project's Supplemental Environmental Impact Report and approve all requested land use entitlements and permits for the Project with consideration given to Staff's concerns regarding the Retail Village.

SETTING AND BACKGROUND

Setting and Location

The Oak Knoll Project site is located in the southeast Oakland hills and bounded by Mountain Boulevard and I-580 to the west, Keller Avenue to the north and east, and Sequoyah Road and existing neighborhoods to the south. The east bay hills create a backdrop, and ridges, knolls and steep hillsides border the eastern and southeastern edges of the site at elevations generally higher than the proposed development. The surrounding area is largely developed with residential neighborhoods, open space and commercial uses as described below.

The neighborhoods to the south and southeast (Sequoyah Hills and Oak Knoll single-family neighborhoods along with the Sequoyah Country Club) are larger lot, single-family 1- and 2-story homes in a wooded setting. The neighborhoods immediately north and east of Keller Avenue are upland hillside housing of both multi-family and single-family homes up to 2-stories in height including the Ridgemont/Skyline area, Sequoyah Hills and Shadow Woods. Other immediate neighbors to the north include the Sequoyah Community Church and the small commercial center of Ridgemont Plaza (both located between the Project site and Keller Avenue), and the Leona Regional Open Space to the northeast. Immediately west of the Project site are residential apartments and commercial development between Mountain Boulevard and I-580, and open hillsides, churches, schools and the Gold Links, Eastmont Hills, King Estate Open Space (a City park) and the Toller Heights neighborhoods.

Project Site

The Project site itself consists of hilly terrain with oak, eucalyptus, pine and annual grassland habitat. Three ridge and hillside areas distinguish the site: a broad ridge along Mountain Boulevard, a narrow ridge along the southerly property boundary, and a prominent ridge near the site's eastern property line, which tops off at a promontory known as "Oak Knoll" or the "Knoll". At the base of these ridgelines, running from north to south is Rifle Range Creek and two secondary drainages - Powerhouse Creek and Hospital Creek (see PUD/PDP page 3).

Background

Much of the Oak Knoll site was originally developed in 1924 as the Oak Knoll Country Club and Golf Course, which included the Club Knoll building that was then used as the golf course clubhouse. The US Navy commissioned the property in 1942, and initially constructed a temporary hospital to handle World War II battle casualties returning from the Pacific. Expansions of the hospital facilities were made during and after the War, and the hospital evolved into a modern regional hospital (the Naval Medical Center, Oakland - or NMCO), handling Navy personnel who had been wounded in the Korean and Vietnam Wars. A large main hospital building was opened in 1968, and the NMCO provided specialized care for American military personnel. During this period Club Knoll was used as a restaurant and Officer's Club for the US Navy. The NMCO was officially decommissioned and closed in 1996. All structures within the former NMCO have since been demolished (the main hospital building was imploded in 2011), with the exception of the Club Knoll building, those structures on the separate Sea West and Seneca properties

(not a part of the Project), and the remnant foundations on the City owned 5-acre parcel near St. Andrews Road, also known as the "Barcelona Parcel."

Planning for redevelopment of the Oak Knoll site began in the 1990s pursuant to federal military base reuse procedures. A Reuse Plan for the NMCO was prepared in 1996, that involved a planning effort led by a joint committee of Oakland and regional representatives, including substantial community input. The 1996 Reuse Plan presented five land use alternatives for reuse of the NMCO property. In 1998, U.S. Department of the Navy and the City of Oakland prepared a joint Environmental Impact Statement/Environmental Impact Report for the Disposal and Reuse of the Oak Knoll Naval Medical Center Oakland (1998 Environmental Impact Statement (EIS/EIR). That document analyzed the potential environmental impacts that could result from disposal of the NMCO property by the Navy and implementation of conceptual plans for reuse. The "Maximum Capacity Alternative" as defined in that EIS/EIR was chosen by the City as the preferred reuse strategy for the former military base, which included 584 residential units, 300,000 square feet of office development and 100,000 square feet of commercial retail, a small (9 hole, par 3) golf course, 32 acres of publicly accessible open space and 44,000 square feet of other active recreation space (including reuse of Club Knoll). The City of Oakland certified the 1998 EIS/EIR and adopted the Maximum Capacity Alternative as the Reuse Plan in July 1998. The Navy used the certified document in its preparation of a Final Finding of Suitability to Transfer (FOST), and transferred the former base to the Reuse Authority in 1999.

The former NMCO, with the exception of two separate private parcels now occupied by the Sea West Credit Union and Seneca Center, is now owned by Oak Knoll Venture Acquisitions LLC ("Applicant"). In 2006, Suncal proposed a previous Oak Knoll Mixed Use Community Plan ("2006 Plan") that was similar, but with notable differences to its current proposal. The 2006 Plan was analyzed in a 2008 Draft SEIR, but that SEIR was not finalized or certified and the prior 2006 Plan was withdrawn due to the severe economic downturn in 2007 and not considered for adoption.

After regaining control of the Project site, Oak Knoll Venture Acquisitions LLC has reinitiated planning efforts for the property, and Staff has conducted environmental review of those plans. The Applicant considers the currently proposed plan to be a revision of the prior 2006 Plan for which a Draft EIR was prepared. Since the City never certified the 2008 Draft SEIR, the current Oak Knoll Project has been subjected to review in a new, self-standing Supplemental EIR, and has been reviewed based on its own merits and current conditions.

PROPOSED LAND USE ENTITLEMENTS, APPROVALS AND PERMITS

Planned Unit Development

Chapters 17.140 and 17.142 of the Oakland Planning Code include regulations that govern Planned Unit Developments (PUDs). The purposes of these regulations are to encourage comprehensive planning of larger tracts of land; to provide flexibility in the application of certain regulations in a manner consistent with the general purposes of the zoning regulations; and to promote a "harmonious variety of uses, the economy of shared services and facilities, compatibility with surrounding areas, and the creation of attractive, healthful, efficient and stable environments for living, shopping or working."

These PUD regulations are applicable and appropriate for master planning development of the large, nearly 200-acre Oak Knoll site. Oak Knoll Venture Acquisitions LLC intends to serve as Master Developer for the Oak Knoll Project, and has requested a PUD permit that establishes a comprehensive plan for the entire site. As Master Developer, Oak Knoll Venture Acquisitions LLC intends to develop the land, including the installation of master infrastructure, and sell large parcels of entitled properties within the site to future home and commercial builders, who will in turn build residential and commercial uses of the Project. Future home and commercial builders will need to submit FDPs for their individual commercial and residential projects, and for their project-specific streets and utilities. These subsequent FDPs must demonstrate consistency with the overall PDP.

Preliminary Development Plan

Pursuant to Section 17.140.020 of the Planning Code, all applications for a PUD shall include a PDP of the entire development showing relevant information that clearly establishes the scale, character and relationship of buildings, streets and open spaces. Oak Knoll Venture Acquisitions LLC has submitted a PDP application (see **Attachment B**) and requested a Preliminary Development Plan Permit. The following provides a brief overview of the PDP application.

Land Use Program

The Oak Knoll PDP provides for development of 935 residential units, 72,000 square feet of primarily neighborhood-serving commercial uses, and approximately 14,000 square feet of a combination of commercial and civic uses within the relocated Club Knoll building (further discussed below). The remainder of the site will consist of parks, open space and streets serving these internal land uses.

Table 1: Land Use Program

Land Use	***Density***	***Acres (Net)***	***% of Total Acres***	***Units / SF***	***Net Density***
Residential					
Single Family Detached Residential	Low	22.9	12%	188	8.2
Small Lot Single Family Detached	Medium-Low	13.5	7%	175	13.0
Townhomes	Medium	34.0	17.8%	572	16.8
Subtotal		***70.4***	***36.8%***	***935***	***13.3***
Commercial					
Retail Village		6.6	3.5%	72,000	
Open Space					
Parks/Community Center		7.6	4%	14,000	
Undeveloped Open Space		43.5	22.8%		
Revegetated Slopes		19	10%		
Restored Creek Corridor		17.5	9.1%		
Streets		26.3	13.8%		
Subtotal		***120.5***	***63.2%***	***86,000 sf***	
Total		**190.9**	**100%**	**935 units and 86,000 sf**	

Open Space and Trails

Approximately 78.5 acres of permanent open space is proposed within the community. Open space areas include the more sensitive areas of the site such as the Rifle Range Creek corridor and tributaries, visible high points (i.e., the Knoll), and the wooded Hardenstine property. Also included are areas for active and passive parks, creek habitat and visual buffers providing separation between neighborhoods. Trails, paths and streets provide connections between open space and neighborhoods.

Circulation and Complete Streets

The PDP includes a Complete Streets Plan, consistent with the City's adopted Complete Streets Policy. This Policy expresses the commitment to create and maintain "complete streets" that provide safe, comfortable, and convenient travel along and across streets to serve all categories of users including pedestrians, bicyclists, persons with disabilities, motorists, movers of commercial goods, users and operators of public transportation, emergency responders, seniors, children, youth and families. Strategies proposed under the Project's complete street system include:

- Emergency and fire access is paramount in the street design;
- Travel lanes are narrow to control traffic speeds, conserve land and free space for other uses within the street corridor;
- All streets have pedestrian accommodations (sidewalks or trails) that connect to the internal open space and trails system, and to off -site trails and transit connections;
- Streets within the commercial village are urban in character, providing direct access to shops and plazas, accommodating short term parking, and landscaped to provide comfortable and inviting space for pedestrians;
- A major Class I bikeway connects between the main site entries at Mountain Boulevard and Keller Avenue along Creekside Parkway;
- Street trees and systems for stormwater detention within landscaped infiltration basins located within the right-of-way are proposed.

Conceptual Residential Architecture

The style of proposed residential architecture at the Project is intended to draw from examples of architectural styles typical in the area. The Project's new homes are not intended to replicate existing architecture, but rather are derived from similar design principles. The architectural styles proposed for the Oak Knoll Project include Arts and Crafts (e.g., Craftsman bungalow, Shingle, Tudor and Arts and Crafts); Mediterranean (e.g., Spanish Colonial, Mission and Tuscan) and Californian (e.g., Farmhouse, California Modern/Mid-Century Modern, and California Contemporary). The proposed Design Guidelines presented in the PDP (see **Attachment C**) include massing, roof forms, windows and doors, porches and balconies, and details of materials and color and are intended to provide the design principles that future builders must adhere to.

Retail Village

The design concept for the Retail Village area is a modestly sized gathering spot to provide basic retail support for the community (such as groceries, restaurants and banking). It is envisioned as a cluster of buildings at varying scales, fronting onto a Main Street and plaza, with an urban village character similar to other local neighborhood commercial corridors, featuring retail facades on the street. Design guidelines that apply to the Retail Village, and that the future retail builder must adhere to, include building placement to reinforce the concept of a "Main Street"; glazing requirements; awnings to provide outdoor gathering areas and shade; sidewalk widths sufficient for tree planting; signage, furnishings, lighting and outdoor seating areas; and hardscape and planting to reinforce the outdoor pedestrian realm.

Park Design

Larger and more active community parks include areas at the community center and near the Project's northern boundary along Keller. Smaller and more passive neighborhood parks are planned near the community center, along Mountain Boulevard and within the townhome in-tract parcels. The plaza at the Retail Village will also serve as a social gathering and event space for the community. Landscape guidelines for parks and plazas include:

- The parks should emphasize use of native trees, shrubs and groundcovers in both organic and formal settings;
- Parks should provide shaded seating areas, picnic tables, and trash receptacles;
- Hardscape areas should avoid asphalt and large expanses of concrete. Natural stone, pavers, high quality stamped concrete, and decomposed granite should be utilized in the appropriate settings;
- A tot lot with play structures and picnic benches and lawn areas will be located at two locations and will include play equipment that is durable, safe, appropriately scaled, shaded and maintainable;
- Recreation areas such as playfields and multi-use courts should employ high quality turf and/or hardscape surfaces. Site drainage shall be extensively utilized on playfields and other higher impact natural areas; and
- Parks should provide connections and wayfinding to the project-wide trail and bikeway system.
- Where public art is included in park settings, designers should coordinate with artists prior to park design to ensure art elements are well integrated, accessible and compliment other elements of the park design.

All parks within the Project will be privately owned and maintained, but open and available to the public via a public access agreement, land use covenant or similar mechanism.

Club Knoll

Club Knoll is the only surviving part of the former golf course and Navy use on the Oak Knoll site and the only remaining building of historic significance. The Club Knoll building is a locally designated historic resource of major importance, was placed on the City of Oakland's Preservation Study List in 1995, is part of the City's Local Register of Historic Properties, is eligible for listing as a local Landmark,

and has been found eligible for inclusion on the California Register of Historic Resources (Page & Turnbull, 2006 and Carey & Company, 2016).

The primary criterion for recognizing Club Knoll as a historic resource is its architectural design. The structure is a good example of Spanish Colonial Revival architecture. It is a two-story building with a three-story tower, with stucco walls, Spanish tile roofing and a walled courtyard entry. The historic character of the building also goes beyond architectural style and the individual elements that comprise the design, and includes the building's overall relationship to its setting and composition.

The Project Applicants have re-considered a previous proposal to demolish Club Knoll, and the PDP now shows their intention to relocate and restore the building as a community center for the Project. The relocated and rehabilitated Club Knoll will provide space for approximately 4,000 square feet of community use such as Homeowner Association (HOA) offices and activities, and approximately 10,000 square feet of other as-yet un-programmed accessory commercial uses.

Proposed General Plan Amendment

Existing General Plan Land Use Designations

The existing City of Oakland General Plan Land Use Diagram shows five different land use designations for the Project site including Hillside Residential, Community Commercial, Urban Open Space, Institutional and Resource Conservation (see **Attachment D**).

Proposed Land Use Diagram Amendment

The Applicant is currently proposing a General Plan Amendment to adjust the Land Use Diagram to be consistent with the proposed Project and the Rezoning as described below. The new General Plan land use designations include Hillside Residential, Detached Unit Residential, Mixed Housing Type, Community Commercial, Neighborhood Center, and Urban Open Space, and Resource Conservation (see **Attachment E**). The Seneca Center and Sea West Federal Credit Union General Plan land use classifications would not be changed.

Proposed Re-Zoning

Existing Zoning

The City of Oakland's currently effective zoning for the majority of the Project site is Hillside Residential-4 (RH-4). The intent of the RH-4 Zone is to create, maintain and enhance areas for single-family dwellings on lots of 6,500 to 8,000 square feet. For subdivisions of five or more lots, the minimum lot size is 8,000 square feet. A small portion of the Project site (approximately 5 acres and owned by the City of Oakland) is currently zoned Hillside Residential-3 (RH-3), which is generally intended for areas with single-family dwellings on lots of at least 12,000 square feet (see **Attachment F**).

The RH-4 and RH-3 zoning is inconsistent with the existing General Plan land use designations on the Project site. The RH-4 and RH-3 zoning does not enable a mix of different types of land uses within the Project site, and does not permit commercial activities, townhomes and smaller-lot single family residences that are proposed. When the RH-4 zoning was applied to the site in 2011, the accompanying

Planning Department's Staff Report acknowledged that the RH-4 zoning was an interim measure, and that the City anticipated a subsequent rezoning when a specific development proposal came forward.

Proposed Re-Zoning

The Applicant is proposing Planning Code amendments including a new zoning district, new text and zoning map changes consistent with the proposed land uses and future character of development described in the PDP. These Planning Code amendments provide detailed regulations on land use activities and development standards for the Project site only (see **Attachment G**). The Seneca Center and Sea West Federal Credit Union zoning would not be changed. A brief summary of the new Oak Knoll District Zoning Regulations (D-OK Zones) and seven sub-zones is provided below.

- *D-OK-1 (Oak Knoll District Residential Zone 1):* The D-OK-1 Zone is intended for low-density single-family home development that responds to the site's topography and includes appropriate landscaping. This district applies to the Upland lots located within the easterly and southerly hillside portions of the site.

- *D-OK-2 (Oak Knoll District Residential Zone 2):* The D-OK-2 Zone is intended for medium-low density single-family homes. This district applies to the Courtyard lots and Small Lot development sites within the central portion of the site, and along the easterly side of Rifle Range Creek.

- *D-OK-3 (Oak Knoll District Residential Zone 3):* The D-OK-3 Zone is intended for medium-density residential units such as townhomes. This district applies to the proposed Townhome sites located on the westerly side of Rifle Range Creek, and to other Townhome sites located in the south, mid and northerly frontages along Creekside Loop.

- *D-OK-4 (Oak Knoll District Commercial Zone 4):* The D-OK-4 Zone is intended for neighborhood-serving retail uses such as supermarkets, banks, cafes and dry-cleaners, with ground floor commercial and potential upper story office use. This district applies only to the Retail Village site located between Mountain Boulevard and Creekside Parkway.

- *D-OK-5 (Oak Knoll District Amenity Community Commercial Zone 5):* The D-OK-5 Zone is intended for civic community activities and commercial uses that provide a community amenity, as well as spaces available for rented for public functions such as weddings and other organized events. This district applies only to the Community Center site where Club Knoll is to be relocated.

- *D-OK-6 (Oak Knoll District Active Open Space Zone 6):* The D-OK-6 Zone is intended for open space areas that provide informal active recreation and park use. The programming of each individual open space will respond to its location and the needs of surrounding residents, but provides for lawn and landscaped areas, tot lots and street furniture. This district applies to three of the Project's four parks – the South Creekside Entry Park (1.2 acres), the North Creekside Park (1.4 acres), and the Creekside Village Pocket Park (a portion of the 2.8-acre Community Center site).

- *D-OK-7 (Oak Knoll District Passive Open Space Zone 7):* The D-OK-7 Zone is intended to preserve important natural features of the site, to provide opportunities for passive recreation and to maintain visual buffers. This zone is appropriate for management of vegetation and water features, hiking and walking trails, and enhancement of wildlife. It applies to the Project's passive open space areas including the top of the Knoll and Oak Knoll Memorial Park, the restored Rifle Range Creek

corridor, and open space buffers along Mountain Boulevard and at the Project's southerly boundary adjacent to existing residential neighborhoods.

The newly proposed residential zones have been primarily informed by and tailored after the City's existing RM-4: Mixed Housing Type Residential Zone-4 District. Generally, the key differences between the new D-OK residential zones and the City's RM-4 Zone is that the D-OK residential zones permit smaller minimum lot areas, higher densities, greater FAR (on slopes greater than 20%), higher maximum lot coverage, and smaller minimum setbacks.

The newly proposed commercial/civic zoning districts have been tailored after the City's existing CN-4: Neighborhood Commercial Zone-4 District. Minor differences between the new commercial zones and the CN-4 Zone include a restriction against residential uses, a narrower list of permitted commercial uses and a new requirement for minimum ground floor glazing on the building façades.

Vesting Tentative Tract Map

The Applicant has submitted a Vesting Tentative Tract Map (see **Attachment H**) to merge lots and then subdivide the Project site to create separate individual parcels. This Vesting Tentative Tract Map (VTTM) provides the developer with the ability to create up to 418 individual lots used for phasing, finance, or sale of one or more lots for further subdivision by future homebuilders. These lots are inclusive of all single-family residential lots and small-lot parcels, as well as larger lots for townhouse development, the Retail Village, and open space parcels. The VTTM illustrates the proposed large-lot parcelization, individual single-family home parcels, typical street sections, a grading plan, utility plans and intersection details. Depending on subsequent phasing, as many as 26 subsequent Final Maps may be filed.

Final Development Plan (FDP) – Master Developer Site Improvements

Oak Knoll Venture Acquisitions LLC has submitted a FDP that depict the proposed Master Developer's site improvements for the Project. This set of FDP materials (**see Attachment I**) provides designs for site-wide grading and retaining walls, installation of backbone streets and major utilities (water, sewer, and storm drainage), entry monuments, design of streets and parks (including landscape planting, street lighting, street furniture, and play structures), and Rifle Range Creek restoration and other creek tributary improvements. Consistent with the City's FDP requirements, these schematic designs have largely been prepared at a sufficient level of detail to demonstrate the intended final appearance for each of the Master Developer improvements.

Comprehensive Site Grading

The proposed FDP for comprehensive site grading contains designs for corrective grading due to soil conditions, slope stabilization, creek corridor restoration and creation of building pads and associated embankments and retaining walls. The FDP indicates that site grading will be conducted in three separate phases, corresponding to the three phases of development. For all rough graded areas, the Master Developer will provide erosion control and/or finish landscape treatment. In all, approximately 135 acres of the approximately 191-acre site will be graded, with as much as 1.49 million cubic yards of earth to be cut and filled across the site. Proposed cut and fill is balanced such that no import or export of fill is necessary.

Streets and Bridge Design

The proposed FDP for streets and bridge design contains designs for streets, sidewalks, street lighting and streetscape planting that meet the complete streets program. Separate designs are prepared for Creekside Parkway (the Project's main street); Creekside Loop (the Project's secondary street); Creekside Village Primary Street (the northerly portion of Creekside Loop); and the Uplands Primary Street (which connects from the Creekside Loop to the Uplands neighborhoods). The FDP also provides a design for two bridges that will cross Rifle Range Creek. One bridge is vehicular (multi-modal) and the other is pedestrian only.

Monuments and Signage

The FDP includes designs for entry monuments at the Project's major and secondary entries at Mountain Boulevard and Keller Avenue, as well as designs for entries into each local neighborhood. In addition, a wall is proposed along a short segment of Mountain Boulevard between Sequoya Road and the Creekside Loop entry to protect the privacy of future residents. The remainder of the Project's frontage along Mountain Boulevard is either included within the Retail Village or will be retained as an open space buffer without walls.

Parks, Open Space and Trails

This FDP also addresses parks, open space and trails. It contains design plans for four (4) publicly accessible parks, for open space areas where new trees are to be planted, for an internal trail network, and for restoration and improvements to the creeks. Three of the four parks are located adjacent to Rifle Range Creek, including the South Creekside Entry Park (1.2 acres) at the Project's entry at Mountain, the North Creekside Park (4.4 acres) at the Project's entry at Keller, and the Creekside Village Pocket Park (a portion of the 2.8-acre site centrally located within the site of the Community Center). The designs include hardscape, park furniture and play equipment, and the type and location of landscape materials. The fourth public park, the Oak Knoll Memorial Park, is located on the top of the Knoll and is a passive park with benches for viewing out across the site.

A proposed asphalt multi-use trail connects the site north-to-south between the Creek and Creekside parkway. Hiking trails will be provided within open space areas on the easterly side of Rifle Range Creek, to the upper Knoll, and within open space areas along the southerly and northwesterly portions of the site. Sidewalks will be provided along all internal streets.

Final Development Plan (FDP) - Club Knoll

The FDP for relocation and rehabilitation of Club Knoll has been prepared in accordance with Oakland Municipal Code section 17.140.040, demonstrating the required "ultimate appearance and operation" of the relocated and rehabilitated building at its new site and consistency with the PDP. The Club Knoll FDP (see **Attachment J**) includes current photographs, a relocation grading plan, and a site plan that shows the orientation of the relocated building. Floor plans, building sections and elevations of the restored building, as well as a materials board, landscape plan and landscape planting palette are also included. Further, the FDP includes the relocation methodology of segmenting the building into movable pieces and replacing these building segments onto a new steel skeleton frame. Final illustration studies are also provided.

A matrix identifies 1) each of Club Knoll's constituent building parts, especially those historic character-defining elements, 2) an estimate of the extent to which those parts that remain intact, 3) the relative percent of these parts to be relocated, and 4) the relative percent of these parts that are currently missing and need replacement. None of the current building's mechanical, electrical, sprinkler or plumbing systems are intended to be relocated, but instead will be all new, code-compliant systems. The matrix demonstrates that a large majority of the historic character-defining elements of the building do exist and will be relocated, with few exceptions. A further discussion is provided in the *Key Issues* section below.

Creek Permit

The Oak Knoll site is bisected by Rifle Range Creek and two associated tributaries, Powerhouse Creek and Hospital Creek. The Project includes a significant creek restoration effort for these on-site creeks that includes:

- daylighting all four existing culverts in the Project's reach;
- removing non-native vegetation, and replanting with native plants;
- removing existing obsolete infrastructure (e.g. stormdrain outfalls), trash and construction debris from the channel and banks; and
- stabilizing deeply incised reaches, and using a combination of grading and biotechnical methods to stabilize actively eroding bank areas that are too steep to support riparian vegetation.

A total of 999 linear feet of culverted channel would be day-lighted and restored, and approximately 188 feet of existing channel would be realigned laterally and restored as well as widened to increase storage capacity. The Project would result in a net increase of both jurisdictional waters and riparian habitats. Restoring and enhancing Rifle Range Creek and Hospital Creek, and realigning and stabilizing Powerhouse Creek will require significant grading and tree removal that will cause substantial initial disturbance to the creek and the riparian area. However, the proposed creek improvements would effectively address previous large-scale impacts to the creek that have resulted from off-site land use changes, previous alterations conducted during the Navy's use of the site, and the invasion of non-native plant species. The Creek Restoration Plan is necessary to stabilize the creek, and will provide long-term benefits of a sustainable channel, lower maintenance and improved habitat. The Creek Restoration Plan is also consistent with those City's goals regarding creeks and riparian habitat restoration, water quality, and flood and fire management, as expressed in policies of the City General Plan.

Pursuant to Oakland Municipal Code Chapter 13.16, the Project Applicant submitted a Creek Protection Plan (see **Attachment K**) for review and approval by the City. The Creek Protection Plan includes a set of detailed drawings of proposed creek improvements, and Best Management Practices (BMPs) to be implemented during construction and after construction to protect the creek. The Project includes each of these requirements, as briefly described below.

Earthwork, Grading and Improvements

Rifle Range Creek contains sections of open channel and culverts. All culverts are to be removed, restoring the creek to an open channel. Active erosion is evident in the open creek channel and along both banks, resulting in a deepened channel with over-steepened banks. Earthwork and grading activities are

needed to reduce the steepness of creek-bank slopes, reduce the channel gradient and stabilize the creek. Grading of the creek banks and channel will begin at the downstream end and proceed upstream. Prior to grading within each reach, the perennial creek flow will be diverted into a temporary culvert and routed around the work area, such that downstream flows are maintained. Extensive erosion and sediment control measures will be installed along the banks and at the downstream end of each channel reach prior to the initiation of any work on that reach. New, clean cobbles, gravel, logs and boulders will be placed within the Creek to stabilize the channel and reduce the channel gradient. Additional fill will also be placed above ordinary high water to create floodplain terraces and stabilize creek banks. Proposed creek restoration would not remove existing culverts along segments of Hospital Creek or Powerhouse Creek, but provide bank stabilization measures and realignment along the open segment of the Hospital Creek tributary and an approximately 200 linear foot segment of a highly incised reach of Powerhouse Creek, intended to maintain flow function and stability. The Project Applicant will also mitigate for temporary disturbance of riparian habitat and oak woodland.

The newly restored channel will typically have a 12-foot wide low-flow channel, a floodplain terrace up to 40-feet wide and channel banks at between 1.5:1 and 3:1 slopes. Revegetation of the creek banks with native trees, shrubs and grasses will likely take place prior to the start of the rainy season with plant material selected based on slope characteristics and proximity to the creek. To reduce the channel gradient and stresses placed on the channel bed, the restoration project also includes installation of a series of steps as grade controls at selected locations along the length of the channel, including log drops and boulder pools. These steps are primarily located in areas where the steepness of existing culverts (to be removed) necessitates grade control to create a stable slope. These measures along with monitoring during and after construction will prevent a substantial increase in stormwater runoff volume or velocity to the Creek.

Other Agency Requirements

The City of Oakland has jurisdictional authority over creeks through consideration and issuance of its Creek Protection permits. However, the US Army Corps of Engineers, the Regional Water Quality Control Board and the California Department of Fish and Wildlife are also involved with review and permitting of creek-related work. The Project Applicants have submitted applications and have been coordinating their proposed creek work with these other agencies.

Development Agreement

The City and the Applicant are considering a DA pursuant to California Government Code Section 65864, et seq. and Oakland Planning Code Section 17.138.00 et seq., with respect to the development of the property and the Project. A DA provides certainty to encourage the required substantial private investment in the comprehensive development and planning of the Project. A DA would vest the developer with the right to develop the Project in accordance with the land use entitlements, Conditions of Approval (including payment of certain fees and construction and/or funding of certain improvements) adopted concurrently with the Development, and the land use policies in the General Plan and other existing City regulations in existence as of the adoption date. The DA would also outline the City's obligations regarding current and future approvals necessary for the Project. The City has indicated that it is willing to consider such an Agreement under acceptable terms and conditions. In exchange for vested rights for a certain number of years, the DA will provide additional fiscal benefits to the City for public services, improvements and facilities planning, which it could not otherwise obtain without a more direct nexus

between the impacts of the development and the benefits accruing to the City. The DA can also help fulfill and implement adopted City plans, goals, policies and objectives, and can ensure certain benefits to City and the public. In addition, the DA addresses phasing, transfers, indemnity, insurance, and other standard contract terms. An outline of the major points of negotiation/topics is included for review (see **Attachment L)**. The key deal terms of the DA are as follows:

General Terms:

- Vested rights for a 20-year period;
- Acceleration of construction of all off-site traffic improvements for the entirety of the Project during the first phase, with the provision of a credit against both the City Transportation Impact Fee and the Southeast Oakland Transportation Improvement Fee;
- Provision for parks, open space, and trail improvements and maintenance;
- A process for conveyance of City-owned parcels or improvement of City-owned parcel near Barcelona Street for residential development if not conveyed to Applicant; and

  Creation of a CFD to assist with construction and long term maintenance of public improvements.

Accelerated Payment of Affordable Housing Impact Fees

The Project's calculated Affordable Housing Impact Fee (at 2017 fee schedule) is $19,789,000. The Developer states they are willing to advance payment of these affordable housing fees, in whole or in part, if the City forms a CFD for the construction of the Project infrastructure. The City believes that requiring the entire amount of the impact fee in the first phase will substantially benefit the public given Oakland's ongoing affordable housing crisis. These funds could be used to immediately provide affordable housing rather than in phases over the period of construction, which could be up to 20 years.

The Planning Commission may want to provide comments and recommendations about the use of the Affordable Housing Impact fee and other aspects of affordable housing objectives for this Project, including:

- Use of the Affordable Housing Impact Fee to construct affordable housing on the City-owned Barcelona Parcel.
- Use of the Affordable Housing Impact Fee to construct affordable housing on other City-owned or private property.
- The Developer has expressed a preference to participate in the City Mortgage Assistance Program and not construct affordable housing on the Project site, but rather provide for funding so that housing could be built elsewhere, likely at a lower cost, leading to more units offered at a more deeply affordable level. If the Developer elects not to purchase of the Barcelona Parcel, it will complete the entitlement process, grade and bring point of connection utilities to these lots at no cost to the City, making it ready for the City to construct affordable housing on that parcel, should the City choose to do.

- In considering the potential use of the accelerated Affordable Housing Impact Fees, Staff has focused on a significant opportunity to develop a broad based affordable ownership housing program. In part, this is because the funding is derived from a large-scale home ownership project, and in part because affordable home ownership is a way for households to stabilize housing costs, build wealth and improve communities. Historically, many of Oakland's communities were denied access to homeownership because of restrictive covenants and redlining practices and not being able to use standard mortgage loans. Such a program could involve purchase of homes, tax defaulted properties, or new construction.

Club Knoll Ownership and Management

Developer will relocate and rehabilitate Club Knoll, a privately-owned building recognized as a historic resource by City, in accordance with the Club Knoll Final Development Plan. After relocation and rehabilitation, Club Knoll may be owned and managed by the Home Owner's Association (HOA) or may be owned and operated by a private commercial operator. Under either option, it is intended that approximately 4,000 square feet of the building shall be made available to the HOA for use as a community center for the members of the HOA. If Club Knoll is owned by the HOA, the HOA shall retain a private property management company to manage and maintain the building. A key component of this arrangement is the ability to manage and fund necessary maintenance and capital improvements over time without further burdening the HOA.

Project Phasing

The Project has an anticipated phasing sequence, but the Developer has requested the right to develop any phase of the Project at any particular time, consistent with the SEIR, to meet market demand.

Tree Permit

The Project site contains approximately 7,323 trees, many of which are non-native and/or in poor to fair condition. The Project proposes to remove 3,567 trees that qualify as protected under the Oakland Tree Ordinance: 2,518 of the trees to be removed are native species and 3,443 of the trees to be removed are in poor to fair condition. Pursuant to the City's Tree Protection Ordinance (OMC Chapter 12.36), the Project Applicant shall obtain a Tree Permit and abide by the conditions of that permit for removal of these protected trees. The Project Applicant has applied for such a permit (see **Attachment M**). In addition, the Applicant's tree permit includes detailed recommendations for tree protection measures to be implemented during construction. The City's Tree Division is currently processing the tree removal/preservation permit.

The Project Applicant has proposed planting 8,527 new trees to mitigate for removal of protected trees throughout the Project site. All of the proposed replacement trees in the riparian corridor and park areas will be native to Northern California, replacing 1,984 non-native trees. The Project also would preserve 2,429 native trees and would plant an additional approximately 1,003 trees and approximately 990 native shrubs as part of the Project's landscaping, resulting in the Project planting approximately 9,530 trees in all. Additionally, the Project would salvage and relocate between 10 and 20 healthy oak trees (which are in addition to the approximately 9,530 trees to be planted for mitigation and landscaping).

ANALYSIS AND ENVIRONMENTAL REVIEW

General Plan Analysis

In 2006, Suncal had proposed an Oak Knoll project that was similar to the current proposal in terms of land use, facilities and density. In May of 2006, the City's Director of Planning and Zoning reviewed the 2006 Oak Knoll project and issued a written determination that the 2006 Oak Knoll project was in substantial compliance with the General Plan. That determination concluded that the land uses and facility types proposed in 2006 conformed to the LUTE Land Use Diagram and policies, and that the 960 residential units then proposed were within the maximum density limits set forth in the General Plan. To support the General Plan conformity determination, Staff noted that the 1998 LUTE EIR recognized that changes to the land use diagram were anticipated, to "facilitate redevelopment of large parts of the City, including military bases"; and that the ultimate land use designations applied to this property are to "match the proposed master plan for the site." The land use adjustments proposed in the 2006 Oak Knoll project were determined to reflect the latest proposed master plan for the site, generally conforming to the distribution of General Plan land uses, and that precise land use designations could only be accomplished through the detailed study as contained in the 2006 project. The May 2006 Staff determination also indicated that the LUTE Land Use Diagram is intended to be "general" and not always specific to actual site conditions. Land uses on the Land Use Diagram are broadly applied to areas without parcel-by-parcel specificity, and the Land Use Diagram is largely intended as being illustrative of written goals and policies of the General Plan. The 2006 Oak Knoll project's proposed land use adjustments were found to be generally consistent with the adopted LUTE Land Use Diagram, and the 2006 project's proposed land use program would not have changed or introduced new or different land use designations for the property.

In December 2006, the Director of Planning and Zoning again rendered a follow-up determination that the proposed adjustments in the location and placement of land uses as proposed under the 2006 Oak Knoll project were in substantial conformance with the Oakland General Plan. An appeal of that determination was filed, specifically challenging the Director's determination that the land use adjustments proposed under the 2006 Oak Knoll project were not in conformance with the General Plan, and specifically not in conformance with the policies of the OSCAR Element. In March of 2007, the Oakland Planning Commission considered this appeal and upheld the Director's determination, confirming that the 2006 Oak Knoll project was consistent with the General Plan.

The current Project's proposed development plan and land use configuration differs only slightly from the 2006 Oak Knoll project, and remains in substantial conformance with that prior proposal, thereby also meeting the criteria for General Plan consistency. As with the 2006 Oak Knoll project, the currently proposed Project does not change or introduce new or different land uses other than those shown on the existing General Plan Land Use Diagram. The currently proposed Oak Knoll Project continues to include residential, commercial and open space/resource conservation land uses and facility types of a similar nature previously found to conform to the General Plan Land Use Diagram. The LUTE includes a key implementation strategy for the Oak Knoll property – "Oak Knoll Target Area for Community and Economic Development". This strategy recognizes the former NMCO property as being appropriate for a sizable new development, and that the development should contain a mixture of uses and be compatible with existing surrounding development. The proposed Project aligns with this General Plan

implementation strategy (See General Plan Conformity Assessment, **Attachment N**). Furthermore, the Applicant is now proposing a whole new zoning district solely for the Project site with seven subzones. The applicant submitted a General Plan Amendment to create a parcel specific Land Use Diagram that reflects the boundaries of the new zones.

Zoning Analysis

The existing and proposed zoning for the Project site as well as the requested permits are described in the *Proposed Land Use Entitlements, Approvals and Permits* section above. Staff has identified and made the proposed findings for approval in the Findings section of this report (see **Attachment O**).

California Environmental Quality Act and Environmental Review

In 1998, the Oakland City Council certified an EIS/EIR for the Disposal and Reuse of the Naval Medical Center Oakland and Final Reuse Plan. The City determined that preparation of a SEIR for the Oak Knoll Project was appropriate because the Oak Knoll Project may result in new or substantially more severe impacts than identified in that prior 1998 EIS/EIR. The City is the Lead Agency pursuant to the California Environmental Quality Act (CEQA) and has the responsibility to prepare the SEIR for the Project.

NOP and SEIR Scoping

A Notice of Preparation (NOP) to prepare the SEIR was published on March 20, 2014, opening a 30-day comment period on the scope and content of the SEIR, and announcing public scoping meetings. The NOP was sent to the State Clearinghouse (SCH No. 1995103035), and sent to responsible and trustee agencies as well as other public stakeholders. The City held two public scoping sessions: one on April 13, 2015 before the Oakland Landmarks Preservation Advisory Board, and one on April 15, 2015 before the Planning Commission. All comments on the NOP were received by April 21, 2015.

Publication and Distribution of the Draft SEIR

An Oak Knoll Master Plan Project Draft SEIR was prepared to evaluate the potential environmental impacts of the proposed Project. The Draft SEIR addressed each of the environmental topics identified in City of Oakland's CEQA Thresholds of Significance at a substantial level of detail warranted by each topic. The Draft SEIR was intended to inform City of Oakland decision makers, other responsible agencies and the public of the potential environmental consequences associated with the Project, and to identify mitigation measures that would reduce or eliminate those impacts. The following environmental topics are addressed in detail:

- Aesthetics
- Air Quality
- Biological Resources
- Cultural and Paleontological Resources
- Geology and Soils
- Hazards and Hazardous Materials
- Hydrology and Water Quality
- Land Use and Planning

- Noise and Vibration
- Population and Housing
- Public Services and Recreation
- Transportation and Circulation
- Utilities and Service Systems
- Energy

Other topics including Agricultural and Forestry Resources and Mineral Resources were found to be not directly relevant to the proposed Project through the scoping process and were not evaluated in the SEIR. The Notice of Availability for the Draft SEIR was prepared and released on August 29, 2016 and the Draft SEIR was made available on the same day. The Notice of Availability for the Draft SEIR was mailed to property owners within 300 feet of the Project area, distributed to state and local agencies, posted on the Project web site, and mailed and e-mailed to interested parties. Copies of the Draft SEIR were also distributed to City officials including the Planning Commission, and made available at the Bureau of Planning and on the City's website. Opportunities to provide oral comments on the Draft SEIR were provided on September 12, 2016 at the Landmark Preservation Advisory Board, on September 17, 2016 at the Bicycle and Pedestrian Advisory Commission and on October 5, 2016 before the planning Commission. The purpose of these hearings was to solicit comments from these boards and commissions and the public. The 45-day public comment period ended on October 12, 2016.

Significant and Unavoidable Environmental Effects

The Draft SEIR identified several significant and unavoidable impacts (i.e., would exceed the City's defined threshold of significance and no feasible mitigation measure is available to reduce the significant impact to a less-than-significant level) for the Project. These significant and unavoidable impacts are summarized below:

- Air Quality (*Impact AIR-2)*: Operation of the Project would result in daily emissions and annual emissions of criteria pollutants that would exceed applicable thresholds. This air quality impact is unavoidable because implementation of feasible mitigation measures could reduce this impact, but not to a less-than-significant level.

- Transportation and Circulation: Traffic generated by the Oak Knoll Project would add more than ten peak-hour vehicle trips to a critical movement at several unsignalized intersections, and new signals and associated lane improvements at these intersections would be warranted. The necessary intersection improvements include:

  - I-580 eastbound on-ramp at the Seminary/Kuhnle intersection (*Impact TRANS-1 and -8);*
  - I-580 westbound off-ramp at the Mountain/Kuhnle intersection (*Impact TRANS-2 and -9);*
  - I-580 eastbound off-ramp at the Fontaine/Keller intersection (*Impact TRANS-3 and-10*);
  - I-580 westbound off-ramp at the Mountain/Shone intersection (*Impact TRANS-5 and -12*); and
  - Mountain/Golf Links Road intersection (*Impact TRANS-6 and -15*)

Mitigation measures identified in the Draft SEIR at each of these intersections would be able to reduce traffic impacts to less than significant levels. However, these intersection impacts are considered unavoidable because Caltrans' approval is required to implement the mitigation measures, and the City of Oakland cannot guarantee that Caltrans will accept and approve permits for these signals and associated improvements. Caltrans cannot take any official action on these improvements until the Applicant applies to Caltrans for permits, and those applications must await certification of the SEIR. Caltrans has made no indication that they would not be receptive to these improvements, only that they would need to evaluate the details of these improvements pursuant to their own processes.

The SEIR also identified a mitigation measure for the Mountain Boulevard/Golf Links Road intersection that may result in significant secondary impacts to pedestrian circulation and/or bus operations, and the City's policy is to avoid such secondary impacts. The applicant has submitted a proposal for the improvements to Mountain Boulevard/Golf Links Road that would narrow the vehicle and bicycle lane widths by approximately one foot, making it feasible to install both the planned Class 2 bicycle lanes and additional vehicle lanes. Caltrans and/or City approval would be required to allow reduced vehicle and bicycle lane widths.

- Cumulative Traffic: Traffic generated by the Oak Knoll Project would also contribute to cumulative (year 2040 plus Project) traffic impacts at the following two intersections, which would result in level of service (LOS) E or worse conditions.
  - I-580 eastbound off-ramp at Golf Links/98th intersection (*Impact TRANS-14*); and
  - International Boulevard/98th Avenue intersection (*Impact TRANS-13*)

  These intersection impacts are also considered unavoidable because Caltrans' approval is required to implement the mitigation measures and/or because the mitigation measures identified in the SEIR are not fully capable of reducing impacts to less than significant levels.
- Freeway Traffic: Traffic generated by the Oak Knoll Project would contribute traffic to freeway segments that are already congested (operate at LOS F conditions), and the Project's traffic would increase congestion beyond identified cumulative thresholds (*Impacts TRANS-7 and TRANS-16*).

  These impacts are classified as significant and unavoidable because no feasible mitigation measures are available to reduce freeway congestion to less than significant levels. Widening the I-580 freeway is not currently planned, would be beyond the scope for this or any individual project, and it is not within the City's authority to undertake capacity-enhancing freeway improvements.

Effects Reduced to Less than Significant with Identified Mitigation Measures

The proposed Project could also result in potentially significant impacts related to aesthetics, biological resources, historical resources and geology. However, implementation of City of Oakland's Uniformly Applied Standard Conditions of Approval (SCAs) and/or mitigation measures (see **Attachment P**) would reduce such impacts to less than significant levels.

Other Less than Significant Effects

The Draft SEIR indicates that all environmental effects, other than those effects summarized above, will either be less than significant, or will be mitigated through required implementation of City of Oakland SCAs.

Recommended Measures

Furthermore, the Draft SEIR included several Recommended Measures, though not required by CEQA to reduce an impact, would further reduce the already less than significant impacts and implement City of Oakland General Plan policies. These Recommended Measures have been included as Conditions of Approval (see ***Attachment R***).

Project Alternatives

The Draft SEIR also presented a comparative assessment of a reasonable range of CEQA alternatives to the Project. These alternatives include the CEQA-required No Project alternative. Other alternatives analyzed in detail and discussed in the Draft SEIR are listed below:

- Alternative A - Reduced Footprint Residential Mix: This alternative reduces the total number of residential units from 935 to 601 (334 less units) and would cluster all residential development, roads and infrastructure in the flatter areas of the site, preserving the steeper and ridgeline areas in open space. Alternative A would also reduce the commercial/retail component of the Project from approximately 82,000 square feet to approximately 36,000 square feet, and would leave Club Knoll in its current location for adaptive reuse for 15 multi-family residential units.

- Alternative B - Reduced Footprint, Low Density Small Lot: This alternative reduces the total number of residential units from 935 to 551 (384 less units) and would cluster all residential development, roads and infrastructure in the flatter areas of the site. Alternative B also would retain Club Knoll in its existing location and reuse it for 15 multi-family residential units. This alternative has no retail/commercial component.

- Alternative C - Hillside Low Density, Large Lot: This alternative would develop approximately the same site footprint as the proposed Project, but would reduce the total number of residential units from 935 to 349 (-586 units), creating single family detached units on large lots. It also proposes affordable housing in stacked flats that would be developed on the City-owned parcel (which are not proposed in the other Alternatives or the proposed Project). This alternative would contain no retail/commercial component. Club Knoll would be retained in its current location and reused for five multi-family residential units (as opposed to 15 units envisioned for the other Alternatives).

Other, non-CEQA alternatives analyzed in the Draft SEIR included:

- Club Knoll Demo Alternative: The Demolition Alternative would directly conflict with the LUTE and the HPE policies that are relevant to historic resources under CEQA, and would be required to demonstrate compliance with findings and regulations for the demolition of historic properties pursuant to Oakland Planning Code, section 17.136.075. The Demolition alternative would result in a significant and unavoidable impact that would not occur with the proposed Project. Demolition of the historic resource is not consistent with numerous key City policies intended for the preservation and/or appropriate documentation of such resources when preservation is not viable. The Demolition Alternative would include a smaller, newly constructed community center, which would generate

fewer daily vehicle trips than would adaptive reuse of Club Knoll, but this reduction in vehicle trips would not substantially reduce traffic impacts of the Project.

- Reduced Club Knoll Relocation: The Reduced Relocation Alternative would relocate and rehabilitate less of the existing Club Knoll structure than proposed by the Project, and is partially intended to demonstrate a different balance between the City's historic preservation goals and minimizing the Project's traffic effects. It would reduce the community commercial uses area within the relocated Club Knoll from 10,000 square feet to 5,900 square feet, resulting in fewer daily trips than would occur under the Project; but would also increase the extent of alteration to those physical characteristics of Club Knoll that convey its historical significance. Among the character-defining features that would not be retained under this alternative are the two (north and south) building wings, the covered arcade around courtyard, and the enclosed courtyard with its fireplace and fountain. It is reasonable to determine that relocation of Club Knoll without the north and south wings would materially impair the significance of the historic resource, would not comply with the Secretary of the Interior's Standards and would be a significant and unavoidable CEQA impact.

The City also considered but ultimately rejected the following possible alternatives to the Project, which were not analyzed in detail in the Draft SEIR:

- Extension of Leona Canyon Regional Open Space: This scenario is not considered in detail in the Draft SEIR because it would not align with any objectives of the proposed Project, or the vision in the approved Reuse Plan for redevelopment of the site.

- Off-Site Alternative: An alternative that locates the Oak Knoll Project at an alternative site location while attaining the basic Project objectives was considered largely infeasible and thus not analyzed in detail.

- Reuse Alternatives Analyzed in the 1998 EIS/EIR: These alternatives were not further analyzed in the Draft SEIR because either they do not align with the objectives of the proposed Project, propose greater intensity of development compared to the proposed Project, or are similar to one of the selected alternatives that more closely aligns with the proposed Project and thereby offers a more meaningful comparison.

The Draft SEIR identified Alternative C (the Hillside Low Density, Large Lot Alternative) as the CEQA-required environmentally superior alternative to the Project, after considering the No Project Alternative as CEQA requires. It is superior because, when compared to the proposed Project and all other alternatives, it would avoid more of the significant impacts identified for the Project. Specifically, Alternative C would avoid nine of the 16 significant and unavoidable traffic intersection impacts identified with the Project.

Response to Comment Document / Final SEIR

Written comments on the Draft SEIR were mailed and faxed to the Bureau of Planning by October 12, 2016. Once all comments had been received, the Final SEIR/Response to Comments document was prepared. A Notice of Availability and Release (NOA/R), along with the Response to Comments Document (that together with the Draft SEIR make up the Final SEIR) was published on April 27, 2017. The Final SEIR was provided to the LPAB and the Planning Commission and the NOA/R was sent to all commenters. The Final SEIR is available to the public at the Planning Department office and on the City's

website. The Response to Comments Document includes written responses to all comments received during the public review period on the Draft SEIR and at the public hearings on the Draft SEIR held by the LPAB, Planning Commission, and the OBPAC, as well as revised or clarified text.

The Response to Comments Document also includes an assessment of an additional alternative to the Project. This additional alternative (Alternative D) would keep Club Knoll in its existing location, rehabilitated for residential use. A small (5,000 square-foot) new community center would be constructed in the location the Project proposes for Club Knoll relocation. It similar to the proposed Project, but with residential units occupying a rehabilitated Club Knoll building, rather than relocation. This alternative would reasonably require one or more mitigation measures to ensure that compliant rehabilitation is applied to Club Knoll. The Final EIR concluded that Alternative D would not substantially reduce or avoid any significant impacts as compared to the proposed Project, and Alternative C remains the environmentally superior alternative compared to the other alternatives (except the No Project) given its substantially lower proposed density and overall development.

Staff has identified and made the required CEQA Findings, including a Statement of Overriding Considerations for the significant and unavoidable air quality and transportation impacts section (see **Attachment Q**).

KEY ISSUES

Design Issues of the PDP and Design Review Committee (DRC) Comments

The DRC held three separate meetings (on July 2016, October 2016 and December 2016) to review, discuss and make recommendations toward finalizing the Oak Knoll PDP. During these meetings, a wide range of issues were presented by Staff and discussed by the DRC. Key topics included, but were not limited to, the following:

- Whether the new residential neighborhoods would relate well to their hillside setting and surrounding residential neighborhoods;
- Whether the Project included an appropriate mix of land uses that are reflective of the land use types suggested under the General Plan and desired and needed in the community;
- Whether the extent of proposed grading is excessive and visually obtrusive, or is necessary for the site considering the extent of corrective grading required and the need to maintain acceptable road grades;
- How the Project's layout addresses the Upper Knoll area along the top of Keller Avenue, intended as a passive park rather than residential development;
- Whether the Project's layout provides adequate and substantial buffer areas for its surrounding neighbors;
- Whether the architectural guidelines for new residences provide enough flexibility and architectural styles to permit creative and innovative design, and adequate rigor to ensure quality; and

- The appropriateness of the PUD clustering provisions to enable the Project to develop a variety of single-family residential lot sizes that are substantially smaller and with smaller setback requirements than the currently applicable zoning regulations would allow.

During the course of final Project design (as represented in the proposed final PDP) each of these topics were refined, modified and or enhanced such that the DRC had no further comments. The few remaining issues that Staff, the Applicant's design team and the DRC spent the greatest amount of time working toward resolution are further discussed below.

Hillside Residential Lot Grading and Design

The Project proposes substantial corrective grading in the Upland neighborhoods to eliminate unstable slopes and to meet acceptable roadway grades, but also provide individual flat pad lots for the proposed home sites. The design avoids the most visible area at the top of the Knoll, but substantial grading and tree removal in the Uplands neighborhood along the ridgeline would be prominently visible. To address this concern, the PDP now includes special height standards and grading requirements applied to three separate lot conditions in this area:

- ***Padded Lots***: For those lots not located in highly visible areas west of the Uplands road, these lots graded to provide flat foundation pads to allow for a full flat building site, with short side-yard retaining walls stepping up the hill,

- ***Terraced Lots***: Along the lower portion of the Ridge on the east side of the Uplands road, lots will have terraced (or split building pad foundations to better integrate homes into the hillside topography.

- ***Sloped Lots***: Those lots located in the steeper and most visible portion of the ridge to the north will have limited grading. The majority of the area within each lot will remain sloped, and each home will be custom designed and constructed. Additional vegetation will be planted to shield views of these ridgeline homes while enabling views out.

Retail Village Design

Staff and DRC members have raised a number of concerns and questions specific to the Retail Village's layout and design (e.g., its placement of loading docks and service areas, visibility of parking lots, and design success of the "main street plaza"); the feasibility of a small retail center at this location (i.e., market demand and retail success over the long-term); its relationship to the restored Rifle Range Creek; and its connections to pathways, trails and bicycle routes. Oak Knoll Venture Acquisitions LLC and their retail development partner have assured the DRC of the market demand for this neighborhood-serving retail use, and their retail architect has better addressed many of the prior design concerns. The DRC reviewed the Applicant's latest designs and voted to move the Retail Village design materials forward for consideration by the full City Planning Commission.

Staff remains less than satisfied with all design issues of the current concept plans presented in the PDP. Staff is supportive of the general design guidelines for the Retail Village but remaining issues include the prominence and scale of surface parking; the extent of rear building facades facing onto Mountain Boulevard; the isolation of the two separated retail pads to the south which are inconsistent with the Village concept; the layout which turns its back to the creek and the lack of clear pedestrian connections to the overall Project, and the proposed drive-through facility for a potential pharmacy use. Staff is concerned that the PUD and PDP will set the massing and location of these buildings, is too suburban in

design and does not address Staff's concerns adequately. Staff does not believe that these issues are best resolved in the subsequent review of Final Development Plans (FDP) for the Retail Village as the FDP needs to implement the PUD and PDP.

Staff is requesting that the Planning Commission consider these concerns and potential remedies such as:

- Approving the PDP and PUD with the clear caveat that these issues need further investigation as part of the future FDP and PUD/PDP layouts and massing may change.
- Approving the overall square footages and location for the Village Retail area, but requiring the Retail Applicant to revise the PDP with respect to the Retail Village only.
- Approving the location and massing of the proposed grocery store and parking, but requiring the Retail Applicant to revise the locations of the other buildings in a revised PDP limited to this issue only.

Implementation and Design Issues of the Master Developer FDP and DRC Recommendations

At the three DRC meetings held last year, the Committee also reviewed, discussed and made recommendations pertaining to the FDP for Master Developer Installed Improvements. A range of topics were discussed and resolved to the satisfaction of the DRC, including but not limited to the following:

- The overall extent of proposed grading;
- The design standards for proposed internal roadways (as being consistent with the City's Complete Street program to accommodate all transportation modes);
- The extent of grading and reconstruction involved in the Rifle Range Creek restoration, ;
- Selection of appropriate street tree species; and
- Use of quality materials and furniture within the proposed parks and tot-lots.

One of the Master Developer improvements that has changed since last discussed with the DRC is that the Project Applicant has reached an agreement with the City and EBMUD to acquire land along the northern edge of the Project site adjacent to Keller Avenue. This pending acquisition will add approximately three acres of land to the Project site. About one-half of this additional land will be improved with the same street and creek restoration improvements previously planned (with a difference in land ownership only), but 1.43 acres of the acquired land to the east of the creek will be added to the North Creekside Community Park. This additional park acreage enables this park site to accommodate informal active recreation activities like soccer and softball. No lighting, permanent goals, nets or similar equipment or dedicated parking is proposed. Staff is supportive of this addition to the Project and believes it will provide needed active recreational opportunities within the overall community.

Zoning Issues and Zoning Update Committee (ZUC) Recommendations

A draft of the new D-OK Zoning District and map changes was presented to the Zoning Update Committee (ZUC) on November 16, 2016. Staff requested the ZUC review these materials, solicit public comments and provide Staff with their recommendations. The ZUC was generally satisfied with the draft Planning Code amendments, with minor detailed comments which have been addressed in their current form.

- The ZUC did request that Staff and the Applicant consider adding flexibility to the commercial zone to allow for mixed-use development including upper floor residential use. Staff and the Applicant considered this request, but the Applicant has not incorporated this flexibility into the final proposed zoning regulations. The Applicant intends for the Retail Village to be a commercial-only area and does not believe there is a market for mixed-use development at the Project. Adding mixed-use zoning would also increase traffic-generating land uses beyond what was analyzed in the SEIR. If the Retail Village has difficulty attracting commercial tenants, the mixed-use concept could be reconsidered at a later date with a new Rezoning proposal.

- Staff is not in full support of one element of the proposed new zoning code, applicable to the Retail Village. The proposed D-OK-4 zoning text (Table 17.101J.02: Permitted and Conditionally Permitted Facilities) permits drive-through facilities for pharmacy and retail banking uses only, and prohibits drive-through facilities for all other uses. The drive-through is a facility type and cannot be applied solely to special activity types. Further, Staff believes that permitting any drive-through facilities undermines the PUD/PDP and Design Guidelines encouraging a pedestrian orientation of the Retail Village, and creates a facility type that is often requested (based on prior experience elsewhere in the City) to be converted to another drive-through use (i.e., fast food). While this use is currently prohibited, a Rezoning could be requested.

Club Knoll FPD Issues and Landmark Board (LPAB) Recommendations

The LPAB has reviewed progress toward finalization of the Club Knoll Relocation and Rehabilitation Plan (the Club Knoll FDP) during the course of five separate meetings. At their last meeting of May 8, 2017, the LPAB was generally satisfied with the analysis of historic resources as presented in the SEIR, and recommended approval of the Club Knoll FDP with conditions and further clarifications as described below:

<u>Rationale for Why Relocation is Being Proposed</u>

The LPAB concurred with several public comments suggesting that the reasons why Club Knoll needs to be relocated from its current location had not been clearly articulated. Staff's most clear and direct articulation of this issue is presented below:

- ***Option #1 – Demolition***: At the LPAB SEIR scoping meeting in 2014, the Project Applicant indicated their intention to demolish the Club Knoll building. LPAB and Staff were strongly opposed to this demolition option. Demolition would directly conflict with General Plan policies of the LUTE, HPE, OSCAR and the Energy and Climate Action Plan relevant to historic resources, and it would be inconsistent with the HPE goal of placing Club Knoll on the Preservation Study List. Staff did not receive any of the required evidence to demonstrate compliance Oakland Planning Code, Section

17.136.075 requirements for findings (Demolition Findings) needed prior to consideration of the demolition of historic properties. Although evidence was not submitted, it was Staff's opinion that the Demolition Findings could not be met and the building could be rehabilitated for reuse. Further, the damage to the damage to the building was not great enough to be an imminent hazard. For these reasons, demolition was found an unacceptable option.

- ***Option #2 – Relocation and Rehabilitation***: Staff was encouraged when the Applicant reconsidered demolition and instead proposed relocation. Staff believes the Relocation and Rehabilitation Plan provides an opportunity to retain the historically important Club Knoll building, and maintain greater consistency with General Plan policies and Planning Code requirements. It will also preserve and rehabilitate the building in accordance with Secretary of Interior Standards. The relocation site is centrally located within the Project, and Club Knoll would provide a distinctive landmark centerpiece and in a prominent and important location as opposed to off to the side of the property.

- ***Option #3 – Retain Location and Rehabilitate for Commercial and Civic Use***: The current location of the Club Knoll building is relatively close to existing residential neighborhoods. Rehabilitating the building in-place as a commercial and civic use would result in an active, potentially noise-generating land use that could become a nuisance to surrounding residents. Staff has already heard from some of these neighbors indicating their displeasure with this suggestion. This alternative was studied in the SEIR, and rehabilitation in place is technically feasible. However, the Project Applicants have not proposed to implement this option as they do not believe it is good for the Project's design and operation. The proposed central location is better from a design standpoint and would place the building in a prominent location.

- ***Option #4 – Retain Location and Rehabilitate for Residential***: Like Option #3 above, the alternative of retaining Club Knoll in-place and adaptively reused for residential purposes was studied in the SEIR and found to be technically feasible. No detailed design for residential use has been prepared or analyzed. However, any in-place alterations for adaptive reuse of Club Knoll for residential purposes would likely require substantial modifications to the building's structural elements and systems to make it safe for residential purposes. Interior modifications to divide the space into living units may necessitate alterations to some of the interior character-defining elements of the building, and residential use would not enable the interior of the building to be accessible to the public. Further, the Project Applicants have not proposed to implement this option and the City has no legal means to require the building to be rehabilitated for any particular purpose.

- ***Option #5 – None of the Above:*** Staff believes the Demolition option to be unacceptable as being inconsistent with the General Plan and not supported by evidence as required by the Planning Code. The Project Applicant finds options #3 and 4 unacceptable as either an inappropriate location for commercial use and/or too expensive for the return value as a residential use. If the proposed relocation and rehabilitation option is not selected, the remaining option is simply leaving the building in-place as is, secured to prevent vandalism and maintained to prevent nuisance and blight. This last remaining option is not preferred, offers no concrete proposal for rehabilitation, and at best defers a decision of what to do with the building until another day, and may preclude the option of relocation and rehabilitation once the Project moves forward.

Retention of Character-Defining Elements

The LPAB, the DRC and members of the public have expressed some skepticism about whether the relocation and rehabilitation of Club Knoll will actually preserve the building and its important components, but may instead result in a simple replica using new materials. In response, the Applicant has provided more detail in the FDP and matrix as described above. This additional information clarifies the following:

- The large majority of character-defining building elements (including roof tiles, roof trusses, doors, windows, columns, corbels, emblems, wood trim, wood flooring, truss base moldings, railings and hardware) are fully expected to be salvaged, stored, repaired as needed and reinstalled on the relocated building.

- In those limited instances where replacement is necessary, the FDP outlines that "care shall be taken to match any new materials with the original materials in quality as well as materials."

- None of the building's mechanical, electrical, sprinkler or plumbing systems are intended to be relocated, and instead will be all new, code-compliant systems within the new building.

- The deteriorated interior plaster and decorative stucco (which contains asbestos), those portions of the wood floor that are damaged beyond repair, and missing interior and exterior hardware will be replaced with in-kind materials.

This supplemental information clarified for the LPAB that the Club Knoll FDP can fully comply with Secretary of Interior Standards for Rehabilitation, and would not result in an artificial replica of the current building, if implemented as proposed.

Further Guarantees to Ensure Success of the Relocation Effort

LPAB members were informed of, and aware of the Draft SEIR mitigation measures, technical recommendations, surety bonding and insurance requirements, and expertise of Architectural Dimensions (the architects selected to implement the FDP) as methods to ensure success of the proposed relocation and rehabilitation of Club Knoll. However, they remain concerned that success ultimately relies on the details of a Work Program (building permit-level design) yet to be prepared, and on-site decision-making during the relocation and rehabilitation process. The LPAB recommended additional measures (which are now incorporated into Staff's recommended Conditions of Approval) that would provide for:

- The Final Work Plan for Club Knoll Relocation and Rehabilitation to be peer-reviewed by a third-party, independent professional and the LPAB prior to implementation, and that

- A third-party independent professional preservation architect and structural engineer be on site to monitor dismantlement and reassembly of Club Knoll.

Traffic-Related Topics of Concern

During the Draft SEIR public review period the City received 63 separate letters, as well as numerous comments received at public hearings before the Planning Commission, the LPAB and the Bicycle and Pedestrian Advisory Committee. The City published the Response to Comments / Final SEIR for the Oak Knoll Mixed-use Community Project on April 27, 2017, responding to each of these comments. Chapter 5 of that Response to Comments document included master responses to address topics raised most often,

and particularly included responses to traffic-related concerns. The Master Responses are comprehensive and adequately address the individual comments made on these recurring topics. Those recurring topics that are not otherwise addressed above include the following traffic concerns:

Adequacy of the Project's Transportation Demand Management (TDM) Plan

Several commenters asked why the Project's TDM Plan would not meet the City's 20% trip reduction goal, and suggested the TDM Plan be revised to require additional measures to meet the 20% goal. The TDM Plan presented in the Draft SEIR only identified an approximately 10% reduction in vehicle trips, but did not take into account two important components of the Project's design: the mix of retail and residential land uses, and pedestrian and bicycle improvements included in the proposed complete street designs. When the trip reductions associated with these two Project design elements are added to the operation strategies of the original TDM Plan, the overall program would achieve the City's 20% trip reduction goal.

Several commenters and Planning Commissioners have expressed support and preference that the TDM Plan include an AC Transit subsidy to increase bus service to the Project site and the surrounding area, over an alternative strategy of providing private shuttle service to new residents. The Applicants have met with AC Transit representatives to discuss this option and agree that it is preferable to a private shuttle, but have requested that the private shuttle be retained as an option should they be unable to resolve negotiations with AC Transit over the required amount of the subsidy.

Implementation of Intersection Improvements

The Draft SEIR appropriately identified certain mitigation measures that would be able to reduce traffic impacts at many locations, but that Caltrans' approval is required to implement these mitigation measures and that the City of Oakland cannot guarantee that Caltrans will accept and approve permits for these signals and associated improvements. Many commenters understood this Draft SEIR conclusion to imply that the Project Applicant would not be obligated to provide for these intersection improvements and that no traffic congestion relief would be provided. That understanding was not the intent of the Draft SEIR analysis. CEQA simply requires that any mitigation measures that cannot be implemented based solely on the authority of the lead agency (i.e., the City) must be identified. Caltrans has not indicated that they have any concerns or reservations about these improvements, only that they would need to evaluate the details of these improvement plans pursuant to their own permitting process.

Cumulative Weekend and Zoo Traffic

Numerous comments received on the Draft SEIR request an analysis of weekend traffic operations, particularly factoring in Oakland Zoo traffic. The Draft SEIR traffic evaluation focused on weekday AM and PM peak-hour traffic conditions, which corresponds to the periods in which traffic generated by the proposed Project, combined with existing traffic is expected to be the highest. Although a weekend analysis of traffic operations is not included in the SEIR, the following provides additional information form the Response to Comments document:

- Project-generated vehicle trips would be less on weekends than weekdays.
- Mitigation measures identified in the SEIR would mitigate impacts from weekend trips.

- The Amendment to Oakland Zoo Master Plan's Subsequent Mitigated Negative Declaration/ Addendum (February 2011) found that weekday peak-hour traffic volumes are higher than Saturday peak hour volumes, even assuming the Zoo expansion. Thus, the weekday peak-hour analysis presents the worst-case scenario.

Other Issues

Affordable Housing Impact Fees / Mortgage Assistance Program

As indicated in the description of the DA (above), the Project's calculated Affordable Housing Impact Fee (at 2017 fee schedule rates) is $19,789,000. The Applicant and City are negotiating for advance payment of some portion or all of these Affordable Housing Fees at the time of construction of the Project's infrastructure. If these negotiations are successful, the City will receive nearly $20 million in advanced fees, which it can apply to an affordable housing program of its choosing. City Staff is considering the establishment of a housing ownership affordability assistance program intended to help low- to moderate-income families overcome wealth barriers to home ownership through down payment assistance, mortgage assistance and subsidies, forgivable loans, and/or soft second mortgages. Regardless of the timing of some or all of the Project fees, such a program could utilize the Project's almost $20 million in affordable housing impact fees to underwrite or subsidize costs for homeownership opportunities, either within the Project or elsewhere within the City.

City-Owned Property

Within the overall 191-acre Project site, the City has retained ownership of a relatively small, 5.3-acre parcel of the former Oakland Navy Medical Center, located within the southwest corner of the site, referred to as the Barcelona Parcel. This property has been included in the planning of the Project and is being considered for sale to Oak Knoll Acquisition LLC as part of an Exclusive Negotiating Agreement. In the event the Applicant elects not to purchase the parcel, the City would continue to hold title to this property until such time as an interested party wishes to purchase it for development. The City would like this property to remain within the overall Project and entitled pursuant to the Project for 2.1 acres subdivided for 14 single-family lots, 1.9 acres of roadway, and 1.3 acres of open space as the planning, design, and architecture and environmental review analysis for this area has already been completed. As part of the draft DA discussed above, the City is considering including site preparation, grading, and roads and utility installation for the Barcelona parcel in the event the City desires to use the parcel for affordable housing and the land transaction is not completed.

Development Agreement

As noted above, the Applicant has submitted an application for a DA, and the City and the Applicant are considering such an Agreement. General terms of the DA have been provided for review by the public and the Planning Commission. However, a draft document with detailed terms and obligations has not been prepared for the Planning Commission's consideration. Staff believes that the DA is a vital component of the Project as it would vest the developer with certain rights but it's purpose is also to provide public and fiscal benefits to the City which it could not otherwise obtain without a more direct nexus between the impacts of the development and those benefits. Furthermore, this document, which will be in effect for approximately 20 years, could supersede language in the Conditions of Approval related to expiration dates, timing of permits and other obligations which would be different than what is

in the Conditions of Approval. Staff believes these details and a clear coordination between these two documents is essential. Furthermore, as noted above, Staff has received comments regarding affordable housing given the Bay Area's current housing crisis as well as the financial burdens placed on the future HOA in maintaining Club Knoll in addition to other infrastructure. Two key components of the DA would be the affordable housing component and the ability to manage and fund necessary maintenance and capital improvements over time without further burdening the HOA. These details have not been resolved. It is for these reasons, that Staff is recommending that the Planning Commission take public testimony and provide comments and directions but continue the item until a draft DA can be included for consideration and recommendation.

Community Facilities District

As noted above the Project includes: an extensive network of streets and two emergency vehicle access roads; street infrastructure (sewer and stormwater lines, bio-swales, retention and detention basins, rain gardens, lighting, street trees, etc.); three creeks; parks and open spaces; a pedestrian and roadway bridge, Club Knoll, gates, fences, walls, and vegetation suppression. Staff has discussed construction and the ongoing responsibilities associated with these improvements and believes that formation of a CFD or other similar financing mechanism, acceptable to the City, is necessary for future maintenance. This is another important component of the Project as it will affect ongoing maintenance of the 191-acre site and City resources. Staff has not had adequate time to consider a CFD or other financing options available, what should be included in the CFD, the recent changes in state law regarding formation of a CFD and the draft Condition of Approval may or may not be adequate to protect the residents and the City and provide clear obligations to the developer. Therefore, until these details are resolved, Staff is recommending that the Planning Commission continue the item until a more fully formed CFD framework can be included for consideration and recommendation.

STAFF RECOMMENDATIONS

Staff believes that the proposed Oak Knoll Project will be a substantial benefit to the City of Oakland. It will provide additional needed housing opportunities at a mix of densities and affordability ranges, and conveniently accessible community retail spaces to serve the needs of the new community and the surrounding area. The Project includes necessary public infrastructure to serve the new community, as well as important open space and parks open to the general public that will benefit the City and the environment. The Project provides for relocation and rehabilitation of an important historic resource (Club Knoll) rather than demolition. The proposed creek improvements would effectively address current deficiencies of the creek, part of which is currently undergrounded, and will provide long-term benefits of a sustainable day-lighted channel, lower maintenance and improved habitat, consistent with City's as expressed in policies of the City General Plan.

Staff acknowledges that the Project will result in significant and unavoidable environmental impacts related to traffic congestion and air quality emissions. However, as discussed in the Statement of Overriding Considerations, Staff believes that all mitigation measures that are reasonable and feasible will be applied to the Project and that the benefits of the Project outweigh these adverse impacts.

Therefore, Staff recommends that the Planning Commission:

1. Take public testimony and provide comments on the merits of the proposed Project, the proposed themes of the DA, the Condition of Approval to Establish a Community Facilities District and other Conditions of Approval to Staff for consideration at a date uncertain once a draft Development Agreement (DA) and fully detailed Condition have been prepared.

Alternatively, if the Planning Commission wishes to forward favorable recommendation to the City Council, Staff recommends that the Planning Commission:

2. Take public testimony;

3. Recommend that the Oakland City Council certify the Oak Knoll Project Supplemental Environmental Impact Report by adopting the attached CEQA Findings, including adoption of a Statement of Overriding Considerations (see **Attachment Q**) and adopting the attached Standard Conditions of Approval/Mitigation Monitoring and Reporting Program (**Attachment P**);

4. Recommend that the Oakland City Council approve the proposed amendments to the General Plan Land Use Diagram for the Oak Knoll site to match the Project's parcel-by-parcel specificity and existing site conditions, by adopting planning findings for the General Plan amendment as included in this Staff Report (**Attachment O**);

5. Recommend that the Oakland City Council approve the proposed new zoning districts, new text and zoning map changes to accompany and implement the land use plans and design guidelines of the Oak Knoll Planned Unit Development (PUD) and PDP, by adopting planning findings for re-zoning as included in this Staff Report (also **Attachment O**); and

6. Recommend that the Oakland City Council approve a DA consistent with the themes described in this Report and recommend that the City enter into a DA based on the attached findings (see **Attachment L**).

7. Recommend that Staff further develop detailed language for Condition #46: Establishment of a Community Facilities District (CFD) including but not limited to what types of facilities should be in the CFD, clear ownership and maintenance responsibilities, and obligations regarding Minimum Standards prior to the public hearing before the City Council.

8. Recommend that the Oakland City Council approve the remaining development related permits the proposed Oak Knoll Planned Unit Development permit, including the Oak Knoll Preliminary Development Plan and Design Guidelines (with consideration of Staff's concerns regarding the Retail Village). Possible alternative Retail Village recommendations include:

    a) Approving the PDP and PUD with the clear caveat that these issues need further investigation as part of the future FDP and PUD/PDP layouts and massing may change.

b) Approving the overall square footages and location for the Village Retail area, but requiring the Retail Applicant to revise the PDP with respect to the Retail Village only.

c) Approving the location and massing of the proposed grocery store and parking, but requiring the Retail Applicant to revise the locations of the other buildings in a revised PDP limited to this issue only.

9. Recommend that the Oakland City Council approve the remaining development related permits including the FDP Master Developer Site Improvements, the FDP for Club Knoll, the Vesting Tentative Tract Map, and Creek Permit, by adopting findings for the Project as included in this Staff report (also **Attachment O**), with the attached Conditions of Approval (**Attachment Q**).

Prepared by:

Scott Gregory

Scott Gregory, Contract Planner

Reviewed by:

Heather Klein
Planner IV
Bureau of Planning

Approved by:

Robert Merkamp
Development Planning Manager
Bureau of Planning

Approved for forwarding to the
Oakland Planning Commission:

Darin Ranelletti
Deputy Director
Department of Planning and Building

ATTACHMENTS:

A. Site Plan
B. Oak Knoll PUD/PDP Permit, Preliminary Development Plan (PDP)
C. Oak Knoll PUD/PDP Permit, Design Guidelines

D. Existing General Plan Land Use Diagram (LUTE)
E. Proposed General Plan Land Use Diagram Amendment
F. Existing Zoning Map and Text
G. Proposed Rezoning Map and Text, D-OK Oak Knoll District Zone Regulations
H. Vesting Tentative Tract Map
I. Final Development Plan (FDP) – Master Developer Site Improvements
J. Final Development Plan (FDP) – Club Knoll
K. Creek Protection Plan
L. Development Agreement discussion point outline and Basic Application
M. Tree Removal/Replacement Plan
N. Discussion Regarding General Plan Conformity and Amendments to the Land Use Diagram
O. Findings for General Plan Amendment, Oak Knoll Rezoning, Planned Unit Development permit, including the Oak Knoll Preliminary Development Plan and Design Guidelines, Master Developer Site Improvements Final Development Plan, Vesting Tentative Tract Map, Development Agreement and Creek Permit
P. Standard Conditions of Approval/Mitigation Monitoring and Reporting Program (SCAMMP)
Q. CEQA Findings, including a Statement of Overriding Considerations and Economic Feasibility Analysis, dated June 13, 2017
R. Staff-recommended Conditions of Approval
S. Public Comments
T. Fire Department Memo, dated June 9, 2017