
14. POPULATION AND HOUSING

This EIR chapter describes population, housing, and employment characteristics in Hercules and the project site vicinity and identifies the anticipated impacts of the proposed project on those characteristics. The demographic information presented in this chapter also provides the statistical basis for determining population-, housing-, and employment-related impacts in other chapters of this Draft EIR (e.g., transportation, public services and utilities, etc.).

14.1 SETTING

The population, housing, and employment growth estimates described in this section are based on the most recent (2009) long-term employment, household, and population forecasts made for Hercules by the Bay Area's designated regional land use planning agency, the Association of Bay Area Governments (ABAG). Every two years, ABAG issues long-term growth forecasts for each of its member cities and counties. The ABAG forecasts are designed to be realistic assessments of growth based on emerging market and demographic trends and land available for development, as determined by local General Plan land use policy.

14.1.1 Population

Table 14.1 shows existing and projected population in Hercules, based on demographic data developed by ABAG. As shown, Hercules' 2010 population of 25,300 is projected to grow to 34,900 by 2035, a 38-percent increase over the 25-year period. The population of Hercules represented approximately 2.3 percent of the countywide population in 2010 and would represent approximately 2.6 percent of the countywide population in 2035.

ABAG has also provided projections for the Hercules Waterfront District, a designated "Priority Development Area" of which the project site is a part (see further discussion under section 14.2, Pertinent Plans and Policies, below). As shown in Table 14.1, the district's 2010 population of 933 is projected to grow to 8,474 by 2035, an eight-fold increase over the 25-year period.

14.1.2 Housing

Table 14.1 and the following discussion describe ABAG estimates of existing and projected household totals for Hercules. The terms "households" and "dwelling units," as defined by ABAG, are similar but not equivalent; a household is defined as an occupied dwelling unit.

In 2010, there are approximately 8,360 households in Hercules. ABAG projects that Hercules will have 11,760 households by 2035, representing a 40.7-percent increase between 2010 and 2035. The number of households in Hercules represents approximately 2.1 percent of the countywide total in 2010 and would represent approximately 2.5 percent of the countywide total in 2035.

Table 14.1
**ABAG-ESTIMATED EXISTING AND PROJECTED HERCULES AND CONTRA COSTA
 COUNTY POPULATION, HOUSING AND JOB GROWTH, 2010-2035**

	<u>2010</u>	<u>2035</u>	<u>Change 2010-2035</u>	<u>Percent Change 2010-2035</u>
Hercules (citywide)				
Total population	25,300	34,900	+9,600	+37.95
Total households	8,360	11,760	+3,400	+40.67
Persons per household	3.03	2.97	-0.06	-1.98
Total jobs	2,790	5,610	+2,820	+101.08
Total employed residents	12,370	21,220	+8,850	+71.54
Ratio (jobs/household)	0.33	0.48	+0.15	+45.46
Ratio (jobs/employed resident)	0.23	0.26	+0.03	+13.04
Hercules Waterfront District				
Total population	933	8,474	+7,541	+808.25
Total households	308	2,855	+2,547	+826.95
Persons per household	3.03	2.97	-0.06	-1.98
Total jobs	427	2,599	+2,172	+508.67
Ratio (jobs/household)	1.39	0.91	-0.48	-34.53
Total Contra Costa County (unincorporated area + cities)				
Total population	1,090,300	1,322,900	+232,600	+21.33
Total households	392,680	480,480	+87,800	+22.36
Persons per household	2.78	2.75	-0.03	-1.08
Total jobs	376,820	555,650	+178,830	+47.46
Total employed residents	490,200	718,700	+228,500	+46.61
Ratio (jobs/household)	0.96	1.16	+0.20	+20.83
Ratio (jobs/employed resident)	0.77	0.77	0.00	0.00

SOURCE: ABAG, Building Momentum: Projections and Priorities 2009, August 2009 (population, households, jobs, and employed residents); Wagstaff/MIG, 2010 (persons/household, jobs/household, and jobs/employed resident ratios).

In the Hercules Waterfront District, the number of households is projected to increase by more than 800 percent – from 308 to 2,855 – between 2010 and 2035.

14.1.4 Jobs/Housing Balance

Regional planning goals have increasingly emphasized the need to improve the balance between housing and jobs in subregions as a means of reducing intraregional commuting and associated traffic congestion and air quality impacts. The term "jobs/housing balance" is commonly used to describe the relationship between the number of local jobs available and the number of local employed residents. While the "jobs/housing balance" is the term most often used, the "jobs/employed resident balance" is the more precise measure of the local relationship of housing to jobs, since housing units (or households), on average, contain more than one employed resident. To the degree that a balance is achieved between local jobs and housing, there is greater opportunity for local residents to work close to where they live.¹ Where a community's local jobs/employed resident ratio is substantially higher than the regional ratio, a higher tendency toward in-commuting is indicated; where the local ratio is substantially lower than the regional ratio, a higher tendency toward out-commuting is indicated.

As indicated in the Table 14.1, Hercules has far fewer total jobs than local employed residents in 2010, translating to a jobs/employed resident ratio of 0.23. The city's ratio is expected to increase slightly to 0.26 during the 25-year period until 2035. For Contra Costa County as a whole, the jobs/employed resident ratio is 0.77 in 2010 and is projected remain at 0.77 in 2035. The figures indicate that Hercules has and will continue to have fewer jobs than employed residents, unlike Contra Costa County and the Bay Area as a whole, suggesting an ongoing Hercules trend toward outcommuting.

14.1.5 Existing Population on the Project Site

The project site currently does not contain any residents or employees. The two existing structures on the site are vacant.

14.2 PERTINENT PLANS AND POLICIES

CEQA requires an EIR to identify the plan and policy setting within which the project is proposed and discuss any inconsistencies between the proposed project and these applicable plans and policies (CEQA Guidelines section 15125[d]). CEQA also indicates that this plan and policy consistency discussion should be limited to the context of evaluation and review of environmental impacts (CEQA Guidelines section 15124[b]).

¹ It is important to note, however, that a simple numerical balance in the jobs/housing ratio does not necessarily indicate that local residents have adequate opportunity to work in their community. Other factors, such as the match between local resident employee skills and the skills required for local jobs, and the match between local job compensation levels and local housing prices, also influence a community's actual jobs/housing relationship.

14.2.1 City of Hercules General Plan

The *Land Use Element* of the Hercules General Plan contains the following objectives, policies, and programs relevant to consideration of the population and housing impacts of the proposed project:

- *Develop a community that balances housing, jobs, and commercial opportunities. (Objective 2)*
- *Emphasize employment-generating development, which is lagging behind residential development. (Policy 2C)*
- *Give favorable consideration to the following types of development: new retail development that would generate substantial new sales, businesses that would provide substantial living wage employment, high growth technical businesses (particularly bio-tech, flex office and incubator uses), health care services, restaurants and innovative mixed use development proposals. (Program 2C.3)*
- *Develop and maintain a pattern of residential land uses which provide for a variety and balance of densities and opportunities for a mix of dwelling and residential type [sic]. (Objective 5)*
- *State law requires the City to allow development of new residential uses and units as part of meeting the regional need for housing. (Policy 5B)*
- *Encourage development of innovative types of housing, including co-housing, congregate care facilities, and other types of housing that may provide low cost alternatives to typical market-rate housing. (Program 5B.2)*
- *New residential development shall include a minimum 10% of the total number of units for affordable housing. No in-lieu fees will be accepted by the City unless the developer can establish extraordinary circumstances for not providing affordable housing or unless an agreement pre-dating this general plan amendment provides otherwise. Provision of actual inclusionary housing units will be strongly preferred over the payment of in-lieu fees. (Program 5B.3)*
- *Provide residential neighborhoods with a variety of cost ranges disbursed throughout the City. (Objective 6)*
- *Larger scale residential development should, within its land use designation and density range, include a mix of dwelling unit types while preserving the existing natural topography where feasible. (Policy 6A)*

In addition, the *Housing Element* of the General Plan contains goals, policies, and programs formulated to achieve various socio-economic objectives with respect to the range of available housing types, special housing needs, neighborhood quality and character, and housing rehabilitation, as well as policies formulated to avoid undesirable adverse physical (environmental) housing and employment conditions. The listing of pertinent Housing Element provisions that follows has been limited to those adopted for the purpose of avoiding or

mitigating an environmental effect¹ (e.g., policies for identifying appropriate areas for housing development and appropriate types of housing):

- *Housing Production and Affordability. Provide a sufficient number of affordable housing units to meet the needs of current Hercules residents and to meet Hercules' fair share of the region's housing needs, as established by the Association of Bay Area Governments. (Goal 1)*
- *Regional Housing Needs Objectives (New Construction). Support the development of housing units for persons of various household income levels to meet the need for additional housing during the 1999 to 2006 planning period, as established by the Association of Bay Area Governments... (Policy 1.1)*
- *Inclusionary Housing Requirement. Require that all new residential developments include a minimum of 10 percent of the total number of units at prices or rents affordable to very low, low, or moderate income households. For developments in redevelopment areas, a minimum of 15 percent of the total number of units shall be provided at prices or rents affordable to very low, low, or moderate income households. The City will accept no in-lieu fees unless the developer can establish extraordinary circumstances for not providing affordable housing. Provision of actual inclusionary housing units will be strongly preferred over the payment of in-lieu fees. (Program 1d)*
- *In-Lieu Fees. In the event that a developer can demonstrate extraordinary circumstances that prohibit being able to provide some or all inclusionary units on-site or on alternate sites, allow the payment of a fee in-lieu of unit development. In-lieu fees shall be set on a project basis to be commensurate with the cost of actually developing an inclusionary unit. (Program 1e)*
- *Density Bonus Program. Provide a density bonus of 25 percent for developments that meet the State's Density Bonus Law requirements. The City may consider an additional bonus for developments that exceed the State's guidelines to provide an additional incentive for the development of affordable units at levels in excess of those required under the City's Inclusionary Housing Program. (Program 1h)*
- *Housing Choice. Provide a selection of housing by type, tenure and price. (Goal 2)*
- *Diversity of Housing Types, Densities and Price Levels. Encourage the development of a variety of housing types, at various densities and price levels, providing a broader range of choice than is currently available, in keeping with community design goals and standards. (Policy 2.1)*
- *Rental Housing Opportunities. Expand the number of rental units for those who cannot afford to purchase or who choose to rent. (Policy 2.2)*

¹The CEQA Guidelines explain that an economic or social change alone is not considered a significant environmental effect, but an economic or social change or effect that can be related to a significant physical--i.e., "environmental"--change may be considered (CEQA Guidelines sections 15064(f) and 15382). In this light, the provisions listed here are limited to those that appear to have been adopted for the purposes of avoiding or mitigating an adverse environmental effect.

- *Housing Diversity in Areas of New Development. Work with developers in the Central Hercules Plan area and other areas of new development to ensure that the City's housing goals are achieved, including a wider mix of housing types and affordability for lower income households. Also encourage units that meet special housing needs, including seniors, people with disabilities, large families, single parent family households, and first-time homebuyers. (Program 2a)*
- *Self-Help Ownership Opportunities. Encourage new developments to provide self-help housing opportunities and limited equity cooperatives for lower and moderate income households...(Program 2c)*
- *Neighborhood Quality. Maintain the quality of existing neighborhoods and encourage the development of attractive, viable new neighborhoods. (Goal 5)*
- *Mixed Use. Where appropriate, encourage residential uses in commercial areas, and limited commercial uses in residential areas to promote access to services. (Policy 5.1)*

14.2.2 City of Hercules Waterfront District Master Plan (WDMP)

The WDMP Initiative added the following relevant provision to Section 1.2, Purpose and Intent, of the Hercules Waterfront District Master Plan:

- *12. For the Undeveloped Portion of The Historic Town Center, Transit Village and Hercules Point Sub-Districts (as that term is defined in Section 4, Chapter 5), provide the opportunity for housing that is affordable to moderate to low-income households.*

14.2.3 Regional Housing Needs Allocation

The State of California requires every city and county to accommodate its fair share of regional growth through a process called the Regional Housing Needs Allocation (RHNA). The Association of Bay Area Governments (ABAG) administers the RHNA process in the San Francisco Bay Area. ABAG allocates housing needs to each of the nine counties and 100+ cities in the region, identifying the number of units that must be accommodated in each of four income categories. Although cities and counties are not actually required to build the allocated number of units, they must show that their communities contain the capacity to build these units, i.e., that land is zoned to accommodate the new units.

Table 14.2 shows the current RHNA assignment for Hercules for the period from 2007 to 2014. As the table shows, the RHNA assignment calls for Hercules to provide for development of a total of 453 housing units during the 2007-2014 period, consisting of 143 units for very low-income households, 74 units for low-income households, 73 units for moderate-income households, and 163 units for above moderate-income households.

Table 14.2

REGIONAL HOUSING NEEDS ALLOCATION (RHNA) FOR HERCULES, 2007-2014

<u>Income Category</u> ¹	<u>Number of Housing Units</u>
Very Low Income	143
Low Income	74
Moderate Income	73
Above Moderate Income	163
Total:	453

SOURCE: Association of Bay Area Governments (ABAG), San Francisco Bay Area Housing Needs Plan, 2007-2014 (viewed at <http://www.abag.ca.gov/planning/pdfs/SFHousingNeedsPlan.pdf>), June 2008, pages 33 and 44.

¹ Income categories are defined as follows:

Very low income = up to 50 percent of regional median income

Low income = between 50 and 80 percent of regional median income

Moderate income = between 80 and 120 percent of regional median income

Above moderate income = above 120 percent of regional median income

14.3 IMPACTS AND MITIGATION MEASURES

14.3.1 Significance Criteria

Based on Appendix G of the CEQA Guidelines,¹ the proposed project would be considered in this EIR to have a significant adverse impact on population and housing conditions if it would:

- (a) induce substantial population growth either directly (e.g., by proposing new homes and businesses) or indirectly (e.g., through extension of roads or other infrastructure); or
- (b) displace substantial numbers of people or existing housing, necessitating the construction of replacement housing elsewhere.

Criterion (b) does not apply to the project, since the project site does not contain any residents or employees. The two existing structures on the site are vacant.

14.3.2 Relevant Project Characteristics

The land uses proposed by the project are described in chapter 3, Project Description, and chapter 12, Land Use and Planning, of this EIR. In summary, the project proposes "ground-up" development within the 42.36-acre project site of:

¹CEQA Guidelines, Appendix G, Items XII(a-c).

- up to 1,392 multi-family residential units (125 of which may be replaced with a 125-room hotel);
- up to 115,000 square feet of office uses, which could include commercial or conference space;
- up to 90,000 square feet of retail uses;
- up to 134,000 square feet of “flex uses” that may be developed as residential, office (including live/work), and/or retail space, of which no more than 67,000 square feet would be retail uses. In addition, if all 134,000 square feet of flex space were developed with residential uses, the maximum number of housing units would be 134.

14.3.3 Impacts and Mitigation Measures

Growth Inducement Impact. The project would accommodate an estimated maximum of 4,624 residents and 1,061 employees on the project site and extend roads and other infrastructure on the site. The project-related population increases and infrastructure extensions would not in themselves constitute a significant adverse environmental impact. However, they could in turn cause significant project-related impacts and contribute to significant impacts related to traffic, air quality, noise, and other environmental impacts that are described in corresponding chapters of this EIR.

Project-proposed residential development would produce up to 1,526 housing units, assuming that the maximum of 1,392 “non-flex” housing units and 134 “flex” housing units would be developed. These housing units would accommodate an increase of approximately 4,624 residents, assuming a conservative average of 3.03 people per household (the current [2010] ABAG-estimated average household size for Hercules, which aggregates single family and multi-family units).

Project-proposed non-residential development would create an employee population on the project site. Based on standard job rates for retail and office areas, the maximum of 157,000 square feet of retail uses (90,000 square feet of “non-flex” plus 67,000 square feet of “flex”) would provide jobs for an estimated 349 employees, and the maximum of 249,000 square feet of office uses (115,000 square feet of “non-flex” plus 134,000 square feet of “flex”) would provide jobs for an estimated 712 employees.¹ These estimates are “worst-case” (i.e., maximum) estimates for each type of use. Under WDMP provisions and project-proposed amendments, the project would not allow development of up to 67,000 square feet of “non-flex” retail space plus 134,000 square feet of “non-flex” office uses. Since the resulting total of 1,061 employees is an absolute maximum, it could also be considered to include hotel employees, should a hotel be developed in place of 125 multi-family housing units. (See section 14.3.2, “Relevant Project Characteristics,” above.)

The estimated population increase of 4,624 residents would represent approximately 13.2 percent of the ABAG-projected year 2035 population total of 34,900 for Hercules and

¹Job estimates are based on the non-residential square footages listed in section 14.3.2 and the following job rates: 1 employee per 450 square feet of retail space and 1 employee per 350 square feet of office space.

approximately 0.3 percent of the ABAG-projected 2035 population total of 1,322,900 for Contra Costa County as a whole. The approximately 1,061 jobs produced by the project would represent about 19.0 percent of the ABAG-projected 2035 job total of 5,610 for Hercules and less than 0.1 percent of the ABAG-projected 2035 job total of 555,650 for the county as a whole. By allowing for more housing than jobs, the project would contribute to the jobs/housing imbalance and the ongoing Hercules trend towards outcommuting.

Population and housing growth associated with the project would be based on the adopted land use provisions of the Hercules General Plan and, therefore, in and of itself would represent a **less-than-significant impact** (see criterion [a] under subsection 14.3.1, "Significance Criteria," above). The project-related household and population increases and infrastructure improvements would contribute to associated **potentially significant project and cumulative physical (environmental) impacts**, including significant cumulative transportation and air quality impacts. These related impacts and associated mitigation measures are described in detail in chapters 4 through 16 of this EIR.

Mitigation. No significant adverse direct population or housing growth impact has been identified; no mitigation is required. Implementation of the mitigation measures identified in other chapters of this EIR related to project population-induced environmental impacts (e.g., traffic, infrastructure, noise, and air quality) would reduce identified environmental impacts associated with the project-related population increase to a **less-than-significant level**, with the exception of air quality, construction noise, and traffic impacts, which after implementation of the associated mitigation measures identified in this EIR would remain **significant and unavoidable**.

Housing Supply Impact. The proposed project would provide for an increase of up to 1,526 housing units. This housing unit increase would result in a local housing supply benefit and would exceed the ABAG-identified Regional Housing Needs Allocation (RHNA) for Hercules for 2007 through 2014 (453 housing units). Although the contribution to the ABAG-identified housing need for each income category ("very low," "low," "moderate," and "above moderate") has not been established, because the project is in a redevelopment area, at least 15 percent of the project's housing units would need to meet affordability requirements, and of those, 40 percent must be affordable to "very-low" income households (in accordance with California Redevelopment Law). The project would therefore have a generally **beneficial impact** on the local housing supply by offering increased housing opportunities.

Mitigation. No significant impact has been identified; no mitigation is required.

Cumulative Population and Housing Impacts. In addition to the housing unit, population, and job growth anticipated on the project site, other development unrelated to the project would continue to occur elsewhere in Hercules, Contra Costa County, and the subregion. This anticipated development would be required to be consistent with adopted general plan policies for these areas. Thus, cumulative development and associated environmental impacts--including effects of housing unit, population, and job growth and the potential for displacement of housing units and residents--have been considered in the preparation and adoption of the Hercules General Plan and City-certified General Plan EIR, as well as in similar documents prepared for and adopted in other jurisdictions. The proposed project, combined with anticipated development elsewhere in the city, county, and subregion, would not result in any

significant adverse cumulative impacts on population, housing, or employment. As described in chapters 4 through 16 of this EIR, however, cumulative household, population, and job increases would contribute to other types of ***potentially significant cumulative physical (environmental) impacts***, including, for example, transportation and air quality impacts. These related cumulative impacts and associated mitigation measures are described in detail in chapters 4 through 16 of this EIR.

Mitigation. No significant cumulative population or housing impact has been identified; no mitigation is required.