



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL

DATE: MAY 20, 2025

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT
DEPARTMENT**

WARDS: ALL

SUBJECT: UPDATE ON REVISIONS TO INDUSTRIAL DEVELOPMENT STANDARDS

ISSUE:

Update on potential revisions to the City's industrial development regulations including an overview of recent legislative activity affecting the warehousing and distribution facilities within the City and options moving forward.

RECOMMENDATIONS:

That the City Council:

1. Receive and file an update on the City's industrial development regulations including an update on recent legislative activity affecting warehousing and distribution facilities; and
2. Provide staff with policy direction on changes for future consideration.

COMMITTEE RECOMMENDATION:

The Land Use Committee met on November 12, 2024, with Chair Mill, Vice Chair Falcone and Committee member Cervantes present to provide staff with policy direction on proposed Zoning Code amendments related to the City's industrial development standards. After discussion the Committee directed staff to proceed with the identified text amendments to the City Planning Commission and City Council for further consideration.

PLANNING COMMISSION RECOMMENDATION:

On February 13, 2025, the Planning Commission voted unanimously to recommend the City Council approve text amendments to the Zoning Code implementing an update to the City's industrial development standards based on Land Use Committee direction and community feedback.

BACKGROUND:

For several years, there has been growing concern within the City and across the state regarding the concentration of new warehousing and distribution facilities and their proximity to sensitive areas like residential neighborhoods and schools. In 2020, the City initiated extensive community outreach and worked with the City Council and City Planning Commission to develop the 2020 Good Neighbor Guidelines (2020 GNG) which offer a balanced model for promoting both economic growth in the City and provide safeguards for community health.

The 2020 GNG regulate new or modified industrial facilities and provide a set of policies which are implemented within Title 19 (Zoning) of the Riverside Municipal Code. The GNG policies focus on neighborhood compatibility, noise, and air quality, and corresponding Zoning provisions apply to industrial development based on the proximity of the industrial facility to a residential zone or use and the size of the

building. The 2020 GNG have served as a standard for other agencies to follow and are regarded as some of the most robust in the region. Still, however, in response to rising community concerns regarding new industrial development in the City and across neighboring agencies, in 2022, the City Council Land Use Committee (Committee) directed staff to review the City's industrial development regulations and initiate community outreach to determine key concerns and potential enhancements to the City's industrial development regulations.

Since then, staff have worked closely with various neighborhood residents, environmental groups, community interest groups, labor unions, real estate professionals, and developers of industrial development to identify proposed amendments to the Zoning Code. At the same time, staff have provided numerous updates to the Committee and Planning Commission on key findings and options available moving forward. By November 2024, the Committee provided staff with direction to proceed with implementation of the Zoning Code amendments and forwarded them to the Planning Commission for review. In 2025, staff presented the Zoning Code Amendments to the Planning Commission where they unanimously voted to recommend Council approval.

At the legislative level, the State legislature also began exploring the regulation of warehousing and distribution facilities. Numerous bills were introduced since 2022, but none were successful until Assembly Bill 98 (AB 98) was introduced by Assemblymembers Juan Carillo and Eloise Gomez Reyes. Governor Newsom signed AB 98 into law in September 2024; the bill establishes various warehouse development standards for new or modified development within San Bernardino and Riverside counties. The City's current policies and regulations largely meet or exceed those of AB 98. Notably, however, AB 98 requires that the City update its General Plan Circulation Element by January 2026 to establish truck routes which poses a significant challenge to compliance.

Various agencies, including the City of Riverside, have expressed serious concerns regarding the timeline provided in AB 98. Working with the City's intergovernmental relations team, Staff have communicated these concerns to the legislature's Warehousing Working Group and to individual legislators. In response to feedback from various agencies, in February 2025, Assemblymember Carrillo introduced Assembly Bill 735 (AB 735), and Senator Reyes introduced Senate Bill 415 (SB 415), respectively. Both bills are intended to address feedback from various agencies including the City.

DISCUSSION:

A high-level overview of the City's current regulations will be provided below, followed by a summary of the proposed amendments and their potential effects if implemented, and an overview of related legislative activity.

CURRENT CODE

There are two primary regulatory frameworks guiding industrial development in the City: Title 19 – Zoning Code and the 2020 Good Neighbor Guidelines (2020 GNG).

- The Zoning Code outlines development standards which regulate new industrial projects based on their proximity to residential zones or uses. It establishes tiered development standards, including maximum building height and size, landscaping, and setbacks, which vary depending on how close the project is to residential areas. The Zoning Code also includes specific operational and development standards for warehousing and distribution facilities that increase based on proximity to residential areas, and requires preparation of a Health Risk Assessment for projects within 1,000 feet of residential property.
- The 2020 GNG outlines various location and operational best practices regarding new or expanded warehousing and distribution facilities near a variety of sensitive receptors. The standards increase as the size of the facility increases.

In general, the closer a project is to a residential zone or use, the stricter the regulations. For example, when adjacent to a residential zone, maximum building size is reduced, and building height is limited to ensure compatibility with surrounding uses. Vacant parcels farther from residential zones have more design flexibility, allowing for larger buildings and greater intensity. Larger buildings (10,000 square feet and above) require increased discretionary review, while smaller buildings are typically reviewed

administratively or approved by right. Additionally, increased landscaped setbacks apply to developments adjacent to residential zones.

New industrial development follows the existing project notification requirements as any other administrative or discretionary project. Depending on the required approval type, project notification must be provided to property owners within 300 feet of the project site. There is no requirement to notify tenants in multi-tenant properties like apartment complexes.

PROPOSED ZONING TEXT AMENDMENTS

The proposed amendments identified as part of this effort are intentionally crafted to address Committee and Stakeholder feedback (Attachment 1). The amendments fall into three general categories:

1. Sensitive Receptor Protections;
2. Building Regulations and Site Planning; and
3. Project Notification Requirements.

Sensitive Receptor Protections

Overview of Proposed Changes

The proposed amendments introduce a new definition for *sensitive receptor* which expands the variety of land uses considered sensitive receptors. These include:

- A residential zone or use (existing);
- K-12 public, private and charter schools (proposed);
- Designated parks and open space (proposed);
- Adult and child day care facilities (proposed);
- Assisted living facilities (proposed); and
- Hospitals (proposed).

This new sensitive receptor definition is incorporated throughout the Zoning Code and will modify the existing tiered development regulations to apply enhanced development standards within 1,500 feet of a sensitive receptor where the current code applies them within 800 feet.

New or modified industrial development adjacent to a sensitive receptor will need to abide by enhanced development standards regulating the maximum building height, maximum building size, allowable building footprint (FAR), and building & landscape setbacks based on the parcel's distance to a sensitive receptor. The preparation of a Health Risk Assessment (HRA) will also be required for new industrial development within 1,000 feet of any sensitive receptor.

Effects

A larger amount of industrially zoned land will be subject to more restrictive development requirements due to a greater quantity of industrially zoned land being located near sensitive receptors under the expanded definition. (Attachment 2 and 3).

Building Regulations and Site Planning

Overview of Proposed Changes

The proposed amendments would affect the overall site planning for new or modified industrial projects in three keyways: regulating the maximum building size for individual buildings; establishing cumulative building area limits through a new Floor Area Ratio (FAR) table; and incorporating various landscaping & building operational standards.

1) Maximum Building Size & Permitted Uses

Maximum building sizes would be determined based on the distance from the proposed building to the property line of the nearest sensitive receptor. The allowable building size would range from 10,000 square feet to 400,000 square feet, increasing with distance. The building size restrictions are more stringent the closer the building is to a sensitive receptor and more flexible the further it is away. Any warehousing and distribution facility larger than 100,000 square feet requires a Conditional Use Permit (CUP). Facilities

exceeding 400,000 square feet would be prohibited in all industrial zones except the General Industrial (I) zone.

2) Cumulative Building Limits

The Floor Area Ratio (FAR) is a metric used to control the amount of building space on a given parcel of industrial land. The proposed FAR table sets limits on the allowable building space based on factors such as the parcel's size, its proximity to the nearest sensitive receptor, and its underlying zoning designation. Parcels closer to a sensitive receptor will have stricter limits on building area and smaller buildings. In contrast, parcels farther away from a sensitive receptor are allowed more flexibility, with larger buildings and more space permitted.

3) Landscaping and Operational Standards

The proposed amendments would establish new landscaping buffer requirements intended to provide a natural gradient between industrial uses and sensitive receptors with shared property lines. Changes also include renewable energy and sustainable construction practices.

Effects

New industrial buildings within 1,500 feet of any sensitive receptor will be limited to 400,000 square feet. This is a change from the current code, which may have allowed larger buildings based on the FAR (Floor Area Ratio) of the underlying zone. Additionally, the new FAR table reduces the overall building capacity for vacant parcels. As a result, the overall development intensity and achievable gross floor area for remaining vacant industrially zoned land in the city would decrease by approximately 42%.

The proposed amendments also prohibit warehousing and distribution facilities larger than 400,000 square feet, unless located in the General Industrial (I) Zone with a Conditional Use Permit (CUP).

The new landscaping buffer will provide a natural transition between industrial uses and sensitive receptors, improving compatibility. Additional staff review will be required to ensure compliance with renewable energy and construction practice requirements.

Project Notification Requirements

Overview of Proposed Changes

The proposed amendments increase the project notification radius for new warehousing and distribution facilities from 300 feet to 2,640 feet (or one-half mile) and are revised to also include tenants of multi-tenant buildings such as apartment complexes in addition to real property owners.

For any new development project within the BMP and I Industrial zones requiring an MCUP or CUP, a new section would require that a Notice of Filing sign be posted at the project site to increase project transparency early in the project. The sign must meet certain timing, size specifications and maintenance requirements to adequately allow community members more time to provide feedback throughout the initial stages of project review.

Effects

Expands the type and extent of public noticing required for new industrial development beyond what is required for other land use entitlements. The additional notification requirements for tenants and the Notice of Filing sign will provide residents with greater opportunities to provide feedback during the initial stages of a project.

LEGISLATIVE UPDATES

Assembly Bill 98 (AB 98)

AB 98 passed the State Assembly in August 2024 and was signed into law by Governor Newsom in September 2024. The bill sets various warehouse development standards in San Bernardino and Riverside counties, covering aspects such as building design and location, parking, truck loading bays, landscaping buffers, and entry gate requirements. Additionally, the bill mandates that the City update its General Plan Circulation Element to establish truck routes by January 2026.

Historically, the City has elected not to pursue the establishment of truck routes since they may have the

unintended consequence of encouraging cut-through traffic from surrounding areas. Instead, the City maintains vehicle weight and axle limitations for certain roadways to prevent the concentration of heavy-duty vehicles on roadways. Designating truck routes as required by AB 98 would be contrary to the City's established approach and would conflict with prior Council direction and community feedback to avoid designating roadways for non-local truck traffic. The compliance date would also conflict with the ongoing effort to prepare a comprehensive update of the City's General Plan for 2050, which is currently anticipated to be completed in early 2027.

Compliance with other AB 98 provisions

To ensure the Zoning Code aligns with state law, staff have reviewed AB 98 and made necessary modifications to the proposed text amendments to meet or exceed the standards set by the bill. The changes include:

- Increasing the required wall height for new or expanded warehousing and distribution facilities adjacent to sensitive receptors from 8 feet to 10 feet.
- Referencing the statutory requirements for landscaping buffers for new or expanded warehousing and distribution facilities adjacent to sensitive receptors.
- Ensuring that all loading bays, docks, and truck wells for buildings of 100,000 square feet or larger are located away from the nearest sensitive receptor property, exceeding AB 98's requirements.

Assembly Bill 735 (AB 735) & Senate Bill 415 (SB 415)

Assemblymember Carrillo introduced Assembly Bill 735 (AB 735), and Senator Reyes introduced Senate Bill 415 (SB 415) in February 2025, both intended to make revisions to AB 98 which passed last year and enacted statewide restrictions on warehouses. Both Bills are set for hearing on May 14, 2025, in the Assembly Appropriations Committee. Copies of the Bills current text are available in Attachment 4 and 5.

OPTIONS MOVING FOWARD

Option 1:

No changes. Existing development regulations would remain.

Option 2:

Proceed with the implementation of the proposed Zoning text amendments as is, or with modifications. A Public Hearing will be scheduled for formal consideration and action on the proposed amendments.

Possible modifications could include defining "*logistics uses*" consistent with AB 98 and the City's economic development priorities, narrowly apply them to warehousing and distribution facilities as defined as logistics uses. Per AB 98, *logistics use* can be defined as a building primarily used as a warehouse for the movement or the storage of cargo, goods, or products that are moved to a business or retail location. Narrowly defining logistics uses and applying the enhanced development standards addresses concerns about the proliferation of warehousing and distribution facilities and the attendant health and quality-of-life impacts while maintaining greater development flexibility for other industrial uses like manufacturing, green technology, biotechnology, and research and development which may otherwise be affected by the proposed amendments.

Option 3: STAFF RECOMMENDATION:

As state law continues to evolve, pause this effort for six to nine months to monitor legislative activity and report back to the Council with an update on any new legislation to determine whether additional modifications are needed or whether to proceed with Options 1, 2, or 4.

Option 4:

Alternative work path as recommended by the City Council.

STRATEGIC PLAN ALIGNMENT:

This item contributes to **Strategic Priority 3 – Economic Opportunity** and **Goal 3.1** – Facilitate partnerships and programs to develop, attract and retain innovative business sectors, and **Strategic Priority 5 – High Performing Government** and **Goal 5.3** – Enhance communication and collaboration with community members to improve transparency, build public trust, and encourage shared decision-making.

This Project aligns with the following Cross-Cutting Threads:

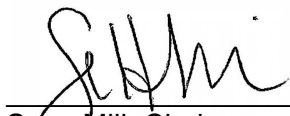
1. **Community Trust** – The update on industrial development regulations is presented at an open public meeting and contains transparent information on City processes and regulations.
2. **Equity** – The update on industrial development regulations seeks to promote environmental justice so that impacts of new facilities are minimized on residents.
3. **Fiscal Responsibility** – The update on industrial development regulations will not have any fiscal impact to the City.
4. **Innovation** – The update on industrial development regulations is seeking best practices that will innovate how the City addresses these facilities in the future.
5. **Sustainability & Resiliency** – The update on industrial development regulations seeks to minimize environmental impacts of these facilities in the future.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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Certified as to availability of funds:	Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by:	Mike Futrell, City Manager
Approved as to form:	Rebecca McKee-Reimbold, Interim City Attorney

Concurs with;



Sean Mill, Chair
Land Use Committee

Attachments:

1. Proposed Ordinance
2. Current Sensitive Receptor Areas Map
3. Proposed Sensitive Receptor Areas Map
4. Assembly Bill 735 Bill Text
5. Senate Bill 415 Bill Text
6. Staff Report Compilation
7. November 12, 2024 – Land Use Committee Meeting Minutes
8. February 13, 2025 – Planning Commission Meeting Minutes
9. Presentation