



Land Use, Sustainability, and Resilience Committee

City of Arts & Innovation

TO: LAND USE, SUSTAINABILITY, AND RESILIENCE COMMITTEE MEMBERS **DATE: DECEMBER 12, 2022**

FROM: COMMUNITY & ECONOMIC DEVELOPMENT DEPARTMENT **WARDS: ALL**

SUBJECT: UPDATE ON INDUSTRIAL DEVELOPMENT REGULATIONS AND WAREHOUSE AND DISTRIBUTION FACILITIES DEVELOPMENT

ISSUE

Update on the City's industrial development regulations and development of warehousing and distribution facilities including stakeholder and community outreach and options for future actions.

RECOMMENDATIONS

Staff recommends that the Committee:

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

BACKGROUND

During the January 25, 2022, City Council meeting, following the Public Hearing for the Sycamore Hills Distribution Center project, Councilwoman Plascencia requested a review of the zoning regulations for Warehousing and Distribution Facilities within Riverside and other jurisdictions be brought to a future meeting of the Land Use, Sustainability and Resilience Committee (Committee). The review was to include strategies to address quality of life issues, including but not limited to reducing Riverside's carbon footprint and exploring community benefits (Attachment 1).

On June 13, 2022, staff presented an update to the Committee on Riverside's current industrial development regulations; a cross-jurisdictional regulatory analysis to determine best practices; ongoing regional and state regulatory efforts; and research on community benefits and sustainability standards (Attachment 2). Staff also presented a vacant site analysis illustrating potential locations for warehouse development in the City and highlighted projects in process to evaluate the percentage of industrially zoned land already developed.

Following the June 13, 2022, presentation, the Committee requested that staff return to a future meeting after initiating outreach efforts with community stakeholders to obtain feedback on

Riverside's regulatory efforts related to industrial development and warehousing and distribution facilities. The Committee also requested that staff further explore protections for sensitive receptors by conducting a geospatial analysis to identify which areas of the city have a high concentration of sensitive receptors relative to industrially zoned land. The feedback obtained throughout the process provides additional context to concerns related to the industrial development and warehousing and distribution facilities in the City and the region.

DISCUSSION:

Legislative & Regulatory Update

AB 2840: Qualifying Logistics Use Projects

On February 28, 2022, Assembly Majority Leader Eloise Gómez Reyes introduced Assembly Bill (AB) 2840, which would have amended the Government Code to regulate industrial development near sensitive receptors in Riverside and San Bernardino counties (Attachment 3). The bill would have prohibited a local agency from approving the development or expansion of any qualifying logistics use within 1,000 feet of any sensitive receptor. The bill also would have required that project applicants of a qualifying logistics use, provide a written construction careers agreement that would have required a percentage of local hiring and use of skilled and trained labor for all construction work.

The last legislative action occurred on June 30, 2022, where the bill was held in the Senate Governance and Finance Committee. Though the bill is on pause for the current Legislative session, Majority Leader Gómez Reyes has remarked that she will continue her efforts in the new year.

South Coast Air Quality Management District (AQMD) - Rule 2305 & WAIRE Program

In May 2021, AQMD adopted Rule 2305, the Warehouse Indirect Source Rule, and the accompanying Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program to regulate local and regional emissions associated with warehouses by regulating the vehicles traveling to and from these facilities as indirect sources of emissions.

Divided into three phases, Phase 1 applies to owners/operators of warehouses larger than 250,000 square feet. The initial compliance period is set to close this month on December 31. The Initial Site Information Report was due on July 1, 2022, and the subsequent Annual WAIRE Report will be due on January 31, 2023.

Phase 2 will apply to warehouse facilities between 150,000 square feet and 250,000 square feet with the Initial Site Information Report due July 1, 2023. Phase 3 will apply to warehouse facilities between 100,000 square feet and 150,000 square feet with the Initial Site Information Report due July 1, 2024.

Regional Updates

Across the region, various cities have implemented moratoriums on warehouse development in order to assess cumulative impacts and to identify solutions to mitigate externalities associated with industrial development. These include:

- Pomona – established moratorium in August 2022;
- Vernon – extended moratorium in August 2022;

- Norco – established moratorium in August 2022;
- Redlands – established moratorium in June 2022; and
- Colton – extended moratorium in May 2022.

The City of Redlands also introduced Measure J onto the ballot for the November 2022 Municipal General Election. If passed, Measure J would amend Redlands' Municipal Code to increase the business license tax rate for warehousing and distribution facilities from \$.047 per gross square foot to \$.105 per gross square foot. The revenue generated is estimated to be \$530,000 annually and will be deposited into the city's general fund. If passed by a simple majority, Measure J will take effect January 1, 2023. As of the writing of this report, Measure J is leading by a margin of 6 points. To view the resolution approving the submission of the ordinance see Attachment 4.

In August 2022, the City of Perris adopted the “*Good Neighbor Guidelines for Siting New and/or Modified Industrial Facilities*” (Perris GNG 2022). Unlike Riverside's GNG 2020, the Perris GNG 2022 are a policy framework and are not codified through Perris' Zoning Code. Notable policy recommendations include:

- Silver LEED Certification is suggested for any industrial project larger than 400,000 square feet or when an Environmental Impact Report (EIR) is required for a project.
- Unless restricted, buildings over 400,000 square feet should install solar panels in order to supply 100% of the energy needed for the office area of the facility.

Sensitive Receptor Analysis

The AQMD defines a sensitive receptor as an area or facility where the population are particularly susceptible to health effects due to exposure to an air contaminant. This definition includes schools, playgrounds, childcare centers, hospitals, residential uses, healthcare facilities, elderly housing, and convalescent facilities.

In response to comments received at the June 13, 2022, Committee meeting, Staff prepared a spatial analysis of the concentration of sensitive receptors throughout the City as it relates to areas of industrial development activity. To do this, staff gathered spatial data from a variety of sources for the following sensitive receptors:

- residentially zoned parcels;
- parks, conservation areas and trails;
- medical facilities;
- schools and libraries;
- places of worship; and
- childcare facilities.

The data were then compiled into a heatmap to illustrate the density of sensitive receptors within proximity to one another ranging from sparse (one receptor) to dense (seven or more receptors). An overlay depicting all industrially zoned parcels was then applied to the heatmap to assess the proximity of industrial land to concentrated areas of sensitive receptors. The heatmap is included as Attachment 5.

The analysis reveals that most industrially zoned land is located where sensitive receptors are relatively sparse or absent. Still, there are pockets of industrially zoned land where industrial development may occur in portions of the city that are adjacent to or overlap moderate or high concentrations of sensitive receptors.

Community Outreach and Comment

As part of the direction received from the Committee, staff facilitated a series of five community meetings throughout September and October 2022. The first three meetings were organized to specifically invite neighborhood organizations, developers, labor groups, environmental groups, professional business associations and community interest groups (Attachment 6). The goals of the meetings were to solicit feedback on areas of concern so that staff could determine if further changes to the GNG 2020 or Zoning Code should be explored. Approximately 50 community members participated across all five meetings. A copy of the presentation given at these meetings is included in Attachment 7. The meetings were hosted virtually and in person as follows:

1. Tuesday, September 13, 2022
 - a. 10:00AM
 - b. Virtual – Microsoft Teams
2. Wednesday, September 21, 2022
 - a. 1:00PM
 - b. Virtual – Microsoft Teams
3. Thursday, September 29, 2022
 - a. 6:00PM
 - b. In person – City Hall, Fourth Floor Conference Room (Ward 1)

Two additional meetings were held open to the general public as part of the Industrial Development in Riverside Public Forum series. The meetings were held both in person and virtually on the following dates:

1. Thursday, October 6, 2022
 - a. 6:00PM
 - b. In person – Cesar Chavez Community Center (Ward 2)
2. Wednesday, October 26, 2022
 - a. 6:00PM
 - b. Virtual – Zoom
 - c. A video of this meeting can be accessed at:
<https://www.youtube.com/watch?v=Q4JRfA2IYn4>

Community Feedback

Feedback obtained from each of these meetings can be organized into several key themes listed below. Each key theme is presented with a key takeaway and participant suggestions relevant to that key theme:

I. Sustainable Development

- a. Key Takeaway: Sustainable development practices are of critical concern for industrial development in Riverside going forward. The cumulative effects of development should be considered altogether rather than evaluating the environmental effects on a project by project basis.
- b. Participant suggestions:
 - i. Requiring 100% electric vehicle (EV) trucks.
 - ii. Requiring that roofs be solar ready and rely on solar energy to run the facility.
 - iii. If a warehouse project is to displace trees, the same number of trees should be replaced.
 - iv. Better cross-jurisdictional coordination is needed to assess cumulative impacts of industrial development and drafting of development standards.

II. Transparent Processes

- a. Key Takeaway: Current requirements for public notice for development projects are not effective. By the time many community members become aware of a project, there are too few opportunities for meaningful input.
- b. Participant suggestions:
 - i. The project noticing radius should be increased and should occur earlier in the review process.
 - ii. Noticing should encompass tenants in addition to real property owners.
 - iii. Notice should be posted at project sites.
 - iv. Information about projects should be more accessible, including online.

III. Neighborhood Compatibility

- a. Key Takeaway: Participants remarked that the ongoing development of warehouses in the City is affecting overall city character by reducing the visual appeal of the cityscape.
- b. Participant suggestions:
 - i. The City should focus on preserving open space.
 - ii. Visual impacts of industrial development should be given greater consideration.
 - iii. More substantial separation between industrial development and sensitive receptors should be considered.

IV. Community Benefits

- a. Key Takeaway: Support for incorporating community benefits (realized through either Community Benefit Agreements or Development Agreements) was evenly split among the five meetings. Some viewed the potential to realize community benefits as inadequate to offset the potential impacts of development on the community. Others felt that requiring community benefits is a reasonable approach to minimizing the impacts of development.
- b. Participant suggestions:
 - i. Examples of benefits could include capital funds to improve surrounding roads or supplement park maintenance.
 - ii. Alternatively, benefits could include local hiring preferences or education and workforce development initiatives.
 - iii. Caution is warranted in seeking community benefits in conjunction with approval of development projects as there needs to be a clear nexus between the project's impacts and the benefits sought.

V. Land Use Prioritization

- a. Key Takeaway: Recent changes in the logistics sector and their effects on the regional market for industrial development were not foreseen by existing land use plans. Effort should be made to ensure that the City's reserve of available industrial land is not overcommitted to a single industry, and that the socioeconomic benefits of industrial development are balanced with other priorities.
- b. Participant suggestions:
 - i. The remaining industrially zoned land Riverside has available should be prioritized to focus on innovative and high-quality job industries.
 - ii. Riverside should consider banning warehouses or implementing a moratorium to allow for further study.
 - iii. A study is needed to assess the value of warehouses in the city and to evaluate potential long-term effects on the local economy.
 - iv. Industrially zoned land should be rezoned to allow for residential and/or commercial property.

CONSIDERATION ITEMS:

The following summarizes potential avenues for policy consideration that Staff have developed in response to prior Committee direction and the feedback received throughout the outreach process. These considerations provide an array of options for future action or investigation and can be combined or pursued independently at the direction of the Committee.

Modifications to Existing Policies and Regulations

This approach addresses sustainability standards, increased transparency, and additional measures to ensure neighborhood compatibility. Policy recommendations are organized according to the key theme derived from community feedback that they address.

I. Key Theme #1: Sustainable Development

- a. Require LEED Certification for industrial development over a certain size.
- b. Require Solar Ready Rooftops for new warehousing/distribution facilities.
- c. Amend Development Standards to include protections for additional Sensitive Receptors.
- d. Require latest CARB Tier sustainable equipment and practices during construction.
- e. Preserve and protect open space through increased landscaping and tree preservation/replacement requirements.

II. Key Theme #2: Transparent Processes

- a. Increase notice radius for discretionary actions (Minor Conditional Use Permits and Conditional Use Permits) for industrial development projects.
- b. Require public noticing signage posted on project sites.
- c. Require public noticing to occur earlier in the development review process.

III. Key Theme #3: Neighborhood Compatibility

- a. Require enhanced architectural variation and building massing modifications.
- b. Expand existing GNG-2020 regulations for building setbacks, size and height to additional sensitive receptors and/or Zones.

Establishment of a Community Benefits Framework

This approach may incorporate elements in whole or in part from the Modifications to Existing Policies and Regulations approach described above, with the added modification that community benefits and increased public participation are integrated into industrial development projects. Alternatively, this approach may be pursued on its own.

I. Key Themes #4 & #5: Community Benefits and Land Use Prioritization.

- a. Establish a Warehousing and Distribution Facilities (WDF) Overlay Zone to limit where such facilities over a certain size may be developed.
- b. Require a Community Benefits or Development Agreement for projects within the WDF Overlay Zone.
- c. Require a minimum number of community meetings to be held to define the scope of necessary community benefits prior to accepting applications for projects within the WDF Overlay Zone.

No Changes, or Alternative Option Not Considered

Given recent changes in 2020 to Title 19 Zoning Code and the GNG 2020, Riverside has been

recognized as a regional leader as it relates to balancing the needs of industrial development and community concerns within the Inland Empire. This option would maintain Riverside's existing policies and regulations for all industrial development including warehousing and distribution facilities.

Alternatively, the Committee could direct staff to pursue any combination of the policy recommendations summarized above or could direct Staff to pursue some other option not discussed in this report.

STRATEGIC PLAN ALIGNMENT

This item contributes to **Strategic Priority 3 – Economic Opportunity (Goal 3.1 – Facilitate partnerships and programs to develop, attract and retain innovative business sectors)** and **Strategic Priority 4 – Environmental Stewardship (Goal 4.4 - Implement measures and educate the community to responsibly manage goods, products, and services throughout their life cycle to achieve waste reduction outcomes).**

This Project aligns with each of the five Cross-Cutting Threads as follows:

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.

Prepared by: Chris Christopoulos, Acting Community & Economic Development Director
Approved by: Rafael Guzman, Assistant City Manager
Certified as to
availability of funds: Edward Enriquez, Interim Assistant City Manager/Chief Financial Officer/City Treasurer
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

1. City Council Meeting Minutes – January 25, 2022
2. Land Use, Sustainability and Resilience Committee Staff Report – June 13, 2022
3. Assembly Bill 2840 – Bill text
4. City of Redlands Measure J Ordinance
5. Sensitive Receptor Heatmap
6. Community Outreach Contact List
7. Copy of Outreach Presentation