



Community & Economic Development Department
3900 Main Street, Riverside, CA 92522 | Phone: (951) 826-5371 | RiversideCA.gov

Planning Division

CITY PLANNING COMMISSION MEETING: JUNE 22, 2023
AGENDA ITEM NO.: 5

DISCUSSION ITEM

Case Number	PR-2023-001523 (Zoning Text Amendment)
Request	Workshop – Potential policy changes to Title 19 (Zoning) to implement changes to Industrial Development Standards
Project Location	Citywide
Wards	All
Staff Planner	Daniel Palafox, Assistant Planner dpalafox@riversideca.gov 951-826-5985

RECOMMENDATION

Conduct a workshop to discuss potential policy changes to Title 19 that implement changes to Industrial Development Standards as directed by the City Council Land Use, Sustainability and Resilience Committee.

BACKGROUND

In January 2022, Councilwoman Plascencia requested that a review of regional best practices and zoning regulations for warehousing and distribution facilities be brought to the Land Use, Sustainability, and Resilience Committee (Committee). Staff presented an update on June 13, 2022, to the Committee, which included a vacant site analysis; a cross-jurisdictional regulatory analysis of best practices; findings on ongoing regional and state regulatory efforts; and research on community benefits and sustainability standards.

Following the June 13 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. After conducting community outreach in the fall, staff returned to the Committee on December 12, 2022 with an update on the community outreach efforts, sensitive receptor analysis, and identified proposed policy consideration items. Following Committee discussion, the Committee requested that staff return at a future date with additional information about potential policy updates including the required level of effort, timeline, and next steps.

A matrix of potential policy actions for Committee consideration and prioritization was presented to the Committee on February 13, 2023. After discussion, the Committee recommended that staff return to the next regularly scheduled meeting with a final recommendation of policy changes based on the direction of the Committee.

On March 13, 2023, staff presented a final matrix of potential policy actions for Committee consideration (Exhibit 1). The Committee directed staff to pursue Phase 1 of the final matrix including exploring amendments to development standards, project noticing requirements and other best practices. A compilation of Staff Reports related to this update can be found in Exhibit 2.

DISCUSSION

Across the Inland Empire region, continued growth of industrial development has motivated many cities to reexamine if additional regulations are needed to address persistent community concerns. The concentration of warehousing and distribution facilities in the Inland Empire has created a unique opportunity for the region to serve as one of the nation's largest logistics hubs, creating jobs and connecting people to purchased goods. Riverside is recognized as having some of the most robust Good Neighbor Guidelines in the region, often serving as a framework for other jurisdictions to follow. Still, it is important to recognize and routinely evaluate the environmental and quality of life concerns that these facilities can generate.

As part of staff's research, a geo-spatial analysis was conducted illustrating the density of sensitive receptors in proximity to vacant parcels zoned for industrial development. The analysis reveals that 78% of industrially zoned land in the City is already developed. It also highlights that, in general, the remaining vacant industrially zoned parcels are located where there is not a high concentration sensitive receptors (Exhibit 3). Pockets of industrially zoned land adjacent to higher concentrations of sensitive receptors exist in the City and should be planned for accordingly.

To gain a better understanding of community concerns and stakeholder insight, staff held five community meetings as follows:

1. Tuesday, September 13, 2022
 - a. Virtual – Microsoft Teams
2. Wednesday, September 21, 2022
 - a. Virtual – Microsoft Teams
3. Thursday, September 29, 2022
 - a. In person – City Hall, Fourth Floor Conference Room (Ward 1)
4. Thursday, May 25, 2023
 - a. In person – SSgt. Salvador J. Lara Casa Blanca Library (Ward 4)
5. Friday, May 26, 2023
 - a. Virtual – Microsoft Teams

Overall, the meetings were well attended with over 70 participants across all five meetings. A summary of all stakeholder comments and suggestions is included as Exhibit 4. Utilizing the feedback obtained and direction received from the Committee, staff has consolidated the potential policy changes and seeks the Planning Commission's input on shaping future policy changes, including potential amendments to development regulations. Direction obtained will help ensure that remaining industrially zoned parcels are developed responsibly.

POTENTIAL POLICY CHANGES

To facilitate the Planning Commission's review of the potential policy changes, staff has organized feedback and direction received into three policy topics (Development Standards, Project Noticing Requirements and Community Resources). The following sections outline 1) the direction provided by the Committee; 2) the current Code requirements pertaining to that topic; 3) community feedback received; and 4) policy options for consideration and Commission direction.

DEVELOPMENT STANDARDS

1. Committee Direction

- a. Examine and obtain feedback on changes to development standards including:
 - i. Additional sensitive receptor protections
 - ii. Maximum building sizes
 - iii. Maximum number of buildings
 - iv. Setback requirements

2. Current Code & Community Feedback

Development Standard	Current Code Requirement	Community Feedback
Sensitive Receptor Protections	<p>2020 Good Neighbor Guidelines (GNG-2020): Provides guidelines to protect schools, parks, playgrounds, day care centers, nursing homes, hospitals, and other public places.</p> <p>Title 19 (Zoning Code): Establishes building size and height limits, permit requirements and other protections based on proximity to residential zones and uses only.</p>	A number of comments favored expanding sensitive receptor protections to a wider variety of land uses (i.e., churches, parks, schools). Some comments expressed a desire to increase distances at which stricter requirements apply. Others shared that the GNG-2020 adequately protects sensitive receptors. There may be unintended consequences of expanding protections to other land uses.
Maximum Building Size	<p>Title 19 (Zoning Code): Establishes tiered maximum building sizes based on distance to residential zone or use:</p> <ol style="list-style-type: none"> a) 200 feet – 10,000 sq.ft. b) 200 – 800 feet – 100,000 sq. ft. c) Outside 800 feet – No limit (must meet floor area ratio [F.A.R.] standards) 	Some expressed concern that building size limits are ineffective if multiple smaller buildings can be developed on a single lot. Some suggested setting a maximum building size prohibiting the construction of warehouses larger than 200k sq. ft. Others felt that the City should limit the number of buildings on a given lot or establish a cumulative limit on floor space within a given proximity to sensitive uses. Other comments reiterated that the 2020 GNG and corresponding Title 19 regulations are already the most robust in the region, and that policies should be flexible to account for site-specific conditions.
Maximum Number of Buildings	No current regulation limiting maximum number of buildings. Projects must meet underlying F.A.R. and building size requirements.	

Development Standard	Current Code Requirement	Community Feedback
Setback & Design Requirements	Title 19 (Zoning Code): Rear and side yard setbacks apply when adjacent to residential zone/parcel (60 feet) & require 15 feet of landscape setback. Title 19 does not provide any design requirements; projects are evaluated for consistency with Citywide Design Guidelines through Design Review process.	Some comments indicated a desire for enhanced landscape buffers including earthen berms and tree planting to create a gradient effect camouflaging industrial buildings to the greatest extent possible. Color palettes that blend in with natural environment and to scale the buildings were suggested. Others shared that specific design regulations (as opposed to guidelines) are uncommon and would may be too prescriptive limiting the overall layout of the project.

3. Potential Policy Changes

a. Sensitive Receptor Protections:

- i. *No change:*
 - 1) Maintain existing regulations.
- ii. *Moderate change:*
 - 1) Existing tiered sensitive receptor protections (building size, height limits) can be extended to an increased radius from residential areas by a distance determined by the Commission.
- iii. *Substantial change:*
 - 1) Additional land uses (schools, parks, community centers, etc.) can be incorporated into the sensitive receptor protections, independently or in combination with extending radius where tiered limitations apply.

b. Maximum Building Size & Number of Buildings:

- i. *No change:*
 - 1) Maintain existing regulations.
- ii. *Moderate change:*
 - 1) Maintain existing maximum building size limitations but establish a tiered Floor Area Ratio (F.A.R) that increases with distance from residential zones or sensitive receptors and/or decreases with increasing lot size.
- iii. *Substantial change:*
 - 1) Create a new maximum building size for buildings beyond 800 feet from sensitive receptors and establish a cumulative floor area limit at a value determined by the Commission. Additionally, apply tiered F.A.R contingent on lot size.

c. Setback & Design Requirements:

- i. *No change:*
 - 1) Maintain existing regulations.
- ii. *Moderate change:*
 - 1) Maintain setback requirements but increase landscaped buffer requirements.
- iii. *Substantial change:*
 - 1) Create specific design standards for industrial buildings (architectural treatment, color palettes, etc.) and increase landscaped setbacks requirements.

PROJECT NOTICING REQUIREMENTS

1. Committee Direction

- a. Examine and obtain feedback on potential changes to project noticing requirements to increase public awareness and feedback on industrial development proposals.

2. Current Code & Community Feedback

Development Standard	Current Code Requirement	Community Feedback
Project Notification Requirement	Title 19 (Zoning Code): For projects that require a Minor Conditional Use Permit or Variance but not a Public Hearing, mailed postcards are required to be sent to property owners within 300 feet radius of site. For projects that require a Public Hearing before the Planning Commission or City Council, mailed postcards & notice published in one newspaper 10 days prior to public hearing.	Participants commented that the notification radius should be expanded beyond 300 feet and should include tenants as well as property owners. Additionally, a centralized location for project notification and information was suggested. Some stated that publicizing project information online would be helpful and that posting physical notices on project sites could help. ¹

¹Staff are developing a web-based development activity map that will be made available to the public in 2024.

3. Potential Policy Changes

- a. Project notification requirement:
 - i. *No change:*
 1. Maintain existing regulations.
 - ii. *Moderate change:*
 1. Increase notification radius for mailed postcards at a distance determined by the Planning Commission.
 - iii. *Substantial change:*
 1. Increase notification radius for mailed postcards; require that tenants also be notified in addition to property owners; require that a physical placard be posted on the project site.

COMMUNITY RESOURCES

1. Committee Direction

- a. Examine and obtain feedback on a potential community benefits framework for industrial projects, sustainability practices and related topics.

2. Current Code & Community Feedback

Development Standard	Current Code Requirement	Potential Policy Changes
Community Benefit Requirements	No current framework for community benefits or requirement for community meetings in the Riverside Municipal Code.	Some commenters suggested increased fees for warehouse projects, or a special tax on logistics businesses or properties. Local hire requirements were also suggested. Several commenters recommended direct funding road and park improvements. Other commenters referenced the comprehensive nature of existing development/impact fee programs. Flexibility in community benefit efforts was identified as important.
Sustainability Practices	No current requirement for sustainable design practices exists in the Riverside Municipal Code beyond compliance with Building Code standards for energy efficiency and, when applicable, mitigation measures for CEQA purposes.	There was general support for sustainable construction practices and project design including clean energy requirements such as solar-ready roofs or photovoltaic requirements to power the facility. Tree replacement requirements were also mentioned.

3. Potential Policy Changes

- a. Community benefits:
 - i. *No change*:
 - 1) Maintain existing regulations.
 - ii. *Moderate change*:
 - 1) Provide guidelines or establish requirement for conducting community meetings for industrial projects.
 - iii. *Substantial change*:
 - 1) Study need for specific Development Impact Fees (DIFs) for industrial development projects; create guidelines or establish requirement for community meetings; explore establishing local hire requirements.
- b. Sustainability practices:
 - i. *No change*:
 - 1) Maintain existing regulations.
 - ii. *Moderate change*:

- 1) Develop enhanced energy efficiency requirements for new industrial construction projects (equipment, materials, etc.).
- iii. Substantial change:
 - 1) Develop enhanced energy efficiency requirements for new industrial construction and facilities operation (vehicles, machinery, building electrification, net-zero facilities, etc.).

STRATEGIC PLAN ALIGNMENT

The Industrial Development Standards workshop aligns with **Strategic Priority 3 – Economic Opportunity**, Goal 3.1 – Facilitate partnerships and programs to develop, attract and retain innovative business sectors; **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; and **Strategic Priority No. 5 – High Performing Government**, Goal 5.3 Enhance communication and collaboration with community members to improve transparency, build public trust, and encourage shared decision-making.

In addition, the project aligns with the five Cross-Cutting Threads as follows:

1. **Community Trust** – The workshop is presented at an open public meeting and contains transparent information on City processes and regulations.
2. **Equity** – The workshop allows residents to understand the policy direction from the Land Use Committee and seeks to address residents' quality of life concerns.
3. **Fiscal Responsibility** – The workshop will not have any fiscal impact to the City.
4. **Innovation** – The workshop is seeking policy direction that will innovate how the City addresses future industrial facilities.
5. **Sustainability & Resiliency** – The workshop seeks to minimize the environmental impacts of future industrial facilities.

EXHIBITS LIST

1. Final Proposed Policy Matrix – March 13, 2023 Land Use Committee Meeting
2. Committee Reports in Reverse Chronological Order
3. Summary of Stakeholder Comments
4. Vacant Site & Sensitive Receptor Map
5. Presentation

Prepared by:	Daniel Palafox, Assistant Planner
Reviewed by:	Matthew Taylor, Principal Planner
Approved by:	Maribeth Tinio, City Planner



City of Arts & Innovation

Land Use, Sustainability, and Resilience Committee

**TO: LAND USE, SUSTAINABILITY, AND
RESILIENCE COMMITTEE MEMBERS**

DATE: MARCH 13, 2023

**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 a matrix of potential policy actions and clarification of existing policy.

RECOMMENDATIONS:

That the Land Use, Sustainability, and Resilience 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 direction to pursue one or more of the potential revisions to City policies and regulations as previously requested by the Committee, as summarized in Attachment 1.

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.

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. 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.

On December 12, 2022, staff reported on the community outreach efforts, sensitive receptor analysis, and proposed policy consideration items. An update was also presented on best practices related to industrial development regulatory efforts. Following the presentation, the Committee requested that staff return at a future date with additional information about potential policy updates, including the required level of effort, timeline, and next steps.

On February 13, 2023, staff presented a matrix of potential policy actions for Committee consideration and prioritization (Attachment 2). Following discussion, the Committee recommended that Staff return to the next regularly scheduled meeting with a final recommendation for initiating policy changes based on the direction of the Committee.

DISCUSSION:

Staff has revised the Matrix of Potential Policy Actions to consolidate and prioritize prospective revisions to the City's policies and regulations related to industrial development, warehouses, and distribution facilities along the following parameters:

1. Committee priority;
2. Level of effort and staff capacity;
3. Timeframe to completion; and
4. Required resources.

The Revised Matrix is included as Attachment 1. Staff propose to pursue the requested policy and regulatory changes in two or three phases. A detailed roadmap and work plan will be developed and presented to the Committee at a later date.

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 4 – Environmental Stewardship** and **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 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 the 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 the environmental impacts of these facilities in the future.

FISCAL IMPACT:

There is no direct fiscal impact associated with this report.

Several of the policy options presented would require professional consulting services that may range in cost from \$50,000 to \$200,000 each. If the Committee directs staff to pursue these policy options, funding sources will need to be identified along with Council approval for the appropriation of funds.

Prepared by:	Jennifer Lilley, 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. Revised Matrix of Potential Policy Actions
2. Land Use, Sustainability and Resilience Committee Staff Report – February 13, 2023
3. Presentation



City of Arts & Innovation

Land Use, Sustainability, and Resilience Committee

**TO: LAND USE, SUSTAINABILITY, AND
RESILIENCE COMMITTEE MEMBERS**

DATE: FEBRUARY 13, 2023

**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 a matrix of potential policy actions and clarification of existing policy.

RECOMMENDATIONS:

That the Land Use, Sustainability, and Resilience 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 direction to pursue one or more of the potential policy actions previously presented to the Committee (Attachment 4).

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.

On December 12, 2022, staff reported on the community outreach efforts, sensitive receptor analysis and proposed policy consideration items (Attachment 3). An update was also presented on best practices related to industrial development regulatory efforts. Following the presentation, the Committee requested that staff return at a future date with additional information about potential policy updates including the required level of effort, timeline, and next steps.

DISCUSSION:

Potential Policies Matrix

The matrix of potential policy actions provides an overview of the workflow for each policy consideration with insight organized by key factors affecting the implementation of each policy (Attachment 4). Of note are estimated level of effort, key stakeholders, anticipated cost, next steps, and a timeline for consideration. Staff is seeking direction from the Committee on whether, and which, of the policy options presented at the previous Committee meeting should be pursued.

Clarification of Existing Regulations

With the adoption of the 2020 Good Neighbor Guidelines (GNG-2020) and associated Title 19 (Zoning Code) amendments, maximum building sizes were established for all industrial development within specified distances of a residential zone or use. If a building is within less than 200 feet of a residential zone or use, the maximum building size is 10,000 square feet. If a building is located within 200 to 800 feet of a residential zone or use, the maximum building size is 100,000 square feet. Sizes of buildings located further than 800 feet from a residential zone or use are controlled by the maximum Floor Area Ratio (FAR, defined as the maximum amount of buildable area relative to the size of the lot).

While Title 19 provides a maximum building size for development adjacent to a residential zone or use, it does not set a limitation on the number of buildings on any given parcel so long as the buildings comply with the FAR and all applicable development standards including setbacks, maximum building size, and maximum building height. For example, in the General Industrial (I) Zone (maximum FAR of 0.6), within 200 feet of a residential zone or use, an individual lot may be developed with one or more buildings each not exceeding the maximum building size of 10,000 square feet and all buildings not exceeding 60% of the lot area. For areas located within 200 to 800 feet of a residential zone or use, the same total square footage may be developed, but each building would be limited to no more than 100,000 square feet.

The purpose of these requirements is to promote lower-intensity uses such as offices, research laboratories and small manufacturing businesses, which often require less space and generate fewer truck trips than warehousing and distribution uses, to act as a buffer between new warehousing and distribution facilities and adjacent residential zones or uses while permitting an appropriate degree of flexibility in site design and allowed uses for new development.

Cost-Benefit Study

The economic benefits and disadvantages of growth in the logistics and goods movement industry

in Southern California have been studied widely, with reports produced in the last year alone by institutions including, but not limited to, the [UC Riverside Center for Social Innovation](#); the [Inland Empire Economic Partnership](#); the [UC Riverside Center for Economic Forecasting and Development](#); and the [Southern California Association of Governments](#). While each of these vary in their methodologies, conclusions and orientations toward the issue, common themes exist. These include that the logistics and goods movement industry drives an increasing proportion of economic activity in the Inland Empire (IE) and have assisted in recovering and exceeding the jobs lost in the Great Recession; that employment growth and overall job quality in this industry are threatened by technological changes and automation; and that IE per capita gross regional product, average wages, and educational attainment continue to lag surrounding areas.

Public comments and Committee discussion have included potential exploration of a deeper study of the costs and benefits of industrial development, specifically of warehousing and distribution facilities, to and within the City. This would involve calculating the direct and indirect economic impacts of warehousing and distribution uses in the City (such as those from private investment; sales and property tax revenues; job growth and local spending; etc.) and contrasting this with direct and indirect costs to the City (such as those from roadway and infrastructure maintenance; traffic congestion; air pollution and greenhouse gas emissions; health impacts, etc.) associated with these uses.

Such a study could help inform future decisions related to land use planning, up to and including a forthcoming comprehensive update of the City's General Plan 2025. If there is interest in pursuing a cost-benefit study, the City could pursue a partnership with an academic institution or organization with expertise in this type of research; however, potential partners would need to be solicited and timing, costs and demands on City resources are unknown. Alternatively, the City could procure professional consulting services to conduct a study without an external partner. Staff estimates that consulting services to perform such a study could cost up to \$200,000.

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 4 – Environmental Stewardship** and **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 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 direct fiscal impact to the General Fund associated with this report.

Several of the policy options presented would require professional consulting services that may range in cost from \$50,000 to \$200,000 each. If the Committee directs staff to pursue these policy options, funding sources would need to be identified and Council approval for the appropriation of funds would be necessary.

Prepared by:	Jennifer Lilley, 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. Land Use, Sustainability and Resilience Committee Staff Report – December 12, 2022
4. Matrix of Potential Policy Actions
5. Public Comments
6. Presentation



City of Arts & Innovation

Land Use, Sustainability, and Resilience Committee

**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



City of Arts & Innovation

Land Use, Sustainability, and Resilience Committee

TO: LAND USE, SUSTAINABILITY, AND RESILIENCE COMMITTEE MEMBERS **DATE: JUNE 13, 2022**

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

SUBJECT: UPDATE ON CURRENT DEVELOPMENT REGULATIONS AND BEST PRACTICES FOR WAREHOUSE & DISTRIBUTION FACILITIES

ISSUE

Update on the City of Riverside's current development regulations for warehousing and distribution facilities and best practices in similar jurisdictions; and provide direction for changes for future consideration related to warehouse & distribution facilities.

RECOMMENDATIONS

That the Committee:

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

BACKGROUND

In 2015 and 2016, staff provided the Land Use, Sustainability and Resilience Committee (formerly Land Use Committee - LUC) with an update on best practices related to regulations for industrial/warehouse & distribution development adjacent to residential zones. City Council directed staff to review the City of Riverside's 2008 "*Good Neighbor Guidelines for Siting New and/or Modified Warehouse Distribution Facilities*" (2008 GNG).

In 2020, staff prepared recommended changes to the 2008 GNG and amendments to Title 19 – Zoning Code related to siting industrial development adjacent to sensitive receptors. Following meetings with the City Council, the LUC, Planning Commission, and public feedback, the 2008 GNG was modified as the Good Neighbor Guidelines for Siting New and/or Modified Industrial Facilities 2020 (GNG 2020) and forwarded to City Council for consideration along with Title 19 – Zoning Code and specific plan amendments that would implement the 2020 GNG.

On November 10, 2020, the proposed GNG 2020, Title 19 – Zoning Code amendments, Hunter

Business Park Specific Plan amendments, and Sycamore Canyon Business Park Specific Plan amendments related to siting industrial uses adjacent to sensitive receptors were presented and unanimously approved by the City Council.

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. The review would include strategies to address quality of life issues, including but not limited to reducing Riverside's carbon footprint and exploring community benefits (Attachment 1).

Since then, additional concerns related to impacts associated with warehousing and distribution facilities, including air pollution deriving from increased warehouse & distribution growth and increased health risks to nearby residents, have developed. Recent changes to warehouse & distribution regulations in surrounding jurisdictions related to possible community benefits, and a proposed state bill, provide additional context for direction of warehouse & distribution development in Riverside.

DISCUSSION:

Regional Trends and Context

According to recent data from the Coldwell Banker Richard Ellis (CBRE) real estate group, warehouse & distribution growth in the Inland Empire has been fueled by the rise of the e-commerce sector and logistics.

Between 2004 and 2020, the Inland Empire has added nearly 600 million square feet of warehouse & distribution space. Today, there is an unmet demand of more than four million square feet of warehouse & distribution space in the Inland Empire. In Q1 of 2022, Eastern Inland Empire including the cities of Riverside, Colton, Perris, and San Bernardino had over 250 million square feet of warehouse & distribution space, making it the greatest concentration in the Inland Empire. In Q3 of 2020, the amount of warehouse & distribution square footage under construction in the region was up 20.4% over the previous year.

Demand for warehouse & distribution development in the Inland Empire continues to increase as vacancy rates for warehouses reach the lowest rate (e.g., Q3 of 2021 - vacancy rate of 0.7%) despite the price increase of industrial leases from \$0.57 per square foot in 2018 to \$1.07 in 2021. In 2021, the Inland Empire was ranked third in the country for the number of leases for spaces greater than one million square feet. The ten biggest warehouse leases located in the Inland Empire are located in Riverside and San Bernardino County (over 10.2 million square feet combined). But warehouse & distribution construction has not kept up with demand.

According to CBRE, warehouse & distribution development is likely to continue to increase well into 2030. At the same time, according to the California Employment Development Department, job openings for warehouse workers will likely exceed all other job occupations in the area.

City of Riverside Policies

Good Neighbor Guidelines

The Good Neighbor Guidelines for Siting New and/or Modified Industrial Facilities 2020 (GNG 2020) (Attachment 2) were codified in the Zoning Code and seek to balance the need to minimize

potential negative impacts on sensitive receptors with the economic growth potential related to industrial/warehouse & distribution development. Specific amendments address concerns regarding air quality, noise, neighborhood character and health risks resulting from warehouse & distribution development. Policies within the GNG 2020 are consistent with current California Air Resources Board (CARB), South Coast Air Quality Management District (AQMD) and the Western Riverside Council of Governments (WRCOG) policies and guidance. GNG 2020 Policies include:

1. **Air Quality** - Minimizing air quality impacts - requiring modeling to identify significant air quality impacts, limiting idling and promotion of installation of electric loading back hookups for refrigerated trucks.
2. **Noise**
 - a. Locating driveways, docks, and bays away from sensitive receptors to the maximum extent possible.
 - b. Minimizing traffic in residential areas through specific traffic routes and Transportation Demand Management measures.
 - c. Ensuring compliance with Title 7 – Noise Code.
3. **Neighborhood character**
 - a. Minimizing visual impacts by providing tiered regulations related to height, setbacks, building massing and requiring screening when adjacent to sensitive receptors.
 - b. Signage requirements and encouraging facilities to provide information to truck drivers related to the closest amenities.

Innovation District

In October 2021, City Council amended Title 19 – Zoning Code to implement the 2021-2029 6th Cycle Housing Element Update of the General Plan, including establishment of the Innovation District Overlay Zone (ID Overlay Zone) and its application to the area bounded by Third Street, the Burlington-Northern-Santa Fe Railroad and Interstate 215 (the Triangle). The ID Overlay Zone implements the goals, policies, and principles of the Innovation District Master Plan to facilitate the development of innovative and creative businesses, research facilities and housing in a transformed, walkable, mixed-use neighborhood where underutilized industrial properties exist today.

The ID Overlay Zone created five sub-districts: Industrial Emphasis (IE), Employment Emphasis (EE), Housing Emphasis (HE), Eastside Transition (ET) and Civic Space (CS). Warehousing and Distribution Facilities are only permitted within the IE sub-district, located closest to the rail and highway corridors on the edges of the Triangle, and must meet specific development and design standards (Attachment 3). The EE and HE sub-districts allow some light industrial uses, but these do not include warehousing and distribution facilities. Any development must also comply with the GNG 2020.

Title 19 – Zoning Code and Comparative Analysis with Surrounding Jurisdictions

The GNG 2020 and related Title 19 updates established regulations for development in all of Riverside's industrial zones. Key changes were made to codify additional standards intended to reduce air quality, noise, health and visual impacts from new warehouse & distribution development adjacent to residential zones or uses as summarized below.

Staff researched and analyzed surrounding jurisdictions including Fontana, Colton, Riverside County and Ontario to complete a comparative analysis of Riverside's requirements. The analysis

generally indicates that Riverside meets or exceeds the requirements in the surrounding jurisdictions as it relates to regulations for development adjacent to sensitive receptors. The analysis also identifies areas where additional standards could be applied. A comparative analysis of Riverside's requirements as they relate to those of the other jurisdictions surveyed is provided below, organized by topic area.

A. Permit Type Requirements

Title 19 includes permit requirements for warehouse & distribution facilities based on building size in order to provide greater discretion and oversight of this type of development that is commensurate with potential impacts to air quality, noise and neighborhood character, which have a proportional relationship to building size.

Table 1 – Permit Type Requirements – Riverside and Surrounding Jurisdictions

Jurisdiction	Building Size	Permit
Riverside	10,000 sq. ft. or less	P/MC
	10,000 sq. ft. - 100,000 sq. ft.	MC/C
	Greater than 100,000 sq. ft.	C
Riverside County	All sizes	P
Fontana	All sizes	P
Colton	All sizes	P
		C required for Warehouses with Truck Storage
Ontario	All sizes	P/C

P = Permitted by right; MC = Minor Conditional Use Permit; C = Conditional Use Permit

B. Specific Use Regulations – Warehouse & Distribution Facilities

Title 19 includes specific development and operational standards for Warehousing and Distribution facilities include the need for applicable studies related to air quality and health risks and include requirements to reduce noise related to loading docks, truck idling and queueing when adjacent to a residential use. Chapter 19.435 Warehousing and Distribution Facilities codifies specific development standards for warehousing facilities based on square footage, becoming more restrictive as size increases:

1. Buildings 10,000 square feet or less

- a. Driveways, loading areas, docks, truck wells, internal circulation routes and storage areas must be:
 - i. Oriented away from sensitive receptors to the extent feasible.
 - ii. Fully screened if adjacent to residential zone.
- b. All operations must comply with Title 7 – Noise Code.

2. Buildings larger than 10,000 square feet and less than 100,000 square feet

- a. All of the previous requirements apply.
- b. Temperature-controlled trucks or trailers must:
 - i. Have electrical hookups at loading docks.
 - ii. May not use auxiliary truck engine to power climate control equipment.
- c. Truck idling cannot exceed five minutes.

3. Buildings 100,000 square feet and larger

- a. All of the previous requirements apply.
- b. Queuing lanes or aisles must:
 - i. Have sufficient space to accommodate queuing of trucks.
 - ii. Not obstruct regular vehicular, pedestrian circulation or emergency equipment access.
- c. Facilities generating 150 or more truck trips must prepare a Health Risk Assessment (HRA).
 - i. Required when buildings 100,000 square feet or greater generate 150 or more trips per day.
 - ii. Required when there is any industrial development within 1,000 feet of a residential zone or use (Attachment 4).

C. General Development Standards

The General Development Standards related to height, building size, setback and parking for the City of Riverside and other jurisdictions were reviewed and compared. The details are included in attachments as identified below and include:

1. Maximum Building Height (Attachment 5)

- a. Riverside
 - i. Maximum building height of 45 feet for any building in the Industrial zones.
 - ii. Limits height to 35 feet within 200 feet of a residential zone or use.
 - iii. If parcel or lot abuts a residential zone or use, a minimum eight-foot-high solid masonry wall is required along the property line.
- b. Surrounding Jurisdictions
 - i. Ontario limits the maximum building height to 45 feet within their Light Industrial (IL) Zone whenever an industrial use abuts a residential zone.
 - ii. Other jurisdictions surveyed addressed taller buildings by providing graduated setbacks, where the maximum allowable height of the building increases the further it is from the property line.

2. Maximum Building Size (Attachment 6)

- a. Riverside
 - i. Industrial buildings within 200 feet of a residential zone or use - maximum floor area of 10,000 square feet.
 - ii. Industrial buildings within 200 through 800 feet of a residential zone or use – maximum floor area of 100,000 square feet.
 - iii. All other areas, the maximum allowed building size is controlled by the maximum Floor Area Ratio (FAR) for the zone.
- b. Surrounding Jurisdictions
 - i. Ontario limits the maximum allowed building size for the Light Industrial (IL) District within 200 feet of a residential zone to 45,000 square feet (single tenant) and 60,000 sq. ft (multi-tenant).
 - ii. The same maximum building size restriction also applies to all buildings within the Business Park (BP) and Industrial Park (IP) Districts.
 - iii. Other jurisdictions do not provide a maximum allowed building size.

3. Minimum Setbacks (Attachment 7).

- a. Riverside

- i. Minimum 60-foot side and rear setback with minimum 15 feet of landscaping along property line when adjacent to a residential zone or use.
- b. Surrounding Jurisdictions
 - i. Colton - least restrictive minimum side and rear setback of 15 feet when adjacent to a residential zone.
 - ii. Riverside County (I-P Zone) provides a minimum side and rear setback of 50 feet.
 - iii. Other jurisdictions generally less restrictive.

4. Parking Requirements (Attachment 8)

- a. Riverside
 - i. 1 parking space per 1,000 square feet of floor area plus one space per 250 square feet of office area.
 - ii. Parking may also be provided on the same lot or within 300 feet of the site.
- b. Surrounding Jurisdictions
 - i. Fontana
 - a. 1 parking space per 1,000 square feet up to 20,000 square feet.
 - b. 1 parking space per 2,000 square feet of additional floor area for the next 20,000 square feet.
 - c. 1 parking space per 5,000 square feet of additional floor area greater than 40,000 square feet.
 - d. No additional parking for office area.
 - ii. Colton
 - a. 1 parking space per 1,000 square feet up to 10,000 square feet.
 - b. 1 parking space per 2,000 square feet for floor area greater than 10,000 square feet.
 - c. 1 space per 250 square feet of office area.
 - iii. Ontario
 - a. 1 space per 1,000 square feet for floor area less than 20,000 square feet.
 - b. ½ parking space per 1,000 square feet for floor area greater than 20,000 square feet.
 - c. No additional parking for office area.
 - iv. Riverside County requires 1 parking space per 2,000 square feet.

Potential Development Areas in Riverside

Projects in Process

In the City of Riverside, a total of 21 projects totaling up to 3,724,576 square feet of development are currently in process (Attachment 9), including:

- A. Two warehouse projects under construction (654,330 square feet);
- B. Eight entitled warehouse projects (Planning approval but construction not started) (919,552 square feet);
- C. Seven proposed warehouse projects currently working through the entitlement process (857,925 square feet); and
- D. Four warehouse projects undergoing preliminary pre-application process (Conceptual Development Review) (1,292,769 square feet).

Vacant Sites Analysis

Staff completed a vacant site analysis of potential locations for warehouse & distribution facility development sites that currently exist in the City. The analysis assumed a minimum warehouse & distribution development size of 100,000 square feet with a minimum floor area ratio of 0.5 which would translate into a minimum site of approximately four acres. The analysis looked at all parcels within an Industrial Zone (General Industrial, Business and Manufacturing Park, Airport Industrial and Northside Specific Plan – Business/Office Park Zones) of at least four acres. The land use category was then identified from County tax assessor data to identify potential development sites that are currently vacant (Attachment 10).

Based on the vacant sites analysis, it appears that the majority of industrially zoned land (78 percent) within the City is already developed. The vacant sites analysis identified 67 existing vacant parcels over four acres in size, comprising 590 acres that could be developed with warehouse & distribution uses in the future. This comprises 13 percent of the City's existing 4,558 acres of industrially zoned land (the remaining nine percent of undeveloped industrial land being less than four acres in size).

It is important to note that contiguous vacant sites may be consolidated to accommodate larger development projects. Similarly, sites with existing, older development (generally more than 40 years) could also potentially be redeveloped or consolidated to accommodate larger development. Where this may occur is difficult to assess as it would require willing ownership, land assembly and tenant relocation efforts.

South Coast Air Quality Management District (AQMD)

In May 2021, AQMD adopted Rule 2305, the Warehouse Indirect Source Rule and the accompanying Warehouse Actions and Investments to Reduce Emissions (WAIRE) Program (Attachment 11 and 12). The rule seeks to reduce local and regional emissions of nitrogen oxides and particulate matter associated with warehouses by regulating the vehicles travelling to and from as indirect sources.

Rule 2305 applies to owners/operators of existing and new warehouses within the South Coast Air Basin with at least 100,000 square feet of indoor floor space. Currently in Phase 1 of implementation, warehouses over 250,000 square feet must comply with this Rule. The remaining requirements will phase in to eventually require compliance for all warehouses 100,000 square feet and larger within the South Coast Air Basin.

The WAIRE Program requires that warehouse owners and operators obtain WAIRE points to offset the number of trips to and from warehouses. These points may be earned through implementing emissions reducing activities or paying mitigation fees to AQMD. These fees may then be used to fund clean air projects in communities near warehouses based on project proposals and subject to AQMD board approval.

An Initial Site Information Report must be submitted by the owner or operator containing the WAIRE Points Compliance Obligation based a formula which weighs different variables to enumerate the number of WAIRE points required for the 12-month compliance period. Following the 12-month period, an Annual WAIRE Report must be submitted including truck trip data and how many WAIRE points were earned from the emission reducing activities or paying mitigation fees. Warehouse owners or operators may choose to earn WAIRE points through a customized plan to meet the number of WAIRE points required. Transfer of WAIRE points is only possible in limited circumstances in order to avoid creating a cap-and-trade-like marketplace for compliance points.

The mitigation fees collected through Rule 2305 will not be known until at least 2024 following implementation of Phase 1 and the 2023 annual reporting period.

Proposed Legislation - AB 2840: Qualifying Logistics Use Projects

Assembly Majority Leader Eloise Gómez Reyes introduced Assembly Bill (AB) 2840 on February 18, 2022, which would amend the Government Code to regulate the development of certain industrial uses near sensitive receptors (Attachment 13). The bill would prohibit approval of the development or expansion of any qualifying logistics use within 1,000 feet of any sensitive receptor.

Although Riverside does not have a 1,000-foot buffer for new development adjacent to sensitive receptors, Title 19 requires any new industrial use located within 1,000 feet of a residential zone or use to conduct an HRA. This is consistent with guidance provided by the SCAQMD. Only the City and County of Riverside require the HRA for new warehouse & distribution facilities.

Additionally, the bill would require that the project applicant of any industrial use provide a written construction careers agreement that would require a minimum percentage of local hiring and use of skilled and trained labor for all construction work. While local and skilled and trained workforce hiring preferences involving public resources (such as financing or property) are common in California, this bill appears to be the first of its kind to broadly require such agreements for private development that does not involve public resources.

Consideration Items – Moving Forward

The following summarizes additional items that could be considered as it relates to warehouse & distribution development in Riverside. These considerations have been put in place by surrounding jurisdictions and could be considered by the City as an additional requirement for warehouse & distribution facilities.

Alternative Energy Requirements

In March 2022, Fontana passed Ordinance No. 1891 to clarify requirements for alternative energy and improvements to construction of industrial commerce centers (Attachment 14). Fontana requires various sustainability standards such as requiring all roofs be solar ready, on-site motorized operational equipment to be zero emission, and requires sustainable practices during the construction process of the project. Fontana requires that the development identify a location where future electric truck charging stations may be installed and requires that the highest CARB Tier technology be used during construction of the project.

The City of Riverside does not have a similar requirement for alternative energy requirements, but they could be considered.

Development Agreements

Development Agreements (DA) are legally binding contracts between a developer of a project and a local government. DA allow greater flexibility and certainty within the scope of a local government's zoning code and regulations in exchange for community benefits beyond those for which current regulations allow. The developer and local government agree to standards and conditions that will govern the project throughout its development.

DAs have been negotiated for warehouse & distribution projects within the region. The Fontana Foothills Commerce Center project entered into a DA with the City whereby they agreed to pay

public benefit fees to balance public needs with the project. Fontana also required community benefits in the Summit at Rose Specific Plan project which required the developer improve park lands and pay fees for landscape improvement, storm drain, fire station and multi-species habitat conservation.

In Riverside, a DA may be initiated by a qualified applicant or by action of the City Council per Resolution No. 15475. The City defines a qualified applicant as a person or entity who has legal or equitable interest in the real property for which the project is being developed. The City Attorney's Office would need to be involved in developing any DA. Processing of a DA is completed by the City's Planning Division. A public hearing is held by the Planning Commission and their decision will be considered by the City Council at another public hearing.

Community Benefit Agreements

Community Benefit Agreements (CBA) are legally enforceable contracts entered into by a community group or groups and a developer which set forth a range of community benefits as part of a development project. CBA allow community members to advocate for benefits such as wages, local hire requirements, provision of on- or off-site amenities, or funding or in-kind contributions to offset project impacts beyond what may be possible through the development review or CEQA processes.

A CBA can also help secure community support for a project to successfully complete the development process. There are no local CBAs for a warehouse & distribution development project within the region, but there was a CBA for the 2015 "Revive Oakland" Oakland Army Base project for a warehouse & distribution complex. After five years, the Revive Oakland CBA agreed to hire at least 50% of workers from Oakland, ban pre-screening job applicants, limit use of temporary workers, and ensure that 25% of jobs are reserved for disadvantaged workers.

A CBA may be implemented through a Development Agreement and can be enforced by the local government or participating community groups. A local government can enforce a CBA, coordinated through input from the community with agreement from the developer. Additional information on CBAs can be found at: www.forworkingfamilies.org/page/cba-101.

In the City, there are currently no requirements for a CBA which could be implemented through a City-wide policy and implementing ordinance. Coordination with the City Attorney's Office would be required to move forward with a CBA policy.

Community Engagement

According to a report conducted by Office of the Attorney General, community input for warehouse & distribution projects ensures mutually beneficial outcomes for the developer and the community (Attachment 15). WRCOG's GNG requires community engagement for warehouse projects that can be fulfilled in a variety of ways including public meetings and site visits of facilities for neighbors. Riverside County's GNG includes an option to require a developer to pay a one-time community benefit funding contribution to off-set potential air quality impacts above and beyond any CEQA related mitigation measures. The funding contribution will directly impact the community where the project is located.

Riverside's existing requirement for community engagement for warehousing & distribution facility development is limited to the required public notice for CUPs/MCUPs and a public hearing for CUPs. Additional engagement requirements could be developed and implemented to enhance the noticing process. A citywide Community Engagement Policy is currently underway and a final draft will be presented to the Inclusiveness, Community Engagement, and Governmental Process Committee this summer and then to the City Council in Fall of 2022.

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 the following Cross-Cutting Threads as follows:

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

Attachments:

1. City Council Meeting Minutes – January 25, 2022
2. Good Neighbor Guidelines Policy – 2020 (GNG 2020)
3. Title 19 (Zoning) – Chapter 19.170 – Innovation District Overlay Zone
4. Title 19 (Zoning) – Chapter 19.435 – Warehousing and Distribution Facilities
5. Comparison Table – Building Height
6. Comparison Table – Building Size
7. Comparison Table – Setbacks
8. Comparison Table – Parking
9. Warehouse & Distribution Facility Projects in Process
10. Potential Industrial Development Areas
11. SCAQMD Rule 2305 – Warehouse Indirect Source Rule
12. Rule 2305 – Frequently Asked Questions
13. Assembly Bill 2840 – Bill text
14. City of Fontana Ordinance No. 1891

15. Warehouse Projects: Best Practices and Mitigation Measures to Comply with CEQA

16. Presentation