



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL **DATE: FEBRUARY 25, 2020**
FROM: COMMUNITY & ECONOMIC DEVELOPMENT **WARDS: 1, 2**
SUBJECT: UPDATE ON THE INNOVATION DISTRICT VISIONING CHARRETTE

ISSUE:

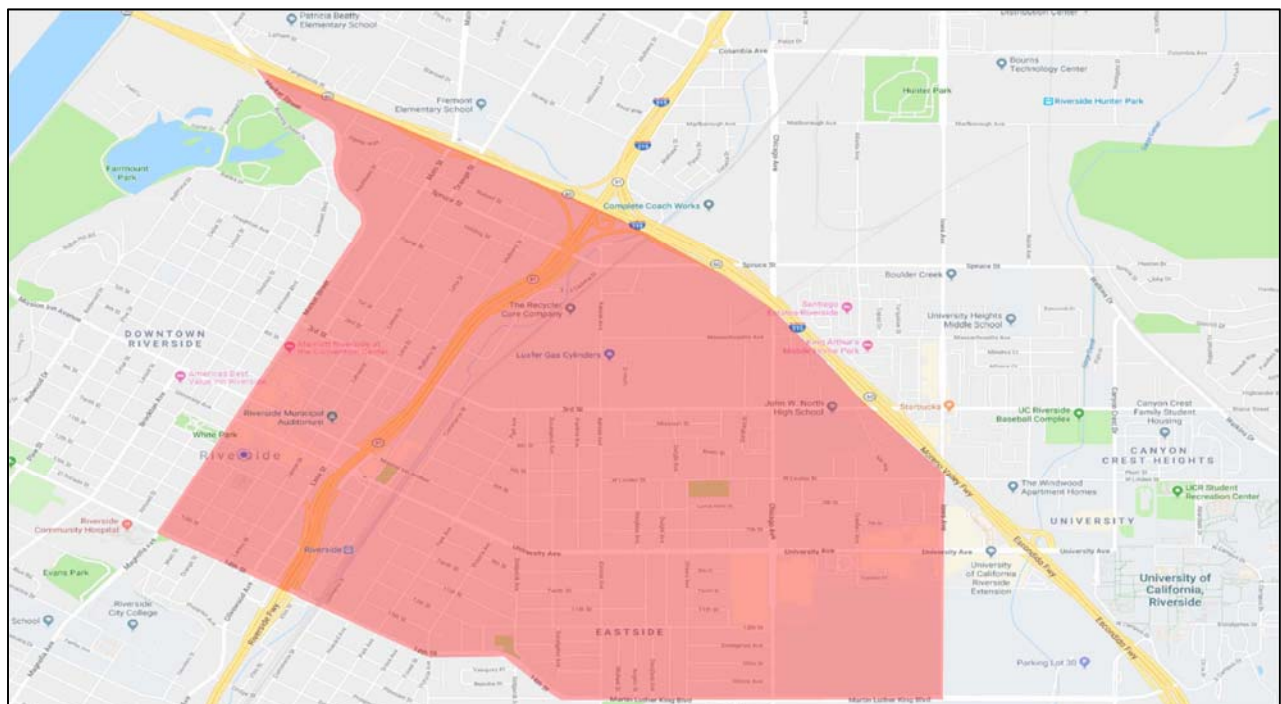
Receive and file an update on the Innovation District Visioning Charrette.

RECOMMENDATION:

That the City Council receive and file an update on the Innovation District Visioning Charrette.

BACKGROUND:

On December 19, 2017, the City Council unanimously approved the concept of creating innovation districts across the City as a way to attract new investment, retain local talent, and create jobs by approving the attached Innovation District Report (Attachment 1). This Report represented the work of the Innovation District Committee and input from various community groups (Eastside Community, Northside Improvement Association, Chambers of Commerce, Downtown, Young Professionals, Educators, etc.). The Innovation District encompasses Downtown and the geographic area between Downtown and University of California Riverside (UCR), including portions of the Eastside and University Avenue neighborhoods (see map below).



The Report identifies a rationale for selecting the location of the first Innovation District including several key drivers, including but not limited to, the following: two Metrolink stations, (future) multi-modal transportation center, UCR, Riverside Community College, Downtown, future Air Resources Board campus, a multitude of existing and new food venues and entertainment destinations and opportunities for new investment.

The Innovation District is home to several under-utilized former packing houses and industrial buildings with the potential to serve a variety of needs ranging from business incubators/accelerators, co-working space for startup firms to established companies looking to expand or relocate. Firms that focus on researching and bringing to market green transportation solutions could find ideal partnerships with the nearby UCR Center for Environmental Research & Technology and the coming Air Resources Board (ARB) campus, given the close proximity.

To facilitate implementation of the Innovation District, staff determined that a visioning charrette, a common technique to consult with community stakeholders early in a project, would help in identifying a shared vision. Charrette's involve intensive meetings, whereby stakeholders are invited to gather and discuss issues, challenges, and desires of a project and where differences are identified and resolved through common understanding of the issues, opportunities and challenges from different perspectives.

With this in mind, on August 1, 2019, staff contracted with Susan Harden, Inc. of Laguna Niguel, to conduct a visioning charrette to discuss the City's Innovation District. Ms. Harden was selected following a Request for Proposals process. The scope of the visioning charrette included:

- Conducting a "kick off" meeting with designated City staff to review the process and work plan, identify key contacts and resources for the collection of necessary background information and ideas, and conduct a tour of the Innovation District;
- Conducting a review of all background documentation and resources, performed relevant interviews with City staff, identified best practices from other public agencies/municipalities, and the Innovation District;
- Conducting a series of visioning charrette sessions with City staff and key strategic partners;
- Preparing a rough draft illustrated vision plan based on the Charrette;
- Meeting with City staff and strategic partners to receive final input on the illustrated vision plan for the Innovation District; and
- Presenting the final illustrated vision plan to City staff and key strategic partners.

Several visioning charrette sessions were held between August – October 2019. Attendees included the Mayor and City Councilmembers from Wards 1 & 2; representatives from UCR, Riverside Community College District; representatives from the Greater Riverside Chambers of Commerce; and City staff from the Community & Economic Development Department, Mayor's Office, and the City Manager's Office. The outcomes of the visioning charrette sessions are summarized in Attachment 2.

DISCUSSION:

Throughout the visioning charrette sessions, diverse approaches and innovation tools were identified that may be implemented in the Innovation District:

1. **Branding “Clean and Green”** – The Innovation District branding would concentrate on “clean and green tech” businesses that have a focus on clean air, alternative/adaptive transportation, water and sustainable technologies to leverage existing drivers like UCR and new the Air Resources Board campus. The initial branding will be geared toward a broad branding theme like “innovateRiverside” so as to promote places of innovation citywide whether they be a district, corridor or place. It is anticipated that specific innovation areas will be uniquely branded by the lead organizations, agencies and/or business owner.
2. **Promote Incentive-based Zoning** – Given the District covers over 3-square miles, it is vital that a phased approach be adopted including:
 - a. **Freestyle/Creative Zone** – The 3rd Street Industrial Area would be transformed into area that also encourages transit-supported, high density residential, using innovative “freestyle”, flexible zoning regulations and development standards that lessen “red tape”. This allows for the most diverse development with a streamlined process. Like the revolutionary process employed in Detroit that implemented “pink zone” techniques, the City could redesign the current regulatory framework to provide a process that facilitates a wide mix of diverse and innovative uses.
 - b. **Tailored Zone** – The Historic Packing House Area would focus on unlocking the potential of the existing Packing Houses and industrial buildings by transforming these structures into creative commercial, office, and clean technology enterprises for small, growing and mid-sized companies.
 - c. **Defined Zone** – The Downtown Area would largely be infused into the existing built environment with a greater emphasis on responding to the existing plans, character and identity. This area is well suited for additional small startups to large-scale operations in adaptively reused, existing and defined redeveloped spaces.
 - d. **Focused Stabilization and Change Opportunities** – Stabilization zones include the Eastside, North Main and the UCR agriculture research station. Whereas, several key corridors and nodes lend themselves to opportunities for revitalization including University Avenue, 3rd Street and Park Street.
3. **Utilize the Opportunity Zone** - By promoting the Opportunity Zone, which encompasses the entire Innovation District, potential investors/developers will be encouraged to seek 1031-type tax shelters for their capital gains.
4. **Restart the Economic Development Corporation** – The City’s long-dormant Economic Development Corporation could be restarted to act as the governing body of the Innovation District or simply a catalyst for investment. The Board of the Economic Development Corporation could include members of Riverside and the region’s innovation/technology community.
5. **Establish a Tax-increment Financing Mechanism** - An Enhanced Finance Infrastructure District and/or a Community Revitalization and Investment Authority could be used to fund infrastructure improvements throughout the Innovation District, such as transportation, transit, parks, and libraries, etc., which are essential to the economic/commercial development of the area.
6. **Incorporate High Density Housing** in the 3rd Street Industrial Area – Housing could be focused in this area to partially address the City’s Regional Housing Needs Assessment

(RHNA) requirement to facilitate construction of approximately 18,000 housing units by 2029. The City could also consider an inclusionary housing ordinance, coupled with graduated property tax sharing agreements, to encourage market rate and affordable housing in the Innovation District.

7. Utilize CEQA Exemptions to facilitate housing development that could include:

- a. Section 15332 - Infill Development Project Exemption allows any infill development, less than 5-acres, provided the proposal is consistent with the General Plan and Zoning.
- b. Section 15194 – Affordable Housing Exemption allows for affordable housing development consisting of 50 or fewer units.
- c. Section 15195 – Residential Infill Exemption allows for residential development on parcels less than 4-acres, under 100 units and not exceeding 100,000 square feet.

8. Implement Innovation District best practices tour takeaways:

- a. Develop an identifiable brand and implement a creative marketing campaign around that brand.
- b. Develop an effective Implementation Plan as a guide for City staff and community partners for the execution of the vision outlined in the charrette process.
- c. Identify public/private partnerships that can be leveraged to promote and eventually oversee and manage the Innovation District.
- d. Establish a “front door”, managed and operated by a private entity, to help start-ups, scale-ups, entrepreneurs, and small businesses engage in the City’s innovation ecosystem.
- e. Develop an innovation “focus”. Riverside has the opportunity to position and focus itself as the clean air and green technology leader of the Inland Southern California area by encouraging the development and deployment of sustainable and clean air technologies and alternative energies throughout the Innovation District.
- f. Encourage the inclusion of community art programs and initiatives, such as the existing Artist-in-Residence project adjacent to Lincoln Park, throughout the Innovation District.

9. Telling the City’s Innovation Story - Staff will be developing branding, marketing and storytelling for the Innovation District so that its story is effectively told with a cohesive message that unifies/unites the community while meeting the goals and objectives outlined in the Innovation District Report. There are numerous compelling examples of innovation currently occurring or planned throughout the Innovation District some of which include:

- a. UCR is investing approximately \$600 million in the North District area of their campus (the former Canyon Crest family housing site) to deliver, over several anticipated phases, an estimated 4,000 to 6,000 new student housing beds, new dining facilities, multi-function rooms, student support amenities, a mix of retail services, functional open spaces, and adequate utility capacity and supporting infrastructure for the ambitious project.
- b. UCR has envisioned a high-tech startup business park campus, the “OASIS”, in the Innovation District to provide opportunities for partnerships, synergy, and collaboration with ARB.
- c. The Western Riverside Council of Governments has selected the Innovation District for their future Innovation 2030 project, which is modeled after the Los Angeles Clean Tech Incubator (LACI) and predicted on building an innovation-driven economy by the year 2030.

- d. The Air Resources Board is building a new Southern California Headquarters. The approximately 380,000 square-foot facility will be one of the largest and most advanced vehicle emissions testing and research facilities in the world. It will also be the largest 'net-zero energy' structure (producing as much energy as it uses) of its type in the nation. The facility will also be designed to achieve Leadership in Energy and Environmental Design (LEED) Platinum certification.
 - e. Investment within the Innovation District is nearing \$2 billion.
10. **Develop a Replicable Framework** – This is the first Innovation District in the City and can serve as a replicable model to create, highlight and nurture other innovative districts, corridors and/or key places of innovation in the City.

As participants in the Innovation District Visioning Charrette, Councilmembers Edwards and Melendrez concur with this staff report.

FISCAL IMPACT:

There is no fiscal impact to the General Fund associated with this report.

Prepared by: David Welch, Community & Economic Development Director
Certified as to
availability of funds: Edward Enriquez, Chief Financial Officer/Treasurer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Gary G. Geuss, City Attorney

Attachments:

1. City of Riverside Innovation District Report, December 19, 2017
2. Presentation