



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL

DATE: AUGUST 19, 2025

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT
DEPARTMENT**

WARDS: ALL

SUBJECT: UPDATE ON REVISIONS TO INDUSTRIAL DEVELOPMENT STANDARDS

ISSUE:

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

RECOMMENDATIONS:

That the City Council:

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

COMMITTEE RECOMMENDATION:

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

PLANNING COMMISSION RECOMMENDATION:

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

BACKGROUND:

For several years, there has been growing concern within the City and across the state regarding the concentration of new warehousing and distribution facilities and their proximity to sensitive areas like residential neighborhoods and schools. The following presents a brief summary of efforts to review, revise and update the City's industrial development policies and regulations in response to these concerns.

- March 2020: Staff report to Land Use Committee on 2008 Good Neighbor Guidelines for Industrial Development. Committee directs Staff to prepare an update.
- November 2020: Updated Good Neighbor Guidelines (2020 GNG) and related industrial zoning regulations adopted. 2020 GNG and zoning regulations remain in place today.

- January 2022: The Sycamore Hills Distribution Center project is approved by Council after significant community opposition. Following decision, Councilwoman Plascencia requests a review of 2020 GNG and related zoning regulations to strengthen and improve them.
- March 2022 through August 2024: Staff conducts extensive community and stakeholder outreach on potential revisions to 2020 GNG and zoning regulations. Multiple presentations to LUC and Planning Commission for feedback and direction.
- January 2023: Then-Assemblymember Eloise Gomez-Reyes introduces Assembly Bill (AB) 98. The legislation is subsequently converted to a two-year bill.
- March 2024: Draft updates to industrial zoning regulations are released for public review.
- May 2024: The LUC requests that further action on revisions to 2020 GNG and zoning regulations be paused while AB 98 is pending.
- September 2024: AB 98 is passed by the legislature and signed into law.
- November 2024: LUC reviews final proposed updates to industrial zoning regulations and votes to forward them to the Planning Commission for consideration and recommendation.
- February 2025: The Planning Commission votes unanimously to recommend the City Council adopt the proposed updates to industrial development regulations developed through this process.
- February 2025: Two AB 98 “fix-it” bills, AB 735 (Juan Carillo) and Senate Bill (SB) 415 (Gomez-Reyes) are introduced in the legislature.
- May 2025: Planning Commission recommendation to adopt revised industrial zoning regulations presented to Council for consideration. Council requests staff return with an update on pending legislation in August 2025.

On May 20, 2025, staff presented an update to the City Council regarding proposed industrial development amendments as recommended by the Planning Commission. A compilation of previous staff reports on this matter may be reviewed in Attachment 1.

During this meeting, staff provided the City Council with an overview of the proposed text amendments, and an update regarding legislative activity affecting the regulation of warehousing and logistics facilities including Assembly Bill (AB) 98, Senate Bill (SB) 415, and AB 735. Following discussion, the City Council directed staff to pause this effort to monitor legislative activity and report back to the Council with an update on any new legislation to determine whether additional modifications are needed. Since the May 20th City Council meeting, there were two substantive changes to AB 98 per SB 415 and AB 735. These changes are discussed in greater detail below. Both SB 415 and AB 735 are progressing through their respective committees; it is expected the bills will be signed into law Fall 2025.

DISCUSSION:

Previous reports have detailed the proposed Zoning Code amendments that have been prepared in response to community and stakeholder feedback to strengthen the GNG 2020 and more intensively regulate industrial development in the City (Attachment 1). In addition, updates on State-level legislative activity and options for City Council consideration and action have been presented. In order to assist with decision making, this report will recontextualize the City’s existing industrial development regulations with recently enacted changes under AB 98 as a “new baseline” scenario and compare that new baseline with options for further action, including an assessment of potential effects on future development activity.

THE NEW BASELINE

As mentioned, the City’s existing industrial development regulations are considered some of the most robust in the region and perhaps the State. The City limits the size and height of individual industrial buildings based on their proximity to residential land uses and implements additional site development and operational regulations on warehousing and distribution facilities based on that proximity as well. AB 98 establishes similar regulations for logistics facility development in proximity to sensitive land uses; however, the two policies do not overlap perfectly. In some respects, the City’s regulations are more

restrictive than AB 98 and will therefore continue to apply once the State law goes into effect. Some revisions to the RMC, however, will be necessary to comply with AB 98, regardless of whether the additional new regulations under discussion today are adopted. Combining the city's existing industrial development regulations with forthcoming changes pursuant to AB 98 create what can be called the "new baseline" for industrial projects in the City as of January 1, 2026.

AB 98 is effective January 1, 2026 and establishes various development standards for warehousing and logistics facilities within a Warehouse Concentration Region, including San Bernardino and Riverside counties. These standards include building design and siting requirements, parking, truck loading bay orientation, landscaping buffers, entry gate requirements, and signage. AB 98 provides varying requirements based on the size of the building and whether the logistics use is situated on an existing industrially zoned parcel or if the parcel needs to be rezoned. A base set of regulations known as the *21st century warehouse design elements* would apply to all new or expanded (20% or greater) logistics uses but a stricter set of regulations apply to buildings 250,000 square feet or greater known as the *Tier 1 21st century warehouse design elements*.

AB 98 also requires that the City update its General Plan Circulation Element in order to designate truck routes. It also requires that new logistics uses be situated on specific roadways like arterial roads, collector roads, major throughfares, or local roads which predominantly serve commercial uses by January 1, 2026. This requirement may affect the permitted location for new logistics uses in the City in a manner that may not be consistent with the existing Zoning Code and General Plan. However, with the ongoing Riverside 2050 General Plan Update and Climate Action & Adaptation Plan project, there is an opportunity to address this requirement as part of that effort.

The following table presents a simplified illustration of the New Baseline as well as pending changes under AB 735 and SB 415.

	Existing Zoning Code	New Baseline	Pending Legislation (AB 735 & SB 415)
Applicability	All new industrial development	Logistics uses >250,000sf	New logistics development >250,000sf
Development Standards	Building size limits, setbacks, site design, screening	Increased: Landscaping, loading setbacks, green standards	None
Cumulative Sqft	None	None	No changes
Sensitive Receptors	Residential	Residential, Parks/open space, schools, hospitals, etc.	No changes
Truck Routes	None	Required; avoid sensitive receptors	No changes
Compliance Date	None	Jan. 1, 2026	Grace period: good faith effort

ASSEMBLY BILL 735 (AB 735) & SENATE BILL 415 (SB 415)

Assemblymember Carrillo introduced AB 735, and Senator Reyes introduced SB 415 in February 2025, both intended to make revisions to AB 98. As of the writing of this staff report, both bills are progressing through the legislature and are set to be heard for third reading by the Local Governmental Affairs Committee. The majority of the changes to AB 98 are minor in nature and are intended to clean up the bill. Copies of the bills text as of the writing of this staff report are provided in Attachments 2 and 3. In general,

if these bills are passed, changes to the New Baseline described above will be negligible; the following summarizes the notable effects.

1. The bills establish “good faith” provisions to ensure compliance date for updating the General Plan Circulation Element to establish truck routes by January 1, 2026.

The bills introduce language pertaining to enforcement against agencies failing to comply with the provisions of AB 98. Civil penalties of up to \$50,000 every six months may be imposed if a violation occurs and is not rectified. Enforcement action may be avoided if the Attorney General finds that the City is making a good-faith effort to meet the requirements of the bill. This requirement can be addressed through the ongoing Riverside 2050 update to the city’s General Plan and Climate Action & Adaptation Plan which, although is not expected to be complete until 2027, is already underway and can potentially accommodate this effort.

2. Logistics use developments must be situated on roadways that predominantly serve commercial, agricultural, or industrial uses.

AB 98 requires that logistics use developments be situated on streets which serve commercial uses; AB 735 and SB 415 would expand this requirement to include streets which serve agricultural and industrial uses. It should be noted that this provision has limited, if any, effects in Riverside.

3. The definition of “logistics use” is changed to apply more narrowly and to exclude agricultural storage buildings.

This change prevents the provisions of the bill from inadvertently being applied to non-logistics related, large-footprint buildings in agricultural regions.

Other proposed changes to AB 98 included in SB 415 and AB 735 include consistency language with the California Coastal Act and the Housing Crisis Act; and a delay of implementation for jurisdictions outside of the “Warehouse Concentration Region” (i.e., all of California, except Riverside and San Bernardino Counties).

OPTIONS MOVING FOWARD

The following section describes three options for further action available to the Council and compares the potential effects of each on industrial development to the New Baseline.

Option 1: No Action (New Baseline)

Taking no action will preserve the City’s existing industrial development regulations – already considered some of the most robust in the region – plus a forthcoming Zoning Code amendment to comply with AB 98.

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

Most of the City’s existing regulations exceed the requirements of AB 98; however, some amendments to the RMC will be required to achieve consistency. These are related to:

- Increasing the required wall height for new or expanded warehousing and distribution facilities adjacent to sensitive receptors from 8 feet to 10 feet.
- Referencing the statutory requirements for landscaping buffers and green building code requirements for new or expanded warehousing and distribution facilities adjacent to sensitive receptors.
- Referencing statutory requirements for loading bays, docks, and truck wells consistent with AB 98.

In addition, AB 98 mandates that the City establish truck routes and require industrial development projects to designate truck routing plans prior to approval. Regardless of the action taken by Council on this issue,

the forthcoming 2050 General Plan Update will address this requirement.

Option 2: Planning Commission Recommendation

Major changes to existing regulations would be enacted with adoption of the Planning Commission's recommendation. In addition, the final version of this ordinance would be slightly modified from the Commission's recommended version in order to incorporate compliance with AB 98. Compared to the New Baseline scenario, this option would be more restrictive for industrial development of all kinds and would exceed the minimal requirements of AB 98.

The Planning Commission recommended amendments fall into three general categories:

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

Sensitive Receptor Protections

Overview of Proposed Changes

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

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

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

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

Comparison to New Baseline

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

Building Regulations and Site Planning

Overview of Proposed Changes

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

1) Maximum Building Size & Permitted Uses

Maximum building sizes would be determined based on the distance from the proposed building to the property line of the nearest sensitive receptor. The allowable building size would range from 10,000 square feet to 400,000 square feet, increasing with distance. The building size restrictions are more stringent the closer the building is to a sensitive receptor and more flexible the further it is away. Facilities exceeding 400,000 square feet would be prohibited in all industrial zones except the General Industrial (I) zone.

2) Cumulative Building Limits

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

3) Landscaping and Operational Standards

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

Comparison to New Baseline

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

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

Project Notification Requirements

Overview of Proposed Changes

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

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

Comparison to New Baseline

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

Option 3 (STAFF RECOMMENDATION):

This option would implement the Planning Commission's recommendations outlined in Option 2 but in a more limited application that maintains existing regulations for all other types of industrial development – such as manufacturing, medical, research & development and similar operations – while enacting more stringent requirements consistent with AB 98 for logistics and goods movement uses specifically. This approach balances addressing community concerns around warehouses and truck traffic expressed through the public engagement process while maintaining flexibility for new development related to the City's Economic Development Strategic Plan Areas of Excellence: Green Technology, Medical & Biotech, Aerospace, Arts & Tourism, and General Technology.

This option would require developing and adopting a definition of logistics and goods movement land uses that conforms to AB 98. Per AB 98, a logistics development is defined as a building primarily used as a warehouse for the movement or the storage of cargo, goods, or products that are moved to a business or retail location. Narrowly defining logistics uses and applying the enhanced development standards of

Option 2 addresses concerns about the proliferation of warehousing and distribution facilities and the attendant health and quality-of-life impacts while maintaining greater development flexibility for other industrial uses.

Comparison to New Baseline

This option would substantially increase development regulations for logistics development compared to those of the New Baseline, while leaving the New Baseline regulations intact and unchanged for any other type of industrial land use. AB 98 implementation measures related to establishment of truck routes in the forthcoming General Plan update would still be required.

Early iterations of this initiative considered establishment of mechanisms to ensure community concerns are addressed while still permitting maximum flexibility for economic development. Although they did not advance through early Committee considerations of this item, these options remain available to the Council should there be interest in exploring further. This includes, but is not limited to:

- **Establishment of a Community Benefit Ordinance for logistics development.** This would involve changes to the City's Zoning regulations to require any new logistics development to engage in a process of negotiating to provide community benefits in order to be considered for approval. This would likely take the form of a Development Agreement entered into between the City and the project proponent for each new logistics development. A program framework and RMC amendment would need to be developed for this approach.
- **Establishment of a Planned Development process for logistics development.** Under this approach, new logistics development (of a minimum size, or of any size) could be required to apply for a special discretionary entitlement permit that would enable the final approving authority to approve project-specific development standards and parameters, subject to appeal and conditions of approval. This would be similar to the Planned Residential Development process that currently exists for residential subdivisions through which project proponents can create their own development programs independent of prescriptive Zoning requirements provided minimum criteria, such as perimeter setbacks and overall density, are complied with. This approach could be limited to logistics developments over a certain size only, if desired, and can be combined with a community benefit framework or incentive structure for superior design quality.

If either of these additional options are desired, Staff will prepare a proposed policy and report back at the Council's pleasure.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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Attachments:

1. Staff Report Compilation
2. Assembly Bill 735 Bill Text
3. Senate Bill 415 Bill Text
4. Regulation Comparison Table
5. Proposed Ordinance
6. Presentation