



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.

BACKGROUND:

On May 20, 2025, staff presented an update to the City Council regarding proposed Zoning Code amendments affecting the development of industrial uses throughout the City. Since 2022, staff have worked closely with the City Council Land Use Committee to obtain policy direction on the proposed text amendments, and presented various updates to the City Planning Commission, neighborhood groups, environmental groups, labor unions, real estate professionals, and developers of industrial property to identify areas of concern and opportunities to strengthen standards. A compilation of previous staff reports on this matter may be reviewed in Attachment 1.

During the meeting, staff provided the City Council with an overview of the 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:

ASSEMBLY BILL (AB) 98

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 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 thoroughfares, 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 Zoning Code and General Plan.

A key item to note is that the establishment of designated truck routes may have the unintended consequence of encouraging cut-through traffic from surrounding areas. Additionally, this compliance date would conflict with the ongoing effort to prepare a comprehensive update of the City's General Plan for 2050, which is currently anticipated to be completed in 2027. Previous City Council direction and community feedback shared concern about designating roadways for non-local truck traffic. Instead, the City maintains vehicle weight and axle limits for certain roadways to prevent the concentration of heavy-duty vehicles on roadways.

As directed by the City Council, staff prepared an overview analyzing the various provisions of AB 98 against the City's current and proposed industrial development regulations, including areas where the City meets or does not meet the requirements set forth in the bill. Please see Attachment 4 to review the table.

Various agencies affected by AB 98, including the City of Riverside, have communicated to legislators their concerns with the timeframe established in AB 98. These concerns, in part, led to the introduction of AB 735 and SB 415, which are intended to address some of the feedback received.

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.

The bills introduce the following substantive changes to AB 98:

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.

2. Logistic 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.

LEGISLATIVE COMPLIANCE

AB 98, including any revisions per SB 415 and AB 735, will apply regardless if the City amends Title 19 to integrate provisions set forth in the bill. The City has discretion in adopting standards which are more stringent compared to AB 98, but at a minimum, needs to facilitate compliance with the standards set forth in the bill.

The vast majority of the proposed text amendments presented to the City Council in May 2025 were drafted prior to the drafting of AB 98, SB 415 and AB 735 and represent significant work and policy direction given by the City Council Land Use Committee as well as the feedback obtained through community outreach

efforts. However, to ensure compliance with AB 98, staff modified the proposed text amendments to ensure compliance with state law. These modifications include:

- Increasing the required wall height for new or expanded warehousing and distribution facilities adjacent to sensitive receptors from 8 feet to 10 feet.
- Referencing the statutory requirements for landscaping buffers 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.

These modifications are intended to address areas where the City's proposed text amendments do not meet AB 98. Table 1 provides a comparison matrix of the City's existing and proposed regulations, AB 98 (and subsequent bills like SB 415 & AB 735), and outlines where the City's proposed standards meet or exceed the requirements of AB 98 and subsequent bills. The comparison matrix may also be reviewed in Attachment 4.

TABLE 1 - COMPARISON MATRIX

Development Regulation	City of Riverside EXISTING Regulations	City of Riverside PROPOSED Regulations	AB 98 and Proposed Amendments (SB 415 and AB 735)	City's PROPOSED Amendments Meet or Exceed AB 98
Regulations Applicability	Any new or expanded Industrial development <u>regardless of size adjacent to a residential zone or use</u>	Any new or expanded Industrial development <u>regardless of size adjacent to a sensitive receptor</u>	New or expanded logistics use buildings <u>250,000 sq. ft. or larger adjacent</u> to sensitive uses	Exceed
Sensitive Receptor Definition	Not addressed	A residential zone or use; K-12 public, private and charter schools; designated parks and open space; adult and child day care facilities; assisted living facilities; and hospitals	Residence, school, daycare facility, publicly owned parks, nursing homes & hospitals	Exceed
Maximum Building Height	35 feet if within 200 ft of a <u>residential zone or use</u> 45 ft all other locations	35 feet if within 200 ft of a <u>sensitive receptor</u> 45 ft all other locations	Not addressed	Exceed
Maximum Building Size	10,000 sq. ft. – 100,000 sq. ft. depending on proximity to <u>residential zone or use</u> (within 800 ft)	10,000 sq. ft. – 400,000 sq. ft. depending on proximity to <u>sensitive receptor</u> (within 1,500 ft)	Not addressed	Exceed
Health Risk Assessment (HRA) Preparation	Requires preparation of HRA if project site 1,000 ft of a <u>residential zone or use</u>	Requires preparation of HRA if project site 1,000 ft of a <u>sensitive receptor</u>	Not addressed	Exceed
Project Notification Requirements	Any industrial development: 300 feet notification to property owners; CUP = Newspaper publication	<u>Any new warehousing & distribution development:</u> 2,640 feet notification to property owners & tenant occupants CUP = Newspaper publication Notice of Filing sign be posted at the project site	Not addressed	Exceed
Maximum Number of Allowed Buildings	Not addressed	Tiered FAR ratios: 1) distance to a sensitive receptor 2) size of the parcel 3) underlying zoning designation	Not addressed	Exceed

TABLE 1 - COMPARISON MATRIX

Development Regulation	City of Riverside EXISTING Regulations	City of Riverside PROPOSED Regulations	AB 98 and Proposed Amendments (SB 415 and AB 735)	City's PROPOSED Amendments Meet or Exceed AB 98
Landscaping Setbacks	60 ft side and rear yard setback if adjacent to <u>residential</u> zone or use ; at least 15 ft must be landscaped with 8 ft solid decorative wall	60 ft side and rear yard setback if adjacent to sensitive receptor ; at least 20 ft must be landscaped with 10 ft solid decorative wall	50 or 100 ft landscaped buffer within 900 feet of sensitive receptor including 10 ft solid decorative wall	Will Address with Ordinance
Building Efficiency & Construction Standards	Not addressed	Meet CA Green Building Code, cool surface treatments, use of CARB Tier 4 equipment during construction, solar ready roofs, solar panel installation for buildings > 100,000 sq. ft.	Meet CA Green Building Code, Zero-Emission forklifts by 2030, advanced smart metering, proportion of EV charger ready & EV charger installed parking spaces, high-efficiency ventilation	Will Address with Ordinance
Loading Bay Setbacks	No setback. Loading bays must be situated away from residential properties or uses and be fully screened	No change	Building < 250k sq. ft. – no setback	Will Address with Ordinance
			Building > 250k sq. ft. – 300 ft or 500ft setback from adjacent sensitive receptor	Will Address with Ordinance
Establishment of Truck Routing Plan	The City does not regulate. Various vehicle weight and axle restrictions apply for certain roadways throughout the City.		Prior to Certificate of Occupancy, applicant must provide approved truck routing plan per the established truck routes	Will Address with Ordinance
Building Siting Criteria	Not addressed; General Plan and Zoning control	Not addressed; General Plan and Zoning control	Requires new logistics uses to be located on specific roadways like arterial roads, collector roads, major throughfares, local roads which predominately serve commercial, agricultural, and industrial uses	Will Address with Ordinance
Update to General Plan Circulation Element	Not addressed	Not addressed	Prior to ~January 2026, the City must update its Circulation Element to establish truck routes	Will Address with 2050 General Plan Update

OPTIONS MOVING FOWARD

Option 1:

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

The City Council may direct staff to proceed with the text amendments which implement only AB 98, or the comprehensive set of standards.

Option 2:

No changes. Existing development regulations would remain.

Option 3 (STAFF RECOMMENDATION):

Define “logistics development” consistent with legislative bills and the City’s economic development priorities. Proceed with implementation of the proposed Zoning text amendments under Option 1 but narrowly apply them to warehousing and distribution facilities as defined as logistics uses (or, if AB 735 and/or SB 415 are passed into law, logistics developments). A Public Hearing will be scheduled for formal consideration and action on the proposed amendments.

Per AB 98, a logistics development can be defined as a building primarily used as a warehouse for the movement or the storage of cargo, goods, or products that are moved to a business or retail location. Narrowly defining logistics uses and applying the enhanced development standards of Option 1 addresses concerns about the proliferation of warehousing and distribution facilities and the attendant health and quality-of-life impacts while maintaining greater development flexibility for other industrial uses like manufacturing, green technology, biotechnology, and research and development which may otherwise be affected by the proposed amendments.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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

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