DATE: December 16, 2019

SUBJECT

Amendments to the General Plan and Zoning Ordinance for Mixed-Use Live/Work areas to allow more flexible uses (such as stand-alone multi-family residential), permit height and density increases from current levels in exchange for community benefits, simplify standards for live/work units to address development barriers, and revise the name of the Zoning District and General Plan designation to “Mixed-Use Transitional”

RECOMMENDATION

1. Hold a Public Hearing on the proposed Mixed-Use Live/Work Zoning and General Plan Amendments;
2. Adopt a Resolution considering an Addendum to the General Plan Environmental Impact Report;
3. Adopt a Resolution amending the General Plan Mixed-Use Live/Work land use designation and Land Use Map, and revising the name to “Mixed-Use Transitional”;
4. Waive the first reading and introduce an ordinance amending the Mixed-Use Live/Work Zoning text and Zoning Map and amending Articles 2 (Definitions), 3 (Designation of Districts), 30 (Off-Street Parking and Loading), 31 (Special Uses), 53 (Mixed-Use Corridor District), 54 (Mixed-Use Neighborhood District), 55 (Mixed-Use Live/Work District), and 60 (Zoning District Boundaries - Maps) and revising the name of the “Mixed-Use Live/Work” Zoning District to “Mixed-Use Transitional”; and
5. Adopt a Resolution establishing a Community Benefits Program for the Mixed-Use Transitional Zoning District.

STRATEGIC INITIATIVE

Housing
BACKGROUND

In 2016 and 2017, the City engaged in a substantial community outreach process to develop the El Camino Real Corridor Plan, which was adopted on December 4, 2017. The Corridor Plan entails a comprehensive land use, transportation, and streetscape policy document with visions, goals, and strategies for street improvements to make the Corridor safer and more desirable to walk along and cross, and policies supporting community benefits, small businesses, and a range of housing choices along the Corridor. It also includes an implementation section with strategies and steps that the City, or other agencies, would have to take to execute the Plan.

During this process, the City considered options for rezoning Mixed-Use Live Work areas in order to encourage development and uses that have not yet occurred in this district. The Plan also recommended revising the Mixed-Use Live/Work Zoning District (MULW), which currently has regulations that prohibit construction of 100% residential projects (market-rate or affordable housing). The goal in changing the MULW zoning is to increase flexibility in uses, promote live/work units if feasible, retain and repurpose existing buildings of character that contribute to the neighborhood context, improve the jobs/housing balance, and simplify zoning within the Corridor.

Figure 1: Map of MULW and MULW-S Zoning Districts

At the December 4, 2017 City Council meeting, staff presented the following options for MULW:

1. Rezone MULW to Mixed-Use Corridor (MUC) or Mixed-Use Neighborhood (MUN) based on existing context and surrounding uses with an overlay or sub-district to allow and incentivize live/work units.

2. Maintain MULW but amend the development standards to increase flexibility in uses and incorporate the community benefit bonus height provisions, consistent with the other mixed-use zoning districts.
After obtaining public input on the matter, the Council recommended option 2 and included it as a short-term implementation item to be processed after Plan adoption. The above public input and Council direction framed the proposal that staff has prepared, which is to maintain the existing MULW districts, heights and densities, but to expand uses (including standalone residential housing) and incorporate a community benefits program.

Drafting the MULW zoning amendments were delayed due to staffing and workload challenges, including new single-family residential policy changes that became a City priority in the last 18 months. Environmental analysis of the proposed amendments also added additional time and cost to the process. On June 4, 2019, staff presented the draft MULW amendments at the Planning Commission hearing. The Commission supported allowing housing but raised questions and concerns and recommended a study session before a formal recommendation could be considered. Key questions and concerns included:

1. Consider whether to maintain MULW or re-envision the zoning district
2. Provide more public engagement opportunities for those affected by the changes
3. Address displacement concerns
4. Consider how to promote housing
5. Better define mixed-use developments
6. Consider whether live/work units are still desirable

On October 1, 2019, the Planning Commission held a study session on the matter and provided direction on the key elements above, questions raised by staff, and concerns raised by the public. The Planning Commission generally supported the MULW amendments and suggested that potentially further amendments could be considered when the City processes the second phase of the Mixed-Use amendments, which will be a larger scale, more comprehensive effort. The second phase of the Mixed-Use Amendments is targeted to begin in summer of 2020 and be a two-year process. The Commission recognized the need for minor fixes to this district in the short term, which could help facilitate development projects that support community needs and interest.

On November 5, 2019, the Planning Commission held a public hearing to consider the revised amendments. Based on feedback from the study session and public, staff provided a small and large project point systems for the Community Benefits Program and added two new categories; (1) housing, and (2) active uses. Also in response to comments received, staff maintained the existing FAR at 2.0 rather than lowering it for development without community benefits. The Commission indicated that the revisions adequately addressed their and the public’s comments and supported the draft as revised. In addition, written and public testimony supported the revisions as drafted.

ANALYSIS

The proposed amendments to the MULW and MULW-S zoning districts are designed to increase flexibility in land uses, promote live/work units, improve the jobs/housing balance, and simplify the zoning. The amendments would also incorporate the community benefit bonus provisions, consistent with the other mixed-use zoning districts, which allows additional height or intensity in exchange for community benefits.
Key Elements of the Proposed Amendments:

A. Zoning District Amendments
   a. Allow more uses (permitted and conditional) and increase size restrictions
   b. Maintain the height and density (40 ft., 2.0 FAR, 20 du/ac)
   c. Add community benefits bonus (up to +20 ft., +20 du/ac)
   d. Modify live/work standards to provide more flexibility

B. General Plan Amendments
   a. Update mixed-use live/work sections (map, narrative, and density)

Zoning Amendment:
   a. Uses
      A key barrier to redevelopment in the MULW zoning district are the allowed uses. In addition to
      the limited options allowed in this zoning district, a number of uses are prohibited, such as
      standalone residential, or limited to small amounts, such as 2,500 sq. ft. maximum retail. The only
      housing type currently allowed is live/work units, which require a conditional use permit and have
      a series of stringent development requirements (see section on live/work units below). These
      restrictions have resulted in zero new live/work units produced since this zoning was adopted in
      2013. The Bay Area is in a housing shortage, and the community desires an improved jobs/housing
      balance. In addition, there are a significant number of existing residential units in the MULW
      district which are considered non-conforming uses. Given the proximity of the MULW zoning
      district to transit corridors, this zoning designation would make a good location for multi-family
      housing, including affordable housing. The proposed changes to permitted and conditional uses
      maintains a creative mix of residential, light industrial, and commercial uses but removes the
      restriction that residential be limited to only live/work units.

      Key proposed changes to the allowed uses in the MULW zoning district include:

      Permitted
      - Multi-family units
      - Live/work units

      Conditional
      - Single family residential and duplex units
      - Child care facilities
      - Senior care facilities
      - Entertainment
      - Retail (exceeding 5,000 sq. ft.)
      - Medical office (exceeding 5,000 sq. ft.)
      - Office (exceeding 10,000 sq. ft.)

      Since the focus of this district would no longer be live/work units, staff also proposes changing
      the name of the zoning district from Mixed-Use Live/Work to Mixed-Use Transitional, which is
      more descriptive of the proposed zoning district’s current purpose and intent.
b. Height and Density
The proposal maintains the existing standards:

- All development types would maintain the same current maximum height at 40 ft. Commercial development would maintain its current floor area ratio at 2.0 and residential development would maintain the 20 dwelling units per acre. Of these standards, height and residential development would be incentivized through the provision of community benefits.

<table>
<thead>
<tr>
<th>Development Standards</th>
<th>EXISTING Required</th>
<th>PROPOSED Required</th>
<th>PROPOSED Community Benefit</th>
</tr>
</thead>
<tbody>
<tr>
<td>Floor Area Ratio</td>
<td>2.0</td>
<td>2.0</td>
<td>2.0</td>
</tr>
<tr>
<td>Density</td>
<td>20 du/acre</td>
<td>20 du/acre</td>
<td>40 du/acre</td>
</tr>
<tr>
<td>Height</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residential</td>
<td>-</td>
<td>40 ft.</td>
<td>50 ft. - 60 ft.*</td>
</tr>
<tr>
<td>Commercial</td>
<td>40 ft.</td>
<td>40 ft.</td>
<td>50 ft. - 60 ft.*</td>
</tr>
<tr>
<td>Mixed-Use</td>
<td>40 ft.</td>
<td>40 ft.</td>
<td>50 ft. - 60 ft.*</td>
</tr>
</tbody>
</table>

* Community Benefit heights are in 10 ft. increments per the tiered Community Benefits point system.

c. Community Benefits
An important component of the MULW amendment is incorporation of the community benefits program, which is offered in the other mixed-use zoning districts. A developer/owner receives increased height or density in exchange for providing community benefits. This program has been successful in a number of other projects, which have resulted in important contributions to the community. As reflected in the table above, height in 10 ft. increments can be achieved through the provision of community benefits, for a maximum of 20 additional feet in height. For density, the maximum allowed would be 40 dwelling units per acre (consistent with the maximum density allowed in the Mixed-Use Neighborhood zoning district).

The most recent community benefits program adopted was in 2018 with the establishment of the Mixed-Use Waterfront (MUW) zoning district. This community benefits program is a point-based system, whereby higher valued benefits in this area receive a higher point value, and a minimum number of points are required for each development standard category. For example, to obtain increased height (in stories/feet), a minimum of six points are required. To obtain increased density, an additional 4 points are required. The advantage of the point system is that it provides more transparency and consistency on how the City evaluates community benefits. Based on feedback received during the Corridor Plan, the most desirable community benefits include affordable housing and child care facilities. The proposal includes a menu of options, each with an established point value, to provide flexibility in the program for projects ranging in size, use, and complexity. Based on Planning Commission feedback, staff added housing and active uses to the list of community benefits, clarified project sizes to differentiate the Open Space point values, and created a small and large project point system (see Table 2 below).
TABLE 2: POINT SYSTEM

<table>
<thead>
<tr>
<th>Project Type</th>
<th>First benefit</th>
<th>Second benefit</th>
<th>Third benefit</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small Project &lt; 15,000 sq. ft. sites</td>
<td>4 points</td>
<td>2 points</td>
<td>2 points</td>
<td>8 points</td>
</tr>
<tr>
<td>Large Project &gt; 15,000 sq. ft. sites</td>
<td>6 points</td>
<td>4 points</td>
<td>4 points</td>
<td>14 points</td>
</tr>
</tbody>
</table>

d. Live/Work Units

A live/work unit is a unit that combines a work space and incidental residential occupancy occupied and used by a single household. Live/work units often provide another housing option type for people who need or desire close work premises. This also has the added benefit of reducing vehicular trips of a daily work commute. For live/work units that offer customer service, it also provides more active ground floors and frontages, making it a good fit for transitional areas. Key proposed changes to live/work regulations include:

1. Removing some of the strict development standards to build live/work units. For example, business licenses are required for all units, no portion of the unit can be rented or sold, and there are strict floor area requirements of how the spaces can be used.

2. Incentivizing production of live/work units. This use is included in the new community benefits program for this zoning district.

General Plan Amendment:

e. Consistency updates

The General Plan would also require amendments for consistency with the proposed zoning text amendments. Key amendments to the General Plan include:

- Rename the General Plan designation and zoning district from Mixed Use – Live/Work to Mixed Use – Transitional
- Update the development standards to take into account the community benefits program, consistent with the other mixed use zoning districts.
- Remove the reference to height (stories) in the General Plan – this is better handled in the zoning code and eliminates potential inconsistencies.

FISCAL IMPACT

None

GENERAL PLAN CONFORMANCE

The General Plan land use designation of Mixed Use - Live/Work (MULW) allows for a creative mix of residences and low-intensity workplaces, including industrial workspaces provided that the activities limit noise, dust, and vibration impact. The proposed zoning and general plan amendment is consistent with the following policies and programs in that it would allow residential uses near transportation corridors,
incorporate community benefits in exchange for increased development standards, reflect the transitional nature of the zoning district, and address existing non-conforming uses (such as residential uses).

**Policy BE-23.7:** Promote higher residential densities at locations near or within commercial, financial, and compatible employment centers, and also transportation corridors where neighborhood services are available.

**Policy BE-23.10:** Allow development projects to exceed maximum densities if the development is within a designated planning area (such as certain precise plans) and the project demonstrates some or all of the following features that provide significant community benefits:

- Superior design and integration of a mix of uses
- Incorporation of affordable housing
- Incorporation of public or community facilities
- Transportation demand management
- Innovative use of shared parking
- Efficient and innovative use of infrastructure and renewable resources
- Supportive of new transit such as streetcars

**Program BE-1: Amend Zoning Ordinance and Map.** Update the Zoning Ordinance and Zoning Map to reflect the General Plan Land Use Map upon adoption of the General Plan. Create zoning districts as needed to implement the Land Use and Urban Form Chapter. Establish specific development standards for each newly created zoning district (bullets below are excerpts from a longer list of bullets in Program BE-1). Establish transition zones or buffers between differing land use types and/or densities and intensities.

**ENVIRONMENTAL REVIEW**

A General Plan Final Environmental Impact Report (General Plan EIR) was prepared and certified by the City on October 11 2010, in connection with the adoption of the new General Plan. The General Plan EIR has been reviewed and an Addendum to the General Plan EIR (EIR Addendum), has been prepared for the Mixed-Use Live/Work Zoning and General Plan Amendment. The purpose of the addendum is to determine whether and to what extent the 2010 General Plan EIR is sufficient for addressing the potential impacts of, and providing required mitigation for, the proposed project.

The proposal could increase the total allowed maximum dwelling units from 450 units to 900 units (an increase of 450 units). This change would represent a 1.4 percent increase in population from the General Plan’s 2030 population estimate of 92,400 residents. In addition, building heights could increase from 40 ft. to 60 ft. The addendum considered whether these changes could create a new impact not previously analyzed by the General Plan EIR. Key areas of analysis included aesthetics, air quality, land use, and transportation. This analysis is supported by technical documents, such as a Transportation Impact Analysis. For level of service to roadways, the proposal would not increase roadway volumes by more than 5 percent at roadways that currently operate at LOS E or LOS F. The increase in height and population is
so minimal that no new impacts are generated nor do they increase in the severity of previously identified impacts.

The EIR Addendum concludes that the proposed amendment is subject to prior environmental review under CEQA, that there are no new significant impacts nor any increase in the severity of previously identified impacts, and that no change in circumstance has occurred with respect to the EIR and the proposed amendment or the environment affected by the project that would alter prior environmental findings, conclusions, or mitigation measures.

See Attachment A - Addendum to the General Plan EIR, for further discussion.

PUBLIC NOTICE

A public hearing notice was sent to property owners within and adjacent to (300 ft.) the MULW and MULW-S zoning districts, emailed to interested parties, published in the San Mateo Daily Journal, and posted on the City’s website and on the City Hall bulletin board 10 days prior to the public hearing. The City also referred the proposal to the Airport Land Use Committee (ALUC) since a portion of the MULW zoning falls within the Airport Influence Area (AIA) for San Carlos Airport. The ALUC found the amendment to be consistent with the San Carlos ALUCP

ALTERNATIVES

1. Request modifications to the zoning or general plan amendments.
2. Identify areas of additional environmental analysis.

ATTACHMENTS

Attachment A - Addendum to the General Plan EIR
Attachment B - Resolution – Addendum to the General Plan EIR
Attachment C - Resolution – General Plan Text and Map Amendments
Attachment D - Ordinance – Zoning Text and Map Amendments
Attachment E - Resolution – Adopting a Community Benefits Program

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