TO:       HONORABLE CITY COUNCIL
FROM:     CITY MANAGER       DEPARTMENT:  PLANNING AND
                      COMMUNITY ENVIRONMENT
DATE:     SEPTEMBER 23, 2002  CMR:393:02
SUBJECT:  STATUS REPORT ON ZONING ORDINANCE UPDATE

This report provides the City Council with information regarding the progress of the Zoning Ordinance Update (Update), principally relative to the Planning and Transportation Commission (P&TC) initial direction for modifications to the City’s industrial and manufacturing districts. Each month, staff is scheduling a study session focused on a Council Top 5 priority.

BACKGROUND
On March 25, 2002, the City Council and the Planning and Transportation Commission conducted a joint study session to discuss progress on the Zoning Ordinance Update. Staff reviewed the Update process to that point, including development of the work program, solicitation of initial public input, identification of issues, and preparation of a number of background discussion papers to evaluate format and organization options, land use categories, zoning districts, New Urbanist approaches to zoning, planned development and planned community zoning, and second units.

A revised approach to the work program was presented, providing for review of groupings of zoning districts, beginning with the industrial and manufacturing zones. This grouping was to serve as a prototype for the preliminary code format and for the process of revising the Zoning Ordinance. The Council directed the P&TC and staff to proceed with that approach, and to report back on either a quarterly basis or as recommendations for each grouping of districts were developed by the P&TC.

While the Planning and Transportation Commission review of the industrial and manufacturing districts is not quite complete, substantial work has been accomplished since March for those districts, as well as in furthering the urban design component of the code, modifying second unit provisions, and retaining consultants to assist with parking and economic analyses. A revised work program is attached, outlining a process that will culminate in a draft zoning code available for public review by the summer of 2003.
DISCUSSION

Industrial and Manufacturing Districts

Beginning on April 10, 2002, the Planning and Transportation Commission conducted three study sessions to discuss potential modifications to the Office Research (OR), Limited Industrial/Research Park (LM), and General Manufacturing (GM) zoning districts, as well as the related combining districts LM(3), LM(5), and GM(B). As a basis for the P&TC’s review, staff presented the current ordinance provisions in a revised format (Attachment A), which combines all of the districts into one chapter of the code, with tables outlining allowed uses and development standards. This approach, while not offering any substantive changes, provides for a more readable format and reduces redundancies in the existing ordinance. As changes are recommended by the P&TC, the new code format will be revised accordingly.

In addition to the study sessions, the revision process included staff discussions with four focus groups to ascertain concerns about the current zoning provisions and to gauge initial reaction to some possible changes. The groups represented: 1) property owners and businesses in the LM and GM zones in the Embarcadero/Bayshore/San Antonio Road areas; 2) property owners (Stanford) and businesses in the Stanford Research Park; 3) property owners (Stanford) and businesses in the OR (Welch Road) area; and 4) residents of areas adjacent to these zones. A follow-up focus group was conducted to bring together the Research Park businesses, Stanford University representatives, and neighboring residents, to further discuss concerns specific to the Research Park.

On June 20, 2002, the P&TC and staff toured the LM and GM zoned areas of the City to better understand the nature of existing uses and buildings, as well as current impacts on neighboring properties.

Over the course of the P&TC’s study sessions, preliminary direction or recommendations were made in the following areas:

1. The Stanford Research Park should be distinguished from other LM-zoned properties, given differing topography, environmental constraints, traffic, and land ownership patterns (Stanford as sole property owner). The new zone would be named Research Park (RP) and the LM-5 area would become RP-5.

2. The current Office Research (OR) zone on Welch Road should be renamed Medical Office and Medical Research (MR), to emphasize the focus on protecting and promoting medical-related uses within close proximity to the Stanford Medical Center. Medical offices and medical research are to be permitted uses in the district, and staff should develop a definition of “medical-related services” to include support office and educational uses that require proximity to the Medical Center. Other offices would only be allowed with a conditional use permit.
3. In the Stanford Research Park, “research and development” uses should remain as permitted uses. Staff is to work with Stanford to identify an approach or agreement to limit office uses (e.g., to 25%) to preserve the research emphasis of the Research Park.

4. The General Manufacturing – B (GM-B) combining district should be deleted, though the potential traffic impact of such a revision should be included in the review by the City’s environmental consultant.

5. In the GM zone, “research and development” (R&D) should remain a permitted use, but “administrative office” should be redefined or otherwise limited to support R&D uses only. Other office uses should remain prohibited to preserve the limited manufacturing and research functions in this zone.

6. In the Limited Industrial/Research Park (LM) zone, “research and development” should remain a permitted use, and “office” should either be permitted with increased parking requirements, or should be limited to either a percentage of floor area in the zone or through requirement for a conditional use permit.

7. The GM and LM zones should be renamed to better reflect their intended purpose and the fact that little manufacturing use still occurs in those areas today. The revised names should be determined, however, only after final decisions regarding the extent of the allowable uses (research, office, manufacturing, etc.).

8. Staff should identify the potential for transportation demand management (TDM) measures to be incorporated into the Zoning Ordinance or elsewhere to better address the impacts of office and R&D development, including coordinating ongoing efforts of Stanford, individual firms, and the City. While directed primarily to the Research Park, TDM is to be evaluated for application to other LM and GM areas as well.

9. Staff should prepare an updated definition of “research and development” to better reflect the uses prevalent today, and to recognize the ancillary uses (office, sales, manufacturing and assembly, etc.) that often accompany R&D.

10. Staff should evaluate sales tax revenue and other economic information to determine the revenue value and multiplier effects of the various uses in these districts, including office, R & D (especially software and biomedical research), manufacturing, and service uses. This information will be used to estimate the relative economic value to the community of preserving certain uses over others.

11. Housing, principally multi-family, should remain a permitted use in all of the industrial and manufacturing zones, but specific incentives for directing and locating housing should be deferred until discussions of mixed use and transit-
oriented development occur. New housing should be targeted to areas near transit and other services. It may also be reasonable to allow housing for an on-site caretaker or maintenance personnel on a site in these zones.

12. Stand-alone retail and restaurants should remain a conditional use, except that they should remain prohibited in the Office Research (OR) zone, to preserve the medical-related uses and because the area is close to such services at the Stanford Shopping Center. There may also be a need for some limitations in the GM area northeast of Charleston Road and San Antonio Road.

13. A 150 percent Floor Area Ratio (FAR) credit for child care on industrial and research sites may be appropriate, but staff should first provide information about the typical size of such facilities and whether they are intended to provide child care for employees or the broader community.

The P&TC also appointed two members (Griffin and Packer) to review related definitions and allowable uses proposed for these zoning districts. The sub-committee has met twice to consider those issues. Staff anticipates that responses to the P&TC’s remaining questions will be prepared so that the P&TC can offer its preliminary ordinance recommendations in November. The recommendations would be forwarded to the Council for discussion in December 2002.

While the draft ordinance chapter will address many of the important issues related to these zoning districts, some of the key concerns will not be addressed until later in the Update process and in concert with considerations for other zoning districts. These issues include: 1) mixed use provisions, 2) parking criteria, and 3) performance standards (for light, noise, odor, etc.) intended to protect adjacent neighbors. These issues will be discussed with the City’s urban design, parking, and environmental consultants and will encompass several commercial zones and, in some cases, multi-family residential districts. The draft ordinance for the industrial and manufacturing zones will leave placeholders for these provisions and will require revisiting these districts prior to formulating a comprehensive updated Zoning Ordinance.

Urban Design Component
In May of this year, the City contracted with the team of Urbworks, Inc. (Portland, Oregon) and Van Meter Williams Pollack (VMWP) to provide urban design services in support of the Zoning Ordinance Update. The team’s primary function will be to develop a “form” code approach to the Ordinance. It will develop this approach by providing a visual/graphic understanding of the current code constraints, identifying desirable building forms for certain types of development (including multi-family, village residential, mixed use, and transit-oriented development), and then translating those desirable forms into a code format. Another key work item for the consultants will be to test various prototypes of development to determine their viability and desirability before
developing code changes. Parking and economic consultants will also assist in assuring that the updated standards are realistic.

The design team prepared an initial overview of its work scope to the Planning and Transportation Commission on July 24, 2002 and to the Architectural Review Board and Historic Resources Board on August 15, 2002. A visual representation of current constraints to multi-family and mixed-use development, especially on small lots, was provided for the Planning and Transportation Commission on August 28, 2002. And on September 4, 2002, the architects provided background on “form” codes, and outlined an example of their approach to 1) identify constraints caused by the current zoning, 2) develop prototypes based on Comprehensive Plan policies, and 3) translate the prototypes into a graphic code format. In October, the consultants will focus on presenting their identification of zoning constraints and opportunities for multi-family, village residential, mixed use, and transit-oriented development types.

Second Units
On July 23, 2002, the Planning and Transportation Commission and staff sponsored a community forum regarding second units and potential revisions to the Zoning Ordinance to accommodate additional units. This effort was a response to specific Comprehensive Plan and Housing Element policies to incorporate such revisions into the Zoning Ordinance. Approximately 40 persons attended the session, and a wide variety of responses were expressed. Attachment B comprises a list of possible second unit code revisions for consideration by the group, and Attachment C summarizes participants’ responses. The information derived from the forum will be incorporated into staff’s initial recommendations regarding the Low Density Residential zoning districts, expected to be considered by the P&TC in the Fall.

Upcoming Work Efforts
In addition to finalizing recommendations regarding the industrial and manufacturing districts, the work program calls for intense efforts in several key areas in the coming months, including:

- Review of the Low Density Residential (R-E, R-1, R-2 and RMD) zoning districts, and related combining districts. This review will include second units, remaining R-1 issues not resolved in the Single Family Neighborhoods discussions in 2001, and clean-up of the Individual Review process and other R-1 amendments adopted as a result of those discussions.
- Extensive review of the design components of the Ordinance, especially including the development of prototypes and standards for multi-family, village residential, mixed use, and transit-oriented development. Staff expects that the consultants will utilize focus groups and public workshops to supplement P&TC study sessions in exploring and developing these criteria.
- Evaluation of possible revisions to the City’s parking criteria, including parking ratios, shared parking potential, and parking lot design. A transportation and parking consultant has recently been retained to update the City’s standards, and has extensive experience with varied development types as well as neighborhood protection strategies.

- Continued review by the City’s environmental consultant of the potential environmental consequences of proposed revisions, as well as coordination with the City’s updated traffic modeling work and with environmental review efforts for the Housing Element and Stanford Research Park.

Public Outreach
Staff and the Planning and Transportation Commission have relied extensively on focus groups for outreach to the public and believe that this approach has been productive. In addition to the continued use of focus groups, staff expects to sponsor occasional community forums, but only when a subject has extensive interest community-wide and where information and options to be discussed are fairly specific. Staff continues to maintain mailing lists of interested persons and to post meeting and support information on the Zoning Ordinance Update web page. Staff is also exploring other avenues, such as regular newspaper coverage and inclusion in the City Manager’s weekly memo, for disseminating information to the public.

RESOURCE IMPACT
Staffing for the Zoning Ordinance Update has recently been increased to full strength with the addition of a Planning Manager, Senior Planner, Planner and Planning Technician, all of whom will devote substantial portions of their time to this project. This will allow staff to proceed on several tracks simultaneously, which has been difficult with limited staff resources. The updated work program and approach does not result in the need for additional staff.

POLICY IMPLICATIONS
The Zoning Ordinance Update is intended to bring the Zoning Ordinance into compliance with the 1998-2010 Comprehensive Plan.

TIMELINE
Preliminary recommendations for the industrial and manufacturing zoning districts will be considered by the P&TC in October or early November. Urban design issues will continue to be explored with the design team in October, and review of the low-density residential districts (R-E, R-1, R-2, RMD) will begin in late October or November. The proposed project is scheduled to result in a draft Zoning Ordinance Update for distribution in August 2003. Public hearings would then follow and are anticipated to take another three to six months. Specifics of the suggested timeline for the project are provided in the attached work program table.
ATTACHMENTS
Attachment A: Industrial/Manufacturing Districts: Revised Ordinance Format
Attachment B: Second Units: Revisions for Consideration
Attachment C: Public Responses at July 23, 2002 Second Unit Community Forum
Attachment D: Zoning Code Update Work Program

PREPARED BY: _______________________________________________
Lisa Grote, Chief Planning Official

DEPARTMENT HEAD REVIEW: ______________________________________
STEVE EMSLIE
Director of Planning and Community Environment

CITY MANAGER APPROVAL: _______________________________________
EMILY HARRISON
Assistant City Manager