



## Legislation Text

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Staff Report for APL18-0002, Appeal of the Decision of the Board of Zoning Adjustments regarding warehouse-storage facilities and warehouse-wholesale/retail distribution facilities uses of PLN17-0020, for Alvarado Commerce Center, a new 159,450 square foot industrial building at 2756 Alvarado Street. Zoning District: Industrial General (IG); Alameda County Assessor's Parcel Number 77B-800-14; Paceline Investors (Applicant) and IPT Alvarado Commerce Center LP (Property Owner) (collectively the "Appellants").

### SUMMARY AND RECOMMENDATIONS

The Appellants, Paceline Investors and IPT Alvarado Commerce Center LP, filed an appeal of the Board of Zoning Adjustments (BZA) March 1, 2018 decision regarding warehouse-storage facilities and warehouse-wholesale/retail distribution facilities uses for PLN17-0020 (Project), involving construction of a new 159,450 square foot industrial shell building. The Appellants submitted a written statement (attached) seeking a blanket approval for warehouse storage and warehouse distribution uses. Staff recommends the City Council adopt a resolution to deny the appeal and reiterate the decision of the BZA, as modified, regarding PLN17-0020.

### BACKGROUND

The Appellants propose to redevelop a 6.9± acre industrial site with a new 159,450 square foot shell building at 2756 Alvarado Street. The proposal for the industrial building included various industrial uses such as advanced manufacturing, logistics, or warehouse uses. Examples of proposed uses given by the applicant included technology-intensive manufacturing & logistics, research & development, office, food processing, fulfillment, assembly and storage, and wholesale trade distribution. The Appellants have not yet secured tenants for the proposed building.

Following consideration of the Project application, staff recommendation and public testimony, the BZA, by a 7-0 decision, approved the proposed Project without the requested Conditional Use Permit (CUP) for warehouse-storage facilities and warehouse-wholesale/retail distribution facilities as a permitted use. Attached to this report is the complete BZA agenda packet and the draft minutes from the March 1, 2018 meeting. The audio recording of the March 1, 2018 BZA meeting is also available at: [http://sanleandro.granicus.com/MediaPlayer.php?view\\_id=2&clip\\_id=1036](http://sanleandro.granicus.com/MediaPlayer.php?view_id=2&clip_id=1036).

On March 16, 2018, the Appellants filed an appeal of the BZA's decision (attached). The appeal was scheduled for the May 7, 2018 City Council meeting within 60 days of receipt in accordance with Zoning Code Section 5-2808.

The San Leandro Zoning Code definitions for the requested warehouse uses are:

***Warehouse-Storage Facilities.*** Warehousing facilities primarily used for the storage and/or consolidating of items such as raw materials, private goods, and the intermediary storage of

*bulk goods intended for further distribution and this classification includes moving and furniture storage companies.*

**Warehouse-Wholesale/Retail Distribution Facilities.** *Distribution and warehousing facilities, such as order-processing fulfillment centers, logistics business, and other facilities that provide for the shipment of an on-site inventory of goods and products directly to retail/wholesale customers or retail stores and this classification includes facilities for the repackaging of consumer goods for shipment to retail stores.*

## Appeal

The Appellants submitted a focused appeal regarding Condition of Approval II.B, which places limitations on the Appellants requested uses. Condition of Approval II.B reads:

*This Conditional Use Permit approves the use of Warehouse-Storage Facilities and Warehouse-Wholesale/Retail Distribution Facilities on the subject property, as defined by the City of San Leandro Zoning Code. The site shall not be primarily warehouse storage or warehouse wholesale and retail distribution uses. Warehouse storage or warehouse wholesale and retail distribution uses that are accessory to other industrial uses are permitted. Any other conditionally permitted uses shall require approval of an amended Conditional Use Permit, as identified in the San Leandro Zoning Code.*

The Appellants stated that the condition of approval is inconsistent with their application, which sought an ongoing non-tenant specific CUP to allow warehouse storage and warehouse distribution on site. The Appellants argue this fundamentally compromises their willingness to proceed with plans to redevelop the property. The Appellants propose a compromise that the condition of approval be amended to restrict warehouse storage and warehouse distribution uses for a period of six months following issuance of a temporary certificate of occupancy for the shell building, which would allow initial marketing of the Project to permitted uses.

## Project

Details regarding the approved Project are contained within the attached staff report considered by the Board of Zoning Adjustments at their March 1, 2018 public hearing.

## Analysis

CUPs are the primary zoning tool used to review and limit the impact of industrial activities on nearby neighborhoods. Warehouse-storage facilities and warehouse-wholesale/retail distribution facilities uses require a CUP because they have the potential to adversely impact adjacent properties and the City's transportation system, including increased parking demand and truck traffic. The context and operational characteristics of these types of land uses need to be examined in order for the CUP to adequately address their potential impacts.

Warehouse and storage uses also need to be examined through the CUP process because they tend to be passive, low value-added industrial uses with lower employment densities that provide limited revenue to the City, while maintaining the potential for adverse impacts to adjacent properties and the City's transportation system. Current General Plan Policy discourages large parcels and buildings

from being developed purely as passive storage warehouses and low intensity uses, which tend to have lower employment rates than other types of industrial land uses. The City's goals and policies for new industrial development is to attract advanced manufacturing and related industrial uses with higher employment densities and high-quality jobs. San Leandro's Next Generation Workplace District Study (2013) reinforces this with policies that support value-added and employment-intensive uses in industrial areas.

Staff does not support or recommend the Appellants' proposed compromise to the condition of approval or their position arguing that the Project is comparable to other previous projects. All conditionally-permitted land uses must be individually evaluated and analyzed based on the unique characteristics of their operation and impacts. Developers for previous projects referenced for comparison, 100 Halcyon Drive and 2000 Marina Boulevard, were in discussion with the City prior to the September 2016 Zoning Code and General Plan update that established the current General Plan policies and CUP requirements for warehouse uses in new buildings and existing buildings expanded over 10,000 square feet.

Providing a blanket CUP for future warehouse storage & distribution uses, as requested by the Appellants, would effectively remove the City's ability to address and resolve potential future adverse impacts to traffic, parking and infrastructure. Staff recommends that the City Council deny the requested appeal to grant a CUP for warehouse storage & distribution uses and modify the decision of the BZA to remove unnecessary conditions of approval related to granting a CUP for already permitted accessory uses and to remove associated findings of fact. Staff further recommends this decision be made without prejudice in order to provide the Appellants the opportunity to reapply at any time. This would provide the Appellants with an opportunity to return for a CUP if and when necessitated by a future warehouse storage or warehouse distribution tenant, so that their individual context and operational characteristics can be further evaluated.

### **Applicable General Plan Policies**

In addition to those identified in the BZA staff report for PLN17-0020, below is a list of the applicable General Plan goals and policies that pertain to the Appeal:

#### **Land Use Section**

**Goal LU-10** - Ensure that commercial and industrial projects are attractively designed and are sensitive to surrounding areas.

**Policy LU-10.1** - Zoning. Use Zoning district boundaries, zoning standards, and other regulatory tools to control the interface between heavier industrial uses and residential areas, and to limit the impacts of industrial activities on nearby neighborhoods.

**Policy LU-10.2** - Off-Site Impacts. Consider the setting and context of each site when evaluating proposals for development in industrial areas. The potential for impacts on adjacent uses, including the potential for land use conflicts and increased parking demand and truck traffic, should be a key consideration.

#### **Transportation Section**

**Goal T-1** - Coordinate land use and transportation planning.

**Policy T-1.1** - Decision Making. Ensure that future land use and development decisions are in balance with the

capacity of the City's transportation system and consistent with the City's goal of reducing greenhouse gas emissions.

**Policy T-1.2 - Keeping Pace with Growth.** Improve transportation infrastructure at a rate that keeps pace with growth.

**Policy T-1.3 - Mitigation of Development Impacts.** Require developers to address the impacts that their projects will have on the City's transportation system. A variety of mitigation measures, including impact fees, street improvements, traffic signal and Intelligent Transportation Systems (ITS) improvements, transportation demand management (TDM) measures, and improvement of non-automobile transportation modes, should be considered.

**Goal T-6 - Minimize the adverse effects of business, industrial, and through traffic on neighborhood streets.**

### **Economic Development Section**

**Policy ED-1.3 - Industrial Land Use Efficiency.** Encourage more efficient use of the City's industrial land supply, creating higher employment densities and high-quality jobs, while discouraging the use of large sites and buildings for storage and other low intensity uses. Ensure that zoning and other development regulations support higher utilization of sites zoned for commercial and industrial activities.

### **Environmental Review**

The Board of Zoning Adjustments adopted an Initial Study-Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for the Project on March 1, 2018. A Notice of Determination was filed with the Alameda County Recorder's Office on March 6, 2018, prior to the filing of this Appeal.

### **Board/Commission Review and Actions**

The Board of Zoning Adjustments reviewed the Project at its regular meeting held on March 1, 2018. During the meeting, staff presented the Project to the BZA. The applicant also made a presentation to the BZA and sought a blanket CUP approval for warehouse-storage facilities and warehouse-wholesale/retail distribution facilities as permitted uses. The applicant requested that the BZA modify Condition of Approval II.B for a blanket CUP approval since previous industrial projects were granted such approvals and to allow for warehouse-storage facilities and warehouse-wholesale/retail distribution facilities as a permitted use. No speakers spoke during public comment. At the conclusion of the public hearing, the BZA approved the Project with no changes to the Conditions of Approval by a 7-0 decision.

### **Summary of Public Outreach Efforts**

This appeal hearing was noticed in the same manner as the prior Board of Zoning Adjustments public hearing, including a legal advertisement in the East Bay Times - Daily Review newspaper, the posting of placards on the subject property, and mailing notifications to property owners and businesses within a 500-foot radius of the subject property. Staff has not received any comments regarding this appeal at the time of the filing of this report.

### **Fiscal Impacts**

The Appellants paid a deposit and filing fee to reimburse for the cost of processing of this appeal. There are no fiscal impacts associated with this decision.

### **ATTACHMENTS**

- Application for Appeal and Attached Statement Listing Reasons for the Appeal
- March 1, 2018 Board of Zoning Adjustments Draft Minutes
- March 1, 2018 Board of Zoning Adjustments Staff Reports and Attachments

### **PREPARED BY:**

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