

EMERYVILLE PLANNING COMMISSION

STAFF REPORT

Agenda Date: March 28, 2019

Report Date: March 21, 2019

TO: Planning Commission

FROM: Navarre Oaks, Assistant Planner
Community Development Department

SUBJECT: **Planning Regulations Amendment to Allow Research and Development in the Mixed Use with Residential Zone (ZOTEXT19-001)**

PROPOSAL LOCATION: 6400 Hollis Street (APNs: 49-1483-1-3, -1-5, -5, and 49-1484-4-1) but would apply to all MUR zones citywide.

APPLICANT: Hong Ho
c/o Hackman Capital Partners
11111 San Monica Boulevard, Suite 1100
Los Angeles, CA 90025

OWNER: HCP Emeryville Partners I, LLC
c/o Hackman Capital Partners
11111 San Monica Boulevard, Suite 1100
Los Angeles, CA 90025

PROPOSAL SUMMARY: Consideration of a proposed Planning Regulations amendment to allow the Research and Development use type in the MUR (Mixed Use with Residential) zone with a conditional use permit.

COMMISSION PROCEDURE: After taking public testimony on the proposed Resolution, the Planning Commission may take action to recommend or not recommend to the City Council adoption of the code amendments, with or without changes.

ENVIRONMENTAL REVIEW: Environmental Impact Report for General Plan certified by the City Council on October 13, 2009.

RECOMMENDED COMMISSION ACTION:

1. Open the public hearing and take testimony on the proposed Resolution regarding amendments to the Planning Regulations.
2. Close the public hearing and consider the Staff Report and proposed Resolution.
3. Adopt the attached Resolution approving the proposed amendments to the Planning Regulations and recommending that the City Council adopt the amendments.

Planning Commission Staff Report

Planning Regulations Amendment to Allow Research and Development in the Mixed Use with Residential Zone (ZOTEXT19-001)

March 28, 2019

Page 2

BACKGROUND:

An application to amend the Planning Regulations to allow the Research and Development (R&D) use type in the MUR (Mixed Use with Residential) zone with a conditional use permit was received on March 11, 2019.

The Research and Development use type is defined in Section 9-2.421 of the Planning Regulations as “Research of an industrial or scientific nature, including associated office space. Typical uses include indoor laboratories and testing facilities. This use type may include fabrication and small scale-up facilities as part of the research function, but excludes Manufacturing use types.”

Section 9-3.102(a)(4) states that the purpose of the MUR zone “is to implement the provisions of the General Plan applicable to the Mixed Use with Residential land use classification.”

The Mixed Use with Residential land use classification is defined in section 2.4 of the General Plan as “One or more of a variety of residential and nonresidential uses, including but not limited to offices, retail and hotels. On larger sites, a mix of residential and non-residential uses is required; on smaller sites, a single use may be permitted.” Adding the Research and Development use type as a conditionally permitted use to the MUR zone is consistent with section 2.4 and Land Use Diagram, Figure 2.2 in the General Plan.

Research and Development is currently only permitted in the OT (Office/Technology) and INL (Light Industrial) zones; requires a minor conditional use permit in the MUN (Mixed Use with Non-Residential) zone; and is conditionally permitted in the OT/DH (Office/Technology Doyle Hollis North Area) and INH (Heavy Industrial) zones, as indicated below in an excerpt from Table 9-3.202 of the Planning Regulations, “Uses Permitted, Conditionally Permitted and Prohibited”. As noted below, Research and Development is currently prohibited in the MUR (Mixed Use with Residential) zone.

Table 9-3.202

Use Classifications	Base Zones															Overlay Zones			
	RM	RMH	RH	MUR	MURS	MUN	OT	OT/DH	INL	INH	P	M	PO	SM	UT	PA	NR	RR	TH
Research and Development	X	X	X	X	X	CM	P	C	P	C	X	X	X	X	X				

The applicant owns Jellybean Square, which is zoned MUR. In their letters to the Planning Commission, the applicant explains that they have received many inquiries from R&D establishments interested in leasing space, but they are unable to lease to them due to the prohibition of the R&D use in the MUR zone. The applicant also notes that while there are other zones and buildings available for R&D in Emeryville, the existing spaces that cater to R&D are generally for larger labs and are not what start-ups or smaller labs need. The applicant posits that allowing R&D

in the MUR with a conditional use permit would help Emeryville attract and serve a greater variety of R&D uses.

In order to conditionally permit R&D in the MUR zone, the only change that needs to be made to the Planning Regulations is to change the “X” on Table 9-3.202 at the intersection of “Research and Development” and “MUR” to “C.”

DISCUSSION:

As the Research and Development use classification covers a diversity of establishments with varying potential impacts, the proposal is for the use to require a conditional use permit in the MUR zone. This would require that findings be made per Section 9-7.505, and that potential impacts on air quality, light and glare, liquid or solid waste, noise, odor, and vibration be addressed through adherence to the existing Performance Standards in Article 11 of Chapter 5 of the Planning Regulations.

While the Research and Development use classification was not included to the MUR zone because of concerns about potential impacts of co-locating R&D and residential uses, staff recognizes that many R&D uses are very low-impact, and that many buildings in the MUR zone only contain commercial uses. Over the past few years, staff has fielded many inquiries about locating R&D uses throughout the city in the MUR zone, none of which appeared objectionable in the proposed locations other than that the R&D use is prohibited in the MUR zone.

Therefore, with the safeguards afforded by the discretionary review process, staff feels that it is appropriate to allow R&D uses in the MUR zone with a conditional use permit.

ENVIRONMENTAL REVIEW:

The environmental impacts of the Emeryville General Plan were identified and analyzed in the Environmental Impact Report (EIR) adopted and certified by the City Council for the Emeryville General Plan adopted in 2009, and the proposed amendments to Table 9-3.202 of the Planning Regulations are minor in substance and effect and thus the impacts of the proposed Planning Regulations Amendment are no different than those analyzed in the EIR; and since the certification of the EIR (i) there are no substantial changes in the Emeryville General Plan which will require major revisions of the EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects, (ii) there are no substantial changes with respect to the circumstances under which the Emeryville General Plan is undertaken which will require major revisions of the EIR due to the involvement of new significant environmental effects or a substantial increase in the severity of previously identified significant effects, and (iii) there is no new information of substantial importance which was not known at the time the EIR was certified which would show that (a) the project will have one or more significant effects not discussed in the EIR, or (b) significant effects previously examined will be more severe than shown in the EIR, or (c) mitigation measures or alternatives found not to be feasible would in fact be feasible and would substantially reduce one or more significant effects of the General Plan, or (d) mitigation measures or alternatives which are considerably different from those analyzed in the EIR would substantially reduce one or more significant effects on the environment.

Planning Commission Staff Report

Planning Regulations Amendment to Allow Research and Development in the Mixed Use with Residential Zone (ZOTEXT19-001)

March 28, 2019

Page 4

Accordingly, no Subsequent EIR is required pursuant to Section 15162 of the State CEQA Guidelines and likewise no Supplement to the EIR is required pursuant to Section 15163 of the State CEQA Guidelines.

REQUIRED FINDINGS:

In order to approve an amendment to the Planning Regulations, the Planning Commission must be able to make the findings listed in the Amendment Procedure at Section 9-7.1305, as follows:

- a) The proposed amendment is consistent with the General Plan.
- b) The proposed amendment is necessary for public health, safety, and general welfare or will be of benefit to the public.
- c) The proposed amendment has been reviewed in compliance with the requirements of the California Environmental Quality Act.

In staff's view, these findings can be made, as detailed in the attached draft resolution.

RECOMMENDATION:

1. Open the public hearing and take testimony on the proposed Resolution regarding amendments to the Planning Regulations.
2. Close the public hearing and consider the Staff Report and proposed Resolution.
3. Adopt the attached Resolution approving the proposed amendments to the Planning Regulations and recommending that the City Council adopt the amendments.

Attachments:

1. Applicant Letter: Zoning Text Amended to Allow R&D uses in MUR
2. Applicant Letter: Prospects for Jellybean Square 3/11/19
3. Environmental Information Form
4. Draft Amended Table 9-3.202: Uses Permitted, Conditionally Permitted and Prohibited

**HCP Emeryville Partners I, LLC
c/o Hackman Capital Partners
11111 Santa Monica Blvd Suite 1100
Los Angeles, CA 90025
(310) 473-8900**

Emeryville Planning Division
1333 Park Avenue
Emeryville, CA 94608

March 11, 2019

Re: Zoning Text Amendment to Allow R&D uses in MUR

Dear Planning Commission:

As the owner of Jellybean Square, HCP Emeryville Partners I (HCP) continues to encounter startup lab prospects looking to relocate their business to Emeryville. Fresh off new rounds of venture capital fundraising, these prospects are eager take the next step forward in their business growth; from garage and incubator spaces to a more permanent and professional setting. These prospects range in industry from biotech to bio synthetic materials to medical devices searching for a formal headquarters location with equipment and light lab research space.

Upon reviewing the Emeryville real estate lab market, these startup prospects quickly come to the harsh realization that much of the lab space in Emeryville is beyond their reach. The city's first class lab facilities operated by major market players perfectly serve a market segment in need of elaborate infrastructure, large floor plates and branding presence.

But who is serving the cost conscious visionary lab startups of tomorrow? This underserved lab segment is desperately seeking smaller 2,000 – 7,000 square foot spaces with basic infrastructure to grow their business. Lately this market segment has been drawn to Jellybean Square because of its immediate availability, smaller floor plates, creative office setting and private parking. Unfortunately, HCP has had to turn these prospects away because its existing MUR zoning does not allow for lab use, which in turn forces these prospects to look elsewhere including other East Bay locations outside of Emeryville. For these reasons, HCP is asking the Emeryville Planning Commission to consider allowing Research and Development use within the MUR zone.

Jellybean Square is already surrounded by numerous commercial uses with MUN zoning to the west, OT/DH zoning to the south and OT zoning to the southwest; therefore, allowing Research and Development at Jellybean should complement the existing neighborhood well.

Since HCP's acquisition of Jellybean Square in the middle of 2018, extensive planning is now transitioning to capital deployment in the buildings. Prospects are starting to take notice of the physical improvements and HCP now requests the Planning Commission's assistance to help meet this market segment demand which will in turn help generate economic activity, grow the tax base and create more jobs. Working together with the city, we can continue to make Emeryville a great city to work and live.

Sincerely,



Brent Iloulian
Authorized Representative
HCP Emeryville Partners I, LLC

**PROSPECTS FOR JELLYBEAN SQUARE
(3/11/19)**

Prospect #1 – A biotech startup outgrowing their incubator space at a local university began targeting a relocation of their office and lab space within the East Bay. The City of Emeryville was their top destination and beginning in Q4'18, they started focusing their real estate search on the 5,000 square foot building at 1350 Ocean. Despite developing a space plan and building improvements list, the landlord had to turn them away because Research and Development is prohibited in MUR. The prospect continues to search the East Bay for a new home in 2019.

Prospect #2 – In Q3'18 this medical device company located in Contra Costa County wanted to consolidate their two operations groups to 6400 Hollis. One group houses their office headquarters and the other group houses their engineering/research team with equipment for a total combined size of 7,000 square feet. Relocating to 6400 Hollis is their top choice but concerns linger about their engineering/research team being allowed to operate at this MUR zoned building. They are currently considering back up plans that include consolidating in other cities or separating their operations in different locations in the East Bay.

Prospect #3 – This startup industrial materials company was previously working in a San Francisco garage before they considered relocating to Jellybean for their growth needs in Q4 '18. Their plans include creating an office headquarters and small scale lab for development of their organic materials at the 5,000 SF building at 1350 Ocean. They are currently in fundraising mode and remain hopeful to call Jellybean their permanent headquarters later in 2019.

Prospect #4 – A medical diagnostics company was drawn to the functional appeal of the 25,000 square foot flex building located at 1300 64th Street. The prospect envisioned their office personnel in the two story office and creating an open lab space in the warehouse. The existing dock doors, natural lighting and secured parking met the operational needs of their business. However, upon learning that Research and Development was not allowed in MUR, the prospect was forced to look elsewhere. The prospect is still in the market looking for a solution to their space needs but is running out of time. They may have to consider locations outside of the East Bay.



City Of Emeryville

INCORPORATED 1896

1333 Park Avenue
Emeryville, California 94608-3517

Tel: (510)-596-4300 Fax: (510) 658-8095

ENVIRONMENTAL INFORMATION FORM Planning Division

Date Filed: 3/11/19

GENERAL INFORMATION

1. Developer(s)/Project Sponsor(s):

Name: HCP EMERYVILLE PARTNERS I, LLC Telephone No. 310-473-8900

Mailing Address: C/O HACKMAN CAPITAL PARTNERS 11111 SANTA MONICA BLVD SUITE 1100,

City LOS ANGELES State CA Zip Code 90025

2. Address of project: JELLYBEAN SQUARE

Assessor's Block and Lot Number: PLEASE SEE EXHIBIT A ANSWER #6 TABLE

3. Person to be contacted concerning this project:

Name: HONG HO Telephone No. 310-943-8704

Mailing Address: C/O HACKMAN CAPITAL PARTNERS 11111 SANTA MONICA BLVD SUITE 1100

City LOS ANGELES State CA Zip Code 90025

4. List and describe any other related permits and other public approvals required for this project, including those required by city, regional, state, and federal agencies:

ZONING AMENDMENT TO CONDITIONALLY PERMIT R&D IN MUR ZONE

5. Existing zoning district: MIXED USE RESIDENTIAL (MUR) ZONE

6. Description of Project: (Include site area, square footage, uses, size and number of buildings, numbers of floors of construction, amount of off-street parking provided, number of dwelling units, scheduling, and

any other information necessary or helpful to understand the project. This description must be complete and accurate. Exhibits or photographs should be identified and attached:

PLEASE SEE EXHIBIT A

7. Are the following items applicable to the project or its effects? Discuss below all items checked yes (attach additional sheets as necessary).

YES	NO	SOURCE	
___	<u>X</u>	___ * 1.	Change in existing features of any bays, tidelands, beaches, lakes or hills, or substantial alteration of ground contours.
___	<u>X</u>	___ 2.	Change in scenic views or vistas from existing residential areas or public lands or roads.
___	<u>X</u>	___ 3.	Change in pattern, scale or character of general area of project.
___	<u>X</u>	___ 4.	Significant amounts of solid waste or litter.
___	<u>X</u>	___ 5.	Change in dust, ash, smoke, fumes or odors in vicinity.
___	<u>X</u>	___ 6.	Change in ocean, bay, lake, stream or ground water quality or quantity, or alteration of existing drainage patterns.
___	<u>X</u>	___ 7.	Substantial change in existing noise or vibration levels in the vicinity.
___	<u>X</u>	___ 8.	Site on filled land or on slope of 10 percent or more.
___	<u>X</u>	___ 9.	Use or disposal of potentially hazardous materials, such as toxic substances, flammables or explosives.
___	<u>X</u>	___ 10.	Substantial change in demand for municipal services (police, fire, water, sewage, etc.).
___	<u>X</u>	___ 11.	Substantially increase fossil fuel consumption (electricity, oil, natural gas, etc.).
___	<u>X</u>	___ 12.	Relationship to a larger project or series of projects.

• Refers to appropriate note on page 3.

ENVIRONMENTAL SETTING

8. Briefly describe the project site as it exists before the project, including information on topography, soil stability, plants and animals, and any cultural, historical or scenic aspects. Describe any existing structures on the site, and the use of the structures. If necessary, attach photographs of the site.

PLEASE SEE EXHIBIT A

9. Briefly describe the surrounding properties, including information on plants and animals, any cultural, historical or scenic aspects. Indicate the type of land use (residential, commercial, etc.), intensity of land use (one family, apartment house, shops, department stores, etc.) and scale of development (height, frontage, set-back, rear yard, etc.).

PLEASE SEE EXHIBIT A

CERTIFICATION: I hereby certify that the statements furnished above and in the attached exhibits present the data and information required for this initial evaluation to the best of my ability, and that the facts, statements, and information presented are true and correct to the best of my knowledge.

Date: 3/10/19

Signature: [Signature]

- (1) Determination based on location of project
- (2) Determination based on staff office review.
- (3) Determination based on field review.
- (4) Determination based on information contained in the Emeryville Redevelopment Plan.
- (5) Determination based on the Emeryville General Plan.
- (6) Determination based on the Emeryville Zoning Code.
- (7) Not applicable.
- (8) Other (state data).

Print Name: BRENT ILOULIAN

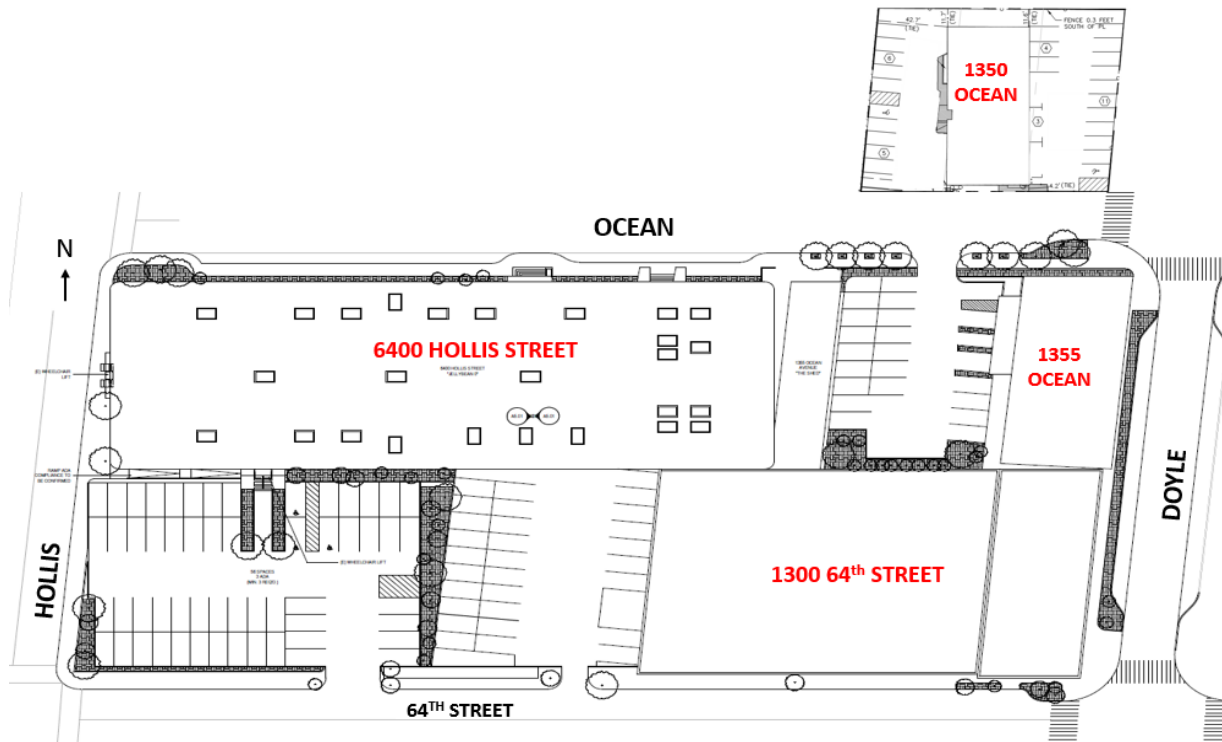
Title: AUTHORIZED REPRESENTATIVE

**EXHIBIT A
(Jellybean Square)**

Answer #6

Address	Parcel	~SF	Bldgs	~ Parking (tandem)	Use
1350 Ocean Avenue	49-1484-4-1	5,000	1	29	Office
1355 Ocean Avenue	49-1483-1-3	8,000	1	27	Office
6400 Hollis Street	49-1041-69 49-1041-72 49-1483-5	41,000	1	48	Office
1300 64th Street	49-1483-1-5	25,000	1	15	Flex Whse

Site Layout:



Answer #8

There is no planned development or structural modification to the building. The buildings sits in an urban setting near the intersections of Hollis Street, Doyle Street, 64th Street and Ocean Avenue.

Answer #9

The buildings are surrounded by a commercial setting with MUN zoning to the west, OT zoning to the southwest and OT/DH to the south. Residential borders the other side of the buildings with RMH zoning to the north and RM zoning to the east.

CHAPTER 3. ZONING DISTRICTS

ARTICLE 2. USES PERMITTED, CONDITIONALLY PERMITTED, AND PROHIBITED

9-3.202 Uses Permitted, Conditionally Permitted and Prohibited.

Table 9-3.202: Uses Permitted, Conditionally Permitted and Prohibited

Use Classifications	Base Zones														Overlay Zones				
	RM	RMH	RH	MUR	MURS	MUN	OT	OT/DH	INL	INH	P	M	PO	SM	UT	PA	NR	RR	TH
Industrial																			
Research and Development	X	X	X	X	X	CM	P	C	P	C	X	X	X	X	X				

RESOLUTION NO. ZOTEXT19-001

RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF EMERYVILLE APPROVING AN AMENDMENT TO THE PLANNING REGULATIONS IN TITLE 9 OF THE EMERYVILLE MUNICIPAL CODE TO ALLOW THE RESEARCH AND DEVELOPMENT USE TYPE IN THE MUR MIXED USE WITH RESIDENTIAL ZONE WITH A CONDITIONAL USE PERMIT AND RECOMMENDING ADOPTION BY THE CITY COUNCIL

WHEREAS, the Emeryville General Plan Environmental Impact Report (EIR) was certified by the City Council by Resolution No. 09-207, and the Emeryville General Plan was adopted by the City Council by Resolution No. 09-208, both on October 13, 2009; and

WHEREAS, on March 11, 2019 Hong Ho of Hackman Capital Partners submitted an application to amend the Planning Regulations to allow the Research and Development use type in the MUR Mixed Use with Residential zone with a conditional use permit; and

WHEREAS, the Emeryville Planning Commission held a duly and properly noticed public hearing on the proposed amendment to the Planning Regulations on March 28, 2019 to solicit public comments and review and consider the application; and

WHEREAS, the Emeryville Planning Commission reviewed and considered the staff report and attachments thereto and all public comments for the proposed amendment to the Planning Regulations as set forth in Exhibit A attached to this Resolution and the applicable standards of the Emeryville Planning Regulations (“the Record”); now, therefore, be it

RESOLVED, that in approving this amendment to the Planning Regulations and making a recommendation for adoption by the City Council, the Planning Commission makes the following findings as required by Emeryville Municipal Code Sections 9-7.1305:

- (a) The proposed amendment is consistent with the General Plan.

The proposed amendment to the Planning Regulations to allow the Research and Development use type in the MUR Mixed Use with Residential zone with a conditional use permit is consistent with the following General Plan goals and policies:

LU-G-1 An overall balance of uses—Employment, residential, cultural, destination and local retail—as well as a full range of amenities and services necessary to support a vibrant community.

The proposed Planning Regulations amendment to allow the Research and Development use type in the MUR zone adds to the overall balance of uses in the city by providing a wider range of locations and building types for Research and Development uses. This proposed amendment will potentially add to the diversity of employment opportunities in Emeryville and the vibrancy of the community.

LU-G-2 A mixed use city—Mixed-use development in various parts of the city, with the range of permitted and required uses varying to meet the needs of specific districts and neighborhoods.

The proposed Planning Regulations amendment to allow the Research and Development use type in the MUR zone increases the mix of uses conditionally permitted in a mixed use zone. The MUR zone is located throughout the city, providing opportunities for Research and Development uses to meet varying needs in different districts and neighborhoods.

LU-G-11 A wide range of economic activity—An economy that capitalizes on Emeryville’s central location, strengthens the City’s tax base, and ensures that Emeryville has adequate fiscal resources to fund high quality public services for its residents and businesses.

The proposed Planning Regulations amendment to allow the Research and Development use type in the MUR zone provides a greater range of potential economic activities by conditionally permitting a use that captures a diversity of activities, from small start-ups to large international businesses, that may capitalize on Emeryville’s central location, strengthen the City’s tax base, and ensure that Emeryville has adequate fiscal resources.

LU-G-13 Local employment opportunities—encourage establishment of businesses that will employ and serve Emeryville residents.

The proposed Planning Regulations amendment to allow the Research and Development use type in the MUR zone will provide a greater diversity of locations and building types available for Research and Development use types that will provide local employment opportunities for Emeryville residents.

LU-P-1 Land uses will be consistent with the Land Use Classifications in section 2.4 and the Land Use Diagram, Figure 2-2.

The Mixed Use with Residential land use classification is defined in section 2.4 of the General Plans as “One or more of a variety of residential and nonresidential uses, including but not limited to offices, retail and hotels. On larger sites, a mix of residential and non-residential uses is required; on smaller sites, a single use may be permitted.” Adding the Research and Development use type as a conditionally permitted use to the MUR zone is consistent with section 2.4 and Land Use Diagram, Figure 2.2 in the General Plan.

LU-P-9 Zoning performance measures will ensure health and safety compatibility for industrial uses bordering residential uses.

As the Research and Development use classification covers a diversity of establishments with varying potential impacts, the proposed Planning Regulations amendment would require a conditional use permit for the Research and Development use type in the MUR zone. This would require that findings be made per Section 9-7.505 of the Planning Regulations, and that potential impacts on air quality, light and glare, liquid or solid waste, noise, odor, and vibration be addressed through adherence to the existing Performance Standards in Article 11 of Chapter 5 of the Planning Regulations.

LU-P-29 The City will encourage the development and retention of small business, startup firms, partnership incentives, and buildings that accommodate these businesses.

The proposed Planning Regulations amendment to allow the Research and Development use type in the MUR zone will provide a greater diversity of locations and building types available for Research and Development use types which include small businesses and start-up firms.

LU-P-30 The City will encourage development of dynamic, leading edge industries, based in high technology, medical/bio engineering, bio technology, and media that provide good quality jobs with the potential for career advancement.

The proposed Planning Regulations amendment to allow the Research and Development use type in the MUR zone will provide a greater diversity of locations and building types available for Research and Development uses which covers a wide range of businesses that include dynamic, leading edge industries, based in high technology and engineering that provide good quality jobs with potential for career advancement.

- (b) The proposed amendment is necessary for public health, safety, and general welfare or will be of benefit to the public.

The proposed amendment to the Planning Regulations will protect the public health, safety, and general welfare by requiring a conditional use permit in the Mixed Use with Residential zone. The proposed amendment will be of benefit to the public by adding to the diversity of economic and employment opportunities in the city.

- (c) The proposed amendment has been reviewed in compliance with the requirements of the California Environmental Quality Act.

The Environmental Impact Report for the General Plan was certified by the City Council by Resolution No. 09-207 on October 13, 2009. Since that time, there have been no substantial changes in the General Plan nor in the circumstances under

which it is undertaken, nor any new information of substantial importance, that would require the preparation of a Subsequent EIR or Supplement to the EIR. Thus, the General Plan EIR applies to the proposed Planning Regulations Amendment.

and be it further

RESOLVED, that the Planning Commission hereby recommends to the City Council that Table 9-3.202 of the Emeryville Municipal Code, "Uses Permitted, Conditionally Permitted, and Prohibited", be amended to show the Research and Development use classification as conditionally permitted ("C") in the MUR zone.

APPROVED by the Planning Commission of the City of Emeryville at a regular meeting held on Thursday, March 28, 2019 by the following votes:

AYES: _____

NOES: _____ **ABSTAINED:** _____

EXCUSED: _____ **ABSENT:** _____

CHAIRPERSON

APPROVED AS TO FORM:



ASSISTANT CITY ATTORNEY
MC

RECORDING SECRETARY