



CITY OF SAN MATEO

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Agenda Report

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TO: City Council

FROM: Drew Corbett, City Manager

PREPARED BY: Community Development Department

MEETING DATE: September 6, 2022

SUBJECT:
31-57 South B Street – Consider a Zoning Reclassification Request

RECOMMENDATION:

Consider a request for Zoning Reclassification; and if approved, introduce an Ordinance to approve a Zoning Reclassification for the property at 31-57 South B Street from "Neighborhood Commercial/Residential Overlay - Mixed Use" to "Central Business District" and determine the project qualifies for a Categorical Exemption from further environmental review under the California Environmental Quality Act.

BACKGROUND:

The applicant, DTSM Donut Delite Ventures, LLC, submitted a Planning Application to reclassify the zoning designation of the property at 31-57 South B Street (APN 034-154-030) from C1-2/R5 (Neighborhood Commercial/Residential Overlay – Mixed Use) to CBD (Central Business District). The applicant is requesting the reclassification to match adjacent properties to the south and the west that have the same land use designation (Downtown Retail Core) as the subject property, and because the site is also located within the Downtown Retail Core Sub-Area of the Downtown Area Plan, the majority of which is zoned CBD.

The Municipal Code allows for the processing of a Zoning Reclassification as part of a formal Planning Application (PA) that includes a development project or as a stand-alone PA without a development proposal. City Council Resolution #98 (2008) states that a request for zoning reclassification requires a study session before the Planning Commission, and Section 27.060.040(b) of the Municipal Code requires a recommendation by the Planning Commission and a final decision by the City Council.

On May 10, 2022, the Planning Commission held a study session to review the zoning reclassification request and conceptual plans for a future mixed-use office and retail development project at this site. Commission comments were generally in support of the reclassification request given its adjacency to the existing CBD zone and potential for train noise impacts on residential uses.

On May 11, 2022, the applicant submitted a formal Planning Application for the Zoning Reclassification but chose not to apply for an office/retail development proposal at this time.

On July 26, 2022, the Planning Commission held a public hearing on the Zoning Reclassification that included staff and applicant presentations and public testimony. Following a period of deliberation, the Planning Commission rendered a 2-2-0 vote (with one Commissioner absent); thereby resulting in the lack of a recommendation to approve or deny the Zoning Reclassification due to the split vote. A summary of the Commission's deliberation and staff analysis for the zoning reclassification request is included in the *Discussion* section below, and the draft ordinance is included for reference as Attachment 1.

DISCUSSION:

California State law (Government Code Section 65400) provides the City's legislative body the authority to implement the City's adopted General Plan, so that it will serve as an effective guide for orderly growth and development. To implement the General Plan, State law provides the City Council the authority to review and update the City's zoning ordinance and zoning map to ensure that the various land uses authorized by the zoning ordinance are compatible with the objectives, policies, general land uses, and programs specified in the General Plan (Government Code Section 65860).

Site Description

The project site is 16,413 square feet (0.37 acres) in size and is generally bounded by South B Street to the west, commercial buildings to the north, the Downtown Caltrain Station to the east, and First Avenue to the south. The project site has a current General Plan land use designation of Downtown Retail Core and is zoned C1-2/R5 (Neighborhood Commercial/ Residential Overlay – Mixed Use).

As part of the Planning Application, the applicant included a justification letter ([Attachment 2](#)) that cites several reasons as a basis for the City to approve the reclassification of the subject property to CBD. The two primary reasons include that the reclassification would match adjacent properties to the south and the west that have the same land use designation (Downtown Retail Core) as the subject property, and that the reclassification would link the CBD zoning requirements with the General Plan and Downtown Area Plan goals and policies to foster a thriving retail core area.

General Plan and Zoning Code

The General Plan Land Use Map designates the project site as Downtown Retail Core. The Downtown Retail Core land use designation was established to provide for development of land pursuant to the General Plan and Downtown Plan goals and policies to create an emphasis on a strong retail shopping core in downtown. The Land Use, Zoning, and Required Frontage Maps are included as [Attachment 3](#). The applicable policies for the Downtown Retail Core area include ensuring that new developments "optimize the development potential of property in major commercial areas such as the Downtown Retail Core" (GP, LU 2.10) and "preserve the downtown's core shopping area" (DAP, II.1). A list of applicable policies is included as [Attachment 4](#).

The site has a current zoning designation of C1-2/R5 (Neighborhood Commercial/Residential Overlay – Mixed Use) and is proposed to be reclassified to CBD (Central Business District). The San Mateo Municipal Code includes different use allowances and development standards for C1 and CBD.

The C1 zoning district is intended to create and maintain neighborhood shopping areas with standards that provide for compatibility with surrounding residential areas, and allows for retail uses serving the immediate neighborhood, limited office space and personal service uses (SMMC 27.30.005 Purpose). With the current zoning designation of C1-2/R5, future development projects would be subject to Municipal Code (SMMC 27.30) development standards pertaining to floor area ratio (FAR), setbacks, parcel coverage, and R3 development standards for residential uses, which limits density to a maximum of 50 units per acre (SMMC 27.22). Under C1-2/R5, the subject site has a maximum of 2.0 floor area ratio (FAR) for non-residential projects, and up to 3.0 FAR for projects with residential use as part the project.

In contrast, the purpose of the proposed CBD (Central Business District) zoning designation is to implement the General Plan and Downtown Plan goals and policies to encourage and foster a thriving retail core area in downtown (SMMC 27.38.010 Purpose). The Municipal Code requirements for CBD include development standards pertaining to floor area ratio, ground floor open space, building line and setbacks for open space, retail frontage requirement, and limits density to a maximum of 50 dwelling units per acre. Under the proposed CBD zoning designation, the subject site would have a maximum FAR of 3.0, with or without any residential component. The reclassification would enable the subject property's zoning designation to align with its General Plan land use designation of Downtown Retail Core. A summary data sheet showing the different zoning standards for the two zones is included as [Attachment 5](#).

Downtown Area Plan

The project site is also located within the City's Downtown Area Plan (Plan). The Plan establishes goals and policies to

implement the overall vision of the Downtown area. Applicable goals that pertain to the project include:

- Enhance Downtown's Role as the City Center and Maintain Its Unique Sense of Place
- Enhance the Vitality and Activity of Downtown by Incorporating an Overall Good Mix and Diversity of Uses
- Enhance the Downtown's Pedestrian Environment and Enhance the Safety and Attractiveness of Downtown

The Downtown Area Plan is comprised of seven sub-areas, including the Downtown Retail Core Sub-Area, where the subject site is located (See [Figure 2 of the Downtown Area Plan](#)). The goals and policies for the Downtown Retail Core Sub-Area generally encourage a concentration of retail shopping and active commercial uses on the ground floor level, with office or residential uses on upper levels to support ground-level businesses. The Plan envisions a future Downtown Retail Core that includes a good mix of ground floor retail uses that will contribute to fostering retail vitality and Downtown's pedestrian-oriented environment, and providing an entry feature at the entryways to Downtown in the vicinity of South B Street/First Avenue intersection ([Attachment 4 – Applicable Policies](#)). To implement the goals and policies of the General Plan and Downtown Area Plan for the retail core, the City has two tools: CDB development standards and Downtown Retail Core Design Guidelines. Both the CDB and the design guidelines were established to work together to implement the goals and policies for the retail core area. Overall, the proposed reclassification to CBD would better align subject project's zoning designation with its current Downtown Retail Core land use designation and align the city's goals and policies with the tools to implement the Downtown Area Plan.

Housing Crisis Act

Senate Bill 330 (Housing Crisis Act, Government Code Section 66300(b)(1)(A)) requires the City to review and evaluate zoning reclassifications to ensure the change does not constitute a downzoning for residential development purposes under the State law. The proposed zoning reclassification does not involve a change in the allowable building height, maximum allowable density, or floor area ratio (FAR); nor would it increase requirements for lot size, setbacks, or other development requirements or standards that would lessen the intensity of housing. The proposed CBD zoning designation also allows for a maximum residential density of 50 dwelling units per acre, which is the same maximum residential density allowed for properties in the C1-3/R5 zoning district. Therefore, there would be no net loss in residential capacity as a result of this zoning reclassification.

Zoning Reclassification Findings

The request for the zoning reclassification to CBD would better align the site with its Downtown Retail Core land use designation to maintain downtown's commercial vitality and continuity within the retail core. The reclassification would also be consistent with the Downtown Area Plan because the zoning code provisions for the CBD includes development standards that were established to provide a good mix of ground floor retail uses that will contribute to foster retail vitality and the Downtown's pedestrian-oriented environment in the Downtown Retail Core sub-area. While the C1 District's standards and requirements can also support the Downtown Retail Core land uses, they do not directly align with the land use and goals and policies of the Downtown Area Plan.

The reclassification would also be consistent with State law (SB 330 Housing Crisis Act) in that it would not change the allowed land uses or the maximum allowable residential density.

PLANNING COMMISSION DELIBERATION AND RECOMMENDATION

The Planning Commission held a duly noticed public hearing, on July 26, 2022, to review the request for Zoning Reclassification. The Commission considered information contained in the staff report, staff and applicant presentations, and public comment prior to its deliberation. The resulting 2-2-0 tie vote therefore resulted in no action by the Planning Commission.

The two Commissioners in support of the reclassification wanted to achieve greater consistency with the adopted General Plan and Downtown Plan; cited the importance of the CBD zoning designation in creating a thriving a retail core because of the Required Retail Frontage code provisions; expressed concern that the size of the lot may be too small to accommodate ground floor retail, office, and residential uses at the upper levels and pertinent amenities/services; cited the importance of concentrating office uses near transit to reduce reliance on vehicles for commute purposes; and highlighted the importance of providing housing near transit, but not necessarily on every site that is near transit.

The other two Commissioners opposed to the request wanted the reclassification request to be reviewed concurrent with a development proposal in order to consider it holistically; expressed the need for transit oriented development projects that include residential units; articulated concerns that the city is losing sites where housing may be built as many pipeline projects appear to be commercial with a few residential units; mentioned the need for more residents to support a vibrant Downtown in the evenings; and highlighted the City's ability to encourage inclusion of housing under the C1 zoning designation which incentivizes housing as part of a mixed-use project to gain an additional 1.0 FAR.

It should be noted a study session was held on May 10, 2022, where three of the four seated Planning Commissioners reviewed the proposed Zoning Reclassification and a conceptual development project (with one commissioner absent). Two commissioners expressed support of the reclassification, and one did not.

Given the split nature of the vote and one absent Commissioner, staff has included a draft ordinance for Council consideration.

NEXT STEPS:

Should the City Council indicate a majority interest in approving the ordinance, staff recommends introducing the ordinance by making a motion to approve the recommendation below, and following this meeting staff would bring the ordinance back for a second reading and adoption. The ordinance and map amendment would then go into effect 30 days after adoption.

Introduce an ordinance to approve a Zoning Reclassification for the property at 31-57 South B Street from C1-2/R5 to CBD and determine the project qualifies for a Categorical Exemption from further environmental review under the California Environmental Quality Act (CEQA).

Should the City Council indicate a majority interest in denying the reclassification, staff would bring back a resolution with denial findings based upon the City Council's input at this meeting. The Council may also direct the applicant to submit the development proposal application to consider the zoning reclassification with the full project.

PUBLIC COMMENTS:

The applicant held a formal pre-application neighborhood meeting, on April 11, 2022, in which six members of the public attended. Questions and comments were focused primarily on the development project and proposed uses. The applicant's neighborhood meeting summary and presentation are available on the city's [What's Happening](#) webpage.

The video recording for both the May 10, 2022 Planning Commission study session and the July 26, 2022 Planning Commission public hearing are available on the City's [Agendas & Minutes Public Meeting Portal](#).

Public comments received to date are included in Attachment 6. Any public comments received after publication of this agenda report will be forwarded to the City Council for consideration at the public hearing and will be posted to this item online as "Post Packet Public Comments."

BUDGET IMPACT:

Costs associated with the processing of this planning application are covered by the applicant fees paid.

ENVIRONMENTAL DETERMINATION:

If the Zoning Reclassification is denied, no environmental review is required pursuant to the California Environmental Quality Act (CEQA) Guidelines.

If the Zoning Reclassification is approved, staff has included findings for a Categorical Exemption pursuant to the CEQA Guidelines Section 15305 (Class 5 – Minor Alterations in Land Use Limitations) because the site has an average slope of less than 20 percent and the reclassification would not result in changes in land use or density, the subject property's General Plan land use designation of Downtown Retail Core would remain unchanged, the maximum 3.0 FAR intensity would not

change, the maximum density of 50 units per acre would remain the same, and the zoning reclassification would be consistent with the City's adopted General Plan and Downtown Area Plan.

The project is also separately and independently exempt under the "common sense" exemption, CEQA Section 15061(b)(3), because it can be seen with certainty that the adoption of the zoning reclassification does not involve the construction or alteration of facilities that will have a significant effect on the environment. The reclassification to CBD is consistent with the General Plan land use designation for the property. Furthermore, any future development of the site would be subject to a project specific environmental assessment consistent with the CEQA statutes and guidelines in effect at that time.

NOTICE PROVIDED

In accordance with Government Code sections 65090 and 65091 and the City's Municipal Code public noticing requirements, the notice for this public hearing was published in a local newspaper of general circulation, posted in three public facilities, and noticed to the following parties at least ten (10) days in advance of the City Council meeting:

- Property owners, residential tenants and business tenants within 1,000 feet of the project site;
- The City's "900 List," which contains nearly 100 Homeowner Associations, Neighborhood Associations, local utilities, media, and other organizations interested in citywide planning projects;
- The City's Planning "Notify Me" email list; and,
- The interested parties list which includes interested individuals who contacted the City and requested to be added to the project notification list accordance.

ATTACHMENTS

Att 1 - Draft Ordinance

Att 2 - Applicant's Letter

Att 3 - Zoning, Land Use, and Required Retail Frontage Maps

Att 4 - Applicable Policies

Att 5 - Summary Data Sheet

Att 6 - Public Comments

STAFF CONTACT

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