



INFORMATION REPORT

DATE: May 8, 2013

TO: City Manager/City Council
DEPARTMENT: Planning
SUBJECT: Delaware Addition Project Use Clarification for Building 1

APPROVED: DATE:

On July 29, 2008, the City Council approved the Delaware Addition project located at 2120 Delaware Avenue, an approximately 20-acre vacant site, on the north side of Delaware Avenue between Swift Street and Natural Bridges Drive. The project development plans provided for a mixed-use industrial, commercial, and residential development with a maximum potential buildout of 535,553 square feet of buildings, including up to 248 residential units and up to 145 industrial/commercial condominiums.

The approved project included conceptual plans for the construction of 26 buildings. The project was designed to accommodate both established and start-up businesses of different needs, sizes, and uses. The non-residential land uses proposed for the site included warehouse, light manufacturing, research and development, office, and retail. The City Council staff report from July 2008 indicated that the majority of the site buildout will be used for industrial and commercial activities and that the ground floor would consist entirely of industrial and/or commercial development. Residential development would be located on the second floor to loft level.

As proposed and approved, the project includes several types of residential dwellings: flats, live/work townhouses, commercial work/live units, and flex units, which would be used either as exclusively commercial or partly residential unit. With all of the residential unit types, it was anticipated that the ground floor would be occupied by commercial and/or industrial uses. Residential uses were approved on the second through fourth floors of the proposed building types.

The approved project site plan included 15 of 26 buildings that were industrial/commercial buildings with flex spaces on the second floor (see attached Mixed-Use Diagram). Each of these industrial/commercial buildings is divided into modular bays that can be combined or used individually for a business. Each bay includes a flex space on the second floor (see attached Typical Industrial Condominium exhibit). The 87 total second floor flex spaces could be used as residential units or as part of the non-residential commercial use on the ground floor, such as an office. Provision of the flex units would allow greater flexibility for business needs and help to

integrate residents and businesses in a work-live setting and reduce reliance on the automobile to minimize adverse impacts to the surrounding neighborhood.

The project did not include any residential uses on the ground floor. This would preserve the site for primarily business-oriented commercial and industrial activities, consistent with the IG/PER-2 (General Industrial/Performance District) zoning designation of the property. The purpose of this district is to modify the normal general industrial land use classifications to provide for and encourage appropriate uses for economic development of the Westside industrial lands. The project was envisioned to be developed as a neighborhood, integrating residents and businesses in a work/live setting.

The first phase of the project buildout includes six buildings at the southeastern corner of the site. These six industrial/commercial condominiums are permitted to be primarily two stories in height with a portion of several buildings that are three stories in height. Each of these buildings includes five to eight bays with flex spaces on the second floor.

On March 25, 2013, an application was submitted to construct Building 1 of this initial buildout. The building will house a business that currently operates at NextSpace downtown. The business owners intend to live and work on-site, consistent with the intent of the approved project. The project plans include work, office, and storage rooms as well as a full kitchen and dining/living room on the first floor; living spaces (bedrooms, living room, family room, and bathrooms) on the second floor mezzanine (i.e., the flex space), and equipment platforms on a small third floor loft. The proposed plans for Building 1 vary from the project approvals in that approximately half of the first floor contains residential work/live features where the ground floor was originally intended for industrial/commercial business activities.

Given the working conditions of many contemporary businesses in which many work activities can be conducted with minimal and highly portable equipment, a clear functional delineation is often not needed between living and working spaces. Depending on the nature of some businesses, the industrial condominiums with flex spaces on the second floor that can be used as living units may allow for spaces dedicated to working and living activities to bleed together. For example, it would not be necessary to require a predominantly office use that does not require any manufacturing or assembly activities to be physically separated across the first and second floors of an industrial condominium building. This type of business would still meet the intent of the approved project to meet the needs of start-up/incubator as well as established businesses and allow for business owners, operators, and employees to live at the site of their workplace.

Because the project booklet explicitly proposed residential uses only on the second floor and above, Planning staff wishes to inform the City Council that some residential living space will be on the first floor for Building 1 as the proposed occupant meets the intent of the approved project to create a functional work/live environment for small start-up companies. The approved development agreement for the project allows for the City and project developer/owner to resolve clarifications with regard to the development of the project and make minor revisions to the project through operating memoranda. Planning staff has required that the developer provide

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such an operating memorandum to clarify the proposed use of the ground floor of Building 1, which can be considered a minor revision to the approved project. However, any additional ground floor residential uses that depart from the approved project concept would be processed through a separate modification permit concurrently with several other project variations that the applicant wishes to pursue in the future.

Submitted by:

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Planning Director

Attachments:

- ~ Mixed-Use Diagram
- ~ Typical Industrial Condominium