

RESOLUTION NO. NS-30,387

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF SANTA CRUZ ADOPTING
THE INDUSTRIAL LAND PRESERVATION POLICY

WHEREAS, the City of Santa Cruz adopted the General Plan 2030 in 2012 to guide the city's future physical, social, economic, cultural, and environmental character; and

WHEREAS, the general plan includes a wide range of policies that speak to preservation of industrial lands, citing potential benefits for employment and the city's tax base, including but not limited to the General Plan 2030 excerpts cited in the associated September 10, 2024 City Council staff report; and

WHEREAS, the Industrial Land Preservation Policy is intended to clarify and support the General Plan 2030, clearly articulating existing policy while also providing objective standards to support the important city principles associated with preserving and increasing employment opportunities associated with industrial land protection; and

WHEREAS, the preservation of industrial land for employment uses promotes a cycle of personal, social, cultural, environmental, and fiscal health, and the conversion of industrial land to non-employment uses can result in a permanent loss of employment capacity, incompatibility of uses, quality of life impacts for residents, limitations on industrial business viability, and the "domino effect" of additional conversions occurring, all as further articulated in the associated September 10, 2024 City Council staff report; and

WHEREAS, the General Plan 2030 land use designation does not allow strictly residential units in lands with the IND designation, but authorizes "limited" live-work units as a component of industrial development; and

WHEREAS, key components of the Industrial Land Preservation Policy are already part of the City's standard land use permit application, and adoption of the policy is intended to further support, acknowledge, and strengthen those requirements; and

WHEREAS, the proposed policy is fully consistent with the provisions in the General Plan 2030, which has a certified Environmental Impact Report (EIR), in that the policy would not result in any additional development or land use changes that were not already anticipated in the General Plan 2030 and its EIR, and therefore, the General Plan 2030 EIR provides the California Environmental Quality Act (CEQA) clearance for the proposed policy; and

WHEREAS, the City Council on September 10, 2024 considered the Industrial Land Preservation Policy at a regular City Council hearing.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Santa Cruz hereby acknowledges that the environmental impacts of the Industrial Land Preservation Policy were contemplated by the General Plan 2030 EIR and hereby adopts the Industrial Land Preservation Policy, as noted in Exhibit "A," attached hereto and made a part hereof.

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PASSED AND ADOPTED this 10th day of September 2024, by the following vote:

AYES: Councilmembers Newsome, Brown, Watkins, Brunner, Kalantari-Johnson;
Vice Mayor Golder; Mayor Keeley.

NOES: None.

ABSENT: None.

DISQUALIFIED: None.

APPROVED: 
Fred Keeley, Mayor

ATTEST: 
Bonnie Bush, City Clerk Administrator



City Council Industrial Land Use Preservation Policy

Adopted September 10, 2024

In support of various General Plan 2030 principles, some of which are listed at the bottom of this policy, the following criteria shall be adhered to in development proposals. This policy is intended to be indicative of existing general plan requirements, while also providing some objective standards related to floor area ratios to further clarify the existing requirements.

For properties with an industrial land use designation and/or within the IG, IG/PER or IG/PER-2 zone districts, pursuant to the General Plan 2030 industrial land use designation text, various General Plan 2030 goals and policies, and General Plan 2030 Housing Element Policy 1.2e, plans submitted must demonstrate compliance with the following standards:

- Live/work units are the only type of residential use that is allowed.
- If less than 95% of the allowable floor area ratio is provided as square footage for commercial/industrial uses allowed by the zoning code, then up to four live/work units may be permitted in total as part of a project which, for purposes of this standard, includes four live/work units total across all properties included in a project or across all properties subdivided into multiple properties after this standard has been established. For example, if one property is subdivided into three properties, only up to four live/work units can be provided across the three properties in total, assuming less than 95% of the allowable floor area ratio is provided in commercial/industrial uses.
- If 95% or more of the allowable floor area ratio is provided as square footage for commercial/industrial uses allowed by the zoning code, then the additional allowable square footage may be provided as live/work units, including more than four live/work units. For purposes of this standard, if a property is subdivided into multiple properties after this standard has been established, then an individual property that meets 95% or more of the allowable floor area ratio as commercial/industrial square footage may use the remaining 5% of allowable floor area ratio as live/work units for that particular property. However, the other properties that were subdivided must also meet the 95% floor area ratio threshold with commercial/industrial uses before live/work units are provided, unless the proposal adheres to the bullet above that speaks to commercial/industrial square footage that is less than 95%, including the limitation of a maximum of four live/work units across all properties within the subdivision.

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- Live/work units shall comply with the R-M District Standards and the standards in Section 24.12.185.13.c of the Zoning Ordinance.
- The construction of the live/work component must proceed concurrently with or after the commercial/industrial component.

In very limited instances, planned development permits have allowed for use variations that authorize residential uses in industrial areas under the previous general plan. As of the drafting of this policy, staff is not aware of such use variation allowances under the current general plan that has been in effect since 2012, which speaks to the rarity of such occurrences. (However, a use variation was allowed in 2013 that allowed for a hotel use on an industrial property. That property was on the periphery of industrial area, and it maintained the land in an employment use that did not present the same fiscal concerns as a residential conversion. The hotel was also estimated to have a substantial number of business-oriented guests (estimated at 40%), which would serve the industrial and educational uses in the immediate area. Even industrial conversions of this nature, with an expansion of allowable employment uses, need to be very carefully considered.) While deviations from this policy may be exercised through planned development permits, the principles contained herein can guide the use of planned development permits that seek to allow for residential uses in industrial lands. Such approach should be extremely rare and only when the utmost care is taken to ensure that the challenges and concerns associated with residential uses on industrial lands do not materialize. (See the September 10, 2024 City Council staff report for more information on some of those challenges.) Sites on the periphery of industrial lands that are separated from other industrial uses and that transition between commercial/industrial and residential areas could potentially be considered for such residential uses through a planned development permit, but only in very limited circumstances, when a broader set of general plan policy objectives would support such uses, and when greater public benefit is provided as part of the planned development permit. The planned development permit process is completely discretionary and does not provide any guarantee that residential uses of any kind will be allowed, since the only allowable residential uses on industrial lands are “limited” live-work, consistent with the general plan land use designation.

This policy is supported by many components of the General Plan 2030 text, including but not limited to the following:

Guiding Principles:

- **Prosperity for all.** We will ensure a sustainable economy for the community, actively encouraging the development of employment opportunities for residents of all levels and ages, and actively protecting from elimination our current and potential sources of sustainable employment.
- **A dependable municipal tax base.** We will encourage diverse technology, visitor serving, industrial, home business and commercial business enterprises, and strategic redevelopment.

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Goals, Policies, & Objectives:

- LU3.2 Maintain lands currently designated for industrial and office in land use designations that promote job creation and retention.
- LU3.2.1 Pursue the expansion of employment-intensive uses that have long-term economic viability.
- LU3.2.2 Develop land use and economic plans for the Westside Industrial and Harvey West areas.
- LU3.2.3 Encourage light industrial uses and creative industry to locate in the Harvey West Area.
- LU3.2.4 Allow incubator uses in employment-intensive areas such as the Westside Industrial Area. Cf.
- LU3.2.5 In considering new types of uses for the Westside Industrial Area, give priority to those that deliver long-term job creation and retention.
- LU3.2.6 Amend the Zoning Ordinance to increase the number of stories allowed in the Westside Industrial Area within the existing height limitations.
- LU3.2.7 Amend the Zoning Ordinance to provide for employment generation in the city's industrial areas, and to restrict uses that are incompatible with industrial uses.
- LU3.2.8 Direct large regional retail uses to, and locate remote parking in, a portion of Harvey West.
- Housing Element Objective 1.2e Support a balance of jobs and housing land uses by only considering residential use in industrial land if it is ancillary to industrial land's full employment capacity being achieved in an economically viable manner and if it does not negatively impact existing or future industrial uses in the area, except in the vicinity of Coral Street on properties where homeless services or affordable housing are identified in the properties' respective General Plan Land Use Designations as an allowable use. Adopt a Coral Street Overlay that builds off existing services and resources to provide homeless services and related residential use standards for that specific, immediate area.