

## VIII. RESIDENTIAL DEVELOPMENT IN NON-RESIDENTIAL LAND USE AREAS

### POLICY ISSUE

Review the City's existing regulations and policies that allow residential land use in non-residential zoning districts.

### BACKGROUND

The City's General Plan and Zoning Code allow for residential development on most non-residential designated properties. Given past vacancy rates for both office and hotel/motel uses, there have been a number of approved and proposed developments which involve either conversion to residential use (Radisson "Villa" hotel) or redevelopment of existing office and commercial sites with multi family residential uses (Versailles on El Camino Real, Summerhill Homes at the Visa Campus, Bovet Road Residences at Bovet/Borel Office Campus, North San Mateo Drive Townhomes at the former Shen auto dealership, and Mariner's Island Condominiums at Third and Mariner's Island Boulevard).

These proposed land use changes have raised questions about the appropriateness of residential development in non-residential areas. Can the City accommodate future commercial development in the long term if land designated for non-residential use is instead redeveloped for residential purposes? Are there impacts resulting from the redevelopment of large office campus sites to residential land use? Should the City continue to allow residential development as a permitted use on non-residential designated properties, require the approval of a special use permit, or eliminate residential development in non-residential areas?

### General Plan

Prior to adoption of the 1990 General Plan, there were no specific General Plan policies regarding residential development in non-residential zoning districts. The Zoning Code required approval of a special use permit for residential uses in Commercial and Executive Office zoning districts.

The 1990 General Plan (pre-Measure H) created several Land Use Element and Housing Element policies and text that allowed and encouraged residential development in non-residential districts. The Land Use Element also introduced new land use designations for mixed-use development on non-residential zoned properties, along with increased floor area ratios and building heights for mixed use developments in these land use categories. In addition, there is a section of the Land Use Element called Area Specific Policies in which residential densities are established in specific planning areas of the City. Some of these areas are designated commercial on the Land Use Map.

Measure H revised some of the text in these policies, mostly to reduce densities, building height, and floor area ratio. The direction to allow residential in non-residential districts not only remained in the General Plan, but some policies and text were incorporated into the language of the Measure H initiative.

Measure P maintains sections of the General Plan as approved by the voters under Measure H (see Appendix C).

### Residential Development Policies

The General Plan specifically allows residential development in some non-residential land use categories, and encourages the concept of mixed-use development. The Measure H and Measure P voter initiatives incorporated text supporting residential development in non-residential areas. A portion of the text following Land Use Element Policy LU 1.4 Development Intensity/Density, reads “...Residential development is also allowed in commercial districts”. In addition, the text following Policy LU 1.10 Commercial Development, states,

*“All categories of residential development are allowed in all non-residential land use categories other than the service and industrial categories and those listed as categories 7-11 in part B of Appendix B; except that the maximum density residential category allowed in areas designated as neighborhood commercial is medium-density multi-family.”*

Categories 7 – 11, in Appendix B, where residential development is precluded by this policy are: Public Facilities, Parks/Open Space, Utilities, Transportation Corridors, and Major Institutions/Special Facility. As such, the General Plan allows residential development in the Neighborhood Commercial, Regional/Community Commercial, Downtown Commercial, Executive Office, and Mixed Use Incentive land use categories.

### Mixed-Use Development Policies

The Land Use and Housing Elements of the General Plan contain policies that encourage mixed-use development.

Land Use Element Policy LU 1.8 Mixed Use Commercial-Residential, states:

*“Facilitate housing production by allowing commercial mixed use development which includes multi-family dwellings in all non-residential land use categories except service commercial, manufacturing/industrial and parks/open space.”*

Land Use Element Policy LU 1.15 Mixed Use, states:

*“Encourage developments which mix commercial retail and office uses with residential uses at locations and intensities/densities as delineated on the Land Use Plan and Building Intensity Plan.”*

Housing Element Policy and Program H 2.12 Mixed Use includes the following text:

*“H 2.12: Mixed Use. Continue the policy of encouraging residential uses in existing commercial areas, or in locating adjacent or near transit nodes, where the residences can be buffered from noise and safety concerns and can provide adequate on-site parking and usable open space. Provide floor area and/or height bonuses for residential development in selected areas of the City.”*

*“Program H 2.12: Mixed Use.*

- 1. Permit the construction of housing or mixed-use projects in commercial areas. Encourage mixed use in specific area plans, the El Camino Real Master Plan, and the San Mateo Rail Corridor Transit-Oriented Development Plan. Consider designation in future plans for Bay Meadows II, and 42 Avenue.*
- 2. Publicize the advantages of constructing housing or mixed-use projects in commercial areas. Publicize the ability to locate residences in commercial areas.”*

The City of San Mateo has developed specific plans to guide future development in various areas of the City. The Bay Meadows Specific Plan, El Camino Real Master Plan, and San Mateo Rail Corridor Transit-Oriented Development Plan include policies promoting mixed-use development.

### Zoning Code Regulations

Based on the policy direction provided in the General Plan, the Zoning Code was revised to allow residential development in commercial and executive office zoning districts as a permitted use, without the requirement for a special use permit. Residential overlay zones were created to encourage mixed use development on non-residentially zoned properties in specific areas of the City.

### Can the City Change Residential Land Use Policies and Regulations?

General Plan text included as part of the Measure H and Measure P voter initiatives specifically allows residential development in Neighborhood Commercial, Regional/Community Commercial, Downtown Commercial, Executive Office, and Mixed Use Incentive land use categories. The text does not specifically state that residential is a permitted or special use. As such, the City may determine the appropriate level of review (non-discretionary permitted use or discretionary special use permit) for residential development in these land use categories, but may not prohibit residential development.

### Redevelopment of Large Office Campus Sites to Residential Use

The issue of residential development in non-residential areas was discussed at the third Public Workshop held on February 15, 2007. Comments received from the public primarily centered on

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the impact of redevelopment from office to residential land use on large office campus sites. These sites are zoned E-I, Executive Park, and generally border established single family and duplex neighborhoods. Residential development is currently permitted at medium density (18 – 35 units per acre). Concern was expressed that land use changes from office to multi-family residential for these large sites may have impacts on adjacent lower density neighborhoods. In addition, since these sites were initially developed as office campuses, there was a comment that redeveloping a portion of an office site to residential may create land use conflicts between existing office uses and residents of new multifamily residential units within the site area. One public comment suggested that a special permit should be required for residential development on non-residential sites.

On February 28, 2007, the TAC discussed this issue and generally agreed that some level of additional review should be required for residential development proposals on large executive office campus sites.

Currently, there are no such projects pending before the City. There are some indications that the office market may be coming back which may reduce pressure to redevelop office sites to residential land use, and help to retain the office market in the City.

### Commercial and Residential Development - Mixed-Use

The concept of mixed-use development is encouraged in the General Plan. Residential overlay zones allow additional floor area and building height for developments that include residential units combined with commercial uses in non-residential areas. These overlay zones are mainly located in and around the downtown, along El Camino Real, Twentieth Avenue, and the Mariner's Island area. Residential development on commercial properties and mixed use development on a given parcel have the potential to bring housing and businesses together within commercial areas of the City, which creates opportunities for unique building design and variety in commercial areas, and increased pedestrian activity in a neighborhood. Ideally, the combination of housing and businesses would reduce traffic impacts by allowing residents to live in close proximity to where they work.

Public comments at the workshop include the retention of mixed use residential and commercial General Plan policies. In addition, the TAC did not want to discourage mixed use development in commercial areas.

Of the 33 residential developments approved between 1992 and August 2007, one development (Delaware Place) was located in a commercial zoning district, while 10 others were proposed on mixed-use designated properties. The Delaware Place site has since been reclassified to a TOD designation as part of the Rail Corridor Plan. Other than residential development in mixed-use areas, there has not been an overwhelming demand for residential land use in commercially designated areas.

## DISCUSSION/RECOMMENDATION

Since executive office campus sites in the City are located near lower density residential neighborhoods there is the potential for land use conflicts resulting in impacts to adjacent neighborhoods. In addition, these properties are large enough that portions of a campus may be redeveloped to residential, thereby creating potential conflicts between existing offices and new residential dwellings on the same site. Staff is recommending that residential development on E-I, Executive Park, properties be reviewed for land use compatibility with adjacent neighborhoods and City policies.

Requiring approval of a special use permit will necessitate findings that the proposed residential development will not have adverse impacts on the general health, safety, and welfare of the community. This level of review will allow decision makers to review the office market citywide prior to making a land use change on a specific property. The requirement for a special use permit will allow for a case by case review of residential development proposals by the Planning Commission as part of the overall public review of a project. It should be noted that the requirement for a special permit adds a level of uncertainty to developers and property owners prior to the public hearing process. Although there is some indication that the office market may be rebounding, it is important to recognize the potential for redevelopment to multifamily residential adjacent to lower density residential neighborhoods.

Due to General Plan policies that support and encourage mixed-use development, the potential benefits of design flexibility and pedestrian activity derived from a mixed-use project, and the public discussion at workshops and by the TAC that focused on residential compatibility issues mainly in office campus areas, staff recommends allowing residential development to remain as a permitted use on all other non-residential land use categories as designated in the General Plan.

## RECOMMENDATION:

Amend the Zoning Code to require a special use permit for residential development on E-I, Executive Park, zoned properties.