

Rashi Kesarwani
Councilmember District 1

REVISED AGENDA MATERIAL for Supplemental Packet 1

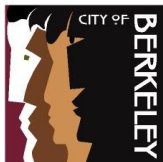
Meeting Date: September 19, 2023

Item Number: 19

Item Description: Referral to Rezone Gilman Street to Maximize Revenue Productivity Per Acre

Submitted by: Rashi Kesarwani

This revised item reflects two new co-sponsors, Councilmembers Robinson and Wengraf, and makes two minor edits.



Rashi Kesarwani
Councilmember, District 1

CONSENT CALENDAR
September 19, 2023

TO: Honorable Mayor and Members of the City Council

FROM: Councilmember Rashi Kesarwani (Author) and Councilmembers Terry Taplin, Susan Wengraf, and Rigel Robinson (Co-Sponsors)

SUBJECT: Referral to Rezone Gilman Street to Maximize Revenue Productivity Per Acre

RECOMMENDATION

Refer to the City Manager and Planning Commission to rezone Gilman Street—a major thoroughfare for entering and exiting the City—from San Pablo Avenue to Interstate 80 to maximize revenue-generating and job-creating uses. Specifically, the rezoning of Gilman Street should consider the following:

- Potential for applying the Manufacturing, Research and Development (M-RD) zoning district currently planned for the Pacific Steel Casting site to a portion of Gilman Street. The M-RD zoning district seeks to better align with Berkeley's goals and needs ~~development interest~~ by: allowing research and development, office, laboratory, and light manufacturing uses currently not permitted by the existing Manufacturing (M) zoning; and removing protections for existing manufacturing uses and constraints associated with certain development standards; and/or
- Consider a new zoning designation for a portion of Gilman Street west of San Pablo Avenue to I-80 that maximizes revenue productivity per acre via permitted uses and associated development standards; and
- Extend West Berkeley Commercial District (C-W) zoning on Gilman Street from Ninth Street further west for a certain number of blocks and enhance the flexibility of C-W development standards to increase the likelihood of redevelopment—in coordination with “Keep Innovation in Berkeley” Council referral (passed on Sept. 13, 2022) that seeks to allow research and development uses in C zones.¹

¹ Robinson, Rigel, Item #30 Referral: Keep Innovation in Berkeley,
https://berkeleyca.gov/sites/default/files/documents/2022-09-2180_Milvia_Street_Berkeley_CA_94704 • Tel: (510) 981-7110 • Fax: (510) 981-7111
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Refer \$250,000 to the FY 2024-25 budget process for consulting services to assist with the planning process and associated environmental review and economic analyses.

CURRENT SITUATION AND ITS EFFECTS

Current Gilman Street Zoning Not Aligned to Economic Demand and Development Interest

Gilman Street is a major thoroughfare connecting North Berkeley to I-80. Currently, Manufacturing (M) zoning covers four blocks from I-80 to the west side of Fifth Street. Mixed Use Light Industrial (MU-LI) spans four blocks from the east side of Fifth Street to the west side of Ninth Street. West Berkeley Commercial District (C-W) applies to two blocks from the east side of Ninth Street to the east side of San Pablo Avenue. The current M zoning encourages heavy manufacturing uses that are misaligned with growing innovation sectors in need of biotechnology laboratories, warehouse and commercial uses, and office space.² The new Manufacturing, Research and Development (M-RD) zoning for the Pacific Steel Casting site is proposed to align to growing economic sectors and expand the City's tax base, with the following key features:

- Support a mix of uses, such as light manufacturing and research and development (R&D), particularly those which retain a diversity of employment opportunities in West Berkeley and can provide high-quality employment for people at all educational levels and add significantly to the tax base;
- Allow office and laboratory uses that support light industrial and R&D uses, and provide for high employment density;
- Provide opportunities for an urban campus-like environment with high-quality design and site planning that includes amenities for employees and visitors; and
- Support the development of industrial uses which satisfy performance standards that protect the environment.³

City's Office of Economic Development 2023 Report Cites Unmet Demand to Locate in West Berkeley Among Innovation Sector Industries. A City of Berkeley Office of Economic Development (OED) report from February 2023 notes that innovation companies spin out of University of California, Berkeley and the Lawrence Berkeley National Lab, fueled by campus-based accelerators like Berkeley SkyDeck, Bakar Labs, and CITRIS Foundry or the Berkeley Lab's science-based entrepreneur

¹ 13%20Item%2030%20Referral%20Keep%20Innovation%20in%20Berkeley.pdf, Sept. 13, 2022 Regular City Council Meeting

² Planning Commission Agenda Packet, Item #12 Pacific Steel Casting Zoning and General Plan Amendments and EIR Update, https://berkeleyca.gov/sites/default/files/legislative-body-meeting-agendas/2023-03-01%20PC%20Agenda_packet-edit_0.pdf, March 1, 2023, p. 63

³ Planning Commission Agenda Packet, Item #12 Pacific Steel Casting Zoning and General Plan Amendments and EIR Scoping Session, https://berkeleyca.gov/sites/default/files/legislative-body-meeting-agendas/2023-02-01%20PC%20Agenda%20Packet_0.pdf, Feb. 1, 2023, p. 90

mentorship program, Activate – Berkeley (also known as Cyclotron Road).⁴ Innovation sector industries—including software, life sciences, clean technology, food tech, and other science, technology, engineering and math (STEM) industries—that have grown out of Berkeley institutions often seek to locate their enterprises in the City of Berkeley, but face land-use restrictions that are hard to navigate, according to the OED report.⁵ Berkeley’s location in the inner Bay Area and its position as an engine of major innovation and entrepreneurship means that it is well positioned to attract a greater share of R&D and advanced manufacturing uses to West Berkeley under the right set of allowable land uses and development standards.

Significant Economic Benefits Are Associated with West Berkeley Zoning that Can Attract A Greater Share of Innovation Sector Industries. Research and development (“R&D”) refers to a land-use defined in the City’s zoning code, but also to “an industry and set of activities that companies undertake to create innovative, commercially-viable products and services,” according to the OED report. Berkeley’s R&D industry includes the following sectors: software, life sciences (biotechnology and health care), hardware, clean tech, and food and beverage. These sectors are growing, with life sciences a leading source of U.S. employment growth, according to the OED report. Average annual salaries for R&D-intensive industries are 2.2 times higher than the \$62,000 average annual salary for traditional manufacturing industries in the Bay Area.⁶ We note additional economic benefits associated with this sector:

- *Jobs for People of All Education Levels.* R&D-intensive industries employ many types of technicians with associate’s or community college degrees. Nearly half of all life sciences employees in Alameda County do not have a bachelor’s degree.⁷ Further, this sector can offer educational opportunities and career pathways for Berkeley Unified School District and Berkeley City College students.
- *Economic Multiplier Effect.* In Alameda County, every one direct job in the life science industry creates 3.18 jobs overall.⁸ Life sciences campuses, such as

⁴ Office of Economic Development, *The Innovation Ecosystem in West Berkeley: An Economic Snapshot*, https://berkeleyca.gov/sites/default/files/legislative-body-meeting-agendas/2023-02-01%20PC%20Agenda%20Packet_0.pdf, Feb. 1, 2023, p. 140

⁵ Office of Economic Development, *The Innovation Ecosystem in West Berkeley: An Economic Snapshot*, https://berkeleyca.gov/sites/default/files/legislative-body-meeting-agendas/2023-02-01%20PC%20Agenda%20Packet_0.pdf, Feb. 1, 2023, p. 141

⁶ Office of Economic Development, *The Innovation Ecosystem in West Berkeley: An Economic Snapshot*, https://berkeleyca.gov/sites/default/files/legislative-body-meeting-agendas/2023-02-01%20PC%20Agenda%20Packet_0.pdf, Feb. 1, 2023, p. 137

⁷ Office of Economic Development, *The Innovation Ecosystem in West Berkeley: An Economic Snapshot*, https://berkeleyca.gov/sites/default/files/legislative-body-meeting-agendas/2023-02-01%20PC%20Agenda%20Packet_0.pdf, Feb. 1, 2023, p. 138

⁸ Office of Economic Development, *The Innovation Ecosystem in West Berkeley: An Economic Snapshot*, https://berkeleyca.gov/sites/default/files/legislative-body-meeting-agendas/2023-02-01%20PC%20Agenda%20Packet_0.pdf, Feb. 1, 2023, p. 137

the one expected at the Pacific Steel Casting site, typically rely on unionized construction labor and will create hundreds of temporary construction jobs.

- *Enhancing Jobs-Housing Balance Within Berkeley.* Rezoning Gilman Street has the potential to create job opportunities for Berkeley residents who currently commute elsewhere for these same jobs, thereby improving Berkeley's job-housing balance and reducing negative impacts associated with lengthy commutes.
- *Neighborhood Vitality and Expanded Tax Base.* Underutilized or vacant parcels in West Berkeley can become magnets for unwelcome activities, including crime, graffiti, illegal dumping and problematic street behavior that negatively impacts nearby businesses and drains City staff resources. Rezoning Gilman Street helps to ensure that parcels turn over quickly for productive uses that generate revenue, create jobs, and grow the City's tax base.

Pacific Steel Casting Case Study Shows Zoning Modifications Can Be Used to Attract Investment and Promote Economic Development in West Berkeley. The M-RD zoning district planned for the Pacific Steel Casting site seeks to revitalize this vacant blighted ten-acre property. In April 2021, the City Council unanimously passed a referral to rezone the Pacific Steel Casting property, citing numerous issues of public concern, including neighborhood blight, environmental contamination, and hundreds of former Pacific Steel Casting employees owed their pension benefits from the bankrupt former employer.⁹ This referral initiated the City's development of the planned M-RD zoning district. In August 2023, *Berkeleyside* reported that the ten-acre parcel had been acquired by a development team with the goal of transforming the property into a life sciences campus, demonstrating the importance of zoning modifications to attract investment and promote economic development.¹⁰ The project is estimated to create more than 2,700 permanent life science related jobs on site, with an additional 405 jobs for supporting and service employment.¹¹ The acquisition and redevelopment will also remediate environmental contamination and fund pensions owed to workers.

BACKGROUND

⁹ Kesarwani, Rashi, Item #35 Referral to the Planning Commission to Establish a Zoning Overlay at the Pacific Steel Casting Property, <https://berkeleyca.gov/sites/default/files/documents/2021-04-20%20Item%2035%20Referral%20to%20the%20Planning%20Commission.pdf>, April 20, 2021 Regular City Council Meeting

¹⁰ Savidge, Nico, *Pacific Steel site sold in step toward major new life sciences campus*, <https://www.berkeleyside.org/2023/08/02/pacific-steel-site-sold-in-step-toward-major-new-life-sciences-campus>, *Berkeleyside*, Aug. 2, 2023

¹¹ Office of Economic Development, *The Innovation Ecosystem in West Berkeley: An Economic Snapshot*, https://berkeleyca.gov/sites/default/files/legislative-body-meeting-agendas/2023-02-01%20PC%20Agenda%20Packet_0.pdf, Feb. 1, 2023, p. 146

West Berkeley Plan Approved 30 Years Ago With Few Revisions to Date. The West Berkeley Plan was adopted by the Berkeley City Council in 1993. The plan, which created a new set of land uses and zoning districts for West Berkeley, was the first set of revisions since the Special Industrial Zone was created in 1956.¹² The West Berkeley Plan, like the City's General Plan and other neighborhood-specific area plans, states the community's priorities and values and helps guide development within the area. Its six established elements—land use, economic development, environmental quality, transportation, physical form (urban design), housing and social services—provide a framework for policies and development within the area, with the ultimate goal of improving the quality of urban life for West Berkeley residents. The Plan Concept and Vision portion notes that the area plan and policies were developed to extend through 2005.¹³ While amendments to the West Berkeley Plan were adopted in 2011, no significant revisions have since been adopted.¹⁴

FISCAL IMPACT

Staff time to implement the referral, and \$250,000 for consulting services to assist with the planning process and associated environmental review and economic analyses.

ENVIRONMENTAL IMPACT

Underutilized or vacant parcels in West Berkeley can become magnets for crime, graffiti, illegal dumping, and problematic street behavior that negatively impacts nearby businesses. Rezoning Gilman Street can help to ensure that parcels turn over quickly for productive uses that remediate any existing environmental hazards, generate revenue, and create jobs.

CONTACT PERSON

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¹² West Berkeley Plan, https://berkeleyca.gov/sites/default/files/2022-03/12_14_1993%3B%20CLK%20-%20Resolution%3B%20City%20Council%3B%2057301%3B%20West%20Berkeley%20Area%20Plan%3B.pdf, Dec. 14, 1993, p. 169

¹³ West Berkeley Plan, https://berkeleyca.gov/sites/default/files/2022-03/12_14_1993%3B%20CLK%20-%20Resolution%3B%20City%20Council%3B%2057301%3B%20West%20Berkeley%20Area%20Plan%3B.pdf, Dec. 14, 1993, p. 164

¹⁴ Proposed Amendments to the West Berkeley Plan, https://berkeleyca.gov/sites/default/files/2022-03/3_22_2011%3B%20CLK%20-%20Resolution%3B%20City%20Council%3B%2065210%3B%20%3B%20West%20Berkeley%20Project%20Amending%20the%20West%20Berkeley%20Plan%20and%2C%20by%20Reference%2C%20the%20General%20Plan.pdf, March 22, 2011

