



Community Development Committee STAFF REPORT

TO: Community Development Committee **DATE:** Oct 6, 2025

DEPARTMENT: Administration/Community Development

PREPARED BY: Marie Jones Consulting

PRESENTER: Marie Jones, Consultant

AGENDA TITLE: Receive a Report and Provide Direction Regarding Proposed Zoning Changes to Limited Term Permits and to Allow Small Startups in Zones where they are Currently not Permitted.

BACKGROUND

During the June 8 , 2025 City Council meeting, City Council directed staff to bring two of the economic development initiatives discussed at that meeting to the Community Development Committee (CDC) for further vetting, discussion and revisions. This staff report explores these two proposed regulatory changes.

- 1) Allow Small Startups (less than 500 SF) in zoning districts where they are not currently allowed.
- 2) Revise the Limited Term Permit Process.

Policy Consideration 1: Improve Conditions and Accessibility of Vacant Commercial Properties to Support Small Business Growth

As the City works to attract and retain small businesses and startups, a persistent challenge remains: while many commercial properties sit vacant, entrepreneurs often struggle to find affordable, well-maintained, and appropriately managed spaces. High rents, absentee property owners, and poor property conditions have created a mismatch between available inventory and business needs. Addressing these barriers is essential to unlocking underutilized spaces, supporting economic development, and revitalizing the downtown core.

Tensions for consideration:

- Vacancy, which results from high rents coupled with poor property management and poorly maintained buildings, is unlikely to be affected by a change in zoning regulations. The vacancy tax may help address these properties.

- Introducing potentially incompatible uses into the same area can lead to conflicts between property owners and/or business operators.

Policy Option 2. Allow Small Startups (less than 500 SF) in more locations.

This policy option would break with the norm in zoning law by allowing small startups of less than 500 SF the opportunity to open business in more zoning districts than currently allowed. This might help fill empty buildings. It could also allow existing tenants or property owners to provide a small office or workspace to a startup in an already occupied space. The idea is that businesses with small footprints are unlikely to have a deleterious effect on other businesses in a zoning district, even if they are not currently allowed in that zone. To implement this policy, it is wise to start small, with the following recommendations (Attachment 2): ?

- Allow startups of any use that is already listed in one commercial zone to open in any of the commercial zones as a startup.
- Allow startups of any use that is already listed in the industrial zone to open up in either the light or heavy industrial zone.
- Limit this zoning flexibility to not more than two 500 SF startups per parcel, to limit the total impact to 1,000 SF.
- Do not allow chains or franchises to use this startup zoning flexibility.
- Allow the startup to open without a Use Permit to reduce barriers to opening a business. ?
- Consider allowing a one-time increase in SF to 1,000 SF for the startup with a Use Permit. But keep the total limit of 1,000 SF for startup use as a maximum for each parcel.

Policy Consideration 3: Improve the Limited Term Permit Process to Reduce Administrative Burden and Support Community Events

As part of the City's broader effort to streamline permitting and encourage community-led activities, staff is evaluating the Limited Term Permit (LTP) process, which has presented challenges due to high administrative demands and frequent delays in application submissions by event organizers. Some events have been cancelled because applicants did not submit their LTP on time and/or failed to obtain the required insurance, placing strain on both coordinating agencies and non-profit partners.

Issues/tensions for consideration:

- The coordinated multi-department review often identifies safety/operational/public health issues that should be addressed in the event location/operations. This review thereby reduces risks associated with events and other activities.
- Most event operators need to get an encroachment permit even if they do not get a Limited Term Permit. The encroachment permit includes insurance

requirements to protect the City against claims for liabilities associated with an event. The lack of insurance coverage results in event delay or cancellation.

Policy Option 3. Revise the Limited Term Permit Process.

Most community events require Limited Term Permits, and Community Development Department (CDD) staff process between 30 and 50 Limited Term Permits per year. Limited Term Permits allow short term activities in zoning districts where they are not typically permitted. Depending on the scale and type of event a Limited Term Permit involves multiple departments (Community Development, Public Works, Police Department, Fire Department, Caltrans and Mendocino County's Building Department & Environmental Health). Activities that are currently reviewed/approved through the Limited Term Permit process include parades, fairs, carnivals, first Fridays, farmers market, concerts, festivals, beer gardens, construction yards, temporary structures, etc. The Limited Term Permit process also allows the City to require insurance where events will occur on City property or on the City right-of-way. The purpose of the Limited Term Permit is to: 1) identify specific issues for the event or activity and address them through special conditions and coordination with other departments; and 2) obtain an insurance endorsement to protect the City.

- The Technical Advisory Committee met on September 30, 2025 to discuss their recommendations regarding this proposed policy change. That recommendation will be a verbal report due to time constraints to publish the CDC agenda.

Potential Proposed Process for Consideration:

- Potentially make some temporary activities permitted by right. Include indoor (possibly outdoor) events of less than 100 people and/or 2,000 SF or less as a permissible activity in the Central Business District, so long as the activity conforms with specific standards (complies with the noise ordinance, does not include construction of temporary facilities, does not include serving alcohol, etc.). This would reduce the permitting process for some types of special events and focus event activities in the downtown (attachment 2 and 5).
- Simplify the Limited Term Permit process for smaller events. Create two types of Limited Term Permits, one for more complex events and activities and a simpler process with a checklist and an over-the-counter approval process for simple events. Simple events would not require traffic control or street closure, include amplified sound, require an Alcohol and Beverage Control license, and/or serve food. Instead, these events would be required to obtain an encroachment permit which also includes the requirement to provide proof of insurance (attachment 5).
- Establish a 3 or 5-year Limited Term Permit. Many events are largely recurring without significant changes over the years. These events are "dialed in". The City could approve a five-year Limited Term Permit for events with a long-

standing history (3+ years) with no significant issues. Some longer-term events might have to obtain an annual encroachment permit to keep insurance information up to date. Five-year Limited Term Permits should only be approval for commercial zones.

FISCAL IMPACT/FUNDING SOURCE

The estimated \$12,000 in costs associated with these regulatory changes would be borne by the General Plan Maintenance Fund. These funds would be used to publish hearing notices and for staff and consultant time.

Implementing these regulatory changes might reduce the workload of Community Development Department staff. If it does, it would free up staff time to engage in other activities such as: code enforcement, special project management, economic development, community outreach, community events, and/or other activities as defined by the City Manager/City Council.

ENVIRONMENTAL ANALYSIS:

To proceed with these zoning amendments, the City will complete a CEQA analysis as part of the zoning amendment. At this time, the environmental impacts of the suggested changes would be minor as they relate primarily to businesses that have limited environmental impacts.

STRATEGIC PLAN/COUNCIL PRIORITIES/GENERAL PLAN CONSISTENCY

As noted this effort would align with the economic development priorities of the City's Strategic Plan. A General Plan consistency analysis would be prepared for the amendments when they are brought forward to Planning Commission and City Council for consideration.

ALTERNATIVES:

City Council can choose to undertake the following alternative actions:

1. Retain existing regulations.
2. Other direction.

ATTACHMENTS:

1. Fort Bragg Strategic Plan - Economic Development Section
2. Suggested Amendments to Use Permit to allow small startups in zones where they otherwise are not permissible
3. Suggested Amendment adding new use regulations for small events, which could be allowed by right in the ILUDC
4. Checklist of requirements for small exempt events.

NOTIFICATION:

The following "Notify Me" lists:

- Cannabis Legislation

- Economic Development Planning
- Fort Bragg Downtown Businesses
- Tourism and Marketing