



PLANNING COMMISSION STAFF REPORT

TO: Planning Commission

DATE: Feb 25, 2025

DEPARTMENT: Community Development

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PRESENTER: Marie Jones

AGENDA TITLE: Receive Report and Provide Direction Regarding Proposed Economic Development Related Zoning Amendments.

RECOMMENDED ACTION

Receive Report and Provide Direction Regarding Proposed Economic Development Related Zoning Amendments to 1) Allow More Uses in More Zoning Districts to Facilitate Economic Development; 2) Clarify the Limited Term Permit Process; 3) Make Minor Modifications to the Minor Use Permit Process; 4) Revise Non-Conforming Structure and Non-Conforming Use Requirements.

BACKGROUND

On August 19, 2025, the City Council received a report which identified six potential strategies to remove potential barriers to economic growth in Fort Bragg. These regulatory changes could help accelerate the City's efforts to make Fort Bragg easier for businesses to start, grow and expand.

1. Revise the Land Use Tables to allow more business types in more zoning districts.
2. Allow Small Startups (less than 500 SF) in more locations.
3. Revise the Limited Term Permit Process.
4. Consider modifying the Minor Use Process to make it a truly administrative permit.
5. Modify non-conforming use regulations to make it easier for existing businesses to expand.

Each of these policy options along with the underlying issues and possible regulatory solutions was explored in detail. The City Council gave the green light for City staff and consultants to make the proposed regulatory changes and bring them forward to Planning Commission for a recommendation.

Items #2 and #3 were referred to the Community Development Committee for further discussion and consideration. The Community Development Committee provided direction to hold off on implementation of item #2. For Item #3, MJC met with the eight-member Technical Advisory Committee (TAC) regarding proposed changes to the Limited Term

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Permit process. Recommendations from that meeting were brought forward to the Community Development Committee which accepted the recommendations. The proposed ordinance includes revisions to Limited Term Permit regulations to reflect the input provided by both the Technical Advisory Committee and the Community Development Committee.

The City updated the Inland Land Use and Development code in 2017 to allow more uses in more zoning districts at that time. Those changes have not yet been implemented in the Coastal Land Use and Development Code. Therefore, many more changes are proposed to the CLUDC to increase flexibility in those zoning districts. However, as Highway Commercial zoning is intended for visitor serving uses which is a Coastal Act priority, relatively few changes are proposed for this zone, as the Coastal Commission would likely not approve significant revisions to this zoning district.

ANALYSIS

Issue #1: Some businesses cannot find appropriate vacant space in the zoning districts where they are permitted, and conversely some businesses find their preferred building in a zone where they are not permitted.

Tensions for consideration:

- Introducing potentially incompatible uses into the same area can lead to conflicts between property owners and/or business operators.
- Industrially zoned land generally has a low value, partly because other uses cannot occupy it. To the degree that the City allows other uses in the industrial zoning district, this land will no longer be available for industrial businesses, which have no alternative places to go. Care should be exercised to preserve industrially zoned land for industrial uses.

Policy Option 1: Revise the Land Use Tables to allow more business types in more zoning districts. This policy option was preferred by the City Council and has been implemented in the attached ordinances.

This regulatory change would allow business owners who are seeking to open a new business (or expand an existing business) access to a wider array of locations (zoning districts). The attached Land Use Tables include more diversity of business uses in different zoning districts.

Proposed Changes to the ILUDC

For the ILUDC, potential revisions include the following key changes:

- Allow more uses in more zoning districts, where they are unlikely to cause conflicts, as follows:
 - **Neighborhood Commercial Zoning District:** Change Live/Work, Single-Family Residential, Restaurant/café, and Child day care center from

UP/MUP to permitted uses by right. Allow Contractors Base and Cottage Food Preparation with a Use Permit.

- **Commercial Office Zoning District:** Change Research & Development (R&D), Indoor Commercial Recreation Facility, Sport and Active Recreational Facility, Grocery (specialty Retail), and Vehicle Storage from prohibited to Use Permit required. Change Printing and Publishing, Health Fitness facility, Private School, Art Studio, Artisan Shop, Child day care center from requiring a Use Permit to permitted by right.
 - **Central Business District:** Change Health Fitness facility, Meeting Facility, Bed and Breakfast Inn from requiring a Use Permit to permitted by right. Change Cannabis Retail from MUP to Use Permit required.
 - **General Commercial.** Change Health Fitness facility, Private School, Sport Facility, Bed and Breakfast Inn from requiring a Use Permit to permitted by right. Change Bar Tavern from MUP to UP. Change Cannabis Retail and Cannabis Delivery from MUP to Permitted by right.
 - **Highway Commercial.** Change Private School, Sports and Recreation Facility, Indoor Building and Landscaping Sales, Furniture Store, Doctors' Office, Adult Day Care, Meeting Facility, Sports Facility and Hotel/Motel from Use Permit to permitted by right. Change Medical Clinic and Catering Service from prohibited to permitted by right. Change Personal Services, Childcare Day Care Center, Cannabis Retail and Cannabis Delivery from MUP to permitted by right.
 - **Allow new uses that are currently only permitted in industrial zoning districts.** Allow Contractor's base with a Use Permit in CN, CG and CH zoning districts. Allow small scale food production (Approved Cottage Foods) with a Use Permit in the CN, CG and CH zoning districts.
- Simplify the required findings for commercial projects that require a Use Permit.
 - Allow residential uses in the Central Business district on the back half of a commercial property, in addition to allowing them on the upper floors of a commercial property. This change would allow more housing in the Central Business District and provide property owners with more income streams. This change in use would also necessitate the installation of sprinkler systems.

The ordinance includes limited proposed changes to the Light Industrial and Heavy Industrial zoning districts as follows:

- Makes Caretakers' Quarters permitted by right in both zoning districts.
- Changes Accessory Cannabis, Accessory Retail, Accessory Service and Cannabis Retail from requiring a MUP to Permitted by right.
- Allows Fuel Dealers and Business Support Services by right in Heavy Industrial.

The ordinance includes no changes to the Open Space, Parks and Recreation and Public Facilities zoning districts. Changes may be made with a recommendation of the Planning Commission.

The attached ordinances (Attachments 1 & 2) include revised Land Use Tables and regulatory language for both the ILUDC and the CLUDC. The entirety of both Land Use Tables have been included in the ordinances to provide the City Council, Planning Commission, and the public an overview of all permissible uses and to allow easier comparison of what is allowed and what is not allowed in each zoning district.

Please review the use tables carefully and please feel free to make additional recommended changes or modifications as appropriate for each zoning district. Also feel free to push back on any of the recommended changes.

These zoning revisions will require the adoption of a CEQA document, and they are presented tonight to get feedback from the Planning Commission. These ordinances will be brought back in the future with a full CEQA analysis for the Planning Commission to make a recommendation to the City Council.

Proposed Changes to the CLUDC

Proposed Changes to CLUDC largely mirror the proposed changes to the ILUDC except that:

1. The CLUDC Use Tables have been updated to match changes which were made to the ILUDC Use Tables at various times in the past (2017, 2019, 2022, 2024, 2025). Most of these changes have been migrated over to the CLUDC except for retaining the relatively limited number of uses that are permissible in the Highway Commercial district, which the Coastal Commission reserves primarily for visitor serving uses.
2. The CLUDC amendment must also include ordinances which were adopted in the past for the ILUDC (Cannabis and Formula Businesses). See Attachments 3 and 4.

Issue 2: Some smaller businesses/startups have a difficult time finding a suitable space to locate/start their business. And yet the City has many vacant properties. Unfortunately, many of the vacant properties are poorly maintained, have high rents, and/or have inadequate (absentee) property management.

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.

The City Council referred this item to the Community Development Committee for additional discussion. The CDC provided direction to defer this proposed change for now. This proposed change has not been included in the attached ordinances.

Issue 3: Limited Term Permits require significant staff time to process, and some community organizations and events have trouble applying for their permit on time, which causes pressure for coordinating agencies and the non-profit. Some events have been cancelled because they did not apply for a Limited Term Permit in time and/or obtain the required insurance.

Issues/tensions for consideration:

- The coordinated multi-department review (TAC) 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. The event organizers change from year to year for events and so the Limited Term Permit process is an opportunity for the City to educate the event operator about their responsibilities.
- 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 cancelation.

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). However, not all events require review by all departments. 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. 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 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.

Revised Process. The City could potentially revise the Limited Term Permit process in one or more of the following ways:

- Establish a 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 approved for commercial zones.
- 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, include amplified sound, require an ABC 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).
- 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 (Attachments 2 and 5).

The City Council referred this item to the Community Development Committee for further discussion. Prior to the CDC meeting these ideas were vetted with the Technical Advisory Committee (TAC). The TAC provided the following recommendations to the CDC.

1. The TAC opposes granting Limited Term Permits for more than 1 year for the following reasons:
 - a. Events often change and the LTP process provides an opportunity for Staff to include additional conditions for events that change with time.
 - b. There are relatively few events (4 of 49 events) that are sufficiently well organized that TAC would feel comfortable granting a three-year LTP permit. However, even granting these few organizations a 3-year LTP may create resentment by other event organizers who might push for a longer-term permit, even though it would not be warranted.
 - c. The same events are often run by different people from year to year. The LTP process informs new event organizers of their responsibilities and the required special conditions for their event. This makes all events run more smoothly, safely and it reduces event related issues for City departments.
 - d. Limited Term Permits are required each year to communicate the timing, location and makeup of the event so that all City staff are aware of the event and fulfill any individual required roles.
2. The TAC supported the idea of offering an “over the counter” LTP in limited cases that would include:
 - a. Criteria for an “over the counter” LTP
 - b. A checklist of standard special conditions for simple events that will be reviewed by a CDD person with the applicant at the counter.
3. The TAC did not support the idea of approving small events in the CBD without a LTP. Instead, TAC supported the idea of implementing existing policies that exempt small events of less than 30 people from LTPs in the City parks (birthdays, picnics, small weddings). The City Council did consider establishing an event process specifically for the Coastal Trail in 2017, however that Council direction was not implemented.

The TAC also generated the following ideas to make the current TAC process more efficient.

1. CDD staff could send out a reminder (email or call) to all ongoing events three months prior to the event date (of the previous year), so that event organizers are reminded of the need to apply for the LTP.
2. Clarify that informal private events of less than 30 people in a City Park do not require an LTP per Administrative Regulation S-4.
3. A member of the Administration department should be part of TAC so that all insurance requirements are effectively implemented.
4. The Police Department and Public Works are especially impacted by large events and parades. Currently the City Council has not developed policy regarding if these City staff costs should be reimbursed by the event organizer. The TAC recommends that the City Council establish criteria for when event related staff

time (much of which is overtime to set up, break down, and police the event) is charged to an event organizer or paid for by the City's General Fund. City staff are concerned that without a policy the City is informally setting precedent which may become problematic later. Some potential ideas to address this concern include:

- a. For-profit events should cover all City staff time (e.g. Carnival).
 - b. For non-profit events, the City Council could set a cap on General Fund supported staff time of \$500/event and the City could charge each event for any staff time over and above \$500. (Paul-Bunyan Days, Land Trust Marathon, etc.)
 - c. Political marches. The City Council should set a policy for political marches. Will the City provide general fund supported staff time for all political marches or not?
5. CDD will establish an "events calendar" which it will share with all members of the TAC so that everyone can look ahead to see what events are anticipated.

The Community Development Committee agreed with the TAC's recommendations and the attached ordinances reflect these changes.

Issue 4: The Minor Use Permit process is cumbersome and time intensive for staff with relatively little value added in community process.

- Minor Use Permits take significant staff time, because staff currently prepare a staff report and use a two-stage noticing process (of neighbors and if appealed the general public).
- These permits are sometimes appealed by non-neighbors. They are very rarely appealed by neighbors.
- If appealed, the permit requires publication of a notice in the paper and a hearing with the Community Development Director. Permits are also appealable to the Planning Commission, though this rarely happens.

Policy Option 4: Consider modifying the Minor Use Process to make it a truly administrative permit, similar to the sign permit, with a checklist for approval and the opportunity for staff to decide, according to specific criteria, if the specific request should be reviewed as a Use Permit by the Planning Commission.

The City Council recommends revising the Minor Use Permit requirements as illustrated in the attached Land Use tables which eliminates the Minor Use Permit requirement for some benign uses, and changes the Minor Use Permit to a Use Permit requirement for more controversial uses (Attachments 1 & 2).

The City Council also concurred with the recommendation to revise the Minor Use Permit process so that it is truly administrative. Please see the recommended changes regarding noticing for Minor Use Permits.

Issue 5: Some existing, long-term businesses have buildings that don't conform to setbacks or other land use requirements or are located in areas where they are no longer permitted. Currently these businesses cannot expand their existing non-conforming structures and/or their business within their existing parcel.

Policy Option 5: Consider allowing existing non-conforming businesses to expand within their current locations. Recommended changes to the zoning code that would allow for this type of expansion are included in Attachment 4.

Overall, the changes would include the following:

- Allow non-conforming businesses (located in a zoning district where they are no longer allowed) to expand in area or intensity if: 1) they are not a nuisance and have not received no code violation letters or calls for service in three years; and 2) they get Use Permit approval.
- Allow non-conforming businesses to expand both within a structure and throughout a parcel, with Use Permit approval, so long as any new buildings comply with development standards (height, setbacks, etc.). Currently they are only allowed to expand within an existing building.
- Allow any business to increase the size of a non-conforming structure by 500 SF or up to 25% of the existing structures' area with Use Permit approval.
- Allow the reconstruction of a non-conforming structure in the same footprint.
- Allow an increase in the size of a non-conforming residential structure with a Use Permit approval.
- Allow existing nonconforming residential structures (e.g. not allowed in a zoning district) to be rehabilitated/renovated. Currently the code includes outdated (weird) cost thresholds for rehabilitation.
- Eliminate limits on the conversion of residential accessory structures to Accessory Dwelling Units, as these limits are no longer permissible under state law. This language was inadvertently left in the code.

The City Council recommended that the Planning Commission proceed with all the above proposed changes, which have been incorporated into the attached ordinances.

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 and the Business Expansion, Attraction and Retention strategy. A General Plan consistency analysis would be prepared for the amendments when they are brought forward to Planning Commission and City Council for consideration.

COMMUNITY OUTREACH

These items have been brought forward to City Council and the Community Development Committee.

ALTERNATIVES:

City Council can choose to undertake the following alternative actions:

1. Retain existing regulations.
2. Other direction.

ATTACHMENTS:

1. Draft Ordinance ILUDC
2. Draft Ordinance CLUDC

NOTIFICATION:

The following "Notify Me" lists:

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