



<b>AGENCY:</b>	City Council
<b>MEETING DATE:</b>	August 22, 2016
<b>DEPARTMENT:</b>	CDD
<b>PRESENTED BY:</b>	S. Perkins/M. Jones

## AGENDA ITEM SUMMARY REPORT

### **TITLE:**

**RECEIVE RECOMMENDATION FROM COMMUNITY DEVELOPMENT COMMITTEE AND PROVIDE DIRECTION TO STAFF REGARDING AN UPDATE TO THE INLAND LAND USE AND DEVELOPMENT CODE**

### **ISSUE:**

Every few years, the City updates the Inland Land Use and Development Code (ILUDC) to fix identified problems and to ensure that the ILUDC implements the policy goals of the City Council. Over the past year, City Council has provided new policy direction regarding the regulation of vacation rentals and cannabis manufacturing. Additionally, staff has reviewed the ILUDC in light of recent projects and requests from the community and identified the following issues for policy direction:

- Considering possible new regulations for “home sharing;”
- Providing for a combined “brewery/restaurant” business use in commercial and industrial districts;
- Permitting tattoo businesses in more commercial zoning districts;
- Permitting residential use in historic single-family residential structures located in commercial districts; and
- Revisiting the City’s animal-keeping regulations.

On the morning and evening of June 16, 2016, the Community Development Department held two Zoning Code Update Workshops, inviting community members to contribute their ordinance update ideas and concerns. See Attachment 2 for a complete review of community meetings that helped shape this report.

Additionally, staff anticipates updating the Coastal Land Use and Development Code (CLUDC) this fall/winter, so that the two ordinances are as similar as possible. The CLUDC, which regulates land use in the Coastal Zone, is updated at less frequent intervals than the ILUDC because the process with the Coastal Commission is time-intensive and lengthy. As the CLUDC has not been updated since 2008, staff will come back to City Council for direction this fall/winter regarding the applicability of ILUDC changes made in 2014 and 2016 to the CLUDC and will submit one Local Coastal Program Amendment to the Coastal Commission which includes all City Council approved changes. The CLUDC update will come forward to the City Council within the next few months and will take approximately 12 months to process with the Coastal Commission.

### **RECOMMENDED ACTION:**

Provide direction to staff regarding proposed amendments to Fort Bragg Municipal Code Title 18, the Inland Land Use and Development Code (ILUDC).

### **ALTERNATIVE ACTION(S):**

1. No action. Under this alternative, no further actions would be taken to update the Inland Land Use and Development Code.

2. Continue action on the matter and request additional information and/or analysis by staff.

### **ANALYSIS:**

This analysis identifies recommendations, includes summary information regarding discussions of the issues, and includes a brief analysis of the pros and cons of each policy decision.

## **Vacation Home Rentals**

**City Council Policy Recommendation: Permit Ten Vacation Home Rentals in the Central Business District (CBD) on the second or third floor of existing buildings with Minor Use Permit approval.** The policy goals of limited legalization of Vacation Home Rentals are to: 1) enhance the vitality of the CBD; 2) give property owners an additional revenue stream to make building upgrades and fire sprinkler installation more affordable; and 3) eliminate the negative impacts of vacation rentals on residential neighborhoods and rental rates by maintaining the prohibition in the residential districts.

The Fort Bragg City Council, Planning Commission and Community Development Committee (CDC) discussed the potential for allowing Vacation Home Rentals in parts of the City over several public meetings from June to August of 2015, and again at last month's CDC meeting. Community members also spoke on the topic at both Zoning Code Update Workshops.

City Council directed staff, in August of 2015, to draft an ordinance permitting Vacation Home Rentals under the following parameters:

1. Limit Vacation Home Rentals to CBD;
2. Limit Vacation Home Rentals to the second and third floors located over retail and commercial businesses;
3. Require a Minor Use Permit, allowing for administrative review;
4. Establish a mechanism to revoke permits, if requirements are not met or nuisance conditions persist. At previous Council and Committee meetings, a "three strikes" approach was proposed, where a permit could be revoked following three substantiated complaints of nuisance or acting beyond the terms of an approved permit; and
5. Limit the quantity of Vacation Home Rentals by resolution to ten permits for the first year, and consider expanding the quantity by resolution following review of the program in two years.

Since this direction was given, staff has identified the following additional considerations that the Council may choose to address through the Minor Use Permit process:

1. Require a property inspection (for Building Code compliance, etc.);
2. Limit the number of people permitted in each dwelling, per building and fire code; and
3. Outline penalties for non-compliance, including grounds for permit revocation.

### **Policy Considerations**

1. The ILUDC designates the CBD as the City's pedestrian-oriented civic, cultural and commercial center. The civic, cultural and commercial uses established in the CBD rely on heavy pedestrian traffic from both local residents and tourists. There are presently numerous underutilized or vacant spaces on the second and third floors of downtown buildings that represent an opportunity to increase traffic and bolster the vivacity of the CBD.
2. Many travelers are looking for alternatives to hotels, motels and beds and breakfasts when planning their trips. Vacation Home Rentals are a popular substitute to hotels. They provide travelers with a greater variety of accommodation options.

3. Legalization of Vacation Home Rentals would provide an avenue to collect Transient Occupancy Tax.
4. Housing affordability is a significant challenge for many renting families in the City, and the Vacation Home Rental ordinance should not exacerbate housing affordability by creating additional demand for housing units and increased rental rates.
5. Existing residential units on the second and third floors of the CBD may currently serve the housing needs of some of the City's lower income residents. Converting these apartments to Vacation Home Rentals would increase their value to landowners, but may remove lower-income residential units from the City's housing stock.
6. Some upstairs spaces in the Central Business District are presently vacant, and would require extensive renovations to serve as either a Vacation Home Rental or a long-term apartment. The renovation and use of vacant spaces as Vacation Home Rentals would not affect the present housing supply. However, other units are currently used as long-term rentals, and if they are converted to short term Vacation Home Rentals, existing tenants will be displaced.
7. While permitting ten Vacation Home Rentals in the CBD could be perceived as placing a strain on downtown parking, most Vacation Home Rental customers would likely use downtown parking spaces at night when competition for parking spaces is less intense, and this impact is likely to be marginal. Additionally, much of downtown is limited to two-hour parking during the day; which would dissuade visitors from long term parking during the day.
8. Vacation Home Rentals can result in excessive noise and partying. An occupancy limit based on unit size or number of bedrooms might help to mitigate some of these impacts.
9. Permitting a limited number of legal Vacation Home Rentals in downtown could help meet the market demand for this vacation experience and thereby lower the instances of Vacation Home Rentals violations in other areas of town.

Attendees at both Zoning Code Update Workshops expressed interest in expanding the area where Vacation Home Rentals could be permitted. Some suggested allowing Vacation Home Rentals in the CBD and within one or two blocks from the CBD boundaries. Others advocated for allowing Vacation Home Rentals in the General Commercial and/or Highway Visitor Commercial zoning districts. Other workshop attendees were opposed to allowing Vacation Home Rentals anywhere in the City, citing the negative effects they could have on parking, noise, rental rates and housing costs. Previous City Council direction, and the CDC's recommendation on June 28, 2016, indicated that the ordinance should limit new Vacation Home Rentals to only the CBD. If City Council wishes to explore expanding the boundaries of where Vacation Home Rentals could be permitted, staff could analyze the policy approach and side effects of the expanded area.

The CDC discussed whether or not a limit on the maximum number of permits available would apply to individual units or whole properties. For example, would a building with three apartments used as Vacation Home Rentals require three permits, or would one permit apply to the property as a whole? Also, would there be a limit on the permits available per applicant, or could one owner hold multiple permits? The CDC recommends that these issues, in addition to the transferability of permits, be explicitly addressed in a Vacation Home Rental ordinance.

### **Detailed Recommendation**

1. Limit Vacation Home Rentals to the CBD.
2. Limit Vacation Home Rentals to the second and third floors located over retail and commercial businesses.
3. Require a Minor Use Permit for each unit. Through the Minor Use Permit process, establish
  - a. Property inspections (for Building Code compliance, etc.); and

- b. Limit the number of people renting a unit to two people per room as required by the building code (bath and kitchen excluded).
  - c. Establish penalties and permit revocation process for violations.
- 4. Revoke permits if conditions are not met or nuisance conditions exist.
- 5. Limit the quantity of Vacation Home Rentals by resolution to ten permits for the first year, and consider expanding the quantity by resolution of City Council.
- 6. Require a separate Minor Use Permit for each unit. Alternatively, applicants may obtain a Use Permit for a Bed & Breakfast for multiple units, so long as they meet the other requirements of a B&B.
- 7. Allow for transferability of Minor Use Permit upon sale of a property.
- 8. Applicants must specify the platforms where the unit will be advertised (Airbnb, etc.).
- 9. Advertisements must clearly specify that the unit is rented with a valid City Permit and must include the permit number.

## Home-Sharing

**CDC Policy Recommendation: Permit a limited number of Home-Sharing businesses in residential districts with strict eligibility requirements and enforcement procedures.**

**Issue:** Some travelers want to rent relatively affordable rooms in homes occupied by full-time residents. Home-sharing is a facet of the sharing economy and has become more commonplace in cities throughout California due to VRBO and Airbnb. Home-Sharing is when a resident rents out one or more rooms in their house to tourists, while also living in the house. In some ways Home-Sharing is most similar to a Bed & Breakfast, although the scale is typically smaller with just one or two rooms available for rent. Home-Sharing currently is not permitted in the City of Fort Bragg and the City engages in code enforcement activities against home-sharing businesses.

CDC and workshop discussions of Home-Sharing identified concerns about the impacts of home sharing tenants on the quality of life in residential neighborhoods. Concerns include noise, crowding and parking, and concerns about Home-Shares becoming de facto Vacation Home Rentals thereby diminishing the availability of rental housing and increasing housing costs. Parking was a concern to many, as visitors would park their vehicles at night just like full-time residents, and would thereby contribute to parking problems.

### Policy Considerations

- 1. Like Vacation Home Rentals, Home-Sharing could give some property owners extra income to assist with mortgage payments and other expenses.
- 2. Legalization of Home-Sharing would provide an avenue to collect Transient Occupancy Tax.
- 3. Legalization of Home-Sharing would likely result in the conversion/loss of some bedrooms that are rented full-time to long-term housemates. Such conversion would remove needed low-cost housing options from the market, exacerbating the existing affordable housing shortage in Fort Bragg.
- 4. It would be difficult to keep Home-Sharing businesses in residential neighborhoods from morphing into Vacation Home Rentals, resulting in the additional negative impacts on residential neighborhoods described above. From a code enforcement standpoint, it will be difficult to differentiate a legal Home-Sharing business from a prohibited Vacation Home Rental, as the City would need to prove that the property owner does not reside at the residence.

5. Home-Sharing that involves the rental of multiple bedrooms would result in the property essentially being converted into a B&B in a residential neighborhood, which is not a permitted use.
6. Based on code enforcement complaints, inquiries to City staff, and online searches of Airbnb and VRBO, Home-Sharing activities are currently taking place around town in violation of City codes.
7. There are legitimate parking concerns, as Home Sharing would bring additional vehicles and trips to a neighborhood. The Home-Sharing ordinance could establish off-street parking requirements (for both guests and residents).
8. If the Council chooses to allow Home-Sharing, it should determine whether it should only be allowed in single-family residences, or could it also be allowed in units that are part of multi-family housing or part of mixed-use buildings.
9. If the Council chooses to allow Home-Sharing, it should determine whether to allow it in second units on an owner-occupied property. Home sharing in second units would effectively be a Vacation Home Rental.

**Detailed Recommendation:**

The CDC made the following recommendations:

1. Home-Sharing should be permitted with a Minor Use Permit which would allow notification of nearby property owners of the application; and for review of the project's compliance with established requirements.
2. The following requirements should apply to Home-Sharing businesses:
  1. Require that a resident be occupying the residence at all times when Home-Sharing is conducted;
  2. Allow Home-Sharing in all residential zoning districts and in legal residences in commercial districts;
  3. Allow Home-Sharing in a dwelling unit occupied by the owner, or a renter who obtains written permission from the owner;
  4. Home-Sharing should be limited to the primary dwelling unit (not allowed in second units);
  5. Limit guests to:
    - a. One "group" at a time;
    - b. Not more than two guests per guest bedroom; and
    - c. Not more than two bedrooms (four guests) per residence.
  6. Prohibit guests from parking travel trailers or motorhomes in residential districts.
  7. Require that off-street parking be provided for all guests and for the permanent residents.
  8. Minor Use Permit should be revocable after three or more substantiated complaints of a nuisance condition or a violation that is not corrected within a specified timeframe.
  9. The Minor Use Permit should be renewed on an annual basis and require:
    - a. Annual proof of residency by hosts;
    - b. The number of guests stays over the past year;
    - c. Payment of required TOT on a monthly basis;
    - d. Maintenance of a valid business license from the City of Fort Bragg; and
    - e. Submission of ad copy from Airbnb, etc.

If Council decides to allow Home-Sharing, staff recommends the following additional regulations:

1. Limit the number of Home-Sharing businesses licenses through resolution to ten for the first year, and consider modifications to the number of licenses based on community input in subsequent years.

2. Require Home-Sharing rentals to provide one off-street parking space for each bedroom proposed for Home-Sharing, in addition to the parking required for the on-site residents.
3. Require online listings of the Home-Share to include specific information so that the unit is not operated as a Vacation Home Rental, and to help enforcement officials identify Home-Shares operating beyond the scope of their permits. The following requirements for online advertisements of Home-Sharing operations are collected from other jurisdictions' ordinances:

*Online listings of Home-Sharing businesses shall:*

1. Be consistent with an approved business license and Minor Use Permit, including clear language specifying that unit as a shared space and the maximum number of guests allowed;
2. Include the City of Fort Bragg business license number and Minor Use Permit number approving the business;
3. Include the floor plan supplied with the application materials indicating the rooms for guests and full-time residents; and
4. Specify that trailers and motorhome parking is prohibited in association with the rental.

## Single-Family Dwellings in Commercial Districts

**CDC Policy Recommendation: Consider allowing the limited conversion of historically occupied single-family homes, located in commercial zoning districts, back to single-family residences in a way that will not result in multiple conversions and an increase in commercial lease rates.**

**Issue:** Many structures in commercial zoning districts have the appearance of a single-family dwelling with craftsman-style architecture comparable to those in residential districts (see picture below). With the high demand for housing units and a high supply of vacant commercial spaces, an ordinance amendment could allow single-family residences in commercial districts to address the City's current economic situation. An ordinance amendment could: 1) allow property owners with long term vacancies the ability to rent their building as housing; and 2) allow back to a commercial use.



*Properties zoned General Commercial on the 200 block of South Franklin Street*

Multi-family dwellings are currently allowed in all commercial zoning districts, and live/work units are allowed in all except the Highway Visitor Commercial district. The ILUDC does not presently permit single-family residential uses in any commercial zoning district (mixed-use and multi-family housing is allowable in all commercial districts).

## **Policy Considerations**

1. Allowing single-family residences in commercial zoning districts could add needed residential units to the City's housing stock.
2. Based on staff conversations with real estate professionals, the value of residential space in the City greatly exceeds the value of commercial space. An ordinance amendment allowing single-family residential uses in commercial districts could encourage land-owners to rent to residential tenants, thereby raising rental rates for existing commercial uses, or result in evictions of commercial tenants to convert the structure to a residential use. The housing market is currently very constrained and rental rates are high at about \$1.25 to \$1.75/SF. The commercial real estate market is marked by the high vacancies in all commercial zoning districts, with lease rates from \$0.50 to \$1.25/SF.
3. If significant areas of commercial zoning districts become populated with single-family residences, it could alter the character of those commercial districts.
4. Commercial uses are usually more viable when located near one-another. Customers of one business may be more inclined to visit other businesses. If a commercial district becomes saturated with residential uses, the success of existing and future commercial uses will be affected.
5. Commercial and residential uses are not always compatible. If a commercial district becomes heavily residential, a new business may no longer "fit" the new neighborhood and become a "nuisance" in the eyes of new neighbors.
6. Once commercially-zoned properties become single-family residences, they would likely remain residences until the real estate market encourages the land owner to rent to a commercial use. This could take numerous commercially-zoned properties off the market for businesses, reducing the variety of commercial spaces available for new businesses, and potentially increasing commercial rental rates in other locations.

Staff conducted an inventory of existing uses in the inland commercial zoning districts to determine the quantity of commercially-zoned properties that may be eligible for conversion to single-family uses and quantity of existing single-family residences. The results are as follows (numbers are accurate, but not exact):

### *General Commercial District*

- 97 total properties
- 38 existing single-family residences (legally nonconforming or unpermitted)
- 12 potential single-family residences presently used for commercial purposes

### *Central Business District*

- 161 total properties
- 17 existing single-family residences (legally nonconforming or unpermitted)
- 12 potential single-family residences presently used for commercial purposes

### *Highway Visitor Commercial District*

- 20 total properties
- 4 existing single-family residences (legally nonconforming or unpermitted)
- 5 potential single-family residences presently used for commercial purposes

## **Detailed Policy Recommendation**

1. Require that a structure, proposed for conversion to a single family home, be vacant for a period of six months prior to application. This is meant to discourage property owners

from evicting existing commercial tenants or turning away potential commercial tenants to pursue a Use Permit for conversion to a single-family residence.

2. Require Use Permit approval by the Planning Commission and payment of any applicable sewer and water capacity fees.
3. The following findings should be required for a Use Permit approval:
  1. The structure has the design/appearance of a single-family residence, as depicted in the Citywide Design Guidelines;
  2. The structure has been vacant for a period of six months or more prior to submittal of the application for a single-family use; and
  3. An inspection by the Building Department has certified that the unit meets Building Code requirements for a single-family residence.
4. Limit the quantity of conversion permits by resolution to ten.
5. Require off-street parking appropriate for a residential use.
6. Limit conversion to properties that are adjacent to existing residential districts.

## Brewery-Restaurants

**CDC Policy Recommendation: The CDC did not provide a policy recommendation on this issue as they had concerns about diluting the industrial zoning district by allowing restaurants even as part of a brewery.**

Breweries are a trendy land use and, in many communities, breweries often operate in tandem with a restaurant. This allows a business to benefit from two revenue streams and to cross-market. Breweries and restaurants are not presently permitted in the same zoning districts in Fort Bragg. Breweries are only permitted in industrial districts, and restaurants are only permitted in commercial districts. The City has a very large brewery in its downtown that is a legal, non-conforming use and as such it cannot expand beyond its current footprint. The recently approved Overtime Brewery is located in the industrial zoning district and is allowed limited food sales as an accessory use, even though the owners would prefer to operate a restaurant as an accessory use to their brewery. Three policy approaches were discussed that could address this disconnect.

1. Allow brewery-restaurant combination in commercial districts. North Coast Brewing Company (NCBC) is located in the CBD, and is a legally non-conforming use. As a result of their non-conforming status, the business has been forced to expand upward, as non-conforming uses are not permitted to increase in footprint. Allowing breweries in commercial districts would make the existing NCBC a permitted use, and provide the business with more expansion flexibility. This change would also allow new brewery/restaurant businesses to locate on commercially-zoned properties throughout town.
2. Allow brewery-restaurants in industrial districts. Overtime Brewing proposed to open with a restaurant component, but restaurants are not permitted in industrial zoning districts. As a result, the size of the business' food-serving operation was greatly reduced and limitations were placed on their signage to reduce the use from a restaurant to accessory sales. The ILUDC could allow restaurants only as a permitted accessory uses to a brewery in industrial districts.
3. The ILUDC currently includes breweries as a part of the Food and Beverage Product Manufacturing definition, alongside other examples such as fruit and vegetable canning, dairy products manufacturing and catering services. In some cases, a brewery may be incidental and accessory to a primary restaurant use, whereas in other instances a restaurant may be incidental and accessory to a primary industrial brewing use. New uses could be added to the zoning ordinance as follows:

**Brewery-restaurant.** An establishment that produces ales, beers, meads, hard ciders, and/or similar beverages for commercial consumption, and may include secondary



restaurant uses provided the restaurant portion of the project occupies less than fifty percent (50%) of the floor space of the brewery.

**Brewpub.** A retail business selling ready-to-eat food and/or beverages for on- or off-premise consumption, and may include secondary brewery uses provided the brewery portion of the project occupies less than fifty percent (50%) of the floor space of the brewpub.

In this example, breweries would be allowable in industrial zoning districts, and brewpubs would be allowable in commercial zoning districts.

### Policy Considerations

1. Allowing brewery/restaurants in the CBD might result in land-use incompatibilities that effect nearby commercial uses if a new brewery moves into the CBD. It also might allow NCBC to expand its operations beyond the current footprint.
2. Allowing restaurants as an accessory use to a brewery in the industrial zoning districts could impact land values and rental rates in the industrial zones if another brewery chooses to open in Fort Bragg and operate an accessory restaurant. There are ±56 acres zoned Heavy Industrial (±23 acres inland) and ±48 acres zoned Light Industrial (±43 acres inland) in the City.
3. Commercial and industrial uses can sometimes conflict, and unintended consequences could arise as a result of co-mingling more commercial and industrial uses. However, requiring a Use Permit would allow the Planning Commission to consider the impacts of future projects and to mitigate as necessary.

### Detailed Policy Recommendation

None at this time

## Second Residential Units

**CDC Policy Recommendation: Encourage development of second residential units by revising the zoning ordinance to eliminate certain requirements that have constrained the development of second units in the past, especially the minimum lot size of 6,000 SF and the requirement that parcels have either an alley or a 36-foot wide street in order to have a second unit.**

Second residential units (sometimes called granny units, guest houses or carriage houses) can provide affordable housing options for City residents. Most City lots with an existing single-family residence are eligible for the development of a second residence; however, some existing zoning requirements disqualify projects that may be otherwise appropriate or desirable. The CDC suggested that the City needs more rental housing, so incentivizing second units should be a priority. The following requirements for second residential unit development are the reason many lots do not qualify:

- A. *Limitation on location. A second unit is not allowed on a parcel where access to the parking required for the second unit is from the same street as the access to the parking for the primary dwelling, and the curb-to-curb width of the street is less than 36 feet. Access from an alley may be approved only if the alley has adequate drainage facilities, and has adequate width and, in the case of a dead-end alley, adequate turnaround area for emergency vehicles.*
- C. *Minimum site area. A parcel proposed for a second unit shall be a minimum of 6,000 square feet.*

The CDC and attendees of the Zoning Code Update Workshops agreed that it should be easier to build second residential units. The highlighted sections above are primary reasons some projects are denied.

The Limitation on Location policy was enacted to reduce the impacts second units have on on-street parking in residential neighborhoods. The requirement ensures that the street is wide enough to accommodate additional vehicle traffic and increased parking demands resulting from the second residence. Policy 18.42.170(F) requires new second residential units to provide one off-street parking space which makes the availability of on-street parking less of a concern. CDC recommended that the 36-foot wide street requirement should be removed from the ILUDC.

The Minimum Site Area policy affects property owners with parcels that are less than 6,000 square feet. While most City parcels are greater than 6,000 square feet, there are many that are smaller. As development on a parcel increases, so does the percentage of lot coverage. High lot coverages reduce areas for rainwater to infiltrate the ground, and can increase runoff and stress on the City's drainage system. The smaller a lot, the more likely a second unit would increase the lot coverage to a point that it could lead to negative stormwater impacts. However, each zoning district has prescribed lot coverage maximums. For most residential lots, these maximums are between forty (40) and fifty (50) percent. These requirements apply to lots of any size. The 6,000 square foot lot size minimum for second units is a redundant measure, as stormwater impacts are already reduced by the lot coverage maximums. A 5,000 square foot lot could develop a primary residence and secondary residence, and remain under the zoning district's maximum lot coverage requirements. Removal of this requirement would allow more City lots to qualify for second residential units.

### **Policy Considerations**

1. The 36-foot minimum street width restriction for second units was enacted in response to concerns expressed by residents with narrow dead-end cul-de-sacs (primarily off of Chestnut Street). The Council may want to consider prohibiting second units where the primary access would be provided from dead-end cul-de-sacs and/or alleys with a width of less than 36-feet.
2. Roughly one-third of residential lots in the City have second residential units—some portion of which are unpermitted. Changing these regulations would provide a path for legalization for some of these unpermitted and occupied second units.
3. Revising the regulation would make more properties eligible for second units and may increase the number of second units in Fort Bragg.
4. Second units tend to be smaller than primary units and thus are rented at more affordable rents and could help with the high cost of rental housing in Fort Bragg.
5. If more second units are constructed as a consequence of the relaxed standard it would increase residential density, which can lead to noise and parking issues.
6. If the standards are relaxed, off-street parking should be required for new second units.
7. Density of development can be more effectively regulated through lot coverage ratio (the percent of the lot which is covered by building), than by parcel size.

### **Detailed Recommendation**

1. Allow second units based on lot coverage ratio by zoning district rather than by parcel size. This would allow second units in all residential zoning districts so long as the parcel remains at least 60% undeveloped in low density residential zoning districts, 50% undeveloped in medium density residential districts, and 25% undeveloped in high density residential districts.
2. Allow second units on parcels without alley access and on streets with less than 36 feet in width, so long as all parking for the second unit is provided on the parcel.

3. Consider prohibiting second units on properties where access would be provided by a dead-end alley or a cul-de-sac that is less than 36 feet in width.

## Signage

**CDC Policy Recommendation: Consider revising signage regulations to: 1) limit the amount of in-window advertising; 2) revise multiple tenant signage requirements to allow for more signage flexibility.**

The CDC discussed the growing quantity of window signs around town, particularly advertising alcohol and tobacco. The current requirements for window signs are in ILUDC Section 18.38.080(H):

1. **Maximum sign area.** *Permanent window signs shall not occupy more than 20 percent of the total window area.*
2. **Sign location.** *Signs shall be allowed only on windows located on the ground level and second story of a structure frontage.*
3. **Sign materials.** *Signs shall consist of individual letters, logos, or symbols applied to, stenciled on, or etched into the glass surface; however, neon signs with transparent backgrounds may be hung inside the window glass.*

At the Zoning Code Update Workshops, staff received some complaints about signs that are in violation of City code.

Additionally, some businesses are looking to have multiple subtenants within their retail establishments to reduce the cost of running a business and improve synergies between similar businesses. Currently, the City's sign ordinance reduces the amount of signage permissible per tenant if there are more than ten tenants within a building, as the maximum signage per building is 100 square feet. So with six tenants in a building, the total permissible signage would be 16 sf per tenant. Otherwise all businesses are allowed a minimum signage of 25 SF.

### Policy Considerations

1. While the discussion on window signage applied largely to chain establishments, placing more strict requirements on window signage would affect small-businesses, as well.
2. Enforcement of the sign ordinance would remain complaint-driven, but small-businesses would be subject to the same standards as chain stores.
3. Allowing at least 25 sf per tenant in buildings with multiple tenants, could result in smaller buildings with lots of signage, which could add clutter to the downtown streetscape. On the other hand, this approach could provide support for the success of alternative forms of multi-tenant retailing.

### Policy Approach

1. The maximum sign area for permanent window signs is 20% of the total window area. The policy does not address temporary window signs, which are commonly used by restaurants and other businesses to advertise sales and specials. This seems to be most prevalent in chain establishments that receive periodic marketing materials for seasonal products and sales. Removing the word "permanent" from the policy would give the City the ability to reduce window signs when complaints are received.
2. Allow a minimum of 20 SF of signage per tenant, no matter how many tenants are located within a building. This is a compromise amount yet still a nice large sign.

## Miscellaneous Items

In addition to the more substantive changes to the ILUDC described above, the following items could also be addressed in the update to the code:

### 1. Tattoo Services

Tattoo services are presently defined as a Personal Services – Restricted. Other examples of Personal Services – Restricted include pawnshops, check cashing stores and fortune tellers. A tattoo services business recently attempted to open on North Main Street in the Highway Visitor Commercial zoning district. The business license application was denied, as Personal Services – Restricted uses are not allowed in that district. An ordinance update could define tattoo services as a Personal Services, and remove it from the Personal Services – Restricted definition. This would allow the business type in all commercial zoning districts, and reflects the growing cultural acceptance of tattoos.

### 2. Animal Keeping

Animal keeping is presently regulated by ILUDC Section 18.42.040. Some City properties may lend themselves to raising certain animals that their zoning districts do not allow. For example, there are large properties on the east side of the City with existing agricultural buildings where cows and horses are not permitted. An ordinance amendment could allow larger animals, including horses, cows and swine, in all zoning districts with an approved Minor Use Permit and a minimum lot size. The lot size standards would remain, requiring a maximum of 2 horses and/or cows per acre, with a minimum lot size of one acre. Hogs and swine would still require a minimum of two acres, with a maximum number of hogs and swine not to exceed one per acre.

### 3. Updates to Land Use Tables

The CDC and attendees of the Zoning Code Update Workshops agreed that the land use tables should be revised to be less restrictive. Staff will prepare a table of suggested revisions, for Council's consideration at a later City Council meeting.

### 4. Sign Ordinance Reorganization

The sign ordinance is poorly organized which makes it more difficult to understand. Staff would like to reorganize this code section, but the reorganization would not include substantive changes.

### 5. Rezoning of 471 South Whipple Street

471 South Whipple Street is presently zoned Neighborhood Commercial. This Neighborhood Commercial district extends along the north side of a portion of the 300 block and the entire 400 block of Chestnut Street (see Attachment 1). 471 North Whipple is the northeasternmost portion of the Neighborhood Commercial district, and was likely included due to its historical commercial use. The current owner seeks to permit the structure as a single-family residence, matching the rest of the uses along Whipple Street. This would require rezoning of the parcel to Low Density Residential. The ILUDC amendment could change the zoning map to reflect this rezoning.

### 6. Map Updates

There are a few errors on the City's zoning map that should be fixed, including the designation "Scenic Corridor" which has been replaced with Design Review Permits and Visual Impact Analysis in the Coastal Zone. Additionally some zoning map errors were identified during a recent digitizing of the zoning map, which will be brought forward for correction.

**7. Other Maintenance Updates**

In addition to these changes, staff will correct various errors, faulty references and inconsistencies identified in the Inland Land Use and Development Code since the last update. These revisions will be presented in a “track changes” format to City Council for review.

**FISCAL IMPACT:**

To the extent that the proposed amendments may affect potential development in the City, there may be impacts (positive or negative) to both property owners and the City.

**IMPLEMENTATION/TIMEFRAMES:**

Timeframes will depend on the direction provided by City Council. Processing of the Inland Land Use and Development Code amendments, its associated environmental review and required public readings will likely take a few more months to complete.

**ATTACHMENTS:**

- 1. Attachment 1: 471 Whipple Street Rezoning
- 2. Attachment 2: Community Meeting Review

**NOTIFICATIONS:**

None.

**City Clerk’s Office Use Only**

Agency Action <input type="checkbox"/> Approved <input type="checkbox"/> Denied <input type="checkbox"/> Approved as Amended Resolution No.: _____      Ordinance No.: _____ Moved by: _____      Seconded by: _____ Vote: _____ <input type="checkbox"/> Deferred/Continued to meeting of: _____ <input type="checkbox"/> Referred to: _____
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