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PLANNING COMMISSION
MEETING OF: November 28, 2017
SEBASTOPOL YOUTH ANNEX
425 MORRIS STREET

APPROVED MINUTES

PLANNING COMMISSION
CITY OF SEBASTOPOL
MINUTES OF NOVEMBER 28, 2017

SEBASTOPOL YOUTH ANNEX
425 MORRIS STREET

PLANNING COMMISSION:

The notice of the meeting was posted on November 21, 2017.

ANNOUNCEMENT: Please turn off all cell phones and pagers during the meeting.

1. CALL TO ORDER: Chair Fritz called the meeting to order at 7:00 p.m.

2. ROLL CALL:

Present: Chair Fritz, Vice Chair Douch and Commissioners Kelley, Glaser, Doyle and Jacob (arrived at 7:05 p.m.)
Absent: Commissioner Fernandez (excused)
Staff: Kenyon Webster, Planning Director
Rebecca Mansour, Planning Technician

3. APPROVAL OF PLANNING COMMISSION MINUTES: November 24, 2017.

Commissioners Doyle, Kelley and Chair Fritz amended the minutes.

Commissioner Doyle made a motion to approve the minutes as amended.

Commissioner Glaser seconded the motion.

AYES: Chair Fritz, Vice Chair Douch and Commissioners Doyle, Glaser, and Kelley
NOES: None

ABSTAIN: None

4. COMMENTS FROM THE PUBLIC ON ITEMS NOT ON AGENDA - This is for items *not* on the agenda, but that are related to the responsibilities of the Planning Commission or City Council. The Commission and Council receive any such comments, but under law, may not act on them. If there are a large number of persons wishing to speak under this item, speaking time may be reduced to less than 3 minutes, or if there is more than 15 minutes of testimony, the item may be moved to the end of the meeting to allow agendized business to be conducted.

Chair Fritz asked if members of the public wished to speak on items not on tonight's agenda.

ila Benavidez-Heaster, Bodega Avenue, commented:

- Attends these meetings as an observer of the Commission.
- She reports to no one and nobody asks anything of her.
- We are entering a new time and as a result, the Commission will no longer be functioning as it has in the past.
- The decisions that are made now will impact our future.
- Sees power struggles when she observes the Commission.
- In a group, power struggles are healthier than compliance.
- The Commission does incredible work.
- Loves a lot of the Commission's logic as well as the questions they ask.
- Appreciates the Commission for considering community integration.
- It is important to listen to the public comment.
- Believes that the community is apprehensive about growth here, not afraid of it.
- Wants the Commission to go from their strengths.
- Collaboration is important.
- As somebody who is watching from the outside, with no investment, she urged the Commission to keep moving forward.
- Compromise is also important.
- Encouraged the Commission to step back, listen, and then move forward.
- The Commission did beautiful work on the Hotel Sebastopol project.
- Would like all hotel developers to include a hostel.
- Thanked the Commission for their time.

Kathy Austin commented:

- Referenced a letter she wrote which was provided to the Commission prior to the start of tonight's meeting.
- Has an opportunity to bring 18 townhomes to the city of Sebastopol, of which three could be affordably owned. The property is located on the south side of Morris Street, behind the shopping center, and between the bike path and the mobile home park.
- Expressed concern over some of the items that are being contemplated in the Zoning Ordinance update process.
- Would appreciate discussion of whether to require a commercial component in all of the commercial districts.
- The property that she is working with Dan Davis on developing is not suited to a commercial use. Eliminating the commercial use requirement here could potentially allow up to 18 town homes on the site while preserving the native trees and provide a 50' buffer to the railroad forest.

Ms. Austin comments continued:

- The ESOS overlay on said property requires an environmental analysis by an independent party. This has not been done by any property in town as of this time.
 - Since the CD zone allows for a much more massive building up to 4 stories, their hope is that by providing a much less dense development than could be there, the Commission would consider removing the ESOS requirement or reducing the scope of the environmental review.
- Requested that the Commission review her letter for more on her concerns.
- Lives in Oregon now.
- Would really love to bring much needed housing to Sebastopol.
- The items outlined in her letter may prevent them from being able to bring said housing here.
- Thanked the Commission for their time.

Hearing nothing further, Chair Fritz closed the public comment period.

5. STATEMENTS OF CONFLICTS OF INTEREST: There were none.

6. PLANNING DIRECTOR'S REPORT (Update on Future Agendas, Action of Other Boards and City Council)

Director Webster provided the following update:

- On December 5, the Council is scheduled to;
 - Consider an urgency ordinance that relates to the aftermath of the Sonoma County fire emergency. This ordinance would allow temporary occupancy of mobile homes, RV's and travel trailers on residential properties for up to you, with the opportunity for one extension of up to six months under certain conditions. The allowance would only be for people who were displaced by the fires.
 - Discussion of the Commission's recommendations for an urgency ordinance relative to cannabis regulations. If the Council wishes to move forward with an urgency ordinance, staff will prepare an ordinance and return to the Council with it. This could occur as early as their following meeting on December 19.
 - As a follow up to Climate Action 2020, which was derailed by a CEQA lawsuit and will not move forward, the climate agency of Sonoma County is asking jurisdictions to adopt general principals and goals relating to climate actions. It is possible that some of the direction from that could come to the Commission for further articulation.
- On December 19, the Council is scheduled to;
 - Consider a resolution that would reconfigure our impact fees. Some of our fees are based on building a new unit regardless of square footage. Others are based on bedroom size. The idea is to amend the fees, not increase them, to relate them to square footage. Doing so would ensure that small units are not unduly impacted by these fees. In addition, there may be an allowance for fees to be paid later in the development process rather than in the beginning.
 - If the Commission concludes their discussion of the cannabis ordinance tonight, the Council is expected to hold their hearing on the non-urgency version of the ordinance.
 - Advocates for a new library will present some of their ideas for that, and how that may accomplished.
- Continued review of Zoning Ordinance update package is expected for the regularly scheduled Planning Commission meeting of December 12.

The Commission asked questions of Director Webster.

7. CONSENT CALENDAR (PUBLIC HEARING IF REQUESTED): (none)

8. PUBLIC HEARING:

A. ZONING ORDINANCE UPDATE: On November 14, 2017, the Commission conducted a Public Hearing and began its review of comprehensive Zoning Ordinance amendments intended to implement policies of the new General Plan as well as discussions at the City's Housing Subcommittee meetings, and make other policy, procedural, clarification, and organizational changes. The revisions propose creation of several new Zoning districts, make numerous changes to facilitate housing development, propose lower parking requirements, and create or modify requirements for food trucks, beekeeping, community gardens, vacation rentals, inclusionary housing, car washes and service stations, and commercial outdoor barbeques as well as other provisions. Revisions are also proposed to procedural provisions, including modifying the Subdivision Ordinance to allow Planning Commission approval of minor subdivisions. The Commission's recommendations on the amendments will be forwarded to the City Council for final action. Review will continue at the November 28 meeting.

The Commission discussed their process for tonight's discussion.

Commissioner Doyle commented that he was comfortable moving through the items highlighted with regards to housing as long as the Commission has the ability to make changes later on as well.

The Commission concurred.

Director Webster commented:

- The Council is looking for the Commission to hit the big housing issues.
- The Council may wish to review and adopt housing-relating changes, however, that would not preclude the Commission from refining issues at a later date.
- The Council is hoping that the Commission can complete the larger housing-related policy issues and pass them on to the Council for consideration.
- We understand that this is a complex document with many pieces and that there are things related to housing that won't be a part of the initial package.

The Commission asked questions of Director Webster.

Vice Chair Douch commented:

- The Commission gave a lot of feedback on items 1-10 under, 'Housing Subcommittee' on the memo from De Novo.
- The Commission still needs to discuss the inclusionary ordinance.

Commissioner Doyle commented:

- Item 1 under, 'Housing Subcommittee' on the memo from De Novo was not resolved either.

In response to a question asked by Director Webster, the Commission agreed that they'd like to see the housing-related package before it gets sent on to Council.

Beth Thompson, De Novo Planning Group, discussed process and provided an introduction.

The Commission asked questions of Ms. Thompson and Director Webster throughout their discussion.

Ms. Thompson asked to hear from the Commission on the revisions related to very small homes as outlined below:

- To address and accommodate very small homes we did not, per previous discussion, create a separate section but rather we revised the single family dwelling definition to remove minimum size requirements that way single-family dwellings have to be constructed in compliance with the building code or the other standards that would pertain to a manufactured home.
- A temporary dwelling definition was added to allow temporary housing that is not attached to a permanent foundation.
- The RSF-3 district was added to allow smaller single family lots, which could accommodate very small homes.
- The MHP minimum lot size was reduced from 5 to 1.5 acres to accommodate parks oriented toward very small homes.
- The standards for Small Lot Subdivisions were revised to allow very small homes as well.

The Commission expressed being in support of what was presented as it was consistent with their prior discussions.

Chair Fritz commented that the Commission would open the public comment period after the Commission works its way through their list of housing-related topics.

Ms. Thompson asked to hear from the Commission on the revisions related to residential development in the non-residential districts as outlined below:

- SMC 17.25.030.C. was added to address mixed-use projects and high density residential development in non-residential districts.
 - Residential uses would be allowed with a mixed-use project as a permitted use in the O, CN, CO, CG, and CD districts.
 - In the other non-residential districts, residential uses would be allowed as part of a mixed-use project with a conditional use permit.
 - In all of the non-residential districts, except for CF, residential-only projects would be allowed with a conditional use permit.

Chair Fritz commented:

- Reiterated his interest in pursuing creation of an overlay district to allow by right residential-only projects in certain areas.

The Commission expressed being in support of the revisions as outlined for the time being. Additional discussion may occur once the zoning map returns to the Commission for review.

Ms. Thompson asked to hear from the Commission on the revisions related to temporary care units as outlined below:

- SMC 17.225 was added to provide standards for temporary care units as previously discussed by the Commission.
- The Planning Director can approve one temporary care unit per parcel.
- Additional temporary care units would be considered by the Planning Commission.

- A temporary care unit can be allowed through a temporary use permit for up to one year. In addition, the Planning Director can grant one extension of up to six months.

Chair Fritz referred to 17.225.030 Findings for approval of temporary care units, and commented that the first sentence should be revised to reflect temporary care units rather than small lot subdivisions.

Ms. Thompson noted the correction.

Chair Fritz suggested that the term be added as a finding.

Ms. Thompson concurred.

Ms. Thompson provided a brief introduction and asked to hear from the Commission on the revisions related to inclusionary housing requirements as outlined below:

- The threshold was increased from three units to five or more units in order to reduce the burden on small residential projects and facilitate housing development.
- The exemption for rental housing developments was removed.
- References to units having to be sold will be revised to, 'units have to be sold or rented.'
- At the previous Planning Commission meeting, there was a request from a member of the public to consider exempting units of 1,000 square feet or less from the inclusionary requirement.
- When discussing the land trust exemption, we discussed revising that to recognize the land trust as a qualifying mechanism.
- Inclusionary fees are established by the City Council.
- If the Commission wants to make recommendations regarding the fees, the Commission could recommend that the City Council consider changes to their fee structure.

Commissioner Doyle commented:

- Sebastopol's inclusionary policy is terrible and has been for many years.
- Thankful for the opportunity to make some suggestions on the matter.
- Has done a lot of research on the subject, much of which he provided to the Commission in written form prior to tonight's meeting.
- In terms of inclusionary fees, Sebastopol is way out of sync with what other jurisdictions are doing.
- Sebastopol's fees are outrageous.
- Sebastopol has the highest percentage requirement out of the jurisdictions he surveyed.
- Feels very strongly that the percentage requirement in Sebastopol should return to 15% as it was about ten years ago.
- Provision of on-site units should not be required.
 - If there is a requirement, it should be based on some threshold.
 - Suggested that projects of twenty units or less not be required to satisfy the requirement on-site.
- Developers should be able to pay the in-lieu fee.
- There is a lot of value to the in-lieu fee.
- Increasing the threshold from three to five is good.
- The inclusionary fee needs to be reduced.
- Spoke on the variety of methodologies used by the various jurisdictions he surveyed.

Commissioner Glaser commented:

- Agreed with much of what Commissioner Doyle had to say.
- Prior to his preparation for this discussion, he was unfamiliar with the term 'inclusionary housing.'
- Based on our objective to have affordable housing, the simplest way to do it without being arbitrary, is to base the fees on valuation, not square footage.
 - If already lower cost, the fees would be very small as the same scale would be used across the board.

Commissioner Glaser commented that he did not like the social implication of it but considered a reasonable compromise.

Chair Fritz asked Commissioner Glaser if he wished to comment on other aspects of it.

Commissioner Glaser commented:

- Lowering the inclusionary requirement from 20% to 15% is reasonable.

Commissioner Kelley commented:

- Was on the Council and Commission when the inclusionary requirement was increased to 20%.
 - The goal was to spread economic diversity throughout subdivisions.
 - Believes that to be a goal that our city still espouses to.
 - Expressed being comfortable with leaving the requirement at 20%.
- The in-lieu fee of \$22.24 per square foot was partly intended to incentivize developers to build on-site.
 - There are some communities in Marin County that have a fee of closer to \$90 per square foot.
- Housing developers love in-lieu fees
- Believes in continuing to require on-site for the economic diversity that we seek.
- When we put in place our inclusionary ordinance all those years ago, the City was recognized by several of the affordable housing organizations for being so progressive.
- Housing developers sued about requiring on-site at all and ultimately wound up losing in court.
- Is not in support of the Commission reducing these requirements without really knowing that these requirements are what has stopped people from wanting to develop here.

Vice Chair Douch commented:

- Expressed being support of the reductions.
- We can either work to attract the kind of development that we want, or drive it away.
- This is simple economics.
- The changes are appropriate and put Sebastopol in line with others in the County.
- Supports increasing the threshold from three to five.
- Supports reducing the percentage requirement in Sebastopol to 15%.
- Likes the City of Santa Rosa's model with the 2.5% for sales and the fee schedule for rentals.
- Expressed being unsure about the provision relating to on-site versus off-site.
 - Making the requirement for on-site optional for projects of 20 units or less, as suggested by Commissioner Doyle, seems reasonable although assigning a specific threshold would be arbitrary at this point.

Commissioner Glaser commented:

- Would like to see diversity.
- Does not like the arbitrariness of the way the requirements have been implemented.

Commissioner Jacob commented:

- Likes increasing the threshold from three to five but it should be tied to forcing units to be smaller so that we get the affordability that we're seeking.
- The original 2006 ordinance talked about an in-lieu fee analysis report.
- The Commission is a little scarce on data relating to this matter.
- It is a missed opportunity for the Commission to make an assessment of this without a bit more understanding.

Director Webster responded:

- The Zoning Ordinance is not the place where the in-lieu fee is established.
- The Commission could make a recommendation to the Council that they reconsider and revise the fee.
 - If the Commission is in consensus on the fee being too high, they could indicate that in their recommendation to the Council.
- Acknowledged that a major study had been done for the 2006 ordinance.
- The Zoning Ordinance is the place where the Commission can change requirements regarding on-site, exempting units under a certain size, etc.

Commissioner Jacob comments continued:

- Agreed with Commissioner Kelley in that the requirement for on-site gives an immediate home at an affordable price.
 - If the money goes into an in-lieu fund there is no telling when something will be built as the money collects over time.
 - Likes keeping the requirement for on-site.
- Agrees with the Commission asking the Council to reconsider and revise the fee if appropriate.
- There has been a lot of upheaval and changes in the economy since 2006.
- Interested in finding a balance between raising funds for in-lieu projects and having more development occur.

Chair Fritz asked if the fee was tied to the CPI as indicated.

Director Webster stated that that had not been occurring.

Chair Fritz commented:

- Agreed with increasing the threshold from three to at least five.
 - Would not be opposed to a number higher than five.
 - There should be a tiered way of applying the requirement.
 - Sonoma County does not apply the requirement to units under 1,000 square feet.
 - Smaller units are inherently more affordable.
 - Likes that type of thinking.
- Expressed being in favor of reducing the inclusionary requirement of 20%.
- Believes that our inclusionary requirements keep people from wanting to develop here, especially when comparing us to others in the county.
 - Sebastopol is pricing itself out of the market.
 - People are going to develop housing where it is most cost effective for them to do so.

Commissioner Glaser commented:

- We have not been terribly successful in achieving the goals that we want to achieve.
 - Our goals are laudable.
 - The method that we are using is not working.
- Sebastopol needs something entirely different, not just tweaks to what we already have.

Chair Fritz commented:

- Agreed with Commissioner Glaser.
- Does not believe that inclusionary housing requirements actually get affordable housing built.
- Lowering the percentage requirement to less than 15% could actually spur housing development here.
- While the inclusionary housing requirement will give you a couple of affordable units, it winds up making the rest of the project unaffordable in order to subsidize the costs of the inclusionary units.

Commissioner Doyle commented:

- Agreed with Chair Fritz.
- These policies make it so that nothing can be built and ultimately wind up raising market values.
- We need to allow housing to be built in order to reduce the demand.

Commissioner Glaser commented:

- We all agree on the objective, we disagree on the method.
- The Commission should focus to the method.
- Suggests creation of a fee program.

Chair Fritz commented:

- Flexibility is key.
- Our inclusionary ordinance is very constrained and does not provide developers with options.
- Sebastopol has a reputation of being a difficult place to develop and it is not unearned.
- Is open to thinking outside the box.
- Agrees that we need more affordable housing.
- Expressed being unsure about our inclusionary housing ordinance as written as it has not been successful at providing affordable housing in Sebastopol.

Commissioner Glaser commented:

- Recommended a 15% requirement, based on a percentage of property valuation, if paying a fee or a 10% requirement if providing on-site.

Commissioner Doyle responded that a fee that would match 15% is still too high.

Commissioner Jacob commented:

- Clearly this is complicated.
- This is further complicated by the fact that the economy is not stable in any given economic period.
- If we have a program that is fixed we are unable to ride with the economy.
 - Whatever number we choose now will be wrong in a few years.
- We need to have a system that can be more flexible.

Commissioner Jacob comments continued:

- We need a development consultant to help devise a way to create a program.

Director Webster commented:

- Ms. Thompson has some expertise in this matter.

In addition, Director Webster commented that it sounds like there is majority support on the Commission for:

- Increasing the threshold from three to five units.
- Reducing the percentage requirement from 20 to 15%.
- Exempting units that are 1,000 square feet or less.
- To have flexibility in the ability to satisfy the in-lieu requirement. This could include an in-lieu fee, on-site, an off-site project, or dedication of land.
- Recommending that the Council significantly reexamine the in-lieu fee.

Chair Fritz expressed being unsure about what the right numbers are.

Director Webster commend that the Commission can request that Ms. Thompson return with revisions reflective of Commission discussion as well as possible options for them to consider.

Ms. Thompson responded in the affirmative and introduced development impact fees as an effective tool that may be worth considering.

Vice Chair Douch commented:

- To Commissioner Jacobs' point; the only thing that is fixed and not market flexible is the in-lieu fee of \$22.24 per square foot.
 - The in-lieu fee is too high and should be market based.
- Expressed being very comfortable with amending the ordinance that we have.
- Interested in seeing what a straight development impact fee would look like in place of the ordinance that we have.
 - The Council should have good information and options to consider.

Commissioner Kelley asked who would be responsible for paying the impact fee.

Ms. Thompson explained:

- Typically a development impact fee would be collected on every single residential unit as applications come through.
- Collection of the fee can be structured in various ways.
- Typically accessory dwelling units are exempt, or receive a reduced fee.
- Affordable housing projects would typically be exempt from the fee as well.

Chair Fritz commented that developers could also be given the option of providing on-site rather than paying the fee.

Commissioner Kelley commented that she could support the fee if it's spread out amongst everybody as long as it was appropriately high.

Commissioner Doyle commented:

- The collection of fees is more beneficial than on-site housing.
 - The advantage to collecting fees is that the City can partner with an affordable housing developer who can then leverage those dollars for greater funding.
- Does not like provision of requiring on-site for ownership for two reasons:

Commissioner Doyle comments continued:

- The person that buys the inclusionary unit is getting a lemon because the property value only increases based on the median income.
- Property values increase a lot faster than income around here.
- He would not accept a subsidized house.
- He would rather accept a subsidized rental and save up his money in hopes of being able to save up enough money to take advantage of a low or no interest, down payment assistance loan provided by the City, in order to buy a market rate house and be on the same ladder as everybody else.
- Feels positively about the direction of the Commission thus far.

Chair Fritz commented:

- Agrees with Commissioner Doyle.
- Understands concern of wanting to build the affordable housing so it's spread around.
 - Sebastopol is a very small town and we've done a good job with mixing our neighborhoods.
 - The equity gained through an inclusionary unit would not allow an owner to sell their home and buy a market rate home in Sebastopol.

Commissioner Doyle commented that inclusionary units lack pride of ownership incentive in terms of care and maintenance of the property because the opportunity for equity is restricted.

Commissioner Kelley commented:

- Disagreed with Chair Fritz on their being economic diversity in our neighborhoods.
 - Every time a house sells in her neighborhood the prices jump higher and higher thus changing the diversity of the neighborhood.
- The absence of 'ghettos' in town should be directly attributed to the will of the City in working with developers to ensure that that does not occur.
- It is unconscionable to have affordable housing that looks like barracks.
- When considering how an affordable housing developer can leverage funds, it is important to think about what it is that they're going to create for us in doing so.

Commissioner Doyle commented that he envisions an affordable housing developer creating a beautiful and affordable 4-story high density development in our downtown.

Chair Fritz commented that the City needs funds in order to partner with developers so that we can get the kind of developments that we want; collection of fees will help with that.

Commissioner Doyle commented:

- With regards to the comments made by Ms. Goetschius of the Housing Land Trust of Sonoma County he expressed being totally against that model for the following reasons;
 - Things change over time.
 - Giving away our land to an outside third party, quasi-governmental agency, forever in perpetuity does not make sense.
 - This land trust model is not the same as Sonoma Land Trust and the work that they do on preservation of open space.
 - It would be a big mistake to go in that direction.

Commissioner Jacob commented:

- Understands that things change.
- With the new allowance for development of up to four stories in the downtown in a sense, there will now be an unlimited amount of real estate as we continue to move vertically.
- Would not want us to give up our ability to influence the actual construction of affordable housing.

Commissioner Kelley commented:

- Would like to see the Commission recommend options like down payment assistance, or other similar affordability programs.
- If going the route of a development impact fee, she would want substantial additions or remodels to trigger collection as well.

Ms. Thompson asked to hear from the Commission on the revisions related to short term vacation rentals as outlined below:

- Hosted vacation rentals that rent two or fewer bedrooms are permitted with an administrative permit, regardless of the number of days that it is rented out, to encourage and accommodate this use.
- Nonhosted vacation rentals with guest occupancy 30 days or less a year are permitted with an administrative permit, while nonhosted vacation rentals with guest occupancy 31 days or more per year require a conditional use permit in order to address potential concerns with reducing housing stock if homes are used as vacation rentals throughout the year rather than residences.
- Accessory dwelling units require a conditional use permit regardless of the number of guest occupancy days per year.

Commissioner Doyle clarified that all new accessory dwelling units, approved after July 1, 2017, would be subject to a conditional use permit if proposed for vacation rental.

Ms. Thompson commented that that language is referred to elsewhere and noted the clarification.

Ms. Thompson also noted the following:

- Each use permit will be subject to annual review.
- Each unit will be subject to collection of transient occupancy tax as well.

Commissioner Kelley commented that she did not recall their having approved the language to allow new accessory dwelling units, approved after July 1, 2017, to be used as vacation rentals.

With the concern of reducing our housing stock, Commissioner Jacob commented that the Commission would need rationale and more rigorous findings in order to approve new accessory dwelling units, approved after July 1, 2017, as vacation rentals.

Ms. Thompson read the current findings and commented that the following additional finding could be added:

- Approval of the permit would not result in a loss of the City's affordable housing stock.

Commissioner Jacob commented:

- The County does not allow the use of accessory dwelling units as vacation rentals.
 - Recalled that the City was looking at something similar.

Commissioner Jacob comments continued:

- The rationale for that was that the State decided to relax the requirements for accessory dwelling units to aid in adding to the affordable housing stock of communities.
- Did not recall their having approved the language to allow new accessory dwelling units, approved after July 1, 2017, to be used as vacation rentals.

Commissioner Kelley agreed with Commissioner Jacob.

Ms. Thompson recalled:

- The majority of the Commission wanted to consider having them require a conditional use permit so that the Commission could consider those requests on a case by case basis.

Commissioner's concurred.

Commissioner Jacob responded:

- Reiterated that more rigorous findings need to be created so that the Commission has enough grounds to either approve or deny these applications in the future.
- The goal is to maintain our housing stock.
- If there is too much flexibility there are no grounds for denial of these requests.

Commissioner Doyle commented:

- There needs to be some flexibility.
- It would be unfair to unconditionally disallow the use of new accessory dwelling units, approved after July 1, 2017, as vacation rentals.

Chair Fritz agreed with Commissioner Jacob.

Ms. Thompson commented that she could return with language to address the concern.

Commissioner Kelley commented:

- These newer accessory dwelling units are at the public's expense (in terms of parking, decreased fees, increased neighborhood inconvenience, and decreased neighborhood standards) due to the requirements having been relaxed.

Ms. Thompson clarified that accessory dwelling units that are used as vacation rentals would be subject to appropriate parking requirements as such.

Commissioner Kelley concluded that applications for vacation rentals that could not meet the parking requirements could be denied on those grounds.

Ms. Thompson concurred.

Vice Chair Douch commented:

- It may be worthwhile for the Council to consider a different transient occupancy tax rate for vacation rentals when compared to hotels as they are both subject to the same rate currently.
- Agrees with requiring a conditional use permit for new accessory dwelling units, approved after July 1, 2017, to be used as vacation rentals.
- There may be other fee-based incentives to consider.

Commissioner Doyle commented:

- The proposal is consistent with Commission discussion and looks great for the most part.
- Noted some typos.
- Referred to Table 17.235-1: Vacation Rental Permit Requirements and commented:
 - Under paragraph 2. the reference to, 'annual inspection fee' should be revised to read, 'annual review fee.'

Ms. Thompson noted the correction.

Commissioner Doyle comments continued:

- Referred to Table 17.235-1: Vacation Rental Permit Requirements and commented:
 - Paragraph 2.c. in an unnecessary burden on the owner and should be stricken.
 - Paragraph 2.b. is too much of a requirement, is addressed in C.1., and should be stricken.
 - Paragraph 2.a. doesn't really relate to transient occupancy tax and may be redundant.

The Commission agreed.

Commissioner Glaser noted that C. Findings, under Table 17.235-1 should actually read, D. Findings'.

Staff noted the correction.

Ms. Thompson asked to hear from the Commission on the revisions related to design review as outlined below:

- In looking at ways to streamline housing approvals and to make it easier for smaller projects to be processed, the design review project size threshold would be increased from two units to be five units.

Commissioner Glaser commented that that makes a lot of sense.

The Commission expressed being okay with it.

Commissioner Doyle asked if the Commission was going to go over all of the items under streamlining development review.

The Commission agreed to review the rest of them at a future meeting.

Chair Fritz asked if members of the public wished to speak on this item.

Mike Hatfield, a resident of Sebastopol, commented:

- Representing the Housing Land Trust of Sonoma County.
 - Serves as the President of their Board.
- Encourages the Commission to look at the Housing Land Trust and their model.
 - It works effectively particularly with respect to inclusionary housing.
- Commissioner Kelley and Jacob expressed a desire to have inclusionary housing be a part of each project.
 - The Housing Land Trust has been part of many successful projects across the county with that exact component.
- The land trust model has been in practice and in use for a long time.

Mr. Hatfield comments continued:

- Encouraged the Commission to talk to the families that use their program to better understand why it works for them.
- While it is less than market rate, the families who own under their model build equity.
- Their program is really effective and can make a big difference for the families who use it.
- Encouraged use of their program.
- Thanked the Commission for their time.

Kathy Austin commented:

- Thanked the Commission for consideration of allowing 100% housing in commercial districts by use permit.
- Is currently working with the Housing Land Trust of Sonoma County on a project in Healdsburg currently.
- Applauds their whole discussion surrounding inclusionary housing because it has been seen as a tremendous disincentive for anyone to build in Sebastopol.
- Likes the idea of collecting the development impact fee.
- Lives in Bend, OR and sits on their Affordable Housing Advisory Committee.
 - They collect a fee in Bend and with it they are able to leverage millions of dollars every year.
 - The program is very, very successful.
 - Highly recommends going in that direction.
- A minimum lot size of 4,000 square feet for a small lot subdivision is too big.
 - Suggested that the minimum lot size be removed, and evaluated on a case by case basis.
- Has worked on many projects with affordable housing developers.
 - They have a minimum number of units they need in order to make projects work, that number is usually 24.
- Thanked the Commission for their time and commended them on their great work.

Charles Metz, a resident of Santa Rosa, commented:

- Lives in Santa Rosa.
- Operates a hosted vacation rental.
 - The income he earns allows him to remain in his home.
 - Santa Rosa is becoming more and more expensive.
 - Hosts two rooms at a very affordable rate.
- Applauds their conversation on vacation rentals and is happy to hear that Sebastopol plans on allowing hosted rentals.
- Hosted and vacation rentals have served our community greatly in the aftermath of the recent fires.
 - During the fires he had a lot of cancellations.
 - In the aftermath of the fires he has hosted PG&E workers, insurance adjusters, and relief workers.
 - These professionals look for hosted and vacation rentals because they are more affordable than hotels.
 - Hotels are great, but small businesses help other small businesses and our community.
 - The people involved in our recovery (craftsman, electricians, etc.) will need an affordable place to stay as well.
 - Encourages hosted rentals.
 - Applauds the Commission's support for them.
- Thanked the Commission for their time.

A woman named Gay Barner commented:

- Has been an Airbnb host since 2013 when she lost her husband to cancer.
 - Had to retire early due to her having to care for her husband.
- Hosted rentals are a key source of income.
- Loves her role as an innkeeper and ability to greet people from all over the world who come to the area on vacation.
- Appreciates her ability to use her guest house to help a friend who lost his home and all of his belongings in the fires.
 - Her hosted rental status gives her flexibility.
- Thanked the Commission for their time.

Meghan Finale, a resident of downtown Sebastopol, commented:

- Expressed support for the small steps that Sebastopol is starting to take regarding defining and setting guidelines for vacation rentals, short term rentals, and hosted and nonhosted rentals.
- Moved to Sebastopol in 2016.
- Explained how these rentals and Airbnb have helped the community in the aftermath of the fire devastation.
 - Is currently hosting a nurse and an insurance adjuster
 - These rentals have been invaluable during this time.
 - Hosts and guests have the advantage of being covered under Airbnb's insurance program.
- The Santa Rosa Board of Supervisors has approved new policies for those affected by the fires and Sebastopol should do the same.
- Cannot rent the spare room in her house long term because her son lives with her at times.
 - Short term rentals are the only thing that can work for her.
- Is a single mom.
- Thanked the Commission for their time.

Jacob Rich, born and raised in Sebastopol, commented:

- Appreciates the discussion and has found it to be interesting.
- Does not agree with everything that has been said.
- Has seen Sebastopol change a lot over the years.
- We are in the midst of a housing crisis.
- The middle and lower class are being squeezed economically and by the housing class.
- This is about human beings and their livelihood.
- Expressed a concern because too often it feels like people are more concerned with profit.
- In terms of inclusionary housing, he heard a lot of conjecture from the Commission.
- Referred to analysis that he has found online regarding inclusionary housing.
- In-lieu fees are a weak link and a loophole for developers.
- Urged the Commission to think about people, not profit.
- Affordable housing is key.
- Market rate housing is not attainable for a lot of people and usually attracts people from out of town, not the people that are struggling to remain in town.
- Urged the Commission to do research.
- It is important to address our housing crisis.

Chair Fritz asked Mr. Rich to wrap up his remarks as his three minute time allowance was up.

Mr. Rich commented that limiting his time is not fair because the Commission's discussion had taken forever and continued his comments as follows:

- The County does not allow accessory dwelling unit rentals on a transient basis, neither does Petaluma nor other places.

Chair Fritz reiterated his request that Mr. Rich conclude his comments.

Mr. Rich reiterated that that was not fair and sat down.

Chair Fritz invited Mr. Rich to submit a letter to the Commission for future consideration and thanked him for his comments.

ila Benavidez-Heaster, Bodega Avenue, commented:

- Has not heard anything about workforce housing which she is concerned about.
- Looking for revitalization not gentrification.
- Understands affordable housing and the need for it.
- Workforce housing is what we desperately need here.
- The work that the Commission is doing is stupendous.
- Thanked the consultants for their work.
- Expressed a concern over there being no discussion on our infrastructure and its ability to handle the development that is being discussed.
 - Acknowledged that the Commission may not be the place to deal with that.
- Wants to support the Commission in their work.
- The City Council talks about workforce housing all of the time.
 - The Commission should be to.
- Thanked the Commission for their work.
- Sebastopol needs mid-range, transgenerational housing.
- Would really like to hear the start of a conversation about workforce housing at the Commission level.
- Her comments are not meant as a criticism of their work, more an add to.
- Thanked the Commission for their time.

Dante Love commented:

- Actively looking to build workforce housing in Sebastopol.
- Thanked the Commission for the work that they've done this evening.
- Supports raising the minimum threshold for the number of units currently subjected to the inclusionary housing ordinance.
- Voiced support from reducing the inclusionary housing percentage from 20 to 15%.
- The burden that the current inclusionary housing ordinance puts on small developers is even more egregious than people realize and has kept him from being able to develop here.
- Appreciates the Commissions help.

Mr. Love comments continued:

- Echoes Ms. Austin on a minimum lot size of 4,000 square feet for a small lot subdivision being too big.
- Thanked the Commission for their time.

Ms. Thompson clarified that the minimum lot size for small lot subdivisions is 1,500 square feet.

The Commission thanked Ms. Thompson for that clarification.

Mr. Love commented that he would be interesting in seeing the minimum removed altogether.

Hearing nothing further, Chair Fritz closed the public comment period.

Chair Fritz adjourned the meeting at 9:30 p.m. for a brief break.

Chair Fritz reconvened the meeting at 9:41 p.m.

- B. ZONING ORDINANCE UPDATE:** The consultant and staff have developed supplemental potential Zoning Ordinance revisions regarding response to the Sonoma County fire emergency, and potential future emergencies, for the Commission's review and comment.

The Commission deferred discussion of this item to their next meeting.

- C. COMPREHENSIVE CANNABIS ORDINANCE UPDATE:** At 9:00 p.m. or later, the Commission will conduct a public hearing on a comprehensive update to the City's cannabis ordinance. The City has existing allowances for medical cannabis dispensaries and collectives, as well as allowances for personal growing by medical cannabis patients and caregivers. The amendments to the Zoning Ordinance would replace these regulations, and would include revisions to achieve consistency with new provisions of State law as a result of both State legislation and a voter-approved initiative. The proposed ordinance would allow a variety of both medical and adult-use cannabis-related businesses, and would also include provisions consistent with State law regarding allowances for personal growing of cannabis. The ordinance would allow adult-use sales at the City's two existing medical cannabis dispensaries, if they also obtain required State licenses. Cannabis businesses would be required to have security and odor control measures in place.

Director Webster presented the staff report.

Director Webster highlighted that:

- In the ordinance as written, the required 600' radius for retail from schools does not apply to other types of uses such as manufacturing.
 - The City can choose whether or not to require a radius distance.
 - As he understood it, State regulations apply the same radius requirement to virtually all types of uses.
 - The Sebastopol Ordinance is modeled after the City of Santa Rosa's ordinance.
 - The area of greatest concern seemed to be about retail uses, not a manufacturing facility that would be closed to the public.

The Commission asked questions of Director Webster throughout their discussion.

Commissioner Glaser commented that references to, 'Type 1, 2 and 3' are seldom used and seems to be an arbitrary insertion.

Commissioner Doyle questioned what a 'loop system' was and commented that it should be further articulated.

Commissioner Doyle expressed a concern with a potential lack of regulation surrounding what it takes to become a 'primary caregiver' in that they are afforded a great allowance for cultivation.

The Commission briefly discussed specifically spelling out State law versus simply referencing State law in the ordinance.

The Commission agreed that being specific could be problematic as laws are changed, however, it can often be helpful to include the specifics as many people won't actually look up what is being referenced and therefore do not learn about what the exact laws are.

Commissioner Glaser commented:

- When he read '17.140.100 D. 1. No more than two Type 1 and two Type 2 Cannabis Retail establishments are permitted in the City of Sebastopol. Type 2 Cannabis Retail may only occur at an existing Type 1 Medical Cannabis Retail establishment that has obtained and maintained a valid Use Permit, provided such establishment meets the following requirements: comply with all requirements set forth in Sections 17.140.070 and 17.140.100 of the Municipal Code; and obtain State license for both Medical and Adult Use commercial sales.' he read it two different ways.
 - The first being that if you are a Type 1 already, you can only become a Type 2 if you do all of these things.
 - The second being that Type 2 may only occur at a Type 1.

Commissioner Doyle commented that he had done the same thing.

Director Webster commented that the intent was that Type 1's could become a Type 2 by meeting certain requirements and not the latter.

Commissioner Glaser commented that the language should be revised to be clearer.

Commissioner Doyle agreed.

Director Webster responded that he was open to language revision recommendations.

Hearing no further questions, Chair Fritz asked if members of the public wished to speak on this item.

Eli Melrod commented:

- Representing Solful, the new medical cannabis dispensary in town.
- Believes that it would be beneficial to the City of Sebastopol and the community for existing operators to be allowed to sell adult-use cannabis.
- Adult-use cannabis is supported a vast majority of the population.
- Sale of adult-use will probably enable them to hire more people.
- They're already fully prepared to do it.
- Thanked the Commission for their time.

Commissioner Kelley asked a question of Mr. Melrod regarding State permitting requirements.

Hearing nothing further, Chair Fritz closed the public comment period and brought it back to the Commission for discussion.

The Commission had no comment on 17.140.010.

The Commission had no comment on 17.140.020.

On 17.140.030, Commission discussion included:

Commissioner Glaser commented that the term, 'laboratory' should be defined.

Director Webster commented that that would be good direction for Ms. Thompson through the Zoning Ordinance update.

Commissioner Kelley commented that, 'laboratory, testing' would be more appropriate.

Commissioner Doyle commented:

- References to, '(Medical or Adult Use)' for the definition of, 'Cannabis Business' for example, could be cleaned up by addressing them in the definitions to show that the defined pertains to both medical and adult use unless specifically referenced otherwise.
- Therefore, unless specifically referenced as one or the other, one could assume that both are encompassed.
- Seems redundant as is.

Commissioner Glaser reiterated his earlier comment about references to, 'Type 1, 2 and 3'.

Chair Fritz commented that he does not like that corporations and limited liability companies are included in our definition of, 'Person.'

Director Webster noted the concern and commented that he could discuss an appropriate alternative with the City Attorney.

Commissioner Doyle referred to the definition of, 'Cannabis Packaging and Labeling' and commented that it should be revised as follows: 'Cannabis Packaging and Labeling (Medical or Adult Use) means entities that only package or repackage cannabis products or label or relabel the cannabis product container. Can package and label for other licensees.'

The Commission concurred.

Commissioner Kelley referred to 'Cannabis Retail, 2.' And commented that the word, 'Dispensary' should be stricken following the words, 'Adult Use'.

The Commission concurred.

Commissioner Kelley referred to, 'Cannabis Retail, 3. Office Only, Cannabis Retail and commented:

- We haven't limited the number of delivery services that we can have in town.
- Expressed a concern over how tax collection occurs.
 - She has reached out to several people including the City Attorney and is waiting to hear back on this issue.
 - The issue is with whether collection of the tax occurs where it originates from, or where it is delivered to.
- Doesn't specify if deliveries will be limited in where the product can be delivered to.

Commissioner Kelley comments continued:

- Saw something on social media about the lack of regulations that Sebastopol has surrounding delivery services.
- Would like to limit the number of delivery services that are allowed.
- Would like some specificity on where the product can be delivered to.

Commissioner Jacob commented that Commissioner Kelley's comment regarding taxation brings up a really good point.

Commissioner Doyle commented:

- The requirements for odor control if doing indoor cultivation may lead people to want to cultivate outdoors where such measures are not required.

Commissioner Kelley commented:

- Referred to the definition of, 'Greenhouse' and commented that she hopes to allow hoop houses which are not considered a permanent structures.
 - Believes that Mendocino County allows them.

Director Webster commented that he believed they would be allowed for personal cultivation, not commercial.

The Commission had no comment on 17.140.040.

On 17.140.050, Commission discussion included:

Commissioner Doyle commented:

- Referred to, 'D. Outdoor cultivation' and suggested that it be revised to reflect that cannabis plants shall not be located in the front yard or side yard setback.

Commissioner Jacob commented that it seems like the Commission is trying to address a problem that we don't know we have.

With the exception of Commission Doyle, the Commission agreed on being fine with 'D.' as written.

Chair Fritz commented that the reference to (17.25) in the first paragraph references commercial, not personal.

Director Webster commented that that reference could be stricken.

Chair Fritz referred to, '2. Security' and commented that the way it is written refers to enclosures and structures and noted that it may be appropriate to add fences as well.

Director Webster commented that, '2. Security' could be revised as follows, 'Cannabis cultivation shall have security measures sufficient to prevent access by children or other unauthorized persons.

The Commission concurred.

On 17.140.060, Commission discussion included:

Commissioner Doyle reiterated that the reference to, '(Medical or Adult Use)' would not need to be there if addressed under the, 'Cannabis Business' definition.

The Commission concurred.

On 17.140.070, Commission discussion included:

Commissioner Doyle referred to, 'A. 1.' and suggested that some of the language within it be stricken as part of it seems to allow operators to begin prior to receipt of their State license.

After some discussion, the Commission agreed to strike the entirety of, 'A. 1.'

Chair Fritz referred to, 'F.' and suggested that the word, 'Planning' be inserted in front of, 'Department' to clarify.

The Commission and Director Webster concurred.

Commissioner Kelley referred to, 'B. Minors, 3.' And commented that it is unclear.

After some discussion the Commission to agreed to leave it as written.

Commissioner Doyle referred to the reference to, 'Chapter 8.25 (Noise)' under, 'J. Noise' and commented that it should say, 'SMC'.

Director Webster concurred.

On 17.140.080, Commission discussion included:

Commissioner Doyle referred to the first sentence and commented that the reference to, '17.140.060,' is incorrect, it should refer to, '17.140.070.'

Director Webster noted the correction.

Commissioner Kelley referred to, 'D. Pesticides' and commented that she does not want pesticides used at all.

Commissioner Jacob commented that the City could include something about capturing organic certification once established.

The Commission agreed to revisit this subject at a future date.

On 17.140.090. Commission discussion included:

Commissioner Glaser referred to, 'Processing:' and commented that the sentence that reads, 'Processing does not involve any cultivation or manufacturing.' is in conflict with the heading that reads, '17.140.090 Cannabis Manufacturing (Medical or Adult Use): Includes Processing, Packaging and Labeling.'

Chair Fritz commented that, 'Processing' and 'Packaging and labeling' are under subsection, 'A. Extraction processes' and should be moved into their own sections. The Commission and Director Webster concurred.

Vice Chair Douch noted the time and asked if the Commission wished to continue past 11 p.m.

The Commission agreed to continue until 11:30 p.m.

The Commission had no comment on 17.140.090.

On 17.140.100, Commission discussion included:

Commissioner Glaser commented:

- Referred to, 'D. 1.' and expressed not being comfortable with constraining to allocate Type 1's to Type 2's.
- Type 2's should be able to operate independently from Type 1's.

Commissioner Doyle concurred and commented:

- The language is not reflective of the reality.
- If we're going to give our existing dispensaries both medical and adult use there will not be four competing establishments, there will be two.

Commissioner Kelley commented:

- San Francisco is doing this.
- Expressed a concern that medical will disappear if they see the existing dispensaries see that adult-use is more lucrative.
- Would like to keep it as written for the time being.

Commissioner Glaser commented:

- Does not have an issue with the existing dispensaries ability to apply for the adult use, however, he did not believe that setting the precedent that you can only have a Type 2 at a Type 1 is wrong.
- The number is artificial.

Chair Fritz commented that he was happy to start off as written.

Vice Chair Douch commented that it is reasonable to do a stepped approach here.

Commissioner Kelley reiterated her statement about wanting to preserve medical and not wanting our existing dispensaries to abandon medical cannabis.

Commissioner Glaser commented that he would like to recommend that the Council adopt the revised draft as the urgency ordinance with the Commission returning to it for the permanent ordinance.

Chair Fritz referred to, 'F. 3.' and suggested deleting, 'and a valid physician's recommendation under Section 11362.712 of the Health and Safety Code.'

The Commission concurred.

Commissioner Doyle referred to the reference to, 'Chapter 8.04 (Smoking Regulations) and suggested that, 'SMC' be added there as well.

Commissioner Kelley commented that she would like to discuss the allowance of cannabis cafés.

On 17.140.110, Commission discussion included:

Commissioner Kelley noted that recent updates should be checked to ensure compliance with State law.

Director Webster concurred.

The Commission had no comment on 17.140.120.

On Table 17.20-1, Commission discussion included:

Commissioner Kelley commented:

- Advocates for cannabis cafés as a standalone business which is allowed under State law.

Chair Fritz commented that that could be part of a future discussion.

The Commission agreed.

Commissioner Glaser made a motion to recommend that the Council adopt the revised draft as the urgency ordinance.

Director Webster asked if his motion was to recommend that it be used as the permanent ordinance as well.

Commissioner Glaser commented that his motion was only to recommend that the Council adopt the revised draft as the urgency ordinance. After which the Commission would like the opportunity for further review and refinement through the Zoning Ordinance update process prior to recommending it as the permanent ordinance.

Commissioner Doyle and Chair Fritz agreed.

Commissioner Jacob seconded the motion.

AYES:	Chair Fritz, Vice Chair Douch and Commissioners Doyle, Jacob, Glaser, and Kelley
NOES:	None
ABSTAIN:	None

9. DISCUSSION: (none)

10. WRITTEN COMMUNICATIONS: (none)

11. ADJOURNMENT: Chair Fritz adjourned the meeting at 11:32 p.m. to the next regular meeting of the Commission. The meeting will be held on Tuesday, December 12, 2017 at 7:00 p.m. at the Sebastopol Youth Annex, 425 Morris Street, Sebastopol, CA 95472.

Respectfully Submitted By:

Kenyon Webster
Planning Director