

# STAFF REPORT

## *City Council Business Item*

---

**DATE:** December 16, 2024

**TO:** Honorable Mayor and City Councilmembers

**FROM:** Shari Meads, Community Development Director

**THRU:** Amy Nilsen, City Manager

**SUBJECT:** Introduction and First Reading of *Ordinance 2024-772*, Amending the Fortuna Municipal Code Title 17, Zoning Regulations, Regarding Single-Room Occupancy Facilities and Finding the Amendments to be Exempt From CEQA.

### **STAFF RECOMMENDATION**

City Council to hold a public hearing to introduce and conduct the first reading of *Ordinance 2024-772* approving amendments to Fortuna Municipal Code Title 17, Zoning Regulations, regarding Single-Room Occupancy Facilities (Amendments) and finding the Amendments to be exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Sections 15162 and 15061(b)3.

### **DISCUSSION**

The City's General Plan [Housing Element](#) (6th Cycle, 2019-2027) (Housing Element) was adopted by the City Council on August 7, 2019. The Housing Element fulfills State of California requirements to provide for a variety of housing types, including multifamily rental housing, factory-built housing, mobile homes, housing for agricultural employees, supportive housing, single-room occupancy units, emergency shelters, and transitional housing (Government Code Sections 65583 and 65583.2).

The California Department of Housing and Community Development (HCD) enforces Housing Element Implementation. While the City has made some progress toward implementing the General Plan and Housing Element, it is delinquent on many measures. HCD has contacted City staff in what could be considered an audit process to verify implementation statuses. If a City is deemed noncompliant, its Housing Element can be decertified. If a City's Housing Element is decertified, significant monthly monetary penalties may be assessed, and Grant funds and opportunities can be lost.

In addition, developers can exploit the "builder's remedy law," to essentially bypass all City zoning requirements and development standards if a project includes 20% or more residential units set aside for lower-income residents. This could result in the construction of large, dense developments in areas with limited infrastructure among other issues.

For this report, Staff has focused on implementing Housing Element Program H-15, Housing for Extremely Low-Income Households, as part of this first phase of Fortuna Municipal Code (FMC)

amendments. This program directs the City to amend the FMC to allow for single-room occupancy (SRO) facilities in compliance with State law.

SROs provide one of the least expensive forms of non-subsidized rental housing and can especially benefit seniors, persons with disabilities, and extremely low-income individuals. The proposed FMC amendments (Amendments) explicitly allow SRO Facilities compliant with appropriate parking, development, management and other standards in the R-M, N-C, and R-C zoning districts and with a conditional use permit in the C-T, M-1, and M-2 zoning districts. The specific text of the proposed Amendments is provided in Exhibits A-G attached to the draft ordinance provided for consideration.

### **REGULATORY CONTEXT**

Fortuna Municipal Code Section [17.07.200](#) outlines the Zoning Regulations amendment process. Pursuant to Section 17.07.200(B), the Planning Commission shall hold a public hearing and consider public comment on any such ordinance or amendment. Section 17.07.200(D) mandates that following the public hearing, the Planning Commission provide a written recommendation to the City Council. The attached Resolution (P-2024-3119), implements this requirement.

### **PUBLIC NOTICE**

This item was noticed in compliance with Section 17.07.200(C) which outlines the City's Zoning Amendments noticing procedure. Notice of the City Council hearing was published in the North Coast Journal on Thursday, December 5, 2024, including a general explanation of the hearing and the time, date, and location. The agenda was also posted 72 hours in advance of the meeting on the community bulletin board located in front of City Hall (621 11th Street).

### **FISCAL IMPACT**

The Community Development Department's annual budget allocation and the City's annual legal assistance budget cover the cost of preparing the draft ordinance.

### **ENVIRONMENTAL REVIEW**

Pursuant to CEQA Guidelines Section 15162, the Housing Element (including Program H-15) was analyzed in the City's certified General Plan Program Environmental Impact Report. (PEIR), and no substantial changes or new information merit subsequent analysis of the Amendments. Before Housing Element adoption, the applicable housing element policies and programs were analyzed for potential environmental impacts and were found not to have a significant impact on the environment.

To the extent the Amendments are a separate project for the purposes of CEQA, they are exempt under CEQA Guidelines Section 15061(b)(3), which exempts projects where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment. The Amendments align the FMC with General Plan Housing Element policies, programs, and State regulations.

Staff will file a Notice of Exemption upon adoption as required by CEQA.

## **RECOMMENDED COUNCIL ACTION**

1. Open the Public Hearing
2. Receive staff presentation and review draft ordinance with staff.
3. Open public comment.
4. Close public comment.
5. Motion to hold the first reading, by title only, of *Ordinance 2024-772* and continue the public hearing to January 6, 2025. Roll call vote.

## **ATTACHMENTS**

- *Ordinance 2024-772, An Ordinance of the City Council of the City of Fortuna amending Fortuna Municipal Code Title 17, Zoning Regulations, regarding Single Room Occupancy (SRO) Facilities and finding the amendments to be exempt from the California Environmental Quality Act pursuant to CEQA Guidelines Sections 15162 and 15061(b)(3).*
- Exhibit A: Title 17. Zoning regulations, 17.06.184.6 Single Room Occupancy (SRO) Facilities
- Exhibit B: FMC Section 17.03.012 Zoning Text Amendments
- Exhibit C: FMC Section 17.03.020 Zoning Text Amendments
- Exhibit D: FMC Section 17.03.021 Zoning Text Amendments
- Exhibit E: FMC Section 17.03.022 Zoning Text Amendments
- Exhibit F: FMC Section 17.03.030 Zoning Text Amendments
- Exhibit G: FMC Section 17.03.031 Zoning Text Amendments
- Planning Commission *Resolution P-2024-3119*