STAFF REPORT
Council Business Item

DATE: December 1, 2025

TO: Honorable Mayor and Council Members

FROM: Michelle Nielsen, Contract City Planner

THROUGH: Amy Nilsen, City Manager

SUBJECT: **Public Hearing and First Reading for the Adoption of Ordinances to Amend the Zoning Regulations, Title 17 of the Fortuna Municipal Code, and the Zoning Map.**

STAFF RECOMMENDATION

1. Introduce and conduct the first reading of Ordinance 2025-779 – Amending chapters 17.03, 17.06, and 17.08 of the Municipal Code to Implement Programs H-12 and H-8 of the 6th cycle Housing Element.
2. Introduce and conduct the first reading of Ordinance 2025-780 – Amending Section 17.02.030 of the Municipal Code (Zoning Map) and Section 17.04.090 (Qualified combining zone) to implement the Mill District Specific Plan and Program H-10 of the 6th cycle Housing Element. Ordinance 2025-780 will specify the principal and conditional uses in Area A, Area B, and Area C.

PROJECT INFORMATION:

Project:	Adoption of amendments to the Zoning Regulations, Title 17 of the Fortuna Municipal Code, and the Zoning Map to implement the Housing Element and Mill District Specific Plan, and address changes in state housing law.
Applicant:	City of Fortuna
Project Site:	Citywide including areas zoned with Q-2 and Q-16 combining zones
Zoning Districts:	Residential Multifamily (R-M) and Commercial Thoroughfare (CT)
General Plan Land Use:	Residential High (RH), Residential Medium (RM) and Mill District (MD)

EXECUTIVE SUMMARY

In 2019, the Fortuna City Council adopted the City's 2019-2027 Housing Element which provides a multi-year roadmap for meeting the City's current and future housing needs. The Element establishes goals, policies, and implementation measures (also called programs) for new housing considering local needs, and statewide mandates and priorities. The Housing Element has three programs that require changes to the Municipal Code, but these programs have not been completed. The three programs encourage new housing development for lower income households and special needs populations.

Additionally, the adoption of the Mill District Specific Plan (MDSP) in March 2025 amended the Fortuna General. The MDSP includes rezoning of the existing residential area that is within the MDSP planning area.

After holding a duly noticed public hearing on October 28, 2025, the Planning Commission (PC) unanimously approved Resolution P-2025-3137, recommending that the City Council adopt amendments to the Zoning Regulations and the Zoning Map.

As recommended by the PC, Ordinance 2025-779 proposes to amend the text of the Zoning Regulations (Title 17 of the Fortuna Municipal Code) to implement Program H-12 and Program H-18 of the 2019 Housing Element to achieve consistency with the Housing Element and current state housing element law.

Also as recommended by the PC, Ordinance 2025-780 proposes to amend the Zoning Map to rezone the residential neighborhood in the northeast corner of the MDSP planning area. In addition to rezoning the residential area in accordance with the MDSP, Ordinance 2025-780 proposes to rezone two residential areas to implement Program H-10 of the Housing Element. More specifically, the recommended amendments to the Zoning Map will modify two existing Qualified combining zones (in Attachment 4) in specific areas covered by two Qualified combining zones (or Q- zones):

1. Ordinance 88-532 Z. This Qualified Combining Zone is referred to as "Q-2".
2. Ordinance 2002-633 Z. This Qualified Combining Zone is referred to as "Q-16".

The importance of completing the amendments that implement the Housing Element is further highlighted by a letter of inquiry from the State Department of Housing and Community Development (HCD) received by the City on May 23, 2025, requesting a status update on the City's Housing Element Program Implementation. City staff responded to HCD and committed to completing the changes to the zoning regulations directed by the Housing Element Programs H-10, H-12, and H-18 before the end of 2025.

ZONING TEXT AMENDMENTS

The proposed text amendments to the Zoning Regulations (Attachment 2) will implement Housing Element Programs H-12 and H-18 by updating those portions of the Zoning Regulations that are currently inconsistent with state housing element law to be consistent with current requirements.

Housing Element Program H-12

Program H-12 focuses on allowances for Transitional and Supportive Housing. This Program states that:

> …transitional and supportive housing types will be allowed as permitted uses subject to only the same restrictions on residential uses contained in the same type of structure. Additionally, supportive housing will be allowed as a permitted use in zones where multifamily and mixed uses are permitted, including nonresidential zones permitting multifamily uses.

To implement Program H-12, the Zoning Regulations are proposed to be changed to allow supportive and transitional housing to be permitted in the same manner as other residential dwellings of the same type in the same zone. Additionally, the definitions in chapter 17.08 Fortuna

Municipal Code (FMC) related to supportive and transitional housing are proposed to be updated to be consistent with state law.

Program H-12 also includes a commitment to add a new type of housing to the Zoning Regulations: Supportive Housing Developments. Amending the Zoning Regulations to include this new housing type will achieve consistency with state law by implementing SB 744 (2019), a statewide mandate that applies to all California cities and counties. state law[1] requires this type of housing to be permitted as "…a by right use in zones where multifamily and mixed uses are permitted, including nonresidential zones permitting multifamily uses".[2] For Fortuna, this means the following zoning districts: Residential Multifamily (R-M), Neighborhood Commercial (N-C), Retail Commercial (R-C), Commercial Thoroughfare (C-T), Light Industrial (M-1), and Heavy Industrial (M-2). State law requires cities and counties to allow supportive housing developments that meet the standards specified in state law, while not giving cities and counties latitude to modify the standards. Therefore, to complete the implementation of Program H-12, it is necessary to add standards for Supportive Housing Developments to chapter 17.06 that align with state law.

Housing Element Program H-18

Program H-18 focuses on the City's Reasonable Accommodation Procedure. The adoption of Ordinance 2024-769 in January 2025 accomplished most of the commitments of this program by adding reasonable accommodation procedures to the Zoning Regulations. Program H-18 includes a commitment to update the definition of family to state "one or more persons living together in a dwelling unit" which has not yet been implemented. Accordingly, the changes to the Zoning Regulations propose updating the definition of family in FMC 17.08.240, which will complete the commitments of Program H-18.

ZONING MAP AMENDMENTS

Figure 1 below identifies the three areas that are proposed to be zoned Multifamily Residential with a Qualified combining zone. These three areas are labeled as Area A, Area B, and Area C, and are mapped in Figure 1 below. Table 1 identifies which General Plan document is implemented by the proposed Zoning Map, and provides an overview of the existing and proposed zoning by area.

Table 1

	Area A	Area B	Area C
General Plan document implemented	Mill District Specific Plan (MDSP)	6th cycle Housing Element, Program H-10	6th cycle Housing Element, Program H-10
Existing Zoning	R-M-Q-2 and C-T	R-M-Q-2	R-M-Q-16
Proposed Zoning	R-M-Q: the Q-zone as established by Ord. 2025-780	R-M-Q: the Q-zone as established by Ord. 2025-780	R-M-Q: the Q-zone as established by Ord. 2025-780

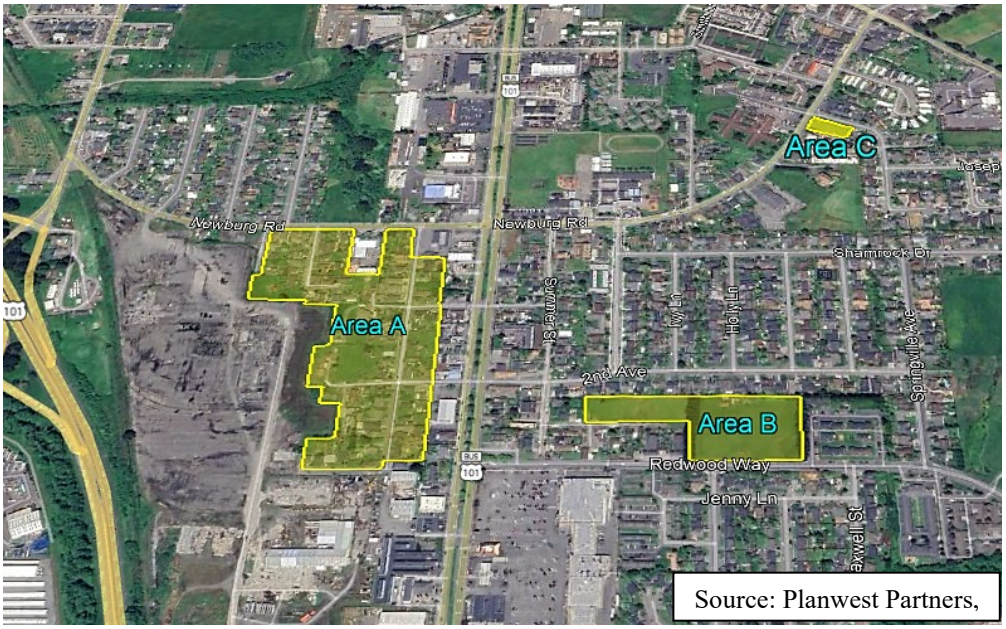
The rationale for rezoning Area A, Area B, and Area C to be Residential Multiple Family with a new Qualified combining zone (R-M-Q) is due to 1) the intent of Housing Element Program H-

[1] See California Gov't Code Sections 65650–65656.
[2] See California Gov't Code Section 65651, subdivision (a).

10; and 2) the existing development in Area A. The basis for applying a new Qualified combining zone to these areas is explained further below. Two key points of the proposed Qualified combining zone are:

- Single family dwellings will continue to be permitted by right.
- Multifamily developments in which at least 20 percent of the units are affordable to lower income households will be permitted by right, and conditionally permitted uses include multifamily housing developments in which less than 20 percent of the units, excluding a designated manager's unit, are not affordable to lower income households.

Figure 1. Areas to be rezoned



The Purpose of Housing Element Program H-10

The proposed amendments to the Zoning Map implement Program H-10. One key priority of the Housing Element is removing governmental constraints to new housing development that is affordable to lower income households. To reduce identified constraints, the City Council adopted Housing Element Program H-10, which commits the City to change the Zoning Regulations and Zoning Map to allow multifamily residential use by-right on all sites zoned Multifamily Residential (R-M) with a General Plan designation of Residential High (RH). This by right (without discretionary review) allowance is targeted to housing developments in which at least 20 percent of the units are affordable to lower income households, and is intended to incentivize development of affordable housing, and to comply with the requirements of California Gov't Code § 65583.2(c).

New multifamily housing development is constrained in the Q-2 and Q-16 Qualified combining zone areas because it requires a conditional use permit, or it is outright prohibited. To implement Program H-10, for Area A, Area B, and Area C, the amendments to the Zoning Map propose to replace two existing Qualified combining zones with a new Qualified combining zone that will allow single family residences, two-family residences, and by right multifamily for housing developments in which at least 20 percent of the units are affordable to lower-income households. Multifamily housing developments in which less than 20 percent of the units are affordable will

be permitted with a conditional use permit. It will remove regulatory constraints to multifamily housing development.

Area A – The Mill District Specific Plan Residential Area

The Zoning Map amendments for Area A implement the MDSP. The scope of the MDSP and the certified Supplemental Environmental Impact Report (SEIR) includes amending the Zoning Map for the residential neighborhood at the northeast corner of the MDSP planning area. This residential neighborhood is comprised of 79 parcels, and is identified as Area A. Seventy-five parcels in this area are zoned Residential Multifamily with a Qualified Combining Zone (R-M-Q-2), and the remaining four parcels are zoned Commercial Thoroughfare (C-T). This Qualified Combining Zone was adopted in 1988 by Ordinance 88-532 Z, and is referred to as "Q-2". Ordinance 88-532 Z restricts multifamily development, and only single family residential development is permitted by right.

The MDSP directs Area A to be rezoned to R-M. During review of the proposed Zoning Regulations amendments for Area A, the City's Contract Planner identified a housing constraint in the R-M Zone that needs to be addressed in the proposed Zoning Map amendments: the R-M Zone does not allow single-family residences by right. This means the properties with existing single-family homes would become "non-conforming" under the Zoning Regulations. The City's non-conforming regulations place limitations on repairs, additions, and replacement of non-conforming uses and structures. Of the 79 parcels in Area A, 57 are developed with single family residences, according to the Assessor's office data. If the properties in Area A are rezoned to the R-M zone (and no Qualified combining zone is adopted), about 72% of those properties would become non-conforming due to the existing single family development.[3] This means there would be restrictions on repairing and replacing those homes under the City's non-conforming zoning rules. Also, it would be more difficult and expensive for owners to obtain financing for repairs . The proposed Q-Zone addresses this constraint by including single family residential use as a principally permitted use.

[3] It is noted that in Area A, the average parcel size is 0.20 acres (or 8,712 sq. ft), and the median parcel size is 0.15 acres (or 6,534 sq. ft.).

Area B and Area C

The Zoning Map amendments for Area B and Area C implement Housing Element Program H-10. Area B and Area C contain parcels identified as meeting the City's 6th Regional Housing Needs Allocation (RHNA).

Like most of Area A discussed above, Area B is zoned Residential Multifamily with a Qualified Combining Zone (R-M-Q-2). Area C is zoned Residential Multifamily with a Qualified Combining Zone (R-M-Q-16). This Qualified Combining Zone was adopted in 2002 and prohibits new multifamily uses, although single family residential uses are principally permitted. Area B and Area C do not have properties with existing single-family residences; nonetheless, it is proposed to apply the same Qualified combining zone discussed above. This means single family (as currently allowed by the existing Q-2 and Q-16 combining zones) will continue to be allowed by right, along with qualifying affordable multifamily development as described above.

The proposed Qualified combining zone implements Housing Element Program H-10 that commits the City to maintaining an inventory of affordable housing sites and ensuring feasibility. The proposed Qualified combining zone also implements the MDSP.

GENERAL PLAN CONSISTENCY ANALYSIS

The following table analyzes the consistency of the proposed Zoning text and map changes with the City's General Plan.

Proposed Amendments to the Zoning Regulations	**General Plan Consistency Analysis**
Proposed Zoning Regulations Changes: The Zoning Regulations are proposed to be changed to allow supportive and transitional housing to be permitted in the same manner as other residential dwellings of the same type in the same zone. Also, a new use – Supportive Housing Developments is proposed to be added to the Zoning Code. The affected Zoning Districts are all the Residential Zoning Districts and the Commercial and Industrial zones that allow residential. Finally, standards for Supportive Housing Developments are proposed to be added and definitions are specified related to the above changes.)	The proposed amendments are consistent with Housing Element Programs **H-12** and **H-18** because the amendments implement both programs of the City's Housing Element. Program H-12 concerns Transitional and Supportive Housing, and has an objective to "Amend the Zoning Ordinance to state that transitional and supportive housing types consistent with state law." Program H-18 directs the City to establish a reasonable accommodation procedure. This program includes a commitment to update the definition of family to state "one or more persons living together in a dwelling unit."
Existing Q-2 Qualified Combining Zone Ordinance No. 88-532 Z, Section 2 subparagraph C; Passed and Adopted on November 7, 1988: "… The qualification is that a use permit is required for any development that increases the density of dwellings or intensity of use other than a	The proposed Zoning Map Amendments are consistent with General Plan Housing Element Program **H-10,** Maintain an Inventory of Affordable Housing Sites and Ensure Site Feasibility, commits the City to "rezone all sites zoned R-M with a General Plan designation of Residential High, to allow residential use by right. This by right (without

Proposed Amendments to the Zoning Regulations	General Plan Consistency Analysis
single-family residence." (See Attachment 4 for full Ordinance) **Proposed Changes:** - Amend the Q-2 Qualified Zone to allow by right multi-family housing developments in which at least 20 percent of the units are affordable to lower-income households, subject to meeting the City's Objective Planning Standards. - Remove language that relates to storm drainage which is now addressed in the MDSP. **Existing Q-16 Qualified Combining Zone** Ordinance NO. 2002-633 Z, Section 1 Line 1; Passed and Adopted on March 4, 2002 "The Q Combining Zone modifies the uses of the RM zone by completely eliminating multifamily dwelling units as either a principal use or a conditional use." (See Attachment 5 for full Ordinance) **Proposed Changes:** - Amend the Q-16 Qualified Combining Zone to allow by right multi-family housing developments in which at least 20 percent of the units are affordable to lower-income households subject to meeting the City's Objective Planning Standards.	discretionary review) requirement is only for housing developments in which at least 20 percent of the units are affordable to lower-income households." Also, the proposed Zoning Map Amendments are consistent with Administrative and Implementation Program **AI-4: "**The City shall review and amend, as necessary, applicable ordinances and regulations referenced herein to ensure consistency with the General Plan. These shall include the following: Zoning Ordinance, Subdivision Ordinance, Building Code, and Development Standards.
Existing Zoning on APN's 201-081-018, 201-081-019, 201-081-029, 201-081-031: Commercial Thoroughfare – C-T **Proposed Zoning on APN's** 201-081-018, 201-081-019, 201-081-029, 201-081-031: Multifamily Residential – R-M	The proposed Zoning Map Amendments are consistent with General Plan Housing Element Program and consistent with the Mill District Specific Plan which designated these parcels as Residential Multifamily", and the City's General Plan Administrative and Implementation Program **AI-4: "**The City shall review and amend, as necessary, applicable ordinances and regulations referenced herein to ensure consistency with the General Plan. These shall include the following: Zoning Ordinance, Subdivision Ordinance, Building Code, and Development Standards.

PUBLIC INTEREST

The proposed amendments to the Zoning Regulations and Zoning Map are in the public interest because the amendments promote the orderly and efficient development of land within the City and encourages a wide range of housing types and densities. The proposed amendments to the Zoning Map for Area A ensure the long-term retention of an established single family residential neighborhood, does not create conditions that could result in displacement of residents, while removing regulatory barriers to the creation of a variety of housing types and ownerships, at range of densities. These goals and policies are intended to provide a wider range of housing types and affordability throughout the City to support residents through all stages of life while also increasing the health and welfare of residents and visitors. The proposed amendments to the Zoning Regulations and Zoning Map advance the goals, policies, and implementation programs of the Mill District Specific Plan and the Housing Element of the Fortuna General Plan, and therefore is in the public interest.

CONSISTENCY WITH THE ZONING REGULATIONS AND THE FORTUNA MUNICIPAL CODE

The amendments to the Zoning Regulations and Zoning Map are consistent with all other chapters, and other titles of the Fortuna Municipal Code. The proposed Amendments carry through to all sections of the Zoning Regulations, and have been reviewed to ensure they are consistent with all other chapters of the Zoning Regulations and other titles of the Fortuna Municipal Code.

ENVIRONMENTAL REVIEW

The Supplemental Environmental Impact Report (SEIR) prepared and certified for the Mill District Specific Plan also analyzed the Zoning Map Amendments for the Residential Area that is part of the Mill District Specific Plan. This means the City has already complied with the requirements of the California Environmental Quality Act (CEQA) for the Area A Zoning Map amendments.

The proposed Zoning Map amendments for Area B and Area C implement a schedule of actions contained in the City's approved 2019-2027 Housing Element.[4] Specifically, the Zoning Map amendments proposed for Area B and Area C are intended to satisfy the requirements of Gov't Code § 65583.2(c). The text amendments to the Zoning Regulations are intended to satisfy the requirements of paragraphs (3) and (5) of Gov't Code § 65582(c). The facts in the record show that the proposed amendments do not involve zoning actions allowing the construction of oil and gas infrastructure or a distribution center, as defined by Public Resources Code sections 21064.8 and 21060.4. Likewise, the areas to be rezoned, specifically Area B and Area C, are not located within natural and protected lands, as defined by Public Resources Code § 21067.5. Therefore, it is recommended that the amendments to the Zoning Regulations and Zoning Map be found statutorily exempt pursuant to Public Resources Code § 21080.085

Additionally, it is recommended the amendments to the Zoning Regulations and Zoning Map found to be exempt from the CEQA pursuant to CEQA Guidelines § 15061(b)3, the "common sense" exemption which states that a project is exempt from CEQA where it can be seen with

[4] Public Resources Code § 21080.085 describes a schedule of actions to be subdivision (c) of Gov't Code 65583 by way of direct reference.

certainty that there is no possibility that the project would have a significant effect on the environment. These amendments are exempt under the CEQA Guidelines § 15061 (b)(3) common sense exemption because it can be seen with certainty that the proposed Zoning Text and Zoning Map amendments will not result in any changes to the environment since the allowed General Plan residential density is not changing.

In accordance with the CEQA Guidelines, staff will file a Notice of Exemption with the County Clerk and the State Clearinghouse upon adoption of the ordinance.

RECOMMENDED COUNCIL ACTION

1. Receive staff report and review Council questions with staff.
2. Open the public hearing and receive public comment.
3. Close the public hearing.
4. Motion to introduce and hold first reading of *Ordinance 2025-779*, and read by title only, and continue the public hearing to the City Council's next regular meeting for the second reading and adoption. Roll call vote.
5. Motion to introduce and hold first reading of *Ordinance 2025-780*, and read by title only, and continue the public hearing to the City Council's next regular meeting for the second reading and adoption. Roll call vote.

ATTACHMENTS:

Attachment 1: Ordinance 2025-779 and Exhibit A – Proposed Amendments to the Zoning Regulations

Attachment 2: Ordinance 2025-780 and Exhibit A – Proposed Amendments to the Zoning Map

Attachment 3: Maps of Area A, Area B, and Area C: Existing Zoning and Proposed Zoning

Attachment 4: Existing Qualified combining zones established by Ordinance No. 88-532 Z (Q-2), and Ordinance No. 2002-633 Z (Q-16)

Attachment 5: Planning Commission Resolution P-2025-3137