

DOWNTOWN HOUSING & ECONOMIC OPPORTUNITY OVERLAY

CITY COUNCIL PUBLIC HEARING

MONDAY, FEBRUARY 24, 2025

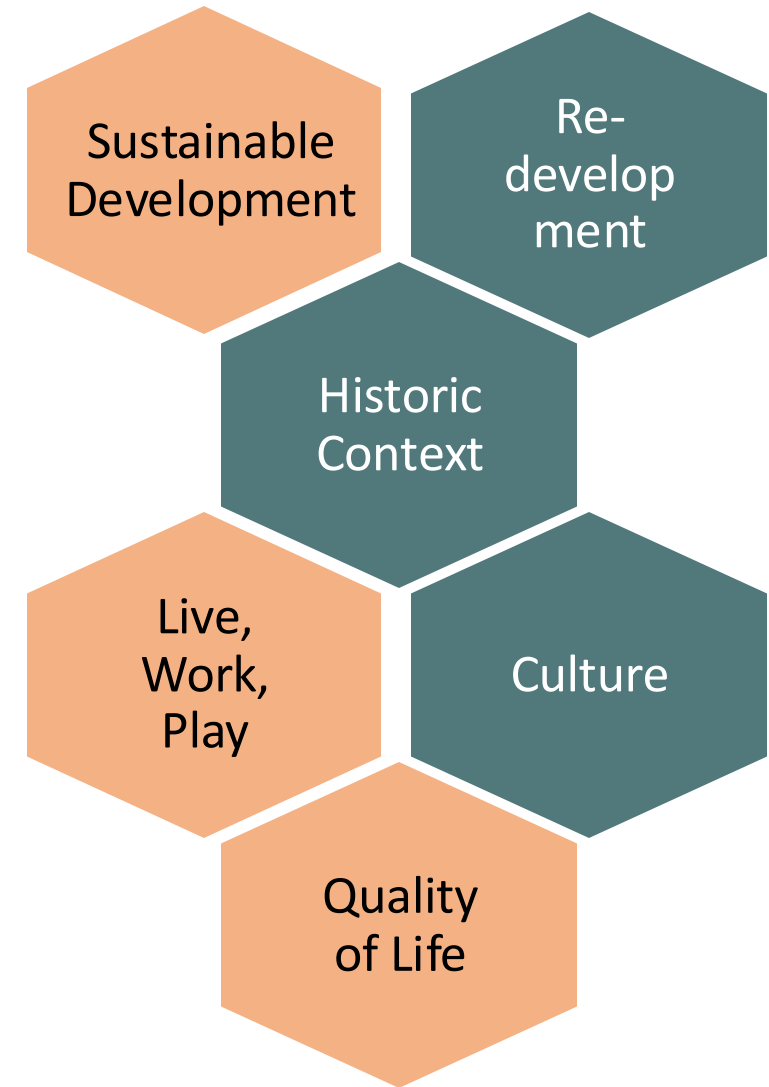
PRESENTATION OVERVIEW

- 1) Introduction
- 2) Downtown Housing & Economic Opportunity Overlay
- 3) Final Environmental Impact Report
- 4) Recommendation



Introduction

- Economic Opportunities & Benefits
- Housing Opportunities & Benefits
- Why the Overlay?
- What does the Overlay do?
- Recommendation



ECONOMIC DEVELOPMENT OPPORTUNITIES & BENEFITS

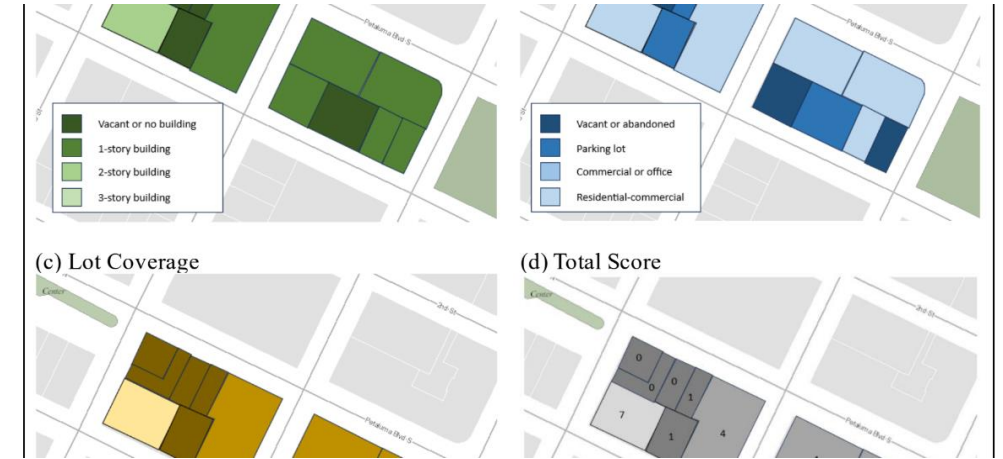


Figure 6: Existing Structures in Subarea A

Source: Google Earth, 2023.

Rex Ace Hardware

313 B Street



7-Eleven

124 Petaluma Boulevard S



Vacant Lots

2 Petaluma Boulevard S





HOUSING DEVELOPMENT OPPORTUNITIES & BENEFITS

INTRODUCTION:

WHY THE OVERLAY?

- Redevelopment of a historic downtown
- Other options considered
 - Variance; Rezone all Mixed Use 2 (MU2); Citywide exception process
- More focused approach to balance multiple considerations
 - Discretionary review
 - Enhanced historic preservation (in addition to existing protections)
 - Surgical look at the boundaries

INTRODUCTION:

WHAT DOES THE OVERLAY DO?



Facilitate residential development



Provide for orderly economic development



Ensure preservation of historic buildings, cultural resources, and Historic District



Introduce new design and land use controls to strengthen and expand pedestrian activity



Incorporate sites with greatest opportunity for redevelopment activity



RECOMMENDATION (1 OF 2)

- Receive a presentation and project information
- Conduct a public hearing and receive public comment
- Adopt a Resolution certifying the Final EIR for the Project – Overlay/Hotel (**Attachment 1**)

RECOMMENDATION (2 OF 2)

- Adopt a Resolution to adopt a General Plan Amendment (**Attachment 2**)
 - Modify FAR for properties within the Overlay
 - Related Findings of Fact
 - Mitigation Monitoring and Reporting Program (MMRP)
- Introduce (first reading) an Ordinance amending the Implementing Zoning Ordinance (IZO) (**Attachment 3**)
 - Zoning Map to establish the Overlay boundaries and zone applicable parcels
 - Zoning Text Amendments to establish land use and development standards (Chapter 2, Chapter 4, Chapter 5)

Downtown Housing & Economic Opportunity Overlay

- Project Description
 - Location & Context
 - What the Overlay Will Not & Will Do
 - General Plan Considerations
 - Zoning Considerations
- Prior and Future Meetings
- Topics for Consideration
- Overlay Modifications
- Requirements for Approval



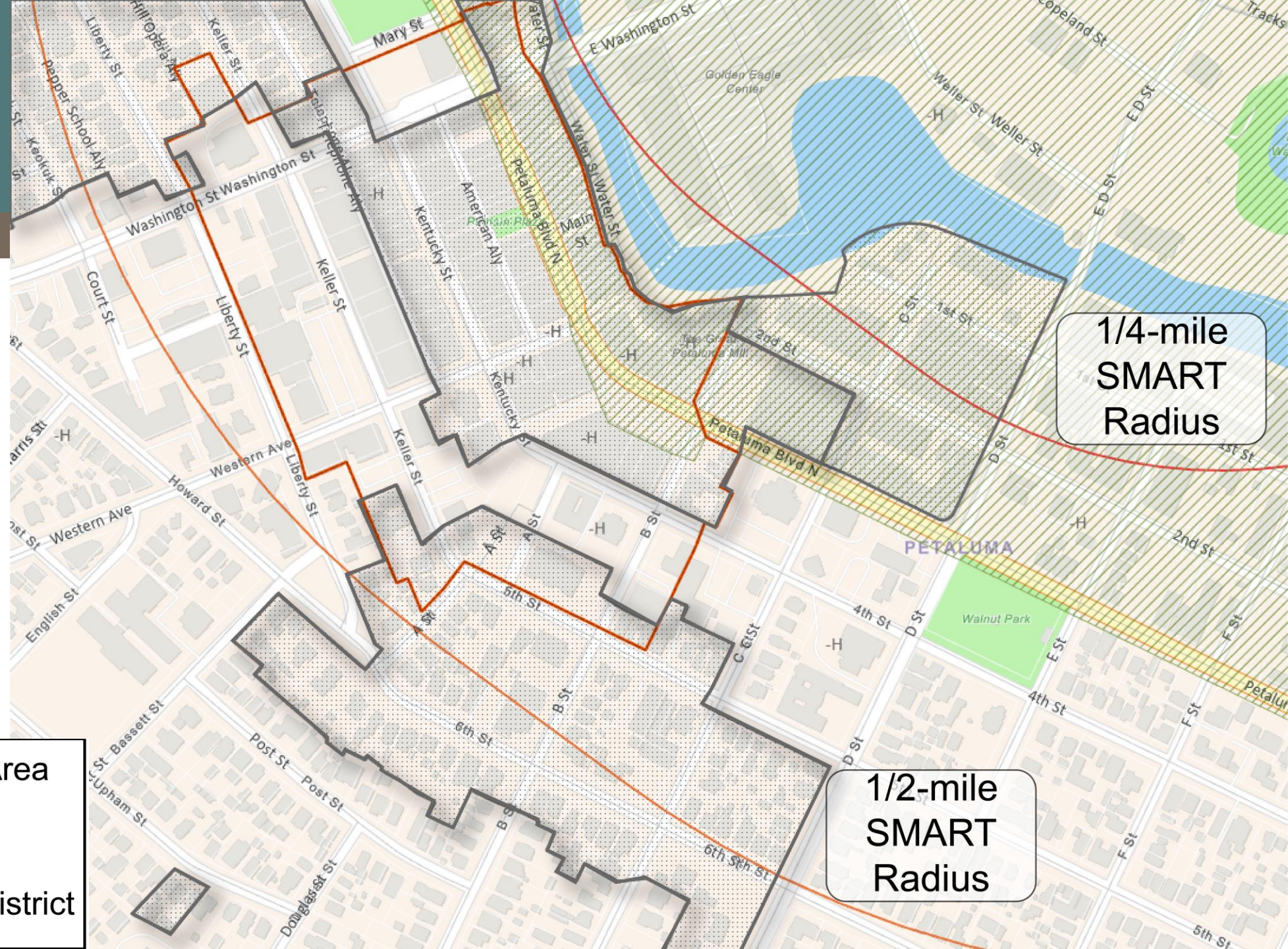
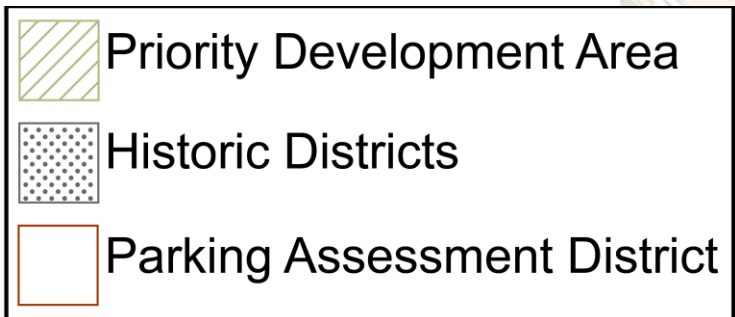
OVERLAY PROJECT DESCRIPTION

LOCATION AND CONTEXT

- Approximately 10-acres (25 parcels) in Petaluma's Downtown
 - Subarea A – 2.70 acres (13 parcels; 3 within Historic District)
 - Subarea B – 0.90 acres (2 parcels; 1 within Historic District)
 - Subarea C – 3.17 acres (10 parcels)
- Within ½ mile of the Downtown Petaluma SMART Station
- Proximate to Priority Development Area
- Within a High Resource Neighborhood Opportunity Area

OVERLAY PROJECT DESCRIPTION

LOCATION AND CONTEXT MAPS



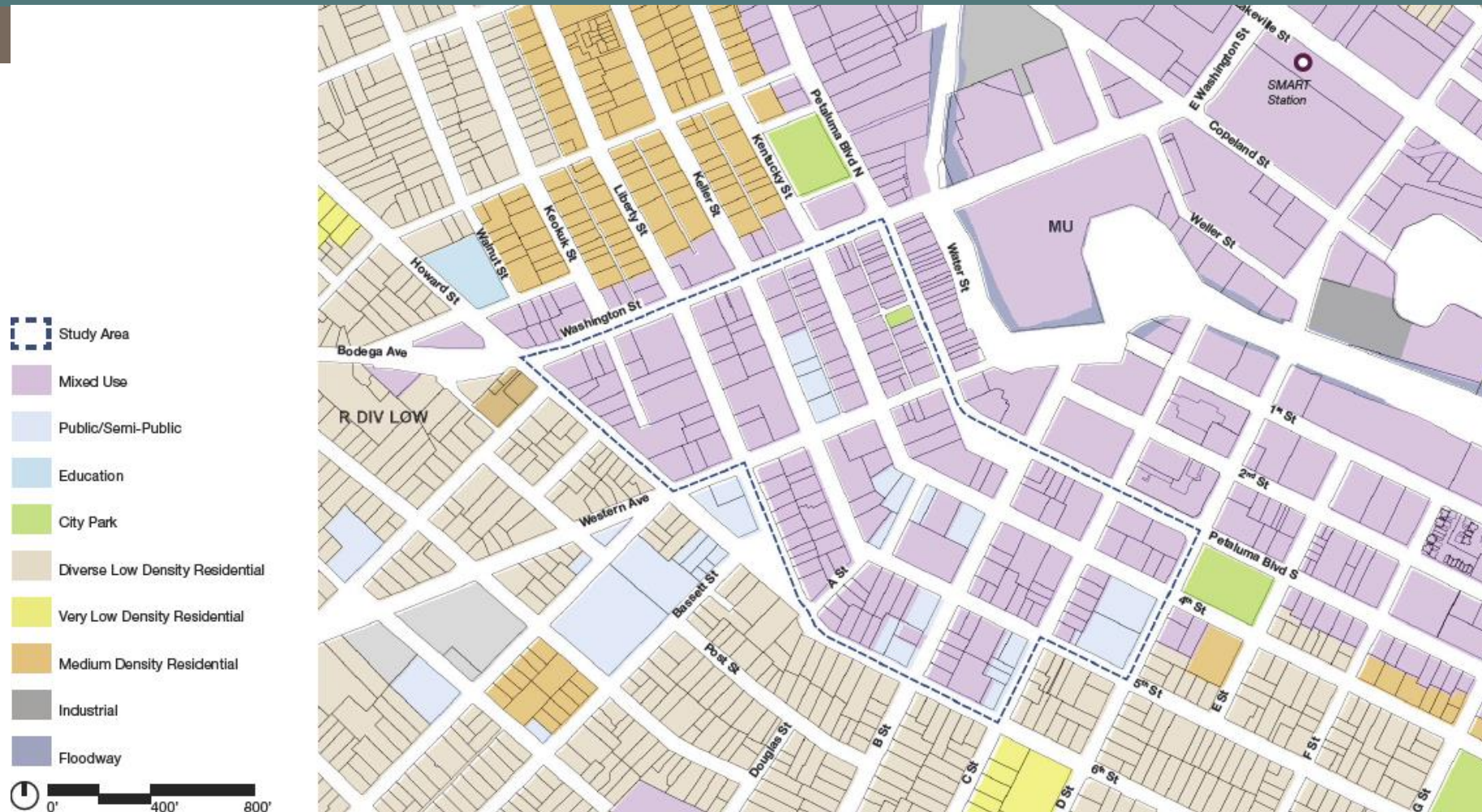
OVERLAY PROJECT DESCRIPTION

STUDY AREA



OVERLAY PROJECT DESCRIPTION

CURRENT GENERAL PLAN LAND USE DESIGNATIONS



OVERLAY PROJECT DESCRIPTION

CURRENT ZONING MAP



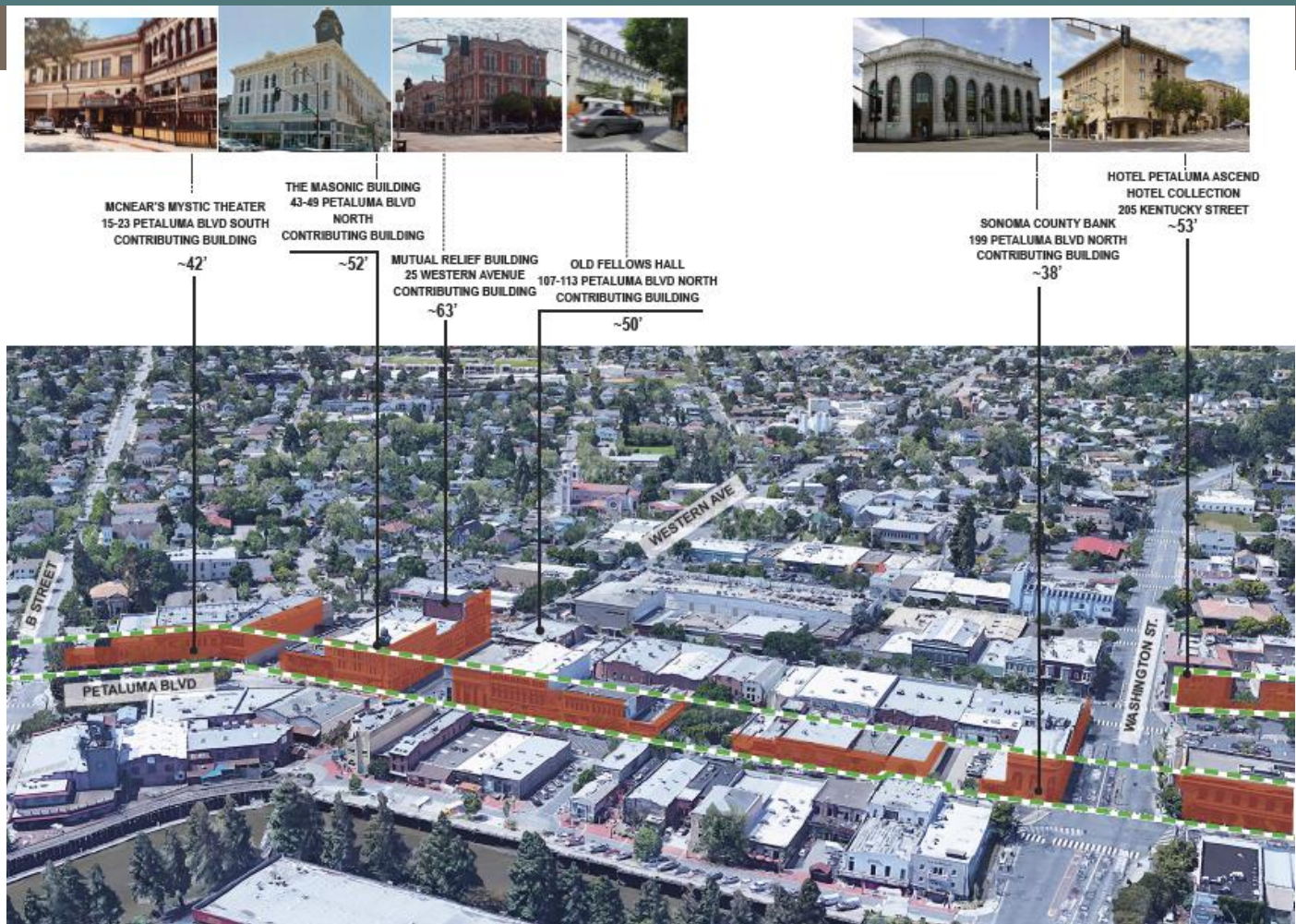
OVERLAY PROJECT DESCRIPTION

CURRENT HISTORIC DISTRICTS



OVERLAY PROJECT DESCRIPTION

BUILDING HEIGHTS ANALYSIS



OVERLAY PROJECT DESCRIPTION

BUILDING HEIGHTS ANALYSIS

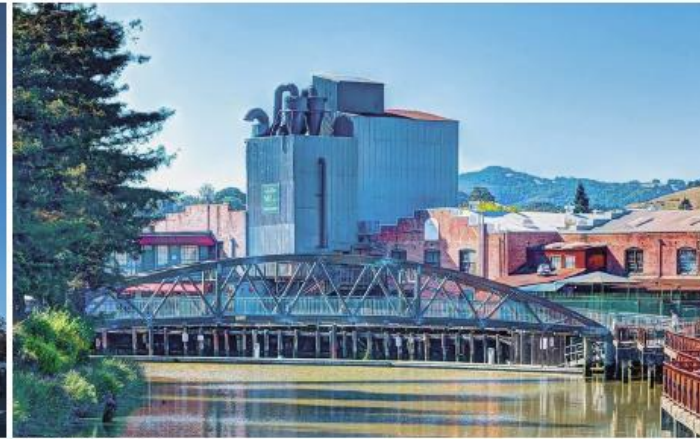


OVERLAY PROJECT DESCRIPTION

BUILDING HEIGHTS ANALYSIS



Hotel Petaluma



The Great Petaluma Mill



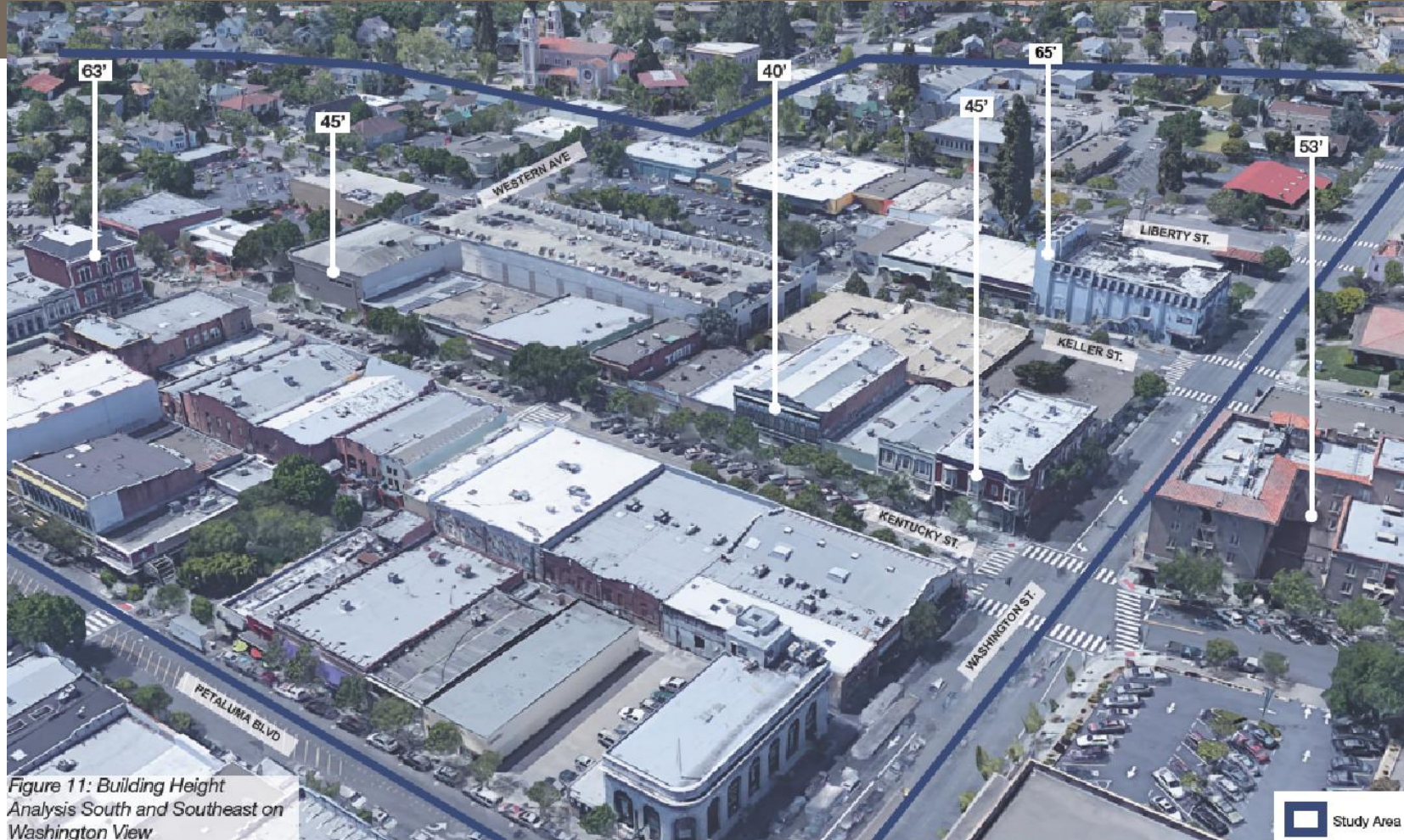
St. Vincent de Paul Catholic Church



Petaluma Grain Tower

OVERLAY PROJECT DESCRIPTION

BUILDING HEIGHTS ANALYSIS



OVERLAY PROJECT DESCRIPTION

BUILDING HEIGHTS ANALYSIS



Looking down Keller Street towards Western Ave (Phoenix Theater on the right in image)



Looking northwest on Washington Street (Petaluma Hotel on the right in image)



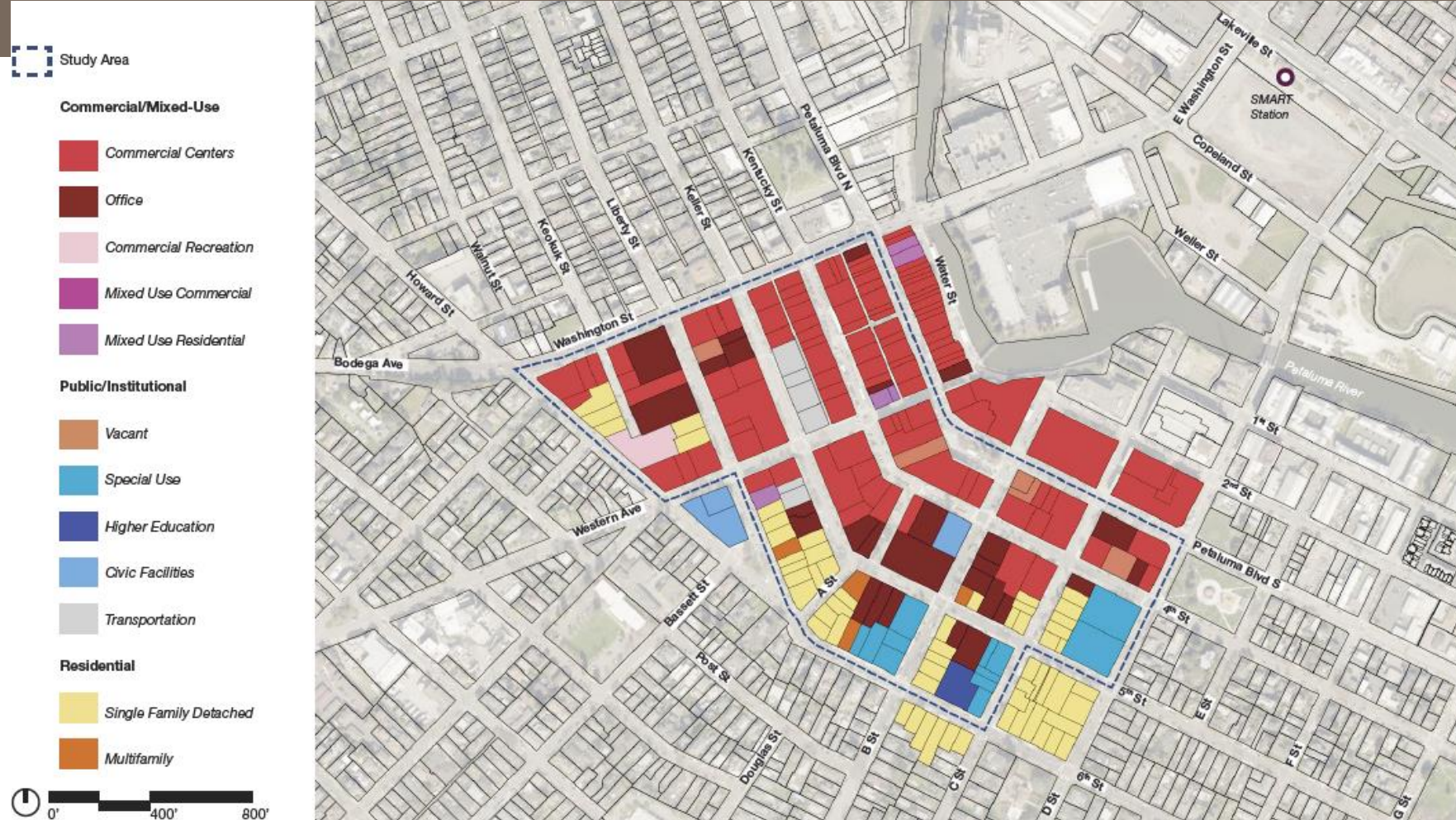
Looking north towards the river on Western Ave (Mutual Relief Buildings on the right in image)



Looking north on Kentucky Street

OVERLAY PROJECT DESCRIPTION

EXISTING LAND USES

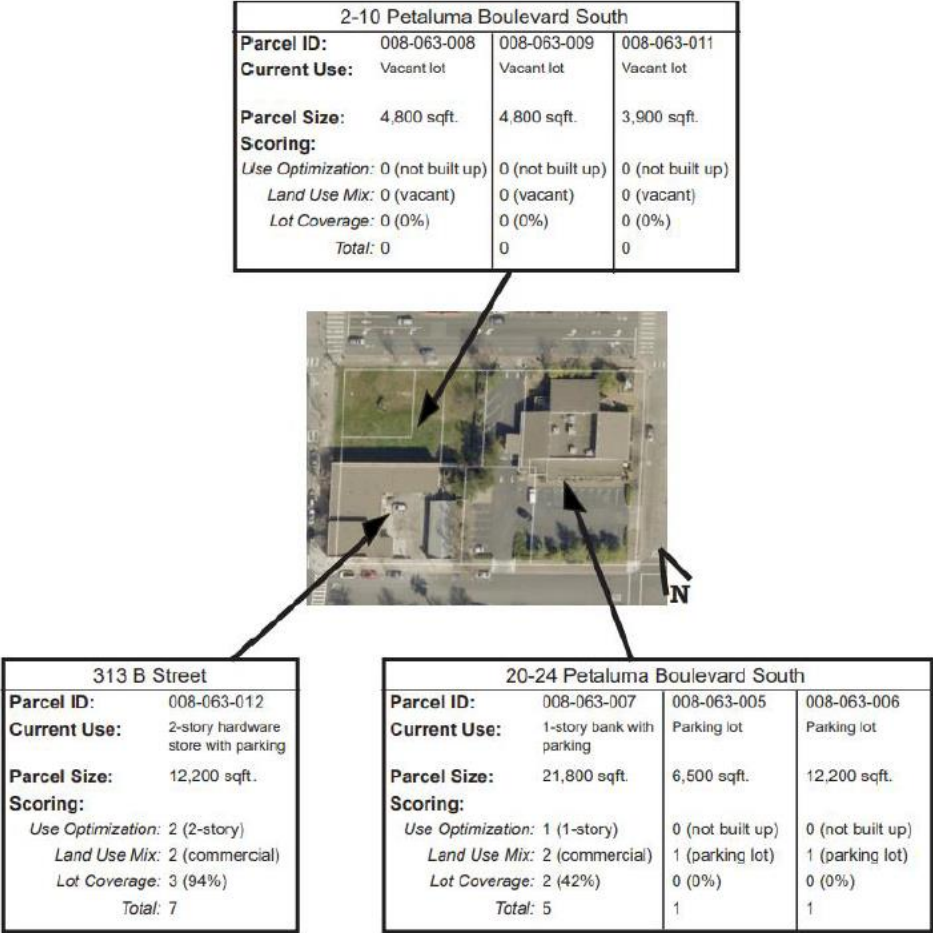


OVERLAY PROJECT DESCRIPTION

PARCEL-BY-PARCEL ANALYSIS

Figure 7: Subarea A – Block 1 Parcel Information

Source: Site Visit, 2023.



OVERLAY PROJECT DESCRIPTION

OPPORTUNITY SITES CRITERIA

Vacant Lots



Vacant lot at Petaluma Boulevard S and B Street

Vacant Structures



Vacant Structure at Petaluma Boulevard S and D Street

Surface Parking Lots



Parking lot along Keller Street between Western Ave and A Street (looking northeast)



Vacant lot on Washington Street



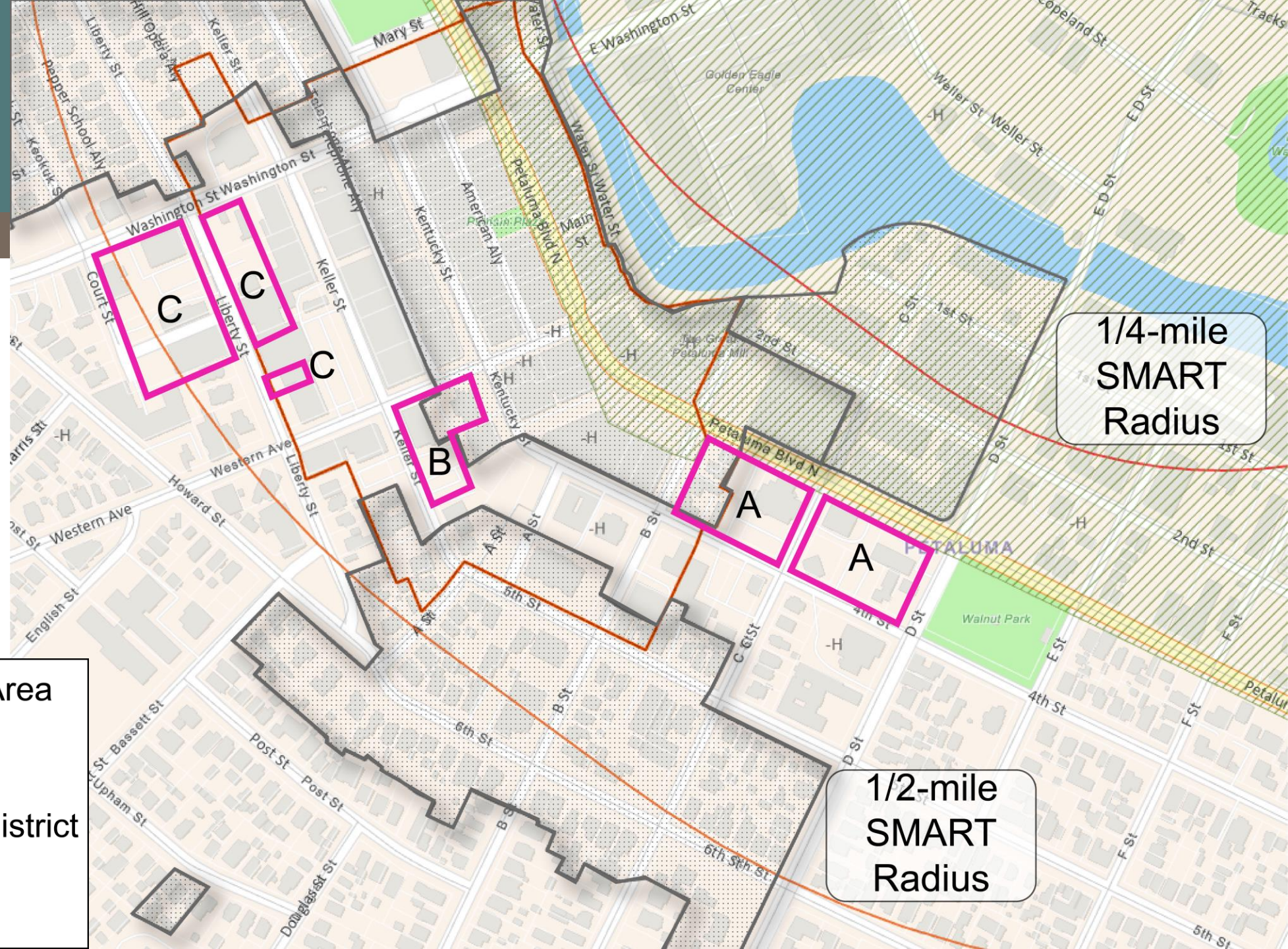
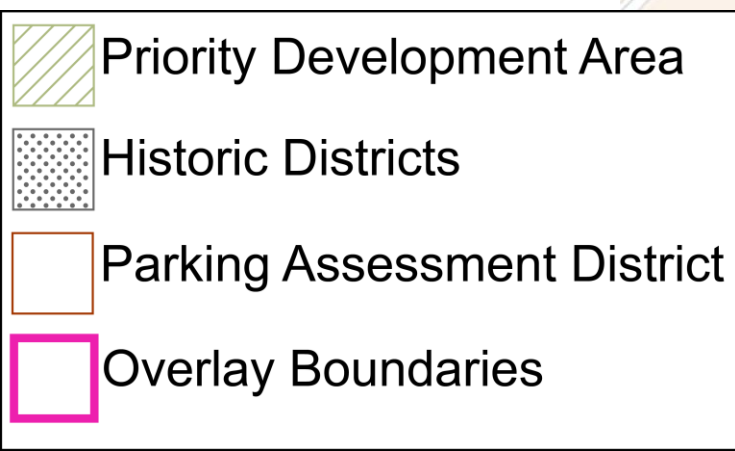
Vacant Structure at 4th Street and C Street



Parking lot between Washington Street and Court Street

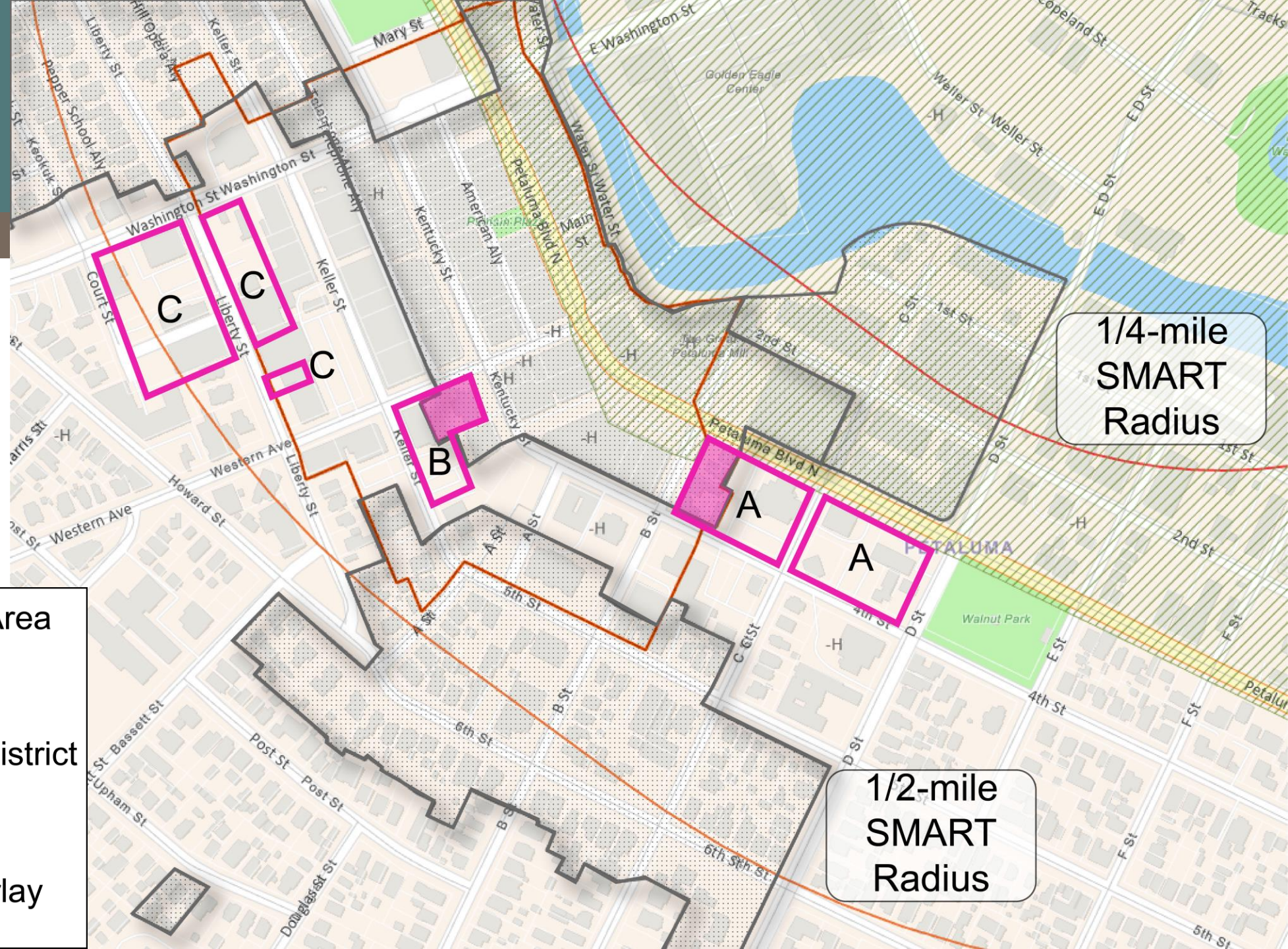
OVERLAY PROJECT DESCRIPTION

LOCATION AND CONTEXT MAPS



OVERLAY PROJECT DESCRIPTION

LOCATION AND CONTEXT MAPS



OVERLAY PROJECT DESCRIPTION

THE OVERLAY WILL NOT:

- ✗ **Mandate or require redevelopment**
- ✗ **Eliminate existing SPAR or HSPAR requirements**
- ✗ Replace Historic District Guidelines
- ✗ **Approve the Hotel Project**
- ✗ Require or permit the demolition of any building
- ✗ Modify base zoning of parcels within the Overlay
- ✗ **Eliminate project-level CEQA review or requirements**
- ✗ Conflict with the General Plan Update
- ✗ Change parking standards

OVERLAY PROJECT DESCRIPTION

THE OVERLAY WILL:

- ✓ **Establish and regulate specific subareas**
- ✓ Establish Pedestrian/Façade Activation Zones
- ✓ Establish Ground Floor Residential Areas
- ✓ **Establish a discretionary CUP process and required findings to:**
 - ✓ **allow building height increase (max 75 feet)**
 - ✓ **allow lot coverage increase (max of 100%)**
- ✓ Increase the FAR limit from 2.5 to 6.0 if approved through CUP process
- ✓ **Replace existing setback standards**
- ✓ **Add new stepback standards**
- ✓ Sunset when new zoning ordinance implementing the 2050 General Plan takes effect

OVERLAY PROJECT DESCRIPTION

OPPORTUNITY SITES CRITERIA

Date: November 7, 2023

Project: Downtown Housing and Economic Opportunity Overlay

Subject: Downtown Overlay Market and Development Impacts Assessment and
Fiscal Analysis of City Revenues Associated with the Proposed Hotel Project

This memorandum describes the conclusions of Strategic Economics' assessment of the potential development and fiscal impacts associated with the proposed Downtown Housing and Economic

function as a regulatory incentive provided by the City to support preferred development at specific locations. As a regulatory incentive, the Downtown Overlay can potentially support the City's existing goals and policies while not requiring direct use of City budget resources for implementation.

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OVERLAY PROJECT DESCRIPTION

GENERAL PLAN – EXISTING PLANNING SUBAREAS

- **Downtown Planning Subarea**

- Characteristics: Historic buildings, Petaluma River, pedestrian scale development
- Vision: Preserve and enhance Downtown character, create a vibrant mixed-use center

- **East Washington Corridor Planning Subarea**

- Characteristics: Low-intensity, single-story, automobile-dependent uses
- Vision: Mix of high-intensity land uses and streetscape improvement that accommodate autos while orienting toward the pedestrian

OVERLAY PROJECT DESCRIPTION

GENERAL PLAN – EXISTING LAND USE DESIGNATIONS

- **Mixed Use (MU) Designation**
 - Combination of residential and commercial uses
 - Pedestrian-oriented development
 - Maximum Floor Area Ratio of 2.5
 - Maximum Residential Density of 30 dwelling units/acre



OVERLAY PROJECT DESCRIPTION

GENERAL PLAN – PROPOSED TEXT AMENDMENT

- Maintain combined residential and commercial uses requirement
- Maintain pedestrian-oriented development requirement
- Maintain Residential Density at 30 dwelling units/acre
- Modify maximum allowable FAR maximum for areas within the Overlay
 - From 2.5 to 6.0
 - Subject to discretionary CUP and SPAR reviews

OVERLAY PROJECT DESCRIPTION

CURRENT ZONING REQUIREMENTS

- **Mixed Use 2 (MU2) Zoning**
 - Applies to Downtown Petaluma
 - Permits residential uses in a mixed-use building
 - Exclusively residential developments prohibited
- **MU2 Development Standards**
(Staff Report Table 1, Page 10)

Additional Zoning

- **Historic Commercial District**
 - Subject to Guidelines
- **Parking Assessment District**
 - Eliminates onsite parking requirements

OVERLAY PROJECT DESCRIPTION

PROPOSED ZONING MAP AMENDMENT

Amend Zoning Map to Apply Overlay to Specific Parcels



OVERLAY PROJECT DESCRIPTION

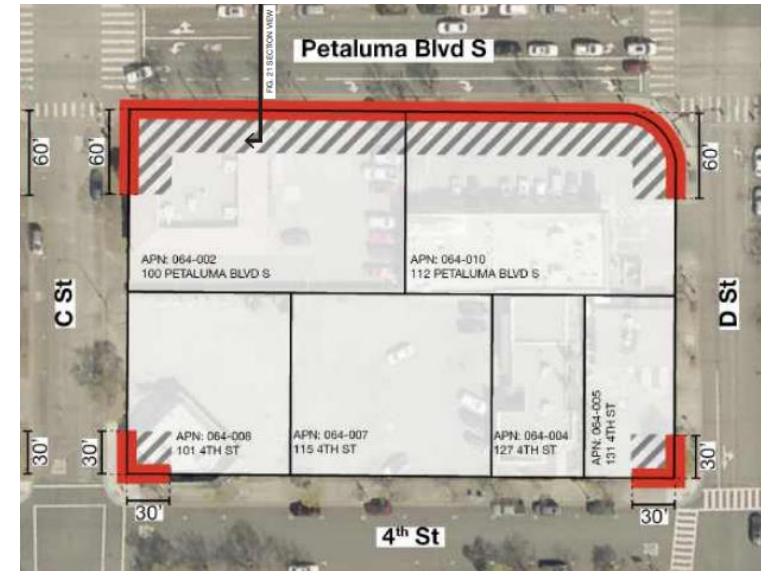
PROPOSED ZONING TEXT AMENDMENTS

- **Chapter 2 (Zoning Map and Zones)**
 - Add Overlay to Table 2-1
- **Chapter 4 (Zone Districts and Allowable Land Uses)**
 - Add footnotes to Table 4.3 and Table 4.10
- **Chapter 5 (Overlay Zones)**
 - Pedestrian/Façade Activation Zones
 - Ground Floor Residential
 - Height Increases
 - Ground Floor Height
 - Setbacks
 - Stepbacks
 - Lot Coverage
 - Floor Area Ratio

PEDESTRIAN/FAÇADE ACTIVATION ZONES & GROUND FLOOR RESIDENTIAL

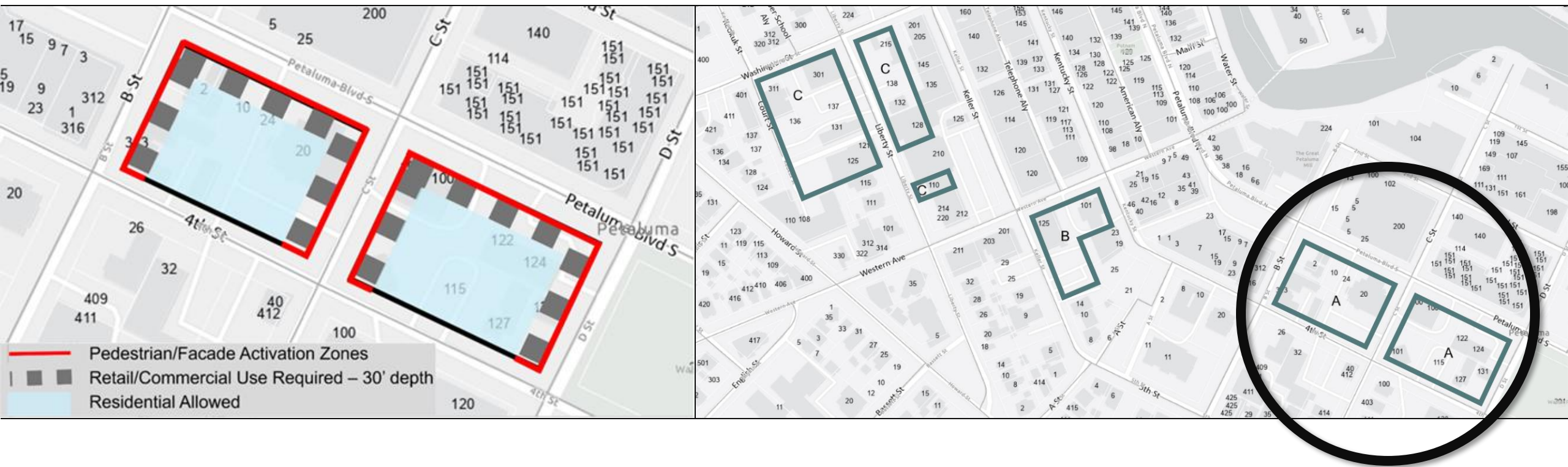
Ground Floor Residential

- Permitted in areas not identified as a Pedestrian/Façade Activation Zone



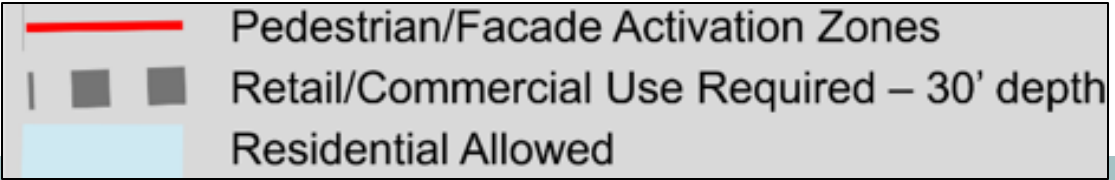
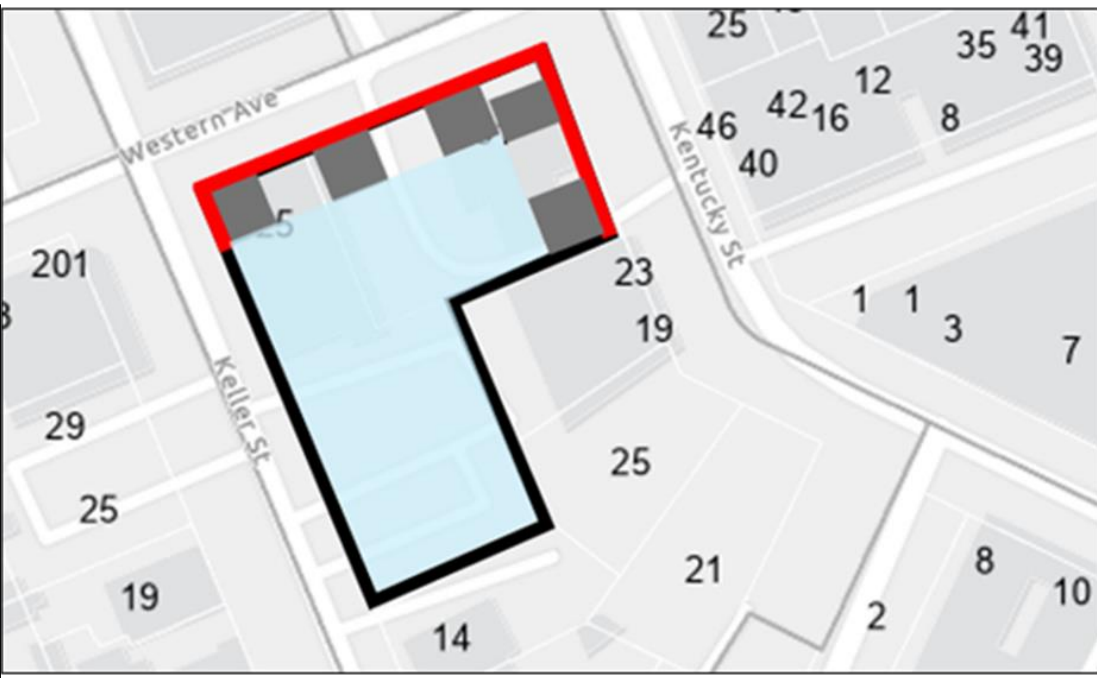
OVERLAY PROJECT DESCRIPTION

PEDESTRIAN/FAÇADE ACTIVATION ZONES (SUBAREA A)



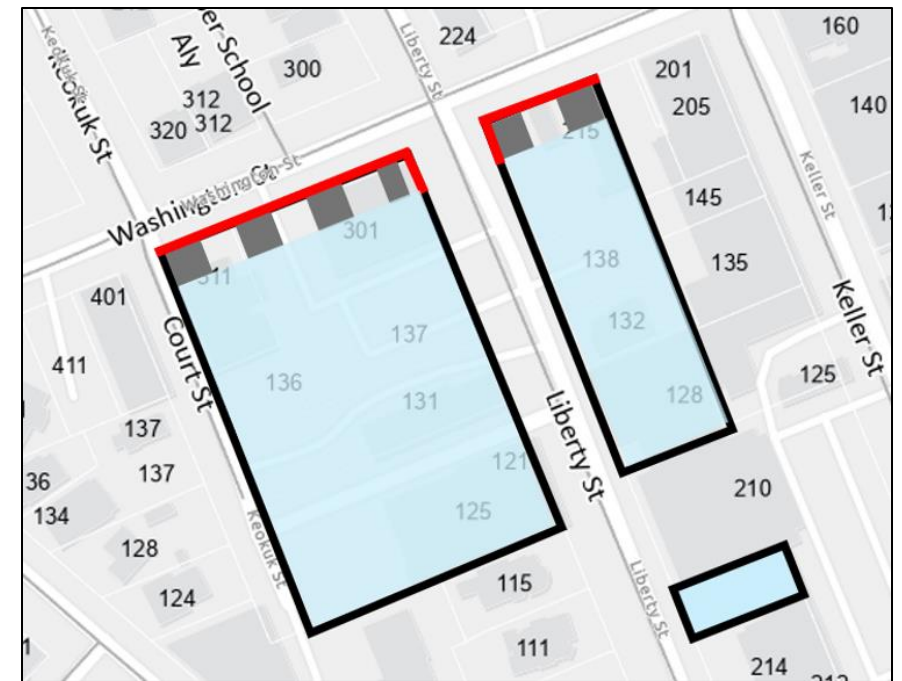
OVERLAY PROJECT DESCRIPTION




PEDESTRIAN/FAÇADE ACTIVATION ZONES (SUBAREA B)



OVERLAY PROJECT DESCRIPTION

PEDESTRIAN/FAÇADE ACTIVATION ZONES (SUBAREA C)



-  Pedestrian/Facade Activation Zones
 Retail/Commercial Use Required – 30' depth
 Residential Allowed

OVERLAY PROJECT DESCRIPTION

BUILDING HEIGHT CRITERIA

- **Criteria to exceed 45 feet**
 - Consistent with the Overlay purpose
 - Positive contribution & compatibility
 - No adverse effect to character, historical, architectural, etc.
 - No unreasonable restriction of light and air
 - Relationship to existing
 - Exceptional architecture
- **Criteria to exceed 60 feet**
 - Improves the streetscape
 - Publicly accessible private open space
 - Respects and/or preserves cultural, historical, or archaeological resources
 - Exceeds minimum inclusionary dwellings
 - All required parking below grade

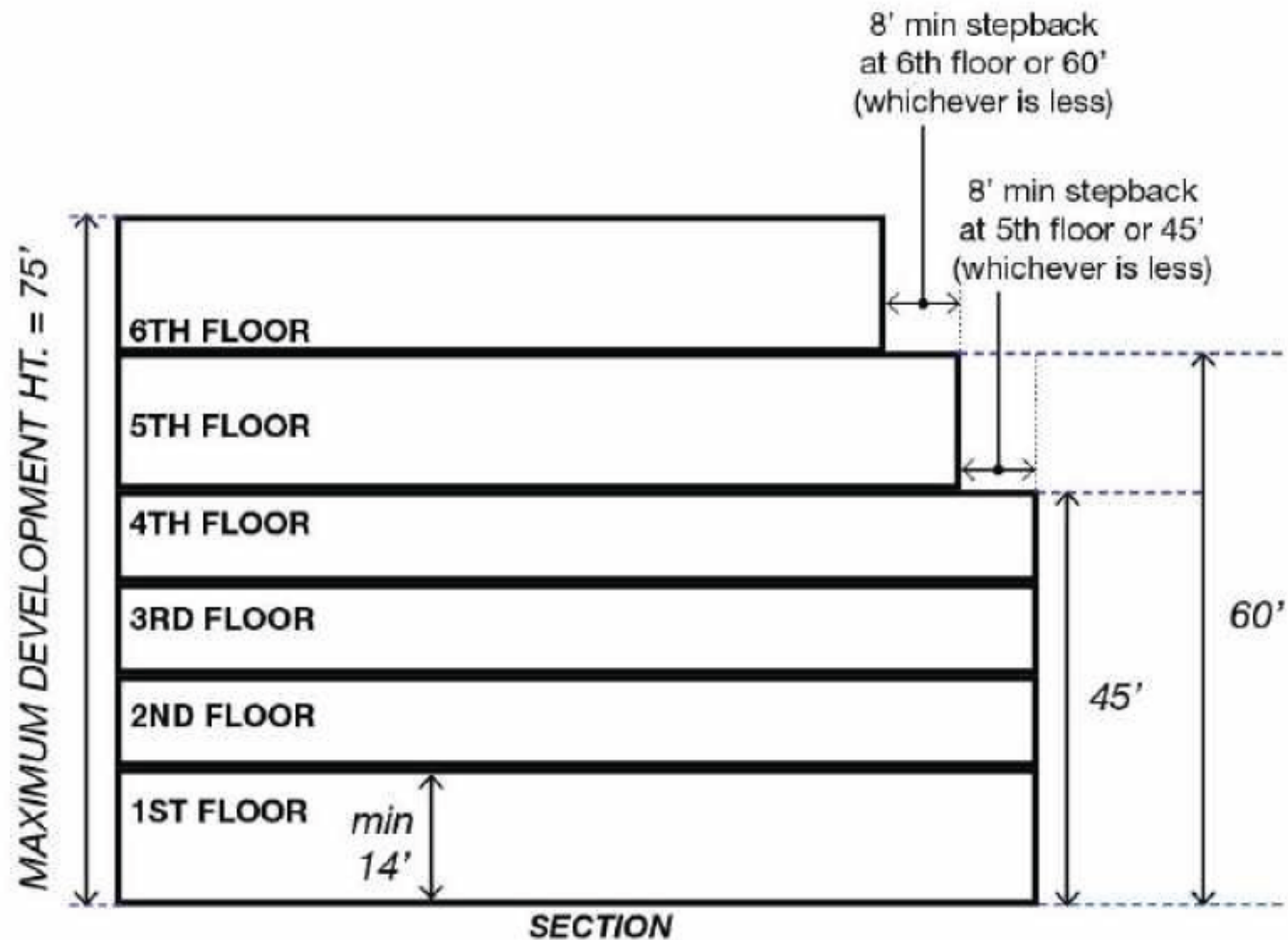
OVERLAY PROJECT DESCRIPTION

SITE COVERAGE CRITERIA

- Improves the existing streetscape
- Reflects the prevailing development pattern
- Includes adequate provision for recycling and solid waste
- Includes adequate space for street trees
- Includes other measures to enhance the pedestrian environment

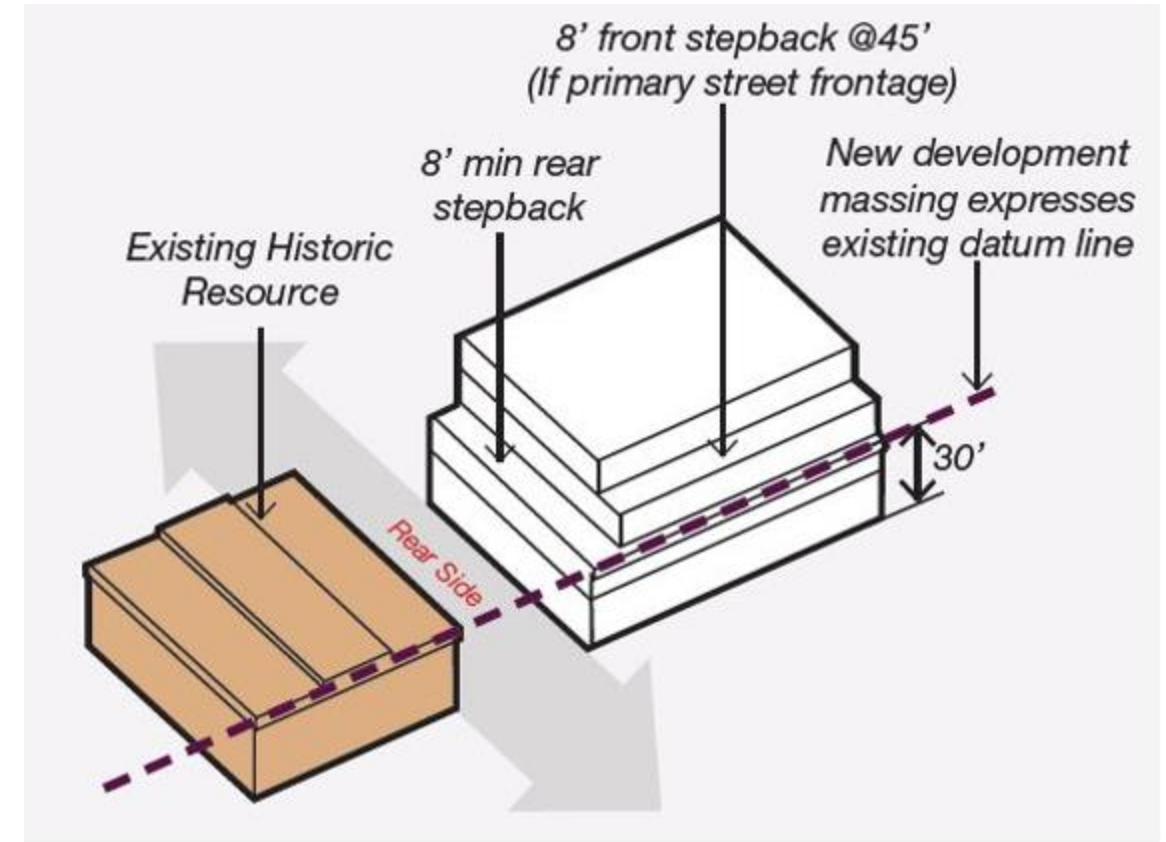
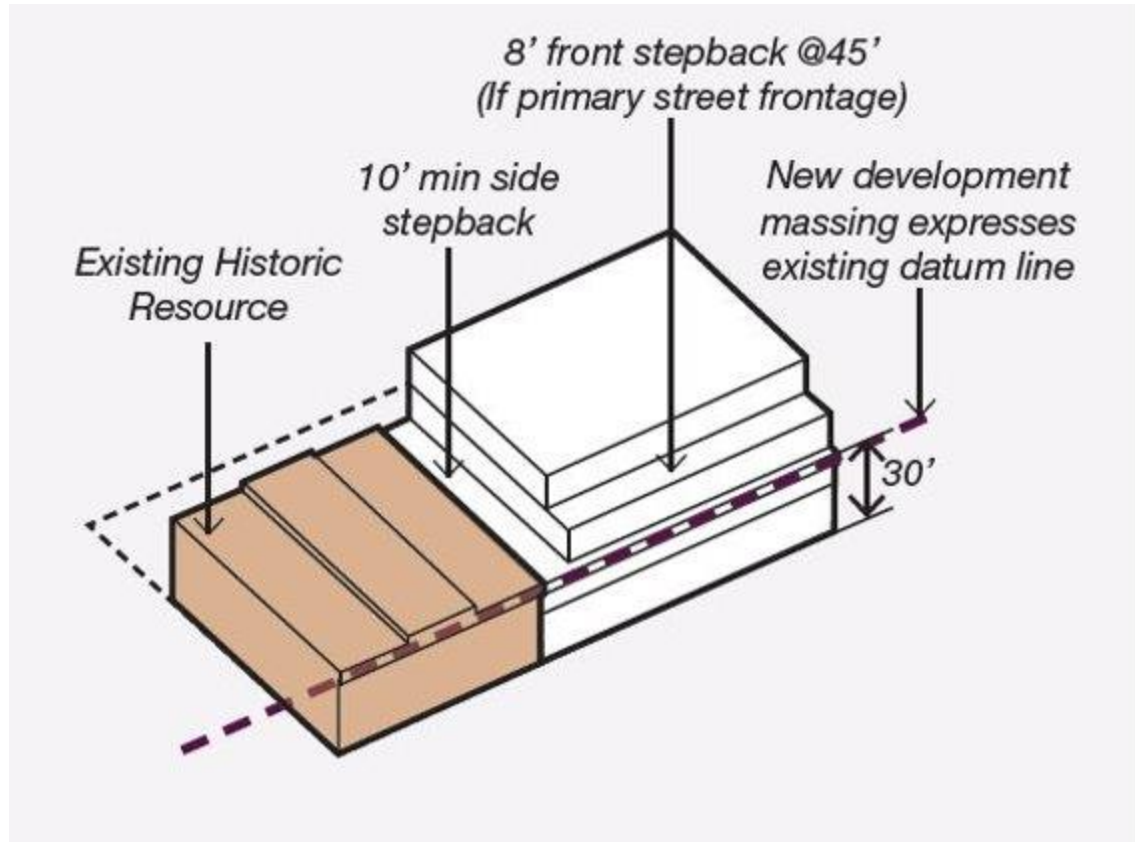
OVERLAY PROJECT DESCRIPTION

BUILDING STEPBACKS



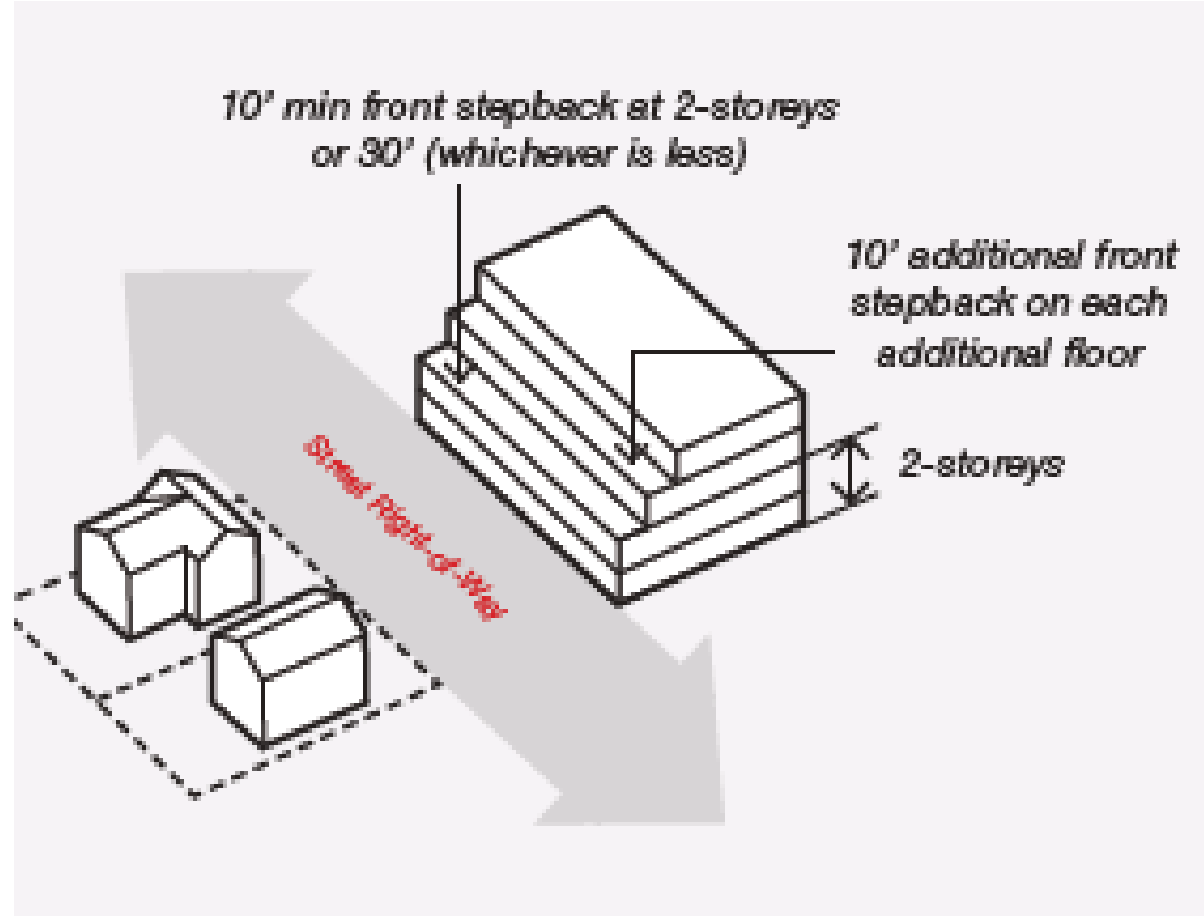
OVERLAY PROJECT DESCRIPTION

RELATIONSHIP TO HISTORIC RESOURCES



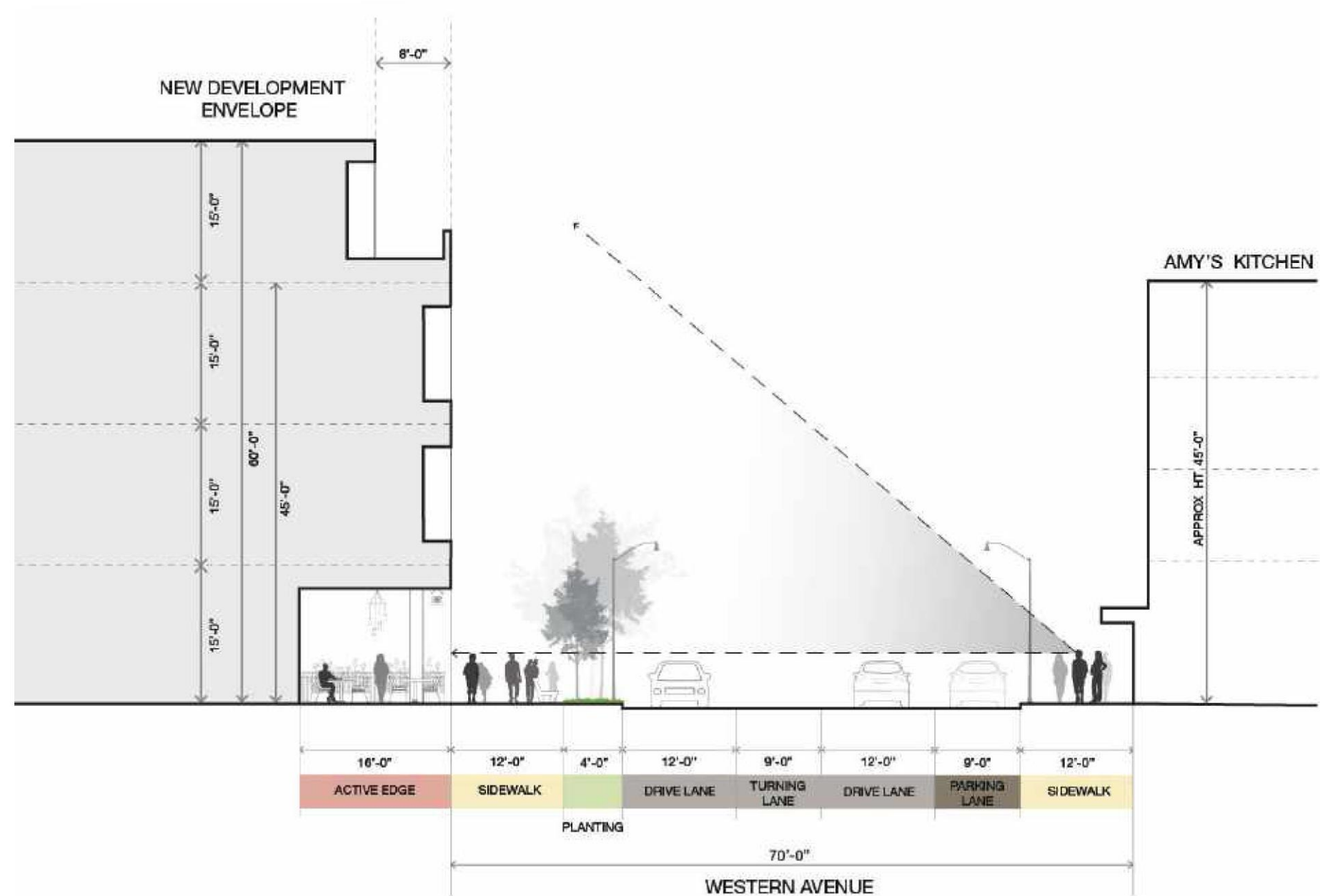
OVERLAY PROJECT DESCRIPTION

RELATIONSHIP TO EXISTING RESIDENTIAL



OVERLAY PROJECT DESCRIPTION

RELATIONSHIP TO EXISTING DEVELOPMENT



PRIOR AND FUTURE MEETING: OVERLAY AND HOTEL

**Workshops, Study
Sessions, and Public
Hearings**
June – November 2023

CEQA Draft EIR Review
January – October 2024

City Council Workshop
November 2024

**WE ARE
HERE**

**Final EIR Certification
& Overlay Project
Consideration**
February 24, 2025

**Hotel Project HCPC and
PC Review**
TBD

OVERLAY PROJECT DESCRIPTION

TOPICS FOR CONSIDERATION

- **General Plan Update (GPU) Alignment**
 - Overlay is separate and distinct project from GPU
 - Overlay is consistent with GPU Vision, Pillars, Guiding Principles, and Supporting Concepts approved by CC
 - Overlay is consistent with GPU draft policies
 - Sunset clause offers alignment between Overlay and GPU

OVERLAY PROJECT DESCRIPTION

TOPICS FOR CONSIDERATION

- **Downtown Parking Study**

- Separate Downtown Area Parking Management Plan (under development)
- Presented to CC January 27th
- Returns to Council later in 2025

- **Housing Incentives**

- Density Bonus | Senate Bill 35
- Incentives created by the Overlay

- **Design Review**

- Finding added to require a determination of exceptional architecture/design
- Independent qualified design professional review

OVERLAY PROJECT DESCRIPTION

OVERLAY MODIFICATIONS

- Modified Subarea C to match PC recommendation
- Expanded Pedestrian/Façade Activation Zones in Subareas A and C;
- Minor modification to Table 5.2 (development standards) for consistency with General Plan FAR
- Modification to required findings to allow height above 45 feet
- Addition of qualified design professional as part of discretionary review

OVERLAY PROJECT DESCRIPTION

REQUIREMENTS FOR GENERAL PLAN AMENDMENT APPROVAL

- **General Plan Amendment**
 - Permissible under the General Plan
 - Planning Commission recommendation to City Council
 - **Resolution No. 2023-21 on November 14, 2023**
 - Public interest findings required
 - Promotes sustainable, infill, transit-oriented development
 - Enhances economic vitality and housing diversity

OVERLAY PROJECT DESCRIPTION

REQUIREMENTS FOR ZONING TEXT AND MAP AMENDMENTS

- Governed by Chapter 25 of the IZO and California Government Code Section 65853
- IZO Chapter 15 delegates recommending authority to HCPC
 - **Resolution No. 2023-20 on November 14, 2023**
- IZO Chapter 25 delegates recommending authority to PC
 - **Resolution No. 2023-22 on November 14, 2023**
- Required findings: Conforms with the City's General Plan; Public necessity, convenience, and general welfare

Final Environmental Impact Report

- Purpose
- Environmental Context
- Procedural Requirements
- Contents and Organization
- Comments and Responses
- EIR Certification



FINAL ENVIRONMENTAL IMPACT REPORT

ENVIRONMENTAL CONTEXT

- **Proposed Project**
 - EIR evaluates the whole project (Overlay and Hotel)
 - Programmatic (Overlay)
 - Project-specific (Hotel)



FINAL ENVIRONMENTAL IMPACT REPORT

ENVIRONMENTAL CONTEXT

- **General Plan and General Plan EIR**
 - Vision for development potential
 - Evaluation of impacts in realizing development potential
 - Programmatic EIR evaluates the program of the General Plan
 - Cumulative analysis of General Plan buildout potential



FINAL ENVIRONMENTAL IMPACT REPORT

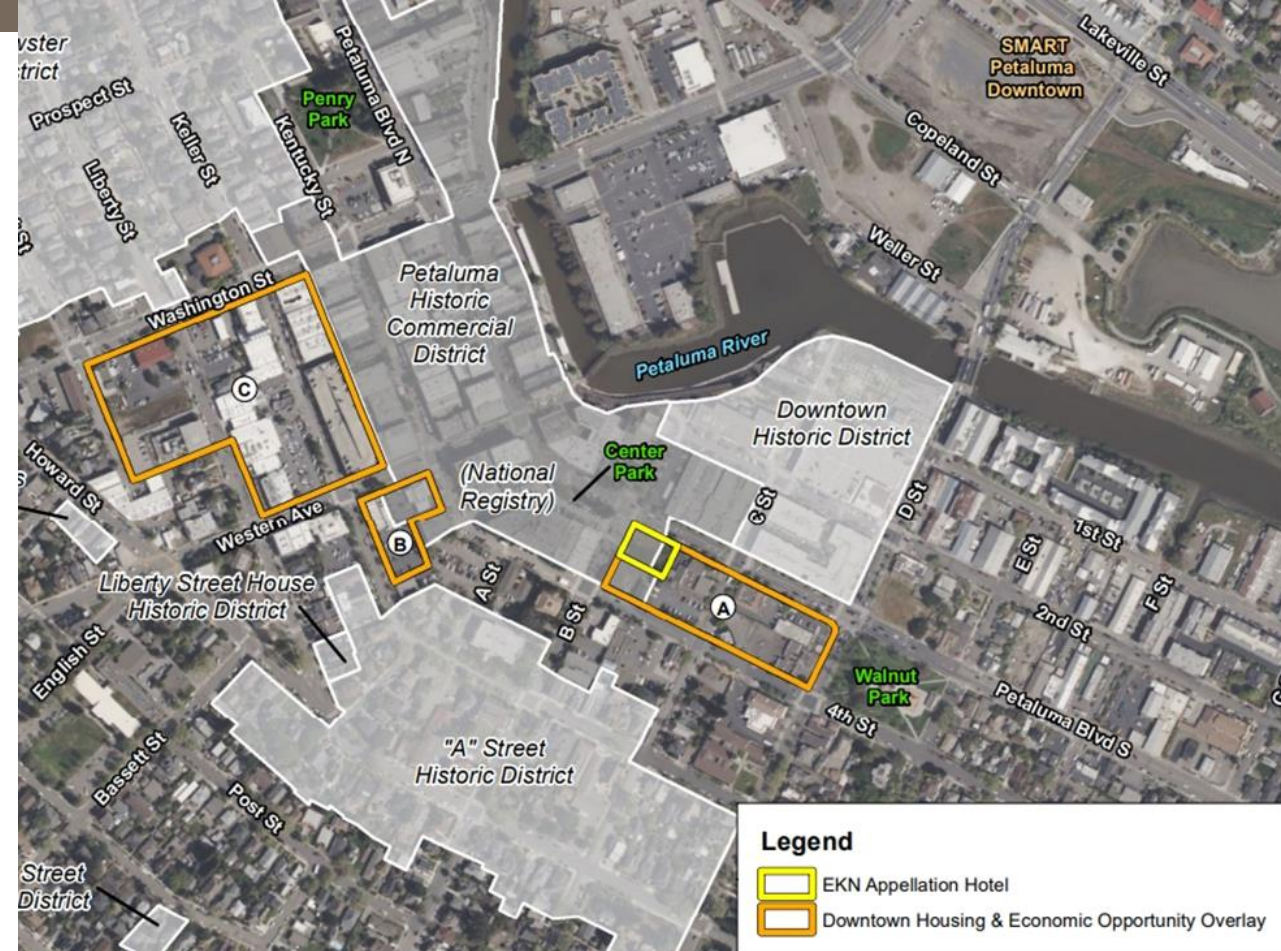
PROCESS

- **Environmental Setting**
 - Site and Vicinity
 - Physical Conditions
- **Regulatory Context**
 - Land Use and Zoning Regulation
 - Use Permit + Site Plan Review
 - Regional Requirements
 - State Statutes



FINAL ENVIRONMENTAL IMPACT REPORT

- **Aesthetics**
 - Visual Quality /Character
 - Scenic Resources
- **Cultural/Historic Resources**
 - Individual/District
 - Archaeological
- **Land Use and Planning**
 - Regulatory
- **All Other Env. Topics Included**



FINAL ENVIRONMENTAL IMPACT REPORT

- **April 12, 2024** - Notice of Preparation (NOP) & Initial Study
- **May 1, 2024** – Draft EIR Scoping Meeting
- **May 13, 2024** – Close of 30-day NOP comment period
- **August 23, 2024** – Draft EIR, NOC, and NOA published
- **September 24, 2024** – Draft EIR HCPC and PC meeting on (Attachment 9)
- **October 7, 2024** – Draft EIR City Council meeting (Attachment 10)
- **October 21, 2024** – Draft EIR public review period ended
- **February 14, 2025** – Final EIR publicly available, sent to commenting agencies

FINAL ENVIRONMENTAL IMPACT REPORT

CONTENTS AND ORGANIZATION

- **Final EIR Volume 1:** Revisions to the Draft EIR

Volume 1 of 2
Final Environmental Impact Report
Downtown Housing and Economic Opportunity Overlay and EKN
Appellation Hotel Project
City of Petaluma, Sonoma County, California

- **Final EIR Volume 2:** Responses to Comments

- **Section 1.** Introduction and List of Commenters
- **Section 2.** Master Responses
- **Section 3.** Responses to Comments

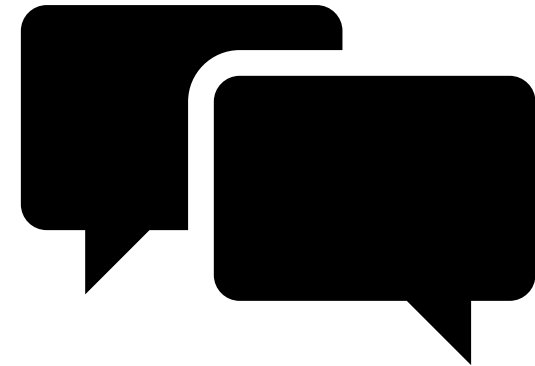
Final Environmental Impact Report, Volume 2
Downtown Housing and Economic Opportunity
Overlay and EKN Appellation Hotel Project
Petaluma, Sonoma County, California

State Clearinghouse Number 2024040565

FINAL ENVIRONMENTAL IMPACT REPORT

COMMENTS AND RESPONSES

- **Public Comments**
- **Responses:**
 - Provide clarification
 - Supplement information in the Draft EIR
 - Make factual corrections
 - Explain why certain comments do not need further response



COMMENTS



RESPONSES

FINAL ENVIRONMENTAL IMPACT REPORT

MASTER RESPONSES

- **Master Responses:**
 - Addresses comments covering 17 themes
 - Frequently raised comments

2.1.1 - List of Master Responses

- Master Response 1—General Opposition Comments
- Master Response 2—Recirculation Not Required
- Master Response 3—Alternatives
- Master Response 4—Comments Asserting that the Draft EIR Defers Analysis and/or Mitigation
- Master Response 5—Noticing and the Public Involvement Process
- Master Response 6— Hotel and Overlay Impacts on Aesthetics and City's Design Review and Conditional Use Permit Review Process
- Master Response 7—Density Bonus and Building Height
- Master Response 8—CEQA in Reverse
- Master Response 9—Historic Built Environment Impacts Assessment and Hotel Impacts on Visual Character
- Master Response 10—Construction and Staging
- Master Response 11—Traffic-Related Noise and Air Pollution
- Master Response 12—Relation Between the Proposed Overlay and Upcoming General Plan Update
- Master Response 13—Valet Parking
- Master Response 14—Hotel and Overlay Impacts on Parking
- Master Response 15—Traffic Congestion
- Master Response 16—Effects of Street Closures and Special Events
- Master Response 17—Hazardous Materials

FINAL ENVIRONMENTAL IMPACT REPORT

- **Environmental Review**

- Informs public/decision makers of environmental consequences of the proposed project
- Identifies impacts, mitigation measures, and alternatives
- Does NOT evaluate project merits
- Does NOT grant project approvals/entitlements

- **Role of the City Council**

- Consider adequacy of the EIR (inclusive of the DEIR + FEIR)
- Decision making authority to certify the EIR



FINAL ENVIRONMENTAL IMPACT REPORT

CERTIFICATION

- **Prior to approving the Project the City Council must Certify that the Final EIR:**
 - Has been completed in compliance with CEQA
 - Was presented to the City Council, and the City Council reviewed and considered the information contained in the Final EIR
 - Reflects the lead agency's independent judgment and analysis

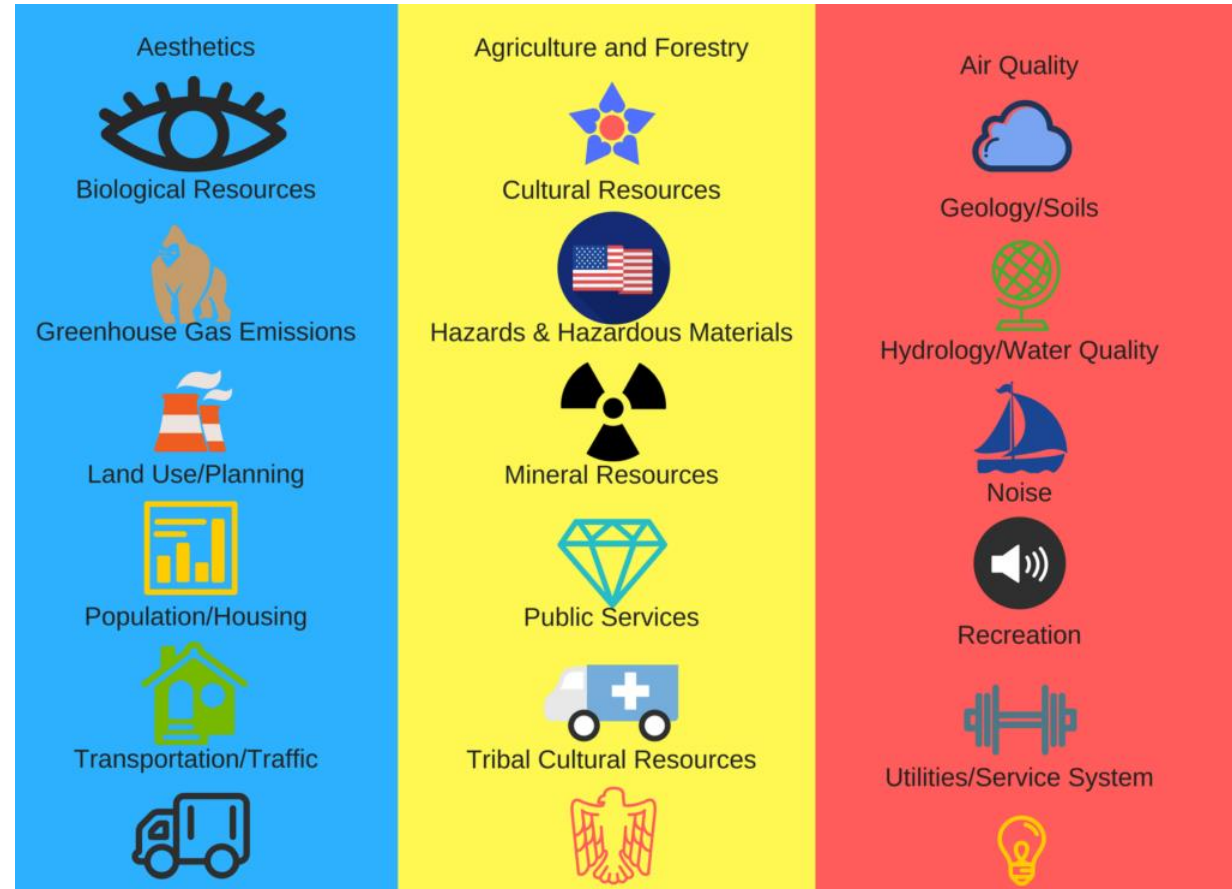


FINAL ENVIRONMENTAL IMPACT REPORT

FINDINGS AND MITIGATIONS

Findings

- Potentially significant impacts identified
- All Potentially significant impacts reduced to less than significant with mitigation
- No significant and unavoidable impact (no unmitigated impacts)



OVERLAY PROJECT DESCRIPTION

FINDINGS

- **General Plan Policies**
 - Land Use, Growth Management, and the Built Environment Element
 - Community Design, Character, and Green Building Element
 - Mobility Element
 - Economic Health and Sustainability Element
 - Housing Element
- **Council Goal Alignment**
 - An Economy that Prospers
 - Spaces and Places that Inspire
 - Our Environmental Legacy
- **Climate Action/Sustainability**
 - Blueprint for Climate Action, Actions TLUC-1 & TLUC-2
- **Financial Benefits to the City**

PROPOSED RESOLUTION MODIFICATIONS

- FEIR Errata (clarifications and textual corrections)
- MMRP – technical and administrative reconciliations
- Resolution – Refer to FEIR certification errata
- Resolution – Make clear that the City Council is making requisite findings

RECOMMENDATION

- Adopt a Resolution certifying the Final EIR for the Project (**Attachment 1**)
- Adopt a Resolution to adopt a General Plan Amendment to modify FAR for properties within the Overlay, together with related Findings of Fact and the Mitigation Monitoring and Reporting Program (MMRP) (**Attachment 2**)
- Introduce (first reading) an Ordinance amending the Implementing Zoning Ordinance (IZO) and the Zoning Map to create the Overlay and modify the zoning map to applicable parcels (**Attachment 3**)