

**EFFECTIVE DATE
OF ORDINANCE**

Month DD, YYYY

ORDINANCE NO. _____ N.C.S.

Introduced by: _____

Seconded by: _____

AN ORDINANCE (FIRST READING) OF THE CITY COUNCIL OF THE CITY OF PETALUMA AMENDING CHAPTER 2 OF THE PETALUMA IMPLEMENTING ZONING ORDINANCE (IZO) TO ADD THE DOWNTOWN HOUSING AND ECONOMIC OPPORTUNITY OVERLAY TO THE LIST OF OVERLAY ZONES PROVIDED IN TABLE 2-1 (ZONES); AMENDING CHAPTER 4 OF THE IZO TO ADD A FOOTNOTE REFERENCE TO TABLE 4.3 (ALLOWED LAND USES AND PERMIT REQUIREMENTS FOR MIXED USE ZONES) AND TABLE 4.10 (MU1 AND MU2 ZONE DEVELOPMENT STANDARDS) REFERENCING SECTION 5.070 OF THE IZO; AMENDING CHAPTER 5 OF THE IZO TO ADD SECTION 5.070 AND ESTABLISH THE DOWNTOWN HOUSING AND ECONOMIC OPPORTUNITY OVERLAY ZONE; AND AMENDING THE ZONING MAP OF THE CITY OF PETALUMA TO ZONE APPLICABLE PARCELS TO THE DOWNTOWN HOUSING AND ECONOMIC OPPORTUNITY OVERLAY ZONE; FILE NO: PLPJ-2022-0015 & PLZA-2023-0002

WHEREAS, the City of Petaluma Implementing Zoning Ordinance (IZO) Section 25.010 provides that no amendment that regulates matters listed in Government Code Section 65850 shall be made to the IZO unless the Planning Commission and City Council find the amendment to be in conformity with the General Plan; and

WHEREAS, pursuant to IZO Chapter 25, an amendment may be requested by a property owner, and the City Council may adopt the amendment upon the recommendation of the Planning Commission; and

WHEREAS, on April 11, 2022, Mike Jolly of EKN Development Group (herein after ‘Applicant’), applied for Historic Site Plan and Architectural Review (H-SPAR) for the EKN Appellation Hotel (herein after ‘Hotel’) to develop a 93-room hotel with ancillary food service, parking and event spaces at 2 Petaluma Boulevard South; and

WHEREAS, the Hotel would exceed the maximum FAR established by the Mixed Use (MU) 2025 General Plan Land Use Classification and exceed the maximum building height, lot coverage, and floor area ratio (FAR) established by the Mixed Use 2 (MU2) Implementing Zoning Ordinance (IZO) designation; and

WHEREAS, the City of Petaluma advised the Applicant that the Hotel must be revised to comply with applicable IZO and General Plan standards and regulations, or amendments to the IZO and General Plan must be proposed to allow for Planning review to proceed; and

WHEREAS, EKN Development Group subsequently applied for a General Plan Amendment (GPA), Zoning Map Amendment (ZMA), and Zoning Text Amendment (ZTA) to create a Building Form Overlay (later renamed the Downtown Housing & Economic Opportunity Overlay (herein after ‘Overlay’)); and

WHEREAS, the City of Petaluma conducted three publicly noticed study sessions commencing on June 13, 2023, August 8, 2023, and October 3, 2023, to develop the scope and content of the Overlay, to consist of Subareas A, B, and C; and

WHEREAS, three parcels within Subarea A, including two parcels comprising the Hotel, and one parcel within Subarea B of the Overlay are also within the boundaries of the Petaluma Historic Commercial District; and

WHEREAS, the intent of the Downtown Housing & Economic Opportunity Overlay is to facilitate the development of residential uses, orderly economic development, preservation of historic buildings and resources

and the Commercial Historic District activate the ground levels, and incorporate sites with the greatest opportunity for redevelopment activity by increasing the allowable floor area ratio from 2.5 to 6.0, building height from 45 feet to up to 75 feet subject to approval of a conditional use permit, and lot coverage from 80% to 100% subject to approval of a conditional use permit, and subject to development and design controls for properties within the proposed Overlay; and

WHEREAS, the City of Petaluma as the lead agency under the California Environmental Quality Act (CEQA) prepared a Draft Initial Study/Mitigated Negative Declaration (IS/MND) for the Downtown Housing and Economic Opportunity Overlay and EKN Appellation Hotel (the Project) to analyze potential environmental impacts; and

WHEREAS, the Draft IS/MND was made available for public and agency review from October 13, 2023, to November 14, 2023; and

WHEREAS, pursuant to IZO Sections 25.010 and 25.050.B, if the Planning Commission finds the IZO amendments to be in conformance with the Petaluma General Plan, and consistent with the public necessity, convenience, and general welfare, it may recommend amendment of the IZO to the City Council; and

WHEREAS, on November 14, 2023, the Planning Commission and Historic and Cultural Preservation Committee (HCPC) held a duly noticed public hearing to consider the Draft IS/MND, and the Overlay (GPA, ZMA, and ZTA); and

WHEREAS, at the November 14, 2023, public hearing, pursuant to IZO Section 15.020.A.6, the HCPC provided their independent analysis of the Overlay Zoning Amendments and made a recommendation on the proposed ZMA and ZTA to the Planning Commission; and

WHEREAS, on November 14, 2023, the Planning Commission provided their independent analysis of the Overlay Project, considered the recommendation provided by the HCPC on the zoning amendments, and adopted Resolutions 2023-21 and 2023-22, regarding the Downtown Housing and Economic Opportunity Overlay; and

WHEREAS, following the November 14, 2023, Planning Commission and HCPC joint public hearing, the City commenced preparation of an Environmental Impact Report (EIR) for the Downtown Housing and Economic Opportunity Overlay and EKN Appellation Hotel (the Project) to provide greater analysis of the potential impacts of the Project and to provide additional information for the public and reviewing bodies; and

WHEREAS, on September 24, 2024, the Planning Commission and HCPC held a duly noticed public hearing to consider information presented by staff, to receive public comments regarding the Draft EIR, and to independently consider the Draft EIR; and

WHEREAS, at the September 24, 2024, public hearing, the HCPC considered the public comments received, independently considered the Draft EIR, and by a vote of 4-0 recommended to the Planning Commission that the Commission recommend to the City Council preparation of a Final EIR for the Project, subject to recommendations; and

WHEREAS, at the September 24, 2024, public hearing, the Planning Commission adopted Resolution 2024-12, recommending that the City Council direct staff to proceed with preparation of the Final Environmental Impact Report (Final EIR) for the Project with recommendations; and

WHEREAS, on October 7, 2024, the City Council held a duly noticed public hearing to independently consider the Draft EIR and to receive public comments regarding the Draft EIR; and

WHEREAS, at the October 7, 2024, public hearing, the City Council adopted Resolution 2024-125, authorizing staff to prepare the Final EIR, inclusive of responses to public comments; and

WHEREAS, on November 18, 2024, the City Council held a duly noticed public workshop to engage in an in-depth discussion about various aspects of the Overlay; and

WHEREAS, at the November 18, 2024, workshop, the City Council directed staff to clarify the relationship between the Overlay and the ongoing General Plan Update process; to provide additional information for the Council to better understand implications of the Overlay on multi-family housing including how it relates to State Density Bonus Law, Senate Bill (SB) 35, and height increase eligibility; to bring forward potential options for supplementing the review of development projects within the proposed Overlay by design and architectural specialists in addition to the City's established SPAR process; to update Council on the ongoing efforts of the Downtown Parking Management Plan; to bring forward the Overlay for Council's consideration as recommended by the Planning Commission at the November 14, 2023, public hearing and any potential modifications from Council's input during the November 18, 2024, workshop; and to bring forward the Overlay and Final EIR directly to City Council for consideration, in lieu of returning to the Planning Commission and HCPC for their review of the Final EIR; and

WHEREAS, the proposed General Plan Amendment and Zoning Amendments are substantially the same and the proposed impacts of the amendments are substantially the same as when Planning Commission reviewed and recommended their approval to City Council on November 14, 2023, via Resolutions 2023-21 and 2023-22, and no further review by the Planning Commission is required under state or local law; and

WHEREAS, on February 24, 2025, the City Council held a duly noticed public hearing to independently consider the Final EIR and to receive public comments on the Final EIR; and

WHEREAS, at the February 24, 2025 duly noticed public hearing, the City Council certified the Final EIR by Resolution 2025-XXX; and

WHEREAS, at the February 24, 2025, duly noticed public hearing, the City Council adopted a Resolution to adopt a General Plan Amendment to increase the allowable Floor Area Ratio for areas within the Downtown Housing & Economic Opportunity Overlay from 2.5 to 6.0, together with findings of fact and the Mitigation Monitoring and Reporting Program; and

WHEREAS, at the February 24, 2025 duly noticed public hearing, the City Council made one or more of the required findings for each identified significant impact, supported by substantial evidence, as set forth in the Findings of Fact, attached thereto as **Exhibit A to Resolution 2025-XXX**, and incorporated herein by reference; and

WHEREAS, at the February 24, 2025 duly noticed public hearing, the City Council adopted a Mitigation Monitoring and Reporting Program for each project component (Overlay and Hotel), attached thereto as **Exhibit B to Resolution 2025-XXX** and incorporated herein by reference; and

WHEREAS, no physical development is proposed or would be approved as a result of City Council approving the General Plan Amendment and adopting the Zoning Amendments; and

WHEREAS, approval of the EKN Appellation Hotel as currently proposed is contingent upon approval of the GPA and adoption (first and second reading) of the ZMA and ZTA; and

WHEREAS, approval of the EKN Appellation Hotel is further contingent upon meeting the regulations, criteria, and findings of the Overlay, subject to independent discretionary review at a separate, publicly noticed hearing of the Historic and Cultural Preservation Committee; and

WHEREAS, physical development of other sites within the Overlay would be subject to separate discretionary review processes, including Site Plan and Architectural Review (SPAR), Historic Site Plan and Architectural Review (H-SPAR), and/or Conditional Use Permit (CUP); and

WHEREAS, consistent with the California Environmental Quality Act (CEQA), these discretionary actions meet the definition of a project, and would be subject to independent CEQA analyses to determine potential impacts of site-specific developments; and

WHEREAS, all future development proposals within the Overlay would also be subject to mitigation measures contained in the adopted MMRP (City Council Resolution 2025-XXX, Exhibit B), including measures with clearly defined criteria for which the City of Petaluma will apply in determining the impacts of future development; and

WHEREAS, consistent with CEQA, the City of Petaluma, as the Lead Agency may rely on future studies required by mitigation measures in the adopted MMRP (City Council Resolution 2025-XXX, Exhibit B) for site-specific developments as these future studies will inform site-specific mitigation design to fit on-the-ground environmental conditions; and

WHEREAS, because the Overlay will not result in direct physical development, identifying site-specific mitigation measures for potential impacts to the resource areas identified in the certified EIR (City Council Resolution 2025-XXX) is not appropriate at this time as this would represent speculative analysis under CEQA; and

WHEREAS, the proposed Overlay will reduce the costs to a housing project by allowing greater lot coverage, floor area ratio, and additional height which enables more efficient use of land, lowers per-unit construction expenses, and reduces the financial burden of structured parking, as documented in the Strategic Economics Memorandum, attached to the concurrent staff report at **Attachment 4**; and

WHEREAS, the proposed Overlay will facilitate the development of housing due to the reduction in costs to a housing project and by increasing allowable building heights, floor area ratios, and lot coverage, and allowing ground floor residential thereby expanding development capacity and unlocking underutilized sites for residential use, as identified in the Strategic Economics Memorandum, attached to the concurrent staff report at **Attachment 4**; and

WHEREAS, the City Council's consideration and enactment of the proposed Ordinance is contingent upon the new Conditional Use Permit (CUP) process allowing additional height above 45 feet and increased lot coverage, which in turn enables the City to realize the benefits of reduced housing development costs and the facilitation of new housing production; and

WHEREAS, on February 14, 2025, a Notice of Availability, Notice of Intent to Certify, Notice of Public Hearing, and the Final EIR were filed with the State Clearinghouse and the Sonoma County Clerk, published on the City's website, circulated in the Argus Courier, mailed to interested persons who requested notification, responsible, trustee and other public agencies, and mailed to all owners and occupants of properties within a 1,000 foot radius of the perimeter of the Overlay study area, commencing the required 10-day public review period beginning on February 14, 2025, and extending through February 24, 2025; and

WHEREAS, on February 24, 2025, the City Council held a duly noticed public hearing to independently consider the proposed Ordinance and to receive public comments on the proposed Ordinance.

NOW THEREFORE BE IT ORDAINED by the council of the City of Petaluma, as follows:

Section 1. Recital Findings. The foregoing recitals are hereby declared to be true and correct and are incorporated into this Ordinance as findings and determinations of the City Council.

Section 2. CEQA Findings. The potential environmental impacts of the Downtown Housing and Economic Opportunity Overlay Project, including the proposed Zoning Text Amendments and Zoning Map Amendment, were fully analyzed in the Downtown Housing and Economic Opportunity Overlay and EKN Appellation Hotel Project Final EIR (SCH # 2024040565), containing all the requirements of CEQA Guidelines Section 15132, inclusive of references, appendices, and all attachments thereto. The Final EIR was certified pursuant to City Council Resolution 2025-XXX, the Findings of Fact were made pursuant to Resolution 2025-XXX, Exhibit A, and the MMRP was adopted pursuant to Resolution 2025-XXX, Exhibit B.

Section 3. Severability If any section, subsection, sentence, clause, phrase, or word of this Ordinance is for any reason held to be unconstitutional, unlawful, or otherwise invalid by a court of competent jurisdiction or preempted by State legislation, such decision or legislation shall not affect the validity of the remaining portions of this Ordinance. The City Council of the City of Petaluma hereby declares that it would have passed and adopted this Ordinance and each and all provisions thereof irrespective of the fact that any one or more of said provisions be declared unconstitutional, unlawful other otherwise invalid.

Section 4. General Plan and Public Necessity Findings. In accordance with Sections 25.010 and 25.070 of the City's Implementing Zoning Ordinance, Ordinance No 2300 N.C.S., (IZO), the proposed amendments to the IZO described in Section 5 and **Exhibit A**, **Exhibit B**, and **Exhibit C**, and Section 6 and **Exhibit D**, attached hereto and incorporated into this ordinance are in general conformity with the General Plan 2025 and that the public necessity, convenience, and general welfare require or clearly permit the adoption of the proposed amendment:

A. General Plan Consistency. For the reasons described in the concurrent City Council Staff Report dated February 24, 2025 and incorporated herein by reference, the proposed Downtown Housing and Economic Opportunity Overlay is consistent with and implements existing General Plan policies contained in the Land Use, Growth Management, and the Built Environment Element (Policies 1-P-1, 1-P-3, 1-P-6, 1-P-7, 1-P-11, 1-P-12), Community Design, Character, and Green Building Element (Policies 2-P-3, 2-P-5, 2-P-14, 2-P-17), Mobility Element (Policy 5-P-43), Economic Health and Sustainability Element (Policies 9-P-12, 9-P-13, 9-P-14), and Housing Element (Policies 1.1, 1.3, 1.4, 1.6, 1.7, 2.1)

B. Public Necessity, Convenience, and General Welfare. The public necessity, convenience, and welfare clearly permit the adoption of the proposed Zoning Text and Zoning Map Amendments in that the proposed Downtown Housing and Economic Opportunity Overlay:

- Incentivizes higher-intensity, mixed-use development in Downtown Petaluma by increasing development potential, thereby promoting infill development, increasing opportunities for transit use, creating a more walkable, vibrant Downtown, increasing the diversity of housing, retail, and cultural opportunities, and preserving and enhancing the City's historic character.
- Supports and cross-references three out of five categories of the adopted City Council Goals, for An Economy that Prospers, Spaces and Places that Inspire, and Our Environmental Legacy.
- Supports new development standards and guidelines to achieve a desired height of up to 75 feet when certain design standards are met, providing for compatible and appropriate development in the Downtown area.
- Encourages infill development of underutilized parcels in the City's Downtown, strategically located near public transit.
- Supports housing growth and strengthens the City's tax base and revenue.
- Helps to reduce urban sprawl, vehicle miles traveled, and associated greenhouse gas emissions, promoting a more sustainable, transit-oriented community.
- Promotes development within a High Resource Neighborhood Opportunity Area, as identified on the 2025 Affirmatively Furthering Fair Housing Map, which is shown by research to be associated with positive economic, educational, and health outcomes for low-income families, particularly long-term outcomes for children.
- Implements, in part, Actions TLUC-1 and TLUC-2 of the adopted Blueprint for Climate Action, as it allows for higher intensity development in the Downtown area, which increases development potential in one of the City's most walkable areas, thereby supporting development of more viable mixed-used projects near high-quality transit corridors and contributing to the vision of 15-minute neighborhoods. By supporting incremental infill development through increased development

potential, the Overlay contributes to reducing greenhouse gas emissions associated with the reliance and use of single-occupancy vehicles as it positions residential, commercial, and other uses near reliable transit, and further promotes a shift towards active transportation, directly supporting the City's climate action and sustainability goals.

- Reduces the costs to a housing development project and facilitates the development of housing, including affordable housing.

Section 5. Amendment to the Petaluma Implementing Zoning Ordinance. Based on its review of the entire record herein, including the February 24, 2025, City Council meeting staff report, all supporting, referenced, and incorporated documents and all comments received, and the foregoing findings, the City Council amends: IZO Chapter 2 (Zoning Map and Zones) to add the Downtown Housing and Economic Opportunity Overlay to the list of Overlay Zones provided in Table 2-1 (Zones) (**Exhibit A**); IZO Chapter 4 (Zone District and Allowable Land Uses) to add a footnote referencing Section 5.070 to Table 4.3 (Allowed Land Uses and Permit Requirements for Mixed Use Zones) and Table 4.10 (MU1 and MU2 Zone Development Standards) (**Exhibit B**); and IZO Chapter 5 (Overlay Zones) to add Section 5.070 Downtown Housing and Economic Opportunity Overlay (**Exhibit C**).

Section 6. Amendment to the Petaluma Implementing Zoning Ordinance Map. Based on its review of the entire record herein, including the February 24, 2025, City Council meeting staff report, all supporting, referenced, and incorporated documents and all comments received, and the foregoing findings, the City Council amends the Implementing Zoning Ordinance Map to zone applicable parcels to the Downtown Housing and Economic Opportunity Overlay Zone inclusive of Subarea A (008-063-005; 008-063-006; 008-063-007; 008-063-008; 008-063-009; 008-063-010; 008-063-011; 008-063-012; 008-064-002; 008-064-004; 008-064-005; 008-064-006; 008-064-007; 008-064-008; 008-064-009; 008-064-010), Subarea B (008-051-024; 008-051-025), and Subarea C (006-361-028; 006-361-030; 006-361-033; 006-361-039; 006-361-040; 006-362-001; 006-362-002; 006-362-003; 006-362-009; 006-362-022) (**Exhibit D**).

Section 7. Posting/Publishing of Notice The City Clerk is hereby directed to publish or post this Ordinance or a synopsis for the period and in the manner provided by the City Charter and any other applicable law.

Section 8. Effective Date The Ordinance shall become effective thirty (30) days after the date of its adoption by the Petaluma City Council.

INTRODUCED and ordered published and posted this 24 day of February 2025.

ADOPTED this DD day of Month YYYY by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Kevin McDonnell, Mayor

ATTEST:

APPROVED AS TO FORM:

Caitlin Corley, City Clerk

Eric Danly, City Attorney

EXHIBIT A

**AMENDMENT TO CHAPTER 2 (ZONING MAP AND ZONES) OF THE PETALUMA
IMPLEMENTING ZONING ORDINANCE TO ADD THE DOWNTOWN HOUSING AND ECONOMIC
OPPORTUNITY OVERLAY TO THE LIST OF OVERLAY ZONES PROVIDED IN TABLE 2-1
(ZONES)**

EXHIBIT B

AMENDMENT TO CHATER 4 (ZONE DISTRICTS AND ALLOWABLE LAND USES) OF THE PETALUMA IMPLEMENTING ZONING ORDINANCE TO ADD A FOOTNOTE TO TABLE 4.3 (ALLOWED LAND USES AND PERMIT REQUIREMENTS FOR MIXED USE ZONES) AND TABLE 4.10 (MU1 AND MU2 ZONE DEVELOPMENT STANDARDS), REFERENCING IZO SECTION 5.070 (DOWNTOWN HOUSING AND ECONOMIC OPPORTUNITY OVERLAY ZONE)

EXHIBIT C

**AMENDMENT TO CHAPTER 5 (OVERLAY ZONES) OF THE PETALUMA IMPLEMENTING
ZONING ORDINANCE TO ADD SECTION 5.070 ESTABLISHING THE DOWNTOWN HOUSING
AND ECONOMIC OPPORTUNITY OVERLAY ZONE AND AUTHORIZING A ZONING MAP
AMENDMENT TO ZONE APPLICABLE PARCELS**

EXHIBIT D

AMENDMENT TO THE ZONING MAP OF THE CITY OF PETALUMA TO ZONE APPLICABLE PARCELS TO THE DOWNTOWN HOUSING AND ECONOMIC OPPORTUNITY OVERLAY ZONE, INCLUSIVE OF SUBAREA A (008-063-005; 008-063-006; 008-063-007; 008-063-008; 008-063-009; 008-063-011; 008-063-012; 008-064-002; 008-064-004; 008-064-005; 008-064-007; 008-064-008; 008-064-010), SUBAREA B (008-051-024; 008-051-025), AND SUBAREA C (006-361-028; 006-361-030; 006-361-033; 006-361-039; 006-361-040; 006-362-001; 006-362-002; 006-362-003; 006-362-009; 006-362-022)