



City of Sebastopol Planning Department

Date: October 27, 2026
Agenda Item: 6A
To: Planning Commission
From: Eli Arreola, Staff Associate Planner
Subject: Priority Development Area (PDA) Grant Planning Commission Study Session

Background:

In 2012, the City of Sebastopol established a Priority Development Area known as the Sebastopol Core Area PDA. The Priority Development Area (PDA) Program is a voluntary partnership between local governments, the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments (ABAG). Through the PDA program, local governments identify areas envisioned for future housing and job growth that are served by transit. Bay Area cities have nominated 218 PDAs since 2007.

PDAs facilitate coordinated regional planning for future growth and transportation investment. In addition to shaping the location of anticipated growth and major transit investments, PDAs receive a dedicated share of funding for local planning and for transportation improvements such as complete streets, bikeways, and parking programs. This is reflected in Plan Bay Area 2050, the region's current long-range land use and transportation plan.

In December 2022, MTC released a Call for Projects for PDA Planning Grants open to local governments with one or more PDAs. The City Council authorized the City's application for grant funding in March 2023, and the grant was awarded June 28, 2023.

At the time the grant was awarded, the City Planning Department was busy with other long-range planning activities and lacked adequate in-house staff capacity to undertake administration of the grant. Director Svanstrom met with ABAG staff to explain the City's situation, and ABAG agreed to undertake the administration portion of the grant. Ms. Svanstrom left the City in February 2024, and a succession of Planning Department leads has occurred since that time. Grant work was stalled during a part of this time but is again underway now.

Changes in PDA Grant Conceptual Scope of Work:

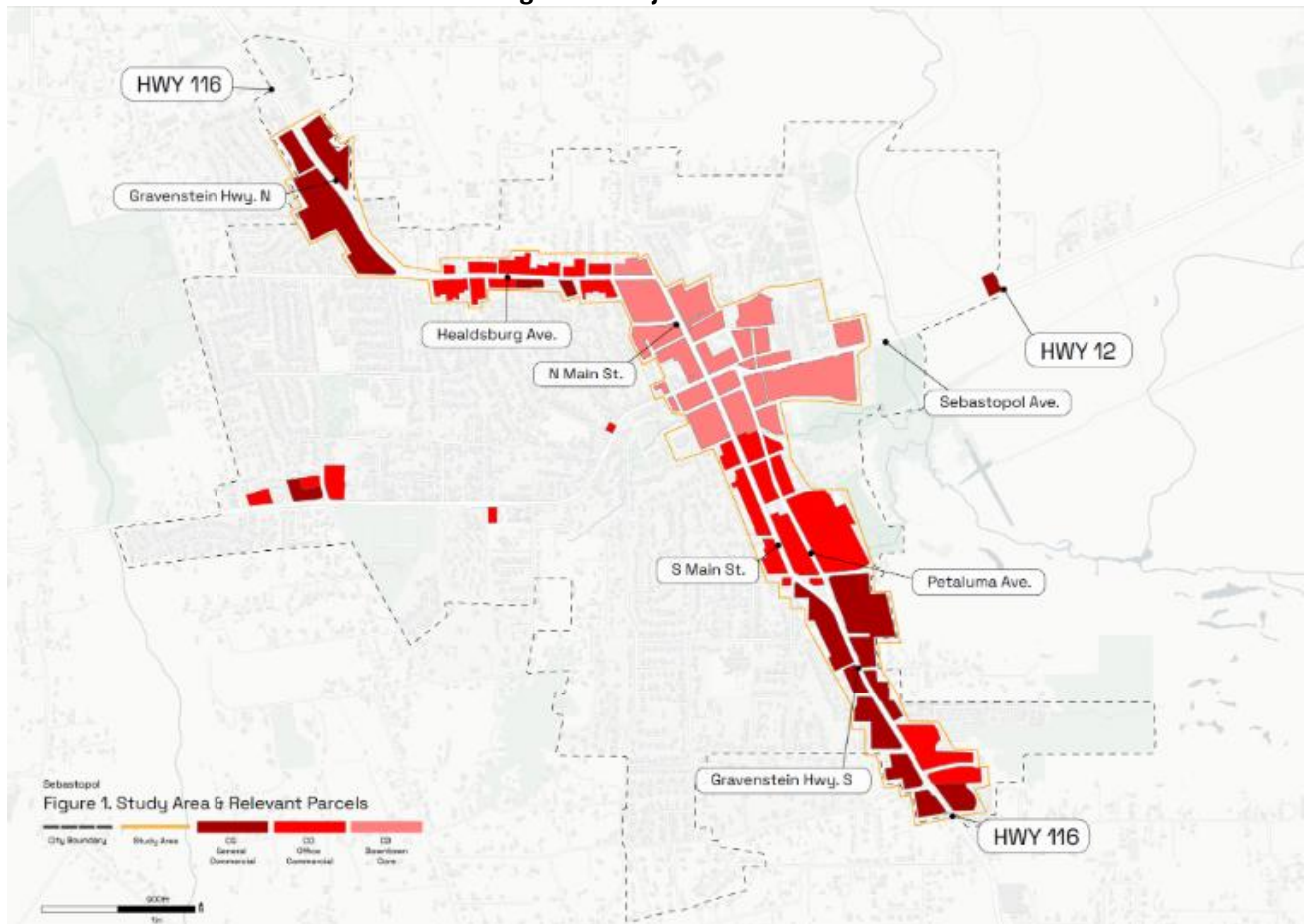
Sebastopol's PDA Grant was originally envisioned to establish a Workforce Housing program and zone within the City's established PDA area and to explore a redesign of the Redwood Marketplace to allow a mixed-use hub. In 2025, HCD reached out to the City about the status of their promised Workforce Housing overlay program, which was a priority program in the City's adopted 2023 Housing Element. Since the PDA grant work had not yet commenced and a formal scope of work had not been developed, City

staff had to move forward with a Workforce Housing program and ordinance for City Council adoption outside of the Grant process. The Workforce Housing Overlay (WHO) was adopted (but is not yet applied to any sites) and HCD was satisfied with the City's progress in implementing this priority program.

Since the bulk of the work to implement the program was complete, ABAG staff reached back out to the City for a new Scope for the PDA Grant. As administrators of the PDA Grant, ABAG contracted with Aaron Welch Planning (prime consultant) to work with the City to come up with a Scope. City staff identified specific areas where additional data and analysis would be needed to fully implement the WHO while increasing the vitality of the PDA area and opportunities for the businesses and properties within it. Staff also identified the strong need for this effort to build upon the work and momentum from the STG Downtown Grant work that was completed earlier this year. Based on staff's input, the prime consultant put together a team of subconsultants that includes land use, urban design, economics, and traffic firms.

Working together, the team created a new Scope of Work for the PDA project. The project, **Sebastopol Growing Together: A Strategy for a Livable Community**, focuses on zoning updates and economic development options along the Highway 116 corridor in Sebastopol's Priority Development Area (PDA), including the General Commercial, Downtown Commercial, and Office Commercial zones. The project has three primary interconnected areas of work: a zoning audit and code update; application of the City's adopted Workforce Housing Overlay to specific parcels; and an economic analysis of market conditions and development feasibility. Land use, housing, and transportation considerations are woven throughout.

Figure 1: Project Area



Together, these efforts aim to make it easier for working people to live in Sebastopol, keep local businesses viable, reduce vehicle trips by encouraging walkable infill development, and ensure the places and spaces that define the community's character continue to thrive. The project builds directly on two related planning efforts already completed: the City's Workforce Housing Overlay adoption and the Downtown Sustainable Transportation Grant (STG).

Engagement to Date:

From August to September, the project team conducted targeted engagement with key stakeholder groups with direct experience with development, design, property management, small business operations, and/or engagement with residents and the broader community. Engagement took place through Zoom and hybrid formats. City and consultant staff hosted (6) six one-on-one interviews with developers, property owners, local business owners, and a community land trust; and (3) three focus groups with local downtown businesses, community voices with design expertise, and community-based organizations/housing and tenant advocates. Several of the interviewees are also longtime Sebastopol residents. In addition, the project team reviewed written email comments from stakeholders who were unable to attend the scheduled sessions. During this time, the project team also developed a project [website](https://www.ci.sebastopol.ca.us), where the public can follow project progress and sign up to receive updates.

Discussion:

The project, led by Aaron Welch Planning with Urban Field Studio (engagement and zoning), BAE Urban Economics (economic analysis), and Eleanor Leshner (transportation peer review), has three interconnected areas of work:

- **Zoning audit and code update.** Identify gaps, inconsistencies, and barriers in the current code and recommend targeted amendments.
- **Workforce Housing Overlay (WHO) application.** Map where the already adopted WHO applies, define exceptions, and establish objective design standards.
- **Economic analysis.** Assess market conditions, development feasibility, and the right mix of residential and commercial uses to sustain downtown vitality.

This project is intended to be a targeted update of the PDA corridor and downtown commercial zones. It applies a Workforce Housing Overlay that the City Council has already adopted and provides code amendments intended to make workforce housing projects within the PDA more feasible. It is not a citywide rezoning, a General Plan amendment, or a density increase that would trigger new environmental review. The project will culminate in City Council adoption of zoning amendments to apply and implement the Workforce Housing Overlay.

Based on stakeholder input received between August and September, the project team was able to identify several points that stakeholders commonly agree on:

- Sebastopol needs more housing, and affordability is urgent for workers, seniors, and the town's future.
- Displacement of long-time residents and workers harms downtown vitality.
- Many barriers are within the City's control, including density limits, lot coverage, inclusionary requirements, fees, and design review.
- The review process should be predictable, and design standards should be simpler, form-based, and feel like Sebastopol.
- Downtown should be a better place to walk.

The project team was also able to identify areas where stakeholders have different opinions and how policies can potentially respond:

Tension	How Policies Can Respond
Housing type: smaller units vs. "something that looks like a house"	Allow apartments, townhomes, and ADUs within the same building envelope
Who it serves: lower-wage workers vs. moderate income	Set a clear income definition, informed by BAE's feasibility analysis

Depth of affordability vs. feasibility	Pair affordability requirements with relief on fees, density, and parking
Parking: fewer minimums vs. too little customer parking	Pair lower downtown minimums with a customer parking strategy
Ground-floor retail required everywhere or on key frontages	Focus requirements on key downtown frontages
Flexibility vs. local voice	Build community values into the objective standards up front

This stakeholder input led the project team to identify the following potential policy changes to facilitate implementation of the Workforce Housing Overlay:

	What We Heard	Direction
Zoning Code	Density limits, the 40% lot coverage maximum, and per-unit fees push developers toward fewer, larger units	Regulate building form through height, setbacks, and frontage instead of maximum density
	Inclusionary requirements are confusing	Align with State Density Bonus Law and apply to projects of 10 or more units
	1.0 to 1.6 parking spaces per unit could work	Calibrate parking by location, lower downtown
Workforce Housing Overlay	No shared understanding of "workforce housing"	Define it by income range, not employment
	Many downtown parcels are too small	Identify viable sites and explore lot consolidation incentives
Objective Design Standards	Too complex, and too generic to reflect Sebastopol	Apply to all residential and overlay projects; focus on scale and street frontage; allow flexibility in style

Downtown Vitality	Traffic and noise make it unpleasant to walk; little public gathering space	Prioritize the pedestrian experience; create gathering space and support events with local businesses

Process	Developers want predictability; business owners want to see their input used	Expand by-right review for projects that meet objective standards; report back to stakeholders
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Questions for the Commission:

1. **Smaller homes.** Should we regulate the size and shape of buildings instead of the number of units, so a typical lot can hold several 600 to 800 SF homes instead of two large ones?
2. **Who it serves.** Who should workforce housing reach in Sebastopol? Should it be defined by an income range, such as 80 to 120% AMI?
3. **Downtown.** As housing comes downtown, where must storefronts stay active, and how should we protect customer parking if residential minimums come down?

Next Steps:

Step	Timing
Community Listening Session	November 16, 2026 at 6:00 p.m.
Planning Commission Public Hearing	December 8, 2026 at 6:00pm
City Council Public Hearing and Adoption	December 2026/January 2027

The listening session will lead with what the team heard and ask for reactions, with childcare, food, and Spanish interpretation planned. Commission feedback tonight will inform the draft amendments presented at the public hearing.

Environmental Review:

This study session is information and does not commit the City to any action; it is not a project under CEQA Guidelines Section 15378.

Public Comment:

As of the writing of this staff report, the City has not received any public comment. However, if staff receives public comment from interested parties following the publication and distribution of this staff report, such comments will be provided to the Planning Commission as supplemental materials before or at the meeting. In addition, public comments may be offered during the public comment portion of the agenda item.

Public Notice:

This item was noticed in accordance with the Ralph M. Brown Act and was available for public viewing and review at least 72 hours prior to the scheduled meeting date.

Attachments:

Attachment 1: Planning Commission Study Session Presentation

Attachment 2: Community Engagement Summary

An aerial, slightly faded photograph of a city street. The street runs vertically through the center, with white arrows pointing in both directions. On the left side of the street, there are buildings, including one with a green awning and a red and white striped awning. On the right side, there are more buildings and trees. The background shows a dense line of trees and more buildings under a clear sky.

Sebastopol Growing Together

A Strategy for a Livable Community

City of Sebastopol Planning Commission Study Session

Tuesday October 27, 2026 6:00 pm

Urban Field Studio | Aaron Welch Planning | BAE Urban Economics

Study Session Outline

Where we started

Sebastopol adopted the Workforce Housing Overlay in January 2026, but it hasn't been applied to a single parcel. What should workforce housing mean in Sebastopol?

What we heard

Sebastopol is a place people want to stay. Workers, young people, and seniors are being priced out, and many of the barriers are within the City's control.

What we found

The current code works against the overlay. Use permits, parking minimums, density limits, and narrow design standards push projects toward fewer, larger units, or none at all.

Where we're headed

Apply the overlay broadly, with clear exceptions that protect downtown storefronts. Regulate the shape of buildings instead of unit counts, and make approvals predictable.

Discussion and Next Steps

Who should workforce housing serve, and how should parking work downtown? Your direction will shape the draft amendments ahead of the November 16 listening session and the December hearings.

Project Purpose

This project makes sure the right housing goes in the right places, so working people can afford to stay and the downtown continues to thrive.

There are three areas of work behind that purpose:

Zoning audit and code update

Identify gaps, inconsistencies, and barriers in the current code, and recommend targeted amendments.

Workforce Housing Overlay application

Map where the adopted overlay applies, define exceptions, and set objective design standards.

Economic analysis

Understand market conditions, development feasibility, and the mix of residential and commercial uses that keeps downtown vital.

Funded by the MTC Transit-Oriented Communities Technical Assistance program.

What This Project Is and Is Not

This Project Is

A targeted zoning update for Highway 116
corridor and downtown
Applying the overlay the City already
Adopted
A way to remove unnecessary barriers
Shaped by local input

This Project Is Not

A citywide rezoning
A debate over whether to have workforce
housing
Taller or bigger building requiring new
environmental review
A vision imposed from the outside

The Gap We're Closing

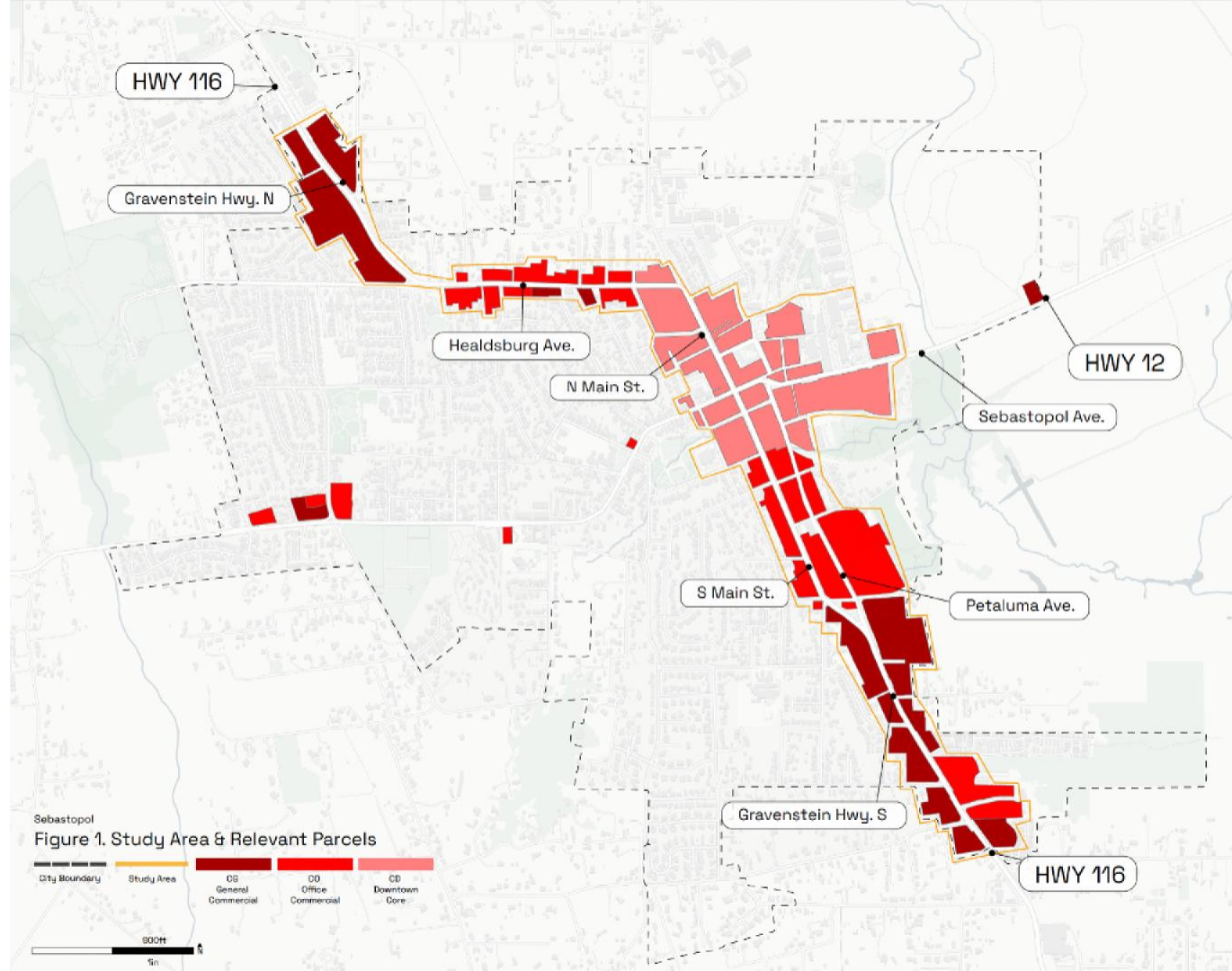
The Workforce Housing Overlay was adopted in January 2026. It has not been applied to a single parcel.

<u>Target</u>	<u>Built</u>	<u>Income Level</u>	
55	58	Very Low	
31	16	Low	The people falling through the gap are the ones who keep Sebastopol running: <i>teachers, retail and restaurant workers, and healthcare staff.</i>
35	3	Moderate	
92	45	Above Moderate	

The Study Area

- General Commercial (CG), Downtown Core (CD), and Office Commercial (CO) zones within the PDA
- 427 parcels
- 81% are under half an acre
- The median parcel is 0.17 acre, with about 56 feet of frontage

Most sites are small. About half of these parcels are smaller than the 8,000 square feet the overlay requires for apartments. That shapes what can realistically be built.



Our Process



Three Desired Outcomes

Policy Outcome

Zoning code amendments and a mapped Workforce Housing Overlay that:

- Remove barriers to workforce housing infill in the right locations along the Highway 116 corridor and downtown core
- Protect ground-floor commercial uses where they matter most

The test: Could a developer use these amendments to build workforce housing in Sebastopol within two years of adoption?

Community Outcome

- A public that is clear on what was decided, why the corridor and downtown are the right places for new housing, and what that means and does not mean for the rest of Sebastopol
- A Planning Commission equipped with the data, messaging tools, and community trust to stand behind the adopted amendments and communicate their value to residents

The test: Can commissioners explain in plain language why this project matters and what it does?

Process Outcome

- Stakeholders who felt genuinely heard, even where the project did not go exactly the way they wanted
- A public record that demonstrates the City incorporated community input into its recommendations
- Trust built through a well-run process that carries forward into implementation

The test: When someone who participated in the process reads the final amendments, do they recognize their input in the result?

Who We Heard From

6 one-on-one interviews | 3 focus groups | 13 stakeholders

Stakeholder Type	Organizations	#
Housing developers	Burbank Housing, Headland Partners, Gallaher Companies	4
Commercial property owners	The Beale Group	1
Community Land Trust	Housing Land Trust of the North Bay	1
Downtown Business Owners	Sebastopol Cookie Company, Retrograde Roasters	2
Design professionals	Fritz Architecture, Lars Langberg Architects	2
Family Childcare Provider	Independent	1
Housing Services and Advocacy	West County Community Services, Generation Housing	2

Notes: We focused on people with direct experience building, owning, operating, and serving in Sebastopol. Several are also longtime residents. Renters were heard mostly through the organizations that serve them. The listening session is designed to hear from them more directly.



In Their Words

"People that have lived in the downtown area for a long time being pushed out, is absolutely detrimental to the vitality of the town."

- Community Stakeholder

"These people are becoming first-time homeless in their 70s and 80s... and they're ending up in my shelter sleeping on a cot."

- Housing and Homeless Service Provider

"We could show you two projects right now in great places in Sebastopol that really should work... We can't get them to pencil based on today's code."

- Housing Developer

"Downtown Sebastopol is not a pleasant walking place. You come down for a specific purpose, you accomplish that purpose, and you leave. The walking experience in downtown Sebastopol should be the number one priority."

- Local business owner

Where Stakeholders Agree

- **Sebastopol needs more housing.** Affordability is urgent for workers, seniors, and the future of the town. Workers are being priced out. Employees live in Santa Rosa and beyond.
- **Displacement hurts the whole community.** When longtime residents and workers are pushed out, downtown loses its vitality.
- **Many barriers are within the City's control.** Density limits, lot coverage, inclusionary rules push developers toward fewer larger units. The code works against the overlay.
- **Housing doesn't pencil today.** There has been limited development of housing because costs have nearly doubled in a decade.
- **The development process should be predictable.** Clear, consistent standards and review.
- **The design standards should feel like Sebastopol.** Simpler, and based on building form. They are currently too complex and don't reflect Sebastopol.
- **Downtown should be a better place to walk.**

Notes: Every stakeholder group supports more housing. The questions are about how, where, and for whom.



Where Stakeholder Differ

Tension	How Policies Can Respond
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Potential Changes to Policies

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Potential Changes to Policies

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Downtown Vitality	Traffic and noise make it unpleasant to walk; little public gathering space	Prioritize the pedestrian experience; create gathering space and support events with local businesses
Process	Developers want predictability; business owners want to see their input used	Expand by-right review for projects that meet objective standards; report back to stakeholders

Other Things We Heard

- A downtown business organization and support for events
- Public open space and gathering places downtown
- Impact fees based on square footage instead of per unit
- Single-stair buildings to open up small infill sites
- Small-lot homes on parcels as small as 450 sf
- Room for family child care in new homes

Notes: These fall partly or fully outside this project's scope. We are recording them so the City can act on them in the future, and so the people who raised them know they were heard.

What does “affordable” mean in Sebastopol?

- A moderate-income family earning about \$160,000 a year can afford a home of about \$540,000, or rent of about \$3,700 a month.
- A low-income family earning about \$132,000 a year can afford about \$440,000, or rent of about \$3,000 a month.
- New townhomes in Sebastopol start at about \$800,000, higher than what a family earning 150% of area median income (about \$200,000) can afford.
- New apartments would mostly rent at moderate-income levels or higher. Lower-income renters would be reached through on-site inclusionary units and 100% affordable projects.



What is the market most likely to provide?

Project type	Feasibility	Who it serves	Shops on the street?
Townhouses	Likely feasible with supportive zoning & development standards	• Market-rate: households above moderate income (from ~\$800K) • Deed-restricted share: low- and moderate-income buyers	No
100% affordable	Likely feasible, depends on public funding	• Very low-income, extremely low-income, supportive housing	No
Market-rate apartments	Feasibility challenges: few recent projects, and townhouse builders can pay more for land	• Market rate: moderate income and above, maybe some low income • On-site inclusionary units: low- and moderate-income	No
Mixed-use (e.g. residential + ground floor retail)	Unlikely when ground floor retail is not required	• Same as 100% residential projects	Yes, but unlikely to be built

Housing That Fits Each Place



Housing in the Downtown Core

Housing above and behind shops. Storefronts stay.



Housing on General Commercial Edges

Full redevelopment where shopping centers (or parcels) are underused



Office or Commercial Conversions (back) to Housing

Parcel by parcel, favoring homes where homes already exist

On the typical Sebastopol lot, today's rules allow two homes

The typical parcel in the study area is about 7,500 square feet, the size of a large house lot.

- **Apartments aren't allowed.** The overlay requires 8,000 square feet for apartment buildings.
- **Two homes are allowed.** Under the cottage court rules, that is the limit.
- **On a slightly larger lot, four large homes.** Lot coverage limits push each unit to about 2,400 square feet.
- **No affordable homes.** Affordability requirements start at five units, so none are triggered.

The overlay was meant to open these sites to working families. As written, it can't.





Parking

Downtown lots are too small to park new homes on site

Most downtown parcels are narrow, with about 50 feet of frontage. A driveway and parking would take the ground floor that storefronts need. Even with the 30% downtown reduction, housing above shops can trigger parking the lot can't hold.

Customer parking is already tight

Business owners told us there isn't enough parking for customers today. Residents have long valued convenient downtown parking. Any change has to protect it.

The code offers no shared parking or in-lieu option

Today each project must park itself. There is no way to share spaces between daytime and evening uses, or to contribute to public parking instead of building it on site.

Small homes are held to big-building standards, even near transit

Duplexes and fourplexes need 1.5 to 2 spaces per unit, the same as large apartment buildings. Bus access along the Highway 116 corridor doesn't reduce that at all.

Developers said 1.0 to 1.6 spaces per unit could work, depending on location.

Objective Design Standards

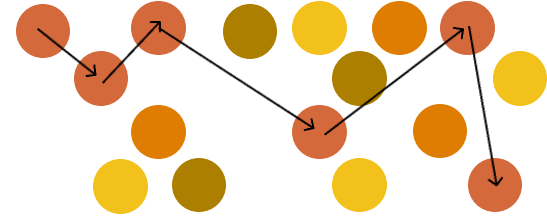
The current standards apply too narrowly and are hard to administer.

- They were written for many building types Sebastopol is unlikely to see
- The same standards are repeated across chapters
- Many duplicate or conflict with the Zoning Ordinance

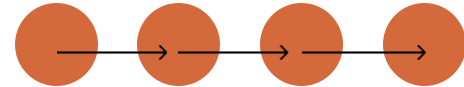
Direction:

1. Regulate height, setbacks, and massing instead of building types.
2. Write standards staff can apply with confidence and applicants can navigate easily.

Current design standards are repetitive, too narrow and overly complicated



Standards should be reconfigured and simplified



Where We're Headed



Regulate the box, not the unit count

Set height, setbacks, and frontage, and let unit count follow. Developers can then build more, smaller homes within the same building envelope.

Support homeowners

Make room for owner-occupied housing types, like townhomes, so working families can put down roots.

Calibrate parking by location

Set lower requirements downtown and near transit, paired with a strategy for customer parking.

Simplify standards

Replace lot coverage with setbacks and stormwater requirements. They achieve the same outcome with less complexity.

Align affordability rules

Bring local inclusionary requirements in line with State Density Bonus Law, so developers face one consistent set of expectations.

Expand by-right approval

Projects that meet objective standards move forward without discretionary review, making the process predictable for everyone.

Questions for the Commission

1. **Smaller homes.** Should we regulate the size and shape of buildings instead of the number of units, so a typical lot can hold several 600 to 800 SF homes instead of two large ones?
2. **Who it serves.** Who should workforce housing reach in Sebastopol? Should it be defined by an income range, such as 80 to 120% AMI?
3. **Downtown.** As housing comes downtown, where must storefronts stay active, and how should we protect customer parking if residential minimums come down?



Next Steps: Sebastopol Growing Together

Community Listening Session	November 16
Planning Commission Public Hearing	December/ January
City Council Public Hearing and Adoption	December/ January

In Closing: A community where working people cannot afford to live is already losing its character.

Workforce housing is about abundance, not scarcity: more neighbors, more local spending, more kids in schools, a more complete and resilient community.

Community Listening Session

November 16, 6pm

390 Morris St., Sebastopol



An open community conversation about housing and the future of downtown. Residents, renters, workers, merchants, and property owners will share what matters most to them, in facilitated small groups, on two themes:

- **Workforce housing and renter experience:** what housing stability means, and what it would take for working people to stay in Sebastopol
- **Downtown character and vitality:** what is working, what is at risk, and what should be protected as the community grows

Can't attend? Share your thoughts through the online survey at tinyurl.com/sebastopolgrowingtogether.

Sebastopol Growing Together

Task 4.2 Engagement Summary

To: City of Sebastopol

From: Urban Field Studio, BAE Urban Economics, and Aaron Welch Planning

Date: October 2, 2026

1. Overview

From August to September 2026, the project team conducted targeted engagement to support greater vitality and affordability in downtown Sebastopol and the Highway 116 corridor. Engagement was built around key stakeholder groups with direct experience with development, design, property management, small business operations, and/or engagement with residents and the broader community. This memo summarizes engagement feedback to inform the following elements of the Sebastopol Growing Together planning initiative:

- Zoning code updates to streamline the development of new commercial, residential, and mixed-use projects;
- Application of Workforce Housing Overlay (WH Overlay) standards;
- Objective Design Standard (ODS) refinements to facilitate new residential developments; and
- Policies or programs to enhance activity in Sebastopol's historic downtown.

High-Level Summary

Sebastopol is a place where people want to live, work, and establish roots. Longtime residents value the “small-town” community feel, and hope to preserve Sebastopol's unique charm as the community changes and grows.

However, high housing costs and limited supply constrain the ability of lower-income residents to stay and of new households to move in. Local business owners described seeing their employees, especially younger ones, being priced out of Sebastopol. Residential, mixed-use, and commercial developers noted a series of challenges in building new housing. While some barriers are external (e.g., interest rates and construction costs), others are under the City's purview: stakeholders pointed to density limits or lot coverage standards, confusing or misaligned inclusionary requirements, parking minimums that do not work for small parcel developments, and City design review processes, to name a few.

Housing service providers and housing advocacy representatives emphasized the need to focus on the needs of lower-income renters. These stakeholders mentioned that in recent years, seniors on fixed incomes have accounted for the greatest demographic increase in homeless populations across Sonoma County. They noted that the City must increase housing supply as part of the broader effort to keep people stably housed.

Stakeholders broadly supported more housing in Sebastopol. Some specifically noted the need for new developments that include a mix of incomes and household types, rather than restricting tenancy by employment. Others noted the importance of also focusing on downtown traffic and parking impacts, pedestrian experience and safety, and small business support as the community develops. A few local business owners encouraged the city to strengthen communication during complex planning processes, and to show how local input shapes outcomes and encouraged greater City and community efforts to ensure that local input is valued and integrated into future plans and development projects.

2. Engagement Methods

Engagement took place through Zoom and hybrid formats. City and consultant staff hosted (6) six one-on-one interviews with developers, property owners, local business owners, and a community land trust; and (3) three focus groups with local downtown businesses, community voices with design expertise, and community-based organizations/housing and tenant advocates. Several of the interviewees are also longtime Sebastopol residents. In addition, the project team reviewed written email comments from stakeholders who were unable to attend the scheduled sessions. Ultimately, the team connected with the following stakeholders:

Stakeholder Type	Organization/Business Affiliation	Total Number of Representatives Engaged
Affordable housing developer	Burbank Housing	1
Market-rate housing developer	Headland Partners	2
Mixed-income and senior housing developer	Gallaher Companies	1
Commercial property owner	The Beale Group	1
Community land trust	Housing Land Trust of the North Bay	1
Local business owner	Sebastopol Cookie Company	1
Local business owner	Retrograde Roasters	1
Community Voices with Design Background	Fritz Architecture	1

Community Voices with Design Background	Lars Langberg Architects	1
Family child care provider	Independent	1
Housing and homeless service provider	West County Community Services	1
Affordable housing advocacy/policy group	Generation Housing	1
Total		13

The project team asked the following key questions, tailored to stakeholder type:

- How would you characterize the current housing, mixed-use, and commercial market in Sebastopol relative to nearby or comparable cities?
- What would it take for a workforce or infill housing project to pencil out?
- What are the biggest barriers to getting new housing or mixed-use projects in downtown Sebastopol or along Highway 116?
- What would increase the feasibility of the WH Overlay, in terms of changes to the development standards and/or aspects of the entitlement process?
- Which areas of downtown or the Highway 116 corridor are most suitable for new housing?
- How do housing costs or supply impact Sebastopol residents and workers and downtown vitality?
- What policies or programs would most enhance downtown vitality?

3. What Stakeholders Said

Overarching Concerns

Stakeholders expressed the following overarching concerns:

- **Housing affordability is a huge issue for workers and for growing the community.**
Business owners mentioned that high housing costs are preventing their employees from living in town, particularly young adults, and as a result many live in Santa Rosa or elsewhere in the region. Others mentioned that rents for the few new units were still out of reach for service workers. A business owner mentioned that her staff was “soul crushed” after seeing the asking rents on new apartments downtown.
 - *“People that have lived in the downtown area for a long time being pushed out, is absolutely detrimental to the vitality of the town.”*
 - *“We do not simply need a place to live; we need housing where we can live and, at the same time, legally continue providing our child care services.”*
- **High housing costs are already displacing longtime renters, especially seniors.** The housing service provider and housing advocacy focus group described a regional trend

of senior residents losing their housing, often when new landlords decide to sell or renovate an inherited property. The service provider representative noted that today, over one-fifth of their shelter residents are 80 or older. More broadly, this focus group emphasized that a single financial event can threaten the stability of renter households, keeping people in their homes is cheaper than supporting them through homelessness, and housing is directly linked to long-term household health and well-being.

- *“These people are becoming first-time homeless in their 70s and 80s, and they’re on a pension that doesn’t work in our current markets, and they’re ending up in my shelter sleeping on a cot.”*
- *“There really kind of is a policy failure on our end to not make housing affordable.”*
- **Developers report that housing development does not pencil out today.** Developers mentioned a range of considerations, including the fact that interest rates and construction costs remain high even if rents and sale prices in Sebastopol are relatively low compared to nearby cities. One developer mentioned that high-quality residential construction costs have nearly doubled in the last decade.

Affordable and mixed-income developers noted that the smaller parcel sizes common in downtown Sebastopol or other commercially zoned areas do not allow them to build at the minimum viable scales needed for financial feasibility. In addition, developers noted that prevailing wage requirements can add over 25% to affordable project costs, which compound in an environment with limited funding and unforgiving timing.

- *“A home may sell for \$2.5 million in Mill Valley. That would sell for \$1 million in Sebastopol. But the cost is the same.”*
- *“We have all the motivation in the world to want to help and to do it [build more housing]. And we’re still having trouble.”*
- *“Ten years ago, \$400 to \$500 a square foot with some conservative design and some magnitude of scale could get you somewhere. Now, I don’t know if we can go below \$800 a square foot.”*
- **The existing zoning standards may work against workforce housing production.** Developers mentioned that the R7 40% maximum lot coverage, maximum density standards, and existing inclusionary requirements may undermine the goals of the WH Overlay. Market-rate developers noted that the current code forces them to fill the allowable envelope with fewer, larger units in order to cover fixed costs, which can preclude them from moving forward with a project. In addition, they suggested that the City simplify the zoning code to define the general form (e.g., height, setbacks, lot coverage) without also setting a maximum density per square foot, so as to allow developers to calibrate and maximize unit count. The housing policy interviewee brought up the inclusionary requirements, asking if they need to apply to projects under 10 units if the WH Overlay is intended to streamline development of some smaller scale projects.

Affordable and mixed-income developers noted that they typically need a minimum base density for projects to pencil out, which usually means a parcel size of at least one acre.

Many downtown parcels are too small to accommodate a viable project.

Several developers described Sebastopol's inclusionary requirements as confusing or could be better aligned with State Density Bonus Law, and asked for consistency between the two. In addition, several mentioned concerns about charging impact fees per unit, and instead suggested fees charged by square footage and other flexible options (e.g., deferral until after occupancy; sliding-scale reductions).

Stakeholders had mixed feedback on parking requirements. While some Community Voices with Design Backgrounds questioned the need for downtown parking minimums, one business owner noted that there is not enough parking today for customers, much less for new residents that might move into the area. Developers mentioned that anywhere from 1.0 to 1.6 spaces per unit could work, depending on the project type and location.

- *"We could show you two projects right now in great places in Sebastopol that really should work... We can't get them to pencil based on today's code."*
 - *"Set the box and let us decide how we fill it."*
 - *"Developers contort themselves to fit into the zoning code, and then you don't necessarily get a worthwhile project."*
- **Stakeholders differ on what is considered a desirable housing type for Sebastopol workers.** Developers noted that they are building and seeing high demand for smaller units (one- and two-bedrooms). However, business owners and the community land trust noted that many Sebastopol residents desire a home with yard space, and may prefer accessory dwelling units (ADUs) or townhome options over denser apartments. Interviewees suggested that mixed-use projects may not be feasible, questioning ground-floor retail requirements in particular.
 - *"The appetite for purchase in Sonoma County, particularly as you get more rural and further away from San Francisco, is not density."*
 - *"Our workforce wants to move out of an apartment and they want something that looks like a house."*
 - *"One of the things that we're hearing from at least the demand on the market is smaller units work. ... Ones and twos are where we find the sweet spot."*
- **Stakeholders find the objective design standards are too complicated and too limited in scope.** Community Voices with Design Background focus group attendees stated that the ODS only apply to SB 35 projects.¹ In addition, stakeholders mentioned that the ODS are both too complex and repetitive for implementation and too generic to reflect Sebastopol's actual design character and range. Stakeholders suggested moving

¹ SB 35 created a streamlined approval process for qualifying multi-family or mixed-use housing projects in jurisdictions that have not met their RHNA targets. Note that although the interviewees described the ODS as "only" applying to SB 35 projects, the ODS actually apply to projects submitted under the Housing Accountability Act, SB 330, and SB 35.

towards a general form-based approach that defines building scale and street frontage, while increasing flexibility on architectural standards. One interviewee mentioned a recent Habitat for Humanity project at 333 N. Main Street as an example of how the Sebastopol community is open to more modern architectural styles.

- *“We were just taking a cut-and-paste document from another consultant that was doing it in other jurisdictions and trying as best we could to make it more Sebastopol.”*
- *“Zoning codes are a very blunt tool.... There needs to be more built-in flexibility.”*
- **Improving the downtown pedestrian experience is crucial for overall commercial vitality.** Many interviewees talked about downtown’s issues with noise, traffic, and safety for pedestrians, children, or people with physical disabilities. Some stakeholders noted that downtown lacks gathering spaces for the public; business owners mentioned a desire for more organized public events to encourage increased community gathering and engagement with downtown businesses.
 - *“The walking experience in downtown Sebastopol should be the number one priority.”*
 - *“Downtown Sebastopol is not a pleasant walking place. You come down for a specific purpose, you accomplish that purpose, and you leave.”*

Where Stakeholders Agree and Differ

Areas of Agreement

- **Sebastopol needs more housing.** Developers, business owners, advocates, and service providers all support new housing. They see affordability as urgent for workers, seniors, and the future of the town.
- **Displacement hurts the whole community.** Business owners and housing advocates came to the same point from different directions. When longtime residents and workers are pushed out, downtown loses its vitality.
- **Many barriers are within the City’s control.** Stakeholders consistently named density limits, lot coverage, inclusionary requirements, fees, and design review as obstacles the City can address.
- **The process should be predictable.** Developers and design experts want clear, consistent standards and review. They want fewer outcomes that depend on which staff member or board is involved.
- **The design standards should feel like Sebastopol.** Stakeholders agreed the current ODS are too complex and too generic. They favor a simpler approach based on building form.
- **Downtown should be a better place to walk.** Business owners, residents, and design experts all said the pedestrian experience needs to improve.

Areas of Tension

- **Housing type.** Developers see the strongest demand for one- and two-bedroom units. Business owners and the land trust say workers want something that looks like a house, with yard space. The standards can allow both, from small apartments to townhomes and ADUs, within the same building envelope.
- **Who workforce housing serves.** Business owners hope it will be affordable to their lower-wage employees. Developers asked whether it means a moderate-income range such as 80 to 120% AMI, and others oppose restricting tenancy by employment. A clear income definition, informed by BAE's feasibility analysis, will show who it will and will not reach.
- **Depth of affordability vs. feasibility.** Advocates emphasize the needs of the lowest-income renters, especially seniors. Developers say projects already struggle to pencil out because of costs, fees, and prevailing wage. Affordability requirements will need to be paired with relief on fees, density, and parking.
- **Parking.** Design experts question the need for parking minimums downtown. A business owner says there is already too little parking for customers. Lower residential minimums downtown should come with a strategy for customer parking.
- **Ground-floor retail.** Stakeholders want a more active downtown. Developers question whether required ground-floor retail is feasible. Retail requirements could focus on key downtown frontages, with other active uses allowed elsewhere.
- **Flexibility vs. local voice.** Developers want to "set the box and let us decide how we fill it," with less discretionary review. Business owners want their input to shape future projects and policy. Building community values into the objective standards up front lets streamlined projects still reflect local priorities.

Questions about this Process

Stakeholders raised several questions about the Sebastopol Growing Together initiative, which may point to a need for greater communication between the City and the broader Sebastopol community. These questions are outlined below:

- **What does "workforce housing" mean, and what "workforce" is the City talking about?** Business owners asked if the term was a synonym for affordable housing in general, and if that meant housing would be affordable for their lower-income employees. Developers asked if the term referred to a specific area median income (AMI) range (such as 80 to 120% AMI) or a broader policy. Some stakeholders mentioned negative associations with "workforce housing" due to challenges with a recent farmworker housing project.
- **Are there sites to build on?** Several interviewees asked if there was available land or already identified sites for new workforce housing. The community land trust

interviewee mentioned how some Housing Element inventory sites may face practical development constraints, and suggested that this process identify viable parcels and categorize them by desired project type to simplify things for developers.

- **Whose input will be collected, and will this feedback be used?** Business owners in particular asked how community feedback would be integrated into this planning process, and stressed the importance of meaningful engagement when it comes to changing City policy.
- **Which City processes will be streamlined through this initiative?** Many stakeholders talked about the need for streamlining application review and entitlement processes. Developers talked about the need for processes to be predictable and understandable, especially when guidance varied from one review to the next. One interviewee specifically asked if this process could help to make Design Review Board decisions more predictable by grounding them in objective standards. More broadly speaking, interviewees pointed to the need for consistency and clarity from the City, so as to strengthen the City's standing with potential development partners.

4. What This Means for Sebastopol Growing Together

Stakeholders broadly support more housing in Sebastopol, and many of the barriers they named are within the City's control. The feedback points to a clear direction: simpler and more predictable standards, a defined meaning for "workforce housing," and a downtown that people want to spend time in. The table below connects what we heard to each element of the planning initiative.

Plan Element	What We Heard	Implication
Zoning code updates	Density limits, the R7 40% lot coverage maximum, and per-unit impact fees push developers toward fewer, larger units. Inclusionary requirements are confusing and appear misaligned with State Density Bonus Law. Developers said 1.0 to 1.6 parking spaces per unit could work, depending on project type and location.	Regulate building form through height, setbacks, and frontage instead of maximum density, so developers can set unit count within the envelope. Replace lot coverage with setback and stormwater requirements. Align inclusionary requirements with State Density Bonus Law. Calibrate parking by location, with lower requirements downtown.

WH Overlay application	Stakeholders do not share an understanding of what “workforce housing” means or who it serves. Some favor housing for a mix of incomes and household types over tenancy restricted by employment. Affordable developers need sites of about one acre, and many downtown parcels are too small.	Define workforce housing by income range, not employment, and communicate that definition clearly to the public. Identify viable sites and match them to likely project types. Explore incentives for lot consolidation.
ODS refinements	The ODS apply only to SB 35 projects. They are complex and repetitive, and too generic to reflect Sebastopol’s character. Stakeholders cited 333 N. Main Street as evidence that the community welcomes modern design.	Apply the ODS to all residential and WH Overlay projects. Simplify them to focus on building scale and street frontage, and allow flexibility in architectural style. Use clear objective standards to reduce reliance on discretionary Design Review.
Downtown vitality	Downtown feels unsafe and unpleasant to walk in because of traffic and noise. It lacks public gathering space. Business owners want more organized events. Customer parking is already tight. Stakeholders questioned whether ground-floor retail requirements are feasible.	Make the pedestrian experience a priority for downtown investment. Create public gathering space and support programming in partnership with local businesses. Limit ground-floor retail requirements to key downtown frontages, and allow other active uses elsewhere.
Process and communication	Developers want predictable, consistent reviews. Business owners doubt their input will shape outcomes and want to see it used.	Expand by-right review for projects that meet objective standards. Report back to stakeholders on how their input shaped the recommendations, starting at the Planning Commission study session.

Open Questions

These questions need further analysis before final recommendations:

- **Workforce housing income range.** The specific AMI range for the WH Overlay will depend on BAE's economic feasibility analysis.
- **Downtown parking minimums.** The appropriate requirement will depend on whether the City pairs lower minimums with a strategy for customer parking.
- **Housing type mix.** Developers see demand for one- and two-bedroom units, while residents and the land trust favor townhomes and ADUs. The standards should allow both, and the City should decide whether to incentivize either one.
- Is the ODS being applied correctly to HAA (all housing projects)?