



City of Sebastopol Planning Department

Date: August 11, 2026
To: Planning Commission
From: John Jay, Contract Associate Planner
Subject: Priority Development Area (PDA) Grant Update

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. The grant award covers the period through December 31, 2026.

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 over the last 30 months. Grant work was stalled during a part of this time but is again underway now.

Changes in PDA Grant Conceptual Scope of Work. As originally envisioned, Sebastopol's PDA Grant was 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 item 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 WH Program was adopted (but is not

yet applied to any sites) and HCD was satisfied with the City's progress in implementing this priority program.

With the bulk of the WH work already completed, 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 WH program 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 has just been completed. 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 (attached). Tentatively named Sebastopol **Growing Together: A Strategy for a Livable Community**, the project focuses on zoning updates and economic development options along the Highway 116 corridor in Sebastopol's Priority Development Area (PDA), encompassing 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.

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). It is funded through MTC/ABAG.

The Sebastopol Context

Sebastopol has a strong and distinctive civic culture. Residents take pride in the community's arts scene, ecological values, deep sense of local identity, and active civic participation. That same engaged character means that proposals affecting land use and development receive close public scrutiny, and that messaging matters as much as substance.

This project does not seek to transform Sebastopol. It seeks to strengthen what is already working. Engagement materials, meeting facilitation, and public communications will consistently reflect this: the story is about protecting community character, supporting local businesses, creating pathways for workforce households to stay in the community, and making the most of what the City has already planned and built.

Current Status of the PDA Grant Project and Upcoming Community Engagement.

The consultant team worked through June and July to become familiar with the City and its attributes, to collect data, and to design a draft Community Engagement Plan. The Community Engagement Plan will establish the approach, schedule, and roles for stakeholder and public engagement on *Sebastopol Growing Together: A Strategy for a Livable Community*. It fulfills the participation plan requirement under Task 1.3.1 of the MTC Transit-Oriented Communities Technical Assistance program and will guide all outreach activities from summer 2026 through

City Council adoption in December 2026. The plan is a living document and may be updated in consultation with City staff as the project progresses.

Staff have been working with the Consultants to begin creating public participation and stakeholder lists, and to collect necessary data while the Community Engagement Plan is finalized. Stakeholders include property and business owners, local residents, retired design and planning professionals, tenants, CBOs, housing advocates and developers. Staff is hopeful that community outreach can begin in mid to late August upon the City's approval of the Community Engagement Plan (expected early in August). Engagement activities include interviews and focus groups, listening sessions, surveys, and a public workshop at the Planning Commission prior to public hearings before the Commission and the Council. A project webpage will also be developed in August to provide information, collect input, and generate excitement about the project.

ATTACHMENT A. SCOPE AND BUDGET

The project focuses on zoning updates and economic development options along the Highway 116 corridor in Sebastopol's Priority Development Area (PDA).

TASK 1 | Zoning Update, Workforce Housing Overlay & Objective Design Standards (UFS Lead)

1.1 KICKOFF MEETING

UFS will facilitate a comprehensive project kickoff meeting with City staff. This kickoff meeting will include the economic development consultant, as identified in Task 2.1. The kickoff meeting will accomplish the following:

- Align on roles and responsibilities across the consulting team and City departments
- Establish communication protocols
- Review the project schedule and identify any near-term data or information needs
- Tour the PDA corridor, including the Office Commercial zones, northern gateway area, and downtown commercial districts
- Determine the anticipated schedule of check-in meetings – besides the kickoff meeting, most coordination meetings are anticipated to be virtual or via telephone.
- Confirmation of timing tasks. The first phase of work is anticipated to include the Economic Analysis (Task 2), some or all of the Transportation Peer Review (Task 3), and initial Zoning Audit and Gap Analysis (Task 4.1).

1.2 WORKING SCHEDULE

Within two weeks of the kickoff meeting, UFS will create a working schedule as follows:

- The schedule will identify major tasks, subtasks, deliverables, and milestones. The schedule should also flag critical path dependencies between tasks (e.g., economic analysis informing zoning recommendations; traffic study informing ODS revisions), and may be updated throughout the project.
- The schedule may be updated as necessary throughout the course of the project.

1.3 ZONING AUDIT & GAP ANALYSIS

UFS will do the following:

- Review existing General Commercial, Downtown Commercial, and Office Commercial zoning as applied within the PDA
- Identify barriers to infill development and mixed-use projects (use restrictions, parking minimums, setbacks, prescriptive design standards)
- Update use lists to reflect modern and emerging commercial uses — the current code is old, and anything not listed is not allowed. Identify which unlisted uses should be allowed by right and which warrant a use permit using data collected as part of Task 2.
- Map nonconforming residential uses in commercial zones and create pathways to conforming status (many former residential properties in the OC zone currently require a use permit to return to residential — this should change)
- In conjunction with Task 2, identify constraints on middle-income housing production — the City is meeting RHNA targets for low-income but missing moderate and middle income. Understand what's constraining this in the market. If feasible the effort will also evaluate the appropriateness or possibility of mixed income development.
- Document inconsistencies with the 2016 General Plan and Housing Element commitments

1.4 WORKFORCE HOUSING OVERLAY APPLICATION

The WHO is adopted but has not been applied to any parcels. In this subtask UFS will do the actual site work including:

- Site identification and eligibility screening for WHO application, including: General Commercial parcels (north and south areas, strip malls with vacancies), Downtown Commercial parcels with redevelopment potential, and Office Commercial parcels (including former residential properties south of downtown)
- Determination of the level of commercial-to-residential conversion appropriate in the Downtown Core area vs. the edges
- Refinement of overlay standards appropriate to the PDA, including density ranges, affordability requirements, and streamlined review criteria
- Site-specific development potential analyses for key opportunity sites
- City staff will coordinate with HCD to ensure overlay provisions are consistent with Housing Element certification
- For priority sites, conduct site capacity testing to model realistic development envelopes under existing and proposed zoning for up to three housing typologies against parcel constraints (lot size, setbacks, parking) to estimate yield and inform zoning recommendations in Task 1.5.

1.5 SIMPLIFIED ZONING CODE AMENDMENTS

The goal is a simpler, less prescriptive code — not a full rewrite. UFS will develop key amendments including the following. They will require coordination with the Planning Commission subcommittee that is exploring objective design standards, and will require support from City staff to draft and incorporate into the existing zoning code.

- Expanded by-right uses and streamlined approval pathways for priority residential and mixed-use projects
- Updated development standards (height, density, setbacks, open space) calibrated to market feasibility and the prototypes identified in Task 2
- Reduced or eliminated parking minimums in transit-accessible locations
- Ground-floor use requirements and flexibility provisions
- Adaptive reuse standards for older commercial buildings
- Conforming status for existing residential uses in commercial zones
- Provisions for first-time homebuyer and owner-occupied housing types

1.6 OBJECTIVE DESIGN STANDARDS FOR THE PROJECT AREA

The current Opticos ODS are too complex for general use and currently apply only to SB 35 projects. In this subtask, UFS will:

- Identify and extract the ODS provisions most relevant to the types of projects likely to come forward in the project area
- Reformat these provisions into a user-friendly, ministerial design standards document applicable to all multi-family and mixed-use projects within the overlay
- Coordinate with the Planning Commission subcommittee that is making the existing design guidelines objective, as identified in Task 1.5.
- Assess opportunities to use ODS provisions as the basis for a facade improvement grant program.

DELIVERABLES – TASK 1

- 1.1 Kick-off Meeting and Site Tour Attendance
- 1.2 Working Schedule
- 1.3 Zoning Audit and Gap Analysis Memorandum

- 1.4a Workforce Housing Overlay Memo: Site Identification Map and Eligibility Analysis (user-friendly format)
- 1.4b Development Potential Summary for Key Opportunity Sites
- 1.5 Draft Zoning Code Amendments (screencheck, public review draft, and final)
- 1.6 Project Area Objective Design Standards Summary (user-friendly format)

TASK 2 | Economic Development, Business Vitalization & Market Analysis (BAE Lead)

BAE will prepare an economic and market analysis to support the City's implementation of the Workforce Housing Overlay (WHO) and related land use and economic development strategies within the PDA. The analysis will focus on the relationship between workforce housing, business vitality, community character, and fiscal sustainability, with the goal of helping the City identify appropriate locations and development forms for future reinvestment and housing opportunities. The analysis and following tasks will be designed to address several key City questions, including:

- How can Sebastopol accommodate additional workforce housing while supporting downtown vitality and local-serving businesses?
- Which commercial areas are best positioned for reinvestment, mixed-use development, or adaptive reuse?
- How can housing and economic development strategies support and reinforce, rather than compete with, Downtown Sebastopol?
- What types of development are financially feasible under current market conditions?
- How can the City support local businesses, respond to changing market conditions, and modernize zoning and permitting frameworks?
- How can the City encourage reinvestment and housing production while preserving community identity and fiscal sustainability?

2.1 KICK-OFF MEETING AND SITE TOUR

BAE will participate in a project kick-off meeting to discuss the objectives for the project, identify relevant ongoing planned and proposed projects or other ongoing efforts, review and confirm the scope of work and project schedule, and make any needed refinements. BAE will also discuss data and information needs and seek to identify relevant materials for review. As part of this meeting BAE will also participate in a site tour. As a part of this task, BAE will also participate in periodic calls and virtual meetings with the consultant team and City staff.

2.2 ECONOMIC, MARKET, AND WORKFORCE HOUSING MEMORANDUM

BAE will prepare an Economic, Market, and Workforce Housing Analysis Memorandum that provides the following:

Economic and Market Context

- Prepare a concise assessment of demographic, economic, and real estate market conditions relevant to implementation of the WHO and broader economic development objectives.
- Assess the relationship between local wages, housing costs, and workforce retention challenges affecting retail, hospitality, restaurant, and service-sector businesses.
- Evaluate retail spending patterns, retail leakage/surplus conditions, and broader retail and commercial trends affecting the PDA.

- Incorporate input from local business owners, employers, developers, and/or other stakeholders to ground the assessment in current economic conditions and lived experience.
- Identify market and economic conditions that may constrain or support future development activity.

Workforce Housing and Economic Vitality

- Describe the role of workforce housing in supporting local business and long-term economic sustainability
- Develop clear, public-facing framing regarding the economic implications of limited housing supply and underinvestment and how housing and land use strategies can support a balanced mix of residential, commercial, arts-oriented, and community-serving uses.

Emerging Uses and Business Support Considerations

- Identify evolving or emerging commercial uses that may not be well accommodated by existing zoning and permitting frameworks and provide high-level considerations related to zoning to allow these uses.
- Consider opportunities to support arts-oriented, experiential, maker, and other locally-serving businesses consistent with Sebastopol's community identity, with considerations informed by input from arts-oriented, retail, and/or other locally-serving business owners.
- Provide high-level guidance regarding economic development tools and business support approaches.

Opportunity Sites and Workforce Housing Overlay Considerations

- Coordinate with the City and project team to identify potential opportunity sites and subareas for Workforce Housing Overlay implementation.
- Develop evaluation criteria addressing factors such as:
 - Existing land use conditions;
 - Degree of underutilization;
 - Potential for displacement of existing businesses;
 - Relationship to downtown vitality;
 - Development feasibility considerations
- Incorporate input from property owners, business representatives, and other stakeholders regarding site-specific conditions and development interests.
- Provide high-level guidance regarding which areas may be most appropriate for workforce housing, mixed-use development, commercial reinvestment, or preservation-oriented strategies.

Development Feasibility and Fiscal Considerations

- Provide a high-level assessment of market support and financial feasibility for potential residential and mixed-use development typologies with general feasibility considerations associated with different housing formats and development concepts, based on BAE's experience with and knowledge of projects in the region and input provided during developer and stakeholder interviews.
- Assess high-level fiscal and economic development considerations associated with commercial, mixed-use, and residential development patterns.

- Consider how land use strategies can support both workforce housing objectives and long-term economic resilience.

Stakeholder Coordination

- Conduct up to four (4) virtual stakeholder interviews with developers, business representatives, property owners, or other informed stakeholders to help ground the analysis in current market conditions and local development realities.

2.3 PLANNING COMMISSION PUBLIC HEARING

BAE will support the Planning Commission public hearing on the proposed zoning amendments, Workforce Housing Overlay Zone, and ODS refinements, including:

- Preparation of presentation materials relevant to BAE's work
- Attendance and technical support at the hearing (virtual attendance)
- Response to Commissioner and public questions on technical findings

2.4 CITY COUNCIL PUBLIC HEARING

BAE will support the City Council public hearing for final adoption of the project, including:

- Preparation of presentation materials relevant to BAE's work
- Attendance and technical support at the hearing (in-person or virtual attendance)
- Response to Councilmember and public questions on technical findings

DELIVERABLES – TASK 2

- 2.1a BAE data and information request
- 2.1b Kick-off meeting and site tour attendance
- 2.2 Draft Economic, Market, and Workforce Housing Analysis Memorandum (Draft and Final)
- 2.3 Virtual Planning Commission Public Hearing attendance, including presentation materials if needed
- 2.4 City Council Public Hearing attendance (in person or virtual), including presentation materials if needed

TASK 3 | Transportation Peer Review (Leshner Lead)

3.1 TRANSPORTATION PEER REVIEW

This task will be a high-level transportation peer review of potential zoning and economic development options in relation to available transportation plans, studies, and recommendations for the Highway 116 corridor, including the City's recently completed Downtown Sustainable Transportation Grant (STG) effort. The review will be completed by Leshner Planning within the available project budget and will rely on materials provided by the City and consultant team.

The intent of this task is to understand how planned or recommended transportation connections, right-of-way redesign concepts, parking strategies, and other multimodal transportation improvements may inform zoning, housing, and economic development options for the corridor. The review may also identify whether potential zoning changes have implications for planned transportation improvements or Downtown STG objectives. This task is anticipated to complement the economic analysis and zoning gap analysis, with exact timing adjusted as the project proceeds.

This project does not anticipate proposing new design changes to the street right-of-way. Rather, it is focused on zoning regulations for future property development, workforce housing, and economic development. The transportation peer review will help ensure that potential zoning and economic

development concepts support multimodal access and connectivity, pedestrian and bicycle safety, vehicle miles traveled (VMT) reduction, the ongoing Covert Lane Intersection Control Evaluation (ICE) process, and the City's Downtown STG objectives.

The transportation peer review will result in a concise memo summarizing transportation-related implications zoning, housing, and economic development concepts. The memo may address the following topics:

- **Known Opportunities and Constraints.** High-level summary of known transportation conditions that may limit or support housing or economic development opportunities along the corridor, including roadway network conditions, bicycle and pedestrian infrastructure, transit service, sidewalk conditions, traffic information, VMT mitigation concepts, Covert Lane ICE recommendations, or potential connections to the Joe Rodota Trail, West County Trail, and proposed Apple Blossom and Gravenstein Trails.
- **Multimodal Access and Connectivity.** Summary of anticipated or desired connections along the Highway 116 corridor that may affect housing or economic development opportunities, such as connections to schools, transit, and trails.
- **Ground-floor Design Elements.** Relevant transit-supportive or multimodal access design considerations that could be reflected in zoning concepts, such as building orientation, building access, and ground-floor activation.
- **Parking Management.** High-level parking management considerations that could be incorporated into the zoning update (Task 4), such as shared parking, reduced or eliminated minimums, and in-lieu fee programs that support infill development.
- **Trip Recapture.** Opportunities for updated zoning to support internal trip capture, shorter trips, and multimodal access between housing, jobs, schools, services, and downtown destinations.

This task does not include new traffic operations analysis, parking occupancy analysis, VMT modeling, concept design, engineering drawings, cost estimating, or public engagement.

DELIVERABLES – TASK 3

- 3.1a Meeting with consultant team to discuss transportation context
- 3.1b Draft Transportation Peer Review Memorandum, or equivalent written summary as mutually agreed by the consultant team and City
- 3.1c Final Transportation Peer Review Memorandum, or other equivalent written summary as mutually agreed by the consultant team and City, prepared based on one round of consolidated comments from the consultant team and/or City staff

TASK 4 | Community Engagement, Public Workshops & Hearings (UFS Lead)

UFS will direct and complete Task 4, Community Engagement. Sebastopol has a community that is actively engaged and sometimes skeptical of new development. The STG process has generated substantial engagement data (through Social Pinpoint and other channels) that is already published and should be treated as the most recent baseline. City staff are expected to have an active role in community engagement efforts. The focus is on targeted, meaningful engagement with people who have not yet been heard (particularly downtown businesses), and on giving the City Council credible data and messaging tools to talk to the public about why these changes benefit the community. The messaging should center on community character, business preservation, and housing affordability — not development per se.

4.1 SITE VISIT & STAKEHOLDER IDENTIFICATION

Early in the project, UFS will organize a site visit of the full PDA corridor. City staff may be available to walk the corridor. The site visit will inform opportunity site identification, placemaking recommendations, and engagement strategy. A stakeholder map will be prepared identifying key individuals, property owners, businesses, and community organizations.

4.2 TARGETED STAKEHOLDER INTERVIEWS & FOCUS GROUPS

Prior to any public workshops, UFS will conduct targeted outreach with key stakeholders:

- Up to 8-10 individual or small group interviews with priority stakeholders: affordable housing developers, commercial property owners, downtown business owners, school administrators, and transit representatives
- Business owner focus group (in-person or hybrid), coordinated with the Chamber of Commerce and BAE
- Property owner outreach for key opportunity sites

Note: reaching out to people we know will show up and comment — those interested in good design, community character, and small business vitality — is the right approach. The Chamber of Commerce meeting is a good venue. Zoom is fine for these conversations.

4.3 LISTENING SESSIONS

UFS will hold targeted listening sessions that allow for more direct conversation with specific groups. Session topics and format will be determined based on stakeholder mapping and in consultation with City staff. Sessions may be combined with or coordinated around Planning Commission and City Council check-ins. Either the sessions will be recorded or the consultant team will create summary notes from the listening sessions.

4.4 PLANNING COMMISSION STUDY SESSION

UFS will support a Planning Commission study session (via Zoom, per Commission preference) to present project background, community engagement findings, and draft recommendations. A staff report and presentation will be prepared.

Note on meeting format: The Planning Commission utilizes Zoom to provide a higher level of accessibility to community members. Hearings and study sessions will be structured accordingly.

4.5 PLANNING COMMISSION PUBLIC HEARING

UFS will provide support for the Planning Commission public hearing on proposed zoning amendments, Workforce Housing Overlay application, and ODS standards, including staff report, resolution, presentation materials, and technical support at the hearing.

4.6 CITY COUNCIL PUBLIC HEARING

UFS will provide support for City Council adoption hearing (in-person, per Council preference), including staff report, ordinance language (coordinated with City Attorney), presentation, and post-adoption NOD filing.

Note on meeting format: The City Council prefers in-person meetings but also utilizes zoom to ensure accessibility for community members who are unable to attend in person.

DELIVERABLES – TASK 4

- 4.1 Site Visit Summary and Stakeholder Map
- 4.2 Stakeholder Interview and Focus Group Summary
- 4.3 Listening Session Materials and Summaries
- 4.4 Planning Commission Study Session — Staff report and presentation
- 4.5 Planning Commission Public Hearing — Staff report, resolution, and exhibits
- 4.6 City Council Public Hearing — Staff report, ordinance, and presentation

ASSUMPTIONS

City staff will complete any necessary California Environmental Quality Act (CEQA) review for the zoning code amendments and Workforce Housing Overlay Zone adoption. Zoning changes to height, density, FAR, or other development controls that affect growth projections are not contemplated in this project, and therefore the project is not anticipated to require an EIR. The City will confirm the appropriate level of environmental review once a project description can be created to describe anticipated zoning changes. However, CEQA review is anticipated to be accomplished through one of the following pathways which the City will complete:

- CEQA exemptions, including Categorical Exemptions, the Infill Exemption (CEQA Guidelines §15332), CEQA 15183 Exemption, or the Class 3/Class 5 exemptions for in-fill development and minor alterations to land use limitations
- A Negative Declaration (ND) or Mitigated Negative Declaration (MND) if exemptions are not applicable

Sebastopol Growing Together

Task 1.3 Zoning Audit & Gap Analysis

To: City of Sebastopol

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

Date: July 30, 2026

1. Overview

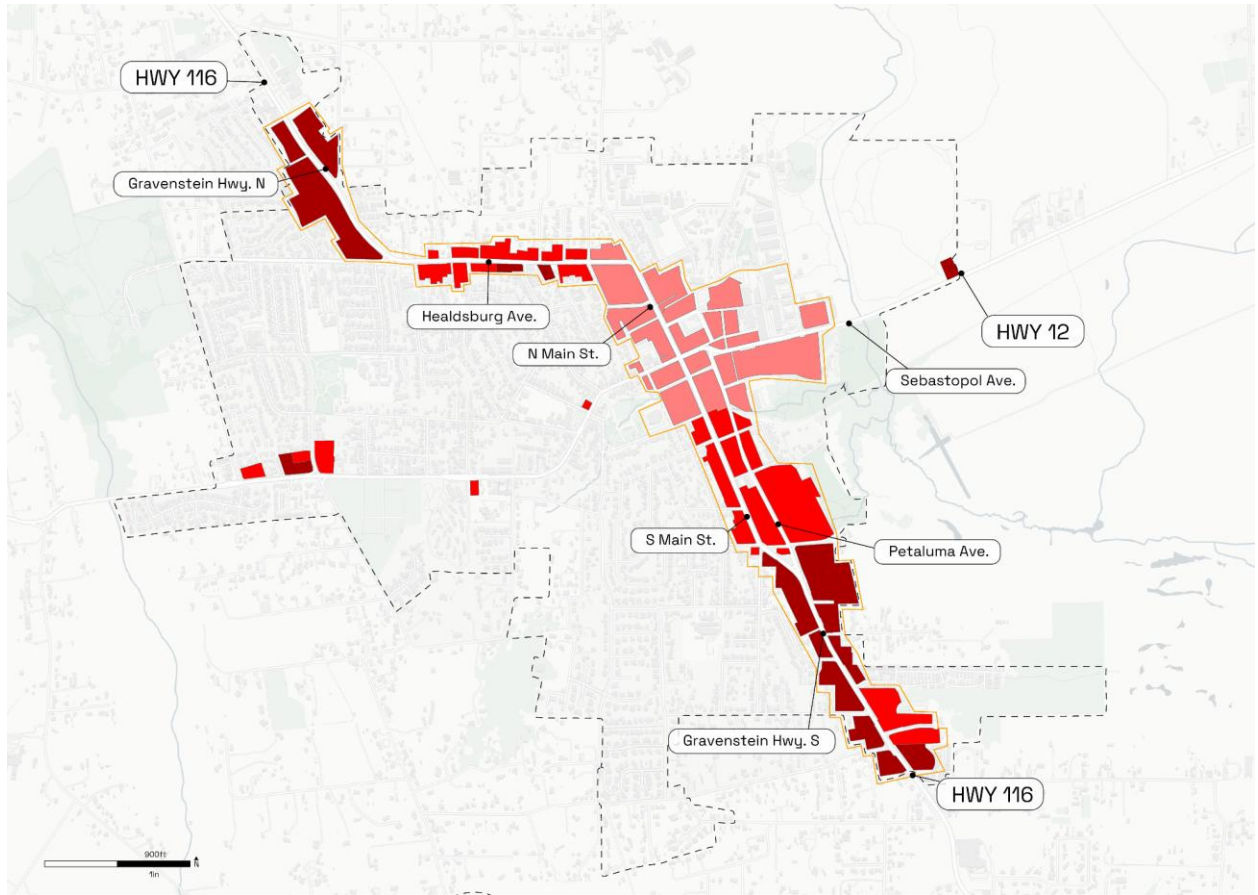
Purpose

This memo analyzes how the commercial zoning code impacts housing and mixed-use production along Highway 116 and within the Downtown Core of Sebastopol's Priority Development Area (PDA). Sections 2 and 3 focuses on how zoning requirements, including the recently adopted Workforce Housing Combining District (WH Overlay), support or constrain infill development, middle-income housing production, and mixed-use vitality in Sebastopol's commercial areas. Section 4 summarizes recommendations to streamline housing and mixed-use development.

This memo was prepared by Urban Field Studio in coordination with BAE Urban Economics and Aaron Welch Planning.

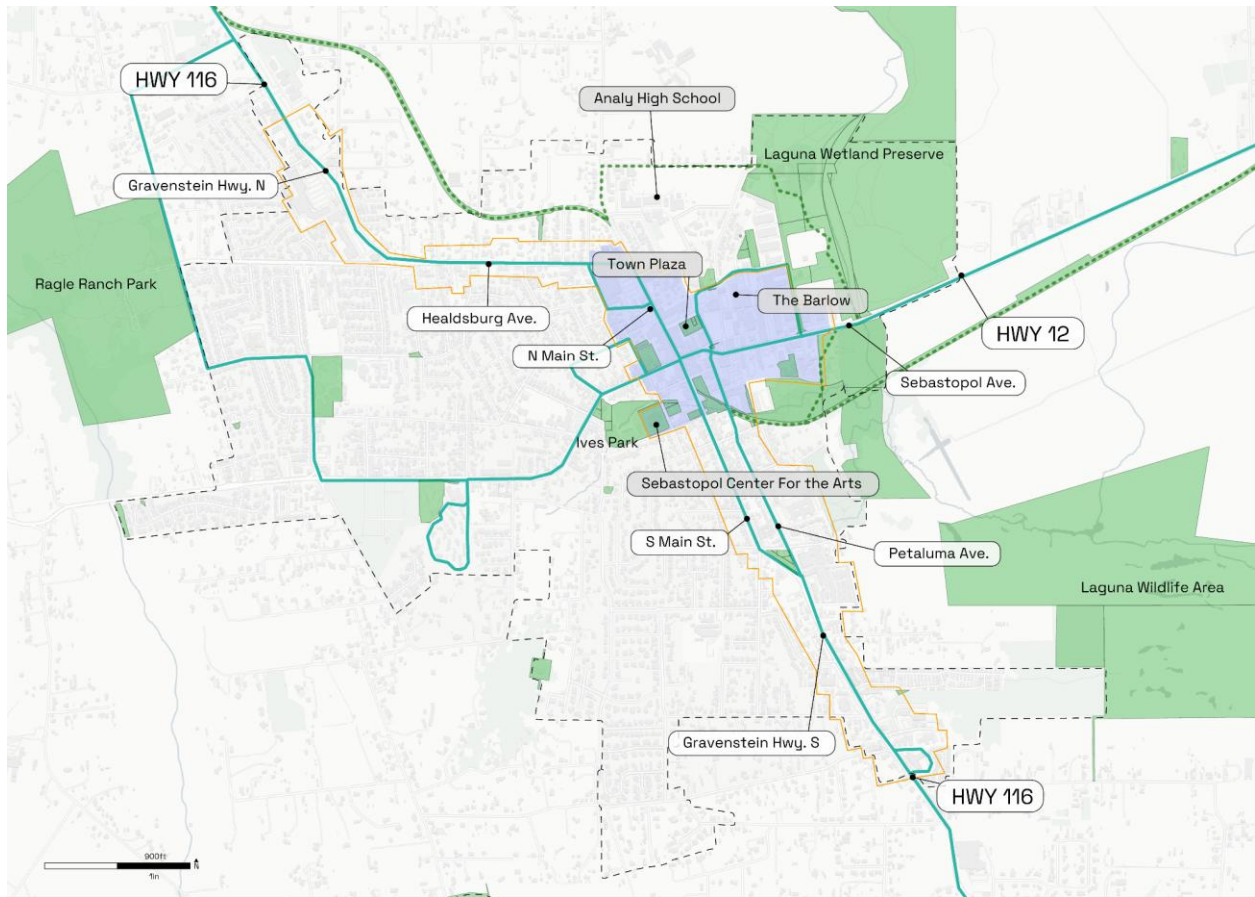
Study Area

The maps below (Figures 1 and 2) show the project study area and existing connections to open space and transit. The study area encompasses the Highway 116 corridor and Downtown Core within Sebastopol's PDA. The study area includes parcels zoned General Commercial (CG), Office Commercial (CO), and Downtown Core (CD) (see Figure 1).



Sebastopol
Figure 1. Study Area & Relevant Parcels





Sebastopol

Figure 2. Connections and Open Space Network



2. Summary of Zoning Gaps

The following zoning issues may be constraining housing and mixed-use development in the Downtown Core and the Highway 116 commercial corridor:

- **Permitting Barriers to Residential Development.** Standalone residential development in CG, CD, and CO zones requires a Conditional Use Permit (CUP), even when a property was formerly residential and the owner simply wants to return it to that use. Only 100% affordable housing and mixed-use residential are permitted by-right. This CUP requirement adds cost, time, and uncertainty.
- **Outdated Use List.** The zoning code's permitted use list is limited, and anything not explicitly listed is prohibited. This creates friction for modern commercial uses — maker spaces, indoor commercial recreation, event centers, and similar emerging uses that could support corridor vitality.
- **Nonconforming Residential.** The study area contains a significant number of parcels with existing residential uses that are nonconforming under current zoning. Owners of these properties face unnecessary barriers to maintaining, expanding, or returning to residential use.
- **Parking Minimums.** Minimum parking requirements add cost and constrain site design, particularly on smaller infill parcels. While some relief is available for mixed-use, Downtown, and affordable projects, the reductions can't clearly be combined, and the code doesn't address transit-proximity as a basis for further reduction.
- **Objective Design Standards.** The City's existing Objective Design Standards (ODS) were developed for SB 35 projects and are not broadly applicable to the range of residential and mixed-use development types. Without accessible, project-area-specific ODS, many infill projects that could otherwise qualify for ministerial review instead require discretionary approval, adding time and uncertainty to the entitlement process.

The existing zoning code may also be misaligned with the General Plan (GP) and Housing Element (HE).

- **Density Alignment.** Neither the base commercial zoning nor the Workforce Housing Combining District (WH Overlay) fully align with the GP residential density ranges. The CO maximum (~15 du/ac) falls well below the GP Commercial/Office ceiling of 25 du/ac,¹ and the WH Overlay minimums (10-12 du/ac, depending on housing type) sit slightly below the GP minimum ranges (12.1 du/ac for Commercial/Office, 15.1 for Central Core).
- **Housing Element Program A-3.5.** This HE Program commits to modifying the code to allow for standalone residential development by-right, "when at least 40% of the units are affordable." This affordability standard does not align with existing inclusionary zoning requirements nor WH Overlay requirements.

¹ The GP and zoning code express density differently, with the GP using dwelling units per acre and the zoning code using lot area per unit.

3. Existing Conditions and Zoning Analysis

Residential & Mixed-Use Development

While Sebastopol is doing fairly well at meeting lower-income RHNA targets, the City is behind on producing Moderate-Income housing (see Appendix Table 1). The current environment for mixed-use development is difficult. In recent years, at least two projects originally approved as mixed-use have converted to standalone residential due to financial constraints. See Appendix Table 2 for a summary of recent residential and mixed-use development projects.

The multi-family rental market has a low vacancy rate and commands relatively low rents compared to the rest of Sonoma County. This suggests that while rental housing is relatively affordable in Sebastopol, the rental market is still constrained. While greater housing production would help to increase supply, lower rents may disincentivize large multi-family residential developments².

Still, developer input from the 2023-31 Housing Element process indicates that many developers see commercial corridor parcels as viable for residential development, including across a range of income types. The primary constraints on housing production are related to external factors such as the high cost of land and construction, a limited supply of vacant land, and the complex nature of project financing. The HE also mentions community resistance as a potential barrier, particularly from residents who value the “small-town character” of Sebastopol and are “outspoken” about their preferences.³

Zoning Audit

Workforce Housing (WH) Combining District

The City of Sebastopol adopted the Workforce Housing Combining District in January 2026 (Sebastopol Municipal Code 17.42) to “increase supply of housing for the local workforce near jobs and transportation services.” “Workforce” income levels are not explicitly defined in the zoning code. Currently, the overlay has not yet been applied to any parcels in the City. For the purposes of this memo, our analysis considers how zoning impacts standalone residential and mixed-use development in commercial zones, with a focus on both Low- and Moderate-Income housing.

The WH Combining District is one of the City’s implementation tools for Housing Element Policy A-3, adopted as Program A-3.4. The Program emphasizes market-driven infill development and adaptive reuse, through an overlay that provides landowners with additional development rights. The Housing Element sets a relatively modest target of “2 projects or 20 units” in or near the Downtown area.

² CoStar data from the first quarter of 2026.

³ Housing Element 1.11, Summary of Constraints.

Housing Element Program A-3.5 outlines the related goal of increasing opportunities for housing by-right in commercial zones, including the specific commitment to modify the zoning code to allow for purely residential uses when at least 40% of units are affordable. This affordability threshold is not currently reflected in the WH Overlay standards nor the base inclusionary thresholds; the City should clarify how and where this 40% threshold should be reflected.

The WH Overlay may be applied within the Downtown or along Highway 116, in commercial areas zoned General Commercial (CG), Downtown Core (CD), or Office Commercial (CO). When applied to a parcel, both the base zoning and additional residential and mixed-use projects are allowed by right. These additional uses accommodate a range of housing types with different density, affordability, development standard and objective design standard requirements:

- **Multi-family housing** in compliance with inclusionary unit requirements (SMC 17.25.050(A))⁴;
- **Planned development and condominiums** with as-built density of no less than 12 units/acre, providing at least 15% of total units affordable to low- and moderate-income households;
- **Cottage courts, duplexes, triplexes, quadplexes, small-lot ownership developments, and similar small home villages** when the project achieves an as-built density of not less than 10 units per acre, in compliance with inclusionary unit requirements;
- **Mixed-use projects** providing at least 10% of the total residential floor area as affordable to lower-income households, or at least 15% of the total residential floor area as affordable to moderate-income households.⁵

Development projects in the WH Combining District are subject to existing R5 and R7 standards, as summarized in Table 1:

⁴ In projects of five or more units, inclusionary units shall be provided as follows: 1. Fifteen percent of the units shall be inclusionary units affordable to households earning 120 percent or less of AMI; or 2. Ten percent of the units shall be inclusionary units affordable to households earning 80 percent or less of AMI; or 3. Five percent of the units shall be inclusionary units affordable to households earning 50 percent or less of AMI.

⁵ Per 17.25.030(C): 1. Residential uses in the commercial, office, and industrial districts shall be permitted as mixed-use projects, with ground-floor nonresidential uses located along the primary street frontages.; 2. Residential uses permitted as mixed-use projects shall be located on upper floors above nonresidential uses or, if located on the ground floor, shall be located alongside street frontages behind commercial or office uses. Access to the residential use may be located on the primary street frontage; provided, that the access is 25 percent or less of the building width along that frontage. This subsection does not apply to deed-restricted affordable housing projects.

Table 1: Development standards for WH Combining District Projects

Development Standard, SMC 17.20.030 ⁶	R5 <i>Cottage courts and similar ownership projects</i>	R7 <i>Multifamily residential and mixed-use projects</i>
Min lot size	4,000 SF	8,000 SF
Max building height	30 ft, 2 stories	35 ft 40 ft, 3 stories for deed-restricted aff. housing
Max residential density	1 DU/3,630 SF lot area	1 DU/1,743 SF lot area
Max lot coverage	20-50%, depending on lot SF	40% Planning Commission can add up to 10% additional coverage for applicable affordable projects
Open space	-	50 SF/DU

Multi-family, mixed-use, or ownership projects that do not meet the density or affordability requirements, or do not meet the development standards or objective design standards, may still be developed with a use permit.

Base Commercial Zones

The study area encompasses parcels zoned General Commercial (CG), Office Commercial (CO), and Downtown Core (CD) within the Highway 116 corridor and Downtown Core. CG-, CD-, and CO-zoned land regulate uses as follows:

- **A range of commercial uses**, such as offices, restaurants, retail, mobile food trucks, and more.
- **Most civic uses are conditionally permitted**, with exceptions including community parks and small community education which are permitted by-right.⁷
- **Affordable housing projects and mixed-use developments** with ground-floor non-residential are allowed by-right.⁸
 - The base development standards for residential mixed-use are summarized in Appendix Table 3.

⁶ This table is an abbreviated version of SMC Table 17.20.030.

⁷ Table 17.25-1 details the full list of permitted uses.

⁸ Defined as “a housing development in which all of the units are deed-restricted for occupancy to very low-, low-, and moderate-income households.”

- **Mixed-use projects with live-work units require a Conditional Use Permit (CUP)** when located along the street frontage on Sebastopol Avenue, Healdsburg Avenue/Gravenstein Highway North, or Gravenstein Highway South.
- **Standalone permanent residential developments that would be allowed in R7 Districts (the “High Density Residential” areas) are conditionally permitted** and require Planning Commission review.

Gaps in Allowed Commercial Uses

A review of the land use table for the commercial zones identified (1) missing and new uses to consider, and (2) grouped uses with materially distinct impacts, which may result in overly burdensome permitting processes.

Missing and New Uses to Consider

Because any use not listed in the table is currently prohibited, gaps in the use list function as prohibited uses. Several uses, including new/modern use types are absent entirely. There are also internal inconsistencies in the code, where some uses are regulated as special uses but are not listed in the use tables (e.g. cottage food operations). The City may want to consider adding the following:

- **Cannabis retail:** The City regulates cannabis uses through Chapter 17.360 (Comprehensive Cannabis Program), but these uses are not listed in the use tables or definitions.
- **Cottage Food Operations.** The City allows and regulates these uses in Chapter 17.260 (Home-Based Businesses), but they are not listed in the use tables or definitions.
- **EV charging stations:** The current “automotive gas or fueling station” definition is limited to fossil fuels, prohibiting EV charging as an accessory or standalone use.
- **Commercial kitchens/ghost kitchens:** Commercial or “ghost kitchens” (delivery-only) used by caterers, food entrepreneurs, and delivery operators have become a common use in many jurisdictions and are not currently part of the use list.
- **Mini- or micro-brewery, taprooms and tasting rooms:** Tasting rooms are currently listed under “Alcoholic beverage tasting establishment” and require a CUP in the CG and CD zones. Similarly, mini and micro breweries are included under “Extensive Commercial.” Wine bars are considered “tasting rooms” and thus are not allowed in the CD zone. Given the region’s craft beverage and tasting economy, the City may want to consider having a separate use for mini/micro breweries, taprooms, tasting rooms, and/or wine bars that are primarily focused on on-site consumption rather than sale/production and allowing them with a CD permit rather than CUP.
- **Urgent care:** These are not currently listed and fall between medical/dental office (grouped with standard offices) and health care civic uses (more intensive – hospital type uses). Urgent care has distinct operational characteristics that may warrant its own use type.
- **Med spas:** Bridge personal service and medical office; not clearly captured by either definition.

- **Pet day care and grooming:** Currently grouped with animal kennels (overnight boarding, 5+ animals), though grooming and day care have significantly less impacts. Could be separated and permitted by-right or with CD in CG and CD zones.
- **Indoor commercial recreation:** Climbing gyms, escape rooms, pickleball clubs, and similar indoor commercial recreational uses are not addressed. These are increasingly common and should be added, likely as CUP in CG.
- **Event centers:** A dedicated private event venue use does not fit within the community assembly (which requires a nonprofit).
- **Temporary uses:** The City might benefit from code changes that would more explicitly allow certain temporary uses (both indoor and outdoor) to activate spaces in the Downtown.

Grouped Uses with Different Impacts, and other Permitting Issues

Several existing use categories bundle uses with materially different operational impacts, limiting the City's ability to apply appropriate permit requirements or conditions:

- **Retail Sales:** The City currently groups all retail sales uses into one use category, ranging from small clothing and book stores to grocery and hardware stores, which can have significantly more impacts. The city could benefit from breaking retail uses into several categories based on size (e.g. small vs. large-format retail) to vary permitting by impact.
- **Artist work studios vs. instruction studios:** Listed together under a light industrial/arts fabrication category (CUP in CD), but small instruction studios (photography, dance, music) have no fabrication or industrial impacts and should be permitted by-right in CD.
- **Banks and financial services:** Banks are grouped with offices, which provides no ability to permit or condition them separately in the Downtown and elsewhere.
- **Exercise facilities:** Facilities under 1,000 sf are included in "Convenience Sales and Services" while those over 1,000 sf fall under "Extensive Commercial." That threshold is very low. A separate "Exercise Facilities" use type also appears in the table with no size qualification, creating overlap and ambiguity. Generally, the City should consider allowing small exercise facilities and studios (perhaps under 3,000 sf) in the CO, CG, CD zones by-right or with limited CD review.
- **Maker spaces:** Covered under the research and development (R&D) use definition as well as "Artist work studios and arts-related fabrication" which creates some confusion as to which applies. Consider separating makers' spaces from R&D and less intensive artist studios to allow more nuanced permitting for each.
- **Mortuaries:** Mortuaries are typically treated as a distinct use type combining with funeral home. Grouping them with offices understates their operational and traffic impacts.
- **Medical clinics vs. hospitals:** Small outpatient clinics are grouped with much more intensive health care civic uses (hospitals, rehab), making it difficult to permit neighborhood-scale medical uses without triggering the same CUP review as a hospital.

Nonconforming and Conditionally Permitted Residential

The CUP requirement for residential-only development means that a property owner seeking to restore or continue residential use in a formerly residential building must initiate a discretionary Planning Commission review process, with no guarantee of approval. This imposes time and cost burdens that are difficult to justify when the proposed use is consistent with the property's existing character and, in many cases, with surrounding land uses.

Objective Design Standards/Design Standards Gap

The City's current Objective Design Standards were developed by Opticos in 2024 and apply only to SB 35 affordable housing and mixed-use projects. They are not broadly applicable to the range of residential and mixed-use project types the study area could accommodate under updated zoning. Without accessible, project-area-specific ODS, projects that could otherwise qualify for ministerial review instead require discretionary approval, adding time and cost uncertainty. Housing Element Program A-3.1 commits the City to adopting ODS applicable to 80% of housing projects using the standards through the planning period, a target not yet met by the current standards. (Task 1.5 will cover recommendations for improving objective design standards.)

Parking Requirements

Residential uses have minimum parking requirements, with varying degrees of relief provided for mixed-use developments, Central Core/Downtown developments, or deed-restricted affordable housing. Separately, the Planning Director and Planning Commission can grant additional increases or decreases by CUP in specific project circumstances. The zoning code does not clarify if these parking reductions may be combined for a given development. Table 2 summarizes base parking requirements for the range of residential or mixed-use developments of interest for the study area⁹:

Table 2: Current Parking Requirements for Residential or Mixed-Use Developments

Use	Vehicle Parking
Duplex, triplex, fourplex	3 per 2 units if 1-bedroom or less, or 2 spaces/unit
Multi-family	Studio: 1/unit 1-bedroom: 1.5/unit 2- and 3-bedroom: 2/unit 4+ bedrooms: 3/unit
Deed-restricted affordable housing	90% of applicable parking requirement
Central Core/Downtown District	Residential: Applicable parking requirement, less 30%

⁹ This table is an abbreviated version of SMC 17.110 and Table 17.110-2.

Mixed Use	Total requirements shall be the sum of the requirements for the various uses, with the parking requirement for the use with smaller parking requirements reduced by 33%
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The duplex/triplex/fourplex parking standard is high for a suburban pattern. At 1.5 spaces per unit for 1-bedroom units, or 2 spaces per unit otherwise, these small-lot ownership types are being held to the same standard as larger multifamily, which undercuts their feasibility on the small parcels that make up much of the CO zone. The parking requirements are a barrier to cottage court and small-lot typologies, which runs counter to the objectives of the WH Overlay.

In addition, the reductions can't be stacked, or at least the code doesn't clearly say they can. A deed-restricted affordable mixed-use project Downtown could theoretically qualify for the 90% affordable reduction, the 30% Downtown reduction, and the 33% mixed-use reduction, but the code is silent on whether these can be combined.

There is also no transit-proximity reduction, despite the stated goal of the WH Combining District to locate housing near transit. Given that the study area runs along Sebastopol's primary transit corridor, it is a significant gap that proximity to bus service does not factor in at all. Many Bay Area jurisdictions now offer meaningful reductions, or eliminate minimums entirely, within a quarter-mile of frequent transit.

The 2- and 3-bedroom requirement of 2 spaces per unit is high for an infill mixed-use context. On a 6,000 SF minimum lot, 2 spaces per unit for a 3-bedroom family unit can consume more land area than the unit itself, particularly when you factor in drive aisles.

General Plan, State Law & Zoning Inconsistencies

AB 2011 and SB 6

Effective as of July 1, 2023, state legislation (AB 2011 and SB 6) creates new pathways for residential projects on parcels where commercial, office, or parking uses are primarily allowed. In Sebastopol, these laws apply to all land within the CO, CG, and CD zoning districts. The overlay and the State law pathways coexist and have different criteria/density floors: the WH Overlay sets a minimum as-built density of 12 du/acre for multifamily projects, while AB 2011 and SB 6 both require projects to meet or exceed the State default density of 20 du/acre for Sebastopol as a non-metropolitan jurisdiction. A developer seeking to build at 12–19 du/acre would use the WH Overlay; a developer wanting the ministerial, CEQA-exempt AB 2011 pathway, or the discretionary SB 6 pathway with its labor standards and no required affordability component, would need to meet the 20 du/acre floor regardless of overlay standards.

The City is not required to adopt an implementing ordinance for either law. If the City chose to do so, it would offer two benefits: providing procedural clarity for staff and applicants on how applications are processed, and potentially streamlining CEQA review at the project level by

establishing exemption through the ordinance rather than on a case-by-case basis. In the absence of an ordinance, however, both pathways remain fully available to applicants.

General Plan Density Minimums

Under State law, when a zoning district implements a General Plan land use designation, development must be permitted at the higher of the density allowed by either the General Plan or the zoning code. Essentially, this requires a one-to-one match between GP designations and implementing zones.

A review of Sebastopol's 2016 General Plan land use designations identified several inconsistencies, as summarized below and in Table 3:

- **Residential zone densities:** In the residential zones, R3, R4, and R5 zones implement the Medium Density Residential GP designation, which allows up to 12 du/acre, but the R3 and R4 development standards allow maximum densities of approximately 5.4 and 8.7 du/acre respectively, well below the GP ceiling. Similarly, R6 and R7 implement the High Density Residential designation (12.1–25 du/acre) but R6 caps density at approximately 17.4 du/acre. In each case, the GP maximum controls.
- **CO, CG, and CD residential densities:** The GP's Commercial/Office designation, which maps to both the CO and CG zones, allows residential as a secondary use at 12.1–25 du/acre. However, the CO density maximum is approximately 15 du/acre and the CG maximum is approximately 21.8 du/acre, both below the GP maximum of 25 du/acre. The Central Core designation, which maps to the CD zone, allows residential density of 15.1–44 du/acre when combined with commercial uses. The CD zone has no minimum density and allows just below the maximum allowed by the General Plan.
- **WH Overlay minimum densities:** The Workforce Housing Overlay, which applies to parcels along the Highway 116 corridor, sets a minimum as-built density of 12 du/acre, below the GP Central Core minimum of 15.1 du/acre. The overlay also does not have a clear maximum density. This suggests that the WH Overlay creates a new by-right entitlement pathway rather than directly implementing the GP's residential density range.

Table 3: GP and Zoning Density Ranges

Zone (GP Designation)	GP Min	GP Max	Base Zone Min	Base Zone Max	Overlay Min	Overlay Max	Gap/Issue
CO (Commercial/ Office)	12.1	25	n/a	~15	12	Not listed	Zone max ~10 du/ac below GP max; WH Overlay min below GP min of 12.1
CG (Commercial/ Office)	12.1	25	n/a	~21.8	12	Not listed	Zone max ~3 du/ac below GP max; WH Overlay min below GP min of 12.1
CD (Central Core)	15.1	44	n/a	~43.6	12	Not listed	WH Overlay min and max are below the GP min and max. Zone max slightly below GP max.

4. Summary of Recommendations

This section outlines recommendations to bring the zoning code into alignment with the City's GP and HE and to streamline standards to allow for increased residential and mixed-use development.

Table 4: Recommendations to Address Gaps

Gap	Suggested Action
Apply the WH Overlay: Standalone residential requires a CUP in the CG, CD, and CO zones	Apply the WH Overlay to permit standalone residential by-right, subject to objective standards. Clarify the applicable affordability threshold (re: HE Program A-3.5; inclusionary thresholds) and adjust the overlay as needed.
Outdated use list: Unlisted uses are prohibited; uses with different impacts are grouped	Add missing and emerging commercial uses (cannabis retail, EV charging, ghost kitchens, urgent care, event centers). Unbundle grouped uses with materially different impacts (medical uses, exercise facilities, artist and instruction studios, pet day care).
Nonconforming parcels: No by-right conversion, even for formerly residential sites	Allow documented formerly residential buildings to return to residential use without a CUP. Establish a voluntary nonconforming use registry to document occupancy history and reduce evidentiary burden in future applications.
Parking minimums: High requirements add cost and constrain small infill parcels	Reduce or eliminate minimums near transit or on qualifying infill lots. Lower the duplex/triplex/fourplex standard to align with WH Overlay typologies. Explicitly allow reductions to stack. Add a shared parking or in-lieu fee option.
Density alignment: WH Overlay and base zone densities not aligned with GP	Reconcile density inconsistencies between the General Plan and zoning code. Confirm whether GP density floors are mandatory minimums (if so, adjust WH Overlay minimums).
Housing Element Program A-3.5: 40% affordability threshold not reflected in code	Align the base zoning code, WH Overlay, and inclusionary requirements around a consistent by-right affordability threshold.
Objective Design Standards: Current ODS apply only to SB 35 projects	Develop and apply project-area ODS to all residential and mixed-use projects within the WH Overlay, enabling ministerial review in place of discretionary design review.

Appendix

Appendix Table 1: RHNA progress to date - as of 2025¹⁰:

Income Level	RHNA Target	Total to Date (2023-2025)
Very Low (0-50% AMI)	55	58
Low (50-80% AMI)	31	16
Moderate (80-120% AMI)	35	3
Above Moderate (>120% AMI)	92	45
Total	213	122

Appendix Table 2: Recent residential and mixed-use development in Sebastopol¹¹

Project	Type & scale	Income breakdown	Status & entitlement history
Mixed-Use/Converted Projects			
7631 Healdsburg Ave Mixed Use	Mixed use proposal, converted to four apartments and one-single family house. Same developer and architect as 7621 Healdsburg.	n/a	Constructed; still renting out
Pacific Knolls / 7621 Healdsburg Ave	Mixed use with residential proposal, at least 22 units; townhomes and apartments with subdivision. Changed to fully residential (22 units; apartments and townhomes).	• 3 MI • 19 AMI • 22 total	Has not been constructed. Processed entitlement extension recently for 3 years.

¹⁰ See Housing Element Table 6 and [City Council Annual General Plan Progress Report](#), March 17, 2026.

¹¹ Housing Element Table 16, City of Sebastopol Building & Development Projects, Conversation with City Planning staff July 20, 2026.

Woodstone Corners	Live-work units converted to residential.		Entitled in 90s.
Charter School building (downtown)	Upper floor converted to ~8 residential units; ground floor retail		Entitled in 90s.
Residential			
"The Canopy" / City Ventures	80 townhome-style condos; universal design components for seniors and ADA accessibility	• 12 MI • 68 AMI • 80 total	Under construction. Phase 1 (~20 units) complete. Just submitted for Phase 2 (another 20 units).
Habitat for Humanity Townhomes	4 townhomes	• 4 MI • 4 total	Occupancy expected August 2026.
Huntley Square	10 townhomes	• 10 AMI • 10 total	City Council approval 3/1/2022; DRB approval 5/18/2022; all approvals secured. Grading work finishing up. Construction estimated 2027.
Woodmark Apartments	84 units, 100% affordable, 48 units reserved for ag-sector employees and retirees	• 9 ELI • 51 VLI • 23 LI • 1 AMI • 84 total	Half built using USDA funds (48 units). Remainder of project in limbo; unlikely to be completed.
Elderberry Commons (FKA Sebastopol Inn)	31 rooms, permanent supportive housing		Completed.
Gravenstein Commons (St. Vincent de Paul)	22 units, one story, permanent supportive housing		Under construction.

Appendix Table 3: Current Residential Mixed-Use Development Standards in Commercial Zones

Development Standard, Table 17.25-2 ¹²	CO	CG	CD
Min lot size	6,000 SF	6,000 SF	6,000 SF
Min new building height	-	-	2 stories
Max building height	32 ft, 2 stories / 40 ft, 3 stories for deed-restricted affordable housing	32 ft, 2 stories / 40 ft, 3 stories for deed-restricted affordable housing	40 ft, 3 stories / 50 ft, 4 stories with CUP
Max residential density	1 DU/2,900 SF lot area	1 DU/2,000 SF lot area	1 DU/1,000 SF lot area
Min usable open space	50 SF/DU	50 SF/DU	50 SF/DU
Max FAR <i>Not including residential, except for calculating minimum FAR</i>	1.5	1.5	Minimum 1.0 / Maximum 2.5
Setbacks			
Front yard	West side of S Main Street 10 feet, Other: N/A	0 feet	0 feet
Side Yard, interior	0 feet	0 feet	0 feet
Rear yard, main building	5 feet	5 feet	0 feet
Rear yard, main building when abutting residential district	20 feet	20 feet	20 feet
Rear yard, accessory building	3 feet	3 feet	3 feet
Rear yard, parking	6 feet	6 feet	6 feet
Special setbacks - commercial outdoor barbecues	N/A	10 feet from property line	10 feet from property line

¹² This table is an abbreviated version of SMC Table 17.25-2.