



CONDITIONAL USE PERMITS FOR HOTELS

City Council

February 20, 2018



RECOMMENDATION

Recommended Action

Receive report and provide direction to staff.

BACKGROUND

Background

- On December 4, 2017, staff presented to the City Council a discussion on the land use control offered by a Conditional Use Permit and how hotel development may be further regulated.
- At that meeting, the City Council directed staff to further study the ramifications of limiting hotel development downtown.

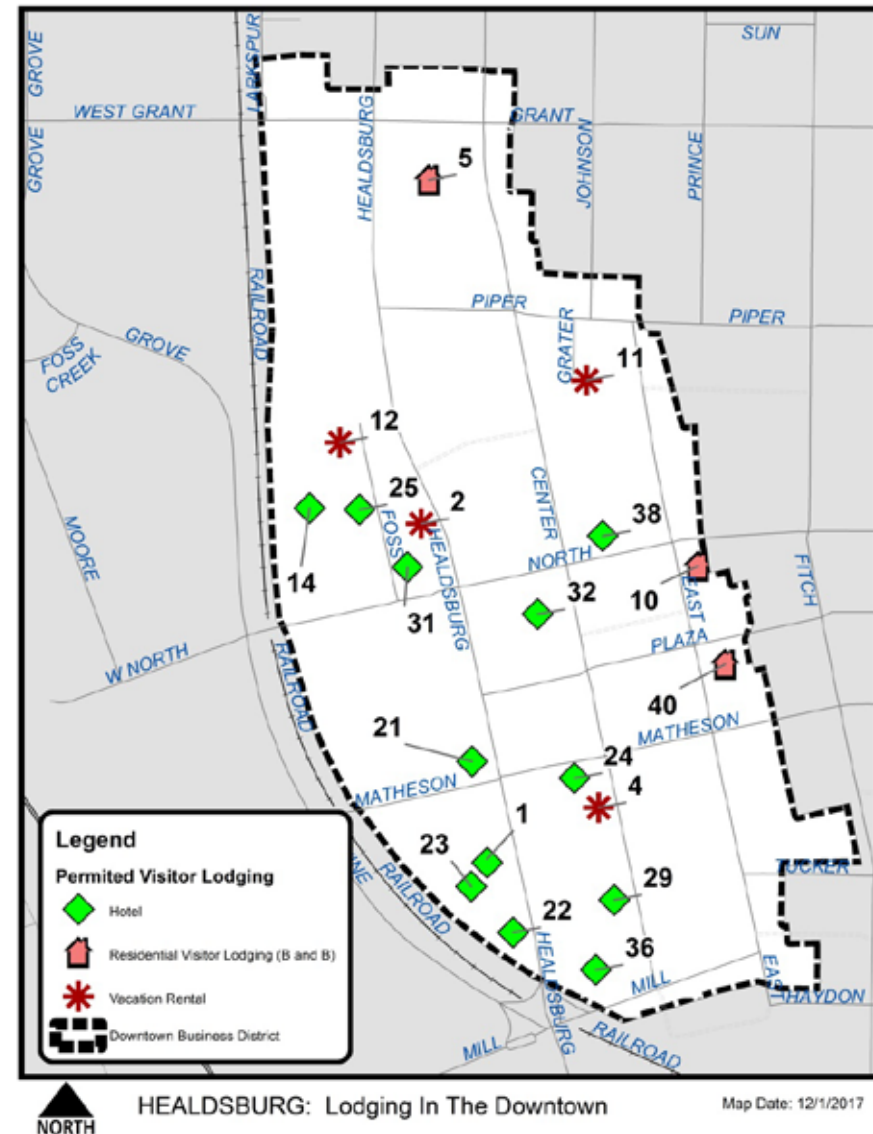
Existing Downtown Lodging

Key	Rooms	Business
1	3	235 Healdsburg Ave - Deas
2	2	All Seasons Vacation Suites
4	1	Bacchi - Ivy House
5	3	Bella Luna Inn
10	2	Carney
11	2	Cypress House
12	2	Dietz
14	6	Duchamp
21	55	Healdsburg Hotel
22	36	Healdsburg Hotel 2
23	39	Healdsburg Hotel 3 (Under Const.)
24	12	Healdsburg Inn
25	3	Healdsburg Modern Cottage
29	3	Inspirato (Wheelman House)
31	16	Les Mars
32	1	Loft Healdsburg
36	2	Rockpile Hotel
38	5	Single Thread
40	3	Wine Country Hostel
	196	

- 12 Hotels
- 3 Residential Visitor Lodging*
- 4 Vacation Rentals**

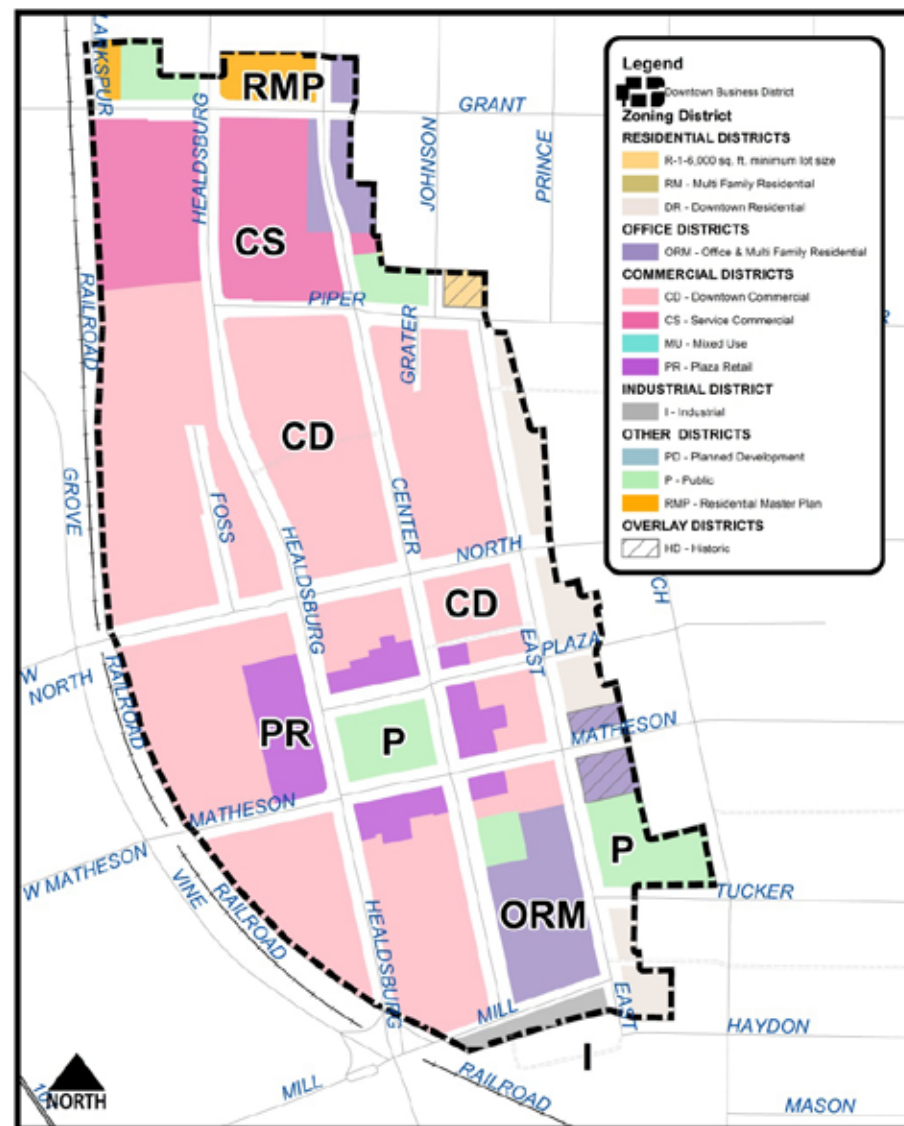
*Requires a CUP in CD and CS zones

**Only allowed in CD zone with CUP



Downtown Zoning Map

- Hotels are allowed by right (Land Use Code 20.08.145) in the downtown CD and PR Districts
- Hotels are currently not allowed in the CS District (Service Commercial)



Zoning Designations within the Downtown Business District

Map Date: 12/1/2017

Background-What does a CUP do?

- Allows for staff to consider the proposal and evaluate compatibility with the surrounding land uses
- Allows for staff to establish “Conditions of Approval” which would minimize the operational impacts of the use

Background-What does a CUP do?

- Allows for the use entitlement to be revoked should the use not be maintained and operated as conditioned
- Requires that all CUPs must have findings made as part of the staff report analysis to determine if there are any public, health, safety or welfare impacts from operation.

Background-What does a CUP not do?

A CUP does not:

- Regulate exterior design
- Regulate lot coverage or zoning development standards
- Automatically prohibit certain land uses such as hotels



CUP Process



- Conditional use permit request and fee filed with Planning Department
- Staff reviews to determine if proposal is appropriate and compatible with proposed location
- Staff prepares report and makes recommendation of approval or denial to Planning Commission based on findings in Land Use Code
- Legal notice of hearing published in paper, sign posted on property and property owners within 300 feet noticed 10 days prior to hearing
- Planning Commission is the final decision making body
- Decision may be appealed to City Council within 10 days

REGULATING HOTELS DOWNTOWN

General Plan Policy

The General Plan is the guiding land use policy document in the City. The land use designation is Downtown Commercial, which encourages a mix of uses, including both commercial and residential. A review of the policies relating to commercial uses include:

- ED-A-3: Provide for the continuation and expansion of Healdsburg's commercial services to meet the needs of both Healdsburg area residents and visitors.
- ED-A-4: Encourage businesses that generate revenues such as transient occupancy tax and sales tax, in addition to property taxes, in order to support city services.
- ED-B-2: Seek to provide a diversity of uses within the downtown that serve both residents and visitors and avoid and over-concentration of a single type of use.

Regulating Hotels Downtown-What is the current approval process for hotels downtown?

Existing Buildings:

- Building Permit approval for a change of use (if not a hotel currently).
- Building Permit is routed to City Departments for review and comment.
- Improvements and requirements communicated through the permit process.



Regulating Hotels Downtown-What is the current approval process for hotels downtown?

New Construction:

- Requires Major Design Review approval by the Planning Commission.
- Conditions of Approval may be required to address any design related issues
- Hotel developers required to fully park the project onsite
- Traffic Studies may be required
- CEQA review and approval

Options to Regulate/Restrict Future Hotels Downtown

- Require a CUP for hotels in the PR and CD zones
- Limit the number of keys for new hotels to a defined number of rooms
- Prohibit hotels with more than a determined number of keys from expanding
- Prohibit hotels in the PR and CD zones
- Require a buffer zone separating hotels downtown
- Require new hotels to pay workforce housing fee (via an Inclusionary Hotel Ordinance)
- Require new hotels to build workforce housing units as part of any new project (this proposal was discussed at a City Council meeting agenda on January 17, 2017)
- Do not allow for weddings/special events within new hotels

Options to Regulate/Restrict Future Hotels Downtown

Limiting Mechanism	Benefit	Negative Consequences
Require CUP for hotels in PR and CD zones	-Process allows City to condition the development to ensure that the operational characteristics do not create impacts to surrounding area.	Additional time and cost to applicant Additional staff time
Limit number of keys for new hotels to no more than a determined number	-Prevents larger type hotel and limits new hotels to boutique type or B&B -May exclude many hotel developers from building due to minimized investment return potential	-Continues trend of unaffordable type hotels in Healdsburg
Prohibit hotels with more than a determined number of keys from expanding	-Limits larger type hotels -Allows for non-hotel uses in downtown to grow	-Limits TOT revenue
Prohibit Hotels in PR and CD zones	-Allows potential for more services to benefit residents	-Limits TOT revenue

Options to Regulate/Restrict Future Hotels Downtown

Limiting Mechanism	Benefit	Negative Consequences
Require buffer zones separations between hotels in downtown	<ul style="list-style-type: none"> -Prevents overconcentration of use -allows for other land uses 	-Depending on buffer zone, may prevent any additional hotel development.
Require new hotels to pay workforce housing fee (via Inclusionary Hotel Ordinance)	<ul style="list-style-type: none"> -Helps create specific funding mechanism to address shortage of housing and mitigate hotel housing impacts -May deter some hotels from developing -May help speed up the construction and delivery of workforce housing 	-Adds to developer cost of projects
Do not allow for weddings or special events within new hotels	-Prevents accessory uses at hotels from impacting parking and traffic downtown	-May not be a huge limiting factor for future hotel development

Options to Regulate/Restrict Future Hotels Downtown

Limiting Mechanism	Benefit	Negative Consequences
In the PR zone, require retail on first floor where there is street frontage or locate hotel above the first floor	<ul style="list-style-type: none"> -Maintains zoning district objectives of ground floor uses to be for pedestrian shopping -Logistics of retail element would help limit hotels 	None
Require new hotels to construct workforce housing (via Inclusionary Hotel Ordinance)	<ul style="list-style-type: none"> -Helps address shortage of housing and mitigate hotel housing impacts -May deter some hotels from developing -May help speed up the construction and delivery of workforce housing 	Adds to developer cost of projects

How would these measures to limit hotels be implemented?

- City Council would direct staff to amend the Land Use Code, which would be presented to the Planning Commission in a public hearing
- Findings of consistency with the General Plan would be made
- If approved by the Planning Commission, the code amendments would be forwarded to the City Council for consideration and approval in a public hearing

What Design Controls are currently in place to regulate height and bulk of new hotels?

- Height in the downtown is regulated by the Zoning Code
- New Citywide Design Guidelines have standards for new development in the downtown to maintain compatibility



Alternatives/Options

- 1) Continue discussion to the Council's upcoming Goal Setting session on 3/26
- 2) Make no additional changes to the Land Use Code
- 3) Direct staff to amend the Land Use Code requiring new hotels in the CD and PR Districts to have a CUP and potentially other limiting criteria
- 4) Direct staff to provide additional information on how to implement the limiting mechanisms identified in the staff report and this presentation

Recommended Action

Receive report and provide direction to staff.

QUESTIONS?

