COUNTY OF HUMBOLDT

For the meeting of: 11/18/2025

File #: 25-1234

To: Board of Supervisors

From: Planning and Building Department

Agenda Section: Public Hearing

Vote Requirement: Majority

SUBJECT:
An Amendment to the Commercial Cannabis Microbusiness Provisions of the Inland Zoning Regulations to Amend Subsections 314-55.4.8.2 and 314-55.4.10.3 to Broaden the Permit-Type Options for Cannabis Microbusinesses and to Enable Nonvolatile Cannabis Manufacturing in Association with Cannabis Cultivation Activities. This Zoning Ordinance Amendment Applies to the Entire Inland Region of Humboldt County.

RECOMMENDATION(S):
That the Board of Supervisors:

1. Adopt the resolution (Attachment 1) which does the following:
   a. Finds the Board of Supervisors has considered the Environmental Impact Report (EIR) previously adopted for the Commercial Cannabis Land Use Ordinance as well as the Addendum to the EIR that was prepared for this project pursuant to Section 15164 of the CEQA guidelines; and
   b. Finds the amendments to the Commercial Cannabis Microbusiness Standards comply with the General Plan and Zoning Ordinance; and
   c. Finds the amendments to the Commercial Cannabis Microbusiness Standards are in the public interest; and
   d. Finds the amendments to the Commercial Cannabis Microbusiness Standards are consistent with the purpose of the ordinance; and
2. Adopt the ordinance (Attachment 2) amending Title III, Division 1, Chapter 4 of Humboldt County Code Sections 314-55.4.8.2 and 314-55.4.10.3; adjusting the listed permit requirements for cannabis microbusinesses, to codify permitting them as Zoning Clearance Certificates when applicable; and adding permit requirements for nonvolatile manufacturing uses, to codify permitting them as Zoning Clearance Certificates in agricultural zones when applicable (Amendments to the Commercial Cannabis Microbusiness Standards); and
3. Direct the Clerk of the Board to publish a post-adoption summary of the ordinance amendments within 15 days after adoption by the Board, and to post in the Office of the Clerk of the Board of Supervisors a certified copy of the full text of the adopted ordinance along with the names of those supervisors voting for and against the ordinance.

STRATEGIC PLAN:
This action supports the following areas of your Board's Strategic Plan.

Area of Focus: A Diverse, Equitable & Robust Economy
Strategic Plan Category: 2001 - Promote strong economic resiliency and growth

DISCUSSION:
The requested action is to adopt the amendments to the Commercial Cannabis Microbusiness Standards within the County Zoning Regulations. Adopting the amendments will enable cannabis cultivators to incorporate more elements of the cannabis processing and sales process into their permitted activity. The Planning Commission recommended approval of this with a 5-0 vote.

The proposed modification to the Commercial Cannabis Land Use Ordinance is in response to the direction by the Board of Supervisors to assess the potential for reduced requirements for microbusiness permits. The changes are minor in nature and are intended to allow microbusinesses with alternate permit types under certain circumstances. The code adjusts what may be allowed with a Zoning Clearance Certificate (ZCC) but also clarifies what situations still require Special Permits (SP) or Conditional Use Permits (CUP).

A. Special Permit for Microbusiness. (314-55.4.10.3) The current language of the code states that Microbusinesses may be permitted with a Special Permit (SP). The inland code will be changed to allow Microbusinesses to be permitted as Zoning Clearance Certificates (ZCCs) in cases where the "highest level of required permit among the proposed uses" is a ZCC. This will clarify the ability of the Planning Department to permit combined uses with a ZCC, SP, or CUP, as applicable, on a case-by-case basis. A new subsection is proposed that provides an exception to allow microbusinesses in Flood Plain (FP) and Timber Production (TPZ) zones in cases where all new cannabis activities exclusively take place within existing structures, as the impacts expected from allowing such activities in such zones would be minimized with that rule. An additional new subsection clarifies that other sections of code referring to Microbusinesses should be interpreted as requiring a SP, which maintains the status quo for section 55.4.8.1.2 and 55.4.10.2, which provide certain exceptions for indoor cultivation and onsite retail sales when licensed as microbusinesses.

B. ZCC for Nonvolatile Manufacturing. (314-55.4.8.2.2.4) The proposed code adds a new subsection to the Manufacturing section that would allow nonvolatile manufacturing activities to be permitted in association with cultivation permits via a ZCC. Existing permitted sites would still require a modification to their permits, rather than a separate ZCC. Cultivation sites utilizing this new subsection would be prohibited from onsite customer traffic and would be exempt from the standard requiring paved roads that either meet the Category 4 standard or have a centerline stripe. This does not replace the option for a SP for Nonvolatile Manufacturing activities in agricultural zones; it is merely an additional option. The new option is intended to harmonize with the changes to the Microbusiness Code, such that manufacturing activities as part of a microbusiness may be permitted via ZCC.

These are mostly minor changes that more effectively match the status quo of operations by Planning staff. The addition of a ZCC option for nonvolatile manufacturing in association with cannabis cultivation is a new opportunity that can make it easier for cultivators to vertically integrate their businesses. Further detail and discussion are available in Attachment 4.

Public Comments Prior to Planning Commission Meeting
Two comments were received prior to the Planning Commission Meeting, both with the intent of requesting further allowances to ease the permitting processes for additional cannabis uses. The first comment identified the proposed ordinance as "important steps in the right direction," but identifies that the state commercial building standards are another significant obstacle for cannabis cultivators attempting to add new uses to their projects and become more independent from third-party businesses. The comment suggests that the Planning and Building Department consider whether manufacturing could be permitted in residential or residential accessory structures via Cottage Industry Permits, similarly to the current options for processing permits. Infusion-based manufacturing can explicitly be permitted as Cottage Industry, per the existing code, but a blanket approval of all nonvolatile manufacturing via Cottage Industry permitting cannot be made due to the variety in means for nonvolatile manufacturing. On a case-by-case basis, however, some manufacturing facilities may potentially be permissible via Cottage Industry Permits, provided they meet all of the Cottage Industry standards.

The second comment provided a series of requests for changes to the current microbusiness requirements, but the proposed list roughly matches the existing standards, despite describing otherwise. There are a few differences, however, such as requesting microbusinesses to be permitted in association with cultivation sites of up to 1 acre, which does not fit definitionally with the word "microbusiness," because the Commercial Cannabis Land Use Ordinance (CCLUO) and Department of Cannabis Control definitions specifically state 'less than 10,000 square feet of cultivation.' The second comment also requests transportation of cultivators' product without a separate license, but the Planning and Building Department does not regulate the transportation of cannabis. That responsibility is claimed by the county Treasurer-Tax Collector as a subset of business licenses and by the California Department of Cannabis Control as a subset of their licenses. The second comment identifies issues with permitting processing activities in residences but omits the fact that processing activities may be permitted under certain circumstances within a permitted residence or permitted residential accessory structure per Department Policy Statements 21-01 and 21-02.

Planning Commission Meeting - Sept. 18, 2025

The Planning Commission Meeting on Sept. 18, 2025 included a public hearing to discuss and recommend approval of the amendments to the Commercial Cannabis Microbusiness Standards Ordinance. One change has been made from the ordinance that was presented to the Commission: additional text to Section 314-55.4.8.2.2.4 clarifying that, if manufacturing is permitted within a FP or TPZ zone in conjunction with an existing cultivation site, all such manufacturing must occur within existing structures. The commission asked whether commercial building standards could be loosened or manufacturing could be permitted in agriculturally exempt structures, but because building standards are issued by the state, the Planning and Building Department's ability to alter what would be required is significantly limited. The commission also asked whether the exceptions for TPZ and FP zones prevent existing structures from being retrofitted or improved. Considering that the meaning of 'existing' in the context of the CCLUO is 'in existence prior to January 1st, 2016,' interpretation of the code would include rebuilt or improved structures that are within the footprint of a structure that existed prior to 2016. With a 5-0 vote, the Planning Commission recommended adoption of the proposed amendments (Attachment 5).

<u>Effect of Ordinance:</u>

The results of the changes are intended to provide additional options to cannabis cultivators and prospective cultivators that reduce their dependence on third parties for the sale of their product.

Environmental Review: An Addendum to a previously adopted Environmental Impact Report has been prepared for consideration per §15164 of the State CEQA Guidelines.

SOURCE OF FUNDING:

The salary funding for research, staff tasks, and preparing the draft ordinance and staff report is included in the General Fund contribution to the Long-Range Planning unit (1100-282).

FINANCIAL IMPACT:

Staff costs and other expenses related to research, staff tasks, and preparing the draft ordinance and staff report total approximately $17,000.

STAFFING IMPACT:

Potential new applications and application assistance meetings for cannabis manufacturing Zoning Clearance Certificates may result in increases to required staff time, which should be paid for in full by the associated application fees.

OTHER AGENCY INVOLVEMENT:

The action item was referred to County Counsel.

ALTERNATIVES TO STAFF RECOMMENDATIONS:

1. The Board of Supervisors could choose to amend the language of the ordinance or add additional restrictions or requirements. This alternative should be implemented if the Board is unable to make all the required findings. Staff believes that the required findings can be made.

2. The Board of Supervisors could choose not to recommend approval of the Zoning Regulation Amendments. This alternative may be implemented if the Board is unable to make all the required findings. Staff believes that the required findings can be

made and does not recommend further consideration of this alternative.

ATTACHMENTS:

1. Draft Resolution
2. Draft Ordinance No. ___
3. CEQA Addendum
4. Post-Adoption Summary
5. PC Resolution 25-054
6. Discussion
7. ‘What microbusiness can be permitted as a ZCC?’ Table
8. Public Comments
    A. Humboldt County Growers Alliance Comment
    B. ETA Humboldt Comment

PREVIOUS ACTION/REFERRAL:

Planning Commission Meeting of: September 18, 2025
File No.: 25-1122