CITY OF HEALDSBURG
COMMUNITY HOUSING COMMITTEE
MEETING AGENDA

City Hall Council Chamber
401 Grove Street, Healdsburg, CA 95448
Phone: 431-3317

Date: April 11, 2016
Time: 6:00 P.M.
Date Posted: April 8, 2016

1. Call Meeting to Order

2. Roll Call

3. Approval of April 11, 2016 Agenda

4. Approval of March 14, 2016 Meeting Minutes

5. **PUBLIC COMMENTS ON NON-AGENDA MATTERS**

   This time is set aside to receive comments from the public regarding matters of general interest not on the agenda, but related to the Community Housing Committee. *Pursuant to the Brown Act, however, the Committee cannot consider any issues or take action on any requests during this comment period. Speakers are encouraged to limit their comments to 3 minutes maximum so that all speakers have an opportunity to address the Committee.* Members of the audience desiring to address the Committee please walk to the public speaker podium and, after receiving recognition from the Chair, please state your name and make your comments.

6. **OLD BUSINESS**

   a. Review developer panel and work session outcomes, discuss draft Growth Management Ordinance (GMO) amendments, and vote on recommendations to City Council for GMO amendment

   b. Discuss draft Housing Action Plan, review Committee's recommendations and if desired by Committee, provide preliminary recommendations for the 2017-2022 Housing Action Plan Housing Cycle

7. **NEW BUSINESS**

8. **DISCUSSION REGARDING CORRESPONDENCE FROM COMMITTEE MEMBERS**

9. **ADJOURNMENT**

SB 343 - DOCUMENTS RELATED TO OPEN SESSION AGENDAS: *Any writings or documents provided to a majority of the Community Housing Committee regarding any item on this agenda after the posting of this agenda and not otherwise exempt from disclosure, will be made available for public review in the City Clerk's Office located at City Hall, 401 Grove Street, Healdsburg, during normal business hours. If supplemental materials are made available to the members of the Community Housing Committee at the meeting, a copy will be available for public review at the City Hall Council Chamber, 401 Grove Street, Healdsburg, CA 95448.*
These writings will be made available in *appropriate alternative formats upon request by a person with a disability, as required by the Americans with Disabilities Act.*

DISABLED ACCOMMODATIONS: *The City of Healdsburg will make reasonable accommodations for persons having special needs due to disabilities. Please contact Maria Curiel, City Clerk, at Healdsburg City Hall, 401 Grove Street, Healdsburg, California, 431-3317, at least 72 hours prior to the meeting, to ensure the necessary accommodations are made.*

Community Housing Committee
Regular Meeting Minutes
March 14, 2016
6:00 pm

Present Committee Members: Abramson, Vice Chair Burg, Chambers, Civian, Lickey, Madarus, Mansell, Whisney and Chairperson Worden

Absent Committee Members: None

CALLED TO ORDER

Chairperson Worden called to order the regular meeting of the Community Housing Committee of the City of Healdsburg at **6:06 p.m.**

INTRODUCTION OF NEW COMMITTEE MEMBER

Chairperson Worden introduced the new Community Housing Committee Member Erica Whisney.

APPROVAL OF AGENDA

Committee Member Chambers made a motion, seconded by Vice Chair Burg, to approve the March 14, 2016 meeting agenda as submitted. The motion carried on a unanimous voice vote. (Ayes 9, Noes 0, Absent – None)

APPROVAL OF MINUTES

Committee Member Chambers, seconded by Committee Member Lickey, made a motion to approve the February 8, 2016 regular meeting minutes as submitted. The motion carried on a voice vote. (Ayes 8, Noes 0, Absent – None, Abstention – 1)

PUBLIC COMMENTS ON NON-AGENDA MATTERS

None.

OLD BUSINESS

None.

HOUSING ACTION PLAN DRAFT OBJECTIVES 1 – 4

Jim Heid, Urban Green, summarized the work completed on the Housing Action Plan and Growth Management Ordinance amendment. He summarized the projects and number of units currently under review in the Planning and Building Department.

Discussion ensued about the different projects happening in town, the process to develop vacant land, and the number of GMO allocations available in 2016. Discussion further ensued about how to build missing middle units with private developers.

Jim Heid reviewed Objectives 1-4 of the Housing Action Plan.

Discussion ensued about financing affordable units, increasing the inclusionary housing unit number, and keeping creativity in mind when discussing goals.

PROPOSED GROWTH MANAGEMENT ORDINANCE BALLOT MEASURE LANGUAGE

Chair Worden reminded the Committee of Council's direction that the Committee review and provide a recommendation on the percentages of direct and open allocations and whether it should be included in the ballot language.

Jim Heid summarized the four ballot options currently being considered.

Discussion ensued amongst Committee Members about the different options for the GMO ballot language, what option would best suit community needs as a whole, and how directed vs. open allocations affect development. The Committee further discussed how to incentivize developers to build what the community needs as whole as well as use of the GMO as a management tool instead of rigid guidelines.

The Committee Members discussed deed restrictions and the implications of buying a deed restricted unit, the desire to attract high quality developers that will build middle income housing, whether or not middle income housing is profitable, and the pros and cons of market rate housing.

Chair Worden opened up the discussion for public comment at **7:52 p.m.**

Warren Watkins – Opined that it seems the Committee is building a new town instead of looking at the current town situation, the committee has moved farther and farther away from middle income housing at each meeting, and that the ballot language should contain numbers as the government makes too many mistakes to trust them.

Todd Everett – Opined the community is looking for affordable and missing middle housing because we live in a very desirable town and demand far exceeds supply. He stated there needs to be units that are dedicated to people with lower incomes, for the very people who take care of us and our children.

Merrilyn Joyce – Opined the town is out of balance, and asked how we return to balance. She stated the community loses its diversity by top loading the market rate housing.

John Diniakos – Opined that he thinks vision first and the number crunching second and wished the process would have begun that way. He requested there be one night for open discussion between the public and the Committee.

Steve Babb – Thanked the Committee for putting in their time and effort into this very important housing topic stating he believes in the Housing Committee's process. He stated the process needs to flexible to be successful.

Mel Amato – Opined that the Growth Management Ordinance has played a part in limiting the supply leading to an increase in cost and that he firmly supports the Housing Committee. He stated the need for input from developers to identify incentives. He encouraged the Committee to stay the course.

Chair Worden closed the public comment portion of the discussion and took a break in the meeting at **8:12 p.m.**

The meeting reconvened at **8:25 p.m.**

Jim Heid introduced the Work Session exercise and discussed Draft Objectives 5 – 8.

The Committee Recessed to the Work Session at **8:30 p.m.**

Committee Member Civian left the meeting at **8:33 p.m.**

The Committee reconvened to the Regular Meeting at **8:52 p.m.**

Discussion ensued about the results of the Work Session. Further discussion ensued on Draft Objectives 5 – 8.

Committee Member Chambers left the meeting at **9:05 p.m.**

DISCUSSION REGARDING CORRESPONDENCE FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

There being no other Community Housing Committee business to discuss the meeting was adjourned at approximately **9:37 p.m.**

APPROVED:

_____ ____
Jon Worden, Chair

ATTEST:

_____
Karen Massey, Community Housing & Development Director

CITY OF HEALDSBURG
COMMUNITY HOUSING COMMITTEE
STAFF REPORT

AGENDA ITEM:	Review and Discussion of Various Housing Action Plan Components & Proposed Growth Management Ordinance Ballot Measure Language
MEETING DATE:	April 11, 2016
PREPARED BY:	Karen Massey, Community Housing and Development Director
REQUESTED ACTION:	Receive and discuss the information and: (1) Vote on the final GMO amendment recommendation, and (2) If desired by Committee, provide preliminary recommendations for the 2017-2022 Housing Action Plan Housing Cycle

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OVERVIEW:
In light of the action that must be taken at the April 11th Community Housing Committee meeting, the following information is provided to frame key issues, recap background information and synthesize new data received following the March 14th work session.

BACKGROUND:
At the February 8th Community Housing Committee meeting, the Committee received the Council's direction to review and refine a recommendation on percentages of Direct and Open Allocations and whether that should be defined in the Growth Management Ordinance ballot language. After extensive discussion, it was the Committee's consensus that maintaining flexibility in the ballot language is essential to avoiding the challenges currently encountered by the existing GMO.

At the March 14th Committee meeting, four options for the ballot language were discussed. Following the discussion the majority of Committee Members expressed a preference for Option 1 or Option 2. This discussion also highlighted concerns as to the role of Directed Allocations, the number of units in process or approved exceeding the number of Open Allocations currently being discussed, and the difference between what is most appropriate for ballot language vs. what may be better defined via the Housing Action Plan. The Committee asked Staff for more information and suggested the March 31st developer panel could provide market insight and practical information to help reach a final recommendation at the April 11th Committee meeting.

NEW INFORMATION FOR COMMITTEE CONSIDERATION:

The March 31st work session and developer panel identified a number of new ideas and raised cautions about some proposals under consideration. These may have bearing on the Committee's recommendation regarding ballot language refinements or the Housing Action Plan. To aid in the deliberations, Staff has compiled a preliminary list of key ideas and cautions from the panelists below. A discussion of the list, as well as any other ideas the Committee wishes to address or add, will occur at the April 11th meeting.

Summary of Panel Suggestions

First and foremost, the Panel questioned the benefit of the GMO, and expressed concern that at its essence it creates market limitations and complications that compound Healdsburg's housing challenges. However, recognizing potential political implications, the Panel then went on to suggest:

- the need to explore other approaches to create more cost effective housing including unit size and tenure (rental), in-lieu of deed restricting prices.

- the need to increase density to reduce costs and improve economics for middle income and 'affordable-by-design' housing outcomes.

- that building affordable housing units (0-120%) is most effectively achieved by third party non-profits, who are experienced in leveraging local funds and tax credits to create projects at scale. The issue of scale supports the most efficient use of limited dollars, results in less expensive construction, and improves ongoing management and operations effectiveness.

The Panel also offered two primary cautions to proposals currently under consideration:

- that deed restricting middle income housing would result in a much narrower group of potential buyers, increasing developer risk to the point that they would be unlikely to undertake such a project. An alternative approach suggested was a 'local preference' clause or condition whereby the first 90 days of a product's availability (sale or rental) is offered exclusively to locals.

- that an Inclusionary Housing Ordinance requirement for very low income affordable housing may not be feasible through market rate project subsidies – especially given the small project size typical in Healdsburg. This caution was also raised by EPS in earlier discussions last fall.

Response to Committee Request for Implications of Projects In Process or Approved on Allocations

In addition to the Panel comments, the Committee requested more detail on how this Cycle's Open Allocations might be impacted by projects currently in process or approved. An analysis of projects currently in review or approved has been completed, and the total potential market rate units they represent have been compared to the 135 Open Allocations proposed for this Cycle (assuming a 50/50 split is maintained). While numerous assumptions had to be made for this analysis using a high/low probability approach projects in process or approved have the potential

to claim between 67% and 122% of the next Cycle's Open Allocations within the first 12 – 36 months of the six year cycle.

DISCUSSION/ ANALYSIS:
The information gained from the Panel Discussion and Work Session would not have bearing on the GMO ballot language being contemplated, if the Committee maintained its emerging consensus around Option 2. Option 2 addresses the need identified by the Committee to provide the certainty needed, balanced with appropriate flexibility to adjust upward in any given Cycle as community housing needs change.

The ideas raised by the Developer Panel and data surrounding projects in process or approved may have more direct bearing on the Committee's Housing Action Plan recommendations, specifically on the Targets and Actions. These include encouraging, incentivizing, and/or requiring more affordable-by-design approaches via the tools we are developing rather than focusing solely on Deed-Restricted Middle Income. New approaches to smaller units (sliding fee scales and parking relief were discussed) as well as more direct encouragement of rental products (as local preference clauses, construction efficiencies and changing lifestyles are supported by rental vs. ownership products) would be possible as a way to bridge the gap between projects in process or approved and new development, while meeting Middle Income Housing objectives.

However, a combination of the developer panel's review of concepts currently being considered and the reality of the number of units in process or approved does raise a larger question: Even if the ballot language is kept in balance with flexibility and certainty, will the long term outcome of this proposal deliver the amount of affordable and middle income housing as well as the more diverse housing products desired by the Community?

Attached to this report are recommended changes to the Draft Objectives, Targets and Actions that reflect the key ideas presented by the panel for your review and consideration in advance of the meeting.

<u>Committee Actions for April 11th</u>

1. The Committee will be asked to vote on the final GMO amendment recommendation relative to Directed and Open Allocations at the April 11th meeting such that it may be presented to the City Council on April 18, 2016.

2. Should the Committee wish to provide preliminary recommendations for the 2017-2022 Housing Action Plan Housing Cycle, such that the information can accompany the Committee's vote on the GMO amendment recommendation, that action has been properly agendized.

Attachments

Ballot Options Presented

At the March 14th Committee meeting, Committee Members discussed four possible Options for the ballot language, as follows:

Option 1: Create Open and Directed Allocations. The ballot would only enable Directed and Open Allocations with no specific numbers.

Option 2: Create Open and Directed Allocations and establish a minimum number of Directed Allocations for all future cycles.

Option 3: Create Open and Directed Allocations and establish specific percentages for both.

Option 4: Create Open and Directed Allocations and establish specific percentages for both, and specific use of Directed Allocations.

HOUSING ACTION PLAN DRAFT OBJECTIVES, TARGETS & ACTIONS – UPDATED APRIL 7, 2016

The following Objectives, Targets and Actions articulate the specific results to be achieved by the Housing Action Plan. They have been updated based on information from the March 14th Work Session and March 31st Work Session and Developer Panel.

HAP-Objective 1:
Increase quantity and quality of deed-restricted Affordable Housing, at all levels, from Extremely Low to Moderate income categories.

Target = 200 new units by 2022 (~125 in pipeline already)

Actions

- *Partner with third party non-profits experienced in leveraging local funds and tax credits to create projects at scale.*
- *To the extent feasible, accommodate the majority of new affordable housing on existing publicly owned sites.*
- *Explore revisions to the Inclusionary Housing Ordinance including requirements and fee structure to balance delivery of new affordable housing units via private development.*
- *To the extent funding structures allow, mix incomes within individual housing projects.*
- *(additional actions to be added)*

HAP-Objective 2:
Develop ~~deed-restricted~~ housing affordable to Middle Income families, using a range of product types including multi-family and single family homes, and designed for a range of households, including families, individuals and seniors.

Target = 135 new units by 2022

Actions

- *Explore mechanisms such as local preference clauses to balance need for local housing with market realities.*
- *Explore revisions to the Inclusionary Housing Ordinance including adding a Middle Income Housing tier.*
- *(additional actions to be added)*

DRAFT

HAP-Objective 3:
Encourage projects that will build small-scale rental housing offering units averaging less than 750 SF.

Target = 50 new rental units by 2022, in at least two projects

Actions

- *Explore ways to adjust cost per unit and scale fees to unit size and impact.*
- *Review parking requirements to reflect need of smaller units, especially if located in walkable core areas.*
- *Revisit density options to increase land use efficiency.*
- *(additional actions to be added)*

HAP-Objective 4:
Encourage and facilitate the development of creative density housing types including but not limited to small lot, cottage court, micro-housing, and co-housing.

Target =X% of all new units built

HAP-Objective 5:
Encourage and facilitate private development of secondary dwelling units (SDU's) in order to create additional housing stock that more efficiently uses existing infrastructure, creates opportunities for seniors to 'age in place' and provides housing that is affordable (but not restricted) by design.

Target = 125 new units by 2022

Actions:

- *Inventory and confirm SDU creation potential within the City Limits.*
- *Review and summarize successful SDU programs in Santa Cruz, Marin and SLO for lessons learned.*
- *Create a series of community education workshops, and tools, to explain how SDU's work, relative costs and potential financing techniques.*
- *Explore ways to right-size fees to SDU impacts and benefits.*
- *Review potential benefit and cost of waiving fees in return for deed restriction of SDU's to meet Affordable Housing limits.*
- *(additional actions to be added)*

DRAFT

HAP-Objective 6:
Encourage appropriately scaled and well-designed products in all new development

Actions:

- *Update design guidelines to focus on character, scale and form of new development, especially relationship to streets and the public realm.*

HAP-Objective 7:
Site and build affordable housing proximate to existing or planned services.

Actions:

- *Prioritize new site acquisition for Affordable Housing to be built within ¼ mile of transit and daily good and services.*

HAP-Objective 8:
Address the role and impact of vacant homes on the community's housing stock and neighborhood dynamics.

Actions:

- *Explore the feasibility of inventorying the City's existing housing stock to better understand the location of rental, ownership and vacant homes.*

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