

**CITY OF HEALDSBURG
COMMUNITY HOUSING COMMITTEE
SPECIAL MEETING AGENDA**

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

Date: June 2, 2016
Time: 6:00 P.M.
Date Posted: June 1, 2016

1. Call Meeting to Order
2. Roll Call
3. Approval of June 2, 2016 Agenda
4. Approval of May 3, 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. Receive a presentation from Walter Keiser, EPS and provide feedback on the proposed revisions to the Inclusionary Housing Ordinance
- b. Discuss draft Housing Action Plan (HAP) and findings from White Papers on Priority Recommendations 1, 2 and 4 and receive comments on each (Definition of MIH, Inclusionary Housing Ordinance, Secondary Dwelling Unit Fee options)
- c. Review and vote on Housing Action Plan updated Priority Recommendations
- d. Review and vote on HAP Actions/Objectives
- e. Review and vote on HAP Section 1: Introduction & Vision

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
Special Meeting Minutes
May 3, 2016
6:00 pm**

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

Absent Committee Members: Lickey

CALLED TO ORDER

Chairperson Worden called to order the special meeting of the Community Housing Committee of the City of Healdsburg at **6:05 p.m.**

APPROVAL OF AGENDA

Committee Member Burg made a motion, seconded by Committee Member Chambers, to approve the May 3, 2016 meeting agenda as submitted. The motion carried on a unanimous voice vote. (Ayes 8, Noes 0, Absent – Lickey)

APPROVAL OF MINUTES

Committee Member Civian, seconded by Committee Member Chambers, made a motion to approve the April 11, 2016 regular meeting minutes as revised; to include Committee Member Civian's request that Committee Member Chambers name be added in front of the alternative option presented at the meeting. The motion carried on a voice vote. (Ayes 8, Noes 0, Absent – Lickey)

OLD BUSINESS

HAP2016 VISION STATEMENT

Jim Heid, UrbanGreen gave an overview of the Housing Action Plan (HAP), defined how the HAP will have 'teeth' and described the process to adjust existing Ordinances to integrate the recommendations of the HAP into existing regulations. .

Community Housing and Development Director Massey introduced Ed Grutzmacher, from the City Attorney's office.

Director Massey gave an overview of the evening's objectives, including a vote on the Vision statement and Actions. Director Massey further gave a presentation on the role and purpose of the HAP, how it works in conjunction with other legislative tools, how amending some of those legislative tools will help get the outcome that is desired and what the actions within the HAP will do. Director Massey discussed what legislative tools are proposed for revisions including the development standards in the Land Use Code, Secondary Dwelling Unit Ordinance, Inclusionary



Housing Ordinance and Design Guidelines. Director Massey discussed the draft framework, recommendations, Core Provisions, table of contents, Vision Statement and Actions of the HAP.

Chair Worden suggested discussing the items in the following order: Vision Statement, actions and Core Provisions.

Chair Worden opened up the discussion to the Committee Members.

Discussion ensued amongst Committee Members about the Vision Statement, what kind of housing Healdsburg needs, the diversity in housing that is lacking in Healdsburg, what the Vision Statement is meant for, different verbiage for the Vision Statement and how the current Vision Statement came to be.

Chair Worden opened up the discussion to the public.

John Diniakos – Opined the Vision Statement lacks diversity, he opined he would add type or price to the Vision Statement.

Holly Hoods – Opined that a new sentence be added in between the two paragraphs about Healdsburg being able to house the workforce that works here in town.

Member of the public – Opined some wording be added to incorporate an organic quality to the Vision Statement.

After discussion, consensus was reached to modify the vision to omit the word different from the second sentence and revise it to state “Individuals at all life stages and all economic levels...”

Committee Member Chambers made a motion, seconded by Committee Member Burg to accept the Vision Statement as revised. The motion carried on a unanimous voice vote. (Ayes 8, Noes 0, Absent – Lickey)

CORE PROVISIONS OF THE HOUSING ACTION PLAN

Committee Members and members of the public discussed and commented individually about the following Core Provisions:

CP-1: Expand the definition of Affordable Housing in the land use code

CP-2: Revise the Inclusionary Housing Ordinance to require 30% affordable housing

CP-3: Expand Affordable Housing Incentives



CP-4: Implement Fee Deferral Program for deed restricted Secondary Dwelling Units

CP-5: Identify a long term funding source for Affordable Housing

CP-6: Establish a transitional governor to direct growth

Merrilyn Joyce – Commented on the Vision Statement, and the HAP and inquired how the HAP will get us to our goal.

Member of the public – Inquired about what lower case letter a and h are versus capital letter a and h in the term affordable housing.

After discussion, the Committee approved each of the Core Provisions in concept.

Chair Worden took a break in the meeting.

HAP2016 ACTIONS

Chair Worden introduced the HAP Actions (aka objectives) and discussed what the Committee needed to accomplish in regards to the six Actions for the evening.

Committee Members discussed and commented individually about the following Actions.

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

ACTION 2: 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 by design.

ACTION 3: Develop Middle Income Housing across a range of product types, including multi-family and single family homes, and designed for a range of households including families, individuals and seniors.

ACTION 4: Encourage appropriately scaled multi-family, rental units averaging less than 750 square feet.

ACTION 5: Encourage development of mixed product types that represent creative density housing types including but not limited to small lot, cottage court, micro-housing, and co-housing.



ACTION 6: Address the role and impact of vacant homes on the community's housing stock and neighborhood dynamics.

John Diniakos – Commented on secondary dwelling units and the homeowner being required to live in either the main dwelling or the secondary dwelling.

Holly Hoods- Opined on the word vacant and how she understood the use of the word in the sentence, she further opined on who lives in second homes.

Member of the Public – Opined on the importance of addressing second homes, and what potential housing is out in the community.

Discussion ensued about the appropriate unit size to be included in Action 4 and the purpose and potential outcomes that might result from Action 6.

Further discussion was held about the term Vacant vs. Second Homes. After some discussion it was agreed that Vacant housing is the issue as it creates 'dark' neighborhoods, more so than second home which may in fact be homes that people rent from time to time, in a longer term process of moving to the community.

After discussion, the Committee approved each of the Actions in concept.

NEW BUSINESS

None.

DISCUSSION REGARDING CORRESPONDENCE FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

There being no other Community Housing Committee business to discuss the meeting was adjourned at approximately **9:00 p.m.**

APPROVED:

ATTEST:

Jon Worden, Chair

Karen Massey, Community Housing &
Development Direct

Community Housing Committee
White Paper Discussion on
HAP Priority Recommendation 1: Definition of Affordable Housing

The draft HAP is structured around a series of Actions and Recommendations to be completed during the Housing Cycle. Several of the Recommendations require the City to strengthen and revise existing ordinances and regulations (e.g. the Inclusionary Housing Ordinance, Land Use Code, etc.) to achieve the community's desired housing outcomes. The Recommendations have also been prioritized to identify efforts requiring attention by November 2016 (referred to as Priority Recommendations). In order to achieve this goal, Staff has initiated work on a number of the Priority Recommendations.

This White Paper provides the Committee with background information related to Priority Recommendation 1 and is intended to inform the discussion at the June 2nd Committee Meeting.

Priority Recommendation PR 1: **Expand the definition of Affordable Housing in the Land Use Code**

Priority Recommendation Background

Much of the process of creating the Housing Action Plan has been spent determining housing need in our community and then defining that need. After considerable research, a class of housing beyond State of California defined Affordable Housing was identified, and termed Middle Income Housing (MIH). This term is emerging in other communities and typically relates to households whose earnings exceed limits that qualify for Affordable Housing, but are below requirements to finance a local area's median priced home. In Healdsburg this is a range of 121-160% of Area Median Income (AMI).

Revision Context

Currently, Affordable Housing is defined within the Land Use Code under Section 20.28.310 as follows:

Affordable housing. Housing affordable to very low, low and/or moderate income households, based upon the median incomes for Sonoma County as established annually by the U. S. Department of Housing and Urban Development.

For 2015, these categories for a family of four would equal the following incomes:

Very Low Income: \$41,300

Low Income: \$65,000

Moderate Income: \$99,100

Currently, the term 'Above-Moderate Housing' is defined within the Land Use Code under Section 20.28.310 as follows:

Above-moderate housing. Housing units affordable to households and individuals with incomes above one hundred and twenty percent (120%) of the median household income for Sonoma County as determined by the U.S. Department of Housing and Urban Development.

However, the 'Above-Moderate Housing' term defines the affordability of a housing unit rather than the income level of a specific household type.

Proposed Revision

The proposed revisions to the Land Use Code are proposed to read as follows (added text shown in red):

Affordable housing. Housing affordable to very low, low, moderate and/or **middle** income households, based upon the median incomes for Sonoma County as established annually by the U. S. Department of Housing and Urban Development.

And replace the definition of 'Above-moderate housing' with the definition of 'Middle-Income Household' as follows (added text shown in red):

Middle-income household. A household earning an income from one hundred and twenty-one (121) to one hundred and sixty (160) percent of the median household income for Sonoma County as determined by the U.S. Department of Housing and Urban Development.

Process and Timeframe for Approving and Adopting the Recommendation

The draft of the Inclusionary Housing Ordinance will accompany the Housing Action Plan and GMO amendment ballot language when Council considers those items in July such that the Council and public can see how the three items will work together. Additional work to finalize and adopt the draft IHO will need to occur after placement of the GMO language on the ballot and adoption of the HAP.

Community Housing Committee
White Paper Discussion on
HAP Priority Recommendation 2 – Inclusionary Housing

The draft HAP is structured around a series of Actions and Recommendations to be completed during the Housing Cycle. Several of the Recommendations require the City to strengthen and revise existing ordinances and regulations (e.g. the Inclusionary Housing Ordinance, Land Use Code, etc.) to achieve the community’s desired housing outcomes. The Recommendations have also been prioritized to identify efforts requiring attention by November 2016 (referred to as Priority Recommendations). In order to achieve this goal, Staff has initiated work on a number of the Priority Recommendations.

This White Paper provides the Committee with background information related to Priority Recommendation 2 and is intended to inform the discussion at the June 2nd Committee Meeting.

Priority Recommendation PR 2: **Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing.**

Priority Recommendation Background

The objective of this recommendation is to achieve actual construction of affordable housing units in future market-rate for sale housing. The City’s existing Inclusionary Housing Ordinance (IHO) requires for-sale market rate housing development to construct deed restricted Affordable Housing but it also allows payment of an in lieu fee. Ideally, inclusionary housing requirements can create new long term Affordable Housing, at little to no cost to the community, while also creating more diverse and integrated neighborhoods than would be created by building stand-alone Affordable Housing projects (typically constructed by affordable housing developers).

As recommended by the Community Housing Committee, the ballot language to modify the Growth Management Ordinance also includes language to increase the City’s inclusionary housing requirement from the current 15% requirement to a 30% requirement.

To fulfill this recommendation, the following issues need to be addressed:

- 1) How the 30% requirement should be allocated across the household income levels (very low, low and moderate) as well as the new “middle income” level proposed as part of Priority Recommendation 1.
- 2) Determining the amount of the Inclusionary Housing In-lieu Fee to more accurately reflect the proportionate cost of the “funding gap” between what the affordable units cost to build and what lower income households can afford to pay for the new units.

- 3) How the inclusionary housing requirements are applied to small housing projects (less than six housing units).
- 4) What other “alternative compliance” approaches (other than paying the in lieu fee) may be acceptable.
- 5) What incentives should be offered to market rate builders to provide the affordable units on-site.

Revision Context – How to Distribute the 30%

Currently, the adopted IHO requires all for-sale market rate housing projects with seven or more units to make 15% of the total number of new units available to moderate-, low- and very-low income households as deed-restricted Affordable Housing units. Of these units, 10% are required to be for very-low and low-income households and at least 5% for moderate income households. The units may be constructed on-site as part of the project or on another site. Any resulting fractional unit may be satisfied by payment of an in-lieu fee. Projects with six or fewer units may satisfy the requirement through payment of in-lieu fees or dedication of land for affordable housing purposes.

Revision Context – Affordable Housing Requirements in new Rental Housing Developments

Due to recent legal rulings the IHO can only apply to for-sale market rate projects; new rental housing developments cannot be required to provide affordable units. This is based on a recent ruling¹ that such pricing controls violate the Costa-Hawkins Act of 1995 which outlawed traditional rent control in new buildings in the State. As a result some cities have instituted Housing Impact Fees (based on a “nexus study” that draws a relationship between new market rate housing and the need for affordable housing) that have effectively linked rental apartment development and affordable housing. These cities have created an Affordable Housing Impact Fee paid by new rental projects, but provided an alternative compliance path that would allow developers to build the affordable units within their project.

Revision Context – Inclusionary Housing In-Lieu Fee

Currently, the City’s inclusionary housing in-lieu fees are based on square footage and can range from \$2,455 for a 1,300 square foot unit to \$15,000 for a unit 2,300 square feet and larger. Units less than 1,300 square feet in a project with six or fewer units are exempt from the inclusionary requirement. This in lieu fee is far below the allocated cost of actually building the affordable units and thus there is little incentive on the part of the developer to build the units on-site.

Proposed Revisions

Based on prior discussions and analysis conducted by EPS, the proposed revisions would:

¹ Palmer/Sixth Street Properties, L.P v. City of Los Angeles

1. Increase the current 15% requirement to a 30% requirement and would require:
 - Projects of 1-3 units to pay an in-lieu fee or construct a deed restricted secondary dwelling unit for every unit built.
 - Projects of 4-6 units to construct one affordable unit and pay any fractional in-lieu fee amount needed to fulfill their remaining requirement OR construct a deed restricted secondary dwelling unit.
 - Projects of more than 6 units to construct 30% affordable units and pay any fractional in-lieu fee amount that results from the 30% calculation.

2. At this time, an initial proposal is to reallocate the 30% requirement across income levels as follows:
 - 0% very low,
 - 7.5% low,
 - 7.5% moderate, and
 - 15% middle income.

3. Increase the Inclusionary Housing In-Lieu Fee to approximately \$67,000 based upon the proportional cost of developing an actual Affordable Housing unit.

Supporting Information to the Proposed Revisions

To arrive at the proposed revisions Staff reviewed other ordinances to identify solutions from other cities while also considering the circumstances unique to Healdsburg. In undertaking the effort to revise the City's existing IHO, the following considerations were kept in mind:

- Increasing the IHO requirement to yield additional affordable units must be balanced with the economic realities of creating market rate projects. A fiscal analysis was conducted to determine the impact of the 30% requirement on new projects. The analysis showed the increase results in an approximately \$67,000 cost per market rate unit to cover the costs associated with constructing 30% of the units as affordable. This burden is based on 50% of the new, increased IHO requirement meeting middle income pricing. If the increased IHO maintained the same distribution as currently exists the additional burden per market rate unit would increase over \$100,000.
- The reallocation focuses creation of inclusionary units to the low, moderate, and middle income categories which make up 80% of the city's share of regional housing need.
- The reallocation focuses creation of inclusionary units to the low, moderate and middle income categories which were identified in the Housing Needs Assessment prepared in

October 2015 as needing approximately 37-44 units constructed each year to achieve a 40% target of employees able to live in town.

- The reallocation assumes that due to the disproportionate burden of constructing very low income units, those units will be provided for through other means; namely by affordable housing developers using public subsidies and low income housing tax credits.
- It may be necessary, as part of the new Inclusionary Housing Ordinance to offer various regulatory or even financial incentives (fee waivers, etc.) to assure that the Ordinance does not deter otherwise desirable market rate housing projects from building in the City.
- Given that Priority Recommendation 5 of the HAP is to identify a long-term funding source for Affordable Housing, the IHO revisions focus on construction of affordable housing units rather than the payment of in-lieu fees.
- The IHO revision supports Action A2 of the HAP, which seeks to encourage and facilitate private development of Secondary Dwelling Units, by allowing builders to meet any fractional inclusionary requirement through the construction of a deed restricted secondary dwelling unit.
- To ensure the fee paid by projects proposing 1-3 housing units is proportionate to the cost of the unit, the adopted in-lieu fee will be updated as part of this process.
- The proposed IHO revision would also support Action A4 of the HAP, which seeks to encourage appropriately scaled multi-family projects with rental units averaging less than 850 SF. Due to the recent legal rulings, and unless an impact fee is created, NOT requiring rental units to include or contribute to affordable housing would provide a unique incentive to direct the market to build more rental units – which as discussed at numerous CHC meetings, and recommended by the guest panel – is one way to both meet current market trends and provide housing options that are more affordable by design.

Process and Timeframe for Approving and Adopting the Recommendation

Should the ballot language pass in November, the City needs to be prepared to adopt the revised IHO such that the requirement can be implemented concurrent with the Growth Management Ordinance amendment becoming effective.

Table 1 -- Draft Healdsburg Inclusionary Housing Ordinance Update Worksheet

Housing Prototype and Project Size	Very Low < 50% AMI	Low 51-80% AMI	Moderate 81-120% AMI	Middle Income 121-160% AMI	Primary Compliance	Affordable Housing Units	Alternative Compliance		Development Incentives (offered in Housing Action Plan)	
							Fee	Other	Regulatory	Financial
1 to 3 Housing units	0	0	0	0	Pay fee proportional to cost of unit	0	N/A	Build and deed restrict secondary dwelling unit (s)	Regulatory incentives for second unit (HAP A-2)	Proportional development impact fee reductions for second unit (HAP A-2 & PR-4)
4 to 6 units	0	0	1	0	Build one affordable housing unit & Pay proportional fee for balance of any fractional unit that results from 30% calculation (4)	1	N/A	Build and deed restrict secondary dwelling unit (s) (as alternate to paying fee for fractional unit)	Regulatory incentives for second unit (HAP A-2)	Proportional development impact fee reductions for second unit (HAP A-2 & PR-4)
Greater than 6 units	0%	7.5%	7.5%	15.0%	Build 30% affordable units on-site	.30 times total number of units in project	Pay proportional fee for balance of any fractional unit that results from 30% calculation	With City approval: -- Land dedication for affordable housing -- Acquire/extend affordability contracts -- Offsite construction (all or part)	Density bonus as per State Law and other regulatory incentives (HAP PR-3)	Financial subsidies (fee waiver, etc.) considered on case-by-case basis (HAP A-2 & PR-5)

Notes:

- 1) Rental housing is preempted from inclusionary housing as established in the Palmer Case. A nexus-based impact fee requires adoption of Housing Impact Fee Ordinance.
- 2) Very Low and Low Income Households typically require affordable housing provided with public subsidies and tax credits assembled by affordable housing developers.
- 3) Housing impact fee requires nexus-based calculation of the impact of market rate housing production on demand for affordable housing units.
- 4) Fractional fee is the amount above a cardinal number of housing units required.

Community Housing Committee
White Paper Discussion on
HAP Priority Recommendation 4 – Fee Deferral Program

The draft HAP is structured around a series of Actions and Recommendations to be completed during the Housing Cycle. Several of the Recommendations require the City to strengthen and revise existing ordinances and regulations (e.g. the Inclusionary Housing Ordinance, Land Use Code, etc.) to achieve the community's desired housing outcomes. The Recommendations have also been prioritized to identify efforts requiring attention by November 2016 (referred to as Priority Recommendations). In order to achieve this goal, Staff has initiated work on a number of the Priority Recommendations.

This White Paper provides the Committee with background information related to Priority Recommendation 4 and is intended to inform the discussion at the June 2nd Committee Meeting.

Priority Recommendation PR 4: **Implement Fee Deferral Program for Deed Restricted Secondary Dwelling Units (SDUs)**

Priority Recommendation Background

SDUs have gained increasing visibility across California as an organic and low cost way to increase a community's stock of housing that is either more affordable by design, or deed restricted affordable.

Across the state a number of progressive communities have advanced programs to encourage, incentivize and facilitate the rapid expansion of their community's SDU stock. Programs in Santa Cruz have been referenced extensively as providing a good model of both regulatory relief and pro-active communication and encouragement for the community to create SDUs.

Tools to increase SDUs include removal of barriers such as parking requirements, reducing setback requirements from property lines, increasing maximum building size to create larger units and reduce, defer or waive impact fees.

In 2003, the State of California recognized the value of SDU's with the passage of AB1866 which required all communities within the state to ministerially approve SDU applications that meet local performance criteria consistent with State guidelines.

The City of Healdsburg Land Use code provides a number of basic provisions consistent with State law, and in support of creating more SDU's. These include:

- Ability to build up to 640 SF on lots between 4,500 and 6,000 SF in size.
- For lots exceeding 6,000 SF, the allowable area for a secondary dwelling unit may increase by the total square feet that the lot exceeds 6,000 SF multiplied by 5%, but in no case shall exceed 850 SF.

- Reduced parking requirement of one space per SDU, and no requirement for it to be covered. The space may be tandem space provided it is located outside the front yard setback.

Fees Associated with SDU's

A typical SDU of 640 SF would cost an estimated \$173,000¹ per unit, depending on construction type, finishes and how much of the work may be self-performed by the homeowner. A typical SDU incurs fees for permit review, impacts to city services and infrastructure, and water and sewer connections. The City's fees associated with construction of a SDU are approximately half of the cost of the fees charged for a typical single family residence. The fees for a SDU are approximately \$21,000; approximately \$3,500 of which is attributable to permit review and inspections to cover staff time associated with the permit and approximately \$17,500 is attributable to impacts to city services and infrastructure. Fees should be recognized as a small percentage of total cost of a unit.

In order to facilitate increased production of SDUs the City could consider ways to reduce the cost of permits required to construct an SDU. In some communities fees are reduced, deferred or waived, if the property owner agrees to deed-restrict the unit to meet Affordable Housing income limits in terms of setting rents.

Fee Review

Fees are based on impact to community services as determined through a professional 'nexus' study. To review and/or reduce fees, a new nexus study will be required. This will take time to complete and then require Council approval to adjust fees, should a reduction be found to be warranted.

Fee Waiver

Fee waivers could incentivize the development of SDUs, under the assumption it would reduce total production cost. However, as stated above it is important to recognize fees are a small percentage of the total cost of a unit.

Per California code, waiver of fees is equivalent to a public subsidy, requiring that only registered contractors – who pay prevailing wages - can construct the unit². While this goal supports living wage objectives, it may run counter to creating more cost effective housing units due to the premium prevailing wages may add to any construction project, which could exceed the 15% savings realized by waiving fees.

¹ 640 SF unit at \$225 per square foot = \$173,267. Because of the small unit size, costs increase per SF for plumbing, bathrooms etc. vs. what a larger house might cost to build

² Under California Labor Code Section 1720(a) and 1720 (b)(4) prevailing wage requirements apply to any to projects where construction is paid for in part out of public funds, i.e. when fees are paid, reduced, charged less than fair market value, waived or forgiven by the city'. (Santa Cruz SDU guide)

Fee Deferral

Healdsburg currently has an adopted development fee deferral program that allows project applicants, with approval of a deferral agreement, to pay fees at the earlier of 1) issuance of the first Certificate of Occupancy for the development or 2) 24 months following recordation of a deferral agreement.

HEALDSBURG HOUSING ACTION PLAN SUMMARY

June 1st, 2016 - Discussion Draft

THE PLAN RECOMMENDATIONS			THE PLAN OBJECTIVES						THE PLAN METRICS			THE PLAN IMPLEMENTERS	
Fast Track	GMO Contingent	Recommendation	Objective 1.0 Increase Deed Restricted Affordable Housing Stock	Objective 2.0 Facilitate development of SDU's	Objective 3.0 Build Middle Income Housing	Objective 4.0 Increase Rental Housing	Objective 5.0 Encourage Mixed Product Types and Creative Density	Objective 6.0 Reduce Neighborhood Impacts of Vacant Homes	Key Performance Indicator (How do we know we fulfilled the recommendation?)	Related Policies, Programs and Initiatives SP = Strategic Plan GP=General Plan HEU=Hsing Element	Target Completion Date	Who is Responsible?	
												Leads	Supports
PRIORITY RECOMMENDATIONS													
PR-1	✓ *	Expand the definition of Affordable Housing in the Land Use Code to include Middle Income	■		■		○		City Council Adopted Ordinance to revise the Land Use Code	GP Principle 2E	November 2016	Hsng+ED	City Manager, Planning
PR-2	✓ *	Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing	■	○	■	○	○	○	City Council Adopted Ordinance to revise the Land Use Code	SP-Goal 1.3 GP Principle 2C	November 2016	Hsng+ED	City Manager, Planning
PR-3	✓ *	Expand Affordable Housing Incentives	■		○	○			City Council Adopted Ordinance to revise the Land Use Code	SP-Goal 1.3 HEU Pollyc H-C-3 HEU Pollyc H-C-7	November 2016	Hsng+ED	City Manager, Planning
PR-4	✓	Create a long term funding source for Affordable Housing	■		■	○			Ballot measure approved by electorate to expand TOT for Affordable Housing	SP-Goal 1.3 GP Principle 2E	November 2016	City Manager	Hsng+ED
PR-5	✓	Implement Fee Deferral Program for Deed Restricted Secondary Dwelling Units (SDUs)	○	■	○	○		○	City Council adopted ordinance to revise the Municipal Code	HEU - Program H-14	November 2016	Hsng+ED	Public Works
PR-6	✓ *	Implement a transitional growth regulation tool				○	○	○	City Council adopted ordinance to revise the Municipal Code	GP Principle 2B HEU Policy HB-2 HEU Program H-6	November 2016	Planning	City Manager
PR-7		Update parking regulations to scale requirements to location and product size	○	○		■	■	○	City Council Adopted Ordinance to revise the Land Use Code	HEU Policy HB-5	December 2016	Planning	Hsng+ED
PR-8		Update City's Design Guidelines to address community concerns for scale and character of new development	○	■	○	○	○	○	City Council adopted Design Guidelines	GP-Principle !E GP-Principle 6A	March 2017	Planning	Hsng+ED
PR-9		Revise the City's current impact fee schedule to scale with unit size		■	■	■	■		City Council adopted revised fee schedule	HEU-Policy H-C-6	December 2017	Public Works	City Manager
KEY			■	Directly supports		○	Indirectly Supports						

Housing Action Plan
Final Priority Recommendations – For Review & Vote
June 2, 2016

- PR 1:** Expand the definition of Affordable Housing in the Land Use Code to include Middle Income.
- PR 2:** Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing.
- PR 3:** Expand Affordable Housing Incentives.
- PR 4:** Create a long term funding source for Affordable Housing.
- PR 5:** Implement Fee Deferral Program for deed restricted Secondary Dwelling Units (SDUs).
- PR 6:** Implement a transitional growth regulation tool.
- PR 7:** Update parking regulations to scale requirements to location and product size.
- PR 8:** Update City's Design Guidelines to address community concerns for scale and character of new development.
- PR 9:** Revise the City's current impact fee schedule to scale with unit size.

Housing Action Plan
Final Objectives - For Review & Vote
June 2, 2016

Objective 1.0

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

Objective 2.0

Encourage and facilitate private development of Secondary Dwelling Units (SDUs) 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 by design.

Objective 3.0

Develop Middle Income Housing across a range of product types, including multi-family and single family homes, and designed for a range of households including families, individuals and seniors.

Objective 4.0

Encourage appropriately scaled multi-family, rental units averaging less than 850 SF.

Objective 5.0

Encourage development of mixed product types that represent creative density housing types including but not limited to small lot, cottage court, and co-housing.

Objective 6.0

Create a fact-based understanding of the impact of vacant homes on the community's housing stock and neighborhood dynamics.

Housing Action Plan
Section 1: Introduction & Vision – For Review & Vote
June 2, 2016

Section 7 INTRODUCTION TO THE
HOUSING ACTION PLAN

HEALDSBURG HOUSING ACTION PLAN 2017-2022

OVERVIEW

The City of Healdsburg's Housing Action Plan (HAP) strengthens other City tools that shape and direct the character and type of residential growth occurring in Healdsburg. The Plan acts as a tool by which both the City Council and residents can more proactively shape the community's housing character over the defined *Housing Cycle*.

The Housing Cycle is a housing management tool designed to run concurrently with the City's Housing Element. The *Housing Element* is one of the nine Elements of the City's *General Plan*, which is the 'blueprint' for how the City manages growth. The Housing Element provides the policy basis and requirements for how the City will address its housing needs. Unlike the other Elements, the Housing Element is typically updated every eight years per State standards. Aligning the Housing Action Plan Housing Cycle with the timeframe of the Housing Element provides a unique tool to manage housing growth in our community.

The Housing Cycle establishes a specific timeframe within which HAP defined Recommendations should be completed in order to achieve the HAP's stated Vision. Prior to the end of each Housing Cycle (and concurrent with the update to the Housing Element), a new Housing Action Plan will be prepared to reassess community housing needs.

6.1.16

The Housing Action Plan is meant to facilitate four key outcomes:

1. ***Tell Healdsburg's Housing Story*** – what the town values, the role housing plays in creating a sustainable, thriving community, and how we plan to get there
2. ***Establish Clear and Measurable Housing Objectives*** – measurable objectives for creating housing, established through community input, that will allow leadership to better direct the City's resources (financial and human) to accomplish what the community has said is important, while fulfilling State mandated goals
3. ***Put Housing in Context*** – the complexity of housing our community will not be solved by a single solution. Nor is it an isolated issue. The Housing Action Plan will make evident the linkage between long term, sustainable housing solutions, and other related policies that impact alternative transportation options, community health, green building, economic vitality and long term sustainability.
4. ***Attract Like Minded Partners*** – instead of waiting for new development 'to show up', the Housing Action Plan will provide a clear statement of what our community wants to see in its new housing – and how the regulations and incentives are structured to achieve that outcome. The real estate development community – both for profit and non-profit - will be attracted by the clarity of our vision, and those who share our values and vision, will be more inclined to participate and be part of our collective solution.

RELATIONSHIP OF HAP TO OTHER HOUSING DOCUMENTS

The HAP serves as a companion policy document to and works in conjunction with the City's existing adopted legislative documents including:

- **Strategic Plan**
- **General Plan and associated Housing Element,**
- **Land Use Code (LUC)**
- **Inclusionary Housing Ordinance (which is part of the Land Use Code)**
- **Urban Growth Boundary**

The HAP is a policy document that serves to strengthen and support the City's existing legislative documents; the sum total of which direct growth, shape our community and define its built form relative to housing. Many of these documents have a statutory and regulatory role in shaping the physical form and make-up of the community. The City of Healdsburg's General Plan acts as the overarching 'blueprint' for the City's growth. It does this by establishing a set of specific goals and associated policies. A Goal 'is a general direction that the City intends to take in making planning or development decisions. A goal is a general expression of community values and is abstract in nature rather than quantifiable or time-dependent'¹.

The Housing Action Plan complements the General Plan, by setting **specific Objectives that are both time dependent and quantifiable**. Progress on each Objective will be assessed by setting a series of Targets – which are measurable by nature - and intended to be fulfilled by the end of the Housing Cycle. A bi-annual reporting process (report card) will provide the opportunity to assess progress in achieving these Targets, and hence move toward our stated Vision. This in turn will help the City's leadership adjust resources and adapt policies and tools as necessary, all in an effort to achieve the stated outcomes by the end of the Housing Cycle.

With each new Housing Cycle, a new set of Objectives and Targets will be developed that respond to community housing needs and priorities - concurrently with, and informed by - the Housing Element Update.

Through the HAP, the community clarifies its Vision for housing over the next Housing Cycle. To achieve that Vision, the HAP acts as an integrator of various housing tools (see sidebar), ultimately shaping the direction, form and character of housing growth in Healdsburg.

¹City of Healdsburg General Plan ²⁰¹¹, page vi

HOW HAP WILL
MANAGE GROWTH

Shaping community growth is accomplished by being intentional about the kinds of housing products the community would like to see, and conversely those we want to discourage. The ability to achieve what we want, and discourage what we don't want, will emerge from a set of incentives and dis-incentives that the HAP identifies, and are then codified in the City's various regulatory tools (i.e. Inclusionary Housing Ordinance, Land Use Code, etc.).

WORKSHEET		TABLE NUMBER: 4
TOTAL NEW MARKET RATE HOUSING UNITS	<div style="border: 1px solid black; padding: 5px; display: inline-block;">135</div> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-left: 10px;"> 70 MV 25 COTTAGE 40 MF 5+ 10 MF 4- 25 SFD </div>	PREFERRED TYPES TO BUILD
TOTAL NEW MIDDLE INCOME HOUSING UNITS	<div style="border: 1px solid black; padding: 5px; display: inline-block;">135</div> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-left: 10px;"> 30 MV 25 COTTAGE 40 MF 5+ 15 MF 4- 25 SFD </div>	PREFERRED TYPES TO BUILD
TOTAL ADDITIONAL AFFORDABLE HOUSING UNITS	<div style="border: 1px solid black; padding: 5px; display: inline-block;">70</div> <div style="border: 1px solid black; padding: 5px; display: inline-block; margin-left: 20px;">15</div>	TOTAL PUBLIC COST 15 (PUBLICLY BUILT UNITS X \$165,000, NIC LAND) 2,475,000 POTENTIAL WAYS TO PAY FOR UNITS: 1. SALE OF PUBLIC LAND 2. TRANSFER TAX 3. 52 4. 165,000 5. 15 6. 1,824,000 1,650,000
TOTAL ADDITIONAL SECONDARY DWELLING UNITS	220	

DRAFT

As a part of thinking differently about how we grow, workshop participants were asked to determine what kinds of housing products they would like to see built during this Housing cycle. This input helped shape HAP's final Targets.

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6.1.16 REVIEW DRAFT

A VISION FOR HOUSING IN HEALDSBURG IN 2022

Through the series of community workshops completed in 2015 and 2016, and with direct input from the Community Housing Committee, a Vision for housing in Healdsburg has evolved. The Vision combines the key themes of **diversity** and **affordability** and states:"

“ In 2022, Healdsburg is a **diverse, thriving** community evidenced by a wide diversity of housing ***both type and price.***”

Individuals **at all life stages and all economic levels** participate in active, welcoming neighborhoods, which together **””** make up our larger community.

This statement establishes the long term, desired role for housing in Healdsburg and forms the foundation for HAP's Objectives and Priority Recommendations during this Housing Cycle (2017-2022).

HOUSING ACTION PLAN
TIMELINE FOR COMPLETION
May 2, 2016
(Subject to Change)

	Section 1	Section 2	Section 3 (Actions)		Section 4	Section 5
	Intro +Vision	Priority Recommendations	Actions & Targets	Supporting Recommendations	Financing	Related Actions
May 3rd	Discuss Intro, Approve Vision	Introduce Concept, discuss	Introduce Actions 1-6 (Objectives)	NA	NA	NA
June 2	Approve Section 1	Approve Priority Recommendations EPS IHO prez	Approve Actions	Discuss	NA	NA
June 8	Done	Approve Section 2	Discuss & Approve Targets	Approve Supporting Recommendations (w/Consensus)	NA	NA
June 13	Done	Done	Done	Discuss & Approve Remaining Supporting Recommendations Approve Section 3	NA	NA
June 27	Done	Done	Done	Done	Discuss Funding findings by staff	Approve IHO
July 6	Done	Done	Done	Done	Approve Section 4	Presentation by Planning & Discuss SDUs & Related Actions
July 11	Done	Done	Done	Done	Done	Vote on Final HAP

Updates on Draft HAP to Council: May 16, June 20
Community Workshop on Draft HAP: June 29
Recommended HAP to Council: July 18