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

Community Center, Room 4
1557 Healdsburg Ave, Healdsburg, CA 95448
Phone: 431-3317

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

1. Call Meeting to Order

2. Roll Call

3. Approval of June 8, 2016 Agenda

4. Approval of June 2, 2016 Meeting Minutes

5. **PUBLIC COMMENTS ON NON-AGENDA MATTERS**
   Public comments may be made on the matters described in the Special Meeting Notice (Government Code Section 54954.3)

6. **OLD BUSINESS**

   a. Review and vote on Housing Action Plan (HAP) Supporting Recommendations
   b. Review and vote on HAP Targets
   c. Review and vote on HAP Section 2: Priority Recommendations

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
June 2, 2016
6:00 pm

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

Absent Committee Members: Chambers, Madarus

**CALLED TO ORDER**

Chairperson Worden called to order the special meeting of the Community Housing Committee of the City of Healdsburg at **6:07:06 p.m.**

**APPROVAL OF AGENDA**

The order of the agenda was revised to consider Item 6B, Discuss draft Housing Action Plan (HAP) and findings from White Papers on priority Recommendations 1, 2 and 4 and receive comments on each, before item 6A, receive a presentation from Walter Keiser, EPS and provide feedback on the proposed revisions to the Inclusionary Housing Ordinance.

Committee Member Civian made a motion, seconded by Committee Member Burg, to approve the June 2, 2016 special meeting agenda as revised. The motion carried on a unanimous voice vote. (Ayes 7, Noes 0, Absent – Chambers and Madarus)

**APPROVAL OF MINUTES**

Committee Member Lickey abstained from voting on the May 3, 2016 special meeting minutes.

Committee Member Burg, seconded by Committee Member Whisney, made a motion to approve the May 3, 2016 special meeting minutes as submitted. The motion carried on a voice vote. (Ayes 6, Noes 0, Absent – Chambers and Madarus, Abstaining – Lickey)

**PUBLIC COMMENT**

None.

**PRIORITY RECOMMENDATION FOUR – SECONDARY DWELLING UNIT**

Director Massey updated the Committee on the presentation given to Council in May on the Housing Action Plan and direction received from Council related to the Priority Recommendations.

Director Massey gave an overview of Priority Recommendation Four the recommendation to implement a fee deferral program for deed restricted Secondary Dwelling Units (SDUs). She

summarized the three different fee options the Committee has been exploring (1) Expand existing Fee Deferral Program, (2) Create a fee waiver program and (3) Undertake a fee review. Director Massey introduced Public Works Director Salmi who discussed the fees surrounding secondary dwelling units, and asked the Committee for feedback.

Discussion ensued among the Committee Members and staff about recovering the cost if the fees were reduced or deferred, what the basis for fee reduction is, how prevailing wage correlates with the use of the public dollar, scaling fees to size, and waiving fees for SDUs with a mandatory deed restriction. Discussion further ensued about managing SDUs. Chair Worden provided clarification for the Committee and the public about the three different options.

Chair Worden opened up the discussion on Secondary Dwelling Units to the public.

John Diniakos – Opined on the fee waiver program, and asked if a portion of an existing unit is turned into a granny unit, are the impact fees reduced.

Tim Unger – Opined on the schedule of fees, proportionality and right sizing of the impact fees based on the size of a dwelling unit.

Merrilyn Joyce – Commented on incentivizing SDUs for homeowners, how developers are incentivized in the City and the approach we should have towards developers.

Ken Munson – Commented on right sizing the impact fees based on the size of a dwelling unit, and placing the deed restriction requirement on the developers who build in Healdsburg; not on the private homeowner.

Adele Barnett – Opined on her desire to build a SDU on her lot and the cost of the impact fees affecting her ability to do so.

John Diniakos – Opined that in his research he found other cities have made the requirement if you have the economic means to build an SDU no waiver should be applied, if you don't have the economic means, than a fee waiver should be applied.

Chair Worden closed the public comment portion of the discussion.

Following a brief discussion, Committee Member Civian, Seconded by Committee Member Burg, made a motion to support option one, Expand existing Fee Deferral Program. The motion carried on voice vote with Committee Member Lickey dissenting, and Chambers and Madarus noted as absent. (Ayes 6, Noes – Lickey, Absent – Chambers and Madarus)

In response to Chair Worden's question on a formal vote for option two, create a fee waiver program, the Committee voted unanimously against option two.

In response to Chair Worden's request on a formal vote for option three, Undertake a fee review; as well as combining Priority Recommendation Four with Priority Recommendation Nine, Revise the City's current impact fee schedule to scale with unit size; the Committee voted unanimously to support this request.

**PRIORITY RECOMMENDATION ONE**

Director Massey introduced Priority Recommendation One to expand the definition of Affordable Housing in the Land Use Code to include Middle Income and Priority Recommendation Two to revise the Inclusionary Housing Ordinance to require 30% Affordable Housing.

Discussion ensued among Committee Members about the utility value of moderate income language in the Inclusionary Housing Ordinance (IHO), how family vs. individual income levels are determined, and how the percentages for each income level very low, low, moderate, and middle, will be broken down in the IHO.

Chair Worden opened up the discussion to public comment.

Jim Winston – Opined that the suggested definition of Affordable Housing for the Land Use Code is inconsistent with the United States Department of Housing and Urban Development (HUD) definition of Affordable Housing.

Merrilyn Joyce – Commented on the IHO percentage increase and how the increase affects the developers.

John Diniakos – Opined on low cost housing, a deed restriction in trade for a fee waiver, and wanted to know if the missing middle was going to be included in rental discussion.

Discussion continued amongst the Committee about expanding beyond HUD's definition of affordable housing, how to amend the definition to make it more clear that is separate from HUD's definition of affordable housing, and how the difference between HUD's definition of affordable Housing vs the Committee's recommendation of affordable housing for the Land Use Code will come out in the details.

Committee Member Abramson, Seconded by Committee Member Whisney, made a motion to support Priority Recommendation One to expand the definition of Affordable Housing in the Land Use Code to include Middle Income. The motion carried on voice vote with Committee Member Mansell dissenting, and Chambers and Madarus noted as absent. (Ayes 6, Noes – Mansell, Absent – Chambers and Madarus)

**PRIORITY RECOMMENDATION TWO**

Director Massey introduced Walter Kieser from Economic Planning Systems, (EPS) to discuss Priority Recommendation Two to revise the Inclusionary Housing Ordinance to require 30% Affordable Housing.

Mr. Kieser gave a thorough presentation on the recommended changes to the IHO, including the distribution of affordability, In Lieu Fee, small project IHO compliance, alternative compliance and development incentives. Mr. Kieser further discussed how the IHO will apply only to for sale housing, as rental housing is currently preempted from Inclusionary Housing.

Discussion ensued amongst Committee Members about the distribution of affordability, In Lieu Fee, how the In Lieu fee is calculated, small project IHO compliance, alternative compliance and development incentives. Discussion further ensued amongst Committee Members about requiring developers to do the mid-point of the density range, nexus based impact fees, and allowing deed restricted SDUs to be built in order to meet the fractional requirement of IHO In Lieu fee payment.

Committee Member Lickey, Seconded by Committee Member Civian, made a motion to adopt the proposal of 7.5% Low, 7.5% Moderate, and 15% Middle, as submitted by staff for the IHO 30% breakdown. The motion carried on voice vote with Committee Member Abramson dissenting, and Chambers and Madarus noted as absent. (Ayes 6, Noes – Abramson, Absent – Chambers and Madarus)

Committee Member Burg, Seconded by Committee Member Civian, made a motion to accept the In Lieu Fee at full cost as proposed, and exceptions for small units, and ask staff to look at how the In Lieu Fee can be applied in a scalable fashion. The motion carried on a unanimous voice vote with Chambers and Madarus noted as absent. (Ayes 7, Noes 0, Absent – Chambers and Madarus)

Ken Munson – Opined on clarification about the possible In Lieu Fee with the new IHO and the impact fee cost.

Discussion ensued amongst the Committee about impact fees, the possible In Lieu Fee with the new IHO, and what constitutes a re-model on a single family dwelling vs a brand new house.

Committee Member Burg, Seconded by Committee Member Abramson, made a motion to support the proposal related to how small projects should comply with the Inclusionary Housing Ordinance. The motion carried on a unanimous voice vote with Chambers and Madarus noted as absent. (Ayes 7, Noes 0, Absent – Chambers and Madarus)

After discussion on alternative compliance among Committee Members Committee Member Burg, Seconded by Committee Member Civian, made a motion to approve the alternative

compliance proposal. The motion carried on voice vote with Committee Member Mansell dissenting, and Chambers and Madarus noted as absent. (Ayes 6, Noes – Mansell, Absent – Chambers and Madarus)

After discussion on development incentives, Committee Member Civian, Seconded by Committee Member Burg, made a motion to allow development incentives on a negotiation basis. The motion carried on voice vote with Committee Members Mansell and Lickey dissenting, and Chambers and Madarus noted as absent. (Ayes 5, Noes – Lickey and Mansell, Absent – Chambers and Madarus)

Director Massey asked the Committee if they wanted to pursue a Nexus Study to require an impact fee on rental projects to contribute to the affordable housing demand, either in payment of a fee or alternative compliance to the fee through deed restricted units in the developers projects.

After discussion among the Committee, Committee Member Burg, Seconded by Committee Member Abramson made a motion to look at applying impact fees to the rental market and authorize a Nexus based study. The motion carried on a unanimous voice vote with Chambers and Madarus noted as absent. (Ayes 7, Noes 0, Absent – Chambers and Madarus)

## HOUSING ACTION PLAN UPDATED PRIORITY RECOMMENDATIONS

Director Massey summarized the Priority Recommendations to the Housing Action Plan to be voted on this evening. After discussion, Committee Member Burg, Seconded by Committee Member Whisney, made a motion to accept Priority Recommendations in the fast track grouping 1-6 and elevate Supporting Recommendations 7 and 8 to Priority Recommendations. The motion carried on a unanimous voice vote with Chambers and Madarus noted as absent. (Ayes 7, Noes 0, Absent – Chambers and Madarus)

## HOUSING ACTION PLAN ACTIONS/OBJECTIVES

Director Massey summarized the Housing Action Plan Actions/Objectives. After Discussion among Committee Members, Committee Member Burg, Seconded by Committee Member Civian, made a motion to accept final Objectives 1-5 for the Housing Action Plan. The motion carried on a unanimous voice vote with Chambers and Madarus noted as absent. (Ayes 7, Noes 0, Absent – Chambers and Madarus)

Committee Member Burg, Seconded by Committee Member Whisney, made a motion to drop Objective 6 from the Housing Action Plan. The motion failed on a technical denial with Abramson, Mansell and Worden Dissenting, Chambers and Mansell noted as absent and Lickey abstaining. (Ayes 3, Noes Mansell, Worden, and Abramson, Absent - Chambers and Madarus, Abstained – Lickey)

Committee Member Civian, Seconded by Committee Member Abramson, moved to include Objective 6 with all the other Objectives in the Housing Action Plan. The motion carried on a voice vote with Burg and Whisney dissenting, Chambers and Madarus noted as absent and Lickey abstaining. (Ayes 4, Noes Burg and Whisney, Absent – Chambers and Madarus, Abstained – Lickey)

## HOUSING ACTION PLAN SECTION 1: INTRODUCTION & VISION

Director Massey recapped Section 1 of the Housing Action Plan; discussion ensued amongst Committee Members about the images to be placed in the document.

Chair Worden opened the discussion to Public Comment.

John Diniakos – Opined that SDUs should be included in the Nexus Study.

After discussion, Committee Member Whisney, Seconded by Committee Member Mansell, made a motion to accept the draft Housing Action Plan Section 1: Introduction and Vision. The motion carried on a unanimous voice vote with Chambers and Madarus noted as absent. (Ayes 7, Noes 0, Absent – Chambers and Madarus)

## 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 **9:10 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 Vote on Housing Action Plan (HAP) Supporting Recommendations |
| **MEETING DATE:** | June 8, 2016 |
| **PREPARED BY:** | Karen Massey, Community Housing and Development Director |
| **REQUESTED ACTION:** | Review and vote on Housing Action Plan (HAP) Supporting Recommendations |

## SUMMARY:

One of the CHC's next tasks relative to the HAP is to review and vote on the **SUPPORTING RECOMMENDATIONS** for each of the six approved Objectives. At the June 8th meeting we will be discussing whether the proposed list of Supporting Recommendations is appropriate for the next six years and voting on the final list to be included in the HAP.

## BACKGROUND:

The CHC recently received a draft list of recommendations and was asked to provide feedback on them. Based on the responses received from Committee Members (see summary of key themes below), some of the former Supporting Recommendations were elevated to Priority Recommendations, because they benefit multiple Objectives. These were reviewed and approved at our June 2nd meeting, and now complete the full set of Priority Recommendations.

Supporting Recommendations generally benefit only one Objective, and while important to achieving our desired outcome, are not as critical as the ideas and actions embedded in the Priority Recommendations. Based on homework responses, and further review by Staff and the Consultant team, the initial list of Supporting Recommendations have been combined to a manageable list of fifteen. Each has been given a timeframe, responsible party for completion (both lead and support) and a key performance indicator where appropriate. Also, where the recommendation correlates to other policies or programs contained in the City's Strategic Plan, General Plan or Housing Element these have been referenced demonstrating alignment of the HAP with existing City documents.

All of this information is summarized in the attached Table 1: HOUSING ACTION PLAN SUMMARY for ease of reference, management and communication. This will serve as the focus of review and discussion at the June 8th meeting where we will be discussing whether the proposed list of Supporting Recommendations is appropriate for the next six years.

A successful outcome of our next meeting will be to approve Table 1 – with or without changes- as the basis for Section 3 of the HAP.

**DISCUSSION:**

Committee Member comments on the Draft Supporting Recommendations (in order of frequency) include:

#1 – Parking – there was a lot of concern expressed in the comments to NOT reduce parking requirements particularly in those neighborhoods that may not have sufficient off street parking, where reducing standards will make it worse. There were some notes that indicated we should be careful not to create a 'blanket' approach – so reductions might work in some locations and some not.

*It is important to keep in mind the task of the CHC is to make the recommendation relative to studying parking regulations, not if or how to change the regulations. Walker Parking will be present at the June 27th CHC meeting to provide an overview of the parking review they are presently conducting for the City.*

#2 – Vacant Home Inventory related Recommendations – some Committee Members thought creating an accurate baseline could be valuable while others thought it an unproductive use of limited resources.

*We will discuss whether or not the CHC wishes to include this recommendation in the HAP on June 8th.*

#3 – Miscellaneous – The following miscellaneous questions were also raised:

- Will any project that uses City land or City funding trigger prevailing wage?

  *Generally speaking, yes.*

- Are we using the County Area Median Income (AMI) or Healdsburg's AMI?.

  *This question was addressed at the beginning of the HAP process and it was agreed we should use County AMI because the State definitions, funding levels, etc. are tied to the County AMI.*

- Local preference – what does this look like and what does it mean?

  *A local preference clause will be included in the revised Inclusionary Housing Ordinance; the exact language of which has yet to be determined.*

## HEALDSBURG HOUSING ACTION PLAN SUMMARY

*June 3rd, 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** | ✔ | X | Expand the definition of Affordable Housing in the Land Use Code to include Middle Income | n | | n | | ¢ | | City Council Adopted Ordinance to revise the Land Use Code | GP Principle 2E HEU HC-8 | November 2016 | Hsng+ED | City Manager, Planning |
| **PR-2** | ✔ | X | Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing | n | ¢ | n | ¢ | ¢ | ¢ | City Council Adopted Ordinance to revise the Land Use Code | SP-Goal 1.3 GP Principle 2C HEU HC-5 | November 2016 | Hsng+ED | City Manager, Planning |
| **PR-3** | ✔ | X | Expand Affordable Housing Incentives | n | | ¢ | ¢ | | | City Council Adopted Ordinance to revise the Land Use Code | SP-Goal 1.3 HEU Pollcy H-C-3 HEU Pollcy H-C-7 | November 2016 | Hsng+ED | City Manager, Planning |
| **PR-4** | | | Revise the City's current impact fee schedule to scale with unit size | | n | n | n | n | | City Council adopted revised fee schedule | HEU-Policy H-C-6 | January 2017 | Public Works | City Manager |
| **PR-5** | ✔ | | Create a long term funding source for Affordable Housing | n | | n | ¢ | | | 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-6** | ✔ | X | 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 | ¢ | ¢ | | n | n | ¢ | 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 | ¢ | n | ¢ | ¢ | ¢ | ¢ | City Council adopted Design Guidelines | GP-Principle 1E GP-Principle 6A HEU-HB-4 | March 2017 | Planning | Hsng+ED |
| | | | **KEY** | n | Directly supports | | ¢ | Indirectly Supports | | | | | | |
| **SUPPORTING RECOMMENDATIONS** | | | | | | | | | | | | | | |
| **SR-1.1** | | | Implement local preference clauses on all new affordable housing units to serve local residents and employees first | n | | | | | | Language, tools and technique defined, implemented through a revised IHO | | November 2016 | Hsng+ED | Planning |
| **SR-1.2** | | | Partner with third party non-profit developers experienced in leveraging local funds and tax credits to create new housing at scale | n | | | | | | 3 projects in design or built by end of cycle | HEU Policy HC-2 | Ongoing | Hsng+ED | Planning |
| **SR-1.3** | | | Mix income levels within individual housing developments (to the extent external funding sources permit) | n | | | | | | 2 projects in planning or built by end of cycle | HEU Pollcy H-C-3 | Ongoing | Planning | Hsng+ED |
| **SR-1.4** | | | Identify and prioritize acquisition/or partnering for Affordable Housing on vacant or underutilized sites within 1/2 mile of transit stops and daily good and services | n | | | | | | Additional layer on Residential Development Opportunities Map highlighting key sites that meet criteria | HEU-HA-1 | Ongoing | Hsng+ED | City Manager |
| **SR-1.5** | | | Work with developers of sites in prime locations to increase the Affordable Housing component utilizing incentives and funding support | n | | | | | | 2 projects in planning or built by end of cycle | HEU-HA-5 | Ongoing | Hsng+ED | City Manager, Planning |
| **SR-2.1** | | | Review successful SDU programs for lessons learned, evaluate existing Healdsburg SDU regulations, and adopt revisions needed to accelerate construction of additional units | | n | | | | | Revisions to Land Use Code complete | HEU-HC-11 HEU-Program-14 | June 2017 | Planning | Hsng+ED |
| **SR-2.2** | | | Inventory existing SDUs within City limits to confirm total number and location | | n | | | | | Create table and map of all existing SDU's | | January 2017 | Planning | Hsng+ED |
| **SR-2.3** | | | Create homeowner education tools that explain what SDU's are, relative costs and potential financing techniques | | n | | | | | Informational brochures and webpage dedicated to SDU | HEU-Program-15 | December 2017 | Planning | Hsng+ED |
| **SR-2.4** | | | Pursue grant funding for SDU program | | n | | | | | Receive at least 1 grant by mid cycle | | Ongoing | Planning | Hsng+ED |
| **SR-3.1** | | | Require housing units built through the Inclusionary Housing Ordinance include a component of units deed-restricted to families making between 121-160% AMI | | | n | | | | 25 privately built units in approval or built for MIH by mid-cycle (requires 166 market rate units to realize) | HEU-HA-5 | Ongoing | Hsng+ED | City Manager |
| **SR-3.2** | | | Explore use of tools such as prioritized local buyer offerings for non-deed restricted units. | | | n | | | | Clause perfected and included as COA in projects | HEU-HA-5 | January 2017 | Hsng+ED | City Manager |
| **SR-4.1** | | | Create a rental unit registration program to inventory all rental units within City Limits to understand level of stock and type of unit | | | | n | | | Registration program in place and active. GIS database linking product type geographic location and ownership or rental stock in community | | December 2017 | Hsng+ED | Planning |
| **SR-5.1** | | | Create incentives that will encourage development of alternative product types consistent with community need and interest. | | | | | n | | 2 mixed product type projects in planning or built by end of cycle | HEU-HA-2 HA-4, HA-5 | Ongoing | Hsng+ED | City Manager, Planning |
| **SR-6.1** | | | Based on data from SR 4.1, and ownership tax data, determine level of second home ownership | | | | | | n | GIS map of second homes, and defined number of units at % of total housing stock | | July 2018 | Hsng+ED | Planning |
| **SR-6.2** | | | Develop a series of opportunities to engage second home owners in the community through more directed outreach | | | | | | n | Explicit programs in placefor 'part time residents' as a component of community services offerings | | December 2018 | Hsng+ED | Planning |

# Housing Action Plan
# Final Targets - For Review & Vote
# June 8, 2016

**Objective 1.0**
Increase the quantity and quality of deed-restricted Affordable Housing, at all levels, from Extremely Low to Moderate income categories.

*2022 Target = 200 new units*

**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.

*2022 Target = 125 new units*

**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.

*2022 Target = 135 new units*

**Objective 4.0**
Encourage appropriately scaled multi-family, rental units averaging less than 850 SF.

*2022 Target = 50 new rental units, in at least two developments*

**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.

*2022 Target = 50% of all new units built should reflect some product type other than SFD.*

**Objective 6.0**
Create a fact-based understanding of the impact of vacant homes on the community's housing stock and neighborhood dynamics.

*2022 Target = Create an accurate database of homes without full time residents.*

HEALDSBURG

# HOUSING ACTION PLAN

2017-2022

**WORKING DRAFT**

Prepared for:

_____

Prepared by:

June 8 2016

# TABLE OF CONTENTS


EXECUTIVE SUMMARY *i*

SECTION 1: INTRODUCTION TO HAP

Overview and Purpose *1*

Role and Related Documents

How HAP Shapes Future Growth

A Vision for Housing in Healdsburg by 2022 *X*

SECTION 2: PRIORITY RECOMMENDATIONS OF HAP

PR-1 Expand the Definition of Affordable Housing *X*

PR-2 Revise Inclusionary Housing Ordinance *X*

PR-3 Expand Affordable Housing Incentives *X*

PR-4 Revise the Impact Fee Schedule *X*

PR-5 Identify a Long Term Funding Source for Affordable Housing *X*

PR-6 Implement a Transitional Growth Regulation Tool *X*

PR-7 Update Healdsburg's Parking Regulations *X*

PR-8 Update Healdsburg's Residential Design Guidelines *X*

SECTION 3: OBJECTIVES AND SUPPORTING RECOMMENDATONS *X*

Making the Housing Action Plan Work *X*

Table 1: HAP OBJECTIVES, RECOMMENDATIONS AND RESPONSBILITIES

Objectives for 2017-2022

- Objective 1.0 - Create More Affordable Housing *X*
- Objective 2.0 - Facilitate Development of SDU's *X*
- Objective 3.0 - Build Middle Income Housing *X*
- Objective 4.0 - Incentivize New Rental Housing Development *X*
- Objective 5.0 – Encourage Mixed Product Type and Creative Density *X*
- Objective 6.0 - Reduce Neighborhood Impacts of Vacant Housing *X*


6.8.16 REVIEW DRAFT

6.8.16 REVIEW DRAFT

# TABLE OF CONTENTS

SECTION 4: FINANCING HAP

- Estimated costs of proposed programs
- Funding mechanisms and potential revenue
- Required actions to achieve funding

APPENDICES

Appendix A: Amending the HAP

Appendix B: Measuring Progress

- Establish Baseline (2016) and Targets (2022)
- Define Community Indicators as Measurements
- The Annual Review Process

Appendix C: Housing Terms to Know

6.8.16 REVIEW DRAFT



# Section 1 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 HAP 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 HAP will be prepared to reassess community housing needs.

## DOCUMENT PURPOSE

The HAP 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 HAP 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 HAP 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.

APPROVED 6.12.16
APPROVED 6.12.16

## 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.

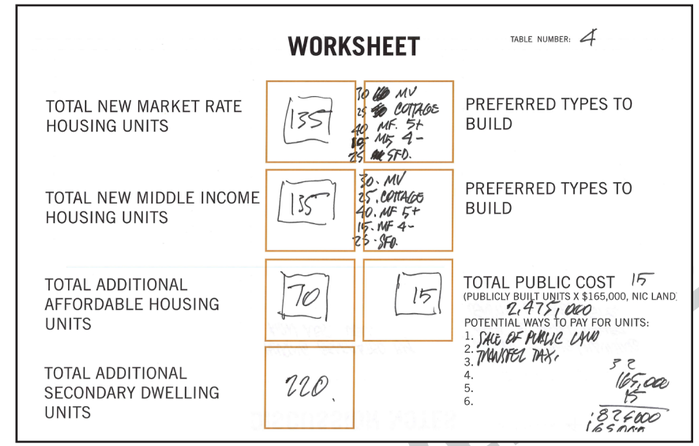
Through the HAP, the community clarifies its Vision for housing over the next Housing Cycle. To achieve that Vision, the HAP acts as an integrator of various housing tools (see sidebar), ultimately shaping the direction, form and character of housing growth in Healdsburg.

[1]*City 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.).




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 the HAP's final Targets. The image above is a sample of many different responses recieved at the March 2016 Housing Workshop, where participants were asked to help define what kinds of new housing they would like to see.

APPROVED 6.2.16

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APPROVED 6.2.16

# 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).

6.8.16 REVIEW DRAFT

# Section 2 HAP PRIORITY RECOMMENDATIONS

# PRIORITY RECOMMENDATIONS

The **HAP** is a bold new approach to shaping our community's housing future. The community is transitioning away from the singular, numeric approach to managing growth that has been in place since 2000 (the current GMO) to an integrated approach where multiple policy tools[2] and programs are aligned to work together to achieve the stated Vision.

To achieve this outcome, several essential changes need to happen concurrently - and quickly - to shift the course of housing in our community during this Housing Cycle. During community workshops and public sessions held to discuss housing issues, many of the comments and suggestions put forth focused on a handful of recommendations with ***the greatest ability to create positive impact across multiple Objectives***. These are termed ***Priority Recommendations.*** Without fulfillment of these Priority Recommendations the Vision cannot be achieved.

A subset of the Priority Recommendations require immediate and urgent action, in order to 'prime the pump' of change. Referred to as Fast Track Priority Recommendations, these are Priority Recommendations that should be acted upon by November 2016, to accomplish dual goals - to catalyze immediate change in how housing gets built, and provide the community confidence that the City is committed to creating more affordable and diverse housing opportunities within a system of managed growth.

*PR-1 EXPAND THE DEFINITION OF AFFORDABLE HOUSING IN THE LAND USE CODE TO INCLUDE MIDDLE INCOME*

**PR-1 Expand the Definition of Affordable Housing in the Land Use Code to include Middle Income -** Much of the time spent in developing the HAP has been devoted to determining who needs housing in our community. 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 the income limits of Affordable Housing, but are still below the income required to finance a median priced home. In Healdsburg this is a range of 121-160% of ***Area Median Income (AMI).***

[1] Inclusionary Housing Ordinance, Impact fee schedules proportional to product size, regulatory relief for certain product types

*Why this is a Priority Recommendation*
*The City's Land Use Code establishes the legal groundwork for Affordable Housing – its definitions and how it relates to the Inclusionary Housing Ordinance (see PR-2). By adding Middle Income Housing into an expanded definition of Affordable Housing, new avenues are made available to incentivize or require this kind of housing to be constructed.*

*PR-2 REVISE THE INCLUSIONARY HOUSING ORDINANCE TO REQUIRE 30% AFFORDABLE HOUSING*

**PR-2: Revising the City's Inclusionary Housing Ordinance (IHO)** The IHO creates a linkage between for sale, market rate housing and Affordable Housing, by requiring builders who build market rate housing, to also build some percentage of deed-restricted Affordable Housing. This tool has been used successfully here in Healdsburg - most recently in two of the City's newest residential developments - Sonata and Sorrento Square, providing the community with ten new permanently affordable residences. The benefit of this tool is it creates new stock of long term Affordable Housing, at no cost to the community, while also creating more diverse and integrated neighborhoods.

Increasing the IHO requirement from 15% to 30% to yield additional affordable units must be balanced with the economic realities of creating market rate projects. The recommended change has been analyzed and modeled using local Healdsburg costs and pricing, to create a balance between a higher percentage of Affordable Housing and the stated objectives of the HAP.

*Why this is a Priority Recommendation*
*An increase in the IHO requirement will deliver more Affordable Housing to the community faster than can be built through public subsidy. Additionally, a higher percentage of IHO provides a 'stick' that can be used to encourage developers to build the kinds of housing stated as primary objectives in the HAP especially when accompanied by 'carrots' that work with the HAP (see PR-3).*

6.8.16 REVIEW DRAFT

PR-3 EXPAND AFFORDABLE HOUSING INCENTIVES

**PR-3 Expand Affordable Housing Incentives**
With an increase of the Inclusionary Housing Requirement to 30%, new incentives can help drive developers to think creatively about product mix and density. Affordable Housing Incentives, which already exist within State Code, permit developers to receive a density bonus for increasing the amount of affordable housing developed within a project. The proposal to increase Inclusionary Housing to 30%, makes achieving this bonus much easier, by going just a bit further in project programming, resulting in more units overall and improved product mix. Additional incentives such as concessions on parking are already included in State and City Codes, and would be amplified and integrated further as a part of this Recommendation.

*Why this is a Priority Recommendation*
*PR-3 simply requires clarifying and aligning existing incentives that are already 'on the books' to provide the Planning Commission and City Council more discretion on how incentives can be applied, in return for greater commitment of Affordable Housing. PR-3 is part of a three legged stool that creates new incentives to achieve HAP's stated objectives.*

PR-4 UPDATE THE CITY'S CURRENT IMPACT FEE SCHEDULE TO SCALE WITH UNIT SIZE

**PR-4 Update the Impact Fee Schedule**
Smaller residential units are gaining popularity as household size, and needs, change. Throughout California a logical way to create housing that is more ***'Affordable-by-Design'*** is by building smaller units that make better use of limited land resources, while also reducing overall environmental footprint. This is particularly true with Secondary Dwelling Units (SDUs) which provide a double benefit of allowing growth to occur more organically throughout town, while also reducing the public burden and cost of building new housing. Given the cost of impact fees (approximately $25,000 per unit), and the fact that fees are similar regardless of unit size, most builders will build larger homes to bear this cost. Other communities in California have found that scaling fees to the size of the unit has been a very effective way to reduce the size of units being built, and in turn create new housing that is less expensive to rent or own.

*Why this is a Priority Recommendation*
*Currently, there is little financial difference between a 5,000 SF home, and a 1000 SF cottage. Revising the fee schedule by unit size will encourage builders to look to smaller units in designing new homes.*

6.8.16 REVIEW DRAFT



PR-5 CREATE A LONG TERM FUNDING SOURCE FOR AFFORDABLE HOUSING

**PR-5 Create a Long Term Funding Source**
Success at increasing the supply of deed restricted Affordable Housing in Healdsburg hinges upon the identification of a secure, local, long-term funding source. While the City currently has some funds available to support the provision of deed restricted Affordable Housing without a long-term funding source the City's ability to deliver Affordable Housing units will be severely hampered. Identification of a reliable local funding source (such as a TOT) will help ensure the community's desired housing outcomes can be achieved.

*Why this is a Priority Recommendation*
*Throughout the process of creating the HAP, the difficulty in funding the development of new deed restricted Affordable Housing became a recurring theme, especially with the loss of the Redevelopment Agency funding. Those involved in Affordable Housing, using non-profit development models, have advised that having a substantial and ready source of LOCAL funds, to pair with Federal and State programs is essential to closing the gap for new Affordable Housing units[3] .*

PR-6 IMPLEMENT A TRANSITIONAL GROWTH REGULATION TOOL

**PR-6 Implement a Transitional Growth Regulation Tool**
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. During certain Housing Cycles there may be a need to implement a 'governor' to regulate how growth occurs, with parameters applied to product type, size, location, etc. As we move from the constraints of the current Growth Management Ordinance (GMO) to a new era of managed vs. controlled growth, a transitional governor may be required to help drive the market and provide the certainty the community may seek. At the same time this transitional governor can provide another mechanism for making the market focus on the kinds of housing we would like to see.

*Why this is a Priority Recommendation*
*With proposed changes to the GMO, more housing types and smaller units should be of interest and come into the marketplace. One way to alleviate community concerns about growth, and more importantly - growth that is inconsistent with the existing character and fabric of the town – may be to to establish a transitional growth tool.*

[3]Local subsidy requirements can range from $50,000-$200,000 per unit, depending on product type, funding source and land ownership. Due to construction costs and small project sizes in Healdsburg, the upper end of this range is typical.

6.8.16 REVIEW DRAFT

*PR-7 UPDATE CITY PARKING REGULATIONS*

**PR-7 Update Healdsburg's Parking Regulations**
In the past decades, automobile focused planning led to parking standards that reflected the dominance of automobile based transportation. But today transporation modes are rapidly changing - many young adults do not have driver's licenses, car share services have become ubiquitous, autonomous vehicles are only a decade away, and the near term future includes the arrival of the SMART Train.

At the same time we are concerned about the cost of housing, parking requirements created in another era add a significant cost burden to housing, while inefficiently using precious land that could better serve housing.

*Why this is a Priority Recommendation*
*Reviewing the Parking Standards of the City, so that parking requirements are scaled with unit size is important to achieving our Vision. Currently a 5,000 sf residence has the same parking requirement as a 500 SF studio, making the cost of the studio - both in terms of construction and land - infeasible. Achieving a better use of our remaining land, while helping to reach more balanced costs for constructing new housing, requires parking be made a part of the immediate review process.*

*PR-8 UDPATE CITY OF HEALDSBURG'S DESIGN GUIDELINES*

**PR-8 Update Healdsburg's Design Guidelines**
To ensure the character, form and scale of our community is maintained, the City's design guidelines need to be updated. Doing so will ensure new development respects and reflect the unique form and relationship many of our historic homes have with the street and their neighboring residences. An overhaul of our current design guidelines will help new housing better reflects what is important to the look and liveability of our community, while also incorporating new changes that are taking place in green building, healthy and active design.

*Why this is a Priority Recommendation*
*The quality and character of Healdsburg's built envrionment forms the unique neighborhood feel of the City. Updating Design Guidelines will ensure this character is maintained as the community evolves.*

6.8.16 REVIEW DRAFT



# PRIORITY RECOMMENDATION OUTCOMES

If implemented according this plan, by December 2017, Healdsburg will have the following tangible outcomes of this effort:

- **A new Inclusionary Housing Ordinance requiring more private sector building of Affordable Housing**
- **New Design Guidelines to guide the design of all new development in Healdsburg**
- **Updated Parking Standards that better reflect changing needs and modes of transportation**
- **Revised Fee Impact Schedule for residential construction that will encourage smaller, more efficient housing design**
- **A dedicated source of funding for Affordable Housing to support construction of deed restricted Affordable Housing Units**

6.8.16 REVIEW DRAFT

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

| | Section 1 | Section 2 | Section 3 | | Section 4 | Section 5 |
|---|---|---|---|---|---|---|
| | **Intro +Vision** | **Priority Recommendations** | **Objectives & Targets** | **Supporting Recommendations** | **Financing** | **Related Actions** |
| **May 3rd** | Discuss Intro, Approve Vision | Introduce Concept, discuss | Introduce Objectives 1-6 | NA | NA | NA |
| **June 2** | Approve Section 1 | Approve Priority Recommendations<br>EPS IHO prez | Approve Objectives | NA | NA | NA |
| **June 8** | Done | Approve Section 2 | Discuss & Approve Targets | Discuss & Approve Supporting Recommendations (w/Consensus) | NA | NA |
| **June 13** | Done | Done | Done | Discuss & Approve Remaining Supporting Recommendations<br>Approve Section 3 | NA | NA |
| **June 27** | Done | Done | Done | Done | Discuss Funding findings by staff | Parking Presentation by Planning<br>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: June 20**
**Community Workshop on Draft HAP: June 29**
**Recommended HAP to Council: July 18**