

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

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

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

1. Call Meeting to Order
2. Roll Call
3. Approval of July 6, 2016 Agenda
4. Approval of June 27, 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. Receive a presentation from Planning Staff on Secondary Dwelling Units and provide feedback
- b. Review and vote on Housing Action Plan (HAP) Section 4: Implementing & Updating the HAP (which has been merged into one section to include both implementation & review process)
- c. Review of final draft HAP

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 27, 2016
6:00 pm**

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

Absent Committee Members: None

CALLED TO ORDER

Chairperson Worden called to order the special meeting of the Community Housing Committee of the City of Healdsburg at **6:04 p.m.**

APPROVAL OF AGENDA

Committee Member Chambers made a motion, seconded by Committee Member Burg, to approve the June 27, 2016 special meeting agenda as submitted. The motion carried on a unanimous voice vote. (Ayes 8, Noes 0, Absent – Whisney)

APPROVAL OF MINUTES

Committee Members Lickey and Madarus abstained from voting on the June 13, 2016 regular meeting minutes.

Committee Member Civian, seconded by Committee Member Chambers, made a motion to approve the June 13, 2016 regular meeting minutes as submitted. The motion carried on a voice vote with Committee Members Lickey, and Madarus abstaining and Committee Member Whisney noted as absent. (Ayes 6, Noes 0, Absent – Whisney, Abstaining – Lickey and Madarus)

PUBLIC COMMENT

None.

Committee Member Whisney arrived at **6:07 p.m.**

WALKER PARKING CONSULTANTS – PARKING STUDY

Steffen Turoff, Walker Parking Consultants, gave an overview of the parking study that is currently underway. Mr. Turoff discussed what a parking requirement is, how parking requirements have implications on housing, the need to right size parking requirements, parking observations in the City, and the demand for residential parking within the City of Healdsburg. Mr. Turoff further discussed the parking demand for affordable multifamily housing and affordable senior housing and how parking is directly related to what is being built around town.



Discussion ensued among the Committee about lowering parking standards, parking requirements for certain projects, the ratio of parking spaces to cars in town, the relationship between project size and the number of parking spaces required, and the use of car registration as a study mechanism.

Chair Worden opened up the discussion to the public at **6:37 p.m.**

Warren Watkins – Opined on sharing parking, using unused parking spots, and locating parking to the rear of buildings to create a more pleasant town.

Merrilyn Joyce – Commented on the need for a vehicle depending on the location of your house, and the millennial generation getting driver's licenses later in life.

Jim Winston – Opined on the nexus between parking and how livable an area is.

Discussion further ensued about the location of parking, walkability, access to surrounding services, and the quantity of parking spaces appropriate to specific areas in town.

UPDATE ON CITY COUNCIL ACTIONS

Community Housing and Development Director Massey updated the Community Housing Committee on the actions taken by the City Council at the June 20, 2016 City Council Meeting.

HOUSING ACTION PLAN SECTION 4: FINANCING AND APPENDIX: AMENDMENT & REVIEW PROCESS

Director Massey introduced Housing Action Plan Section 4: Implementation and the HAP Appendix: Amendment & Review Process for discussion.

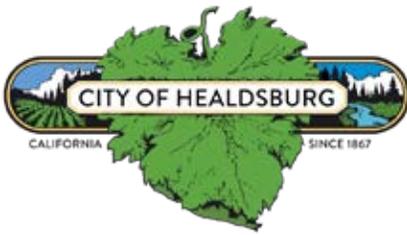
Discussion ensued amongst the Committee about the table in Section 4, the need to trust in the process, what incentives have been discussed as part of the HAP, and the TOT ballot language.

Chair Worden opened up the discussion to the public.

Merrilyn Joyce – Commented on finding more funding sources for Secondary Dwelling Units and the math for the 2022 Targets.

Jim Winston – Opined on the math for the 2022 Targets.

Director Massey gave an overview of the Appendix to the Housing Action Plan, including the progress summary and how the report card will function.



Discussion ensued among the Committee Members about the information to be included on the work completed in the future Housing Action Plan assessments.

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 **7:34 p.m.**

APPROVED:

ATTEST:

Jon Worden, Chair

Karen Massey, Community Housing &
Development Director



**CITY OF HEALDSBURG
COMMUNITY HOUSING COMMITTEE
STAFF REPORT**

AGENDA ITEM: Second Dwelling Unit Policy Discussion

MEETING DATE: July 6, 2016

PREPARED BY: Barbara Nelson, Planning & Building Director
Maya DeRosa, AICP, Senior Planner

REQUESTED ACTION: Receive presentation regarding possible revisions to Secondary Dwelling Unit regulations

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 July 6th meeting, the CHC will receive a presentation from Planning Department staff and provide feedback regarding potential revisions to the City's Secondary Dwelling Unit (SDU) regulations in order to encourage and facilitate the development of SDUs in the City (Objective 2.0).

BACKGROUND:

General Plan Policy

The City's recently updated General Plan Housing Element supports secondary units as an important type of housing:

Policies:

H-C-11: *Explore creative housing types to increase affordable housing opportunities*

H-14: *Develop incentives for property owners to deed restrict secondary units as affordable rental housing for lower or moderate income households*

H-15: *Promote the development of secondary units through the use of informational brochure*

H-37: *Adopt incentives for secondary units that are designed to be accessible for people with disabilities*

Legislative History

Second Dwelling Unit legislation in California has shaped much of the regulations that exist today in local government. Beginning in 1982, State of California enacts Government Code Section 65852.2 establishing mandate that every local agency in state adopt provisions permitting for second dwelling units. The intent of the legislation was to encourage housing for extended family members and to increase the available stock of rental housing.

As California continued to struggle with affordable housing as a result of high land valuations, an amended bill was adopted in 2003 known as AB 1866, requiring all local governments to allow second units within single family zones.

“Legislature finds that second units are a valuable form of housing in California. Second units provide housing for family members, students, the elderly, in-home health care providers, the disabled, and others, at below market prices within existing neighborhoods. Homeowners who create second units benefit from added income, and an increased sense of security.”
(Government Code Section 65852.150)

The Legislature continues to grapple with affordable housing and secondary dwelling unit topics and in February 2016, Senator Wieckowski introduced Senate Bill 1069 which would propose the following in order to facilitate secondary housing unit production:

- Provides exemptions to parking requirements
- Eliminates sprinkler requirements if not required for primary residence
- Eliminates duplicative construction fees
- Reduces review time to approve or deny a building permit from 120 days to 90 days

An update on the status of SB 1069 will be provided at the meeting.

Healdsburg Secondary Housing Unit

A compilation of data related to second units in the city is included as an attachment to the staff report. Additionally, staff reviewed the building department files of sixteen SDUs that were built between 1991 and 2013 and noted the following characteristics:

- 681 s.f. average size
- Detached type more typical than attached
- One bedroom more typical than two bedrooms

DISCUSSION:

The presentation to the Committee at the July 6th meeting will include general information regarding the following topics related to SDUs:

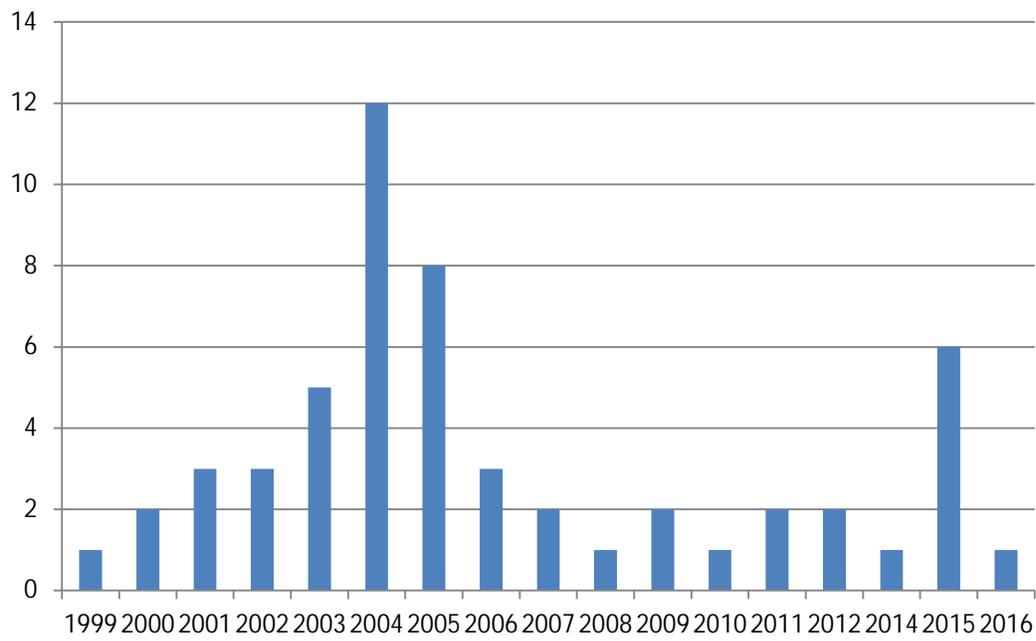
- Types of accessory units - traditional SDUs, tiny houses, Junior SDUs
- Characteristics of SDUs in Healdsburg
- SDU development standards regulations - parking requirements, square footage requirements, floor area ratios, setbacks, lot coverage. It should be noted that passage of SB1069 may preclude the City’s ability to require parking for SDUs.
- SDU policy issues - ownership/occupancy requirements for SDUs
- How do other cities regulate SDU’s? - Information regarding other jurisdictions will be provided.
- Zoning for SDUs- allowing SDUs in all zoning districts that allow residential uses
- Design Guidelines - Design considerations such as architectural style, materials, height, setbacks, and floor area ratios for SDUs will be addressed in the Design Guidelines Manual Update. The consultant selection process for the Design Guidelines Update is currently in progress.

- Changes to development standards - parking requirements, square footage requirements, floor area ratio and lot coverage, setbacks
- Building code topics
- Next Steps

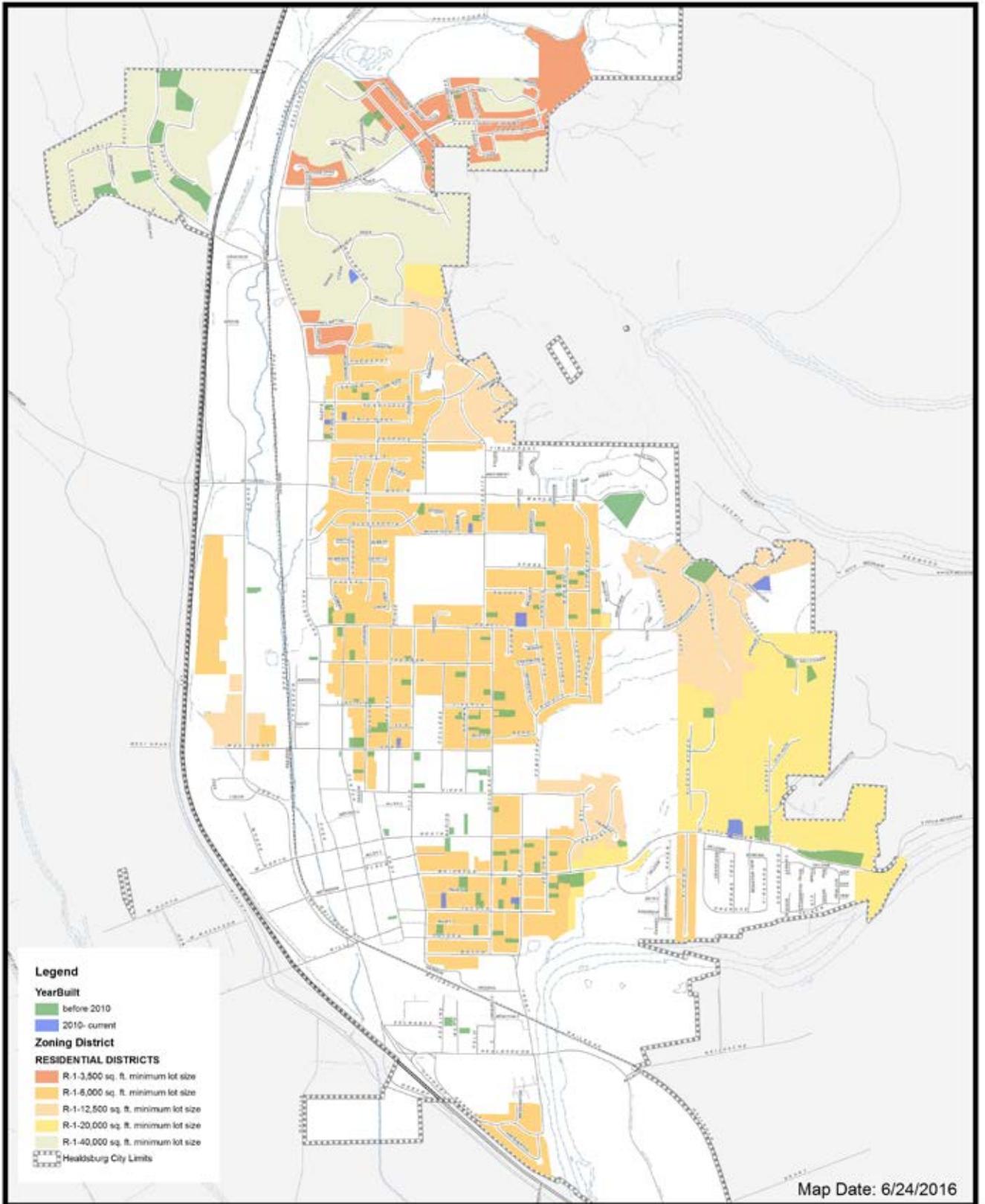
Attachments:

1. SDU Construction from 1999-2016.
2. SDU Zoning Table
3. Map of SDU's in City

55 Total SDU Permits Issued 1999-2016



Zoning District	Allowable Secondary Dwelling Units
Residential (R-1)	Yes
Multi-Family Residential (MR)	No
Downtown Residential (DR)	No
Residential Master Plan (RMP)	Yes, If all development guidelines are met.
Planned Development (PD)	Yes, if all development guidelines are met.
Mixed-Use (MU)	No
Grove St. Mixed Use (GMU)	Yes
Plaza Retail (PR)	No
Downtown Commercial (CD)	No
Service Commercial (CS)	No
Office and Multi-Family Residential (ORM)	No
Medical & Professional Offices (MP)	No
Industrial (I)	No
Open Space (O)	Yes (Only one)



City of Healdsburg
Secondary Housing Units





**CITY OF HEALDSBURG
COMMUNITY HOUSING COMMITTEE
STAFF REPORT**

AGENDA ITEM: Review of final draft Housing Action Plan (HAP)

MEETING DATE: July 6, 2016

PREPARED BY: Karen Massey, Community Housing and Development Director

REQUESTED ACTION: Provide feedback to Staff

BACKGROUND:

The CHC has worked diligently over the last few months to complete the draft HAP. The document is nearly complete and as Staff works to complete the final edits to the draft, a few questions pertaining to the organization and content have arisen that require feedback from the CHC. They include:

1. Vision Statement: In reviewing the final vision statement approved by the CHC, Staff noticed the redundancy in the first sentence by the use of the words ‘diverse’ and ‘diversity’. The vision approved by the CHC on June 2nd, 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.”

Staff is recommending the word ‘diversity’ be revised to ‘variety’. The revised vision statement would read:

“In 2022, Healdsburg is a diverse, thriving community evidenced by a wide **variety** 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.”

2. Priority Recommendations: While drafting the HAP, there was discussion amongst Staff and the consultant as to how best to frame the proposed amendment to the current Growth Management Ordinance within the context of the HAP. Currently, the HAP does not directly address the need to update the current Growth Management Ordinance; rather

it discusses the need for a Council adopted growth management tool (Priority Recommendation 6). Since implementation of much of the HAP (including Priority Recommendation 6) cannot occur without the successful passage of the Growth Management Ordinance Amendment, Staff is proposing Priority Recommendation 6 be modified and renumbered to incorporate reference to the GMO Amendment. Currently, Priority Recommendation 6 states:

“PR-6 Implement a Transitional Growth Regulation Tool”

Staff is recommending the Priority Recommendation be reordered to Priority Recommendation 1 and revised to state:

“PR-1 Update the Growth Management Ordinance”

Revising the Priority Recommendation in this way draws the correlation between the need to update the GMO and the objectives of the HAP, as well as the importance of the GMO amendment, for the reader. Reordering Priority Recommendation 6 as PR-1 also reflects the importance of the amendment and its impact on our ability to achieve the stated housing objectives.

In addition, to group the Priority Recommendations specifically related to Affordable Housing, Staff is proposing Priority Recommendation 5 be renumbered as well.

Making these revisions, the Priority Recommendations included in the HAP would be as follows:

- PR-1 Update the Growth Management Ordinance
- PR-2 Create a Long Term Funding Source for Affordable Housing
- PR-3 Expand the Definition of Affordable Housing in the Land Use Code to include Middle Income
- PR-4 Revise the City’s Inclusionary Housing Ordinance (IHO)
- PR-5 Expand Affordable Housing Incentives
- PR-6 Update the Impact Fee Schedule and Implement a Fee Deferral Program for Deed Restricted SDUS
- PR-7 Update the City's Parking Regulations
- PR-8 Update the City's Design Guidelines

If the CHC supports the above proposed revisions, Staff will incorporate them into the final HAP to be considered by the CHC on July 11th.

HEALDSBURG
HOUSING ACTION PLAN
2017-2022

PROGRESS DRAFT 7.6.16

CHC PROGRESS DRAFT

July 6, 2016

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EX HAP EXECUTIVE SUMMARY

EXECUTIVE SUMMARY

Beginning in 2014 the City embarked on fulfilling its statutory requirement to update its **General Plan Housing Element**. This document – typically updated every eight years - requires communities evaluate their current housing stock and plan for future housing needs. The Housing Element process opened a community dialogue focused specifically on our community's housing needs, and engaged residents through a series of public meetings and workshops. Since the Housing Element's content is largely policy in nature, it did not provide the community with a set of clear measurable housing goals, or an articulated vision for the kind of housing we want.

Seeing this gap the City Council, working with the public, embarked on a process to better understand the housing priorities in our community and identify ways to address future housing needs. Through a series of community workshops and regularly scheduled work sessions with a Council appointed **Community Housing Committee (CHC)**, the community prepared the City's first **Housing Action Plan (HAP)** over an eighteen month period.

The HAP works in conjunction with the City's existing, adopted policy documents to shape growth in Healdsburg. The HAP strengthens other City tools that manage and direct growth by setting specific **Objectives** that are both time dependent and quantifiable to be achieved within a specific timeframe - the Housing Cycle. 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, in order to realize the community's **Vision** for housing.

Prior to the end of each Housing Cycle, and concurrent with the update to the Housing Element, a new HAP will be prepared – reflecting on what has worked in the previous Housing Cycle and what can be improved, to achieve newly established housing priorities and updated objectives for the coming Housing Cycle.

Many of the HAP Recommendations are dependent upon the successful passage of the Growth Management Ordinance Amendment to be considered by voters in November 2016. ***If the initiative passes, the HAP is enabled and the City will proceed with implementing the Recommendations of the adopted HAP. If the initiative does not pass, only a limited number of Recommendations can proceed and the City Council will need to provide direction to Staff as to how to proceed given the limitations imposed by the existing GMO.***

THE HAP CONSISTS OF FOUR PRIMARY ELEMENTS:

A Vision for Housing in 2022 articulates the kind of housing we would like created in our community by the end of the Housing Cycle

Objectives clear statements of what should be accomplished by 2022 to achieve the Vision

Targets measurable outcomes that demonstrate fulfillment of the Objectives

Recommendations defined programs and actions that need to be taken to fulfill each Objective

FIVE BIG CHANGES FOR HOUSING OUR COMMUNITY

CHANGE #1:

Update the Growth Management Ordinance (GMO)

Over the past 24 months, the City has held more than 19 public meetings and workshops seeking the community's ideas and input on how best to address our housing challenges. The City also commissioned an independent public opinion survey to obtain feedback on possible housing policy solutions. Many residents expressed a strong desire to modify the current Growth Management Ordinance and create more housing affordable to working families. Modifying the current GMO to prioritize other housing types is critical to achieving the Objectives in the HAP.

CHANGE #2

Create Housing for Middle Income Households

As housing prices have increased in Healdsburg, the very people who form the fabric of our community and who are essential to our workforce – middle income earners – have been priced out. Creating a new pool of deed restricted middle income housing that offers long-term affordability is crucial to sustaining our community's economic and social vitality.

CHANGE #3

Prioritize Development of Rental Housing

As the size of families has shrunk, and people's attitudes regarding homeownership have changed, rental housing has taken on a prominent role in the housing equation for many communities. More than just an economic choice, rental housing is now as much about lifestyle options and flexibility as it is about price; yet no new market-rate rental housing of scale, has been built since the mid 1990's. The HAP places a high emphasis on encouraging the construction of rental housing units, and especially units that are smaller in size - catering to empty nesters, young professionals just starting their careers or people who just want less space.

CHANGE #4

Create a Long Term Funding Source for Affordable Housing

Receipts from the City's Transient Occupancy Tax (TOT) have grown in lockstep with the rise of the community's desirability as a tourist destination. As the need for employees to support this industry grows, so does the need for housing that is affordable. Directing a portion of the TOT to fund a long term, sustainable affordable housing program provides a win-win for all.

CHANGE #5

Increase the Inclusionary Housing Requirement

The Inclusionary Housing Ordinance requires builders of market rate housing to construct 15% of new for sale units as long term affordable housing. This creates mixed income communities and requires the private sector to help build our stock of affordable housing. The HAP recommends that 30% of all new housing units be affordable, with half of those units dedicated to our Middle Income families.

THE VISION

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.

The HAP Vision Statement was developed by the CHC and community over six months

The Vision for housing in Healdsburg in 2022 emerged from months of conversation and wordsmithing at community workshops and public meetings. The final Vision - refined from ten prior versions – expresses the community’s desire to create a better balance of housing in our community by 2022 – both in its affordability (rental and ownership) and in the range of housing options available to different households, family sizes, formats, settings and lifestyle



THE OBJECTIVES

Objective 1.0
Create **More Affordable Housing**

Objective 2.0
Facilitate **Development of Secondary Dwelling Units**

Objective 3.0
Build **Middle Income Housing**

Objective 4.0
Incentivize **Rental Housing Development**

Objective 5.0
Encourage **Mixed Product Types and Creative Density**

The **Housing Our Community** process included six public workshops over eighteen months. The workshops engaged residents in presentations and interactive roundtable exercises to understand growth and housing issues.

The HAP provides an integrated view of how the City's policies, ordinances, programs and best practices can be leveraged and combined to achieve a more positive impact and more effective use of limited resources - land, human and financial. Each of the HAP's five Objectives will be achieved through implementation of a series of recommendations, generated by the community and CHC.

The HAP's greatest impact and synergy will be achieved through eight **Priority Recommendations** that are crucial to changing how housing gets built in our community over the next Housing Cycle.

Given the complexity of Healdsburg's housing challenge, the Priority Recommendations are essential ‘game-changers’ for redirecting public and private efforts to build what the community has said it wants and needs. These recommendations are defined as a priority because they will have an immediate impact on housing, while also supporting the five Objectives that form the basis of the HAP. **Supporting Recommendations** serve to augment the Priority Recommendations and provide another level of detailed actions and changes that need to be completed during the Housing Cycle, in order to fulfill the HAP's Objectives.

THE PRIORITY RECOMMENDATIONS

- Update the Current Growth Management Ordinance
- Expand the definition of Affordable Housing in the Land Use Code to include Middle Income Housing
- Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing
- Expand Affordable Housing Incentives
- Identify a Long Term Funding Source for Affordable Housing
- Revise the City's Impact Fee Schedule to scale with unit size
- Update the Parking Regulations to scale requirements to residence location and size
- Update the Design Guidelines to address community concerns for scale and character of new development

A biennial reporting process (report card) will provide the opportunity to assess progress in achieving the HAP's Targets, and efforts to move toward our stated Vision. This in turn will help the City Council adjust resources and adapt policies and tools as necessary, all in an effort to achieve the stated Objectives by the end of the Housing Cycle.



Following development of preliminary recommendations, the Community Housing Committee assembled a panel of housing experts to evaluate the proposed Objectives and Recommendations to ensure the proposals being considered would create the kind of change the community is seeking.

REPORTING OUR PROGRESS

An increase in the younger households in our community (Median age currently 40.2)

An increase in the percentage of deed restricted affordable housing as a percentage of total housing stock (currently 8.2%)

Increased percentage of non -single family residential unit types (currently 17%)

Increased ratio of people who live AND work in town (currently 33%)

Increase in public and private school populations (currently 1,650 K-12)

Section 7 **HAP** INTRODUCTION and VISION

INTRODUCTION and VISION

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 pro-actively shape the community's housing character over the defined **Housing Cycle**.

The Housing Cycle is a period of time designed to run concurrently with the City's **Housing Element**, focused on housing approvals and construction. The Housing Element is one of the nine Elements of the City's **General Plan**, which is the 'blueprint' for how the City will grow. The Housing Element provides the policy basis and requirements for how the City will address its housing needs.

Unlike the other General Plan Elements, the Housing Element is typically updated every eight years per State of California standards. Aligning the HAP Housing Cycle with the timeframe of the Housing Element Update process provides a unique tool to manage housing growth in our community.

The Housing Cycle establishes a specific timeframe within which HAP defined **Recommendations** are to be completed to achieve the HAP's defined **Objectives**. Through development of the HAP, the community clarifies its Vision for housing over the next Housing Cycle, and the HAP serves to integrate various housing tools (see sidebar on Page 3), ultimately shaping the direction, form and character of housing growth in Healdsburg.

Prior to the end of each Housing Cycle (and concurrent with the Housing Element Update process), a new HAP will be prepared to reassess community housing needs, re-affirm the Vision and establish a new set of Objectives and Recommendations.

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** – The HAP provides a clear statement of what our community wants to see in its new housing – and how the regulations and incentives should be structured to achieve that outcome. Builders – 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 a part of our collective solution.

RELATIONSHIP
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**
- **Growth Management Ordinance**

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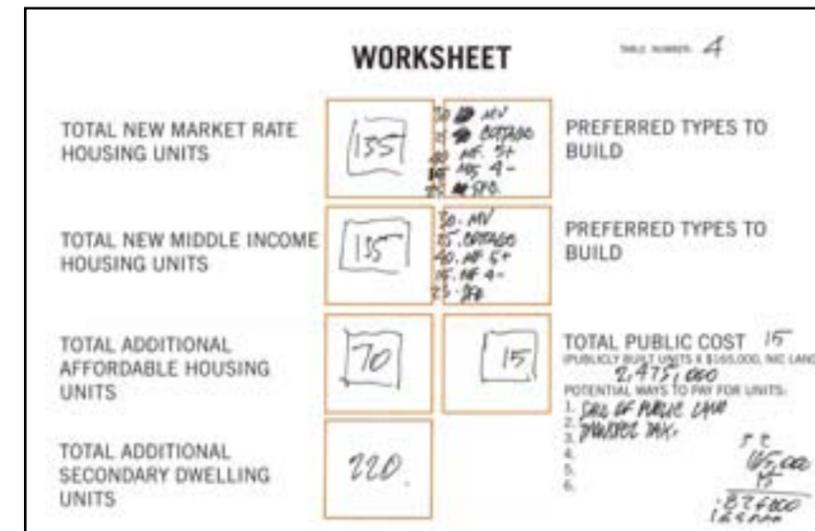
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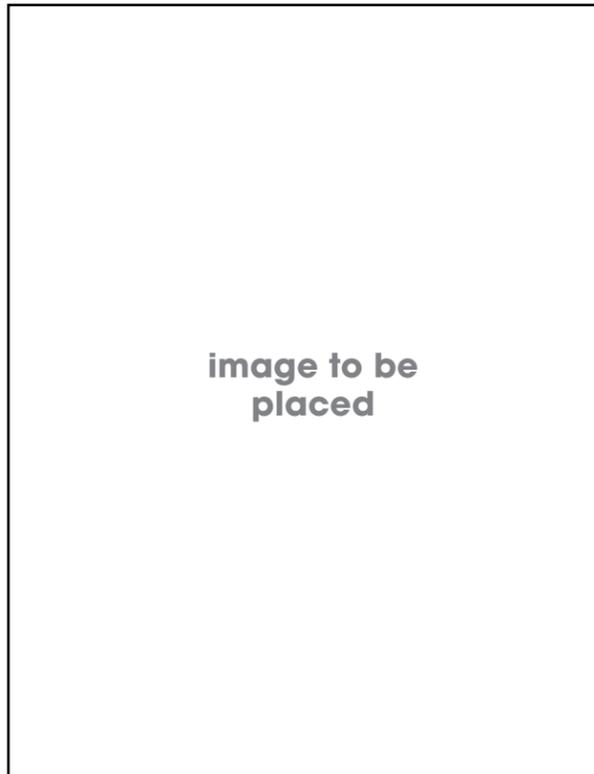
Prior to the end of each Housing Cycle (and concurrent with the Housing Element Update process), a new HAP will be prepared to reassess community housing needs, re-affirm the Vision and establish a new set of Objectives and Recommendations.

Shaping community growth is accomplished by being intentional about the kinds of housing 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, Municipal Code, etc.)

HOW HAP WILL
MANAGE GROWTH



As a part of thinking differently about how we grow, workshop participants were asked to determine what kinds of housing 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 received at the March 2016 Housing Workshop, where participants were asked to help define what kinds of new housing they would like to see.



A VISION FOR HOUSING IN HEALDSBURG IN 2022

Through a 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 the HAP's Objectives and Priority Recommendations during this Housing Cycle (2017-2022).

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 Growth Management Ordinance) to an integrated approach where multiple policy tools¹ and programs are aligned to work together to achieve the stated Vision.

To achieve this outcome, several essential changes need to happen concurrently 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 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 - Much of the time spent 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 State defined Affordable Housing, but are still below the income required to finance a median priced home. In Healdsburg this is an income level between 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 City's Inclusionary Housing Ordinance (IHO)

The IHO creates a linkage between for sale, market rate housing and Affordable Housing, by requiring builders who construct 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 the kinds of housing stated as primary objectives in the HAP especially when accompanied by 'carrots' that work with the HAP (see PR-3).

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

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

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 builders to think creatively about product mix and density. Affordable Housing Incentives, which already exist within State Code, permit builders 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 the 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 and Implement a Fee Deferral Program for Deed Restricted SDUs

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*, 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 difference in impact fees between a 5,000 SF home, and a 1,000 SF cottage. Revising the fee schedule by unit size will encourage builders to look to smaller units when designing new homes and a fee deferral will encourage homeowners to develop SDUs.

PR-5 Create a Long Term Funding Source for Affordable Housing

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 the City's *Transient Occupancy Tax or 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 construction of deed restricted Affordable Housing became a recurring theme, especially with the loss of 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 units².

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 establish a transitional growth tool.

²Local 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.

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

PR-6 IMPLEMENT A
TRANSITIONAL GROWTH
REGULATION TOOL

PR-7 Update the City's Parking Regulations

In past decades, automobile focused planning led to parking standards that reflected the dominance of automobile based transportation. But today transportation 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 - difficult. 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 Update the City'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 construction respects and reflects 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 reflect what is important to the look and liveability of our community, while also incorporating new changes that are taking place in green building, as well as healthy and active design.

Why this is a Priority Recommendation

The quality and character of Healdsburg's built environment forms the unique neighborhood feel of the City. Updating the Design Guidelines will ensure this character is maintained as the community evolves.

PRIORITY RECOMMENDATION OUTCOMES

If revisions to the existing Growth Management Ordinance are approved by voters, and the Priority Recommendations are implemented according to the HAP, Healdsburg will realize the following tangible changes to housing policy by March 2017:

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

Section 3 **HAP**
OBJECTIVES and
SUPPORTING RECOMMENDATIONS

OBJECTIVES and SUPPORTING RECOMMENDATIONS

ROLE OF THE OBJECTIVES

The HAP is founded upon five clear and measurable Objectives (see adjoining page) for creating more housing in our community. These Objectives were developed in support of the HAP Vision, through extensive discussion and community input, with the goal of achieving more affordable and diverse housing options in our community. Setting clear Objectives allows the City's leadership to better direct City resources (both financial and human) to accomplish what the community has said is important.

For each Objective, a measurable Target has been established as a way to focus resources and community efforts, while also establishing a measurement for success. The Targets define how we want the community to build out over time, in a way that supports the larger vision of the Healdsburg General Plan. It is important to note that the Targets are not mutually exclusive - one project might fulfill 2-3 of the HAP Objectives and concurrently fulfill several Targets. This approach reflects the concept of 'stacking benefits' and will encourage builders to design and plan projects that meet as many of the HAP Objectives as possible.

Achieving the Objectives and their associated Targets will require changes to current programs, ordinance revisions, and modifications to how new housing is reviewed. These changes are captured in Section 2 Priority Recommendations and where appropriate, the Supporting Recommendations which are unique to each Objective.

The relationship of Objectives, Targets, Priority Recommendations and Supporting Recommendations are detailed on pages 20-29 and summarized in Table 1 on pages 30-31.

HAP OBJECTIVES 2017-2022

The Vision for the HAP sets a long term goal to be achieved by a more deliberate approach to managing residential growth in our Community. The way we reach the Vision is by seeking to achieve the five stated Objectives, which form the foundation of the HAP. The five Objectives for this HAP are summarized below, and described in more detail in the following pages.

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 more efficiently use existing infrastructure, create opportunities for seniors to 'age in place' and provide 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, for rent or for sale, 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 square feet

Objective 5.0

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



Healdsburg's Foss Creek Court Affordable Housing with 64 rental units, built in 2009

HAP TARGET

OBJECTIVE 1.0

INCREASE THE QUANTITY AND QUALITY OF DEED-RESTRICTED AFFORDABLE HOUSING at all levels, from Extremely Low to Moderate income categories

200 new units
built or in process by 2022 by public and private partners

BACKGROUND

Healdsburg currently has 402 deed restricted Affordable Housing units in its total housing stock representing 8.2% of all housing units. Amongst cities in the county, Healdsburg falls in the middle in the provision of Affordable Housing³. With input from the community, the Community Housing Committee has identified a target of increasing the number of affordable units by approximately 50% over the next six years, increasing the total stock to approximately 12%. Development of three publicly owned sites is conservatively anticipated to yield approximately 125 of the 200 new additional Affordable Housing units desired. The remainder of the affordable units will come from units constructed by for profit and non-profit developers on privately owned sites throughout the City.

HOW THIS WOULD WORK



Rendering of new Affordable Housing project proposed for 1201 Grove Street

The City currently has three sites under consideration for development of new Affordable Housing units during this Housing Cycle. The most active project is 1201 Grove Street which will provide 24 new rental units for households with income in the Very Low and Low income brackets, plus one manager's unit. Additional sites include 3.5 acres at 155 Dry Creek Road and a 14 acre site, dedicated as part of the Development Agreement for Saggio Hills.

In addition to City sponsored or assisted Affordable Housing, new projects currently under review, will provide additional, long term Affordable Housing for Low, Moderate and the proposed Middle Income categories, through the Inclusionary Housing Ordinance.

³ Other communities in Sonoma County range from 5-11.5% based on an analysis by Sonoma County Housing Trust

The following Priority and Supporting Recommendations support achievement of Objective 1.0:

- 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-5** Create a long term funding source for Affordable Housing
- PR-7** Update parking regulations to scale requirements to location and product size
- PR-8** Update Design Guidelines to address community concerns for scale and character of new housing

PRIORITY RECOMMENDATIONS FOR OBJECTIVE 1.0

- SR-1.1** Implement local preference clauses on all new Affordable Housing units to serve local residents and employees first
- SR-1.2** Partner with third party non-profit developers experienced in leveraging local funds and tax credits to create new housing at scale
- SR-1.3** Mix income levels within individual housing developments (to the extent external funding sources permit)
- 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 goods and services
- SR-1.5** Work with developers of sites in prime locations to increase the Affordable Housing component utilizing incentives and funding support

SUPPORTING RECOMMENDATIONS FOR OBJECTIVE 1.0

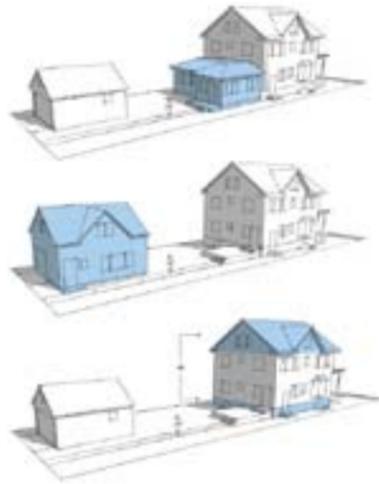


Illustration of different ways SDUs can be accommodated on a single lot

OBJECTIVE 2.0

ENCOURAGE AND FACILITATE PRIVATE DEVELOPMENT OF SECONDARY DWELLING UNITS (SDUs)

in order to more efficiently use existing infrastructure, create opportunities for seniors to 'age in place' and provide housing that is 'affordable-by-design'

HAP TARGET

125 new SDUs
built or in process by 2022, by private owners

BACKGROUND

Healdsburg has a successful pattern of SDUs throughout its neighborhoods, particularly in the older areas of town. The City's current regulations allow for SDUs up to 640 square feet on lots between 4,500 – 6,000 square feet and units up to 850 square feet on lots 6,000 square feet and larger. Since 2000, 54 SDUs have been constructed in the City, or approximately 3 per year. The role of SDUs in increasing the supply of smaller, more affordable housing units that are compatible with existing primary structures and neighborhoods has been a central theme of community discussions during preparation of the HAP. With input from the community, the Community Housing Committee has identified a target of increasing the number of SDUs by approximately 125 new units over the next six years.

HOW THIS WOULD WORK

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 creation of SDUs.

Image Credit: http://apps.startribune.com/blogs/user_images/ericrop-er_1415730042_ADUexamples2.jpg

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

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

The following Priority and Supporting Recommendations support achievement of Objective 2.0:

- PR-2** Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing
- PR-4** Revise the City's current impact fee schedule to scale with unit size and implement a fee deferral program for deed restricted Secondary Dwelling Units
- PR-7** Update parking regulations to scale requirements to location and product size
- PR-8** Update Design Guidelines to address community concerns for scale and character of new development
- 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
- SR-2.2** Inventory existing SDUs within City limits to confirm total number and location
- SR-2.3** Create homeowner education tools that explain what SDU's are, relative costs, design factors and potential financing techniques
- SR-2.4** Pursue funding sources for SDU program

PRIORITY RECOMMENDATIONS FOR OBJECTIVE 2.0

SUPPORTING RECOMMENDATIONS FOR OBJECTIVE 2.0



Sonata, developed in 2014, provided a range of housing for local families, with six homes deed restricted for affordability to working families

OBJECTIVE 3.0

DEVELOP MIDDLE INCOME HOUSING ACROSS A RANGE OF PRODUCT TYPES including multi-family and single family homes, for rent or for sale, designed for a range of households including families, individuals and seniors

HAP TARGET

135 new units
built or in process by 2022, by public and private partners

BACKGROUND

The City's adopted Housing Element indicates that approximately 56% of all households in the City earn an annual income of 81% of AMI and greater. The Housing Needs Assessment prepared for the City in October, 2015 confirmed the need for housing in our community that is affordable to working families making between 121-160% of the AMI. Families making annual incomes between 121-160% AMI are unable to qualify for State defined Affordable Housing and yet may not make enough money to purchase a market rate home in Healdsburg. The need to develop housing affordable to middle income, working families, has been a central theme of community discussions during preparation of the HAP. In addition to encouraging construction of middle income units, it is recommended a new middle income tier be added to the City's existing Inclusionary Housing Ordinance to require all new for sale, market-rate projects provide 15% as deed-restricted middle income units.

HOW THIS WOULD WORK

By revising the definition of Affordable Housing in the City's Land Use Code to include a new category for Middle Income Housing, the City and private builders will be able to deliver a new type of housing, whose prices (for sale or rental) meet defined criteria for those who are 'Middle Income'. Private builders, as part of their Inclusionary Housing requirement, will build 15% of their total units to serve this newly defined category.

The following Priority and Supporting Recommendations support achievement of Objective 3.0:

- 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** Revise the City's current impact fee schedule to scale with unit size and implement a fee deferral program for deed restricted Secondary Dwelling Units
- PR-5** Create a long term funding source for Affordable Housing
- PR-8** Update Design Guidelines to address community concerns for scale and character of new development
- 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
- SR-3.2** Explore use of tools such as prioritized local buyer offerings for non-deed restricted units
- SR-3.3** Prepare a nexus-based impact fee study and adopt a Housing Impact Fee Ordinance to require rental housing contribute to affordable housing

PRIORITY RECOMMENDATIONS FOR OBJECTIVE 3.0

SUPPORTING RECOMMENDATIONS FOR OBJECTIVE 3.0



A trend toward smaller living is more resource efficient and more affordable

OBJECTIVE 4.0

ENCOURAGE APPROPRIATELY SCALED MULTI-FAMILY RENTAL UNITS
averaging less than 850 square feet

HAP TARGET

100 new units
built or in process by 2022, in at least four developments

BACKGROUND

Currently, Healdsburg’s stock of market rate rental apartments is low relative to what is typically found in other communities. Deducting deed-restricted affordable units from the total of multi-family units in buildings of 5 units or more, there are approximately 156 market-rate apartments available in the City.

However, multi-family housing is more cost effective to build due to its efficient use of land and economies of scale in construction – yielding housing units that are more ‘affordable-by-design’. Since the passage of the City’s Growth Management Ordinance in 2000, development of new rental apartments in buildings of 5 units or more has become virtually infeasible - due to the lack of certainty in the availability of permit allocations needed for financing and construction.

At the same time, demographic changes including aging baby boomers and young millennials looking to rent rather than own, has led to a significant supply and demand imbalance in Healdsburg – resulting in rapidly escalating rental prices for the few units that are available. Changing this dynamic will require a strong emphasis on creating new rental apartment units during this Housing Cycle.

HOW THIS WOULD WORK

By stating a clear intention to have more multi-family units in our community, and revising the Growth Management Ordinance to allow more capacity to secure needed permits to finance multi-family units, new units can be created to meet this community need. Building on the success of other communities who have revised their impact fees and development fee schedules to more proportionally charge for size of unit, an updated fee schedule will incentivize developers to select smaller unit designs that have lower impact on the community, cost less in fees and result in a better match to community needs.

The following Priority and Supporting Recommendations support achievement of Objective 4.0:

- PR-1** Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing
- PR-2** Expand Affordable Housing Incentives
- PR-4** Revise the City's current impact fee schedule to scale with unit size and implement a fee deferral program for deed restricted Secondary Dwelling Units
- PR-5** Create a long term funding source for Affordable Housing
- PR-6** Implement a transitional growth regulation tool
- PR-7** Update parking regulations to scale requirements to location and product size
- PR-8** Update Design Guidelines to address community concerns for scale and character of new development

PRIORITY RECOMMENDATIONS FOR OBJECTIVE 4.0



Cottage courts are a highly desired product type in Healdsburg that use land more efficiently and provide a creative approach to density

HAP TARGET

OBJECTIVE 5.0

ENCOURAGE DEVELOPMENT OF MIXED PRODUCT TYPES THAT REPRESENT CREATIVE DENSITY HOUSING TYPES

including but not limited to multi-family, small lot, cottage court, and co-housing

50% of all new units built reflect some product type other than conventional single family detached homes

BACKGROUND

The City's adopted Housing Element indicates that approximately 81% of the City's current housing stock is comprised of single family detached units; a number that is out of balance with what is typically found in other communities. Single family detached homes are generally a very low density form of development that inefficiently utilize limited land resources and reduce community sustainability.

Encouraging and incentivizing mixed product types can help shift the types of products being built in our community, while increasing long term sustainability and more efficient use of our remaining resources.

HOW THIS WOULD WORK

Through an increase in the Inclusionary Housing Ordinance requirement to 30%, builders will need to be more creative in housing product designs to meet both affordability and density goals. This requirement, coupled with a clear statement that the community wants to see mixed density and alternative housing types - will encourage builders to look for sites and projects that can attain community goals.

The following Priority and Supporting Recommendations support achievement of Objective 5.0:

- 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-4** Revise the City's current impact fee schedule to scale with unit size and implement a fee deferral program for deed restricted Secondary Dwelling Units
- PR-6** Implement a transitional growth regulation tool
- PR-7** Update parking regulations to scale requirements to location and product size
- PR-8** Update Design Guidelines to address community concerns for scale and character of new development
- SR-5.1** Create incentives that will encourage development of alternative product types consistent with community need and interest
- SR-5.2** Explore modifications to the Land Use Code to encourage alternative product types

PRIORITY RECOMMENDATIONS FOR OBJECTIVE 5.0

SUPPORTING RECOMMENDATIONS FOR OBJECTIVE 5.0

TABLE 1: SUMMARY OF PRIORITY AND SUPPORTING RECOMMENDATIONS, KEY PERFORMANCE INDICATORS AND RESPONSIBILITIES

	Fast Track	GMO Contingent	Recommendation	<div style="border: 1px dashed gray; padding: 5px; text-align: center;"> KEY Directly Supports Recommendation Indirectly Supports Recommendation </div>	Objective 1.0	Objective 2.0	Objective 3.0	Objective 4.0	Objective 5.0	Key Performance Indicators	Related Policies and Initiatives	Target Date	Responsibility	
					Increase Deed Restricted Affordable Housing Stock	Facilitate development of SDUs	Build Middle Income Housing	Increase Rental Housing	Encourage Mixed Product Types and Creative				Lead	Support
PRIORITY RECOMMENDATIONS														
PR-1	✓	X	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 HEU HC-8	Nov 2016	Hsng+ED	City Manager Planning
PR-2	✓	X	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 HEU HC-5	Nov 2016	Hsng+ED	City Manager Planning
PR-3	✓	X	Expand Affordable Housing Incentives							City Council Adopted Ordinance to revise the Land Use Code	SP-Goal 1.3 HEU Policy HC-3 HEU Policy HC-7	Nov 2016	Hsng+ED	City Manager Planning
PR-4			Revise the current impact fee schedule to scale with unit size and implement a fee deferral program for deed restricted Secondary Dwelling Units							City Council adopted revised fee schedule	HEU-Policy HC-6 HEU Program H-14	Jan 2017	Public Works	City Manager
PR-5	✓		Create a long term funding source for Affordable Housing							Ballot measure approved by electorate to expand TOT for AH	SP-Goal 1.3 GP Principle 2E	Nov 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	Nov 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	Dec 2016	Planning	Hsng+ED
PR-8			Update the Design Guidelines to address community concerns for scale and character of new development							City Council adopted Design Guidelines	GP-Principle 1E GP-Principle 6A HEU-HB-4	Mar 2017	Planning	Hsng+ED
SUPPORTING RECOMMENDATIONS														
SR-1.1			Implement local preference clauses on all new Affordable Housing units to serve local residents and employees first							Language and technique defined, implemented through a revised IHO		Nov 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							3 projects in design or built by end of cycle	HEU Policy HC-2 Program H-7	Ongoing	Hsng+ED	Planning
SR-1.3			Mix income levels within individual housing developments (to the extent external funding sources permit)							2 projects in planning or built by end of cycle	HEU Policy H-C-3, HA-7	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 goods and services							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							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							Revisions to Land Use Code complete	HEU-HC-11 HEU-Program H-14	June 2017	Planning	Hsng+ED
SR-2.2			Inventory existing SDUs within City limits to confirm total number and location							Create table and map of all existing SDU's	HEU-Program H-15	Jan 2017	Planning	Hsng+ED
SR-2.3			Create homeowner education tools that explain what SDUs are, relative costs, design factors and potential financing techniques							Informational brochures and web-page dedicated to SDU	"HEU-HC-11	Dec 2017	Planning	Hsng+ED
SR-2.4			Pursue funding sources for SDU program							Receive at least 1 grant by mid cycle	HEU-Program H-14"	Ongoing	Planning	Hsng+ED
SR-3.1			Require housing units built through the Inclusionary Housing Ordinance to include a component of units deed-restricted to families making between 121-160% Area Median Income							25 privately built units approved or built for MIH by mid-cycle	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							Clause perfected and included as COA in projects	HEU-HA-5	Jan 2017	Hsng+ED	City Manager
SR-3.3			Prepare a nexus-based impact fee study and adopt a Housing Impact Fee Ordinance to require rental housing contribute to Affordable Housing							City Council Adopted Fee and Ordinance	HEU-HA-4	Jan 2017	Hsng+ED	Planning
SR-5.1			Create incentives that will encourage development of alternative product types consistent with community need and interest							2 mixed product type projects in planning or built by end of cycle	HEU-HA-2 HEU HA-4, HA-5	Ongoing	Hsng+ED	City Manager Planning
SR-5.2			Explore modifications to the Land Use Code to encourage alternative product types							Revisions to Land Use Code complete	HEU-HC-11	July 2018	Planning	Hsng+ED

Section 4 IMPLEMENTING AND UPDATING THE HAP

IMPLEMENTING THE HAP

ORGANIZING RESOURCES FOR IMPLEMENTATION OF THE HAP

The HAP is the result of over 24 months of community discussion, evaluation, testing and refinement of ideas into five key housing Objectives. **The primary purpose of the HAP is to create a strategic plan that sets the course and character of housing in our community, focusing on two primary themes - increasing the Diversity and Affordability of housing in Healdsburg.**

Achieving these two outcomes will require contributions from both the public and private sectors, creatively organized and efficiently deployed. While the funding will come from a variety of sources, they can be organized into two primary categories:

PUBLIC CONTRIBUTIONS

Public Contributions: Under this approach, the City provides public investment and leadership in the actual construction of Affordable Housing – in partnership with a third party builder. This requires direct financial and human resources from the City to achieve the outcome, and can come in the form of land (as in the case of the proposed Affordable Housing project at 1201 Grove Street), direct subsidy of dollars (such as in the Affordable Housing units at Foss Creek Apartments), or other means. The direct subsidy is crucial to close the gap between the cost of construction and what can be financed with Federal and State funds as well as conventional financing⁴.

PRIVATE CONTRIBUTIONS

Private Contributions: Under this approach, privately financed residential projects are shaped through clearly stated City policies and objectives that reflect the values of the community. This can be as simple as helping provide impact fee relief for homeowners who are privately financing and building a secondary dwelling unit (HAP Objective 4), to a more complicated solution that provides incentives to builders who bring forward a small housing project that mixes product types and income levels (HAP Objective 5).

This approach requires little to no public subsidy or investment, instead relying on constructive partnerships with residents and builders, working together to achieve what the community has said they want. This is a model that is used successfully in many communities around the country, and simply requires clarity of goals, committed leadership and staff who communicate our values to builders, and then rigorous oversight to ensure what is promised is delivered.

THE IMPORTANCE OF A DUAL APPROACH

These approaches are NOT mutually exclusive, **and in fact achieving the Objectives of this HAP will require an energetic and active effort that embraces both approaches concurrently.** To rely on public or private contributions alone will diminish our ability to achieve the HAP Objectives, requiring either an unachievable level of public subsidy or an over reliance on the private sector.

FUNDING AND THE HAP OBJECTIVES

Private contributions will be encouraged by many of the Recommendations in the HAP including PR-3 (Expand Affordable Housing Incentives), PR-4 (Update the Impact Fee Schedule), PR-7 (Update the City's Parking Regulation) and PR-8 (Update the City's Design Guidelines). These are all important to the HAP Objectives, because they remove barriers that increase the cost of developing the type of housing the community has said it wants to see (as in the case of PR-4, PR-7 and PR-8) or they incentivize builders to meet our desired housing outcomes by rewarding projects that demonstrate consistency with the HAP's Objectives (as in the case of PR-3).

Public contributions are more challenging in an era of diminishing public funding, particularly in light of the loss of Redevelopment Agency funding. HAP Priority Recommendation 5 (Create a Long Term Funding Source for Affordable Housing) is a direct response to this challenge and is essential to fulfilling many of the HAP Objectives to expand our supply of Affordable Housing including construction, programs and services. Having a substantial and ready source of local funds is critical to leveraging Federal and State dollars needed to finance Affordable Housing. At the start of the current Housing Cycle, the City has approximately \$3.1 million available to support Affordable Housing construction, programs and services.

⁴ Local subsidies can range from \$50,000-\$200,000 per affordable unit, depending on housing type and the number of units to be constructed (with a larger number of units being more cost efficient to build).

TABLE X: EXAMPLE IMPLEMENTATION ROLES BY OBJECTIVE			
Objective		Public Roles	Private Roles
Objective 1.0 Increase the Quantity and Quality of Deed-Restricted Affordable Housing		Increase the Inclusionary Housing Requirement to require construction of new Affordable Housing units in conjunction with Market Rate units (PR-2, PR-3)	Approve 2% TOT increase to create a long term funding source; pay Inclusionary Housing Fees (PR-2, PR-5)
Objective 2.0 Encourage and Facilitate Private Development of SDUs		Review and revise Impact Fees for SDUs, create homeowner education series on how to fund and build SDU (PR-4, SR-2.3)	Commit to deed restricted rental rate of SDU's. In return receive fee offset (SR-2.3)
Objective 3.0 Develop Middle Income Housing Across a Range of Product Types		Make middle income housing part of the IHO requirement, provide incentives for projects that provide mixed products and incomes (PR-1, SR-5.1)	Exceed minimum affordable housing requirements (SR-1.5), and/ or encourage development of multiple product types (SR-5.1), and receive varied incentives (density bonus, parking concessions, prioritized allocations, etc.)
Objective 4.0 Encourage Appropriately Scaled Multi-Family Rental Units		Prioritize allocations for multi-family rental units (PR-6)	
Objective 5.0 Encourage Development of Mixed Product Types that Represent Creative Density		Direct allocations to multi-family rental units, provide incentives for projects that provide mixed products and incomes (PR-6, SR-5.1)	

CREATING A LONG TERM FUNDING SOURCE FOR AFFORDABLE HOUSING

Without a reliable and long-term funding source, the City's ability to meet the HAP Objectives will be hampered. On June 20, 2016 the City Council took action to place an initiative on the November, 2016 ballot to increase the City's existing Transient Occupancy Tax (TOT or Bed Tax) by 2% as a special tax dedicated to the provision of Affordable Housing construction, programs and services. Should the voters approve this initiative, the funds would be allocated to Affordable Housing programs and services such as land acquisition, land donation, building acquisition, building rehabilitation, housing construction, maintaining the community's supply of mobile homes, providing housing subsidies to lower income residents, providing financing for Affordable Housing, preserving existing public subsidies for affordable units facing conversion to market rates, providing emergency homeless shelters, transitional housing services and similar programs.

A 2% increase to the TOT is estimated to generate \$530,123 in revenue for fiscal year 2016-17 and \$546,012 in revenue for fiscal year 2017-18 for Affordable Housing construction, programs and services. These estimates are conservative in nature as they do not account for hotels that are currently in process and anticipated to come on-line in upcoming years.

Once the proposed amendment to the Land Use Code to expand the definition of Affordable Housing is adopted (HAP Priority Recommendation 1) the programs and funding described above would be available to all qualified families in the City earning up to 160% of AMI.

UPDATING THE HAP

*CREATING AN ADAPTIVE
MANAGEMENT
APPROACH TO GROWTH*

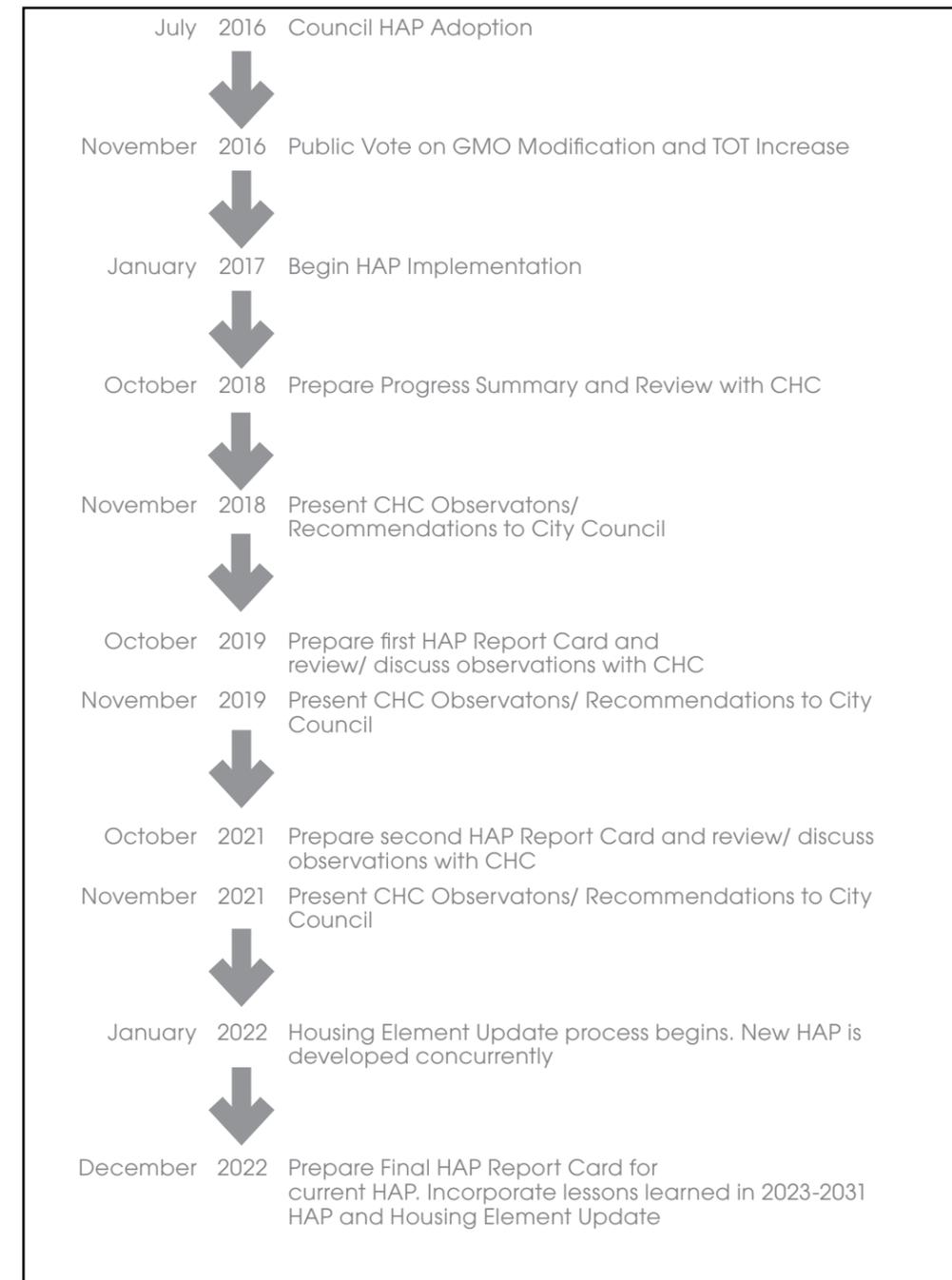
The HAP has evolved from discussions over the past 24 months seeking the community’s ideas and input on how best to address our housing challenges. Through this outreach process, the need to be able to adapt to the changing needs and conditions of the housing market became apparent. The HAP was constructed around a Housing Cycle that is adaptable over time and provides a logical and foreseeable window of time in which to organize, direct and then measure the results of the proposed housing Recommendations. This approach **allows the community to move management of housing growth away from growth controls that limit or ration development, to a more ‘adaptive management’ approach where growth management accommodates projected development in a manner that achieves broad public goals.**

*AN INTENTIONAL
APPROACH TO REVIEW
AND REFLECT ON
PROGRESS*

The management, measurement, review and refinement of the HAP requires a process that is logical and intentional, with a long term view. Before the assessment process can begin it will be important to allow enough time for the HAP’s Recommendations to be implemented and achieve the momentum necessary to shift the current trajectory of our housing market. In the initial years of the HAP implementation, the discussion and review of the HAP’s effectiveness will focus on how the Recommendations are working and what is being learned (a more qualitative discussion) rather than simply assessing how closely the Targets are being achieved. As the first Housing Cycle comes to a close, attainment of the established Targets will be a primary focus, along with a broader review of the Community Indicators.

Much of the content of the HAP is dependent upon the successful passage of the Growth Management Ordinance Amendment initiative to be considered by voters in November 2016. If the initiative passes, the HAP is enabled and the City will proceed with implementing the Recommendations of the adopted HAP. If the initiative does not pass, only a limited number of Recommendations can proceed and the City Council will need to provide direction to Staff as to how to proceed given the limitations imposed by the existing GMO.

Figure 3: HAP Review Timeline outlines the procedures and timing that Staff will follow to assess progress of the HAP, and the timing of recommended refinements to programs or policies in order to fulfill Objectives.



MEASURING PROGRESS

The Progress Summary will provide a review of progress to date on achieving the Objectives and Targets of the HAP including what has been learned and what is working well. The summary is envisioned to include progress on each Objective including information on the response of non-profit and for-profit builders to the Objectives – including the challenges or opportunities they have encountered – as appropriate. A summary table of projects in the pipeline and how they align with stated Targets may also be provided. Content of the summary will be adjusted by Staff as appropriate to reflect the progress completed.

The HAP Report Card will provide a quantitative and qualitative assessment of progress on the HAP – its Objectives and Targets. It is envisioned where clear patterns are emerging – either positive or negative - Staff will make recommendations or request recommendations from the CHC on how the HAP might be modified to help attain stated Objectives by the end of the Housing Cycle. Content of the Report Card will be adjusted by Staff as appropriate to reflect the progress completed.

At this time, a draft of the recommended Report Card, is shown on page 41.

The 2017-2022 HOUSING ACTION PLAN REPORT CARD					
	A	B	C	D	D-(A+B+C)
Objective	Residential Units in Discussion	Residential Units Approved ¹	Residential Units Constructed ²	2022 TARGET ³	Surplus (Deficit)
Objective 1.0 Increase the Quantity and Quality of Deed-Restricted Affordable Housing				200	
Objective 2.0 Encourage and Facilitate Private Development of SDUs				125	
Objective 3.0 Develop Middle Income Housing Across a Range of Product Types				135	
Objective 4.0 Encourage Appropriately Scaled Multi-Family Rental Units Averaging Less than 850SF				100	
Objective 5.0 Encourage Development of Mixed Product Types that Represent Creative Density				50% of all units in Columns A+B+C	

Notes:
Targets are not cumulative. One project may fulfill several Targets.

¹ Residential units having received building permit or final discretionary approval

² Residential units having received C of O

³ As defined on pages 20-28

HEALDSBURG HOUSING
ACTION PLAN
2017-2022

PROGRESS DRAFT
July 6, 2016