CITY OF HEALDSBURG
COMMUNITY HOUSING COMMITTEE
MEETING AGENDA

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

Date: March 14, 2016
Time: 6:00 P.M.
Date Posted: March 10, 2016

1. Call Meeting to Order

2. Roll Call

3. Introduction of new Committee Member Erica Whisney

4. Approval of March 14, 2016 Agenda

5. Approval of February 8, 2016 Meeting Minutes

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

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

7. **OLD BUSINESS**

8. **NEW BUSINESS**

   - Review & Debrief on February 25th Housing Workshop
   - Review & Refine Housing Action Plan Draft Objectives 1 – 4
   - Review & Discuss Proposed Growth Management Ordinance Ballot Measure Language

9. **RECESS TO WORK SESSION**

   - Review & Refine Housing Action Plan Draft Objectives 5 – 8

10. **RECONVENE REGULAR MEETING**

    - Review & Discuss March 31st Workshop & Future Session Topics

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

12. **ADJOURNMENT**

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

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

Community Housing Committee
Regular Meeting Minutes
February 8, 2016
6:00 pm

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

Absent Committee Members: None

CALLED TO ORDER

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

APPROVAL OF AGENDA

Vice Chair Burg made a motion, seconded by Committee Member Chambers, to approve the February 8, 2016 meeting agenda as submitted. The motion carried on a unanimous voice vote. (Ayes 8, Noes 0, Absent – None)

APPROVAL OF MINUTES

Committee Member Civian, seconded by Committee Member Lickey, made a motion to approve the January 11, 2016 regular meeting minutes as submitted. The motion carried on a voice vote. (Ayes 8, Noes 0, Absent – None)

PUBLIC COMMENTS ON NON-AGENDA MATTERS

John Diniakos - Commented on the robust granny unit program the City of Santa Cruz has; and opined that the City of Healdsburg should also consider a robust granny unit program.

Pam Wunderlich – Opined that the City consider a contest between developers to come up with a plan for affordable housing in Healdsburg.

Laura Tietz – Commented on the number of tasting rooms downtown, and opined that the small town feel should be kept intact.

Ben Forrest – Commented on the low income housing application process and opined that there should be ways for people who live in the community to be able to continue to live and work in the community.

OLD BUSINESS

None.

UPDATE ON THE PUBLIC OPINION POLL

Community Housing and Development Director Massey gave a summary update on the highlights of the Public Opinion Poll of Healdsburg residents regarding amendments to the existing Growth Management Ordinance (GMO). Director Massey discussed how the survey was conducted and summarized the results of the survey.

Director Massey noted after receiving public comments on the survey results, the City Council directed the proposed GMO amendments be returned to the Committee for further discussion and a recommendation on how future allocations might be divided and included in the ballot measure language.

Discussion ensued amongst Committee Members about the further direction provided by Council. Individual Committee Members expressed their ideas about putting a cap on the ballot language.

Chair Worden opened up the discussion for public comment.

Jim Winston – Spoke in favor of adding numbers or percentages in the ballot language; he opined that the Public Opinion Poll was misleading in some ways.

Warren Watkins – Commented on the survey, the confusion surrounding the word affordable, and the percentages and numbers in regards to the missing middle.

Michael Miller – Opined there are a lot of people who do not want to see the original GMO changed. He inquired about 80-120% of the area median income being exempt from the GMO.

In response to the comments above; discussion further ensued amongst Committee Members about what is the definition of affordable housing, the missing middle as well as the types of projects that are considered affordable.

Member of the public – Opined that there is a need for market rate housing to offset the cost of affordable housing and inclusionary housing.

John Diniakos – Commented on the survey and the confidence level it puts back on the citizens to vote.

Jim Winston – Stated Healdsburg Citizens for Responsible Growth strongly supports the allocations be divided with 60% dedication for the missing middle and 40% for market rate housing; he commented on granny units and allocation numbers.

In response to Jim Winston; Chair Worden explained how granny units are defined under state law and how they are utilized for affordable housing.

Merrilyn Joyce – Opined about granny units, how they will correlate with the Housing Action Plan and affordable units.

Robert Nuese – Commented on the cost of affordable housing to the City and the funding the City could provide to build affordable housing.

Director Massey described the request for qualifications process to identify developers.

Discussion ensued among Committee Members about the services provided by North Sonoma County Services; criteria to qualify for services they provide, how the community finds out about the services; and the length of stay at the Victory apartments.

Jim Winston- Inquired about what the income limits would be for the Dry Creek property.

After discussion, it was the Committee's consensus to add percentages to the ballot language.

WORK SESSION TOPICS

Jim Heid, Urban Green, gave a presentation on work completed to date, outlined the timeline and process for completion of the Housing Action Plan, including public outreach opportunities.

Mr. Heid further discussed what the goals and objectives are for the Housing Action Plan, the homework assignment the Committee Members were asked to complete, and introduced how the breakout session would work, what the breakout session the Committee would be completing consisted of, and invited the public to join in with the Committee on the breakout session.

Discussion ensued amongst the Committee Members about questions surrounding the homework assignment, the Housing Action Plan Objectives breakout session, and the developer forum.

The Committee Recessed to the Work Session at **7:45 p.m.**

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

Discussion ensued about the results of the breakout session and the Saggio Hills project. Further discussion ensued on the Housing Action Plan Public Outreach Schedule.

DISCUSSION REGARDING CORRESPONDENCE FROM COMMITTEE MEMBERS

None.

ADJOURNMENT

There being no other Community Housing Committee business to discuss the meeting was adjourned at approximately **9:07 p.m.**

APPROVED:

_____
Jon Worden, Chair

ATTEST:

_____
Karen Massey, Community Housing & Development Director

CITY OF HEALDSBURG
COMMUNITY HOUSING COMMITTEE
STAFF REPORT

AGENDA ITEM:	Review and Discussion of Various Housing Action Plan Components & Proposed Growth Management Ordinance Ballot Measure Language
MEETING DATE:	March 14, 2016
PREPARED BY:	Karen Massey, Community Housing and Development Director
REQUESTED ACTION:	Receive the information and provide feedback to Staff

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BACKGROUD:
In January, the Community Housing Committee began outlining the plan components and timeline for completion of the Housing Action Plan including identifying the main objectives of the Plan. At the February meeting the Committee focused on the first four objectives, which are more quantitative in nature, and include:

HAP-Objective 1: Increase the quantity and quality of deed-restricted Affordable Housing

HAP-Objective 2: Develop new pool of deed-restricted Middle Income Housing

HAP-Objective 3: Incentivize development of new, market rate rental housing units

HAP-Objective 4: Incentivize development of new Seniors appropriate Housing

At the meeting, all of the objectives were further refined and preliminary targets were identified for each of the four objectives above.

DISCUSSION/ANALYSIS:
In preparation for the March 14th Committee meeting, Committee Members were assigned a homework exercise focused on:

(1) Providing feedback on the Council's direction to provide a recommendation on the percentages of direct and open allocations and whether it should be included in the Growth Management Ordinance ballot language, and

(2) Providing feedback on the remaining objectives, which are more qualitative in nature, and include:

HAP-Objective 5: Encourage appropriately scaled and well-designed products in all new development

HAP-Objective 6: Site and build affordable housing proximate to existing or planned services

HAP-Objective 7: Reduce the total cost of ownership

HAP-Objective 8: Reduce the impact of Second Home ownership on total housing stock

The goal of the exercise was to initiate thinking on these topics in advance of the March 14th meeting. Committee Members were asked to return their exercise to Staff prior to the packet preparation such that Staff could synthesize the data in preparation for the meeting. The results of the exercise, as well as the February 25th workshop data, have been synthesized and included as an attachment to this report, as follows:

- **Page 1** is the results from the real time polling at the February 25th workshop which provides some analysis on how attitudes shifted before and after the workshop roundtable discussion.
- **Page 2** is the results from each roundtable's discussions and where they landed in terms TARGETS for additional units to be realized by 2022. There is further analysis that takes the average of all of these and displays these as a consolidated portfolio of new housing units to be built, and the results we would achieve in terms of affordable vs. market rate.
- **Page 3** summarizes the Committee Member's individual preferences for the four ballot options. Because City Council has referred this topic back to the Committee for a recommendation, we will want to discuss and try to finalize our recommendation on Monday night.
- **Pages 4-9** summarize the collective input from the Committee on each of the remaining objectives. Given the wide diversity of responses, our consultant has provided an organizational structure to simplify review. The discussion on Monday will entail:
    - Are each of these in the appropriate categories?
    - Is anything missing?
    - What are the Committee's highest priority recommendations for each Objective

Finally, a summary of upcoming meeting dates and topics to be discussed has been included for your information and will also be discussed at the meeting.

ATTACHMENTS:

February 25th Workshop Results
Homework Exercise Results
Homework Exercise
Upcoming Meet Dates & Topics

FEBRUARY 25, 2016 PUBLIC WORKSHOP

Roundtable Results

Compiled March 1, 2016 UrbanGreen

Why did you come tonight?

	Responses	
	Percent	Count
I am concerned about the lack of affordable housing in our community	35.82%	24
I wanted to learn more about the proposed changes to the Growth Management Ordinance (GMO)	22.39%	15
I am concerned that our community is losing its diversity	16.42%	11
I am concerned about the lack of housing that can be purchased by middle income households in our community	13.43%	9
I am here for reasons other than those listed above	8.96%	6
I am concerned that our community is losing its character	2.99%	2
Totals	**100%**	**67**

What Should Our Top Priorities Be?

BEFORE ROUNDTABLE

	Responses		
	Percent	1st	2nd
Build more Affordable Housing	30.88%	26	11
Build a greater diversity of housing options/ types	19.61%	10	20
Build more rental apartments	12.25%	7	11
Encourage private homeowners to build more Secondary Dwelling Units	8.82%	6	6
Reduce the impacts of second home ownership on the community	8.33%	5	7
Build more Middle Income Housing	7.84%	5	6
None of the above	6.37%	5	3
Guide new development to respect our small town character	5.88%	4	4
Build more Seniors Housing	0.00%	0	0
		68	68

AFTER ROUNDTABLE

	Responses	
	Percent	Count
Increase quantity + quality of deed-restricted Affordable Housing	43.75%	21
Encourage, facilitate, and incentivize creative density housing	16.67%	8
Site and build affordable housing e to proximate to existing services	10.42%	5
Develop new deed-restricted Middle Income Housing	6.25%	3
Encourage, facilitate, and incentivize development of SDU's	6.25%	3
Address impact of Second Home ownership on ownership on housing stock	6.25%	3
Incentivize development of new, market-rate rental housing units	4.17%	2
Encourage appropriately scaled and well-designed products	4.17%	2
Incentivize development of new Seniors appropriate Housing	2.08%	1
Totals	**100%**	**48**

How has our Housing situation changed since last year?

	Responses	
	Percent	Count
It has gotten much worse	62.12%	41
Its about the same as last year	28.79%	19
Its not as big of an issue as everyone makes it out to be	4.55%	3
Its gotten better	3.03%	2
None of the above	1.52%	1
Totals	**100%**	**66**

How has our Housing situation changed since last year?

	Responses	
	Percent	Count
A lot of talk but I don't see any real changes proposed	48.48%	32
Lots of good effort to address the challenge, and I think it will make a difference, over time	18.18%	12
I see progress in addressing the challenge	15.15%	10
I really don't know enough about what is being done to evaluate	12.12%	8
Some good efforts to address the challenge…but I'm not sure how they will work	6.06%	4

What are the biggest barriers to meeting our housing goals by 2022?

	Responses
	Percent
Lack of leadership on the issue	28.17%
Lack of affordable land and sites on which to build new housing	16.90%
Lack of funding for Affordable Housing	14.08%
Growth limits that drive up land and home costs	12.68%
Lack of creativity on how to address the challenge	11.27%
Unwillingness to accept higher density housing and different housing types in our community	8.45%
Out-of-date regulations and high fees	7.04%
None of the above	1.41%
Totals	**100%**

FEBRUARY 25, 2016 PUBLIC WORKSHOP

Roundtable Results

Compiled March 1, 2016 UrbanGreen

	2022 TARGET GOALS TO ACHIEVE				DESIRED HOUSING TYPES	
TABLE	TOTAL MARKET RATE UNITS	TOTAL MIDDLE HOUSING UNITS	TOTAL AFFORDABLE HOUSING UNITS (1)	TOTAL SDU'S	MARKET RATE	AFFORDABLE
1	135	135	50	40	SFD	Multi fam >4 units
2	135	135	40	No cap	SFA/CottCrts	Mxd use, CottCrts, MF
4	135	135	70	220	All	All
5	160	110	50	25	All	All
7	125	145	75	75	MF, SFA, MXD	SFD, CottCrts
8	108	163	75	100	All	All
No #	80	190	220	400	Ctt Crts, TH, SF	MXD, Ctt Crts, TH, SF, Duplex
No #	85	185	75	100	MXD, MF <4, SFD, SFA	MXD, MF <4, MF>5, SFD,SFA
No #	125	85	75	No cap	MF <4, MF>5	MF <4
No #	135	135	50	10		
Average	122	142	78	121		
	Six Year Total Units (2)	**583**				

(1) Additional beyond 120 in pipeline

(2) Deed restricted missing middle and Deed restricted affordable - pipeline and additional

2022 HOUSING CYCLE TARGETS			
Deed Restricted (2)	340	58.2%	79.0%
Affordable by Design (SDU)	121	20.8%	
Market Rate	122	21.0%	21.0%
TOTAL HOUSING UNITS	583	100.0%	100.0%

COMMUNITY HOUSING COMMITTEE SUMMARY OF ALLOCATIONS PROPOSALS

Summarized March 10, 2016

BALLOT APPROACH AND LANGUAGE PREFERENCE	Committee Member A	Committee Member B	Committee Member C	Committee Member D	Committee Member E	Committee Member F	Committee Member G	Committee Member H
Option 1: *No percentages*	■	■	■					
Option 2: *Minimum percentage on directed, no product*			□	■	■			
Option 3: *Percentages but not products*						■	■	
Option 4: *Percentages and products*								■

Option 1:Create Open and Directed Allocations
The ballot would only ***enable*** Directed and Open Allocations with no specific numbers
EX: 'the GMO shall have Directed and Open allocations'

Option 2: Create Open and Directed Allocations and establish a MINIMUM number of Directed for all future cycles
EX: 'the GMO shall have Directed and Open allocations' with Directed allocations never being less than 30% of all allocations'

Option 3: Create Open and Directed Allocations and establish specific percentages for both
EX: 'the GMO shall have Directed and Open allocations in equal proportions of 50% each

Option 4: Create Open and Directed Allocations and establish specific percentages for both, and specific use of Directed Allocations
EX: ''the GMO shall have Directed and Open allocations in equal proportions of 50% each'
and Directed allocations shall always be used for Middle Income housing'

OBJECTIVE 5: *Encourage appropriately scaled and well-designed products in all new development*

Summarized March 10, 2016

COULD BE A DESIGN REQUIREMENT

- ✓ Porches, Stoops, bays, balconies (5X)
- ✓ Buildings that engage the street/ neighborhood in a visually and functionally / active way (Front doors) (4X)
- ✓ Alleys
- ✓ Elevation change between public and private spaces
- ✓ Fewer non-pervious driveways/walks
- ✓ Garages not facing street
- ✓ Green building design
- ✓ Higher FARs (e.g. % on smaller lots)
- ✓ Intensive street tree planting in the boulevard strips.
- ✓ Landmark, corners and axis get special design
- ✓ Mix affordability types
- ✓ Mixed densities on adjacent parcels
- ✓ Multifunctional hardscape areas
- ✓ Multiple windows facing the street
- ✓ Positive solar roof directions
- ✓ Rainwater collection
- ✓ SDUs barely visible
- ✓ Smaller lots and footprints
- ✓ Solar Hot Water/ PV
- ✓ Spray foam insulation
- ✓ Transition from most public to most private space

OBJECTIVE 5: *Encourage appropriately scaled and well-designed products in all new development*

Summarized March 10, 2016

BEST AS DESIGN GUIDELINE

- ✓ Appropriately scaled to neighborhoods
- ✓ Buildings that work together shape and contain meaningful/ useful spaces
- ✓ Communal play areas
- ✓ Eclectic designs
- ✓ Edible garden front yards/ community gardens (2X)
- ✓ Fenestration scaled w/ neighbors
- ✓ Fine grained mix of scales & types/ both parcels and buildings.
- ✓ Flexible approach to parking/ access…long narrow drives, alleys,
- ✓ Fronts & Backs/ more formal in front/ more informal in back.
- ✓ Local materials
- ✓ Natural ventilation
- ✓ New materials (e.g., stabilized soil, rammed earth, adobe cobb, cement board)
- ✓ Passive solar landscaping
- ✓ Pedestrian friendly streets framed by buildings
- ✓ Respect the rural, agricultural heritage of Healdsburg
- ✓ Rising roof lines toward the rear
- ✓ Scale of development in 5-10 unit MF buildings
- ✓ Variations in front door orientation
- ✓ Varied scale of details
- ✓ Varied styles
- ✓ Wide range of detail styling
- ✓ Windows with views

OBJECTIVE 6: Site and build affordable housing proximate to existing services

Summarized March 10, 2016

DAILY GOODS AND SERVICES

- ✓ Grocery Store - moderately prices/ not fast food-convenience store (4X)
- ✓ Child Care
- ✓ Gas station
- ✓ Laundromat - shared utility schools
- ✓ Near Healdsburg downtown

ACCESSIBILITY AND MOBILITY

- ✓ Public transportation - bus, rail (7X)
- ✓ Walking paths to public places - schools, groceries - safe, close with lighting (2x)
- ✓ Bicycle routes

QUALITY OF LIFE

- ✓ Schools (4X)
- ✓ Open Space (2X)
- ✓ Community gardens

Comment: Need to define proximate
Comment: The town is not that big. One can ride a bike most everywhere in 15 minutes, walk in 30

OBJECTIVE 7: Reducing Total Cost of Ownership

Summarized March 10, 2016

REQUIRES REGULATORY CHANGE

- ✓ Allow flexibility in intensive site specific planning
- ✓ Allow higher profiles in rear of lots.
- ✓ Common parking reservoirs at higher densities
- ✓ Eliminate sprinkler requirements except new construction
- ✓ Energy efficient designs - incorporate solar panels (2X), energy saving appliances
- ✓ Increase sq.ft. allowance for garage+SDU+accessory structure, two floors.
- ✓ Reduce parking requirements
- ✓ Reduce required setbacks
- ✓ Revise the City's fee schedule for water, sewer, etc. to reward higher density projects.
- ✓ Trade 2 hour walls for zero lot line units, yielding larger separation from main living unit.
- ✓ Water efficient designs

PROGRAMMATIC INCENTIVES

- ✓ Incentives for SDUs (process, fees, size, restrictions)
- ✓ Incentivize second homes through tax offset - allow fees to be put into the RE tax base and held until sale for senior owners. Focused on aging in place creating rental units with some form of control.
- ✓ Incentivize/ push higher density products
- ✓ Reward builders to exceed Title 24 standards for energy efficiency.
- ✓ Smaller creatively design units/ smaller homes smaller rooms (4X)

LAND USE CHANGE

- ✓ Develop high density housing within a mixed use area adjacent to the SMART station.
- ✓ Increased density and hi-rise construction
- ✓ Public transportation within walking distance

OBJECTIVE 7: Reducing Total Cost of Ownership

Summarized March 10, 2016

OPERATIONAL CHANGE AT CITY

- ✓ Buy a smaller fire truck and thus reduce the requirement for large firetruck access and turnarounds.
- ✓ Change way garbage requirements are managed (EX. Shared units for pickup VS. 3bins for every living unit)
- ✓ Create free parking
- ✓ Provide dedicated parking spaces on street for third party shared electric motor vehicle system.

DESIGN ENCOURAGEMENT

- ✓ Change environmental requirements to be more in keeping with a Mediterranean climate, force cooling
- ✓ Common areas that encourage sharing between neighbors (3X)
- ✓ Cottage Housing
- ✓ Environmentally friendly building materials and appliances
- ✓ Green building
- ✓ Multi-storied/ attached units share utilities services, roofs, foundations, reducing building and maintenance costs
- ✓ No garages/ carports
- ✓ Non-high tech green strategies that reduce the need for energy, heat, cooling, waste water recapture
- ✓ Promote shared parking.
- ✓ Reduce lawns to just what is needed for play areas
- ✓ Use quality materials that do not degrade, and increase life cycle cost over time
- ✓ Use similar building design to reduce building costs
- ✓ Use up to 3 floors with stacked units

OBJECTIVE 8: Reducing impact of second home ownership

Summarized March 10, 2016

RECOMMENDATIONS

- ✓ Anonymous mailing to rental occupants on an annual or less frequent schedule could verify price point in exchange for incentives.
- ✓ Ask owners to 'register' their rental and their 'second home' they use for vacations
- ✓ Create an ordinance and linkage fee for new homes, esp single family dwellings
- ✓ Housing element to have a "second home advisory"** which requests current and new home buyers to not use their homes as second homes.
- ✓ Include preamble/ vision language in GMO that community's request for "no second home" purchases with new housing. Moral persuasion.
- ✓ No second home ownership for any deed restricted property
- ✓ Request/ require private developers building new homes to include in their CC+R's second home limitations
- ✓ Request/advisory to HOA's requesting they implement "no second home" provisions in their CC & R's.
- ✓ Require alarm companies to register customers in the city (police and fire). Use to determine second homes.
- ✓ Require registration* of rental properties and with such registration provide a benefit to SDUs.

* If legal

** Model after "housing stabilization advisory" which is nonbinding, but carries the moral support of city fathers

NOT CLEAR ON WHAT THE ISSUE IS/ NOT AN ISSUE

- ✓ Problem is not second home ownership, but empty second homes. If rented still contributes to the life of the neighborhood and provides much needed housing.
- ✓ If issue is cost of housing has risen too high because people from other communities are retiring/ buying here because it's so desirable that people are willing to spend more, that's a free economy and will regulate itself, as it seems to do in cycles all across the US
- ✓ If issue is second home owners are not involved in the community, find ways to get them involved.
- ✓ Regulating and monitoring will be very difficult and borders on priivate property rights intrusion per City Attorney.
- ✓ Second Home Ownership is not something that should be regulated by the City. If truly a vacation home, the impact on City utilities, infrastructure, etc. is minimal. If part time living here while waiting for retirement, while waiting for other generations to move here as well, while commuting for work - none of those things are "bad".
- ✓ Why not allow residents to 'rent their space' in dwellings. Some need the $$ to remain here.

CITY OF HEALDSBURG

Community Housing and Development Department

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Visit us at ***www.ci.healdsburg.ca.us***

Dear Committee Member,

In preparation for our March 14th Community Housing Committee meeting, please find enclosed another package of background reading and pre-meeting exercises. We would like your responses to the exercises returned to Karen no later than close of business, Tuesday March 8th.

In this package you will find the following reading:

- A synthesis of the key takeaways from our February 8th work session;
- Updated working Objectives for the HAP that have further evolved as a result of the input and discussion at our February 8th meeting; and
- A discussion paper regarding potential ballot language refinements and associated implications in response to the City Council's request to have the Committee evaluate more specific language around Directed and Open Allocations.

The package also includes a total of four new exercises that we would like you to complete and return, as follows:

- Exercise one relates to the proposed GMO ballot language and Directed vs. Open Allocations, and
- The remaining three exercises relate to the remaining three HAP objectives we have not discussed to date.

Should you have any questions on this information or the exercises, please feel free to contact either Jim or me.

Please be sure to return pages 7, 9, 11 and 13 with your responses.

Thank you,

Karen Massey
Community Housing & Development Director

Jim Heid
UrbanGreen

KEY TAKEAWAYS FROM FEBRUARY 8TH COMMUNITY HOUSING COMMITTEE WORK SESSION

Through a combination of Committee discussion and small break out discussion, using prepared worksheets, several areas of consensus emerged, as follows:

1. The Committee generally agreed with the Council's request that more specific language regarding Directed and Open Allocations be included in the ballot measure. The level of specificity was not defined and is the focus of Exercise 1 in this package.

2. During the breakout sessions each group worked through an exercise of dividing Housing Allocations for the 2017-2022 Housing Cycle. A number of community members also participated in the discussions. Key areas of consensus included:

    - The split between Directed and Open Allocations was 50/50% in both groups. The use of Directed Allocations was largely targeted to achieve new forms of Middle Income Housing, across a diversity of product types.

    - The target goal for new deed-restricted affordable housing to be IN PROCESS by 2022 was between 175-200 units. This would elevate our deed-restricted affordable housing stock from 8.2% to approximately 11-12% of the community's total Housing Stock, placing Healdsburg at the top of its peers in the North Bay.

    - A target of approximately 100-125 deed-restricted Middle Income Housing units was established for this Housing Cycle.

    - There was agreement that projects that construct Middle Income Housing (using Directed Allocations) should not be subject to the Inclusionary Housing Ordinance, as further incentive to create more Middle Income Housing.

    - Encouraging or incentivizing the development of more market rate rental apartments was not seen as a value or target for this Housing Cycle.

    - Seniors housing, in separate, age restricted developments was not seen as a desirable objective. Instead the group felt Seniors APPROPRIATE housing units (i.e. design considerations, proximate to facilities and transit) integrated throughout the community would provide better opportunity for 'aging-in-place' while ensuring Seniors are integrated vs. isolated from the community.

    - The encouragement and development of Secondary Dwelling Units (SDU) by private homeowners was discussed as a valuable tool for creating 'affordable by design' housing units, as well as allowing Seniors to stay on their properties, and homeowners to generate additional income from their investment while helping resolve a community wide housing issue. SDU's are exempt from the GMO and therefore are not limited during the next Housing Cycle. A target range of 45-60 new SDU's to be built during the next Housing Cycle was established.

REFINING THE HAP OBJECTIVES

The Objectives for the Housing Action Plan are a critical foundation for the entire document. Since the beginning of this process, the Objectives have been continually refined to address what we are collectively learning and establishing as the Community's priorities.

Following the CHC meeting on February 8th, a number of the draft Objectives were revised or deleted, consistent with what was learned through the breakout group discussions. The proposed redraft is shown below (new language is in red), but highlights include:

- Expanding Objective 2 to incorporate multiple product types;
- Deleting the objective related to Market Rate Rental Housing;
- Moving Seniors housing from an isolated Objective, to incorporate Seniors Appropriate housing into other objectives;
- Adding an objective specifically directed to the development of SDU's; and
- Expanding discussion on impact of Second Home ownership.

HOUSING ACTION PLAN OBJECTIVES – UPDATED FEBRUARY 16, 2016

The following Objectives articulate the specific results to be achieved by the Housing Action Plan.

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

HAP-Objective 2:
Develop deed-restricted 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.

HAP-Objective 3:
Encourage, facilitate and incentivize the development of creative density housing types including but not limited to small lot, cottage court, micro-housing, and co-housing.

HAP-Objective 4:
Encourage and facilitate private development of secondary dwelling units (SDU's) in order to create additional housing stock that more efficiently uses existing infrastructure, creates opportunities for Seniors to 'age in place' and provides housing that is affordable (but not deed restricted) by design.

HAP-Objective 5:
Encourage appropriately scaled and well-designed products in all new development.

HAP-Objective 6:
Site and build affordable housing proximate to existing or planned services.

HAP-Objective 7:

Address the role and impact of Second Home ownership on the community's housing stock and neighborhood dynamics.

DISCUSSION PAPER: ***CREATING CERTAINTY WITH FLEXIBILITY***

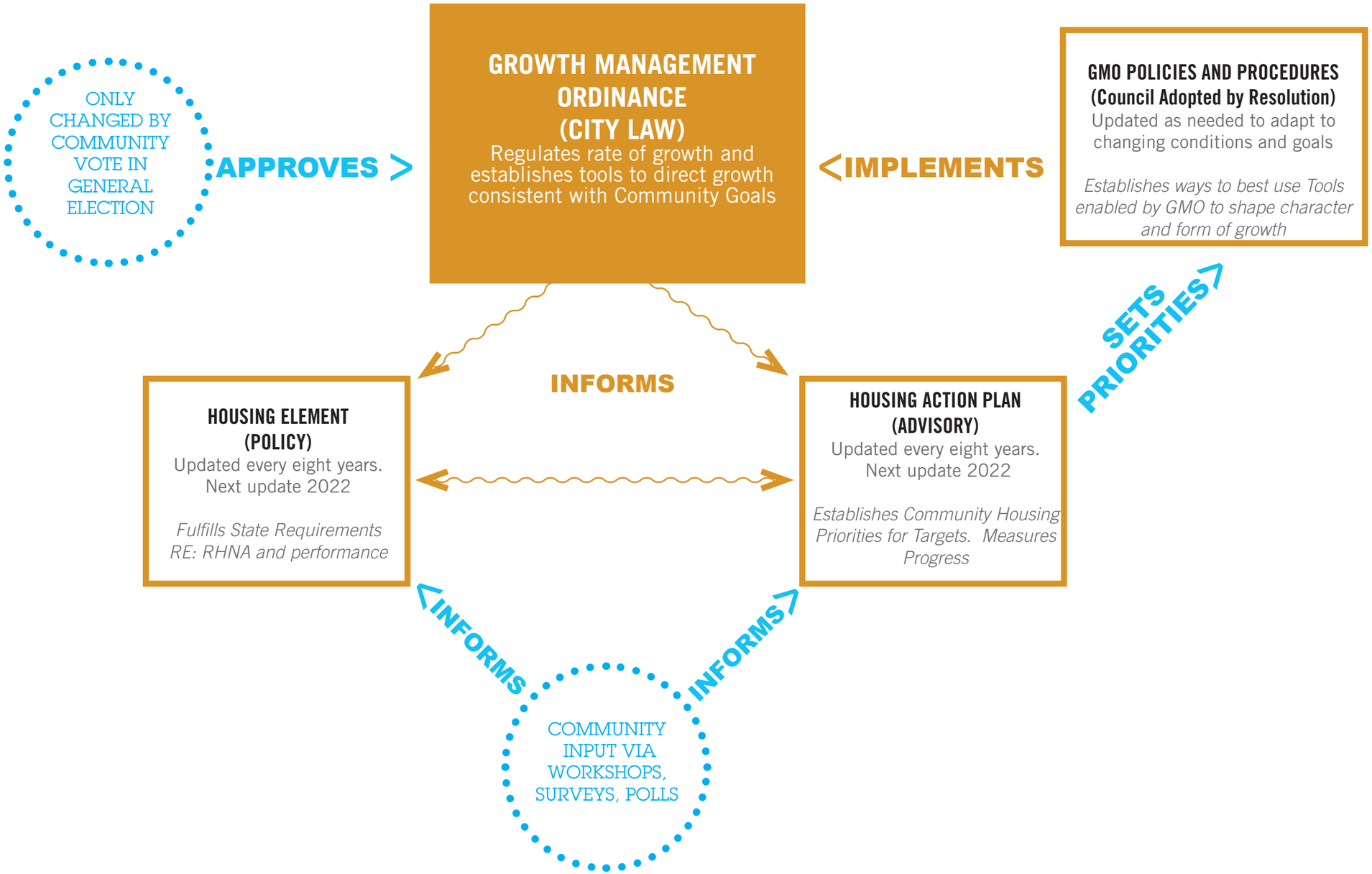
Following the presentation of the results of the recent community poll on the proposed changes to the GMO, the City Council requested the CHC review the proposed ballot language and consider inclusion of more specific language regarding the distribution of Directed and Open Allocations.

As background, the Directed and Open Allocation concept emerged from November 2015 CHC work sessions as a way to create new tools by which to 'direct' new development to achieve those housing priorities that the Community indicated they would like to see. The initial concept was to let the Ballot Measure act as the enabling vehicle by which Directed and Open Allocations are created and from there the Community would establish the housing targets and priorities for the next Housing Cycle, which would be documented and adopted via the Housing Action Plan. Based on this information the City Council would update the Policies and Procedures to describe how the GMO gets implemented and adopt that for the next Cycle.

This process was envisioned to create the necessary tools via the Ballot Box, provide a vehicle for the Community to help establish housing priorities via the Community Process associated with preparation of the Housing Action Plan, and then let the City Council formalize how the tools (Directed and Open Allocations) are used to meet the community's established priorities. (see Figure 1).

Recently, concern has been expressed that leaving the apportionment of Directed and Open Allocations to future City Councils may not be acceptable to the Community. At this time we are seeking to create more certainty for the Community in the ballot measure, without repeating the same inflexibility that has led us to where we are today – a well intended tool that has hamstrung the Community's ability to adapt to changing housing needs and priorities.

TOOLS THAT SHAPE AND DIRECT HOUSING IN HEALDSBURG



Version 1.0 February 22, 2016

The following summary presents four different options to the ballot language and its presentation of Directed and Open Allocations. The goal is to find a balance between CERTAINTY and FLEXIBILITY.

Option 1: **Create Open and Directed Allocations**

The ballot would only ***enable*** Directed and Open Allocations with no specific numbers.

Example: ***'the GMO shall have Directed and Open Allocations'***

Analysis: This option provides the GREATEST FLEXIBILITY for future generations. The development of each cycle's Housing Action Plan would establish the community's housing priorities, and then the Directed and Open Allocations would be apportioned as needed to drive the market to create those products that are deemed important. The number of each Allocation, and what they are to be used for, would be spelled out in the updated Policies and Procedures, informed by that cycle's HAP, and adopted by the Council.

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

Example: ***'the GMO shall have Directed and Open Allocations' with Directed Allocations never being less than 30% of all Allocations'***

Analysis: This option provides MODERATE FLEXIBILITY for future generations. The development of each cycle's Housing Action Plan would establish the community's housing priorities, and then the Directed and Open Allocations would be apportioned as needed to drive the market to create those products that are deemed important, ***but*** *COULD NEVER BE LESS THAN THE STATED 'FLOOR'. The specific percentage, over and above that floor, and what they are to be used for would be spelled out in the updated Policies and Procedures, informed by that cycle's HAP, and adopted by the Council.*

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

Example: ***'the GMO shall have Directed and Open Allocations in equal proportions of 50% each'***

Analysis: This option provides VERY LIMITED FLEXIBILITY for future generations. The development of each cycle's Housing Action Plan would establish the community's housing priorities, and then the FIXED PERCENTAGE of Directed and Open Allocations would have to be tested to ensure the market would be able to create those products that are deemed important. If the percentages are insufficient, certain priorities would need to be adjusted because the percentage is always fixed by the ballot measure.

Should there be a desire to have more Directed Allocations, they could only be created via a new Ballot Measure. Only what the Directed Allocations are to be used for would be adjustable and spelled out in the updated Policies and Procedures, informed by that cycle's HAP, and adopted by the Council.

<u>Option 4:</u> **Create Open and Directed Allocations and establish specific percentages for both, and specific use of Directed Allocations**

Example: ***'the GMO shall have Directed and Open Allocations in equal proportions of 50% each and Directed Allocations shall always be used for Middle Income Housing'***

Analysis: This option provides the <u>LEAST FLEXIBILITY</u> for future generations. The development of each cycle's Housing Action Plan would establish the community's housing priorities. But because the Ballot has defined both the percentage and use of the Directed Allocations, they could not be adjusted to meet the needs of the community in the coming Cycle without a new Ballot Measure. The Policies and Procedures would have little role in this scenario in shaping how the market is directed to meet community goals.

HOMEWORK EXERCISE #1

Based on the above, and my perspective on the issue, my preference would be:

____ Option 1: Create Open and Directed Allocations – Most Flexible

____ Option 2: Create Open and Directed Allocations and establish a minimum number of Directed Allocations for all future cycles – Moderate Flexibility

____ Option 3: Create Open and Directed Allocations and establish specific percentages for both - Very Limited Flexibility

____ Option 4: Create Open and Directed Allocations and establish specific percentages for both, and specific use of Directed Allocations – Most Limiting

HOMEWORK EXERCISE #2

HAP-Objective 5:

Encourage appropriately scaled and well-designed products in all new development.

BACKGROUND INFORMATION

Throughout the 'Housing Our Community' workshops, and the subsequent Community Housing Committee meetings, a persistent theme of all conversations included the need to create housing that meets the needs of our community, while also maintaining our community's unique character.

Maintaining our community character is a more difficult thing to manage to, than a specific target for the number of housing units we would like to see built in a specific timeframe. But through design review and guidelines used during the design review process key elements that define our community character can be required and called upon in new development proposals. Some key indicators identified in the past have included:

- Respect for the city's pattern of streets, blocks and lots
- Number of units in a single development
- Scale of the buildings – height and bulk
- Relationship of buildings to the street
- Transparency (i.e. windows)
- Appropriate definition of semi-public and semi-private spaces (i.e. porches, etc.)
- Appropriate setbacks (not necessarily always large)
- Landscape character and treatment

THE EXERCISE

To address this objective, the HAP will need to ***offer guidance, but not specific regulation***, on the qualities of new housing proposals that are appropriate to our community character.

In past design surveys it was recognized that Healdsburg's character is largely derived from its eclectic and balanced approach to design – sharing both historic and contemporary design approaches. For this exercise, we are looking to the Committee to help generate a 'long list' of characteristics that are important in our new residential buildings and site designs.

Your effort toward this end is to provide a stream-of-consciousness list of those qualities that are appropriate for maintaining community character. For this exercise, we ask that you list those elements that ARE and ARE NOT consistent with community character. This is not a stylistic discussion (i.e. victorian architecture but not contemporary); rather, the goal is to describe elements (i.e. porches, doors facing street, etc.) that define Healdsburg's character.

We will synthesize and distill the collective responses into some key directives for the Committee to discuss at the March meeting.

Appropriate in Healdsburg (strategies, design elements or approaches that reflect concepts that ARE appropriately scaled and well designed housing in Healdsburg)	**Not Appropriate in Healdsburg** (strategies, design elements or approaches that ARE NOT appropriate in most instances in Healdsburg)

HOMEWORK EXERCISE #3

HAP-Objective 6:

Site and build affordable housing proximate to existing services

BACKGROUND INFORMATION

In the discussion of affordable housing, two ideas continue to evolve that look beyond just dollars spent on rent or mortgage.

The first is 'total cost of housing'. To rent or own a home that is in line with one's monthly budget is a great thing, but if an outsized part of one's remaining income is spent on heating and cooling, driving long distances to work or taking children to school, or simply having to travel a long distance to buy a loaf of bread or gallon of milk – the gains made in creating more affordable housing are lost in the **Total Cost of Housing.**

A second concept is the **'Housing + Transportation'** (H+T) burden. Similar to Total Cost of Housing, H+T looks at the cost of housing plus your annual transportation cost as a mechanism for measuring true affordability. This includes where affordable housing is located relative to jobs, how close it may be located to alternative forms of transportation, and how walkable daily goods and services may be. Implied by the H+T burden is creating environments where families can operate on one car only, which typically saves $4,000 - $7,000 in annual discretionary spending.

New locational tools such as Walkscore (www.walkscore.com) provide a readily available tool for assessing a potential site's locational attributes – both for improved walkability and/or access to daily needs.

This HAP Objective is focused on considering external costs such as transportation, access to facilities and occupancy costs when designing new affordable housing.

THE EXERCISE

To address this objective the HAP will outline suggested locational and design qualities that are preferred in the siting and construction of affordable housing - either complete complexes or individual units. These suggestions will help inform where limited dollars and public resources might be best directed to achieve the greatest good.

Proximity Requirements (services and daily goods that should be proximate to Affordable Housing Sites)	**Considerations in Reducing the Total Cost of Ownership** (strategies and design approaches that would reduce total occupancy costs for affordable housing)

HOMEWORK EXERCISE #4

HAP-Objective 7:
Address the role and impact of Second Home ownership on the community's total housing stock and neighborhood dynamics

BACKGROUND INFORMATION
The role of vacation rentals and their impact on the City's housing stock is not a new issue in Healdsburg. Under the City's adopted regulations, vacation rentals offering a residential unit for rent for fewer than 30 days are not permitted. Unpermitted vacation rentals gained increased scrutiny in fall of 2014, when management of this policy moved to a dedicated individual within the city's Police Department.

Since enacting this change, the City has aggressively pursued violations, sending notices of violation to approximately 55 homeowners and citations to approximately 7 more homeowners who failed to rectify the violation. Active enforcement of vacation rentals has resulted in a decline in reported violations of approximately 46% per year.

Concurrently, real estate myths have permeated the community regarding the number of Second Homes that exist and/or are being bought. Second homes do have an impact on existing streets and neighborhoods, as more homes 'go dark' during the week. Additionally, given the amount of wealth being created in the Bay Area, and the attractiveness of Healdsburg as a lifestyle, amenity community a market imbalance results – where individuals who have more means compete with local residents for purchase and rental of units. The Census, which provides the most readily available data (not necessarily accurate) shows the number of residential units in Healdsburg that are designated as 'for season, recreational or occasional use' at 190 units as of 2010[1]. An alternative source of information is the County Assessor. As part of the Housing Needs Assessment completed by EPS in fall of 2015, a review of the number of properties where the owner did not take the primary home exemption, was conducted. This identified 1,050 units classified as 'non-owner, non-primary home'[2]. But this number is misleading as it includes homes that people own and rent to others and we know from Census data 42% of Healdsburg's housing stock is renter-occupied units.

A question has been raised time and again regarding the ability of the City to regulate and limit homes to local owners only. No legal mechanism exists to limit how someone uses their home, and for that matter whether they rent it or live in it. The City Attorney has confirmed imposing any new regulations or restrictions on the use of private property that would interfere with a property owners' right to use or enjoy their property would likely be held unconstitutional as a governmental "taking" of the property. The primary way this can be managed is by requiring owner-occupancy when deed-restricted housing is created – as in current affordable housing or as proposed in the new middle income categories.

[1] Housing Element, Table 14 P24

[2] EPS, November 2015

During the early 2000's some private developers attempted to manage the number of 'investors' and or second homeowners in projects, via their Conditions, Covenants and Restrictions (CC+R's). Celebration, Florida one of the most recognized new communities limited buyers – through their purchase and sale agreements – to having to live in their homes for at least a year and for a certain number of days per year. This was deemed relatively successful but requires a significant commitment by the developer to ensure on-going compliance of every home through the Homeowners Association, and extensive resources that few firms outside of Disney can bring to bear. Additionally, not all subdivisions are subject to CC&Rs.

THE EXERCISE

To address this objective the HAP will highlight the associated challenge of this issue on the community fabric and to the extent data can be verified, the trends of second home ownership within the community. At this point there are no specific goals to be defined that are performance based. However, highlighting the issue, and establishing some recommendations that go beyond current policies, will continue to keep this issue in the spotlight.

Please list any thoughts, questions or suggestions you may have on how Second Home Ownership may be addressed in our community and what an appropriate goal might be for the HAP to focus on.