CITY OF HEALDSBURG
COMMUNITY HOUSING COMMITTEE
SPECIAL MEETING AGENDA

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

Date: May 3, 2016
Time: 6:00 P.M.
Date Posted: April 30, 2016

1. Call Meeting to Order

2. Roll Call

3. Approval of May 3, 2016 Agenda

4. Approval of April 11, 2016 Meeting Minutes

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

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

6. **OLD BUSINESS**

   a. Discuss draft Housing Action Plan (HAP) with a focus on agreeing on core provisions of the HAP

   b. Vote to approve HAP2016 Vision Statement

   c. Vote to approve HAP2016 Actions that have consensus

7. **NEW BUSINESS**

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

9. **ADJOURNMENT**

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

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

Community Housing Committee
Regular Meeting Minutes
April 11, 2016
6:00 pm

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

Absent Committee Members: None

CALLED TO ORDER

Chairperson Worden called to order the regular meeting of the Community Housing Committee of the City of Healdsburg at **6:00 p.m.**

APPROVAL OF AGENDA

Committee Member Chambers made a motion, seconded by Committee Member Lickey, to approve the April 11, 2016 meeting agenda as submitted. The motion carried on a unanimous voice vote. (Ayes 9, Noes 0, Absent – None)

APPROVAL OF MINUTES

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

PUBLIC COMMENTS ON NON-AGENDA MATTERS

Pamela Wunderlich – Opined that the Developer Forum did not offer any new information and it lacked creativity. She further opined about the tiny house movement and suggested the need for a contest to create a tiny house village in Healdsburg.

OLD BUSINESS

Jim Heid, UrbanGreen, gave background information on the Growth Management Ordinance discussion to date; the current projects that are in the pipeline and their impact on future allocations. Mr. Heid also discussed the key takeaways from the Developer Forum.

Discussion ensued amongst the Committee Members about the Developer Forum, each of the Committee Members key takeaways and more information from the Developer Forum they would like to hear more about. Chairperson Worden addressed some of the key takeaways the Committee members had about the forum and discussion ensued about tiny homes, the movement, and the land required to build tiny homes.

Chair Worden opened up the discussion on the Developer Forum for public comment.

John Diniakos – Opined he would like to see two nights dedicated to creativity to really give the creative process its due diligence.

Merrilyn Joyce – Opined on the Developer Forum and how the financial representative seemed to be redeeming deed restrictions at the end of the forum; she further opined that more information about deed restrictions would have been helpful.

Jim Winston – Opined that the City needs to cater to local, small developers, stay away from national developers; he further opined that his vision for Healdsburg is apartments with smaller units and higher density scattered around town.

Scott Schadlich – Gave background information on his history with the City and his role in the Nu forest site. He opined on who purchased the Nu forest site and gave a scenario as to what could possibly be built on the Nu forest site. He further opined on the ballot language and what he thought the Housing Committee should recommend.

Warren Watkins – Opined on the Developer Forum as a business as usual mentality, he further opined about in-lieu fees, secondary dwelling units, spreading out units over different properties, and selling units quickly in Healdsburg as an advantage to developers.

Pam Wunderlich – Inquired about how many city owned properties there are that might be available for creative housing solutions.

In response to Ms. Wunderlich's comment, staff informed her how many city owned properties there are.

David Hagele – Opined on the Developer Forum stating the local preference was an important takeaway. He further opined that the Nu Forest site is an opportunity to shape the future of Healdsburg.

John Diniakos – Suggested the City purchase some lots at Nu Forest and make the developer comply with a more responsible solution and finding a way for it to benefit the town.

In response to Mr. Diniakos comment, Chair Worden explained how the Growth Management Ordinance (GMO) currently operates in regards to developing Nu Forest and if the GMO were opened up; it leaves more room for negotiating with the Developer of the Nu Forest property.

Richard Burg – Explained the local preference option that was used in different locations around town; and how the City is familiar with the idea.

Chair Worden closed the public comment portion of the meeting.

GROWTH MANAGEMENT ORDINANCE BALLOT LANGUAGE AMENDMENT

Jim Heid, Urban Green, gave a brief presentation on the background discussion to date on the GMO options 1-4, he briefly summarized the different options and gave examples for each option.

Discussion ensued among Committee Members and concerns were expressed that the current efforts around refining the GMO are too restrictive, leaving little room for creativity in new housing solutions given the current constraints. The need for a different approach was suggested in order to allow for greater flexibility and creativity to achieve the community's goal of providing more housing that is affordable to the residents of Healdsburg. The suggestion was proposed as a fifth option as follows:

- Amend the GMO to remove the restriction on the number of units allowed per year.
- Increase the Inclusionary Housing Ordinance requirement from the current 15% requirement to a 30% requirement, and tie it to the GMO.
- Require adoption of the Housing Action Plan prior to November, 2016.

Following discussion on Option 5, Committee Members offered the following observations related to the proposal put forth:

- The current GMO is too constrained and efforts to refine it leave little room for the type of creativity needed to solve the housing challenge.
- The current GMO precludes multi-family housing units and does not provide for a range of product types to meet the needs of all incomes and ages.
- The small size of parcels available for residential development in the City combined with the existing Urban Growth Boundary limit future growth.
- The Housing Action Plan documents the community's values and offers the flexibility and creativity to shape desired outcomes and will act as the tool to direct new development and the types of products the community wants to see, to achieve community identified housing goals.
- Greater flexibility is needed to allow projects to be built at an appropriate scale and provide greater housing options including multi-family rental projects to balance our housing choices and achieve the community's desired housing goals.
- Revising the Inclusionary Housing Ordinance will provide more affordable housing to be constructed for each new market rate house constructed.
- Update the City's Design Guidelines to help ensure new projects and proposals coming forward maintain the existing character and feel of the City. The qualitative aspects of the community's character (shape, scale, feel, etc.) should be defined and protected by updating the City's adopted Design Guidelines.

Chair Worden called for a short break in the meeting at 8:20 p.m.

Chair Worden reconvened the meeting at 8:30 p.m. and opened up the discussion for public comment.

Jim Winston – Opined on who purchased the Nu Forest site, and what the potential plans are that the developer may have and the fifth option to the GMO amendment. He further opined on why the GMO was created originally.

Phil Lux – Commented on the previous GMO amendment that was pulled off the ballot by Council a couple of years ago, the Housing Action Plan and opined that the committee should get something on the ballot to be voted on.

In response to Mr. Winston's comments, Chair Worden opined that there be controls that shape the growth in our community.

David Hagele – Opined that option five is a bold statement that could put the people who live here in houses and that the community should be given the chance to vote.

Ken Munson – Opined on secondary dwelling units and the fees surrounding developing secondary dwelling units, he further commented on providing some incentives to help homeowners develop those properties.

John Diniakos – Commented on the City of Santa Cruz and the secondary dwelling unit Ordinance.

Chair Worden closed the public comment portion of the meeting.

Discussion further ensued about the CEQA process, the timing for taking a vote on the ballot language, the inclusionary housing percentage requirement, and the Housing Action Plan deadline for completion.

On a motion by Committee Member Civian, seconded by Committee Member Lickey, the Committee recommended the GMO be amended as follows: 1) remove the restriction on the number of units allowed per year 2) increase the Inclusionary Housing Ordinance requirement from the current 15% requirement to a 30% requirement, and tie it to the GMO and 3) require adoption of the Housing Action Plan prior to November, 2016 with the supporting recommendation that the City Council move quickly to revise the current design review guidelines. The motion carried on a roll call vote with Committee Members Abramson and Mansell dissenting. (Ayes 7, Noes – Abramson and Mansell, Absent – None)

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 **8:58 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
MEETING DATE:	May 3, 2016
PREPARED BY:	Karen Massey, Community Housing and Development Director
REQUESTED ACTION:	1) Discuss draft Housing Action Plan (HAP) with a focus on agreeing on core provisions of the HAP, 2) Vote to approve HAP2016 Vision Statement, and 3) Vote to approve HAP2016 Actions that have consensus

BACKGROUND:
Beginning in January, the Community Housing Committee began discussions on the Draft Housing Action Plan outlining the preliminary plan components including the vision, actions (previously referred to as objectives) and targets for the Plan. Since then these components have been discussed and refined at several public meetings. In addition, much new information has been learned through the Developer Panel, Housing Workshops and other meetings that informs and shapes the draft Plan components.

DISCUSSION/ANALYSIS:
In preparation for the May 3rd Committee meeting Staff has begun compiling the draft Plan for review by the Committee. The draft Plan follows the general outline presented to the Committee in January and reflects a compilation of the discussions to date as well as new information learned in the course of our public meetings and workshops. The vision statement and targets remain substantially the same; however, modifications have been made to the objectives (now being more properly referred to as 'actions') to respond to what we have learned, reflect the Committee's recommendation on the GMO ballot language and more closely align with the desired vision. The draft Plan also identifies a set of Core Provisions that will serve as catalysts for achieving the community's desired housing outcomes. At the meeting Staff will be asking the Committee for feedback on the draft Plan with specific emphasis on:

- Reaching agreement on core provisions to be included in the HAP,
- Voting to approve the vision statement, and
- Voting to approve the actions (previously referred to as objectives) that have consensus.

In addition, at the meeting Staff will provide a timeline for completion of the draft Plan.

Attachments

Healdsburg Housing Action Plan
2017-2022

Working Structure Draft V2.0 April 30, 2016

Introduction to the 2016 Housing Action Plan (HAP 2016)

- Overview and Purpose
- Role and Related Documents
- How HAP 2016 Shapes future growth

A Vision for Housing in Healdsburg by 2022

Core Provisions of HAP 2016

- CP-1 Expand the definition of Affordable Housing in the Land Use Code
- CP-2 Revise the Inclusionary Housing Ordinance to require 30% affordable housing
- CP-3 Expand Affordable Housing Incentives
- CP-4 Implement Fee Deferral Program for Deed Restricted Secondary Dwelling Units (SDUs)
- CP-5 Identify a long-term funding source for affordable housing
- CP-6 Establish a transitional governor to direct growth

The 2016 Housing Action Plan

Making the Housing Action Plan Work

Table 2: Housing Action Plan Implementation Tool

Actions for 2016-2022

- Action 1.0 - Create More Affordable Housing
- Action 2.0 - Facilitate Development of SDU's
- Action 3.0 - Build Middle Income Housing
- Action 4.0 - Incentivize New Rental Housing Development
- Action 5.0 – Encourage mixed product type and creative density
- Action 6.0 - Reduce Neighborhood Impacts of Vacant Housing

Supporting Provisions of HAP 2016

- Revise impact fee schedule to scale with unit size
- Revise development standards for more creative density/ site plans
- Create new programs that support private SDU development
- Update City Design Guidelines to address quality of design
- Update parking requirements to reflect location and demand

Financing HAP 2016

- Estimated costs of proposed programs
- Funding mechanisms and potential revenue

- Required actions to achieve funding

APPENDICES

Appendix A: Amending the HAP

Appendix B: Measuring Progress
- Establish Baseline (2016) and Targets (2022)
- Define Community Indicators as Measurements
- The Annual Review Process

Appendix C: Assessment of Housing Potential
- Updated Housing Sites Inventory
- Potential Unit Yield

Appendix D: Housing Terms to Know

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Healdsburg Housing Action Plan 2017-2022

Working Draft V2.0
April 28, 2016

OVERVIEW AND PURPOSE

The City of Healdsburg's Housing Action Plan (HAP 2016) is a companion document to other policy documents that inform, shape and direct the character and type of growth occurring in Healdsburg. The Plan also acts as a tool by which both City leadership and residents can more pro-actively shape the community's housing character over the defined ***Housing Cycle.***

The Housing Cycle is a housing management tool designed to run concurrently with the City's Housing Element. The Housing Element is one of the nine Elements of the City's General Plan. It provides the policy basis and requirements for how the City will address its housing needs. Unlike the other Elements, the Housing Element must be updated every eight years per State standards. Aligning the Housing Cycle with the timeframe of the Housing Element provides a unique housing management tool – one that is long enough to smooth out the consequences of inevitable real estate cycles, while also short enough to respond to rapid changes in housing norms. The Housing Cycle establishes a specific timeframe within which specific community identified actions should be taken in order to achieve the stated vision and targets. Prior to the end of each Housing Cycle and concurrent with the update to the Housing Element, a new Housing Action Plan will be prepared to reassess community housing needs.

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

1. ***Tell Healdsburg's Housing Story*** – what the town values, the role housing plays in creating a sustainable, thriving community, and how we plan to get there
2. ***Establish Clear and Measurable Housing Actions*** – measurable actions for creating housing, established through community input, that will allow leadership to better direct the City's resources (financial and human) to accomplish what the community has said is important, while fulfilling State mandated goals
3. ***Put Housing in Context*** – the complexity of housing our community will not be solved by a single solution. Nor is it an isolated issue. The Housing Action Plan will make evident the linkage of housing to alternative transportation, community health, green building, economic vitality and long term sustainability. It will also identify specific measurable actions the community should take to achieve the stated vision and targets.
4. ***Attract Like Minded Partners*** – instead of waiting for new development 'to show up', the Housing Action Plan will provide a clear statement of what our community wants to see in its new housing – and what it is willing to do to achieve that. The Real Estate Development Community – both for profit and non-profit - will be attracted by what is important to us, and those who share our values and vision, will be more inclined to participate.

RELATIONSHIP OF HAP 2016 AND OTHER HOUSING DOCUMENTS

The HAP is a policy document that serves to strengthen and support the City's existing legislative documents; the sum total of which direct growth and shape our community and its built form relative to housing. The HAP serves as a companion policy document to and works in conjunction with:

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

Many of these documents have a statutory and regulatory role in shaping the physical form and make-up of the community. The City of Healdsburg's **General Plan** acts as the overarching 'blueprint' for the City's growth. It does this by establishing a set of specific goals and associated policies. A Goal *'is a general direction that the City intends to take in making planning or development decisions. A goal is a general expression of community values and is abstract in nature rather than quantifiable or time-dependent*[1]*'.*

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

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

[1] City of Healdsburg General Plan 2011, page vi

HOW HAP2016 WILL MANAGE GROWTH

Through the HAP, the community clarifies its vision for housing over the next housing cycle. To achieve that vision, the HAP acts as an integrator of various housing tools (identified above), ultimately shaping the direction, form and character of housing growth in Healdsburg.

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

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 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.

DRAFT

A VISION FOR HOUSING IN HEALDSBURG IN 2022

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

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

*Individuals **at different life stages and 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 HAP2016's Core Provisions and Actions during this inaugural cycle (2017-2022).

DRAFT

CORE PROVISIONS OF HAP2016

As the first Housing Action Plan for Healdsburg, **HAP2016** is a bold and revolutionary approach to shaping our community's future. As the community transitions from a singular, numeric approach to managing growth (the current GMO) to an ***integrated approach of multiple tools that work in concert to achieve the stated vision***, there is a need to identify a set of Core Provisions that will serve as the catalytic actions that help ensure the intended outcomes of HAP2016. Without these Core Provisions progress toward achieving the vision cannot begin.

The Core Provisions need to be acted upon by November 2016, to lay the foundation for change, while affording the community the confidence to create more affordable and diverse housing opportunities within a system of managed growth. The Secondary Actions support the Core Provisions and should be implemented after November 2016 or on an on-going basis, as appropriate.

HAP2016's Core Provisions include:

CP-1 Expand the definition of Affordable Housing in the Land Use Code – much of the process of creating the Housing Action Plan has been spent determining housing need in our community and then defining that need. After considerable research, a class of housing beyond State of California defined Affordable Housing was identified, and termed Middle Income Housing (MIH). This term is emerging in other communities and typically relates to households whose earnings exceed limits that qualify for Affordable Housing, but are below requirements to finance a local area's median priced home. In Healdsburg this is a range of 121-160% of Area Median Income.

> *Why this is a Core Provision*
> *The City's Land Use Code establishes the legal groundwork for affordable housing – its definitions, funding and how it relates to the Inclusionary Housing Ordinance (see CP-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.*

CP-2 Revise the IHO to require 30% affordable housing – the City's Inclusionary Housing Ordinance provides the linkage between market rate housing and affordable housing. It requires builders who want to build market rate housing for a profit, to also build deed-restricted affordable housing. This tool has been used around the country for decades, and successfully here in Healdsburg, most recently in two of the newest residential developments. 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 to yield additional affordable units must be balanced with the economic realities of creating market rate projects. The recommended increase is presented as part of a larger package of changes that trades density increase for delivering the higher percentage of affordable housing, while also meeting the stated objectives of the HAP.

Why this is a Core Provision
An increase in the IHO requirement will deliver more affordable housing to the community faster than can be built through public subsidy. Additionally a higher percentage of IHO provides a 'stick' that can be used to encourage developers to build the kinds of housing stated as primary objectives in the HAP and accompanied by 'carrots' that soften the impact of the increased IHO requirement (see CP-3).

CP-3 Expand Affordable Housing Incentives – The State of California requires communities to provide a density bonus to projects that meet certain affordable housing standards. Furthermore the density bonus must be over and above underlying zoning. In some markets, this has been a powerful tool for directing new residential development to create more affordable housing. As an existing part of Healdsburg's LUC, re-tooling affordable housing incentives to achieve both more affordable housing and direct new projects to more closely fulfill the community's desired outcomes could enable the community to more quickly achieve its desired outcomes.

Why this is a Core Provision
Without the 'carrot' of a density bonus, the 30% requirement for affordable housing may become an unworkable requirement for new development. That threshold is a rarity in community development except in the most price imbalanced communities. However the addition of a density bonus makes the 30% a realistic goal, while also using Healdsburg's limited land more efficiently and driving down unit size – another key desired outcome of HAP2016.

CP-4 Implement a fee deferral program for deed-restricted Secondary Dwelling Units (SDUs) – SDU's are gaining recognition throughout California as a logical and incremental way to create housing that is more 'affordable-by-design', while also dispersing both the burden and cost of building new housing. Healdsburg has a successful pattern of SDU's throughout its neighborhoods and analysis shows there is room for more. In order to encourage development of SDU's, some communities have eliminated, or postponed, impact fees associated with construction of new SDU's, in return for deed-restrictions placed on the units that limit the rent to State defined affordable levels (0-120% area median income).

Why this is a Core Provision

HAP2016 has established a target to build 125 SDU's by 2022. In order to achieve this target, Staff has initiated a thorough review of the City's existing SDU regulations (i.e. parking requirements, setbacks and design standards). A simple first action to achieving the target is to defer or eliminate fees in return for deed-restricting the SDU. While CP-4 is not the total solution, it will provide a powerful incentive for increasing interest in, and development of new units, while other related recommendations are implemented.

CP-5 Identify a long-term funding source for affordable housing The success of 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 once those funds are exhausted and without a long-term funding source the City's ability to deliver affordable housing units will be severely hampered. Identification of a reliable local funding source (such as a TOT) will help ensure the desired outcomes of the community can be achieved.

Why this is a Core Provision

Throughout the process of creating the HAP, the difficulty in funding the development of new deed restricted housing became a recurring theme, especially with the loss of the Redevelopment Agency, which served as the primary vehicle for affordable housing throughout the State for decades. Those deeply involved in building affordable housing, using non-profit development models, advised that having a substantial and ready source of LOCAL funds, to pair with Federal and State programs is essential to closing the gap for new affordable housing units[2].

CP-6 Establish a transitional governor to direct growth Shaping community growth is accomplished by being intentional about the kinds of housing products the community would like to see, and conversely, those we want to discourage. 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 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 Core Provision

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

With proposed changes to the GMO, more housing types and smaller units should be of interest and come into the marketplace. But without any boundaries, large homes may also continue as permits become more readily available. One way to assuage community concerns about growth, and more importantly - growth that is inconsistent with the existing character and fabric of the town – may be to limit some, but not all, types of housing. .

DRAFT

THE 2016 HOUSING ACTION PLAN

The following pages enumerate the six Actions that make up HAP2016. Where relevant, each Action is accompanied by a Target, and supported by a series of specific recommendations that need to be addressed in order for the action to be fulfilled. The six Actions of the 2016 Housing Action Plan include:

- Action 1.0 - Create More Affordable Housing
- Action 2.0 - Facilitate Development of SDU's
- Action 3.0 - Build Middle Income Housing
- Action 4.0 - Incentivize New Rental Housing Development
- Action 5.0 – Encourage mixed product type and creative density
- Action 6.0 - Reduce Neighborhood Impacts of Vacant Housing

*TABLE 1 illustrates how the six **Core Provisions** relate to HAP2016's six **Actions**. Consistent with the principle of stacked benefits, the core provision should catalyze multiple Actions – an indicator of their importance.*

Table 1: Stacking Benefits: Core Provisions and Actions Relationship

	CP-1: Expand Definition of AH	CP-2: Change IHO	CP-3: Density Bonus	CP-4 Fee Relief on SDU's	CP-5 Long Term Funding	CP-6 Transitional Governor
Action 1: Affordable Housing	▯	▯	▯	▯	▯	
Action 2: SDU's				▯		
Action 3: MIH	▯	▯	▯			▯
Action 4: Rental		▯	▯	▯		▯
Action 5: Mixed Product Types/ Creative Density		▯	▯		▯	▯
Action 6: Impact of Vacant Homes				▯		▯

HOW THE HAP DIRECTS GROWTH

The HAP articulates six Actions that will be achieved by combining four important tools, all developed under the Core Provisions, as follows:

- Redefining Affordable Housing to include Middle Income Housing
- Increasing the IHO requirement to 30%
- Expanding Use of Affordable Housing Incentives to get the kind of housing we want
- Establishing a transitional governor to direct growth.

These four provisions, released in tandem, will help reshape how developers look at opportunities in Healdsburg. This 'new look' yields the development of projects that reflect the community's desired outcomes of creating more housing affordable to working families, increasing the diversity of housing options available in Healdsburg, and creating a community inclusive of individuals at different life stages and economic levels.

Achieving these outcomes is best illustrated through the following table. Table 2 portrays four paths any new development could choose to take in Healdsburg. Depending on which path is chosen, incentives vary and increase – with the most favorable incentives reserved for those projects that demonstrate the greatest ability to fulfill the desired outcomes of the HAP.

Table 2: The Housing Action Plan Implementation Tool (example - illustrative tool only)

	IHO Requirement	**Affordable Housing Incentive: Density Bonus**
Path 1: Deliver a project that does not fulfill any HAP Actions	30%	None
Path 2: Deliver a project that fulfills any one of Action 3, 4 or 5	30%	State defined AH units outside of base density
Path 3: Deliver a project that fulfills any two Actions - 3, 4 or 5	30%	All IHO outside of base density
Path 4: Deliver a project that fulfills Actions 3,4, and 5	40%	20% Density bonus, plus IHO outside base

ACTION 1

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

Target = 200 new units by 2022

Background: The City currently has 410 deed restricted affordable housing units in its total housing stock representing 8.2% of the City's total housing stock. Amongst all the cities in the county, Healdsburg currently ranks #___ in the provision of affordable housing. 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 12%. Development of three publicly owned sites is anticipated to yield approximately 125 of the 200 additional 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.

Core Actions

- *Revise the Inclusionary Housing Ordinance to balance delivery of new affordable housing units via private development, as follows:*
    - *Increase the inclusionary requirement from 15% to 30%.*
    - *Modify the requirement to include low, moderate and middle income.*
    - *Update the in-lieu fee structure to more closely reflect the actual cost to construct a deed-restricted unit.*
- *Revise the Affordable Housing Incentives to allow inclusionary units to be calculated outside base density for projects that meet the stated objectives of the Housing Action Plan.*
- *Establish a dedicated funding source for the creation of affordable housing.*
- *Require local preference clauses on all new affordable housing units to balance the need for local housing with market realities.*

Supporting Actions:

- *Partner with third party non-profits experienced in leveraging local funds and tax credits to create projects at scale.*
- *To the extent feasible, accommodate the majority of new affordable housing on existing publicly owned sites.*
- *To the extent funding structures allow, mix incomes within individual housing projects.*
- *Prioritize new site acquisition for Affordable Housing within 1/2 mile of transit and daily good and services.*
- *Identify vacant or underutilized properties that would be appropriate for affordable housing and prioritize acquisition when they become available.*
- *Work with developers of sites in prime locations to increase the affordable housing component utilizing additional incentives and funding support.*

ACTION 2

Encourage and facilitate private development of secondary dwelling units (SDU's) in order to create additional housing stock that more efficiently uses existing infrastructure, creates opportunities for seniors to 'age in place' and provides housing that is affordable by design.

Target = 125 new units by 2022

Background:

Core Actions:

- *Create a fee waiver or deferral program for deed-restricted SDUs available to moderate income families and below.*

Supporting Actions:

- *Inventory and confirm SDU creation potential within the City Limits.*
- *Review successful SDU programs (eg. Santa Cruz, Marin, San Luis Obispo) for lessons learned.*
- *Explore revisions to the City's existing SDU regulations (i.e. parking requirements, setbacks and design standards).*
- *Create design standards for SDU's.*
- *Create a series of community education workshops, and tools, to explain how SDU's work, relative costs and potential financing techniques.*

DRAFT

ACTION 3

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

Target = 135 new units by 2022

Background: The Housing Needs Assessment prepared for the City in October, 2015 identified the need for housing in our community affordable to working families making between 121-160% of the area median income (AMI). Families making annual incomes between 121-160% AMI are unable to qualify for State defined affordable housing and yet do not make enough money to purchase a market rate home in Healdsburg. The need to develop housing affordable to working families has been a central theme of community discussions during preparation of this Plan. In addition to encouraging developers and builders to construct this type of product, it is recommended a new middle income tier be added to the City's existing Inclusionary Housing Ordinance to require all new market rate projects provide 15% of units to be constructed for deed-restricted middle income units.

Core Actions:

- *Expand the definition of Affordable Housing in the Land Use Code to include Middle Income Housing.*
- *Modify the Inclusionary Housing Ordinance to include a Middle Income Housing tier.*
- *Require 15% of all inclusionary units be deed-restricted to families making between 121-160% AMI.*
- *Explore mechanisms such as local preference clauses to balance need for local housing with market realities.*

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

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

Background: Since the GMO was enacted in 2000 no new market rate rental units have been constructed in the City. The current housing stock is comprised of ___% single family detached units; a percentage that far exceeds the number of single family units typically found in a well-balanced and diverse community.

Core Actions:

- *Create density bonuses for smaller and higher density products that lead to multi-family rental.*

Supporting Actions:

- *Revise the impact fee schedule to scale with unit size.*
- *Right-size residential parking standards to location and demand as part of the parking study currently underway.*

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ACTION 5:

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

Target =33% of all new units built

Background:

Core Actions:

- *Create density bonuses for projects that mix product types and deliver reduced size products.*

Supporting Actions:

- *Revise impact fee schedule to scale with unit size.*
- *Right-size residential parking standards to location and demand as part of the parking study currently underway.*
- *Update the City's Design Guidelines to focus on character, scale and form of new development, especially relationship to streets and the public realm.*

DRAFT

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

Target – create an accurate database of homes without full time residents

Background:

Core Actions:

Supporting Actions:

- *Explore the feasibility of inventorying the City's existing housing stock to better understand the location of rental, ownership and vacant homes.*
- *Create a rental licensing program to capture both number of rental units and provide funding for greater enforcement.*

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