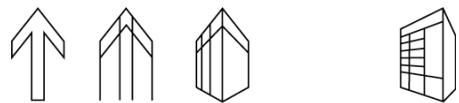


Healdsburg Economic and Market Analysis

April 25, 2011

Prepared for:
City of Healdsburg



STRATEGICECONOMICS

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I. INTRODUCTION AND KEY FINDINGS

This report describes current economic and market conditions in Healdsburg, with a special focus on trends in employment, retail sales, and housing.

REPORT ORGANIZATION

This report is organized into five main sections and an appendix with tables and details about the methodology. Following this introduction and summary of findings, Chapter II provides economic context and summarizes demographic trends in Healdsburg and Sonoma County. Chapter III, the employment analysis, describes trends in businesses and jobs by industry for the downtown and the city. Chapter IV provides a detailed evaluation of Healdsburg retail, with a focus on retail trends in the downtown. Chapter V provides information about housing market trends and projected housing demand. The Appendix includes detailed tables and explanation of methodology.

CONTEXT

Healdsburg is located in Sonoma County on Highway 101 in close proximity to the Russian River recreational area. Over the past decade Healdsburg has become an important upscale wine country destination known for its tasting rooms, historic Healdsburg Plaza, high-end hotels and fine dining.

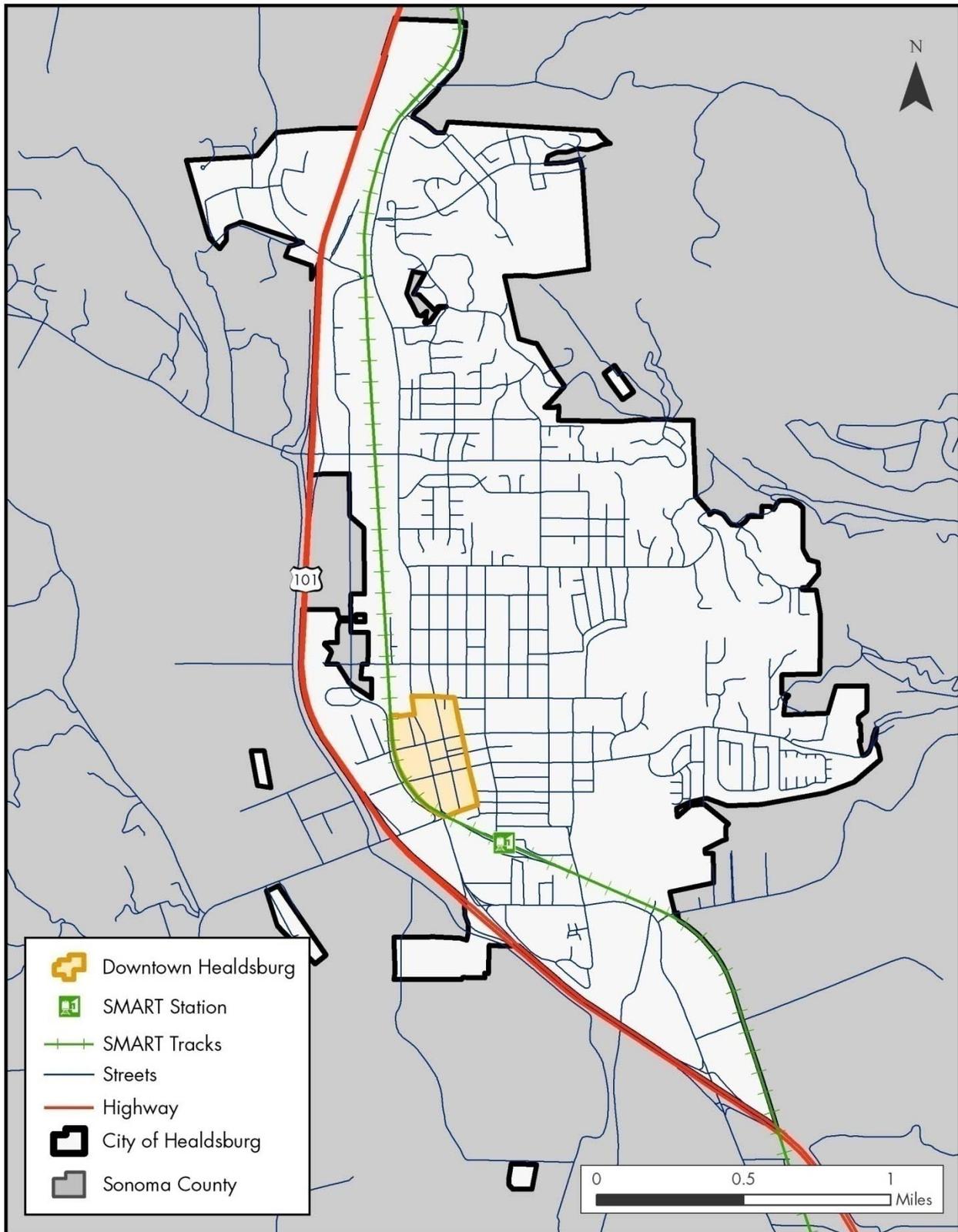
This analysis considers market conditions in Healdsburg in the context of broader trends in the County as a whole. The employment and retail analyses also focus on market conditions in the downtown area (see map in **Figure I**). Downtown Healdsburg is centered on Healdsburg Plaza and is roughly composed of the blocks bound by the railroad tracks to the west, East Street to the east, Mill Street to the south, and a concentration of large-lot, auto-oriented retail uses to the north. The retail in this district is oriented around the plaza and is highly dependent on tourism, including fine-dining destinations and art galleries.

KEY FINDINGS

The Healdsburg economy is changing over time, with significant growth in 1) retail and restaurants that reflect the city's growing prominence as a wine- and food destination; and 2) related wholesale trade, food production and professional services businesses.

The current top employment sectors in Healdsburg are retail and restaurants; health, education and social services; professional and business services; transportation, communication and wholesale trade; and food production. With the exception of health, education and social services, these are also the fastest growing sectors in terms of number of jobs. Many of the new jobs are closely related to the growing appeal of Healdsburg as a center for food and wine-related businesses and an upscale leisure destination. The city is also seeing growth in the number of small firms, including software design, graphic design and other professional services serving the wine, food and tourism industry. Meanwhile, there has been a decline in employment in durable goods manufacturing, including lumber-related businesses.

Figure I: Map of Healdsburg



Source: Strategic Economics, 2011; City of Healdsburg, 2010; US Census, ESRI.

Retail spending in Healdsburg has also changed over time, with a significant decline in auto-related retail, and growth in boutique retail and restaurants.

Healdsburg's top retail store categories in terms of total retail sales are motor vehicles and parts stores, food stores, and eating and drinking places. Compared to the county, Healdsburg has a relative concentration of auto dealerships, eating and drinking places, and building materials. Sales at auto dealerships and related businesses have declined significantly over time. This decline has been counterbalanced by an increase in sales at restaurants and boutique retail stores, mostly located in the downtown. Many of the top generators of retail sales in Healdsburg are now restaurants. One of the implications of the shift toward visitor-serving retail is that an increasing proportion of Healdsburg's retailers are impacted by seasonal fluctuations in visitation, experiencing decreased revenues in the winter months. Businesses that rely on visitors are also more likely to be influenced by broader economic trends. While visitor-driven retail sales have increased dramatically over time, this has also resulted in more volatility during the current recession.

Spending at local-serving retailers that meet the daily needs of the resident population has remained flat over time, and is unlikely to increase substantially without growth in the number of local residents.

Sales by businesses that cater mainly to residents of Healdsburg have remained relatively constant in real dollars over time, consistent with the limited growth in new residents. Resident-serving retailers in Healdsburg consist mainly of food stores, drug stores, and other businesses that serve the daily needs of residents. For less frequent purchases such as apparel or home furnishings, residents are more likely to travel south to Windsor or Santa Rosa, which offer a greater concentration of stores that sell "comparison goods" such as apparel and furniture. Because these kinds of retailers depend on access to a critical mass of households, they are less likely to locate in Healdsburg. As a result, despite the significant amount of retail spending by Healdsburg residents that "leaks" outside Healdsburg, there is limited potential for additional local-serving retail uses. To the extent that additional residential development occurs in Healdsburg, this may help to support additional retail that caters to locals.

Much of the recent growth in economic activity that has occurred in Healdsburg has been focused in and around the downtown; however the geographic extent of these activities has remained largely the same over time.

Downtown Healdsburg has a high concentration of retail, restaurants, lodging and other businesses that have been increasing in terms of employment and retail sales over time. Growing demand for retail space in Healdsburg has resulted in rising rents; however the extent of the downtown shopping area is limited to areas that offer a pleasant pedestrian environment and continuous store frontage. Retail spaces that front on the plaza achieve premium rents, but this premium drops off rapidly on adjacent streets. Thus, enhanced pedestrian connections and other public realm improvements have the potential to increase overall retail sales.

The Healdsburg housing market has been relatively strong, with homes retaining their value better than other parts of Sonoma County. Changing demographics suggest that a growing proportion of housing demand will be for townhouses and multi-family units.

During the current recession, Healdsburg homes have maintained their value better than many other locations in Sonoma County, in part due to the fact that the demand for housing in the city has outpaced new supply. Healdsburg demographics have been shifting toward smaller households and singles. Nearly 30 percent of the population is currently aged 45 to 65; as the "baby boomer" generation moves into retirement, this will have an impact on housing demand. Under a moderate scenario, it is projected that there will be demand for an additional 945 housing units in Healdsburg between 2010 and 2030.

The Growth Management Ordinance deters larger projects and therefore limits the types of housing that would cater to the wide variety of households expected to want to live in Healdsburg.

Although the text of the GMO limits only the amount of housing built, it functionally also dictates the types of housing development that can occur in Healdsburg. Multi-family housing (even of the low-rise scale that would be most likely in Healdsburg) is very difficult to build in small increments, such as would be required by the GMO. Therefore the significant portion of projected housing demand for multi-family units is not likely to be met with the GMO in place.

Without adjustments to the GMO, most new housing will continue to be in the form of small-scale single family development that is not affordable to moderate-income households.

Infill and redevelopment projects require significant up-front investments in environmental remediation and infrastructure. The risk and holding periods associated with limitations under the GMO would likely dissuade most developers from making the investments necessary to make redevelopment successful.

II. MARKET AND ECONOMIC CONTEXT

This section provides an overview of Healdsburg’s economic position, including an analysis of demographic trends in Healdsburg and Sonoma County, an evaluation of commute patterns in Healdsburg, the balance of jobs to housing units in Healdsburg relative to Sonoma County and the larger Bay Area, and an overview of seasonal trends that influence businesses in Healdsburg. The section begins with a brief introduction to the Healdsburg Growth Management Ordinance, which is referenced in later sections of the report.

GROWTH MANAGEMENT ORDINANCE

Population and housing growth is an important issue in both Healdsburg and Sonoma County as a whole. Many municipalities in Sonoma County have implemented growth management ordinances (GMOs) to limit the pace and/or location of new development and the attendant growth in population. In November 2000, Healdsburg voters approved Measure M, a residential GMO, which applies to any new residential building permit issued after January 1, 2001. Measure M limits the number of building permits that may be issued for dwelling units to no more than 30 per year on average and no more than 90 in a three-year period, but exempts affordable housing from these limits.

The City of Healdsburg established policies to implement the GMO that provide that 20 allocations are available for larger projects each year, while the remaining ten allocations are for smaller projects, such as in-fill single family homes. The allocations expire in a maximum of three years if building permits are not issued for them.

The limits established under the GMO make it challenging for a developer to include market-rate residential units in a project of any significant scale. The limited number of allocations per year would extend a project’s timeline and increase risk for a larger development, which makes it more challenging to obtain financing. In addition, one large residential project will limit what other development can happen in Healdsburg at the same time. The impacts of the GMO are further discussed in Chapter V of this report.

DEMOGRAPHIC OVERVIEW

This section provides an overview of demographic trends for Healdsburg and Sonoma County, to provide a foundation for assessing the market potential of various land uses. Key findings about Healdsburg population growth are presented below, and detailed tables are provided in the Appendix.¹

Decreasing Household Sizes, More Singles

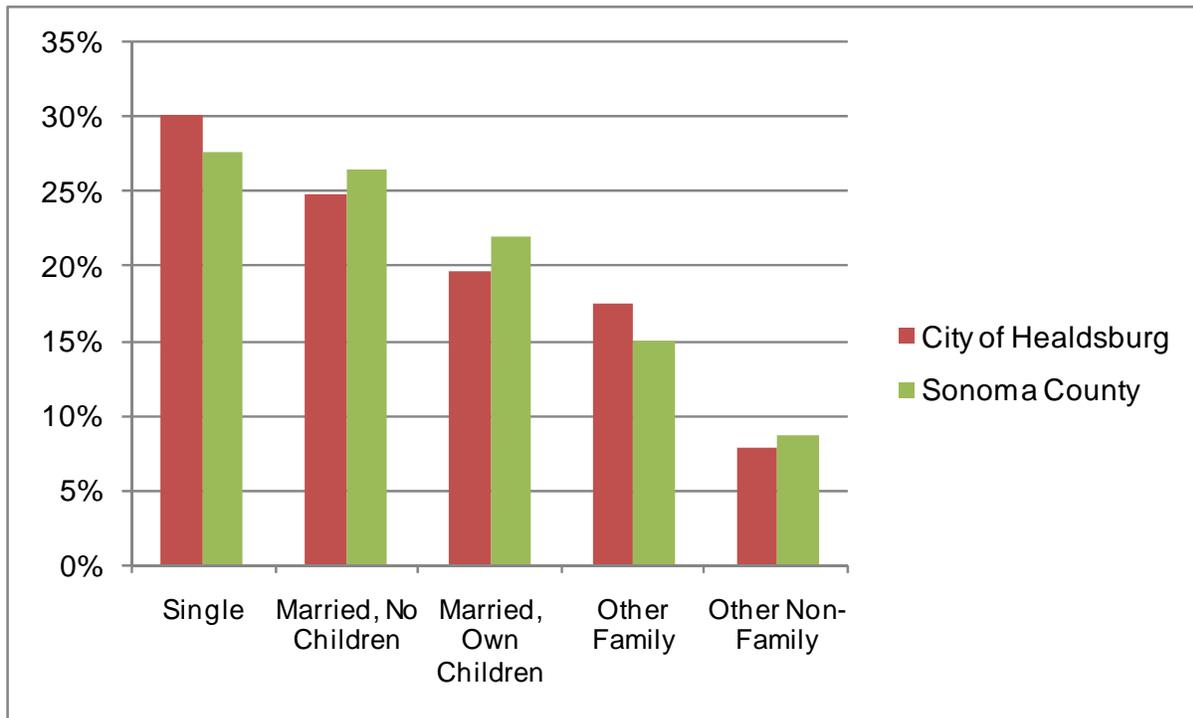
While the average size of households in Healdsburg has declined over the last 20 years, the proportion of families has also declined. Families made up about 70 percent of households in Healdsburg in 1990, but only about 62 percent in 2009 which is a slightly smaller proportion than Sonoma County as a whole, as shown in **Figure II.1**, below. This demographic trend of decreasing household size was corroborated by the Healdsburg Superintendent of Schools who stated that there has been a decline in student enrollment. The proportion of singles in Healdsburg grew in the same period from 24 percent to 30 percent.

¹ This analysis incorporates the most recent data available from public and private sources, including 2005-2009 American Community Survey (ACS) 5-Year Estimates prepared by the United States Census Bureau. The ACS 5-Year Estimates provide population and housing characteristics based on data collected from January 1, 2005 to December 31, 2009 and represent the average results for the 5-year period for which data was collected. For the purpose of simplicity, this data is labeled with the year “2009” in tables and figures throughout this report.

Increasing Incomes, Overtaking Sonoma County

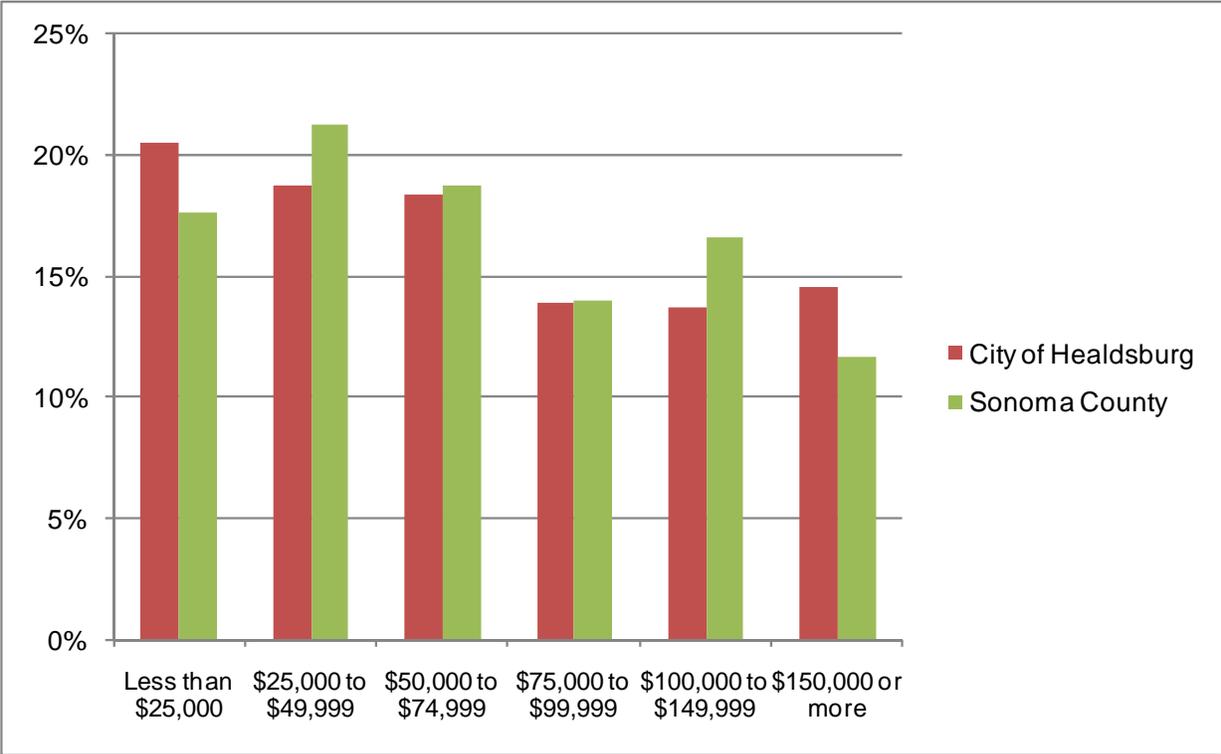
As household size has declined in Healdsburg from 1990 to 2009, median household income and per capita income have shown significant increases. Compared to Sonoma County, Healdsburg households now have higher median and per capita incomes (Table II.1) and Healdsburg has a higher proportion of households in the highest income group. In 2009, an estimated 15 percent of Healdsburg households earned \$150,000 or more while 12 percent of households in the County as a whole earned that amount. Healdsburg also has a higher proportion of households in the lowest income group, as shown in **Figure II.2** below. Further details on incomes are included in the Appendix.

Figure II.1: Household Types in Healdsburg and Sonoma County, 2009



Source: 2005-2009 American Community Survey 5-Year Estimates; Strategic Economics, 2011.

Figure II.2: Income Distribution for Healdsburg and Sonoma County Households, 2009



Source: 2005-2009 American Community Survey 5-Year Estimates; Strategic Economics, 2011.

Increasing Diversity and Educational Attainment

While the majority of Healdsburg residents are white, racial and ethnic diversity has increased over time. During the 1990s, the proportion of white residents decreased from 87 to 80 percent. In addition, the percent of Hispanic/Latino residents increased from 21 percent to 30 percent.

As shown in **Figure II.3**, the proportion of residents of Healdsburg who have achieved a Bachelor’s degree or higher grew throughout the 1990s and 2000s. Meanwhile, the percent of Healdsburg residents with a high school diploma or less has fallen considerably.

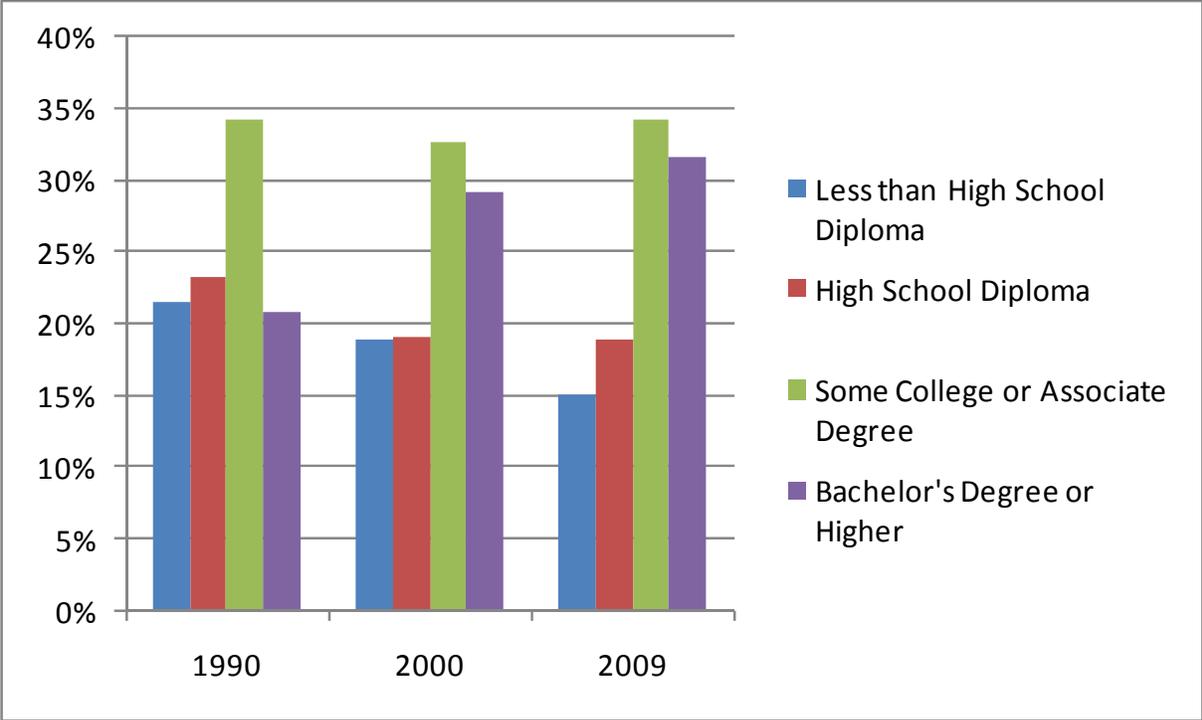
Table II.1: Basic Demographic Trends for Healdsburg and Sonoma County, 1990, 2000, and 2009

	City of Healdsburg			Sonoma County		
	1990	2000	2009	1990	2000	2009
Population	9,469	10,722	10,952	380,558	447,512	464,218
Households	3,613	3,968	4,448	149,011	172,403	179,061
Avg. Household Size	2.60	2.69	2.44	2.55	2.60	2.53
Median Household Income*	\$33,712	\$49,007	\$65,811	\$36,299	\$53,076	\$63,848
Per Capita Income*	\$14,710	\$22,094	\$34,569	\$17,239	\$25,724	\$32,939

Source: Census 1990, 2000; 2005-2009 American Community Survey 5-Year Estimates; Strategic Economics, 2011.

*1990 and 2000 Census data not inflation adjusted.

Figure II.3: Educational Attainment Trends in Healdsburg, 1990, 2000, and 2009



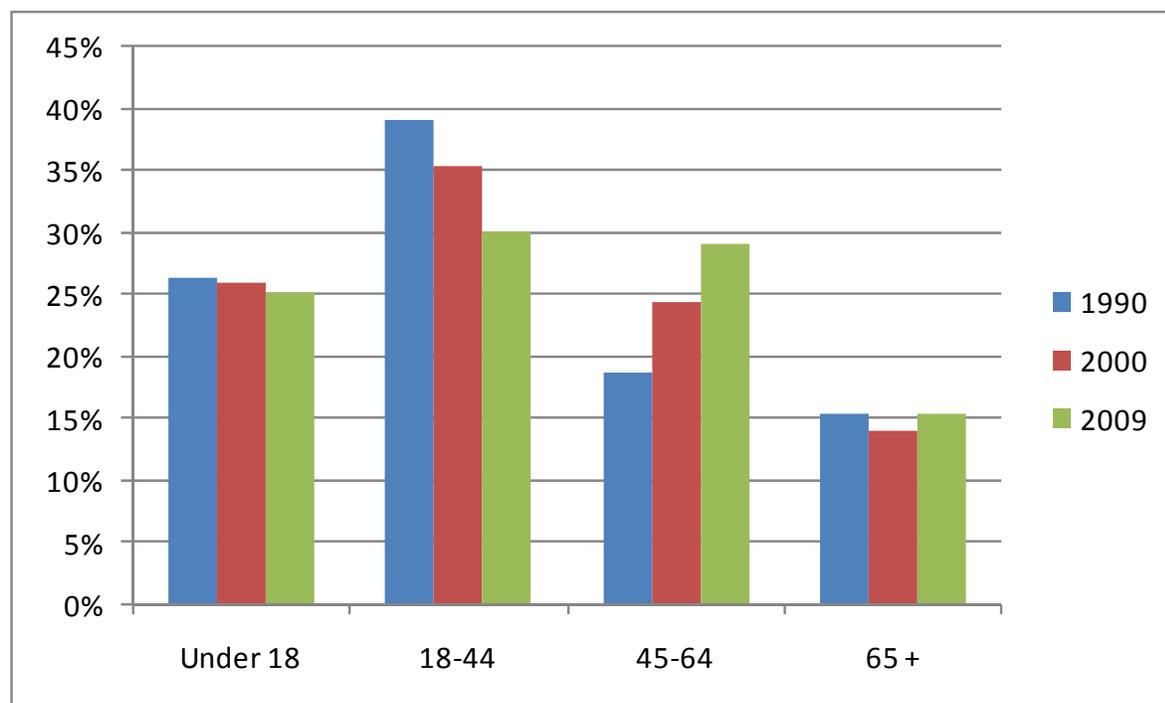
Source: Census 1990, 2000; 2005-2009 American Community Survey 5-Year Estimates; Strategic Economics, 2011.

Detailed tables on racial and ethnic diversity and educational attainment are included in the Appendix.

Growing Baby Boomer Population

Over the same period, the population of Healdsburg saw a significant increase in the percent of residents in the 45 to 64 year range. As shown in **Figure II.4**, this group – the “baby boomers” -- has grown from less than 20 percent of the population in 1990 to 29 percent in 2009. During the same period the percent of Healdsburg residents under 18 years old fell from 27 percent to 25 percent, and the percent of residents from 18 to 44 years old fell from 39 to 30 percent. As this generation enters retirement, it has the potential to have a significant impact on the demographics of Healdsburg and housing demand.

Figure II.4: Age Distribution Trends in Healdsburg, 1990, 2000, and 2009



Source: Census 1990, 2000; 2005-2009 American Community Survey 5-Year Estimates; Strategic Economics, 2010.

Growing Number of Vacant/Second Homes

From 1990 to 2009, the number of housing units in Healdsburg grew by over 1,000 units, or 27 percent (**Table II.2**). During this same period, the number of vacant housing units more than doubled from 153 to 336 units, and the vacancy rate climbed from 4 percent to 7 percent. Higher vacancy rates in 2009 are at least partly attributable to the recent housing downturn, which has resulted in higher vacancies nationwide. The proportion of housing units reported as used for seasonal, recreational, or occasional use – a subset of vacant units -- increased from 1 to 3 percent.² It is likely that a growing proportion of second home owners will make Healdsburg their main residence over time, as the baby boomer generation enters retirement.

Healdsburg has a somewhat lower rate of owner-occupancy than the rest of Sonoma County and the rate of owner-occupancy has declined since 1990. In 2009, only 58 percent of occupied housing units were owner-occupied within the city, while the county had an owner-occupancy rate of 63 percent.

² It is possible that the proportion of residential units used as second homes in Healdsburg is underreported by the Census. Households who split their time between two locations are encouraged to report their main address as the one where they spend most of their time, and the other as vacant, for occasional use. However, it is possible that some home owners may have filled out their Census/American Community Survey forms incorrectly.

Table II.2: Tenure and Vacancy of Housing Units, Healdsburg and Sonoma County, 1990, 2000, and 2009

	City of Healdsburg			Sonoma County		
	1990	2000	2009	1990	2000	2009
Total Housing Units	3,766	4,138	4,784	161,062	183,153	196,952
Occupied Housing Units	3,613	3,968	4,448	149,011	172,403	179,061
% Owner-Occupied	61%	60%	58%	63%	64%	63%
% Renter-Occupied	39%	40%	42%	37%	36%	37%
Vacancy Rate*	4%	4%	7%	7%	6%	9%
Occasional Use	1%	1%	3%	3%	3%	4%

Source: Census 1990, 2000, ACS 2009; 2005-2009 American Community Survey 5-Year Estimates; Strategic Economics, 2011.

* Vacancy rate includes occasional use.

COMMUTE PATTERNS AND JOBS-HOUSING BALANCE

This section provides an analysis of commute patterns in Healdsburg and the jobs/housing balance in Healdsburg and Sonoma County.

Healdsburg Residents Work along the 101 Corridor

The majority of Healdsburg residents work along the Highway 101 corridor in Sonoma County. A substantial number of employed residents, about 23 percent, live and work within the Healdsburg city limits. Santa Rosa and Windsor also employ a sizable portion of the Healdsburg resident labor force, at 16.6 percent and five percent respectively. As shown in **Table II.3**, less than 30 percent of Healdsburg residents commute outside of Sonoma County, with about four percent commuting to Napa County and less than three percent commuting to San Francisco.

Table II.3: Where Healdsburg Residents Work, 2008

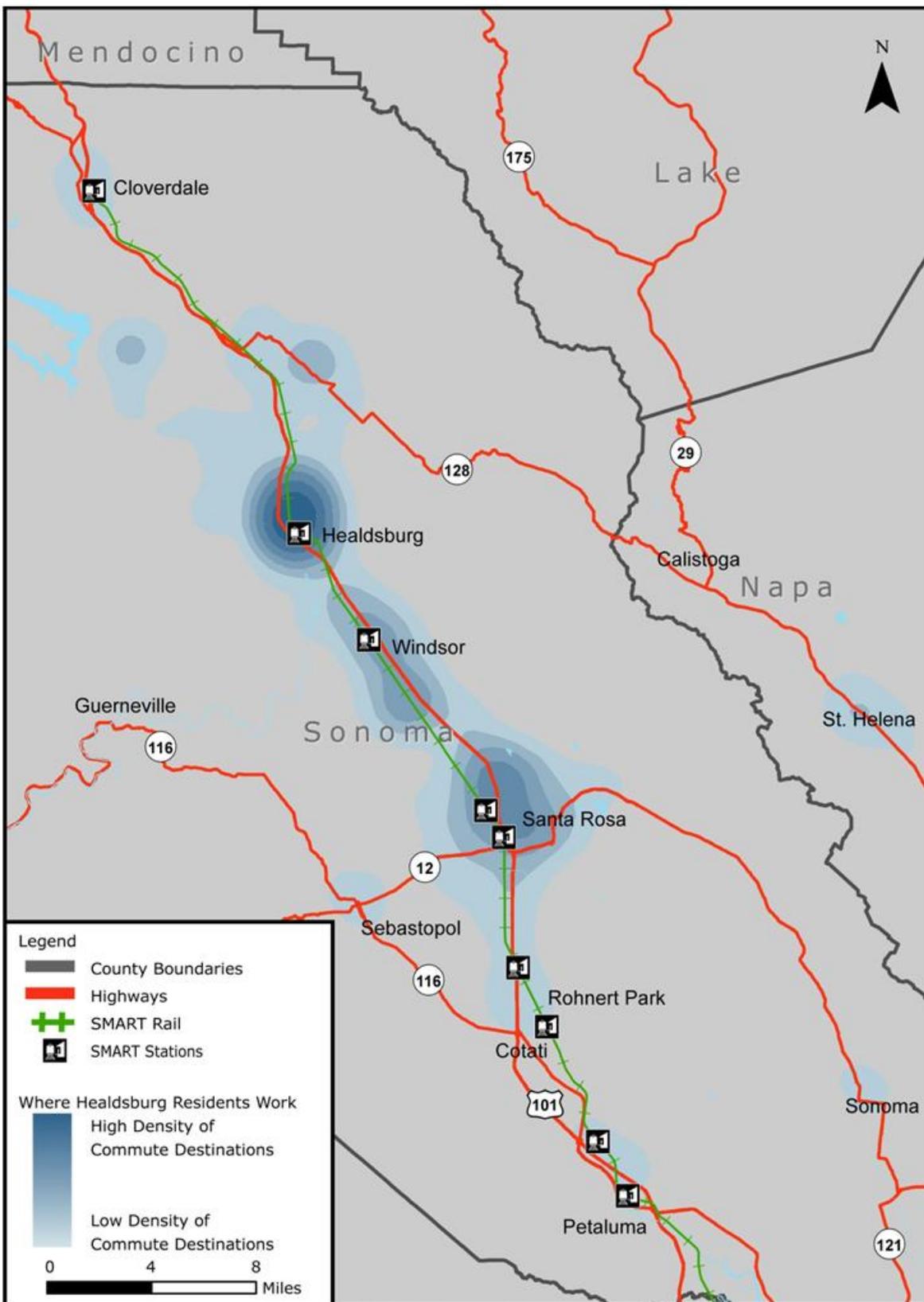
Place of Work	Number of Commuters	Share
Healdsburg	1,183	23.4%
Santa Rosa	840	16.6%
Windsor	266	5.3%
Other Sonoma County	1,304	25.9%
Napa County	214	4.2%
San Francisco County	141	2.8%
Alameda County	125	2.5%
Santa Clara County	113	2.2%
Marin County	111	2.2%
Contra Costa County	105	2.1%
Mendocino County	77	1.5%
San Mateo County	74	1.5%
Sacramento County	72	1.4%
All Other Locations	424	8.4%
Total All Jobs	5,049	100.0%

Source: US Census Bureau, Longitudinal Employer-Household Dynamics Origin-Destination Database (LEHD), 2008.

Similarly, most non-resident employees who work in Healdsburg commute from cities along the Highway 101 corridor. Around sixteen percent of employees come from Santa Rosa, while thirteen percent commute from Windsor. Another five percent commute from Cloverdale. Interestingly, residents of the northern part of Sonoma County appear to be commuting to Healdsburg, while Healdsburg residents mostly commute to points south.

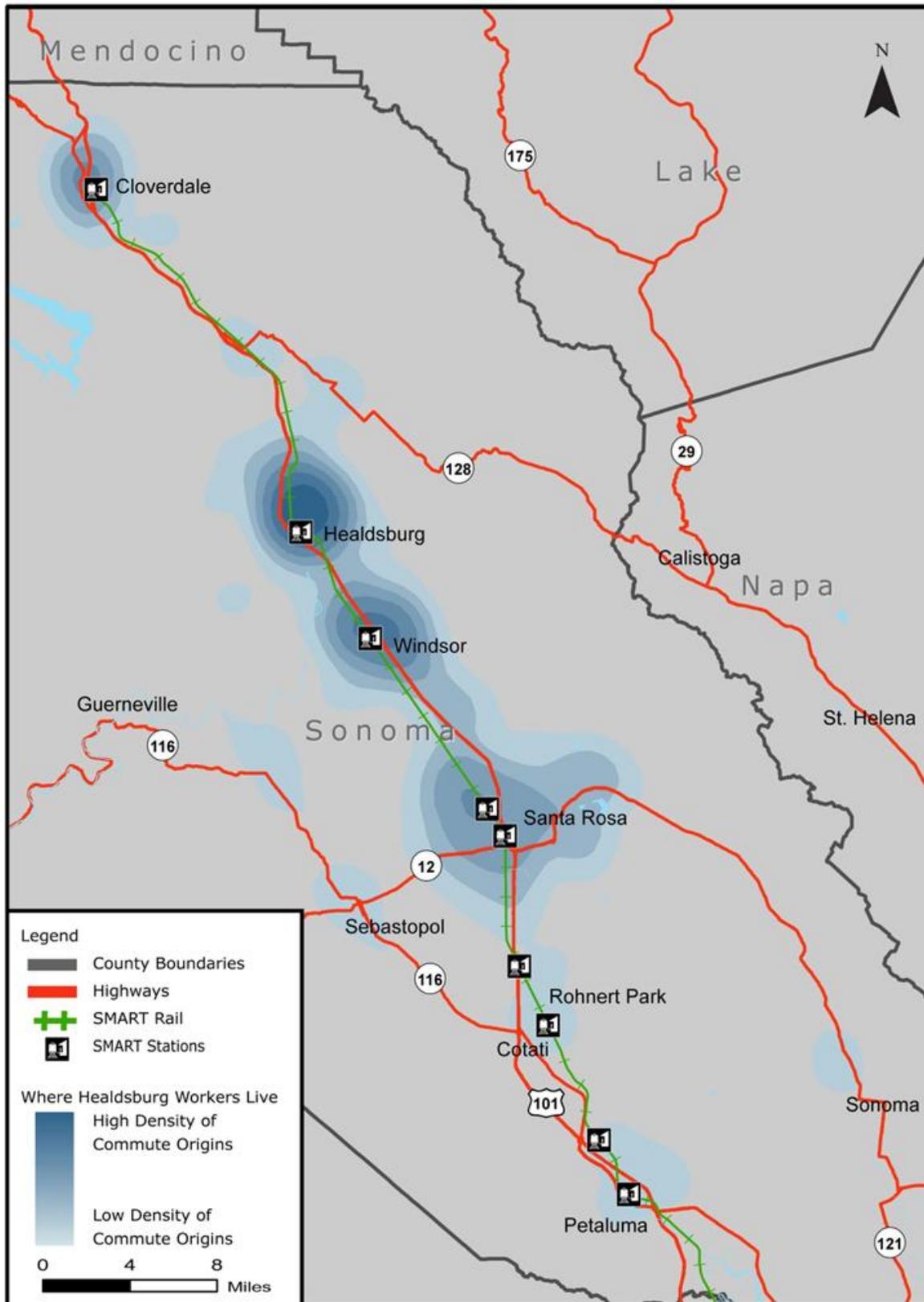
Figures II.5 and II.6 on the following pages show the work destinations of Healdsburg residents and home locations of employees who work in Healdsburg. **Figure II.5** indicates the areas within the region where a higher concentration of Healdsburg residents work with the darker color blue. As shown in the map the highest concentration of Healdsburg residents work in Healdsburg proper, but many Healdsburg residents work in the area just outside the city boundaries as well. Similarly, **Figure II.6** indicates the areas within the region where those employed in Healdsburg live. About 82 percent of Healdsburg workers live in Sonoma County.

Figure II.5: Where Healdsburg Residents Work, 2008



Source: Strategic Economics, 2010; City of Healdsburg, 2010; US Census Longitudinal Employer-Household Dynamics Data, 2008.

Figure II.6: Where Healdsburg Workers Live, 2008



Source: Strategic Economics, 2010; City of Healdsburg, 2010; US Census Longitudinal Employer-Household Dynamics Data, 2008.

High Ratio of Jobs to Households

Healdsburg does not serve as a bedroom community for a regional job center, but rather has a significant number of jobs for a city of its size, as is discussed in the employment chapter of this report. In fact, as shown in **Table III.4**, Healdsburg has a higher ratio of jobs to households than Sonoma County as a whole or the nine-county Bay Area region.

Table II.4: Jobs Housing Balance, 2010

	Total Jobs	Households	Jobs / Housing Ratio
Healdsburg	5,990	4,460	1.34
Sonoma County	218,360	188,340	1.16
Bay Area	3,475,840	2,667,340	1.30

Source: Association of Bay Area Governments, 2009; Strategic Economics, 2010.

RECENT AND PLANNED COMMERCIAL DEVELOPMENT³

Several key commercial projects have had a transformative effect on the downtown and on the Healdsburg economy as a whole. Two of these, the Hotel Healdsburg and the h2hotel, have had a particularly strong impact.

Hotel Healdsburg

The Hotel Healdsburg opened in 2002 on the west side of Healdsburg Plaza. The 55 room hotel includes a pool, spa, fitness center, a bar, the Dry Creek Kitchen restaurant and several retail spaces. As a luxury hotel, rates range from \$275 to \$820 per night, depending on the room type and season.

h2hotel

The h2hotel's 36 rooms just opened in 2010. This Gold LEED-registered extension of the Hotel Healdsburg is located down the street from its sister hotel. In addition to access to Hotel Healdsburg facilities, h2hotel offers free bike rental and bike storage facilities as well as a restaurant and bar. Rates are somewhat more moderate, from a low of \$195 per night for a standard room in the winter to a high of \$555 per night for a one-bedroom suite in summer.

For both of these hotels, the impact on the economy is not merely on the tax revenue generated or jobs created by the hotels themselves. These hotels also serve as “anchor tenants” in a rapidly growing, tourist-oriented retail sector in the downtown, which has become an increasingly central component of the Healdsburg economy. **Table II.5**, below, shows that much of the recently developed, under construction, and approved commercial development is similar in its orientation. Including the h2hotel, five of the nine projects listed include a hotel, restaurant, or both.

³ Note: recent housing development is discussed in detail in Section V.

Table II.5: Recent Commercial Development in Healdsburg

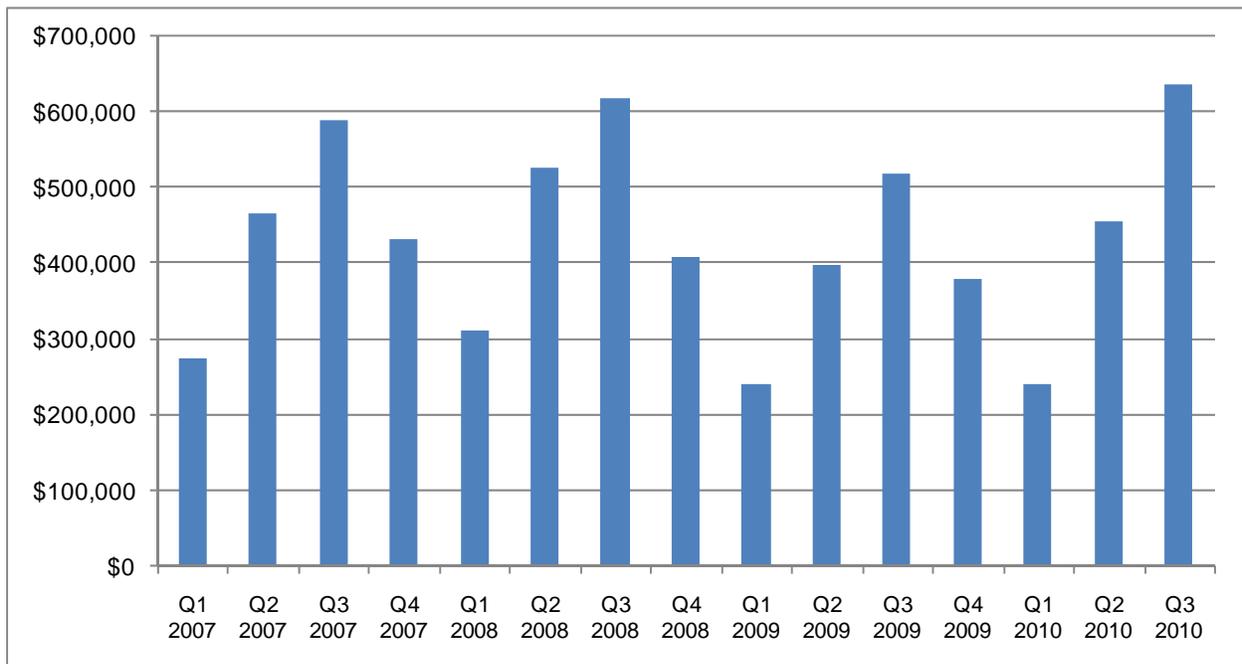
Location	Description		Completion Date
Recent Development (Since July 2005)			
13100 Healdsburg Ave	RV and Boat Storage	403 Spaces	2008
27 & 29 North St (Les Mars Hotel and Cyrus Restaurant)	Hotel and Restaurant	16 rooms, 60 seats	2005
33 Healdsburg Ave	K-8 Private School	90 students	2008
219 Healdsburg Ave (h2hotel & Spoonbar)	Hotel and Restaurant	36 rooms, 60 seats	2010
138 W North St	Welding Shop, Office	6,000 sf, 833 sf	2011
Under Construction			
845 Healdsburg Ave	Office Renovation	15,812 sf	2011
Approved But Not Yet Under Construction			
146 Healdsburg Ave	Hotel	23 rooms	N/A
25 North St	Retail, Restaurant	2,000 sf, 64 seats	N/A
Pasalaqua Dr and Parkland Farms Blvd (Saggio Hills)	Hotel, Restaurant, Spa, Conference Facility, Single-Family Subdivision	130 rooms, 70 units	N/A

Source: City of Healdsburg 2011, Strategic Economics 2011.

SEASONALITY

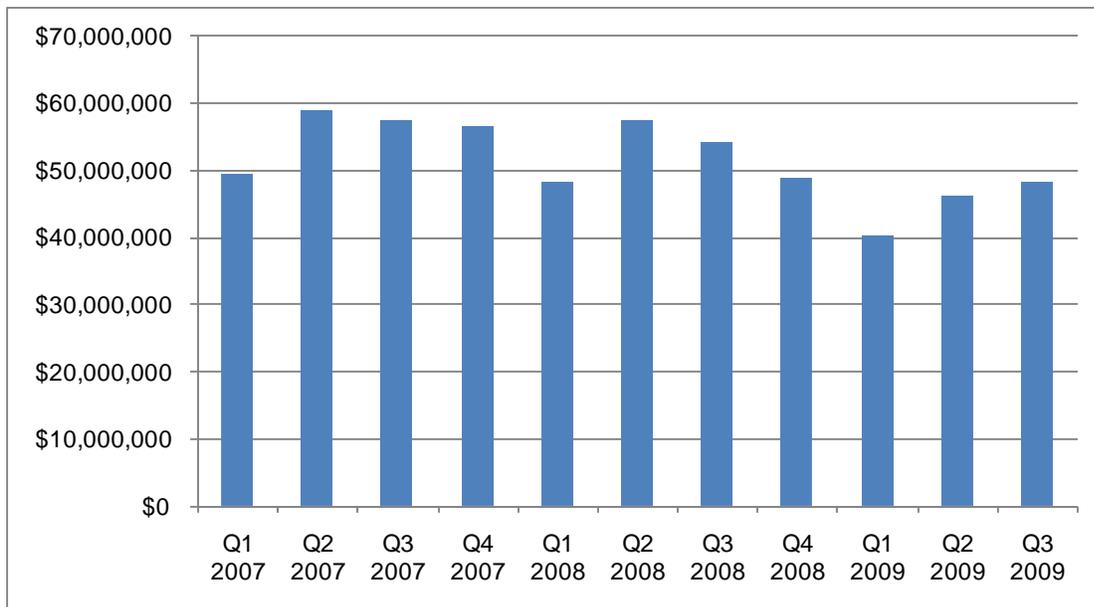
Many of Healdsburg’s retail businesses are impacted by seasonal fluctuations in visitation, experiencing decreased revenues in the winter months. This seasonality is illustrated by **Figures II.7 and II.8**, showing quarterly data for transient occupancy tax (TOT) revenues to the City, and total retail sales, respectively. TOT revenue is a proxy for hotel room nights sold. As shown in the figures, both retail sales and hotel room nights fall off significantly in the first quarter of the year, made up of the months of January, February, and March.

Figure II.7: Quarterly Transient Occupancy Tax Revenue in Healdsburg, Q1 2007 – Q3 2010



Source: City of Healdsburg, 2011; Strategic Economics, 2011.

Figure II.8: Quarterly Retail Sales in Healdsburg, Q1 2007 – Q3 2009



Source: California State Board of Equalization, 2010; Strategic Economics, 2011.

III. EMPLOYMENT ANALYSIS

This section describes employment trends in Healdsburg and Sonoma County in order to understand the local economy’s strengths and opportunities for growth.

DATA AND METHODOLOGY

The analysis is based on establishment-level time series employment data from the National Establishment Time Series (NETS) for 1990, 2000, 2006 and January 2010.⁴ Employment trends were analyzed for two-digit, three-digit, and four-digit Standard Industrial Classification (SIC) codes. The SIC codes were aggregated into the following industry sector groups:

Table III.1: Industry Sector Groups

Industry Sector Group	SIC Code	Description of Industries
Public Administration	43, 91 to 97	Postal Service and All Public Administration
Lodging, Culture, Entertainment	70, 78, 79, 84	Hotels and Other Lodging, Motion Pictures, Amusement and Recreation Services, Museums, Botanical, and Zoological Gardens
Construction	15 to 17	All Construction
Durable Goods Manufacturing	21 to 39	All Manufacturing except Food and Kindred Products; Lumber and Wood Products; Printing and Publishing
Other	02, 08 to 14, 49, 72, 75, 76, 86, 88, 89, 99	Livestock, Forestry, Fishing, Hunting and Trapping, Electric, Gas, and Sanitary Services, Personal Services, Auto Repair, Services and Parking, Miscellaneous Repair Services, Membership Organizations, Private Households, Services Note Elsewhere Classified, Non Classifiable Establishments
Food Production	01, 07, 20	Crop Production, Agricultural Services, Food and Kindred Products Manufacturing
Transportation, Communication, Wholesale Trade	40 to 42, 44 to 48, 50, 51	Railroad, Water, and Air Transportation, Local and Interurban Passenger Transit, Trucking and Warehousing, Pipelines, Except Natural Gas, Transportation Services, Communications, All Wholesale Trade
Professional and Business Services	60 to 67, 73, 81, 87	Finance, Insurance, Real Estate, Business Services, Legal Services, Engineering and Management Services
Health, Social Services, Education	80, 82, 83	Health Services, Educational Services, Social Services
Retail and Restaurants	52 to 59	All Retail Trade, including Restaurants and Bars

Source: National Establishments Time Series; Strategic Economics, 2011.

⁴ The NETS Database is a time-series of Dun and Bradstreet establishments from 1990 to January 2010. This data is based on reporting data from individual establishments. The data has been compiled and geo-coded by Urban Explorer.

SONOMA COUNTY

In order to contextualize the employment trends in Healdsburg, Strategic Economics analyzed historical employment trends in Sonoma County. As shown in **Table III.2** and **Figure III.1**, the total number of jobs in the county grew from 170,000 in 1990 to 191,000 in 2010, an increase of 21,000 jobs. The county experienced its greatest job gains in Professional and Business Services; Food Production; Lodging, Culture, and Entertainment; and Public Administration, which accounted for 87 percent of the net employment growth during the last 20 years. Two of the high-growth industry sector groups, Food Production and Lodging, Culture, and Entertainment are closely related to the Sonoma County wine and tourism industries. Some of the Professional and Business Services firms in Healdsburg are also linked to the wine and tourism sectors.

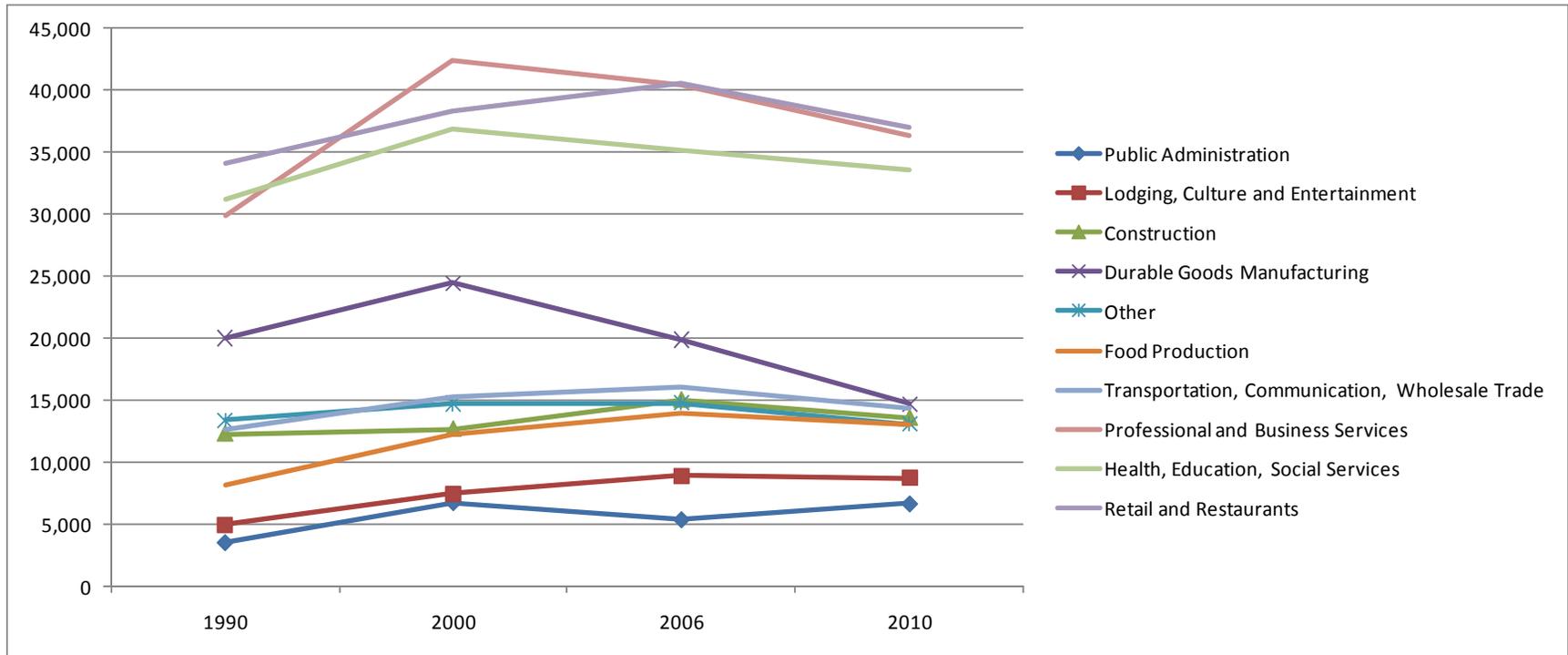
The only sector to experience major job losses in the county was Durable Goods Manufacturing, which declined by 5,300 net jobs from 1990 to 2010. Within this category, Lumber and Printing and Publishing accounted for the biggest job losses, followed by Stone, Clay and Glass Manufacturing and Instrument Manufacturing.

Table III.2: Sonoma County Employment Trends, 1990-2010

Industry Sector Group	Employment (Number of Jobs)				Net Change 1990-2010	Ann. Avg. Growth 1990-2010
	1990	2000	2006	2010		
Public Administration	3,601	6,785	5,422	6,680	3,079	3.1%
Lodging, Culture and Entertainment	4,983	7,468	8,953	8,763	3,780	2.9%
Food Production	8,169	12,261	13,987	13,077	4,908	2.4%
Professional and Business Services	29,927	42,425	40,446	36,376	6,449	1.0%
Transportation, Communication, Wholesale Trade	12,627	15,274	16,043	14,360	1,733	0.6%
Construction	12,325	12,714	15,087	13,630	1,305	0.5%
Health, Education, Social Services	31,206	36,876	35,122	33,562	2,356	0.4%
Retail and Restaurants	34,064	38,300	40,589	37,009	2,945	0.4%
Other	13,412	14,781	14,807	13,102	-310	-0.1%
Durable Goods Manufacturing	20,011	24,459	19,902	14,717	-5,294	-1.5%
Total	170,325	211,343	210,358	191,276	20,951	0.6%

Source: National Establishments Time Series Database, 2010; Strategic Economics, 2011.

Figure III.1: Sonoma County Employment Trends by Industry Sector Group, 1990-2010



Source: National Establishments Time Series; Strategic Economics, 2011.

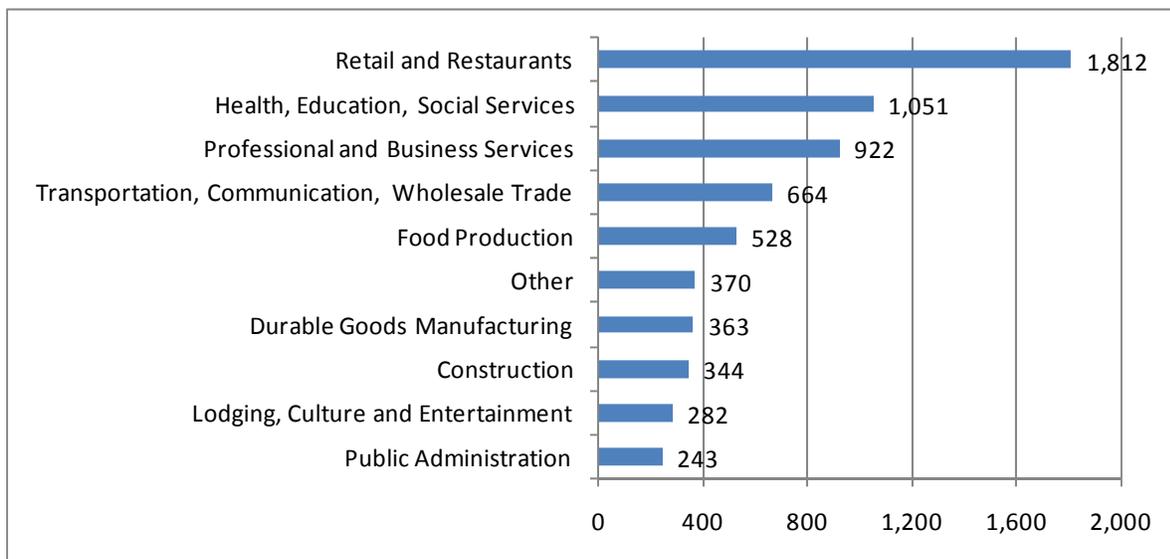
HEALDSBURG

In January 2010, there were approximately 6,600 jobs in Healdsburg. Healdsburg's top industry sector groups in terms of number of jobs include:

- Retail and Restaurants
- Health, Education and Social Services
- Professional and Business Services
- Transportation, Communication, and Wholesale Trade
- Food Production

Combined, these five industry groups accounted for nearly 5,000 jobs (76 percent of total employment) in 2010, as shown in **Figure III.2** below.

Figure III.2: Healdsburg Employment by Industry Sector, 2010



Source: *National Establishments Time Series, 2011.*

In January 2010, the largest employers based in Healdsburg included the Healdsburg Unified School District; North Sonoma County Hospital District; Ace Hardware; the City of Healdsburg; Solarnet (which recently relocated to Rohnert Park), Hotel Healdsburg, and Healdsburg District Hospital Rehabilitation Services (see Table III.3 below).

Table III.3: Largest Healdsburg Employers, January 2010

Company Name	Industry Group	Jobs
Healdsburg Unified School District	Health, Social Services, Education	198
North Sonoma County Hosp Dst	Health, Social Services, Education	171
Ace Hardware Corporation	Retail and Restaurants	138
City of Healdsburg	Public Administration	103
Solarnet LLC	Transportation, Communication, Wholesale Trade	100
Hotel Healdsburg	Lodging, Culture, Entertainment	100
Healdsburg Dist Hosp Rehab Svc	Health, Social Services, Education	100
Alliance Medical Center Inc	Health, Social Services, Education	99
Beam Wine Estates Inc	Food Production	90
Franciscan Vinyards Inc	Food Production	75
Safeway Inc	Retail and Restaurants	70
Dry Creek Band of Pomo Indians	Public Administration	70
Big John's Market	Retail and Restaurants	68
Syar Industries Inc	Transportation, Communication, Wholesale Trade	65
Silveria Buick Authorized Sales	Retail and Restaurants	65
General Dynmics Ots Ncvlle Inc	Durable Goods Manufacturing	60
Dry Creek Kitchen	Retail and Restaurants	60
CVS Drug Stores	Retail and Restaurants	60
Social Advocates For Youth	Health, Social Services, Education	60
Enzennauer Vineyard Managment	Food Production	58
Max Machinery Inc	Durable Goods Manufacturing	58
Seghesio Dry Creek Ranch	Food Production	56
E & M Electric and McHy Inc	Transportation, Communication, Wholesale Trade	50
Healdsburg Lumber Company Inc	Retail and Restaurants	50

Source: National Establishments Time Series Database, 2010; Strategic Economics, 2011.

As in Sonoma County, overall employment increased in Healdsburg from 1990 to 2010 (see **Table III.4** and **Figure III.3**). The industry sectors that experienced the greatest net job increases in the city included:

- Professional and Business Services;
- Food Production;
- Transportation, Communications, and Wholesale Trade; and
- Retail and Restaurants.

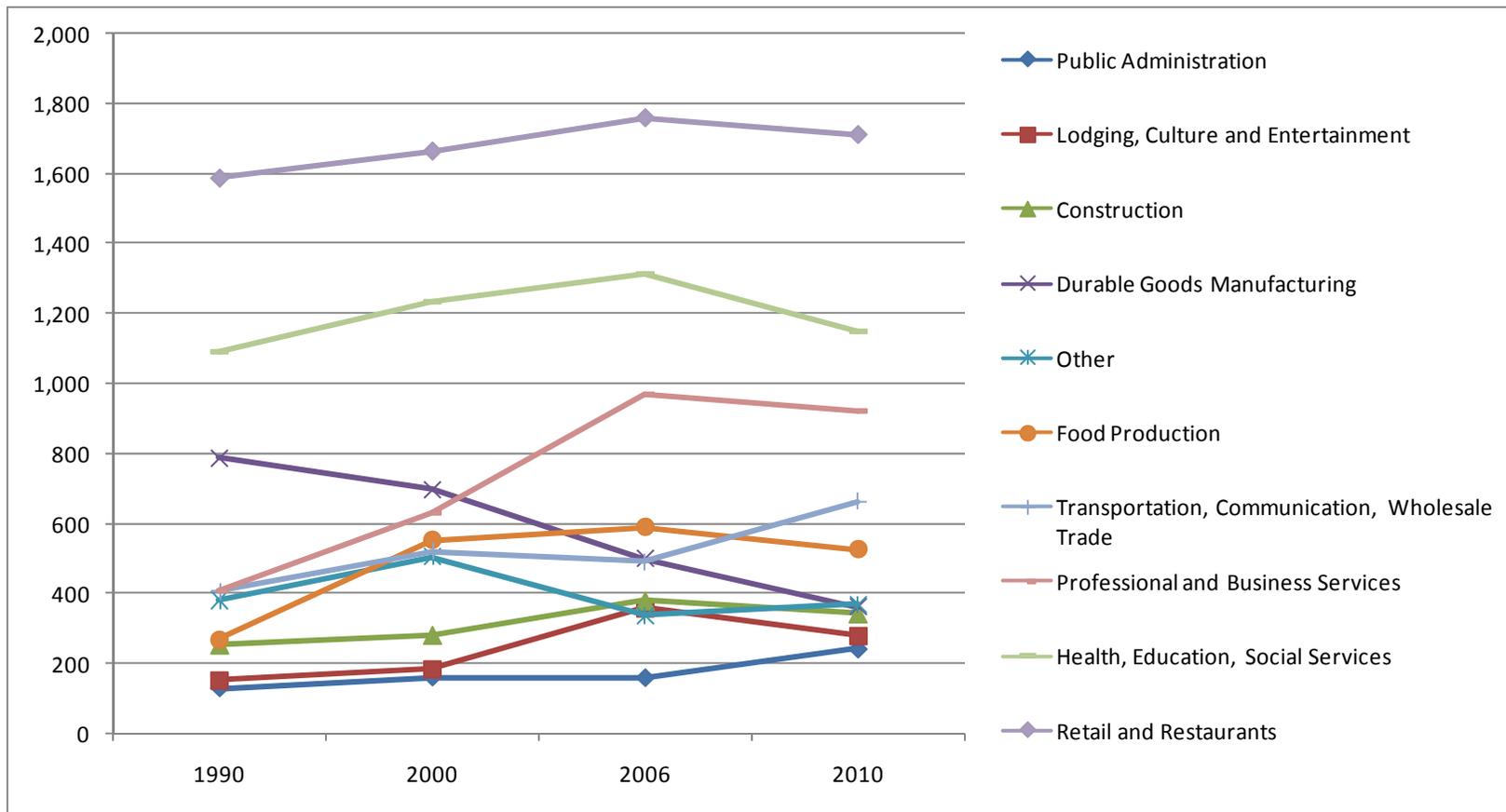
The decline in Durable Goods Manufacturing reflects the drop in manufacturing employment in the greater Bay Area economy over the last two decades. This category includes employment in the Lumber and Wood Products industry, which experienced a net loss of 94 jobs in Healdsburg from 1990 to 2010. Sonoma County had a net loss of nearly 1,100 jobs in this sector during the same period. Employment in many sectors peaked in 2006, and then declined or remained flat during recessionary years. However, employment in Retail and Restaurants; Transportation, Communication and Wholesale Trade; and Public Administration has continued to rise despite the slow economy.

Table III.4: Healdsburg Employment Trends, 1990-2010

Industry Sector Group	Employment (Number of Jobs)				Net Change 1990-2010	Ann. Avg. Growth 1990-2010
	1990	2000	2006	2010		
Professional and Business Services	406	629	969	922	516	4.2%
Food Production	271	554	591	528	257	3.4%
Public Administration	129	161	159	243	114	3.2%
Lodging, Culture and Entertainment	154	186	359	282	128	3.1%
Transportation, Communication, Wholesale Trade	408	522	492	664	256	2.5%
Construction	255	283	381	344	89	1.5%
Health, Education, Social Services	1,092	1,235	1,316	1,151	59	0.3%
Retail and Restaurants	1,588	1,665	1,760	1,712	124	0.4%
Other	383	506	338	370	-13	-0.2%
Durable Goods Manufacturing	788	699	499	363	-425	-3.8%
Total	5,474	6,440	6,864	6,579	1,105	0.9%

Source: National Establishments Time Series Database, 2010; Strategic Economics, 2011.

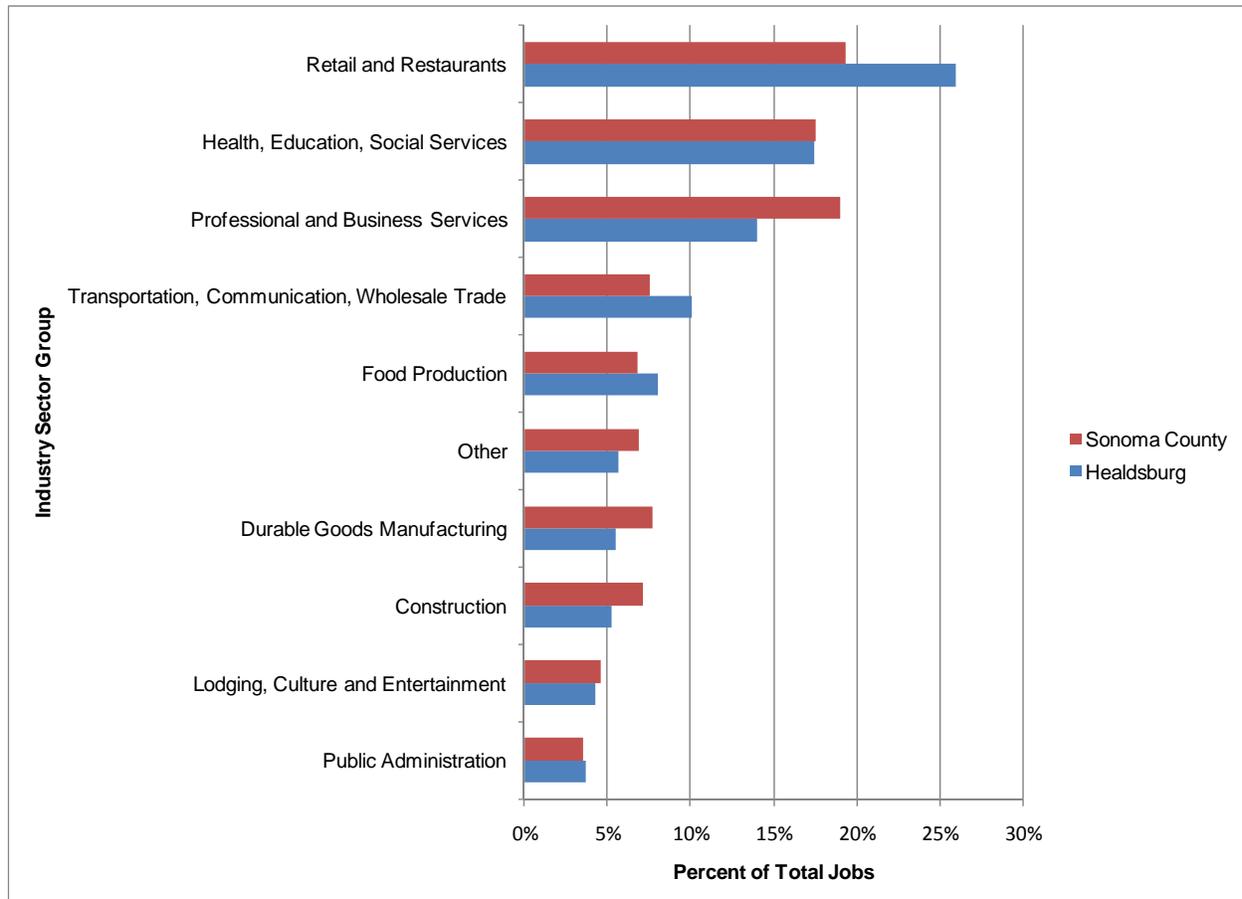
Figure III.3: Healdsburg Employment Trends by Industry Sector, 1990-2010



Source: National Establishments Time Series; Strategic Economics, 2010

The composition of jobs by industry sector groups is slightly different in Healdsburg than in Sonoma County. **Figure III.4** shows the distribution of jobs by broad industry sector group. Healdsburg has a higher share of employment in Retail and Restaurants; Food Production; and Transportation, Communication, and Wholesale Trade than the County. Meanwhile, the city has a considerably smaller proportion of jobs in Professional and Business Services; Construction; and Durable Goods Manufacturing.

Figure III.4: Distribution of Jobs by Industry Sector Group in Sonoma County and Healdsburg, 2010



Source: National Establishments Time Series; Strategic Economics, 2011.

Wine Related Industries

Much of the employment growth experienced in the greater Sonoma County region is related to the grape growing and wine making industries (the wine cluster). Strategic Economics studied trends in specific industry sub-sectors – a “wine cluster” – in order to determine its relationship to Healdsburg’s economy.

The industries that are included within the wine cluster are defined in **Table III.5** below.

Table III.5: Definition of Wine Cluster

SIC 4 Digit Code	Description
172 -	Grape Growing
0762 -	Vineyard Management and Maintenance Services
2084 -	Wineries and Brandy Distilleries
3556 -	Food Products Machinery Manufacturing
5182 -	Wine and Distilled Beverage Wholesaling
5813 -	Drinking Places
5921 -	Wine and Liquor Stores

Source: *Strategic Economics, 2011.*

Note: Tasting rooms are included in the wine cluster, and can be found in multiple SIC four-digit categories, including 2084, 5813, and 5921.

As shown in **Table III.6** below, the Healdsburg Wine Cluster grew five percent annually from 1990 to 2010, the fastest rate of any industry category in the city. Total employment growth, at 344 jobs, was the second highest after Professional and Business Services. The wine cluster has clearly been an important driver of employment growth in multiple industry sector groups, including Food Production, Transportation, Communication and Wholesale Trade, and Retail and Restaurants. When the wine-related activities are excluded from the Food Production sector group, the category shows job loss from 1990 to 2010. The Transportation, Communication, and Wholesale Trade industry sector group shows slower employment growth when wine is excluded, due to the strong performance of grape-related wholesale trade activities in the city. Retail and Restaurants also demonstrate slightly slower job growth without the wine related component. Lodging, Culture and Entertainment, while not classified here as part of the Wine Cluster, is also tightly linked to the local wine industry, which draws visitors to the city and boosts employment in hotels and entertainment businesses.

Table III.6: Healdsburg Wine Cluster Compared to Other Industry Sector Groups, 1990-2010

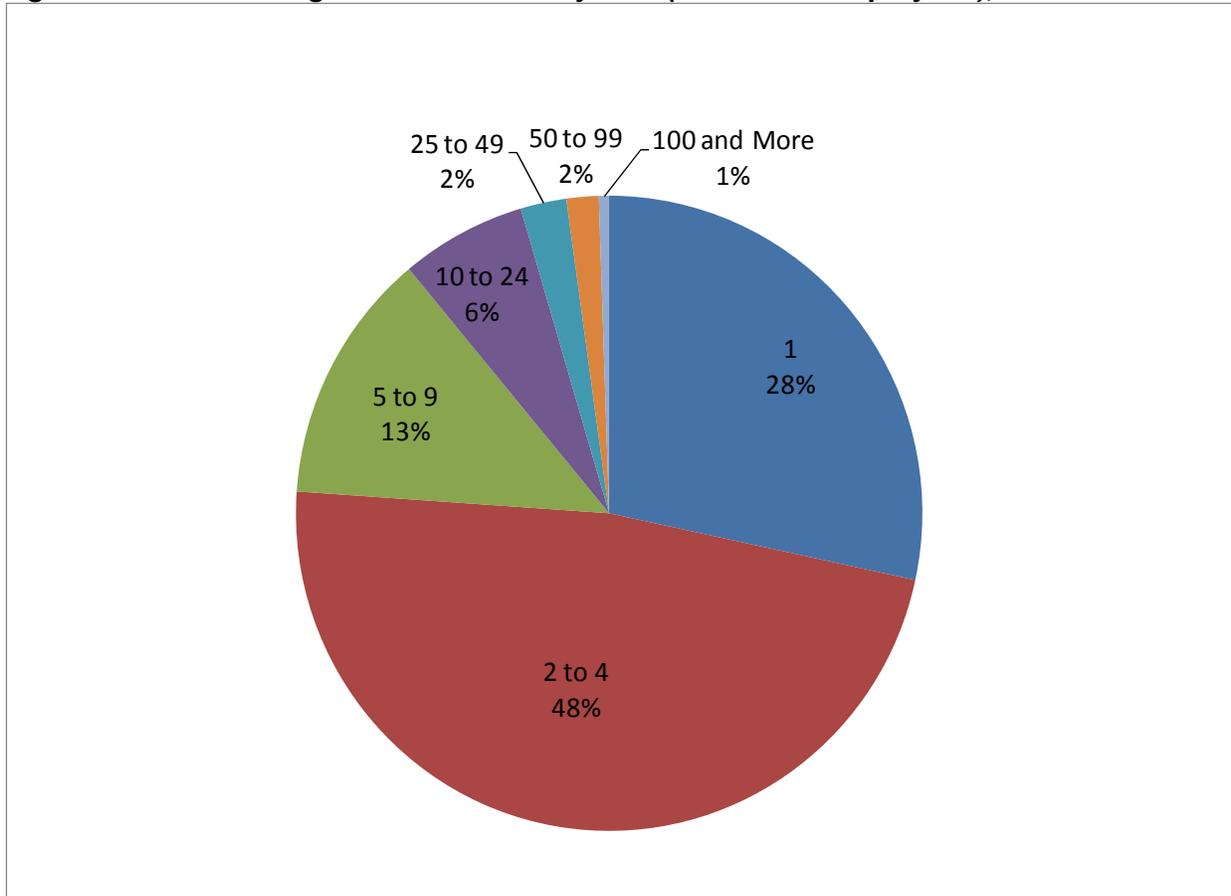
Industry Sector Group	Employment		Net Change 1990-2010	Annual Average Growth Rate 1990-2010
	1990	2010		
Wine Cluster	230	574	344	4.7%
Professional and Business Services	406	922	516	4.2%
Public Administration	129	243	114	3.2%
Lodging, Culture, Entertainment	154	282	128	3.1%
Transportation, Communication, Wholesale Trade	378	580	202	2.2%
Construction	255	344	89	1.5%
Health, Social Services, Education	1,092	1,151	59	0.3%
Retail and Restaurants	1,532	1,639	107	0.3%
Other	383	370	-13	-0.2%
Food Production (excluding wine and grapes)	141	111	-30	-1.2%
Durable Goods Manufacturing	774	363	-411	-3.7%
Total	5,474	6,579	1,105	0.9%

Source: *National Establishments Time Series, 2010; Strategic Economics, 2011.*

Firm Size

In addition to overall employment trends, Strategic Economics also studied trends in establishments (businesses) within Healdsburg.⁵ As shown in **Figure III.5**, most of the firms in Healdsburg are small to medium in size. In 2010, only three percent of establishments in Healdsburg had 50 or more employees. It is important to note, however, that these larger firms of 50 or more employees had a share of 30 percent of the city's total employment (**Figure III.6**). Medium sized firms with 5 to 49 workers accounted for another 45 percent of the city's jobs, and small firms of fewer than five employees had a 25 percent share of Healdsburg's employment.

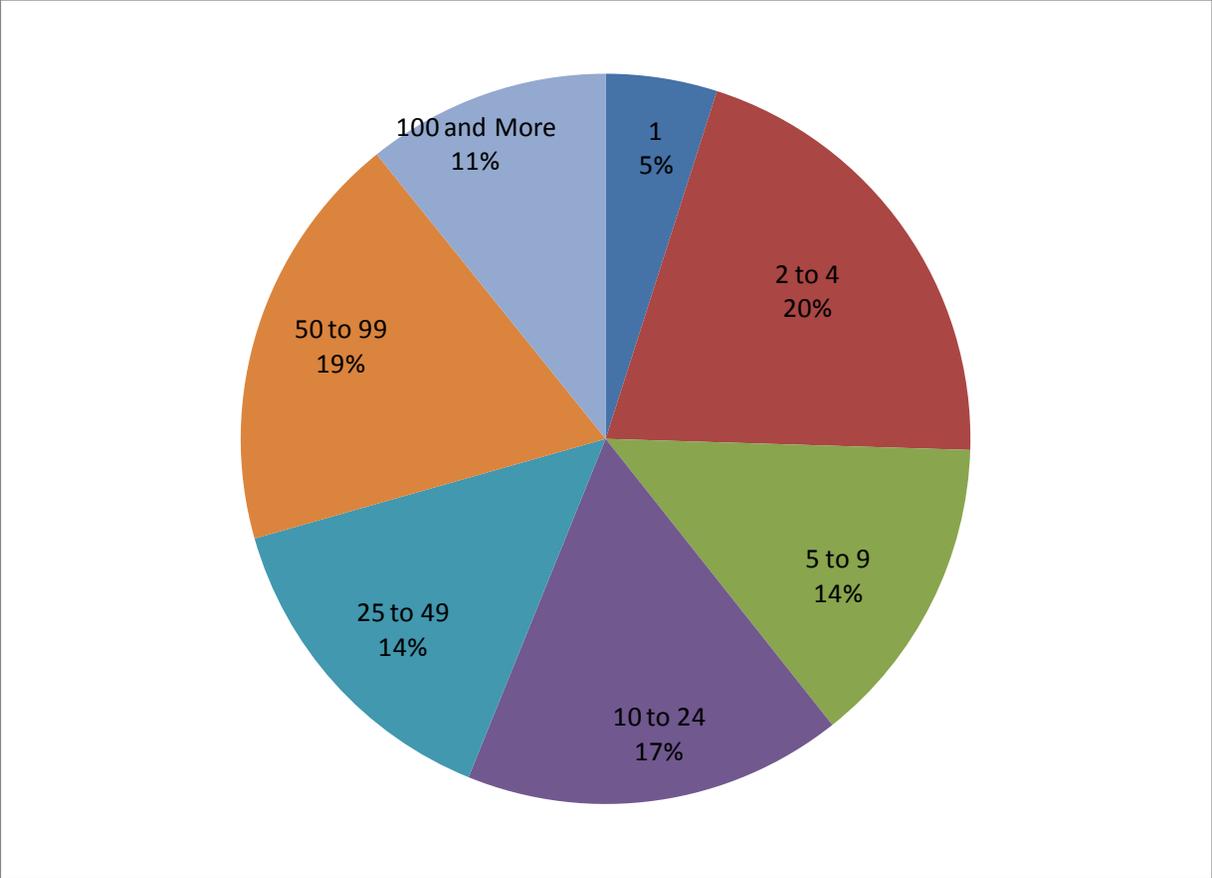
Figure III.5: Healdsburg Establishments by Size (number of employees), 2010



Source: National Establishments Time Series, 2010; Strategic Economics, 2011.

⁵ Strategic Economics was not able to obtain establishment data for Sonoma County, and therefore cannot compare the city to the county.

Figure III.6: Healdsburg Employment by Size of Establishment, 2010



Source: National Establishments Time Series; Strategic Economics, 2011.

The trend towards smaller firm size in Healdsburg has increased in the last two decades, as illustrated in **Table III.7**. In 1990, about 20 percent of Healdsburg’s establishments had one employee, and 67 percent had fewer than four employees. In 2010, 28 percent of firms have one employee, and 76 percent have four or fewer. The number of large firms with 10 or more employees has remained relatively flat over the same time period.

In order to gain a better understanding of the economic activity of very small businesses and start-ups in Healdsburg, Strategic Economics analyzed establishments with one or two employees. As shown in **Table III.8**, there were 678 microbusinesses in Healdsburg in January 2010, comprising 59 percent of all establishments in the city. These microbusinesses employed 1,032 workers, nearly 16 percent of the city’s jobs. Approximately 36 percent of microbusinesses are in the Professional and Business Services industry group; 13 percent are in the Other industry sector; and 11 percent are in Retail and Restaurants.

Table III.7: Establishments and Employment in Healdsburg by Firm Size, 1990-2010

Number of Employees	Establishments				Employment			
	1990	2000	2006	2010	1990	2000	2006	2010
1	141	249	350	324	141	249	350	324
2 to 4	343	398	548	545	963	1,085	1,385	1,353
5 to 9	123	148	151	147	777	920	937	911
10 to 24	68	84	83	74	931	1,207	1,158	1,104
25 to 49	27	36	31	27	847	1,256	1,038	952
50 to 99	14	18	23	19	862	1,106	1,448	1,226
100 and More	5	4	4	6	953	617	548	709
Total	721	937	1,190	1,142	5,474	6,440	6,864	6,579

Source: National Establishments Time Series Database, 2010; Strategic Economics, 2011.

Table III.8: Healdsburg’s Microbusinesses by Industry Sector, 2010

Industry Sector Group	Establishments		Employment	
	Number	Percent	Number	Percent
Professional and Business Services	247	36%	381	37%
Other	91	13%	126	12%
Retail and Restaurants	76	11%	120	12%
Construction	68	10%	86	8%
Transportation, Communication, Wholesale Trade	65	10%	110	11%
Health, Social Services, Education	37	5%	62	6%
Lodging, Culture, Entertainment	33	5%	52	5%
Durable Goods Manufacturing	21	3%	32	3%
Food Production	40	6%	63	6%
Public Administration	0	0%	0	0%
Total	678	100%	1,032	100%

Source: National Establishments Time Series Database, 2010; Strategic Economics, 2011.

Note: Microbusinesses are defined as establishments with one or two employees.

New/In-Migrating Businesses and Closed/Out-Migrating Businesses

The NETS data provides information on new business establishments “born” in Healdsburg or migrating into Healdsburg, as well as closed or out-migrating establishments that have left the city. From 1990 to 2010, 1,627 new and in-migrating establishments entered the city (Table III.9). During the same time period, 1,224 establishments closed or left the city. Overall, the city had a net positive 403 new businesses being “born” or moving into Healdsburg from 1990 to 2010.

The Professional and Business Services industry sector group is responsible for 30 percent of new and in-migrating businesses in Healdsburg. Furthermore, this category has been a leader in the growth of establishments in the city. Retail and Restaurants and Construction have each contributed to 18 percent of

total new and in-migrating establishments. The same industry sector groups also had the highest number of closings and out-migrations. The Retail and Restaurants industry group accounted for 23 percent of the establishment closings and relocations, while Construction and Professional Business Services were responsible for 21 percent and 23 percent of closings/out-migrations, respectively. Lodging, Culture, and Entertainment had 62 new/in-migrating businesses enter the Healdsburg economy, but only 31 closed or left. Meanwhile, Durable Goods Manufacturing had a larger number of businesses leaving (85) than coming in (61).

Table III.9: New/In-Migrating and Closed/Out-Migrating Establishments, 1990-2010

Industry Sector Group	New/In-migrating		Closed/Out-migrating	
	Number	Percent	Number	Percent
Professional and Business Services	485	29.8%	250	20.4%
Construction	299	18.4%	255	20.8%
Retail and Restaurants	296	18.2%	283	23.1%
Other	180	11.1%	139	11.4%
Health, Social Services, Education	103	6.3%	80	6.5%
Food Production	99	6.1%	73	6.0%
Lodging, Culture, Entertainment	62	3.8%	31	2.5%
Durable Goods Manufacturing	61	3.7%	85	6.9%
Public Administration	8	0.5%	2	0.2%
Transportation, Communication, Wholesale Trade	34	2.1%	26	2.1%
Total	1,627	100.0%	1,224	100.0%

Source: National Establishments Time Series Database, 2010; Strategic Economics, 2011.

DOWNTOWN

Tables III.10 and **III.11** provide employment trends by industry group for downtown Healdsburg. The downtown area's employment increased from 1,226 to 1,442 between 1990 and 2010, an increase of 216 jobs. The industry group sectors with the largest net gains were Retail and Restaurants and Lodging, Culture and Entertainment, which added 238 and 114 jobs, respectively. Food Production and Professional Business Services also experienced net employment gains during this period.

In terms of the number of businesses, the downtown area had strong net growth in the number of establishments in Retail and Restaurants; Professional and Business Services; and Lodging, Culture, and Entertainment.⁶ Meanwhile, other "old economy" industry group sectors like Durable Goods Manufacturing; Construction; and Transportation, Communications, and Wholesale Trade had net job losses in Downtown Healdsburg, with the closing/out-migration of establishments in these industries.

⁶ This data does not include the h2hotel, which opened in downtown Healdsburg after the reporting period for this data source.

Table III.10: Downtown Healdsburg Employment Trends, 1990-2010

Industry Sector Group	Employment		Net Change 1990-2010	Avg Ann. Growth 1990-2010
	1990	2010		
Lodging, Culture, Entertainment	64	178	114	5%
Food Production	75	140	65	3%
Retail and Restaurants	484	722	238	2%
Professional and Business Services	147	181	34	1%
Other	132	80	-52	-2%
Transportation, Communication, Wholesale Trade	75	51	-24	-2%
Health, Social Services, Education	30	22	-8	-2%
Durable Goods Manufacturing	50	18	-32	-5%
Public Administration	128	47	-81	-5%
Construction	41	3	-38	-12%
Total	1,226	1,442	216	1%

Source: National Establishments Time Series Database, 2010; Strategic Economics, 2011.

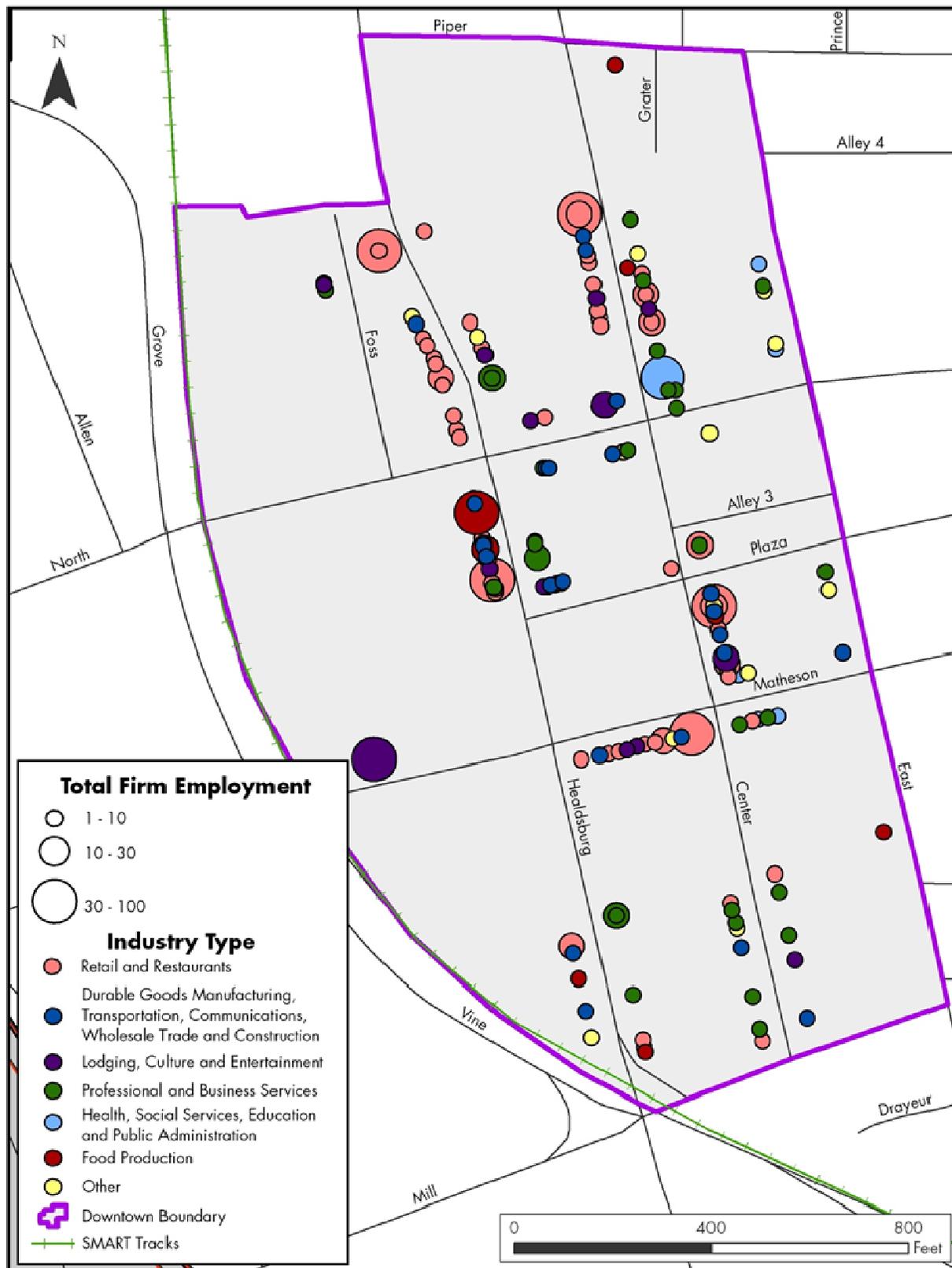
Table III.11: Downtown Healdsburg Establishment Trends, 1990-2010

Industry Sector Group	Establishments		Avg. Firm Size	
	1990	2010	1990	2010
Retail and Restaurants	93	102	5	7
Professional and Business Services	42	56	4	3
Other	28	31	5	3
Lodging, Culture, Entertainment	6	18	11	10
Transportation, Communication, Wholesale Trade	13	18	6	3
Food Production	15	13	5	11
Health, Social Services, Education	10	8	3	3
Durable Goods Manufacturing	11	6	5	3
Construction	14	2	3	2
Public Administration	3	2	43	24
Total	235	256	88	67

Source: National Establishments Time Series Database, 2010; Strategic Economics, 2011.

Figure III.7 shows the distribution of total firm employment by industry type as of January 2010, for downtown Healdsburg.

Figure III.7: Total Firm Employment by Type for the Downtown, January 2010



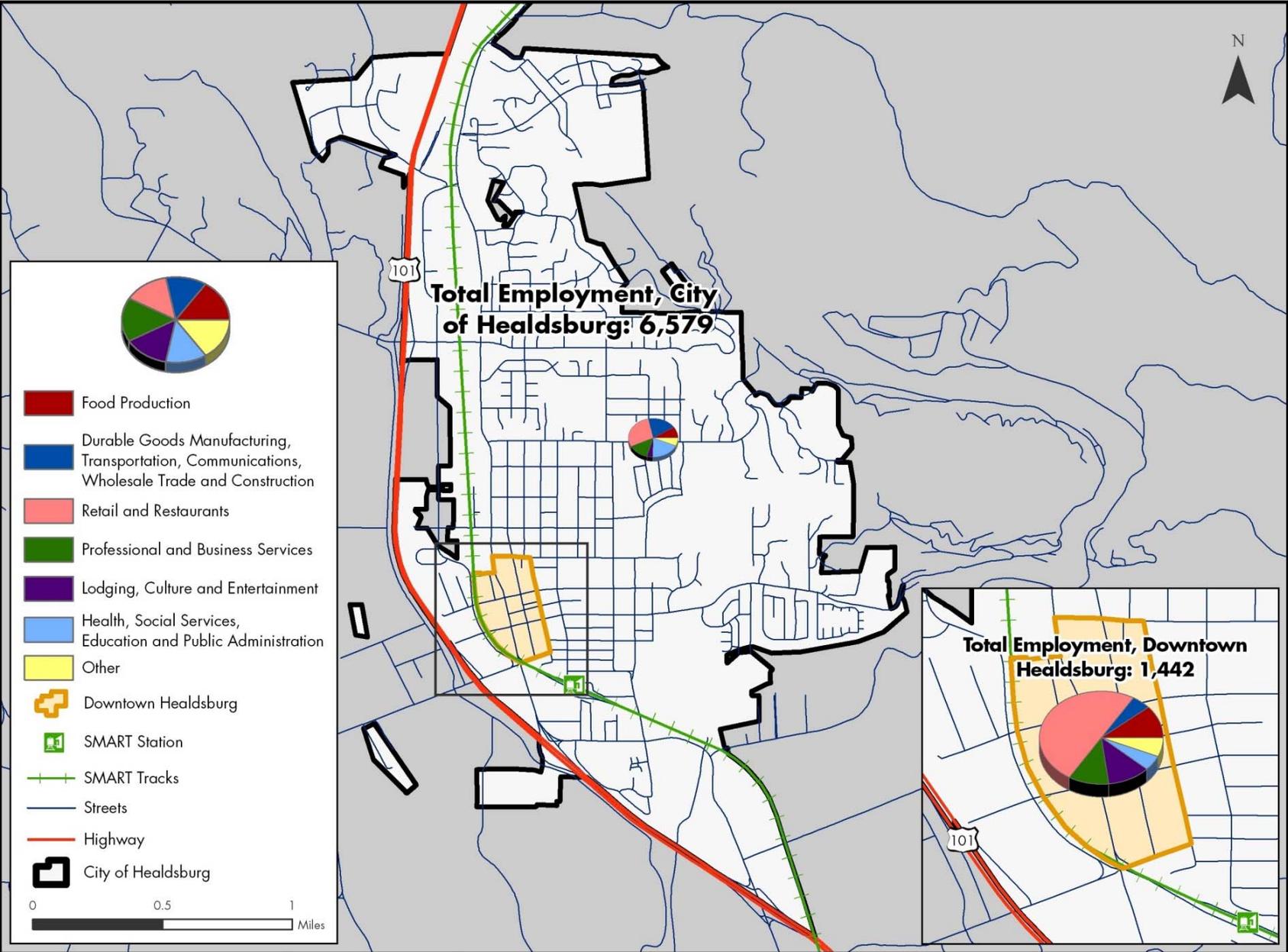
Source: National Establishments Time Series Database, 2010; Strategic Economics, 2011.

As illustrated in **Figure III.7** above, the highest concentration of employment around the plaza and to the north of the plaza is in Retail and Restaurants. Further detail on the locations of retail in the downtown is included in the following section of this report.

Figure III.8 illustrates the 2010 composition of employment for the downtown and for the city as a whole. In the downtown there is a concentration of Retail and Restaurants and Lodging, Culture, and Entertainment employment. As illustrated in the figure, Retail and Restaurants make up half of employment in downtown, but the proportion is significantly smaller for the city as a whole.

Professional and Business Services, Lodging, Culture and Entertainment and Food Production together make up almost three-quarters of the remaining jobs in the downtown. Health, Social Services and Education do not make up a significant share of downtown employment, with most medical and education facilities located elsewhere in the city. In general, industries that are growing in Healdsburg are concentrated in the downtown, while industries that are declining citywide are mostly absent.

Figure III.8: Distribution of Jobs by Broad Industry Sector Group, Healdsburg and Downtown, 2010



Source: National Establishments Time Series Database, 2010; Strategic Economics, 2011.

CONCLUSIONS

Healdsburg currently includes about 6,600 jobs, most of which are in the services industries. In terms of total employment, the city's top industry sector groups include Retail and Restaurants; Health, Education and Social Services; Professional and Business Services; Transportation, Communication and Wholesale Trade; and Food Production.

The city had strong employment growth from 1990 to 2010. During this period Healdsburg had a net gain of approximately 1,100 jobs, at an average annual growth rate of one percent.

Healdsburg's service industries are the fastest growing sectors of the local economy. The industry sectors that experienced the greatest net job gains in the city from 1990 to 2010 included Professional and Business Services; Food Production; Transportation, Communications, and Wholesale Trade; and Retail and Restaurants.

The wine industry has clearly been an important driver of employment growth in multiple industry sector groups in the City, including Food Production, Transportation, Communication and Wholesale Trade, and Retail and Restaurants. The wine industry has also helped to spur employment growth in Lodging, Culture and Entertainment, as well as Professional and Business Services.

Healdsburg has become less competitive at attracting and retaining manufacturing. From 1990 to 2010, Healdsburg experienced net loss of 425 jobs in Durable Goods Manufacturing, including 94 jobs in the Lumber and Wood Products industry. These losses are generally consistent with overall trends in the county and the greater Bay Area region, which have all seen a comparable decline in manufacturing employment.

The trend towards smaller firm size in Healdsburg has increased in the last two decades. According to anecdotal accounts from local stakeholders, some of this shift to smaller firms can be attributed to the challenge of accommodating large firms in Healdsburg, due to the scarcity of low-cost R&D and industrial space in the city. At the same time, Healdsburg has become increasingly successful at attracting smaller Professional and Business Services firms tied to the wine and tourism sectors, including startups in software design, graphic design, and consulting.

Downtown Healdsburg is the epicenter of the local wine and tourism industries, holding a high concentration of the city's employment in Retail and Restaurants; Lodging, Culture, and Entertainment; Food Production; and Professional and Business Services.

IV. RETAIL ANALYSIS

This section provides a detailed analysis of the composition, trends, strengths and weaknesses of the retail sector in Healdsburg.

TRADE AREA DEFINITION

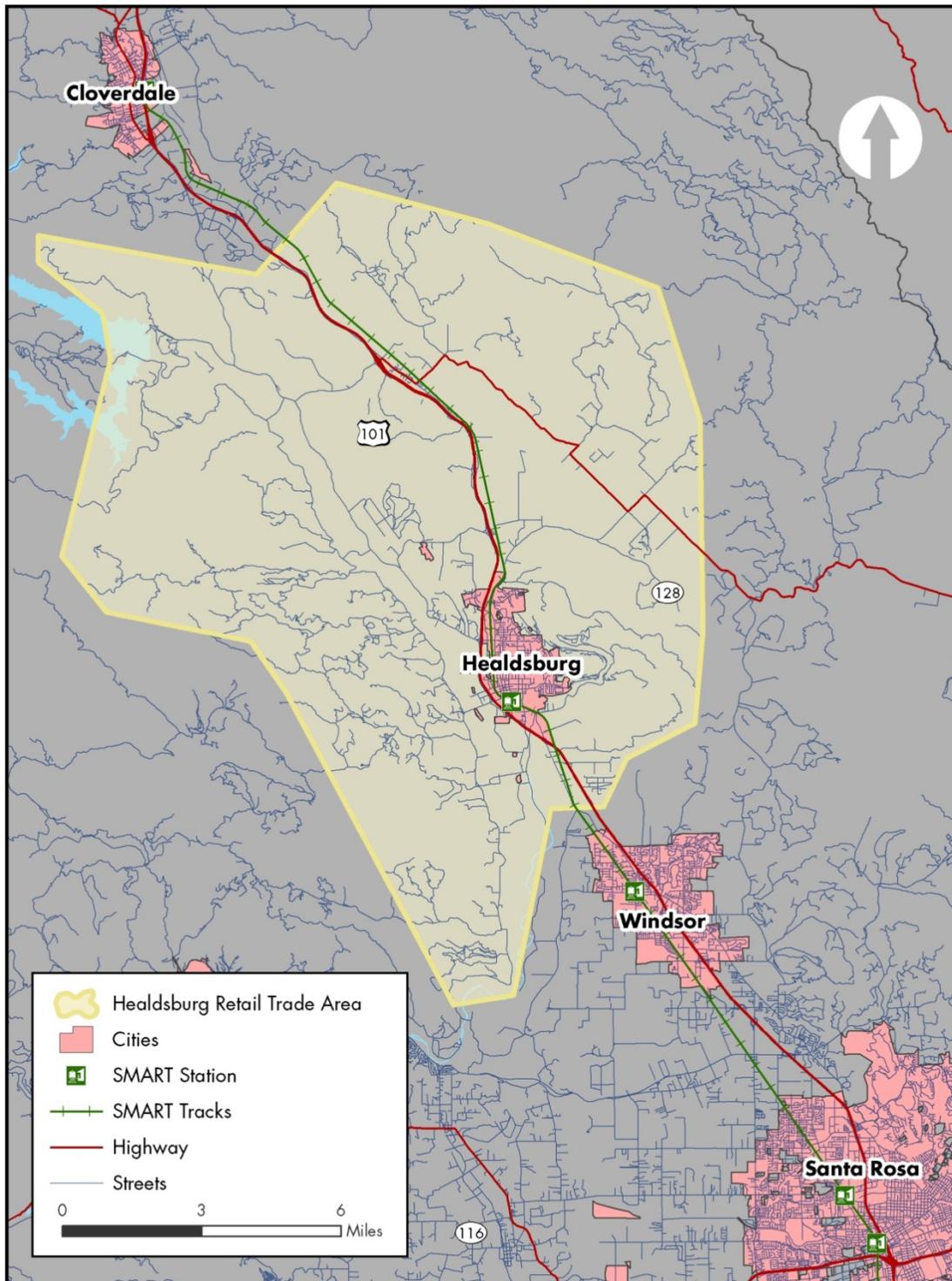
The “primary trade area” is the geographic area that generates the majority of the customers for a community or business district. Defining the primary trade area is important for understanding the number of local residents who might patronize businesses in Healdsburg, and estimating their potential spending. The size of the trade area for specific kinds of stores varies depending on the types of goods sold; the more convenience-oriented the goods, the smaller the trade area. The reason for this is that most people do not want to travel long distances to buy goods they need on a regular basis, such as groceries, drugs, and other sundries. On the other hand, the trade area for goods that people buy infrequently - also known as “comparison goods” - is much larger. For these less frequent purchases of comparison goods, such as clothing, furniture, and electronics, people tend to prefer to compare among several alternatives to evaluate both price and quality of the merchandise. Other factors that influence trade areas are the location of the competition, geographic barriers, and common travel patterns.

While the tourist-serving retailers in Healdsburg draw shoppers from around the state, country, and world, the trade area for most other retail uses is far smaller. This is in part due to the relative proximity of other cities with larger populations where there are significant retail shopping opportunities. Most prominently, Santa Rosa (15 miles to the south) has a strong concentration of comparison retail outlets while Windsor (6 miles to the south) has a Wal-Mart and Home Depot. Locating in Santa Rosa or Windsor offers a competitive advantage for retailers that draw from a larger trade area, because they offer greater access to a larger number of potential customers. Healdsburg residents often travel to these areas, or elsewhere, for comparison goods.

The primary trade area for Healdsburg is shown in **Figure IV.1**.⁷ Due to the factors described above, Healdsburg’s primary trade area only extends as far as the northern extent of Windsor; south of that, consumers are most likely to shop within their home city or travel to Santa Rosa for most kinds of goods. While there are no major retail nodes within a half-hour drive north of Healdsburg, Cloverdale has sufficient retail such that the needs of residents for convenience goods can be met within the city. When Cloverdale residents travel for comparison shopping, they will be most likely to bypass Healdsburg in favor of Windsor or Santa Rosa. For this reason, the primary trade area for Healdsburg retail is defined as including Geyserville, but not Cloverdale. To the west and east, there is very little population due to agricultural activities, the hills and lack of residential development. The narrow, winding mountain roadways limit access and constrain the boundaries of the trade area in these directions.

⁷The Primary Retail Trade Area was defined in consultation with real estate brokers familiar with Healdsburg’s retail market. They indicated that, in addition to the location of population centers and of competing retail, the idiosyncrasies of the sparse road network in the hills is a key factor in determining retail spending patterns.

Figure IV.1: Primary Retail Trade Area



Source: Strategic Economics, 2011; City of Healdsburg, 2010; US Census, ESRI.

RETAIL COMPOSITION AND TRENDS

This section describes the current supply of retail in Healdsburg, and how it has changed over time.

Methodology

Retail sales trends were derived from taxable sales data, which were provided by the City of Healdsburg and the California State Board of Equalization. This quantitative data was supplemented by interviews with commercial real estate brokers familiar with Healdsburg.

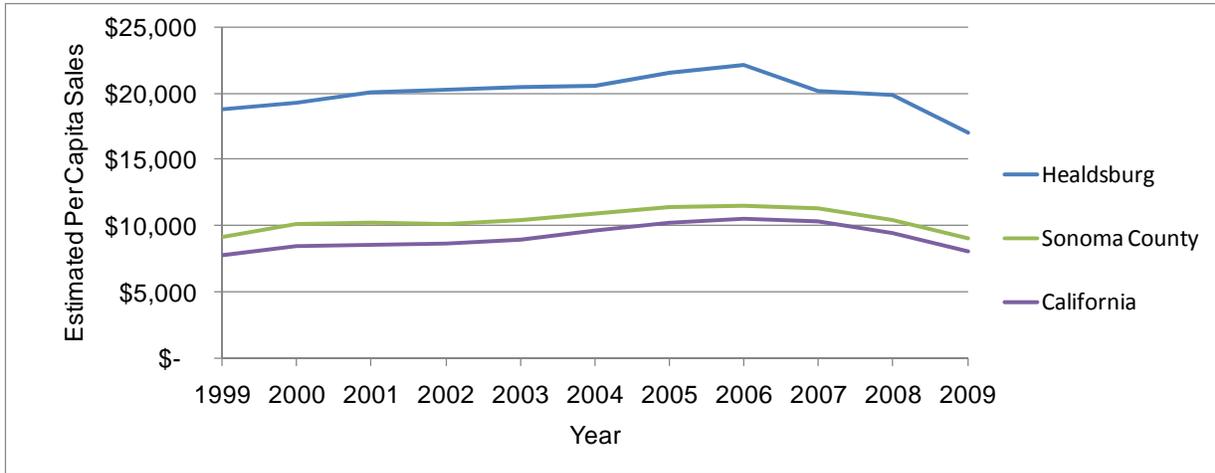
In order to reflect actual retail sales, data from all sources were adjusted to account for non-taxable goods such as basic grocery items and prescription drugs. All numbers are reported in 2010 dollars. For the purposes of this analysis, all retail sales were divided into seven categories: Food Stores, Eating and Drinking Places, Automotive Dealers and Supply, Apparel Stores, Home Furnishings and Appliances, General Merchandise and Other Retail Stores.

Healdsburg Retail

Overall, the City of Healdsburg boasts a strong retail sector that benefits from the city’s growing status as a major destination for wine- and food related tourism. The small town feel and pedestrian-friendly downtown are key assets that help to make downtown Healdsburg an appealing place to dine and shop. Most motels and fast-food outlets are located near the highway interchanges. Some resident-serving retail is clustered near the downtown but off the plaza, including the Vineyard Plaza Shopping Center and retail along Healdsburg Avenue north of downtown. Additional resident-serving retail is located near the Dry Creek Road highway exit, including the Big John’s supermarket, Garrett Hardware and Plumbing, and several restaurants.

On a per capita basis, Healdsburg’s retail sector generates far more sales than the average for Sonoma County or California as a whole: as shown in **Figure IV.2**, from 1999-2008, Healdsburg retail sales were nearly double the county or state on a per-capita basis. Sales in all three areas have declined somewhat since their peak in 2006 as a result of the recession. Nonetheless, the high degree to which tourism drives sales in the city helps to generate sales at a rate that far exceeds the buying power of residents.

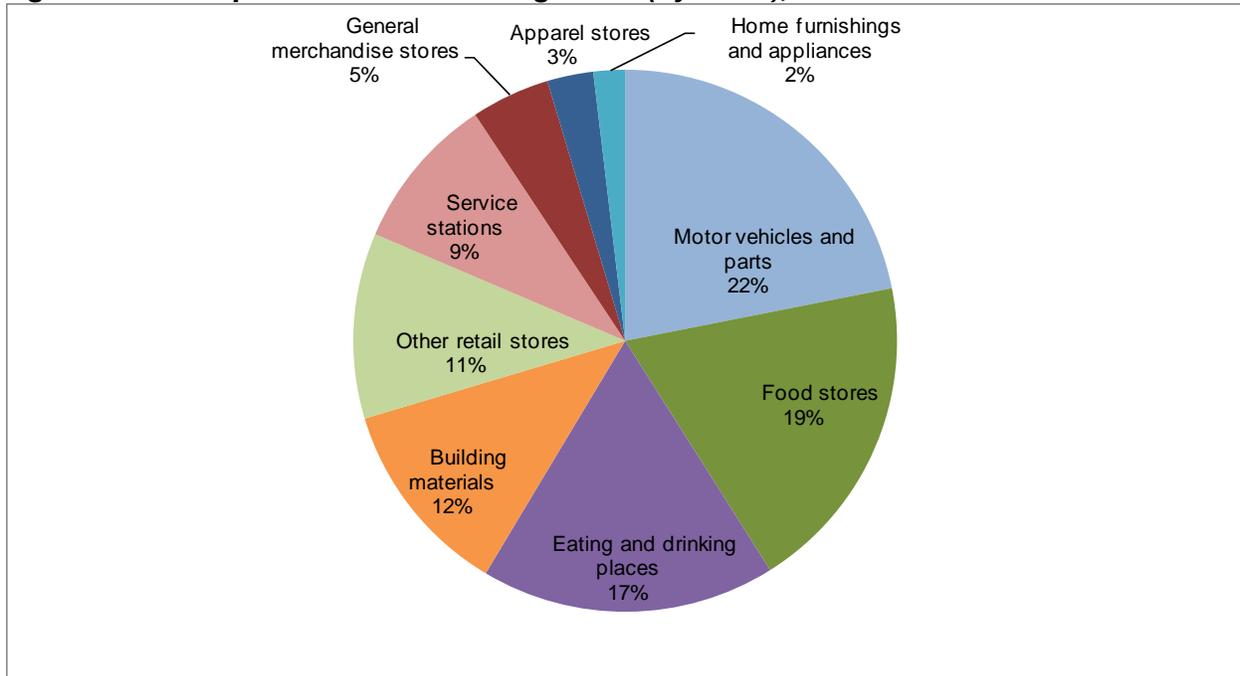
Figure IV.2: Total Per Capita Retail Sales in Healdsburg, Sonoma County, and California, 1998-2008 (2010 dollars)



Source: Hinderliter de Llamas and Associates, 2010; California State Board of Equalization, 2010; Strategic Economics, 2011.

Figure IV.3 shows the breakdown of retail sales in Healdsburg by the California State Board of Equalization’s broad retail categories.

Figure IV.3: Composition of Healdsburg Retail (by sales), 2010



Source: Hinderliter de Llamas and Associates, 2010; California State Board of Equalization, 2010; Strategic Economics, 2011.

The categories are described below in order, from largest to smallest.

- Motor vehicles and parts stores (22%). This category includes auto dealers, stores that provide auto-related services, and businesses that sell auto parts, such as Kragen and Big O Tires.
- Food stores (19%). This category includes full grocery stores such as Safeway, convenience stores such as 7-Eleven, and specialty food retailers such as Oakville Grocery.
- Eating and drinking places (17%). This category includes the full range of restaurants and bars located in the city. It also includes the wine tasting rooms affiliated with the nearby wineries.
- Building materials (12%). This includes lumber retailers such as Healdsburg Lumber, hardware stores such as Garrett Hardware and Plumbing, repair shops, and other related stores.
- Other retail stores (11%). This includes a variety of specialty stores not categorized elsewhere. Art galleries, gift shops, bookstores, florists, and jewelry stores are some of the major representatives of this category in Healdsburg.
- Service stations (9%). This includes gas stations and automotive repair shops.
- General merchandise stores (5%). This includes stores that carry multiple product lines, such as department stores, discount stores, general stores, and pharmacies. In Healdsburg, Rite Aid and CVS are two of the most prominent representatives of this category.
- Apparel stores (3%). In Healdsburg, this category (which includes both clothes and shoe stores) is primarily composed of small boutiques located in the downtown.

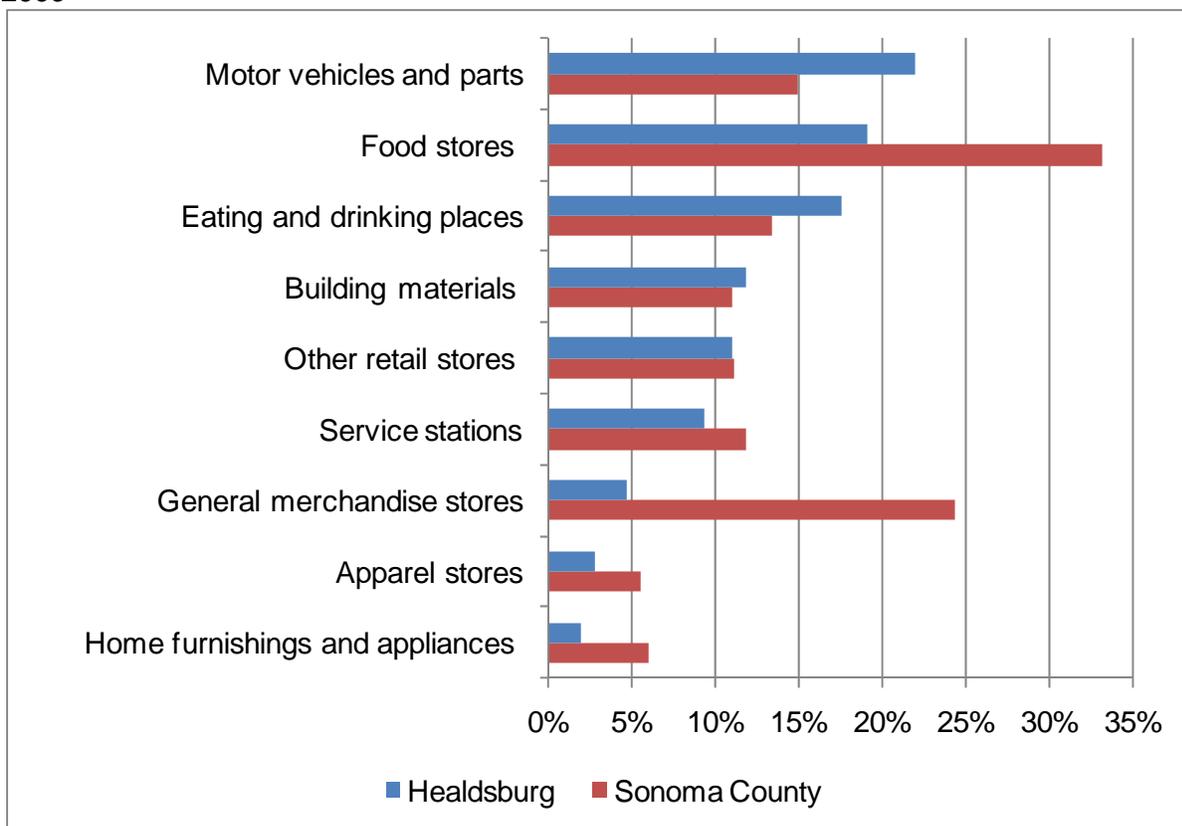
- Home furnishings and appliances (2%). This includes furniture and textiles stores (both of which are largely represented in Healdsburg by antique shops and boutiques), other small furnishings retailers, and electronics stores.

Figure IV.4 compares retail sales in Healdsburg to Sonoma County.⁸ Healdsburg appears to have a relative advantage in three main varieties of retail:

- 1) Auto dealerships;
- 2) Restaurants and bars, especially those that benefit from Healdsburg’s reputation as a food destination and its location in the heart of wine country; and
- 3) Building materials, which, as part of the lumber industry, has historically been a key economic driver for Healdsburg.

In contrast, Healdsburg includes a lower proportion of retail store categories that benefit from close proximity to a larger population base. These include general merchandise stores, food stores, service stations, and apparel and home furnishings stores. These kinds of stores typically draw from a larger market area, and are more likely to be competitive if they locate in Windsor or Santa Rosa.

Figure IV.4: Comparison of Retail in Sonoma County and Healdsburg (by Total Sales), 2009

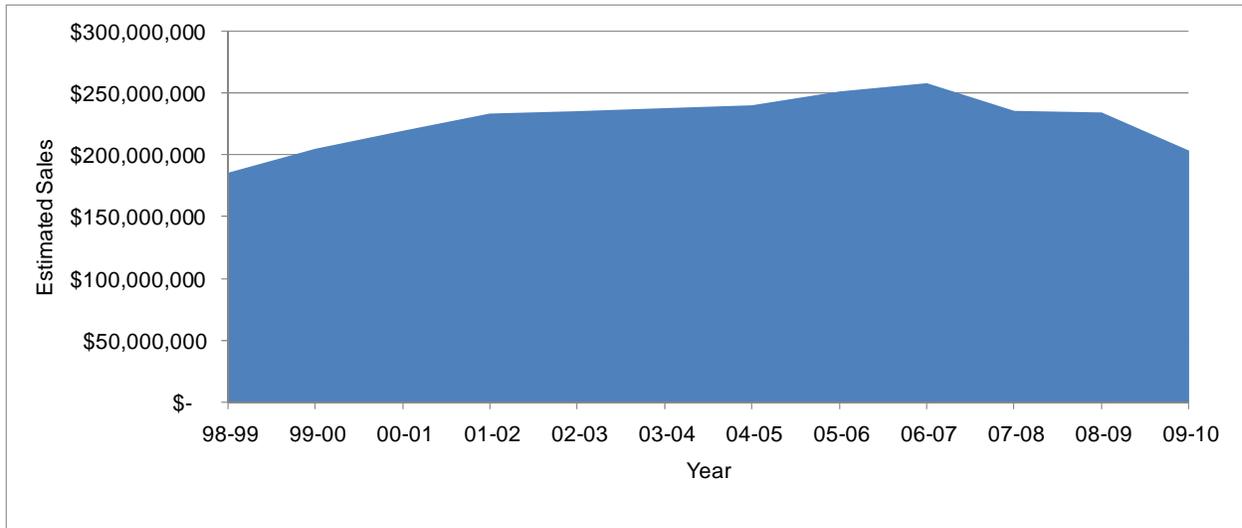


Source: Hinderliter de Llamas and Associates, 2010; Strategic Economics, 2011.

⁸ Note: The proportional breakdown of retail sales in California is very similar to that in Sonoma County. As a percentage of overall sales, Sonoma County has slightly higher sales in building materials stores, food stores and general merchandise stores. California has slightly higher sales in eating and drinking places and service stations.

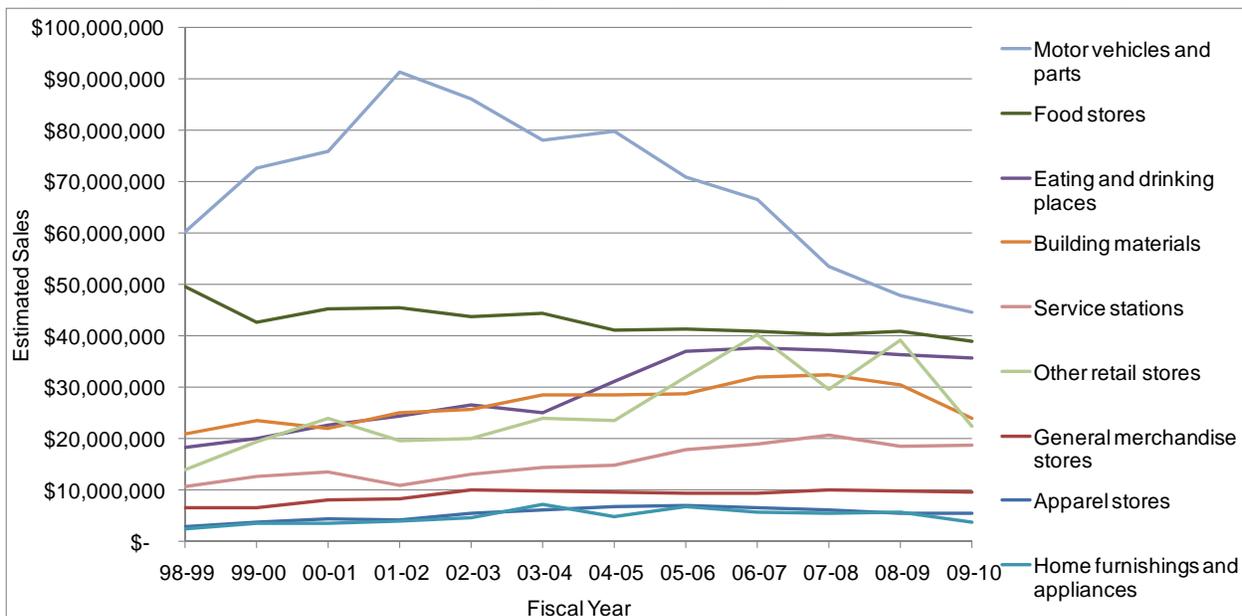
Total retail sales in real dollars increased in Healdsburg since 1998 (**Figure IV.5**). This trend included steady and significant gains from 1998 to 2007, followed by a decline during the current recession, from 2007 to 2010. Figure IV.6 shows how this trend varied by category of retail store. Over the past 12 years, there has been a significant amount of volatility in many categories of retail. Beginning in 2001, sales at auto dealers and parts stores steadily declined. Sales at food stores also declined during this period. Meanwhile, eating and drinking places grew considerably, especially between 2003 and 2006. While building materials sales were strong for most of this period, they have declined somewhat since 2007. Finally, sales at apparel, home furnishing, and general merchandise stores have been steady, but have consistently composed a small fraction of the overall retail sector in Healdsburg.

Figure IV.5: Total Healdsburg Retail Sales, 1998-2010 (2010 dollars)



Source: Hinderliter de Llamas and Associates, 2010; Strategic Economics, 2011.

Figure IV.6: Composition of Healdsburg Retail (by sales), 1998-2010 (2010 dollars)



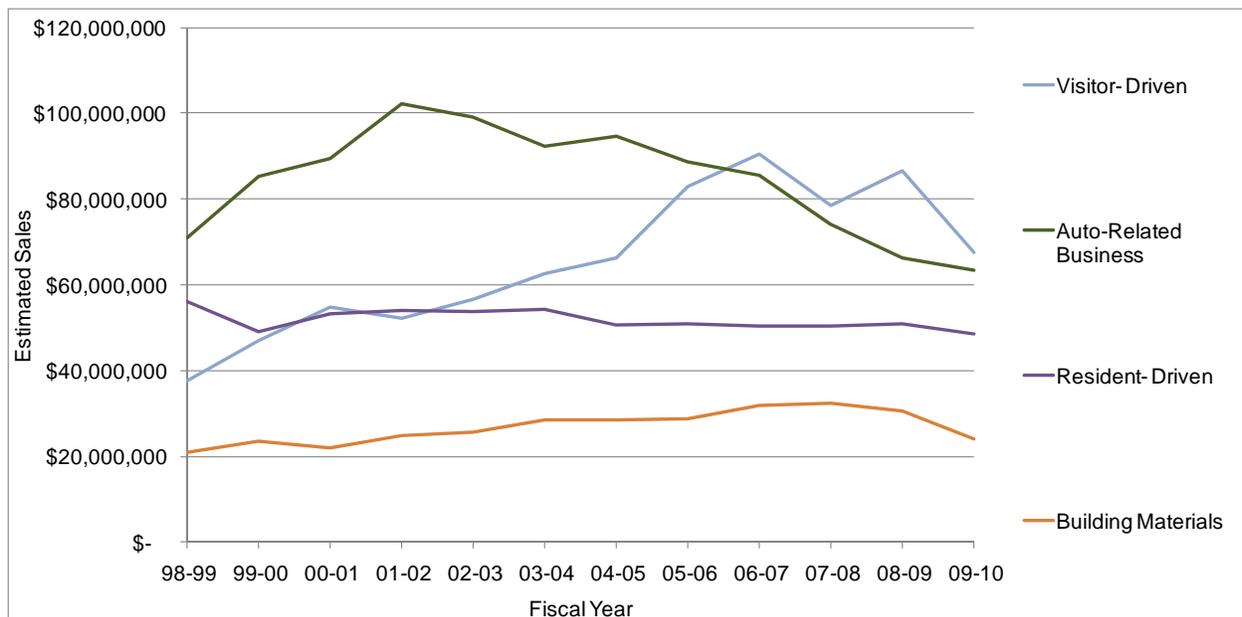
Source: Hinderliter de Llamas and Associates, 2010; Strategic Economics, 2011.

Figure IV.7 clusters the retail categories above into four broader groups, as a way to better illustrate overarching trends:

- **Visitor-driven:** Includes eating and drinking places, apparel stores, home furnishings, and other retail. While each of these uses also draws from Healdsburg residents, these stores are primarily oriented toward capturing the spending of visitors from outside the primary trade area.
- **Resident-driven:** Includes food stores and general merchandise stores. While tourists and other visitors also support these retailers, they are primarily oriented toward serving the residential population of the city.
- **Auto-related businesses:** Includes both motor vehicles and parts and service stations. These uses draw from a regional trade area that is much larger than the city’s primary trade area, and serve residents, visitors, and motorists who are merely passing through town.
- **Building materials:** This category of retail is distinct because it has historically been an area of competitive advantage for Healdsburg. These retailers draw customers from a large trade area.

Both resident-driven uses and building materials have remained fairly stable from 1998 to 2010. However, visitor-driven uses have dramatically increased in their importance, rising from less than \$38 million in sales in 1998 to a peak of more than \$90 million in 2007. Visitor-driven uses are also more volatile, however, and fell to \$68 million between 2007 and 2010. Over this period, auto-related sales fell dramatically, from a peak of \$102 million in 2002 to \$63 million in 2010. This decline has resulted from changes in consumer preferences, and a lack of highway visibility that makes Healdsburg less competitive for auto-related uses. Over time, it is clear that Healdsburg retail has been transitioning from a local- and regional-serving market to one that is more dependent on tourists and other visitors.

Figure IV.7: Composition of Healdsburg Retail (by sales), 1998-2010 (2010 dollars)



Source: Hinderliter de Llamas and Associates, 2010; Strategic Economics, 2011.

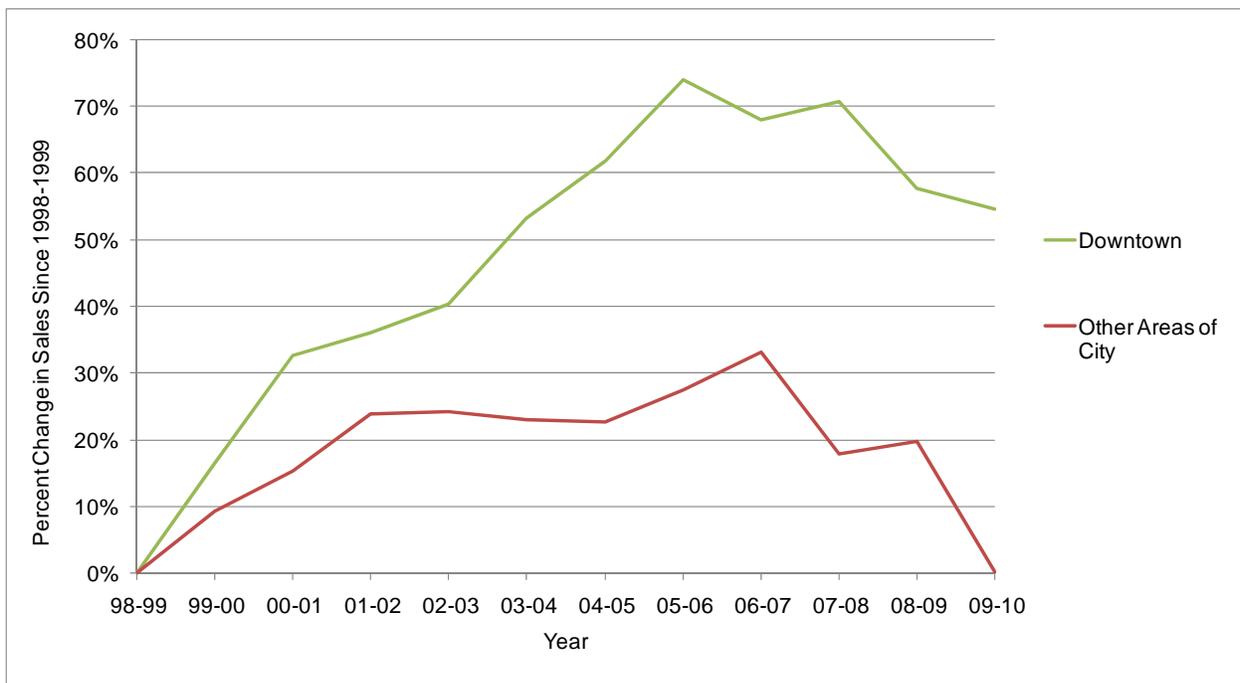
Downtown Overview

In addition to citywide trends, the analysis focused on the downtown. Centered on Healdsburg Plaza, the downtown includes the blocks bound by the railroad tracks to the west, East Street to the east, Mill Street to the south, and Piper Street to the north. Downtown retail is oriented around Healdsburg Plaza and strongly dependent on tourism, including fine-dining destinations, boutiques, and art galleries.

As illustrated in **Figure IV.8**, since 1998, the downtown has accounted for a significant amount of the growth of the retail sector in Healdsburg. From 1998 to 2008, sales in the downtown grew rapidly - overall, this area boasted a 55 percent growth in sales over this period.

Retail in other areas of the city has not fared as well. Although from 1998 to 2007, these portions of the city had fairly strong retail growth (33 percent), the decline from 2007 to 2010 reduced sales such that total receipts in 2010 were comparable to those in 1999. These sets of trends highlight the increasing reliance of the Healdsburg retail sector on visitor-serving, rather than resident-serving, retail.

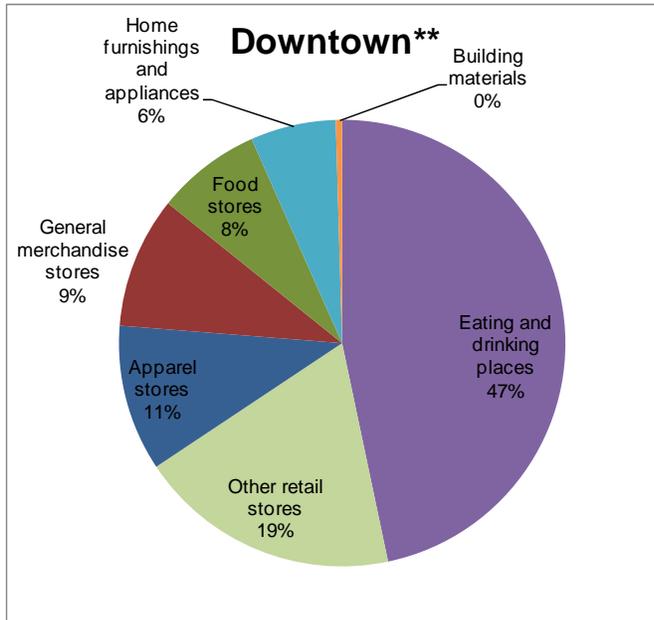
Figure IV.8: Percent Change in Retail Sales in the Downtown and Other Areas of Healdsburg, 1998-2010 (2010 dollars)



Source: Hinderliter de Llamas and Associates, 2010; Strategic Economics, 2010

Figure IV.9 shows the breakdown of retail sales in the downtown by the California State Board of Equalization’s broad retail categories, as described above.

Figure IV.9: Composition of Downtown Retail (by sales), 2010



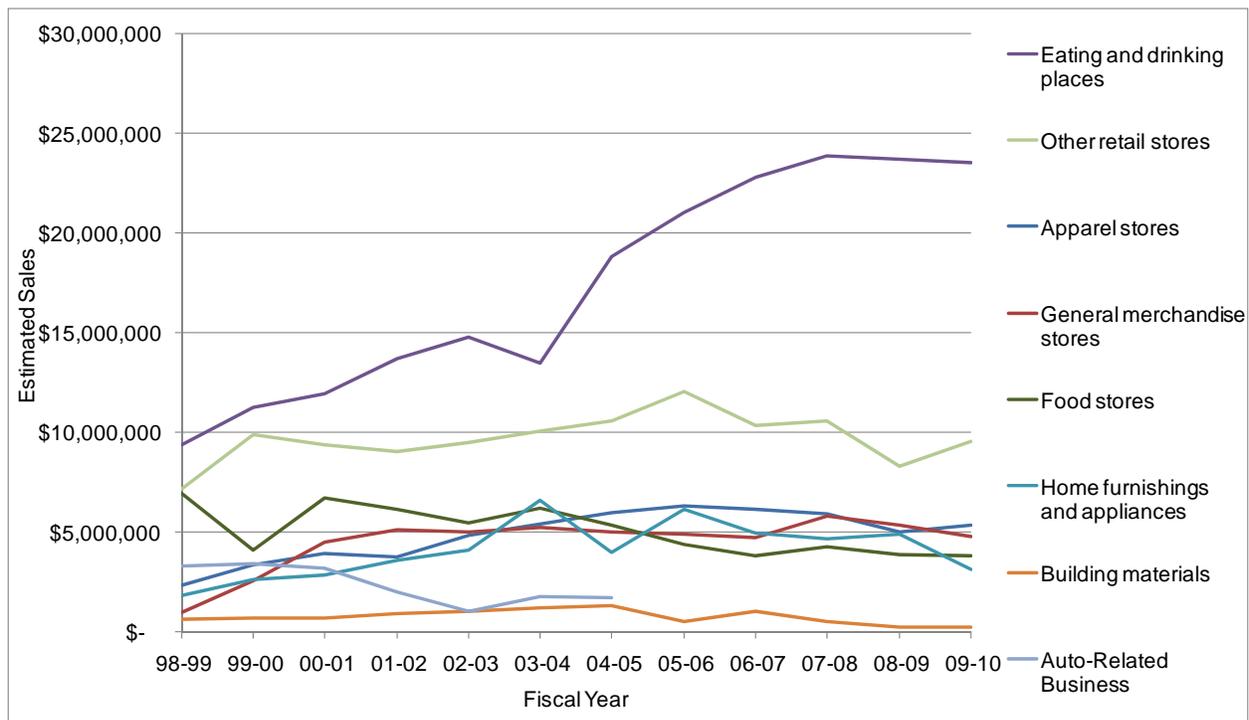
Source: Hinderliter de Llamas and Associates, 2010; California State Board of Equalization, 2010; Strategic Economics, 2011.

Compared to the rest of the city, sales in the downtown are dominated by eating and drinking places and specialty retail stores. As illustrated in the figure, over half of retail sales in the downtown are related to food and wine: 47 percent results from eating and drinking places, including restaurants, bars and wine tasting rooms, while another 8 percent results from food stores. Downtown Healdsburg contains the core of the city’s tourism-oriented retail. The downtown also has a concentration of boutique apparel stores. These shops and restaurants are concentrated near Healdsburg Plaza and benefit from proximity to downtown hotels.

As Healdsburg has grown as a destination for food and wine over the past decade, sales at high end restaurants and shops have grown dramatically. **Figure IV.10** illustrates this phenomenon: from 1998 to 2008, sales at eating and drinking places more than doubled, from \$9.4 million to \$23.9 million. Restaurants in Healdsburg include nationally renowned destinations, such as Cyrus and Dry Creek Kitchen. In 2010, 15 of the top 25 retailers in the downtown (by total sales) were restaurants. Over the same period of time, resident-serving retail uses, such as food stores and auto-related businesses, declined. Businesses in the category of “other retail stores” have also experienced strong sales throughout the period. Stores in downtown Healdsburg in this category include jewelry stores, bookstores, art galleries, and other shops dealing in specialty goods.

**To preserve confidentiality in categories wherein fewer than three retailers reported sales in the downtown in 2010, neither Motor Vehicles and Parts nor Service Stations were included in this chart.

Figure IV.10: Composition of Downtown Retail (by sales), 1998-2010 (2010 dollars)⁹

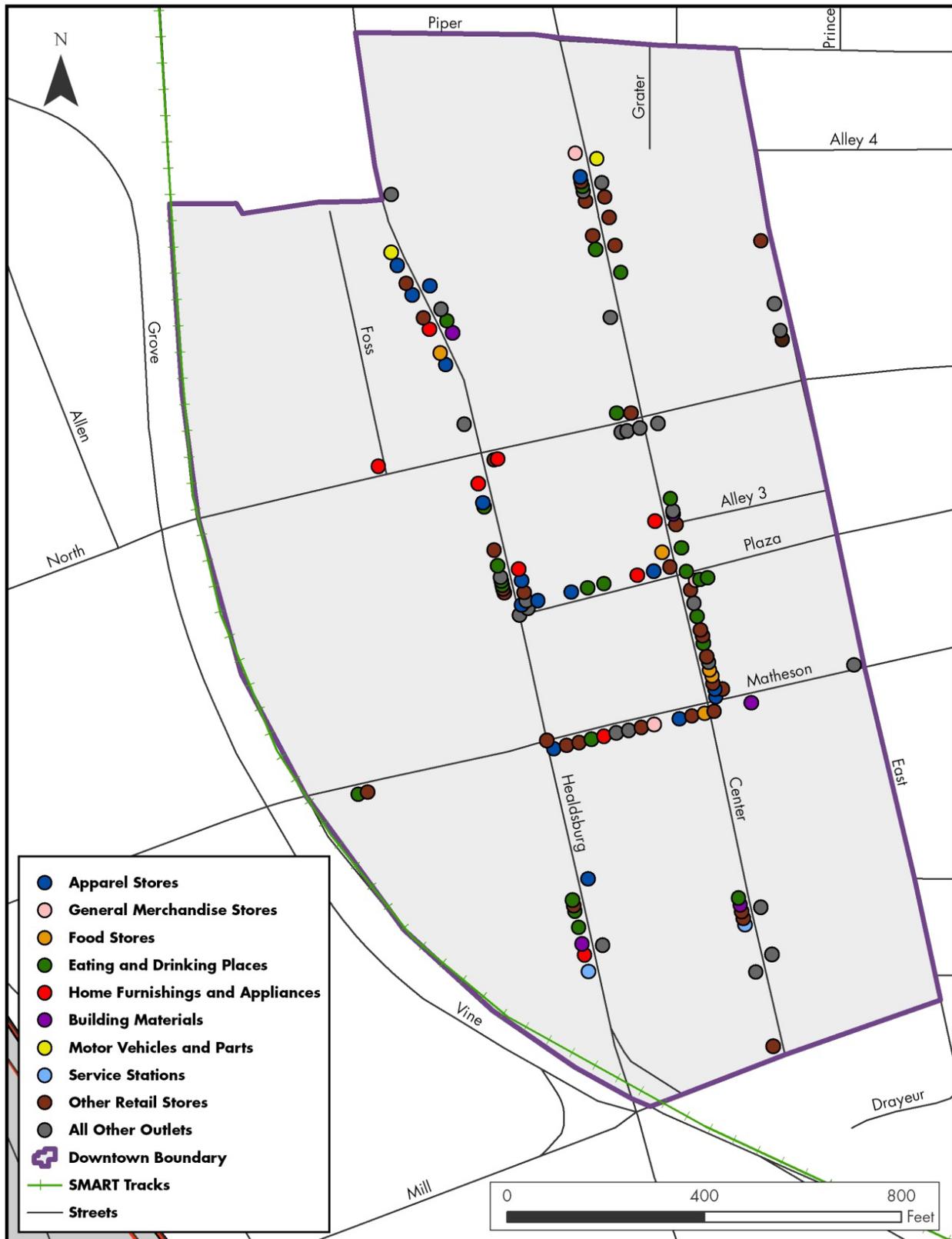


Source: Hinderliter de Llamas and Associates, 2010; Strategic Economics, 2011.

Figures IV.11 and IV.12 on the following pages, show the locations of retail outlets in downtown Healdsburg in 2000 and 2010, respectively, based on reporting of retail sales. As shown in the figures, even as retail sales in the downtown have increased significantly in the past decade, the physical footprint of the retail district has not significantly expanded.

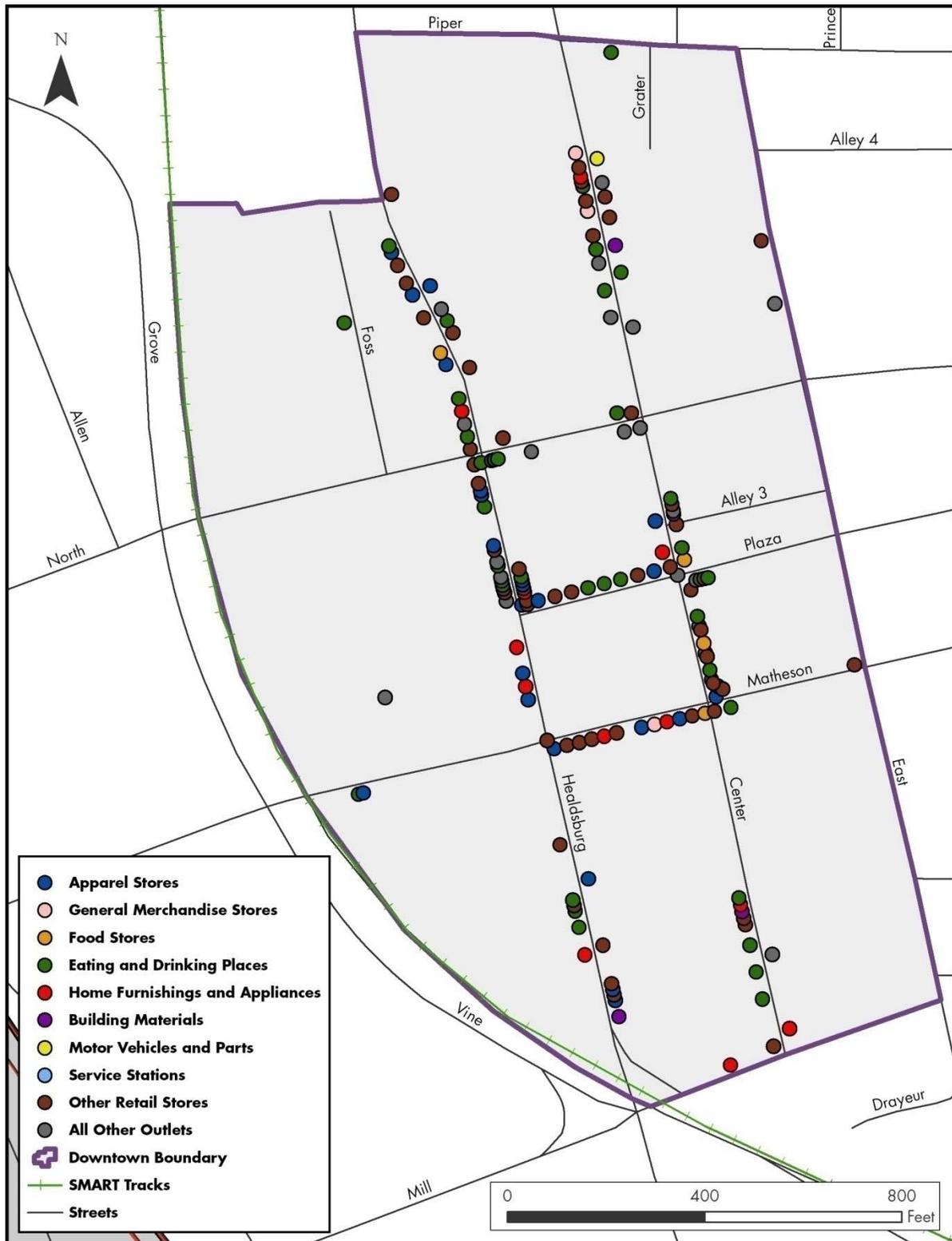
⁹ Lines are not fully continuous because, due to confidentiality concerns, data is not reported in years wherein there are fewer than three businesses in a given category.

Figure IV.11: Retail Outlets in Downtown Healdsburg, 2000



Source: Hinderliter de Llamas and Associates, 2010; California State Board of Equalization, 2010; Strategic Economics, 2011.

Figure IV.12: Retail Outlets in Downtown Healdsburg, 2010



Source: Hinderliter de Llamas and Associates, 2010; California State Board of Equalization, 2010; Strategic Economics, 2011.

Brokers reported a significant rent differential for commercial space located directly on Healdsburg Plaza (\$3 - \$6 per square foot), as compared to locations even a half block away (\$1.50 - \$3 per square foot).¹⁰ These high rents in the downtown and the seasonal nature of tourist-related revenues contribute to relatively high rates of turnover on and near Healdsburg Plaza. Lower rents off the Plaza are attributable to a poor pedestrian environment that is not sufficiently “visually interesting,” and lacks proper signage to draw visitors off of the main square. However, brokers reported recent success in addressing this problem, citing the design of Willi’s Seafood and Raw Bar as an example of the positive effect of good pedestrian-oriented architecture.

In addition to the factors noted above, brokers reported that, due to installation cost and to space requirements, restaurants are often reluctant to move into spaces that are not already outfitted with kitchens. Given that restaurants and bars (along with other wine related uses) are the types of businesses that are most-frequently seeking to locate in Healdsburg, this may inhibit the growth of the downtown. Instead, there has been a greater in-fill of spaces within the downtown and a transition to uses that generate more sales per square foot (such as higher-end restaurants).

LOCAL BUYING POWER AND RETAIL LEAKAGE

As discussed above, the retail market in Healdsburg successfully captures a volume of sales that is far greater than what can be supported by the population of the greater Healdsburg area alone: on a per capita basis, Healdsburg attracts nearly twice the sales of Sonoma County or California. However, even as the city draws customers from around the state, country, and world to its restaurants and shops, many residents travel to neighboring communities for many of their shopping needs. The following analysis evaluates the current sources of retail spending in Healdsburg, including both residents and non-residents. It quantifies the degree to which resident spending is “leaking” to other parts of Sonoma County, and examines the potential to capture a greater proportion of this spending over time.

Sources of Demand

Local Resident Spending

Healdsburg residents tend to travel to other nearby cities when shopping for comparison goods (retail items for which purchases tend to be driven by price, rather than convenience). This is, in part, due to a lack of resident-serving retail, especially general merchandise stores, within the city. Retail brokers noted that residents often complain that they are unable to afford buying clothes at the stores that do exist in the city.

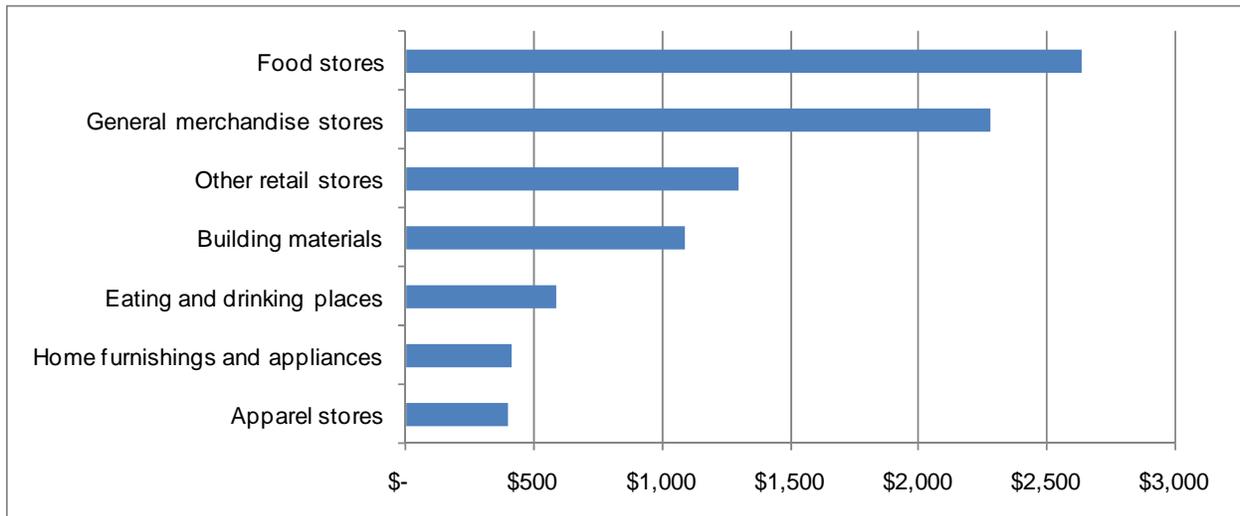
Based on the geographic boundaries illustrated in **Figure IV.1**, above, it is estimated that there is a population of approximately 18,694 in Healdsburg’s primary trade area.¹¹ This includes the 10,952 residents within the city limits, as well as the population that resides in the unincorporated areas surrounding the city (including Geyserville) that are more accessible to the city than to Cloverdale, Windsor, or other population centers. This includes only *full-time residents*, as data limitations prevent the consideration of part-time and seasonal residents. As a consequence, estimates of local buying power may somewhat understate the actual buying power of those living in Healdsburg for significant portions of the year.

¹⁰ Rent ranges cited are triple net, and do not include taxes, fees, insurance and maintenance.

¹¹ Claritas, 2010.

Figure IV.13 illustrates the total annual retail spending per person attributable to residents of the market area, including dollars spent both within Healdsburg and in other shopping areas such as Windsor and Santa Rosa. The largest spending categories are food stores, general merchandise stores, and specialty stores. While this figure shows the total buying power of Healdsburg area residents, it is not a reflection of the amount of this spending that is captured by Healdsburg retail. In fact, the percentage of this spending that contributes to local sales varies widely by retail category.

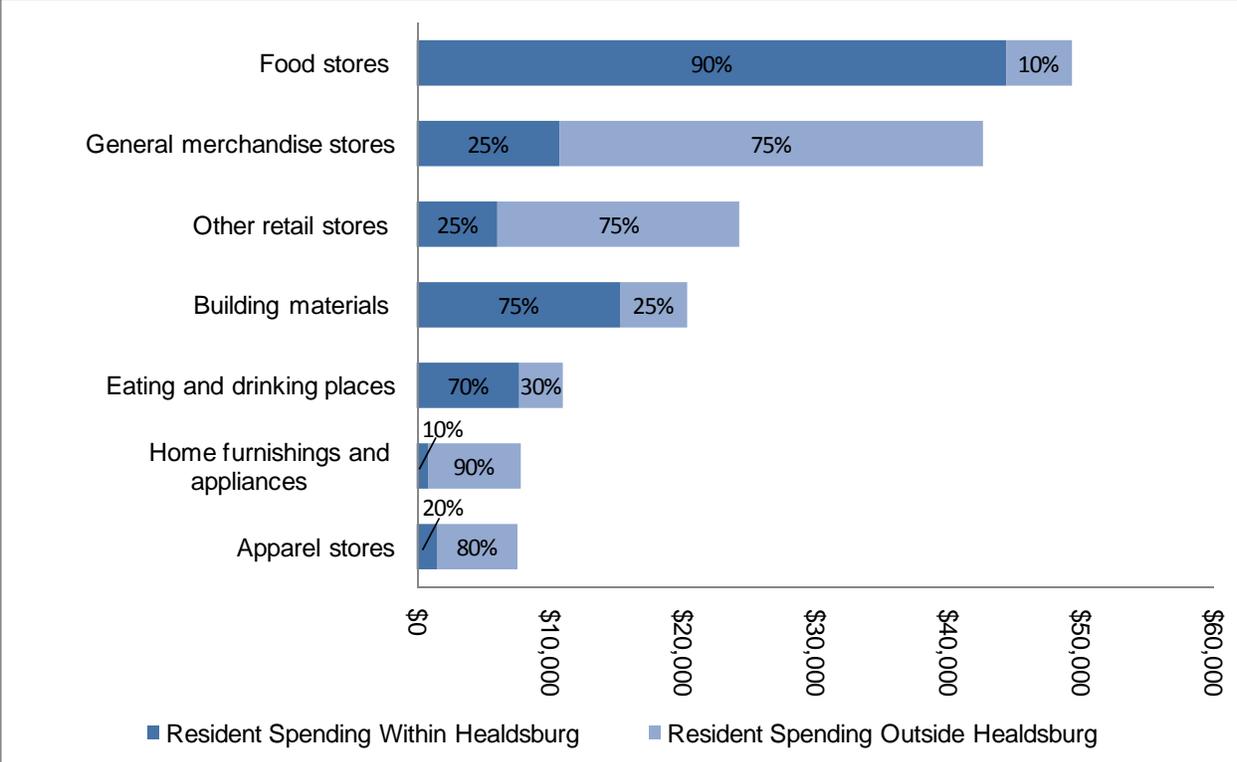
Figure IV.13: Per Capita Spending by Residents of Healdsburg Retail Trade Area



Source: California State Board of Equalization, 2010; Dean Runyan Associates, 2010; Claritas, 2010; Strategic Economics, 2011.

Using data derived from the buying power and resident spending analyses above, the amount of local resident spending that is currently “leaking” outside the city was calculated. As shown in **Figure IV.14** and **Table IV.1**, by far the largest retail category in which resident demand is not being met within the city is general merchandise stores, which includes department stores and discount stores. As mentioned previously, this reflects the fact that residents tend to travel to cities like Santa Rosa when shopping for comparison goods. A second major category is “other retail stores.” While there are a significant number of retail outlets in this category in Healdsburg, the specialty shops commonly found in the city are more likely to be geared toward the tourist market.

Figure IV.14: Local vs. Non-Local Spending by Healdsburg Area Residents (in thousands)



Source: California State Board of Equalization, 2010; Dean Runyan Associates, 2010; Claritas, 2010; Strategic Economics, 2011.

These capture rates represent the percentage of the buying power of Healdsburg residents that is actually spent in Healdsburg stores. This percentage varies widely among the sectors, from a high of 90 percent for Food Stores (a sector where proximity and convenience is often the most important factor driving spending patterns) to a low of 10 percent for home furnishings and appliances (a sector where customers are often more willing to travel longer distances for better selection and prices and in which Healdsburg has a relatively small number of outlets).

Table IV.1: Leakage of Healdsburg Resident Spending

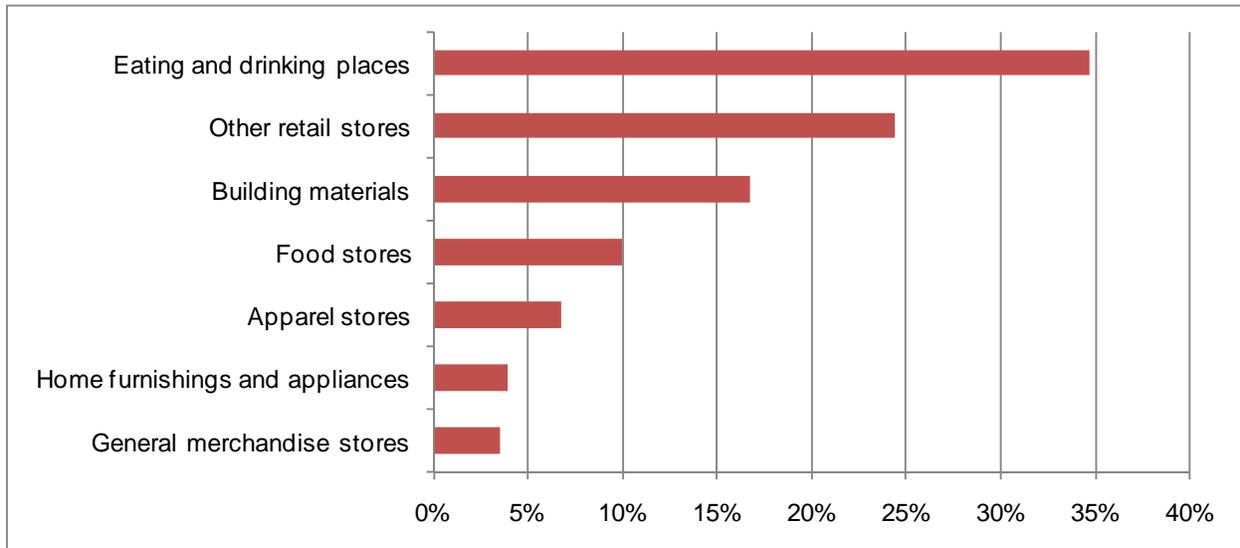
Type of Business	Buying Power (in thousands)	Resident Sales (in thousands)	Leakage (in thousands)
Apparel stores	\$7,488	\$1,498	\$5,990
General merchandise stores	\$42,660	\$10,665	\$31,995
Food stores	\$49,264	\$44,337	\$4,926
Eating and drinking places	\$10,956	\$7,669	\$3,287
Home furnishings and appliances	\$7,775	\$778	\$6,998
Building materials	\$20,328	\$15,246	\$5,082
Other retail stores	\$24,312	\$6,078	\$18,234
Totals	\$162,783	\$86,271	\$76,512

Source: California State Board of Equalization, 2010; Dean Runyan Associates, 2010; Claritas, 2010; Strategic Economics, 2011.

Other Sources of Retail Spending

A significant portion of retail spending in Healdsburg comes from non-residents, including tourists, part-time residents and visitors from other places in Sonoma County and the greater Bay Area. **Figure IV.15** shows the estimated amount of non-resident spending in Healdsburg. In terms of retail sales, non-residents spend the greatest amount on eating and drinking places and on specialty stores. The third category in terms of highest sales is building materials, which reflects a more regional market and Healdsburg's strength in the lumber industry.

Figure IV.15: Estimated Distribution of Spending in Healdsburg by Non-Residents

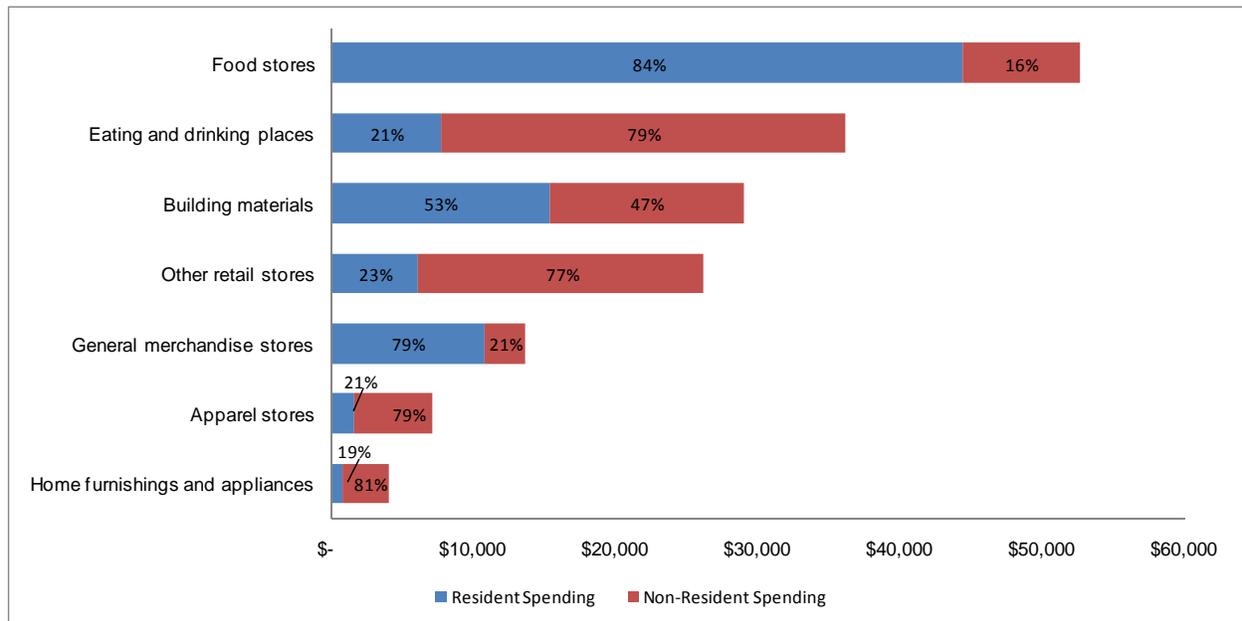


Source: California State Board of Equalization, 2010; Dean Runyan Associates, 2010; Claritas, 2010; Strategic Economics, 2011.

Figure IV.16 illustrates the estimated share of retail sales attributable to residents and non-residents. Food stores have the largest total sales and also the largest share of sales generated by residents (84 percent). However, the second largest sales generator, eating and drinking places, has nearly the reverse pattern, with only 21 percent of sales generated by residents and 79 percent by non-residents.

The pattern suggests that additional non-resident spending would be most likely to stimulate additional restaurants and specialty retailers in Healdsburg, while most support for stores such as food stores and general merchandise would need to come primarily from local households.

Figure IV.16: Healdsburg Resident and Visitor Spending (in thousands)



Source: California State Board of Equalization, 2010; Dean Runyan Associates, 2010; Claritas, 2010; Strategic Economics, 2011.

Table IV.2: Healdsburg Resident and Visitor Spending

	Estimated Resident Spending in Healdsburg (in thousands)	Estimated Non-Resident Spending (in thousands)
Apparel stores	\$1,498	\$5,503
General merchandise stores	\$10,665	\$2,853
Food stores	\$44,337	\$8,206
Eating and drinking places	\$7,669	\$28,449
Home furnishings and appliances	\$778	\$3,247
Building materials	\$15,246	\$13,745
Other retail stores	\$6,078	\$19,999
Total	\$86,271	\$82,002

Source: California State Board of Equalization, 2010; Dean Runyan Associates, 2010; Claritas, 2010; Strategic Economics, 2011.

CONCLUSIONS

The top retail store categories in terms of total retail sales citywide are motor vehicles and parts stores, food stores, and eating and drinking places. On a per capita basis, Healdsburg captures more retail dollars than average for the county or state. Compared to Sonoma County, Healdsburg has a relative concentration of auto dealerships, eating and drinking places, and building materials. While sales have suffered during the current recession, they remain relatively strong.

Retail is shifting to uses that reflect the importance of Healdsburg as a food and wine destination. Historically, strong retail sales were driven in large part by a concentration of auto dealerships and associated businesses. While Healdsburg still has a relative advantage in auto-related retail sales compared to other parts of the county, sales have declined significantly over time. This decline has been largely offset by sales generated by retail and restaurants that reflect Healdsburg's growing prominence as a wine- and food-related visitor destination. While virtually all of these businesses are patronized and supported by both local residents and visitors from out of town, they are more likely to suffer from seasonal fluctuations and broader economic shifts that influence visitation.

Sales by businesses that cater mainly to residents of Healdsburg have remained relatively flat over time. Resident-serving retailers in Healdsburg consist mainly of food stores, drug stores, and other businesses geared to meet the daily needs of residents. For less frequent purchases such as apparel or home furnishings, residents are more likely to shop in Windsor or Santa Rosa. Shopping areas to the south offer a competitive advantage for these kinds of retailers because they are located in closer proximity to a critical mass of population.

Downtown is growing in importance in terms of citywide retail sales. The downtown is the main draw for visitor spending. Stores near the plaza are dominated by eating and drinking places and boutique retailers. Sales at these kinds of businesses have grown dramatically over time as Healdsburg has grown in prominence as an upscale destination. By 2010, a majority of the city's top sales tax generators were restaurants. Rents for spaces adjacent to the plaza are high relative to surrounding blocks, and as sales have increased the physical footprint of downtown retail has not increased significantly. One of the key reasons retail has remained so concentrated is because the pedestrian environment does not encourage visitors to walk outside the core of the downtown.

Despite the significant amount of retail spending that Healdsburg residents do in locations outside Healdsburg, there is presently limited potential for additional local-serving retail uses. Healdsburg is at a disadvantage for attracting the types of stores that are more likely to sell local-serving goods, but draw from a larger market area. Broader retailing trends present an additional challenge: many varieties of retail that were once sold in smaller stores are now purchased mainly online or at large retailers. Examples include shoes, athletic apparel, and mid-market home furnishings. Over time, it is possible that some currently part-time residents will transition to be full-time residents of Healdsburg, which will generate additional buying power that can help to support local-serving retailers. To the extent that future development in Healdsburg includes additional residential units, this can also help to support additional retail that caters to locals.

V. HOUSING MARKET ANALYSIS

This section examines recent trends and conditions of the Healdsburg housing market in order to assess future demand and implications for residential development.

POPULATION GROWTH AND DEVELOPMENT TRENDS

The location and extent of new development is an important issue in both Healdsburg and Sonoma County as a whole. Many municipalities in Sonoma County, including Healdsburg, have implemented urban growth boundaries (UGBs) and growth management ordinances (GMOs) to limit the pace and/or location of new development and the attendant growth in population. In November 2000, Healdsburg voters approved Measure M, a residential GMO, which applies to any new residential building permit issued after January 1, 2001. Measure M limits growth to no more than 30 dwelling units on average, but exempts affordable housing from these limits.

While the GMO limits growth in Healdsburg to about 30 market rate dwelling units per year, the city reports that allocations for dwelling units have not been reaching the imposed limits and in fact have been averaging about 16 market rate units per year. The perception is that the GMO has a dampening effect on development in Healdsburg, wherein fewer projects are being proposed simply because the GMO is in place. Although it is not possible to precisely say what the actual impact of the GMO is, it is clear that few larger housing development projects are being proposed in Healdsburg. This may be because the limits established under the GMO would mean that larger projects would need to be phased over several years. Extending a larger project's timeline increases risk for the developer and makes it more challenging to obtain financing. In addition, one larger project will impact what happens elsewhere in the City, limiting what other development can happen for the duration of the project's development period.

Population Growth

Over the last twenty years, Healdsburg has grown at a moderate pace with average annual growth of just over one percent. As shown in **Table V.1** below, the growth rate in Healdsburg closely mirrored that of Sonoma County between 1990 and 2010. While the GMO may have helped to slow growth during the 2000s, the city's population grew at a slightly greater rate than the County as a whole. Compared to other cities in Sonoma County, Healdsburg's growth rate lagged that of Petaluma, Santa Rosa and Windsor, but exceeded that of Sebastopol, which has stringent growth controls in the form of both a GMO and an UGB.¹²

¹² Sebastopol's General Plan Growth Management program limits growth to 575 total dwelling units from 1994 to 2014. The program also set annual limits on residential development, initially 40 units per year, dropping to 25 units per year from 2000 forward. http://ci.sebastopol.ca.us/sites/default/files/griffinj/housing_element_10-2010.pdf.

Table V.1: Population and Growth in Healdsburg, Nearby Cities, and Sonoma County, 1990, 2000, and 2010¹³

	Healdsburg	Petaluma	Santa Rosa	Sebastopol	Windsor*	Sonoma County
Population						
1990	9,469	43,166	113,261	7,008	N/A	388,222
2000	10,915	54,550	147,595	7,774	22,744	458,614
2010	11,931	58,401	163,436	7,943	26,955	493,285
Change in Population						
1990 - 2000	1,446	11,384	34,334	766	6,203	70,392
2000 - 2010	1,016	3,851	15,841	169	4,211	34,671
1990 - 2010	2,462	15,235	50,175	935	10,414	105,063
Average Annual Growth Rate						
1990 - 2000	1.4%	2.4%	2.7%	1.0%	4.7%	1.7%
2000 - 2010	0.9%	0.7%	1.0%	0.2%	1.7%	0.7%
1990 - 2010	1.2%	1.5%	1.9%	0.6%	2.9%	1.2%

Source: California Department of Finance, 2010; Calculations by Strategic Economics, 2010.

* The City of Windsor was incorporated in 1993.

Recent and Planned Development

Between 1996 and 2010, Healdsburg issued 801 residential permits, of which nearly three-quarters were for single-family homes (including townhomes and duplexes). In fact from 2001 through 2008, only nine permits were issued for multi-family units (**Table V.2**). In 2009, permits for multi-family units outnumbered those for single-family units for the first time.

Healdsburg has averaged 39 permits for single-family units and 14 permits for multi-family units per year over the 15 years evaluated. For the ten-year period since the passage of Measure M, Healdsburg has averaged 21 permits for single-family units and eight permits for multi-family units per year.

¹³ The above population/growth table is based on DOF data and therefore differs from population and demographic data from other sources in part because DOF includes sphere of influence in its numbers.

Table V.2: Healdsburg Residential Permits, 1996-2009

Year	Single Family Units	Multi-Family Units	Total Units
1996	5	0	5
1997	44	0	44
1998	137	0	137
1999	115	82	197
2000*	79	51	130
2001	27	0	27
2002	23	0	23
2003	13	0	13
2004	36	6	42
2005	19	0	19
2006	42	3	45
2007	21	0	21
2008	17	0	17
2009	7	71	78
2010	3	0	3
Total	588	213	801

Source: City of Healdsburg, 2011; U.S. Census Bureau, 2009; Strategic Economics, 2011.
 *Healdsburg’s GMO was approved by voters in 2000 and went into effect in 2001.

Table V.3 provides a summary of recently developed (since January 1, 2007), under construction, and approved housing projects in Healdsburg. Since 2007, almost half of the units completed (75 out of 154 total units) were multi-family units; of these, all were subsidized affordable housing units. The majority of remaining units were single-family homes, nearly all of which were sold at market rate. The Grove development accounts for the 25 townhome units that have been recently built.

Although none of the projects that are either under construction or approved contains any multi-family buildings, townhomes and duplexes make up a significant portion of planned units. The Grant Street Village development, for example, includes 16 duplex units currently under construction, and will total 39 duplex units, including 14 affordable units, when completed. The planned and approved unit count presented here does not include the approved Saggio Hills development project, which would include 70 high-end single family dwelling units and up to 150 affordable housing units in addition to a luxury hotel, restaurant, spa, and conference facility.

Table V.3: Healdsburg Recently Completed, Under Construction, and Approved Projects, As of November 2010

Status	Project Type	Affordable Units				Market Rate Units	Total
		Extremely Low	Very Low	Low	Moderate		
Recently Completed	Single Family	0	0	2	0	41	43
	Duplex/Townhome	0	0	1	1	23	25
	Second Unit	0	0	5	2	0	7
	Live/Work	0	0	2	1	1	4
	Multi-Family	26	32	13	4	0	75
	Total	26	32	23	8	65	154
Under Construction	Single Family	0	0	0	0	5	5
	Duplex/Townhome	0	2	2	2	16	22
	Second Unit	0	0	0	0	0	0
	Live/Work	0	0	0	0	0	0
	Multi-Family	0	0	0	0	0	0
	Total	0	2	2	2	21	27
Planned and Approved	Single Family	0	0	1	1	48	50
	Duplex/Townhome	0	2	2	6	13	23
	Second Unit	0	0	0	0	0	0
	Live/Work	0	0	0	0	0	0
	Multi-Family	0	0	0	0	0	0
	Total	0	2	3	7	61	73

Source: City of Healdsburg, 2010; Strategic Economics, 2010.

CURRENT MARKET CONDITIONS

Brokers report that demand for housing in Healdsburg is high, and that the market has been more resilient than other parts of Sonoma County. The city is seen as offering an exceptionally high quality of life, due to its small-town feel and the wealth of food-related businesses (both restaurants and markets). While employment in the wine industry is a draw for some potential residents, there is anecdotal evidence that a larger share of homebuyers have “geographically-independent” sources of income. This category of households includes those employed in professions that enable them to work from home as well as retirees. In addition to these households that are seeking to relocate to Healdsburg full-time, realtors suggested that a major portion of demand comes from those looking for “transitional” housing. These households will often purchase a home in Healdsburg as a rental or weekend/vacation property while they are tied to jobs elsewhere, but with the intent of relocating full-time upon retirement.

Housing Characteristics

Healdsburg’s small-town feel is reflected in the make-up of the housing stock. As shown in **Table V.4**, nearly 80 percent of housing units in the city are single family detached homes. Many of these are single-story, ranch-style homes. Of the less than 20 percent of units that are in multi-family buildings, the largest share is in 3-4 unit buildings. **Table V.5** illustrates that the vast majority of housing units in the city were constructed after World War II, with 60 percent built in 1970 or later. Older homes, including “Queen Anne” style cottages and “Craftsman” bungalows from the early 1900s, are concentrated in the downtown area.

Table V.4: Housing Units by Building Type, 2009¹⁴

Building Type		Number of Units	Percent of Total
Single Family	Detached	3,763	79%
	Attached	183	4%
Multi-Family	2 Units	130	3%
	3 or 4 Units	263	5%
	5 to 9 Units	134	3%
	10 to 19 Units	135	3%
	20 to 49 Units	68	1%
	50 or More Units	30	1%
Other	Mobile Home	78	2%
	Boat, RV, van, etc.	0	0%
Total		4,784	100%

Source: 2005-2009 American Community Survey 5-Year Estimates; Strategic Economics 2011.

¹⁴ ACS 5-Year Estimates provide population and housing characteristics based on data collected from January 1, 2005 to December 31, 2009 and represent the average results for the 5-year period for which data was collected.

Table V.5: Housing Units by Year Built, 2009

Year Built	Number of Units	Percent of Total
2005 or later	111	2%
2000 to 2004	466	10%
1990 to 1999	526	11%
1980 to 1989	958	20%
1970 to 1979	824	17%
1960 to 1969	404	8%
1950 to 1959	485	10%
1940 to 1949	224	5%
1939 or earlier	786	16%
Total	4784	100%

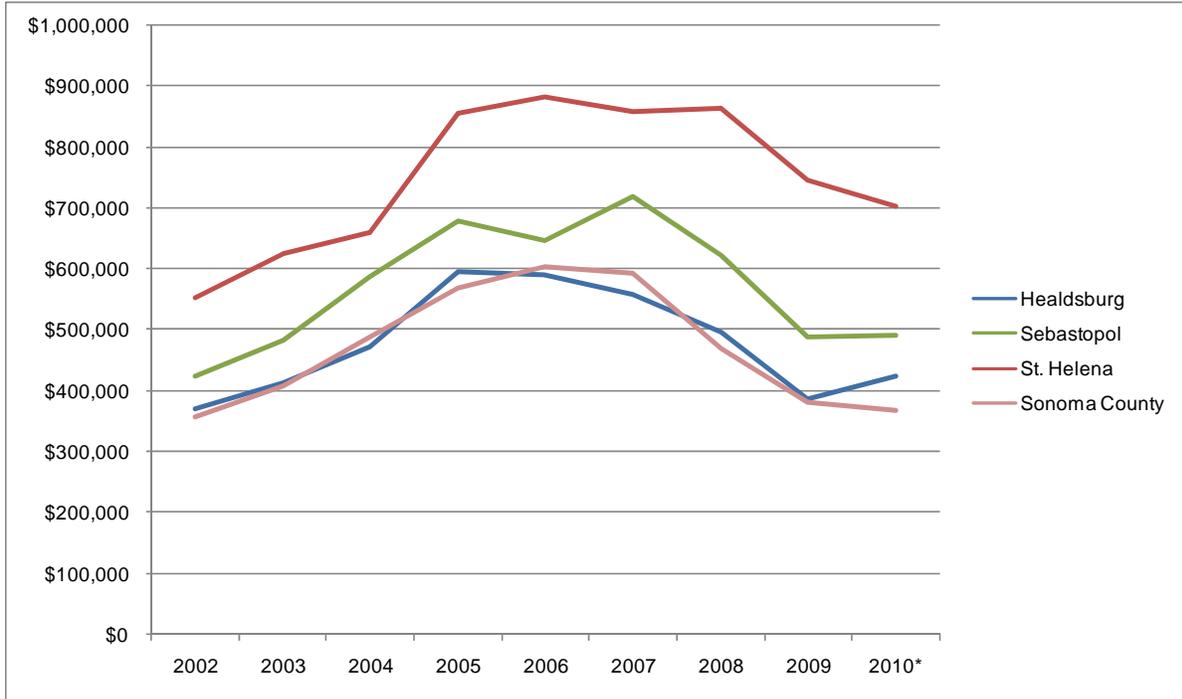
Source: 2005-2009 American Community Survey 5-Year Estimates; Strategic Economics 2011.

Sales Prices

Figure V.1 shows average sales prices for single family homes in Sonoma County, Healdsburg, Sebastopol, and St. Helena. Brokers interviewed for this study stated that homebuyers considering Healdsburg often looked in these peer cities as well. From 2002 through 2009, average sales prices for homes in Healdsburg largely mirrored those in the County. However, it appears that from 2009 to 2010, home prices in Healdsburg increased even as the County as a whole continued to decline.

Overall, average housing prices in Healdsburg are lower than in the comparison cities throughout the time period studied, however Healdsburg may be gaining on the other cities if prices in Sebastopol and St. Helena continue recent trends and fall or remain flat.

Figure V.1: Home Prices in Healdsburg, Peer Cities and Sonoma County 2006-2010



Source: RAND California, 2011; Data Quick News, 2010; Strategic Economics, 2011.

*Average for 2010 includes data for January through September only.

Affordable Housing

As noted previously, affordable housing projects are exempted from the Measure M Growth Management Ordinance. As a result, it is possible that subsidized housing represents a larger share of housing development than it might otherwise because subsidized housing projects may be facing less competition for land in Healdsburg. As shown previously in **Table V.3**, 89 of the 154 recently developed housing units in Healdsburg were affordable to households of moderate income or below. **Table V.6**, below, outlines the Regional Housing Needs Allocation (RHNA) for Healdsburg, Sonoma County, and the nine-county Bay Area Region, as assigned by the Association of Bay Area Governments. This set of numbers represents the amount of new housing that would need to be accommodated by Healdsburg in order to address its share of the regional need for housing at various income levels.

If development were to continue at the same pace as between 2005 to 2010, Healdsburg would be very close to meeting its RHNA for both the very low- and low- income categories. However, it appears that Healdsburg is less likely to meet these goals for moderate -income housing. This may be due to the fact that there are few subsidies available for housing units affordable to moderate-income households, to the fact that housing affordable to moderate-income households without long-term affordability restrictions is available elsewhere in Sonoma County, and to the limits on market-rate housing imposed by Measure M. Because of the price premium for housing in Healdsburg, the market is unlikely to deliver moderate-income serving housing without a subsidy.

Table V.6. RHNA Allocations, 2007 - 2014

	Very Low <50% AMI	Low <80% AMI	Mod <120% AMI	Above Mod AMI	Total
Healdsburg	71	48	55	157	331
Sonoma	3,244	2,154	2,445	5,807	13,650
Bay Area	48,840	35,102	41,316	89,242	214,500

Source: Association of Bay Area Governments 2009; Strategic Economics 2011.

Healdsburg's Competitive Advantages

Interviews with real estate brokers and other local experts revealed that Healdsburg has several competitive advantages over its peer cities. The lack of highway through-traffic helps to make downtown Healdsburg quieter and more pedestrian-friendly than either Sebastopol or St. Helena. Although housing values are generally lower in Healdsburg than in Sebastopol and St. Helena, properties close to Healdsburg Plaza have reportedly retained their value well and have been nearly unaffected by the downturn in the housing market. With a limited number of foreclosed properties city-wide, prices are expected to continue to rebound, especially in comparison to the adjacent cities of Cloverdale and Windsor, which have many more properties in distress or foreclosure. In addition, future SMART service is seen as an important amenity, though it is expected to only have a marginal impact on either commuting preferences or the housing market.

Because quality of life is such an important driver of housing demand, brokers suggested that new housing will need to be consistent with the existing community character in order to be successful. Nearby communities such as Santa Rosa offer housing options that are both less expensive and more varied. Healdsburg, on the other hand, has the significant competitive advantage of its small-town feel and quality of life while being relatively affordable when compared to its peer cities.

HOUSING DEMAND

As discussed previously, it appears that the GMO is having a dampening effect on the type and amount of housing being developed in Healdsburg, although it is not possible to precisely measure the impact. In recent years, the population of Healdsburg has grown at a relatively slow rate with a very limited increment of new housing development. The high cost of housing in Healdsburg and the degree to which these homes have retained their value despite the current housing market downturn suggests that there may be significantly greater demand than is reflected by this rate of growth.

In addition to these local conditions, nationwide trends in demographics and consumer preferences are likely to contribute to demand for a greater variety of housing in Healdsburg over time. The age distribution of the United States population has significantly changed over the last 50 years. While children once made up the largest share of the population, now the population is more evenly balanced across all age groups. Even absent age changes, cultural and social conventions have shifted over the last several decades in a way that has dramatically changed the types of households in the US, with single parents and multigenerational households on the rise.

As discussed in the demographics section of this report, households are increasingly likely to be older and smaller. While only about 37 percent of households had only one or two people in 1950, this share had risen to 58 percent by 2000. Married couples made up the vast majority of households just decades ago, yet they will soon make up less than half of all households. Today, less than one-quarter of all households have children present. This change in household types has also resulted in changing consumer preferences, with many households preferring to live in walkable neighborhoods with access to transit and other urban amenities.

Housing Demand Projections

Strategic Economics projected the future demand for housing in Healdsburg, given expected growth in Sonoma County as a whole, shifts in household types, and housing preferences among different household types.

As shown in **Table V.7**, the Association of Bay Area Governments projects that by 2030, Sonoma County will have 206,440 households. This is an increase of 27,379 over the 179,061 households that currently reside in the county.¹⁵ Future housing demand will depend on what share of that growth is attracted to Healdsburg, rather than to other portions of the county.

Table V.7. Projected Growth in Households, Sonoma County, 2009 to 2030

	2009	2015	2020	2025	2030
Total Households	179,061	192,600	197,060	201,700	206,440
Change in Households	N/A	13,539	4,460	4,640	4,740
Average Annual Growth Rate	N/A	1.2%	0.5%	0.5%	0.5%

Source: Association of Bay Area Governments 2009; 2005-2009 American Community Survey 5-Year Estimates; Strategic Economics 2011.

¹⁵ 2005-2009 American Community Survey, US Census.

The housing demand projections include three scenarios:

- The “**constrained**” scenario is the most conservative. It assumes that Healdsburg’s future capture rate for housing (as a percentage of housing growth in Sonoma County as a whole) will be consistent with capture rates over the past 20 years.¹⁶ This scenario further assumes that this historic capture rate of 2.3 percent will continue.
- The second, “**moderate**” scenario assumes that Healdsburg’s capture of Sonoma’s housing development over the past two decades understates demand, but not dramatically. The moderate scenario assumes that the GMO has had a dampening effect on housing development and there is unmet demand in Healdsburg. Thus, in this scenario, the capture rate is boosted to 3.5 percent.
- The final, “**enhanced**” scenario, assumes that Healdsburg might appeal to 5 percent of households looking for new housing in Sonoma County, based on the growing desirability of the area.

Table V.8 summarizes the analysis of housing demand by the three scenarios. Under the constrained scenario, total demand in Healdsburg will be for 630 housing units over the course of the 21-year projected period (including 2010). At 30 units a year, this is exactly the limit imposed by Healdsburg’s GMO. The growth rate under the constrained scenario would be 0.6 percent, which is lower than the rate Healdsburg has been growing recently.

The moderate scenario projects a total demand for 945 new units of housing through 2030. This comes to an annual average of 45 new units, which is 150 percent of the amount of market rate housing allowable by the GMO. The growth rate under the moderate scenario would be 0.9 percent, which is the rate Healdsburg has grown over the last ten years.

Finally, under the enhanced scenario, there is a total demand for 1,369 new units of housing through 2030. At an average of 65 units per year, this is more than twice the amount of development permitted by the GMO. The growth rate under this scenario (1.3 percent) is consistent with the rate Healdsburg has grown over the last 20 years.

Table V.8. Summary of Projected Housing Demand in Healdsburg by Scenario

	Capture Rate	Marginal Housing Demand				Total	Average Annual Demand	Annual Growth Rate
		2009-2015	2015-2020	2020-2025	2025-2030			
Constrained	2.3%	311	103	107	109	630	30	0.6%
Moderate	3.5%	467	154	160	164	945	45	0.9%
Enhanced	5.0%	677	223	232	237	1,369	65	1.3%

Source: Strategic Economics 2011.

¹⁶ This pattern is illustrated in Table 13 in the Appendix.

Demand for Housing by Type

Strategic Economics allocated housing demand for specific unit types based on household types and consumer preferences. Households were split into three types, each with a distinct set of needs and preferences:

- Households with children,
- Other households that include at least one person over the age of 65, and
- Other households that only include persons under the age of 65.

The share of Healdsburg households that will fall into each of these categories was projected using an assessment of national population data conducted by the Joint Center for Housing Studies at Harvard.¹⁷ Over the course of this period, the share of households with children is projected to remain steady, at slightly less than 30 percent. However, the share of other households with no persons under the age of 65 is projected to fall from 46 percent to 43 percent as the share of other households with at least one such person will grow from 24 to 29 percent (see **Table A.6** in the appendix).

Finally, the relative preferences of these household types for living in multi-family or single family units were considered in the allocation of total housing demand (see **Table A.7** in the appendix).

Under the constrained scenario approximately one-third of the projected demand, or 205 units, will be in the form of multi-family housing, which conforms to development patterns in Sonoma County over the past decade (**Table V.9** on the following page).¹⁸ The remaining 425 in projected demand will be for single-family housing. For all of the scenarios, the demand projections for single-family units include both detached homes and attached units (townhomes). Of total demand under this scenario, 164 units will come from households that include at least one person over the age of 65. Demand for housing for families with children will total 178 units over this period.

As with the other scenarios, the moderate scenario projects that the largest share of demand will be from households with older members, including retirees - 432 units will be demanded by this group (**Table V.10**). In total, the moderate scenario projects demand for 638 single-family units and 307 units in multi-family buildings.

Finally, the enhanced scenario projects demand for 445 multi-family housing units (**Table V.11**). Under this scenario, demand from other households with persons younger than 65 alone would consume all of the GMO allocations.

¹⁷ Masnick, George S., Daniel McCue, and Eric S. Belsky. "Updated 2010-2020 Household and New Home Demand Projections. Joint Center for Housing Studies, Harvard University, 2010

¹⁸ This development pattern is illustrated in Table 14 in the Appendix.

Table V.9. Projected Marginal Housing Demand by Type, Constrained Scenario

	2009-2015			2015 to 2020			2020 to 2025			2025 to 2030			Total			Annual Average		
	Single Family	Multi-family	Total	Single Family	Multi-family	Total												
Families with Children	80	9	89	26	3	29	27	3	30	27	3	30	160	18	178	8	1	8
Other Households, 65+	50	27	77	17	9	26	19	10	30	20	11	32	107	57	164	5	3	8
Other Households, <65	80	65	145	27	22	48	26	21	47	26	21	47	158	130	288	8	6	14
Total	210	101	311	69	34	103	72	35	107	74	35	109	425	205	630	20	10	30

Source: Strategic Economics 2011.

Table V.10. Projected Marginal Housing Demand by Type, Moderate Scenario

	2009-2015			2015 to 2020			2020 to 2025			2025 to 2030			Total			Annual Average		
	Single Family	Multi-family	Total	Single Family	Multi-family	Total												
Families with Children	120	13	134	39	4	43	40	4	45	41	5	45	240	27	267	11	1	13
Other Households, 65+	75	40	115	25	13	38	29	16	45	31	17	47	160	86	246	8	4	12
Other Households, <65	120	98	218	40	33	72	39	32	70	39	32	71	237	194	432	11	9	21
Total	315	152	467	104	50	154	108	52	160	111	53	164	638	307	945	30	15	45

Source: Strategic Economics 2011.

Table V.11. Projected Marginal Housing Demand by Type, Enhanced Scenario

	2009-2015			2015 to 2020			2020 to 2025			2025 to 2030			Total			Annual Average		
	Single Family	Multi-family	Total	Single Family	Multi-family	Total												
Families with Children	174	19	194	56	6	62	58	6	65	59	7	66	348	39	387	17	2	18
Other Households, 65+	109	59	167	36	20	56	42	23	65	45	24	69	232	125	356	11	6	17
Other Households, <65	174	142	316	58	47	105	56	46	102	57	46	103	344	282	626	16	13	30
Total	457	220	677	150	73	223	157	75	232	160	77	237	924	445	1369	44	21	65

Source: Strategic Economics 2011.

CONCLUSIONS AND IMPLICATIONS FOR GROWTH MANAGEMENT ORDINANCE

Despite the current residential market downturn, Healdsburg has a relatively strong housing market. Even as housing prices have plummeted nationally and throughout the state, homes in Healdsburg, particularly those near the plaza, have substantially retained their value. This is a reflection of both the desirability of the Healdsburg community and the degree to which the demand for housing in the city has outpaced supply. In the most conservative scenario, demand for housing will consume 100 percent of GMO allocations for the next two decades.

A significant amount of demand will come from households without children, including younger households and older households. Since the projected demand will come from a range of household types, incomes, and age groups, units with varying prices, sizes and amenities should be developed in response. This trend is also playing out nationally and developers who in the past have focused on building suburban tract neighborhoods are diversifying their product lines to keep up with the changing demand for housing, adding urban townhomes and condominiums to their projects.

The GMO deters larger projects and therefore limits the types of housing that would cater to the wide variety of households expected to want to live in Healdsburg. Although the text of the GMO limits only the amount of housing built, it functionally also dictates the types of housing development that can occur in Healdsburg. Multi-family housing (even of the low-rise scale that would be most likely in Healdsburg) is very difficult to build in small increments, such as would be required by the GMO. Under the existing growth limits, a modest project of 200 units would need to be developed over the course of at least seven years, even if it received 100 percent of GMO allocations.

Because of the price premium for housing in Healdsburg, the market is unlikely to deliver moderate-income serving housing. While Healdsburg has been meeting its goals for housing affordable to low-income households, it has not met its goals for housing affordable to moderate-income households, which may be due in part to the limits imposed by the GMO. Such work-force housing would likely require some type of intervention from the public sector.

Without adjustments to the GMO, most new housing will continue to be in the form of small-scale single family development. Infill and redevelopment projects require significant up-front investments in environmental remediation and infrastructure. The risk and holding periods associated with limitations under the GMO would likely dissuade most developers from making the investments necessary to make redevelopment successful.

APPENDIX

SUPPORTING TABLES FOR DEMOGRAPHICS SECTION

Table A.1: Race and Ethnicity Trends for Healdsburg and Sonoma County, 1990, 2000, and 2009

	City of Healdsburg			Sonoma County		
	1990	2000	2009	1990	2000	2009
Ethnicity						
Hispanic or Latino (of any race)	21%	29%	30%	11%	17%	22%
Not Hispanic or Latino	79%	71%	70%	89%	83%	78%
Race						
White	87%	80%	80%	91%	82%	81%
Black or African American	0%	1%	0%	1%	1%	2%
American Indian & Alaska Native	1%	2%	2%	1%	1%	1%
Asian & Pacific Islander	1%	1%	0%	3%	3%	4%
Some Other Race Alone	11%	13%	15%	4%	8%	9%
Two or More Races	N/A	4%	3%	N/A	4%	3%
Total	100%	100%	100%	100%	100%	100%

Source: Census 1990, 2000; 2005-2009 American Community Survey 5-Year Estimates; Strategic Economics, 2010.

Table A.2: Income Distribution for Healdsburg, Sonoma County, and California Households, 2009

	City of Healdsburg	Sonoma County	State of California
Less than \$25,000	21%	18%	21%
\$25,000 to \$49,999	19%	21%	22%
\$50,000 to \$74,999	18%	19%	18%
\$75,000 to \$99,999	14%	14%	13%
\$100,000 to \$149,999	14%	17%	15%
\$150,000 or more	15%	12%	12%
Total	100%	100%	100%
Median (2009 \$)	\$65,811	\$63,848	\$58,931

Source: American Community Survey 2009; 2005-2009 American Community Survey 5-Year Estimates; Strategic Economics, 2010.

Table A.3: Educational Attainment in Healdsburg, 1990, 2000, and 2009

	City of Healdsburg			Sonoma County		
	1990	2000	2009	1990	2000	2009
Less than High School Diploma	22%	19%	15%	16%	15%	14%
High school diploma	23%	19%	19%	24%	20%	22%
Some college or Associate Degree	34%	33%	34%	36%	36%	33%
Bachelor's Degree or Higher	21%	29%	32%	25%	29%	31%
Total Population	100%	100%	100%	100%	100%	100%

Source: Census 1990, 2000; Claritas 2009; Strategic Economics, 2010.

RETAIL ANALYSIS METHODOLOGY

Note on Data Sources for Retail Analyses

The primary data source for data on retail sales in Healdsburg was Hinderliter de Llamas and Associates (HdL) data provided by the city of Healdsburg. This data includes a listing of all sales tax collected by the city from each retailer from fiscal year 1998-1999 to fiscal year 2009-2010. These data points were converted from sales tax to taxable sales by dividing by .01 (the tax rate retained by the city). Because not all goods are taxable (primarily non-prepared foods and pharmaceuticals), an adjustment factor was applied to certain retail categories in order to arrive at total sales. For food stores, taxable sales were multiplied by (1/0.3); for general merchandise stores, taxable sales were multiplied by (1/0.75).

State and County data was provided by the California State Board of Equalization in form of taxable sales (rather than sales tax collected). The same adjustment factors were food stores and general merchandise stores were applied to these data.

For all data, figures are adjusted for inflation and displayed in 2010 dollars.

Buying Power/Leakage Analysis

For the purposes of this analysis, it is assumed that the spending patterns of Healdsburg residents are substantially similar to those of other residents of Sonoma County. This assumption is reasonable given that the city and the County have substantially similar income distributions (see Section II). To arrive at total local spending by Sonoma County residents, data on visitor spending in the county (derived from Dean Runyan Associates data) was subtracted from the total retail sales for the County (from California State Board of Equalization data). As shown in Table VI.4, total spending by county residents was then converted into a per capita basis. Finally, per capita spending was multiplied by the population in the Healdsburg trade area (estimated by Claritas using the boundaries shown in **Figure IV.1**) to arrive at total buying power for Healdsburg. Both service stations and motor vehicle sales were excluded from this analysis, as each of these uses is inherently regional (rather than local) in nature.

As shown in **Figure IV.19**, using data for total spending, visitor spending, and qualitative data provided by retail brokers, capture rates were assigned to each retail sector.

Table A.4: Healdsburg Buying Power (in thousands)

	Sonoma County				Healdsburg Primary Trade Area	
	Total Sales	Visitor Sales	Resident Sales		Residents	Buying Power
		Total	Total	Per Capita		
Apparel stores	\$ 249,377	\$ 60,278	\$ 189,100	0.40	18,694	\$ 7,488
General merchandise stores	\$ 1,107,609	\$ 30,267	\$ 1,077,342	2.28	18,694	\$ 42,660
Food stores	\$ 1,290,412	\$ 46,300	\$ 1,244,112	2.64	18,694	\$ 49,264
Eating and drinking places	\$ 603,286	\$ 326,600	\$ 276,686	0.59	18,694	\$ 10,956
Home furnishings and appliances	\$ 226,626	\$ 30,267	\$ 196,359	0.42	18,694	\$ 7,775
Bldg. matrl. and farm implements	\$ 513,373	\$ -	\$ 513,373	1.09	18,694	\$ 20,328
Other retail stores	\$ 749,661	\$ 135,689	\$ 613,972	1.30	18,694	\$ 24,312
Total	\$ 4,740,343	\$ 629,400	\$ 4,110,943	8.71	18,694	\$ 162,783

Source: California State Board of Equalization, 2010; Dean Runyan Associates, 2010; Claritas, 2010; Strategic Economics, 2010

SUPPORTING TABLES FOR HOUSING DEMAND PROJECTIONS

Table A.5: Healdsburg Capture of Sonoma County Growth in Housing Units, 1990-2010

	1990	2010	Change
Sonoma	161,062	200,332	39,270
Healdsburg	3,766	4,667	901
Healdsburg Capture	2.3%	2.3%	2.3%

Source: California Department of Finance 2010, Strategic Economics 2011

Table A.6. Projected Distribution of Household Types, Sonoma County, 2009-2030

	2009	2015	2020	2025	2030
Families with Children	29%	29%	28%	28%	28%
Other Households, 65+	24%	25%	25%	28%	29%
Other Households, <65	46%	47%	47%	44%	43%
Total	100%	100%	100%	100%	100%

Source: Masnick, McCuse, and Belsky 2010, American Communities Survey 2005-2009, Strategic Economics 2011

Table A.7. Estimated Housing Preferences by Household Type

	Single Family	Multi-family
Families with Children	90%	10%
Other Households, 65+	65%	35%
Other Households, <65	55%	45%

Source: Strategic Economics 2011

Table A.8. Housing Construction in Sonoma County, 2000 to 2010

	2000	2010	Change	%
Multi-Family	32,382	38,206	5,824	34%
Single-Family	139,391	150,667	11,276	66%
Other	11,380	11,459	79	0%
Total	183,153	200,332	17,179	100%

Source: California Department of Finance 2010, Strategic Economics 2011