



HEALDSBURG HOUSING ELEMENT UPDATE COMMUNITY WORKSHOP SUMMARY

May 2014

On May 6, 2014, the City conducted a community workshop on the Housing Element Update. The purpose of the workshop was to educate the community on the Housing Element Update and solicit input on the major housing issues facing the city and potential solutions to address the issues. The workshop was held from 6:00 p.m. to 8:00 p.m. at the Annex at Villa Chanticleer. Over 30 participants attended the workshop.

To advertise the workshop, the City sent an email to several email contact lists announcing the community workshop, including 237 people on the City's e-notify list, 70 people on the Central Healdsburg Avenue Special Study Area list serv, and

a list of 42 local and regional housing stakeholders compiled by the City and consultants. The City also posted flyers around the city in both English and Spanish, and a newspaper article was published in the Healdsburg Tribune online edition.

City staff opened the meeting with introductions and an overview of the project. The Housing Element Consultants then made a presentation, describing State law requirements for the Housing Element and preliminary findings from the update to the Housing Element Background Report. Following the presentation, workshop attendees were divided into four groups of 6-7 people and asked to participate in workshop exercises that focused on identifying

and prioritizing housing issues and potential policy solutions. Each group elected a “recorder” to write down all the comments and a “reporter” to report out the results at the end of the exercises.

In the first exercise, participants were asked to identify the most significant housing issues in Healdsburg and, as a group, select the top three issues. In the second exercises, participants were asked to brainstorm potential solutions to each of the top issues. In the third exercises, participants were given the opportunity to identify “other big ideas” related to improving housing opportunities in Healdsburg.

The issues that were most commonly identified by participants included the following:

- A need for more “workforce housing;”
- A shortage of rental units;
- The impact of second homes and vacation rentals;
- A lack of diverse housing types; and
- The unintended consequences of the Growth Management Ordinance.

Lack of Workforce Housing

One of the issues that was stated most frequently at the workshop was the lack of affordable “workforce” housing for young families and those who work in the community and earn a moderate income. “Workforce housing” refers to housing that is affordable to the people that provide vital services in a community – school teachers, firefighters, police officers, restaurant and hotel workers, and other service related workers. Many participants expressed concern over the lack of housing options for these middle-income wage earners and their families who are getting “squeezed” out of the housing market as prices continue to rise in Healdsburg.

Participants identified several potential solutions to address the lack of workforce housing, including encouraging more diverse housing types that are affordable by design, such as higher density housing, mixed use development, and live/work units. Others suggested making better use of secondary dwelling

units by increasing maximum size. Participants also suggested exploring new funding mechanisms for affordable housing, including reserving a portion of transient occupancy tax (TOT) revenues or development impact fees for affordable housing, or studying creative financing mechanisms. Several participants recognized that the Growth Management Ordinance (GMO) adopted in 2000, has had the unintended consequence of making low- and mid-priced housing more challenging to deliver. Others stated that the GMO was inflating housing prices. One recommendation was to use GMO allocations to direct a higher proportion of construction toward middle priced products.

Shortage of Rental Units

Another significant issue that was discussed at the workshop was the shortage of available rental units in Healdsburg, including deed-restricted affordable rentals. Vacancy rates in the rental market are extremely low or non-existent. Participants suggested providing incentives for rental units and multi-family units, allowing increased densities for multi-family units, and exploring new tools, creative financing models, and other ways to replace funding lost with the dissolution of the Redevelopment Agency. Those who expressed a need for more affordable rentals, suggested using deed-restrictions to preserve existing affordable rental units and City support for Senate Bill (SB) 391, the California Homes and Jobs Act of 2013, which would establish a permanent source of State funding for affordable housing. Some participants also suggested the City advocate for a portion of Cap and Trade funding to be reserved for affordable housing and other legislation that would create funding sources for affordable housing.

Impact of Second Homes and Vacation Rentals

The impact of the tourism economy on the local housing market was discussed as a significant issue. Participants stated that buyers of second homes are driving up prices and competing with permanent residents for a limited supply of homes, and the

prevalence of short-term vacation rentals are limiting the availability of long-term rentals for city residents. Participants also observed that the growing emphasis on tourism in changing the character of the community.

Some participants expressed a need for the City to enforce existing regulations that prohibit short-term vacation rentals in the city, and the need for zoning and regulatory changes. Others felt that encouraging a greater diversity of housing would alleviate the issue. One group suggested that the City might restrict some housing for people who intend to live and work in the community.

Lack of Diverse Housing Types

With changing norms in housing size, household make-up, and life stage, many recognized that more contemporary housing forms, such as mixed use, live/work, smaller micro or cottage units, co-housing, and downsized or independent living units are not readily available in Healdsburg. Some participants felt that increasing density to create more cost effective housing types, and more interesting living choices could be offered. Others felt the Growth Management Ordinance should be modified to remove barriers for multi-family housing.

Growth Management Ordinance

A topic that was referenced several times throughout the workshop in relation to the other issues discussed above was the Growth Management Ordinance. Several participants expressed that the GMO is the most significant barrier to more affordable housing in Healdsburg, because it limits the ability to construct housing types that benefit from economies of scale; or it creates a higher price for a limited annual supply of building permits. Many felt that the Growth Management Ordinance should be re-examined to encourage the types of housing needed in Healdsburg, with an emphasis placed on infill locations or higher allocations to more workforce priced housing products.

Summary of Workshop Exercises

Group 1

Exercise 1: Major Housing Issues

- Housing for young families
- Affordable workforce housing for existing residents
- Affordable workforce housing for projected residents
- Rising construction costs, including land
- Shortage of rental units
- Impact of vacation rentals
- Impact of 2nd and 3rd homes

Top 3 Issues

1. Affordable workforce housing
2. Shortage of rental units
3. Impact of 2nd and 3rd homes

Exercise 2: Solutions to Housing Issues

1. Affordable workforce housing for existing residents
 - a. Aspirational housing models that attract new industries
 - b. More live/work units
 - c. Consider height, density, and other requirements (exceptions)
 - d. Creative financing models
 - e. Encourage mixed-use
2. Shortage of rental units
 - a. Revisit requirements, provide incentives
 - b. Creative financing
 - c. Keep affordable housing in affordable stock
 - d. Impact of 2nd and 3rd homes
 - e. Enforce regulations for vacation rentals

- f. Develop political will for solutions
- g. Develop creative partnerships

Exercise 3: Other Big Ideas

- Encourage co-housing
- Develop creative partnerships
- Incentives for reuse or renovations
- Diversity of housing types

Group 2

Exercise 1: Major Housing Issues

- Overcrowding within dwelling units
- Affordable of all types/ workforce (lack of flexible models)
- Lack of housing for cooperative option/ flexibility
- Maintain quality of life while addressing affordability
- Growth management ordinance as a barrier
- Perception of scarcity of housing/ quality and scarcity drive values up—occasional users competing for stock
- Absentee ownership impacting housing stock and prices
- Real vs. small/ livability
- Broad definition of affordability
- Substandard housing (especially apartments)
- Alternative housing types

Top 3 issues:

1. Lack of broader definition of housing quality and flexibility/diversity
2. Growth management ordinance: unintended consequences, hidden barrier
3. Real vs. small absentee ownership

Exercise 2: Solutions to Housing Issues

1. Lack of broader definition of housing quality and flexibility/diversity
 - b. Policy allowing/encouraging greater flexibility (height, density, code)
 - c. Co-housing/ common area—financing problem

- d. Modeling solutions to the public
- e. More multi-family, greater density (GMO, absentee)
- f. Creative financing

2. Growth management ordinance: unintended consequences, hidden barrier
 - a. Ballot measure
 - b. Process oriented vs. outcome oriented
3. Absentee ownership/ real vs. small
 - a. Scarcity: hotel rooms, housing, Air BNB
 - b. Need a greater supply of housing, diversity of housing types

Group 3

Exercise 1: Major Housing Issues

- No rentals, no vacancies
- Little middle-income housing
- Very-low income housing exists
- No workforce housing
- Wine industry-low-no diversity
- Can't rent, can't afford to buy
- Missing middle-income housing
- Professional housing lacking
- Vacation rentals—can't enforce ban on rentals
- Preserving affordability
- Aging population—can't downside (nothing available)
- Renting vs. ownership—need both
- Healdsburg has senior/low income housing but still missing middle income housing
- Supply—permits limited
- \$\$
- Deferred money—need funding sources

Top 3 Issues

1. Missing middle (workforce) housing
2. Lack of long-term rentals
3. Non-community absorption of our housing stock

Exercise 2: Solutions to Housing Issues

1. Missing middle (workforce) housing
 - a. Since GMO inflates housing prices, consider increasing number of permits
 - b. Building costs, prevailing wages because of government funding
 - c. Change GMO to encourage workforce housing
 - d. Need mechanism for permanent affordability
 - e. Public sector for financing redevelopment
2. Lack of long-term rentals
 - a. \$\$ Redevelopment Agency
 - b. City support effort for SB 391 (permanent source)—\$7,500
 - c. Deed restrictions to preserve rental units
3. Non-community absorption of our housing stock
 - a. Tighten down on transient (hotel tax) vacation rental (under 30-day)
 - b. Enforce policy
 - c. Emphasis on tourism is changing community, change zoning regulatory constraints
 - d. Does not address local citizen's need, limit type of business (tasting rooms)

Exercise 3: Other big Ideas

- Support efforts for more \$\$
- Tiny houses—for ownership
- More infill
- Need a new source of funding for RDA not tied to State government
- Linkage fee
- Need a bond guarantee agency to support workforce housing projects
- Creative with housing stock (different types)
- Use Land Trust for co-housing

Group 4

Exercise 1: Major Housing Issues

- Segment for moderate-income to very low-income housing not available
- Lack of affordable houses to buy
- Lack of affordable rentals
- Difficulty in locating and building concentrated affordable housing

Top 3 Issues

1. Not enough moderate-low-income housing and rentals
2. Lack of funding for affordable development
3. GMO is restricting housing development

Exercise 2: Solutions to Housing Issues

1. Not enough moderate-low-income housing and rentals
 - a. Encourage 2nd units—lower recently raised City fees
 - b. Use increasing TOT fees (and building fees) to seed affordable housing development
 - c. City could restrict housing to those who intend to either live here or rent
2. Lack of funding for affordable development
 - a. Advocate for SB 391; 20% of cap and trade and other legislation that brings money back to our county
3. GMO is restricting housing development
 - a. Modify GMO to allow projects to be developed

Exercise 3: Other Big Ideas

- More publicity for meetings on this subject
- Put back RDA for affordable housing
- Increase size of second units
- Lower taxes/permit fees for moderate housing
- "Tiny house" housing projects
- Sensitive planning related to affordable housing lots; not in industrial zones

