

GROWTH REGULATION ORDINANCE REPORT

Agenda Item 8.C

June, 20, 2016



Recommendation

- Receive report and provide direction

Background

- At the May 16, 2016 meeting, the City Council received an update regarding the Housing Action Plan.
- Council directed staff to return at the June 20th meeting with additional information that could be used to develop an ordinance that would regulate the pace of growth.
- A “growth regulation ordinance” would be contingent upon voter approval of a proposed amendment to the City’s current Growth Management Ordinance (GMO).

Background (cont.)

The City retained Economic & Planning Systems, Inc. (EPS), a land use economics firm, to develop the key concepts that could be included in a “growth regulation ordinance”.

The key components identified in the EPS report address the following:

- Numerical limit on new market rate housing
- Housing type exemptions (i.e., affordable housing units, certain types of deed restricted housing, secondary dwelling units, replacement units, care facility housing units).
- Allocations

November Ballot Measure

- The City's Growth Management Amendment that will be placed on the November 2016 ballot for Healdsburg voters will include language that requires the City Council to adopt and periodically review new growth control measures.
- The information provided by EPS outlines proposed growth regulation measures.
- The growth regulation measures would go into effect subject to voter approval of the ballot measure in November.

ECONOMIC & PLANNING SYSTEMS, INC.

Proposed City Council Adopted Growth Management Regulation Tool

The Economics of Land Use



presented to

City of Healdsburg

City Council

presented by

Economic & Planning Systems, Inc.

June 20, 2016

Economic & Planning Systems, Inc.

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Oakland
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Request for Council Direction

- Provisions to be included in City Council adopted Growth Management Regulation Tool
 - To be implemented subject to voter approval of Growth Management Ordinance Amendment on November ballot
- Direction to proceed with drafting City Council adopted Growth Management Regulation Tool Ordinance in advance of November election

November GMO Ballot Language

(To be considered by Council July 18th)

- Will require City Council to adopt and regularly evaluate new growth control measures
- Council Adopted Growth Management Regulation Tool to be implemented subject to voter approval of Growth Management Ordinance Amendment on November ballot

Background

- City has engaged in a technical policy analysis, program development, and public outreach effort to address the critical shortage of housing
- Housing for the local workforce which includes “affordable housing” and “middle income housing” of primary concern
- Community identified the voter approved GMO growth cap as impediment to meet housing needs
- Public Opinion Survey completed January 2016 found 75% of respondents support updating the GMO to address housing needs

Background (cont.)

- Adopted Housing Element includes policies and programs to amend the GMO to meet housing needs and provide for a variety of housing types
- Adopted Strategic Plan sets goal developing and implementing a strategy to increase availability of housing choices
- Housing Needs Assessment identifies need for additional 67-81 units per year to achieve a 40% target of employees able to live in town
- Housing Action Plan sets forth community housing needs and objectives for 2017-2022
- New inclusionary housing requirement assures that market rate housing includes affordable housing

Objectives

Council Adopted Growth Management Regulation Tool

- Manage the amount and pace of growth in the City
- Encourage and incentivize construction of desired affordable and middle income housing
- Promote efficient use of the City's remaining residential development sites
- Preserve the integrity of existing residential neighborhoods
- Encourage development of higher density housing types
- Encourage multi-family, rental units

Applicability and Exemptions

Council Adopted Growth Management Regulation Tool

- Growth cap shall apply to new “market rate” residential unit development*
- Growth cap shall not apply to:
 - Affordable housing units (deed restricted, less than 120% AMI)
 - The new category of middle income housing units (deed restricted, 121% up to 160% AMI)
 - Secondary or accessory dwelling units
 - Replacement or reconstruction of existing residences
 - Homeless shelters, elderly care facilities, nursing homes, sanitariums, community care, or health care facilities
 - Residential development projects with a Development Agreement adopted prior to January 1, 2017

*Effective January 1, 2017 and *subject to voter approval of the Growth Management Ordinance Amendment in November*

General Provisions

Council Adopted Growth Management Regulation Tool

- Growth cap for market rate housing units during current Housing Element Cycle (2017-2022) set at 420 units (average 70/year)
- Growth cap linked to 8-year Housing Element Cycle
- Growth cap reset and re-evaluated as part of Housing Element Update (every 8 years)
- Exempted affordable housing and middle income units subject to 45 year price restrictions

Allocation Procedures

Council Adopted Growth Management Regulation Tool

- During the current Housing Element Cycle:
 - 180 Housing Unit Allocations reserved for single family units (Averages 30 per year)
 - 240 Housing Unit Allocations reserved for multifamily units (Averages 40 per year)

Growth cap for current cycle based on 1.5% growth rate to meet objectives of Housing Action Plan and Housing Needs Assessment

Allocation Procedures (cont.)

Council Adopted Growth Management Regulation Tool

- Projects denied allocations due to shortage in given cycle shall be placed on a waiting list and have priority for issuance of allocations in the following Housing Element Cycle
- All lapsed housing unit allocations accumulated during a Housing Element Cycle shall return to the remaining unallocated pool of housing unit allocations

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Questions?