



**CITY OF HEALDSBURG
CITY COUNCIL AGENDA STAFF REPORT**

MEETING DATE: October 3, 2016

SUBJECT: Second Reading of Growth Regulation Ordinance

PREPARED BY: Karen Massey, Community Housing and Development Director

STRATEGIC INITIATIVE(S):

Quality of Life

RECOMMENDED ACTION(S):

Adopt Ordinance No. 1153, upon second reading, by title only and waiving further reading of the text, adding to the Healdsburg Municipal Code Chapter 17.25 "Growth Regulation Ordinance" to implement the Measure M growth management initiative as amended by Measure R to be considered by the voters of the City of Healdsburg on November 8, 2016

BACKGROUND:

In July 2015 the City Council appointed the Community Housing Committee ("CHC") which was established with the first priority of drafting language for a Growth Management Ordinance ("GMO") amendment to be placed before the voters in 2016. The amendment is intended to incentivize affordable and workforce housing construction within the overall context of the City's General Plan and managed growth. From July, 2015 to April, 2016 the CHC held 12 public meetings and workshops to discuss potential revisions to the GMO and receive public input. On April 11th the CHC voted seven to two to revise the GMO as follows:

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

At the April 18th City Council meeting, the Council approved the CHC's recommendation, directed the City Attorney to prepare ballot language that amends the GMO as recommended by the CHC and ties the increased Inclusionary Housing requirement and Housing Action Plan to the GMO, and directed Staff to prepare an analysis of the potential environmental impacts of the proposed amendment to the GMO under the California Environmental Quality Act ("CEQA").

At the May 16th City Council meeting, the Council received an update on the preparation of the Housing Action Plan including a recommendation from the CHC that, in conjunction with the amendment to the existing Growth Management Ordinance, the Council adopt a new growth management measure such that the Council could regularly assess the kinds of growth occurring and then adjust the growth policy as needed. After receiving the recommendation and taking public comment, the Council expressed support for adopting a new growth management measure and directed Staff to return with additional information regarding a Council adopted ordinance to regulate the amount and pace of growth (“Growth Regulation Ordinance”).

On June 20th Staff presented to Council the preliminary concepts to be included in the new Growth Regulation Ordinance. After considering the information and receiving public comment, the Council requested clarification on the allocation procedures and projects that may occur in the future and directed Staff to draft the ordinance.

On July 18th the City Council voted 4 to 1 to place the amendment to the current GMO on the November 8th ballot. Among other things, the final ballot language requires the City Council to adopt the Growth Regulation Ordinance.

On August 15th the City Council reviewed the provisions to be included in the Growth Regulation Ordinance and expressed unanimous support for including a reallocation provision.

On September 13th the Planning Commission reviewed the Growth Regulation Ordinance for consistency with the General Plan and voted 5 to 0, finding it consistent.

On September 19th the City Council introduced the first reading of the Growth Regulation Ordinance.

DISCUSSION/ANALYSIS:

The Growth Management Ordinance Amendment (also known as Measure R/Healdsburg Housing Measure) ballot language approved by the City Council on July 18th requires the City Council to adopt and periodically amend a new growth management measure - a Growth Regulation Ordinance - in conjunction with updating the Housing Element. In anticipation of the passage of Measure R/Healdsburg Housing Measure on November 8th, the City has retained the services of Economic & Planning Systems, Inc., (“EPS”) a qualified firm specializing in land use economics to develop key concepts for and draft a new Growth Regulation Ordinance. The new Growth Regulation Ordinance will only become effective pending the successful passage of Measure R/Healdsburg Housing Measure on November 8th.

The Growth Regulation Ordinance has been drafted consistent with the objectives of the Housing Action Plan by encouraging higher density single family, multifamily and attached product types (Categories B and C) and limiting allocations for conventional single family housing (Category A). 80 allocations have been set aside for conventional single family housing (Category A) which largely provides for existing individual lots or planned conventional single family housing (e.g. the Farmstand and Johnson Street projects as well as approximately 34 individual lots in approved subdivisions that are a part of the Area A Specific Plan annexed by the City in 1994 and approved for residential development) that has already been approved. The remaining 340

allocations have been set aside for small lot, attached, higher density and multi-family units that meet the objectives of the Housing Action Plan (Categories B and C). The proposed allocations are distributed as follows:

- Category A: Conventional Single Family Housing – Eighty (80) Dwelling Unit Allocations shall be reserved for Category A projects consisting of Conventional Single Family Housing that is detached and located on individual subdivision lots typically with a density of 7 dwelling units per gross acre or less.
- Category B: Alternative Single Family Housing – One hundred (100) Dwelling Unit Allocations shall be reserved for Category B projects consisting of Alternative Single Family Housing which typically includes higher density (7.1 dwelling units per gross acre or more) single family detached dwelling units such as clusters and cottage courts.
- Category C: Multifamily Housing – Two hundred and forty (240) Dwelling Unit Allocations shall be reserved for Category C projects consisting of Multifamily Housing which typically includes multiple housing units in a single building or group of buildings such as duplexes, triplexes and apartments.

The new Growth Regulation Ordinance will follow a similar format as the current ordinance. An Ordinance will be codified in the Municipal Code and will:

- 1) Limit the total number of allocations allowed during the housing cycle to 420 units;
- 2) Establish the timeframe of the housing cycle (typically eight years as defined by the State; however, we are partially into the current housing cycle and therefore the first cycle will be six years commencing on January 1, 2017 and terminating on December 31, 2022);
- 3) Create three categories of allocations by housing type including Category A: Conventional Single Family Housing (80 allocations), Category B: Alternative Single Family Housing (100 allocations), and Category C: Multifamily Housing (240 allocations);
- 4) With City Council approval, allow Category A allocations to be reallocated to Category B and/or C and allow Category B allocations to be reallocated to Category C;
- 5) Set forth those units to be exempted from the Growth Regulation Ordinance such as affordable housing (State defined and deed-restricted middle-income) and secondary dwelling units as well as the Saggio Hills residential development project; and
- 6) Establish the timeframe for amending the Growth Regulation Ordinance only with any concurrent adoption of subsequent Housing Element Updates.

The accompanying Policies and Procedures will be brought forward with the second reading of the Ordinance and adopted by resolution. The Policies and Procedures set forth specific allocation procedures for the Planning and Building Director to utilize when administering the allocations.

It is appropriate, at this time, for the Council to adopt the Ordinance upon second reading as required by law.

ALTERNATIVES:

Accept the recommendation or provide other direction to Staff.

FISCAL IMPACT:

There is no fiscal impact as a direct result of the proposed action.

The City is currently under contract with Economic & Planning Systems to prepare the Council adopted Growth Regulation Ordinance. These costs were anticipated and included in the FY 2016-17 Council adopted General Fund budget.

ENVIRONMENTAL ANALYSIS:

The proposed Growth Regulation Ordinance is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3). The proposed Ordinance will: limit the number of new market rate residential dwelling unit allocations allowed between January 1, 2017 and December 31, 2022; distribute dwelling unit allocations into Categories A, B and C; allow for redistribution of allocations to Category B or C with City Council approval; limit amendment of the Ordinance to coincide with adoption of subsequent Housing Element Updates, and specify applicability and exemptions. The proposed Ordinance will not allow for, or encourage, any more development than is already anticipated under the City's existing General Plan, or otherwise allow for or promote physical changes in the environment and, therefore, it can be seen with certainty that there is no possibility that the proposed amendments may have a significant impact on the environment.

ATTACHMENT(S):

Ordinance No. 1153

CITY OF HEALDSBURG

ORDINANCE NO. 1153

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF HEALDSBURG AMENDING TITLE 17 OF THE HEALDSBURG MUNICIPAL CODE TO ADD A NEW CHAPTER 17.25 TITLED "GROWTH REGULATION ORDINANCE"

WHEREAS, in the November 2000 election, the voters of Healdsburg approved a residential growth management initiative which limits permits for the construction of new residential units in the City to an average of 30 units per year, not to exceed 90 units for any three year period (the "GMO"); and

WHEREAS, the GMO is codified in the City's Municipal Code at Chapter 17.24; and

WHEREAS, since the passage of this initiative in 2000, the cost of housing has significantly increased in Healdsburg and there is a shortage of available housing that is affordable to working families in the community and a lack of housing options for people in different stages of their lives and with different lifestyles; and

WHEREAS, growth should be reviewed regularly to reflect changing economic conditions and community needs; and

WHEREAS, Healdsburg needs a greater variety of housing options including multi-unit, small lot, cottage court, and rental units; and

WHEREAS, the City needs to allow for more homes for middle income working families while preserving Healdsburg's neighborhood character; and

WHEREAS, beginning in 2014 the City embarked on fulfilling its statutory requirement to update its General Plan Housing Element, which requires the City to evaluate its current housing stock and plan for future housing needs; and

WHEREAS, the Housing Element process opened a community dialogue focused specifically on our community's housing needs and engaged residents through a series of public meetings and workshops; and

WHEREAS, through these meetings and workshops, the public articulated a desire for more housing affordable to the existing residents and workers in the City; and

WHEREAS, to address these concerns the City Council embarked on a process to better understand the housing priorities in the City and to identify ways to address future housing needs; and

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WHEREAS, the City Council established the Community Housing Committee (“CHC”) to evaluate the City’s future housing needs and to develop ways to address those needs; and

WHEREAS, the City Council specifically charged the CHC with considering amendments to the GMO to incentivize construction of affordable and middle income housing; and

WHEREAS, over the course of 12 public meetings and four public workshops the CHC and the City Council discussed a range of options related to the GMO; and

WHEREAS, the CHC reached consensus that allowing an appropriate level of flexibility in the GMO is essential to avoiding the challenges currently encountered by the existing GMO and that greater flexibility and creativity would better achieve the community’s goal of providing more housing options that are affordable to our residents; and

WHEREAS, during a duly-noticed City Council meeting on April 18, 2016, the City Council directed the City Attorney to prepare ballot language that amends the GMO and directed Staff to prepare an analysis of the potential environmental impacts of the proposed amendment to the GMO under the California Environmental Quality Act (“CEQA”); and

WHEREAS, during a duly noticed City Council meeting on May 16, 2016, the City Council expressed support for new Council adopted growth management measures and directed City Staff to return with additional information regarding a Council adopted Growth Regulation Ordinance to regulate the pace of growth; and

WHEREAS, during a duly noticed City Council meeting on June 20, 2016, the City Council received a presentation from Staff on the preliminary concepts to be included in a Council adopted Growth Regulation Ordinance to regulate the pace of growth and directed Staff to draft the Ordinance for consideration; and

WHEREAS, during a duly noticed City Council meeting on July 18, 2016, the City Council voted to place a measure on the November 8, 2016 ballot that, if approved by the voters, would amend the GMO to require the City to increase the inclusionary housing requirements on new development to 30% of the new units, remove the existing restrictions on the number of new housing units allowed per year, require the City to adopt and periodically update a Housing Action Plan, and require the City to adopt and periodically amend new growth management measures, to be modified only when the City updates the General Plan Housing Element (“Measure R”); and

WHEREAS, during a duly noticed City Council meeting on August 15, 2016, the City Council received a presentation from Staff on the draft Growth Regulation Ordinance and expressed support for including a reallocation provision; and

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WHEREAS, on September 13th the Planning Commission reviewed the Growth Regulation Ordinance for consistency with the General Plan and found it consistent with the General Plan and recommended that the Council find the Growth Regulation Ordinance is exempt from CEQA; and

WHEREAS, the Growth Regulation Ordinance is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3). The Growth Regulation Ordinance will: limit the number of new market rate residential dwelling unit allocations allowed between January 1, 2017 and December 31, 2022; distribute dwelling unit allocations into Categories A, B and C; allow for redistribution of allocations to Category B or C with City Council approval; limit amendment of the Ordinance to coincide with adoption of subsequent Housing Element Updates, and specify applicability and exemptions; and

WHEREAS, the Growth Regulation Ordinance will not allow for, or encourage, any more development than is already anticipated under the City's existing General Plan, or otherwise allow for or promote physical changes in the environment and, therefore, it can be seen with certainty that there is no possibility that the proposed Growth Regulation Ordinance may have a significant impact on the environment; and

WHEREAS, the purpose of the Growth Regulation Ordinance is to comply with the requirements of Measure R, and is conditioned upon the adoption of Measure R by the voters on November 8, 2106.

NOW, THEREFORE, the City Council of the City of Healdsburg does ordain as follows:

Section 1. Addition of a New Chapter 17.25 to Title 17 of the Municipal Code.

A new Chapter 17.25 entitled "Growth Regulation Ordinance" is hereby added to the City of Healdsburg Municipal Code to read and provide as follows:

"Chapter 17.25– Growth Regulation Ordinance"

17.25.010 Purpose and findings.
 17.25.020 Applicability.
 17.25.030 Building Permit Allocations.
 17.25.040 Amendments to Chapter.
 17.25.050 Existing law.

17.25.010 Purpose and findings.

It is the City's purpose to address the City's severe housing shortage by addressing the housing needs of the local workforce by:

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- A. Adopting policies and programs that encourage and incentivize construction of desired affordable and middle income housing,
- B. Promoting efficient use of the City's remaining residential development sites,
- C. Preserving the integrity of existing residential neighborhoods,
- D. Encouraging the development of alternative product types that represent higher density housing types including multi-family, small lot, and cottage courts, and
- E. Encouraging appropriately scaled multi-family rental units averaging less than 850 square feet.

17.25.020 Applicability.

The provisions of this ordinance shall apply to new Market Rate Residential Development in the City of Healdsburg for which a building permit is to be issued on or after January 1, 2017, pursuant to Measure R passed by the voters of the City of Healdsburg on November 8, 2016 and this ordinance, adopted by the City Council on October 3, 2016. The City Council shall adopt by resolution, Policies and Procedures for implementing this ordinance.

The provisions of this ordinance shall not apply to Affordable Housing as defined in HMC 20.28.310, Secondary Dwelling Units, replacement or reconstruction of existing residences, homeless shelters, elderly care facilities, nursing homes, sanitariums, community care, or health care facilities. Nor shall the provisions of this ordinance nor the implementing Policies and Procedures apply to the Saggio Hills residential development project for which a Development Agreement was approved prior to the effective date of Measure R passed by the voters of the City of Healdsburg on November 8, 2016 and this ordinance, adopted by the City Council on October 3, 2016.

17.25.030 Building Permit Allocations.

Subject to the exemptions listed in HMC 17.25.020, permits for the construction of new Market Rate Residential Development Dwelling Unit Allocations shall be limited to four hundred-twenty (420) units during the remaining six year period of the current Housing Element cycle, commencing on January 1, 2017 and terminating on December 31, 2022. In the event the subsequent Housing Element Update is not adopted by December 31, 2022, permits for the construction of new Market Rate Residential Development Dwelling Unit Allocations shall be limited to an average of seventy (70) units per year during the subsequent Housing Element cycle, until such time the City Council adopts the subsequent Housing Element Update and updates this ordinance. New Market Rate Residential Development Dwelling Unit Allocations shall be distributed by housing type into three categories of allocations as follows: 80 Dwelling Unit Allocations in Category A: Conventional Single Family Housing, 100 Dwelling Unit

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Allocations in Category B: Alternative Single Family Housing, and 240 Dwelling Unit Allocations in Category C: Multifamily Housing. Upon approval by the City Council, once all of the Category B or Category C Dwelling Unit Allocations have been issued any unused Category A Dwelling Unit Allocations may be reallocated to Category B and/or Category C. Similarly, once all of the Dwelling Unit Allocations from Category C have been issued, any unused Category B Dwelling Unit Allocations may be reallocated to Category C. In the event the subsequent Housing Element Update is not adopted by December 31, 2022, permits for the construction of new Market Rate Residential Development Dwelling Unit Allocations shall be distributed as follows: thirteen (13) Dwelling Unit Allocations per year in Category A; seventeen (17) Dwelling Unit Allocations per year in Category B; and forty (40) Dwelling Unit Allocations per year in Category C until such time as the City Council adopts the subsequent Housing Element Update and updates this ordinance.

17.25.040 Amendments to Chapter.

As required by Measure R, passed by the voters of the City of Healdsburg on November 8, 2016, the City Council shall have the discretion to amend this chapter only with any concurrent adoption of subsequent Housing Element Updates.

17.25.050 Existing law.

This chapter supersedes and repeals any City ordinance, general plan provision or policy or any provision of the City's zoning code which conflicts with it.

Section 2. Environmental Compliance.

This ordinance is exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3). The proposed ordinance will: limit the number of new market rate residential dwelling unit allocations allowed between January 1, 2017 and December 31, 2022; distribute dwelling unit allocations into Categories A, B and C; allow for redistribution of allocations to Category B and/or C with City Council approval; limit amendment of the Ordinance to coincide with adoption of subsequent Housing Element Updates, and specify applicability and exemptions. The proposed ordinance will not allow for, or encourage, any more development than is already anticipated under the City's existing General Plan, or otherwise allow for or promote physical changes in the environment and, therefore, it can be seen with certainty that there is no possibility that the proposed ordinance may have a significant impact on the environment.

Section 3. Severability.

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid, the remainder of the ordinance and the application of such provision to other persons or circumstances shall not be affected thereby.

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Section 4. Effective Date and Publication.

The effectiveness of this ordinance is conditioned on the passage of an amendment to the Growth Management Ordinance by Healdsburg voters at the November 8, 2016 election and this ordinance shall take effect as of January 1, 2017, but only if the voters pass the proposed amendment to the Growth Management Ordinance. Should the voters reject the proposed amendment to the Growth Management Ordinance this ordinance shall be null and void and shall have no force or effect.

INTRODUCED by the City Council of the City of Healdsburg on the 19th day of September, 2016 and PASSED and APPROVED on the 3rd day of October 2016 by the following vote:

AYES: Councilmembers: ()

NOES: Councilmembers: ()

ABSENT: Councilmembers: ()

ABSTAINING: Councilmembers: ()

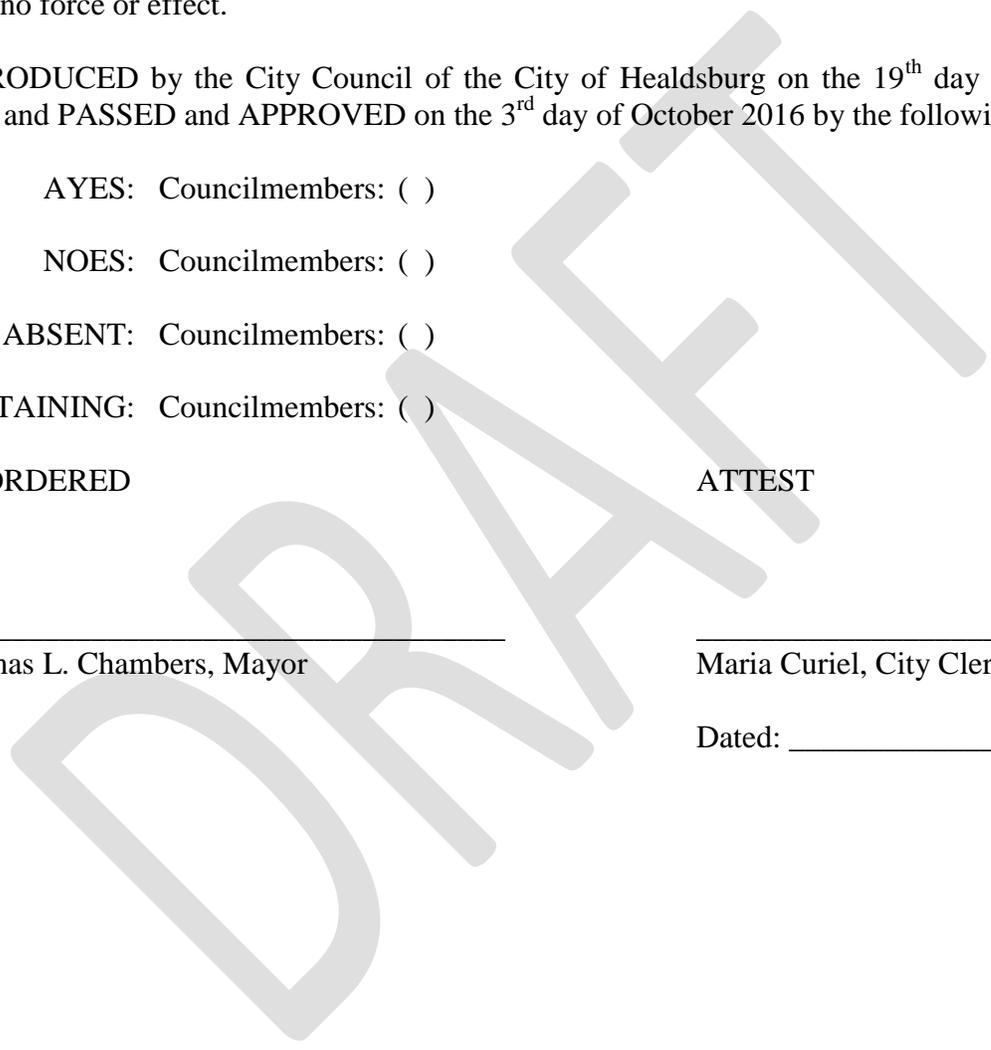
SO ORDERED

ATTEST

Thomas L. Chambers, Mayor

Maria Curiel, City Clerk

Dated: _____



Attachment: Ordinance No. 1153 (1357 : GRO 2nd Reading)