Downtown Housing Capacity Study

City Council

April 15, 2024

OPTICOS

CITY OF HEALDSBURG
CALIFORNIA SINCE 1867

EPS Economic & Planning Systems, Inc.
The Economics of Land Use

Planning Efforts to Date

- 2013 Central Healdsburg Avenue Plan (CHAP)
- 2018 Sustainable Design Assessment Team (SDAT)
- 2022 Housing Element Update
- Diversity, Equity, and Inclusion Plan
- Climate Mobilization Strategy
- Housing Needs Assessment
- SMART Station Planning

City Council Goal 23/24

- Evaluate existing codes, legislation, and law to identify barriers to, and opportunities for, increased housing capacity Downtown.

Parallel Efforts

- September 18, 2023: City Council approved PSA with Opticos Design, Inc. to prepare the Downtown Housing Capacity Study.
- September 18, 2023: City Council approved PSA with Economic Planning Systems to prepare an updated Housing Needs Assessment.

HOUSING NEEDS CALCULATOR – INTRODUCTION

- Estimates the housing needed to support those currently employed in Healdsburg, as well as future employees – *based on user-selected policy objectives*
- Does not address the housing needs of non-working households (e.g., retirees, unemployed, etc.) in the City of Healdsburg.
- Calculator relies on several key data inputs, including:
  - 2023 HCD Income Limits for Sonoma County
  - 2023 Employment and Median Wages in Healdsburg by Occupation Category (JobsEQ)
  - Average Annual Job Growth (JobsEQ)

METHODOLOGY

Jobs

- Assess existing jobs and estimate future job growth data for Healdsburg (JobsEQ)

Occupations and Wages

- Evaluate occupation and wage profile of existing labor force (JobsEQ)

Workers Living in Healdsburg

- Identify share of workers who live in Healdsburg – this is a policy choice
- Currently 15%

Worker Households

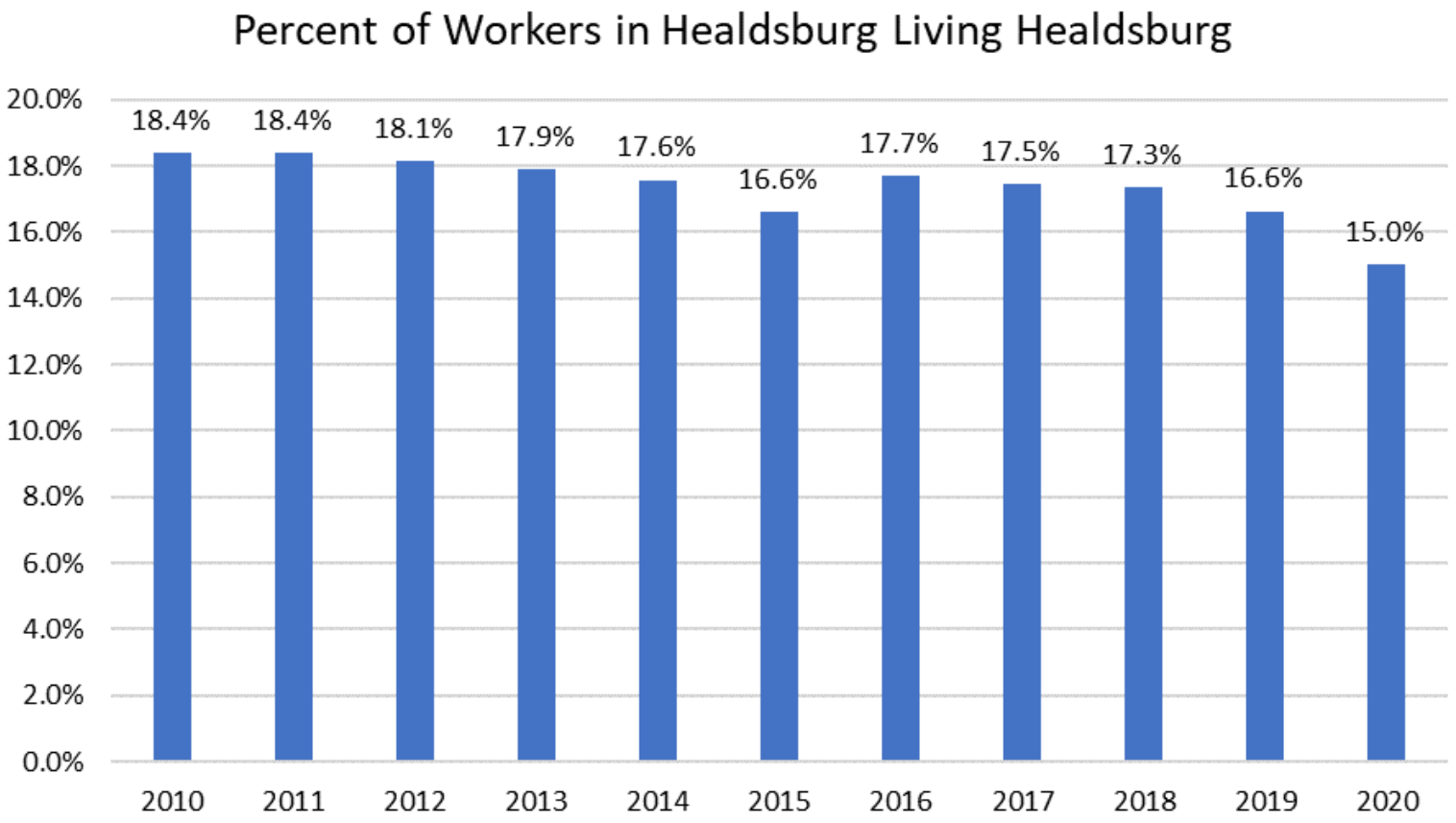
- Estimate worker households, assuming 1.59 workers per household

Household Income

- Calculate household income and categorize into income category, assuming a 3-person household
- Results in need by income category

HOUSING HEALDSBURG WORKERS

- The percent of jobs in Healdsburg that are held by Healdsburg residents is at a current low of 15%.



Source: LEHD, Census.

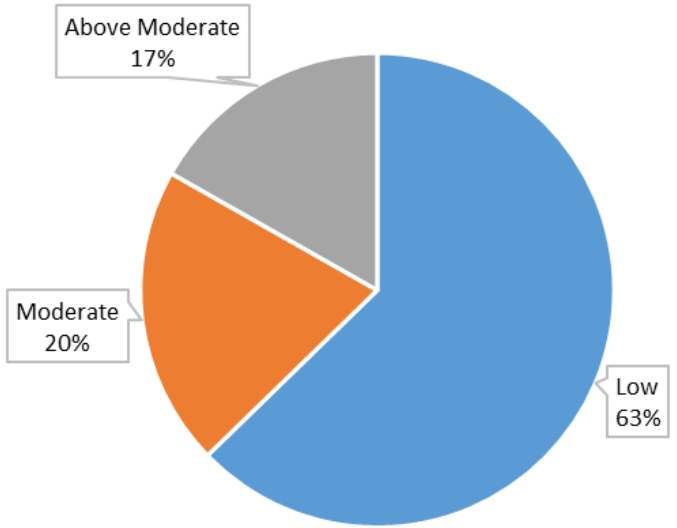
JOBS – OCCUPATIONS AND WAGES

Occupation	Employment	% of Jobs	Wages
Management Occupations	621	8%	$123,100
Business and Financial Operations Occupations	379	5%	$85,400
Computer and Mathematical Occupations	99	1%	$111,000
Architecture and Engineering Occupations	70	1%	$106,200
Life, Physical, and Social Science Occupations	47	1%	$91,500
Community and Social Service Occupations	84	1%	$60,500
Legal Occupations	31	0%	$127,100
Educational Instruction and Library Occupations	251	3%	$63,100
Arts, Design, Entertainment, Sports, and Media Occupations	142	2%	$62,300
Healthcare Practitioners and Technical Occupations	384	5%	$120,300
Healthcare Support Occupations	282	4%	$37,200
Protective Service Occupations	95	1%	$48,400
Food Preparation and Serving Related Occupations	1,204	16%	$37,800
Building and Grounds Cleaning and Maintenance Occupations	303	4%	$43,200
Personal Care and Service Occupations	185	2%	$39,100
Sales and Related Occupations	793	11%	$43,000
Office and Administrative Support Occupations	732	10%	$51,900
Farming, Fishing, and Forestry Occupations	254	3%	$39,700
Construction and Extraction Occupations	401	5%	$68,900
Installation, Maintenance, and Repair Occupations	270	4%	$62,800
Production Occupations	309	4%	$47,300
Transportation and Material Moving Occupations	519	7%	$44,200
Total - All Occupations	**7,457**	**100%**	**$52,000**

Source: JobsEQ 2023

Income Definitions

Very Low	Low	Moderate	Above Moderate
<$56,650	<$90,600	<$138,350	>$138,351

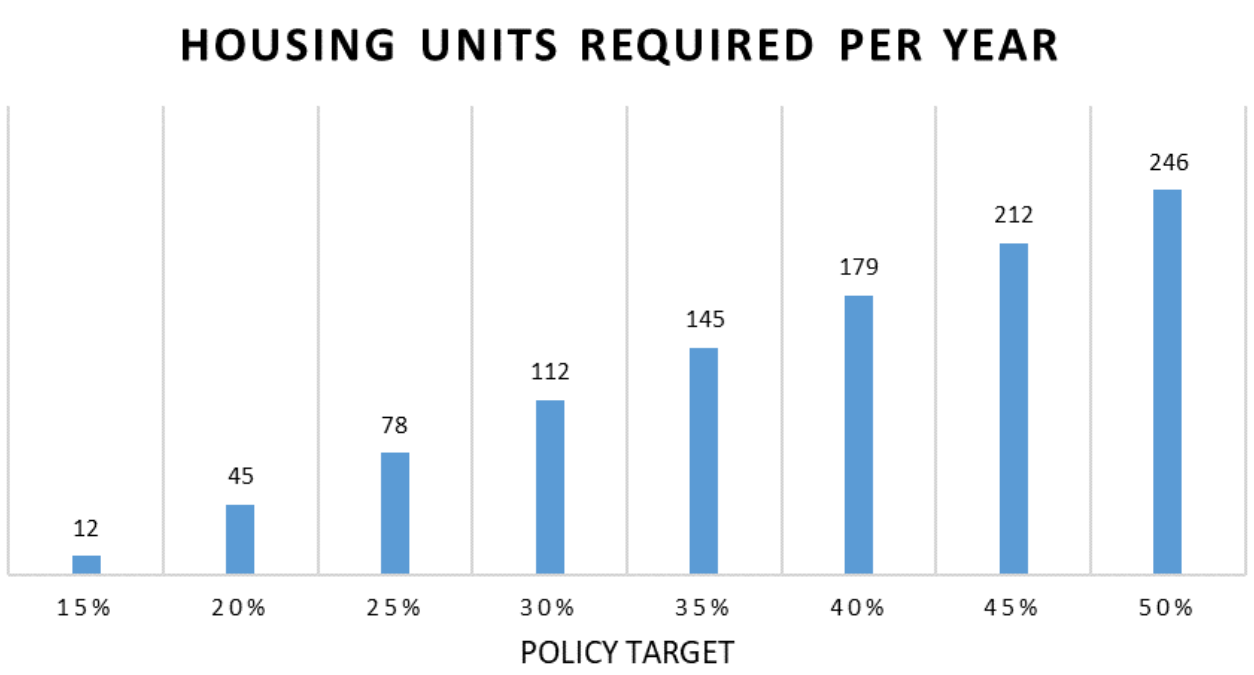


Assumes 1.59 workers per household.

HOUSING NEEDS CALCULATOR – RESULTS

- To maintain the existing percentage of working households living in Healdsburg (15%), an additional 93 housing units would be required, about 12 per year
- Any higher policy target would include having to make up for the deficit in existing employees able to live in Healdsburg, along with accommodating future employees

Policy Target	Additional Housing Units Required
15%	93
20%	360
25%	627
30%	895
35%	1,162
40%	1,430
45%	1,697
50%	1,965



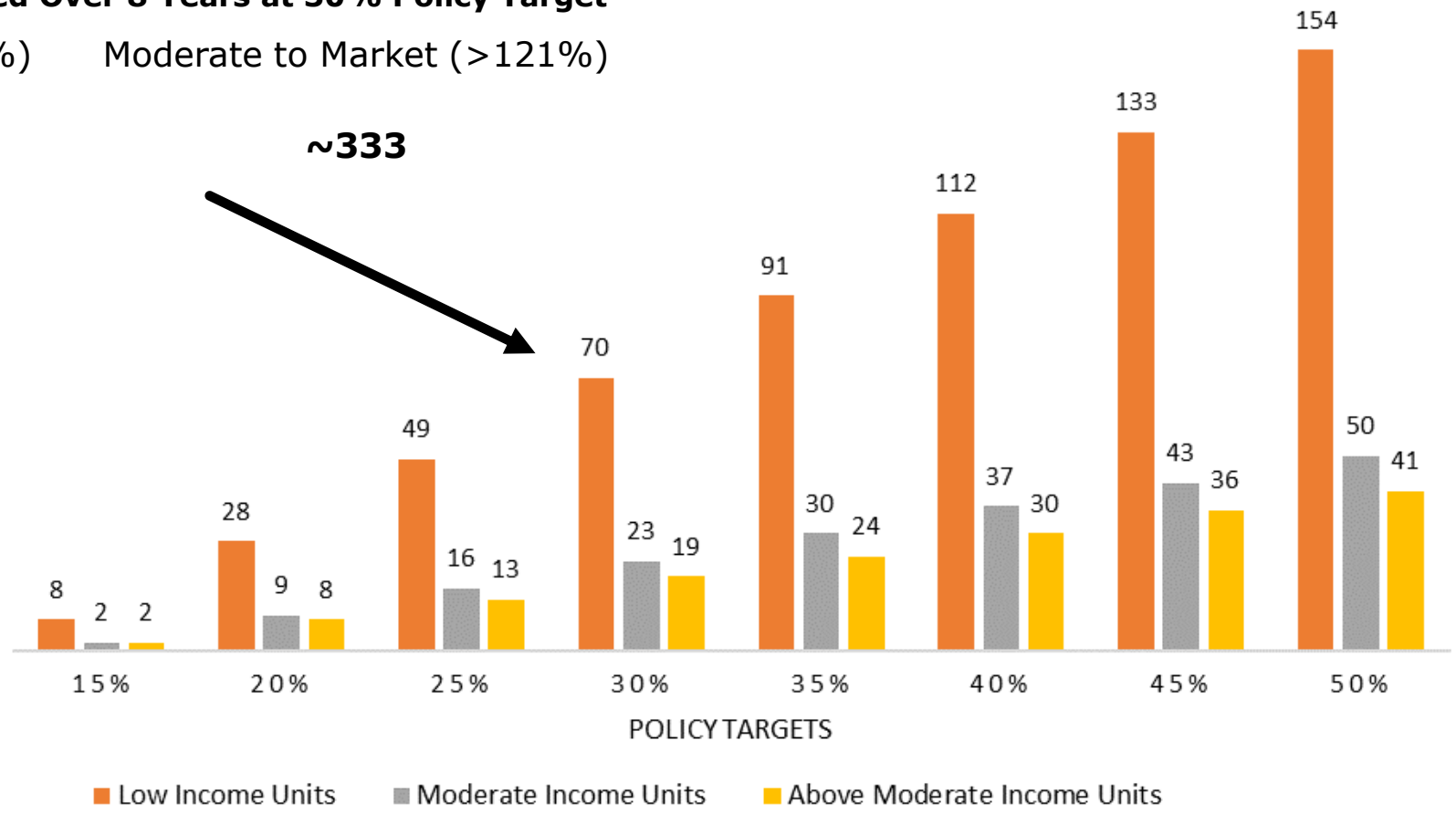
HOUSING UNITS BY INCOME LEVEL

ANNUAL UNITS REQUIRED BY INCOME LEVEL

Units Needed Over 8 Years at 30% Policy Target

Low (<80%) Moderate to Market (>121%)

~560 **~333**



Downtown Housing Capacity Study

Healdsburg, California

City Council Meeting
April 15, 2024

CITY OF HEALDSBURG
CALIFORNIA SINCE 1867

EPS Economic & Planning Systems, Inc.
The Economics of Land Use

OPTICOS

SECTION

Project Overview

1

What is the purpose of this project?

- Evaluate the **capacity for additional housing in Downtown Healdsburg** (CD and CS zoning districts)
- Visualize what **form and scale** of additional housing would be **compatible within Downtown's character**
- Identify existing **zoning and policy barriers** to housing production in Downtown
- Provide **recommendations to enable housing production** at this desirable scale

Project schedule

Sep. ‘23	**Task A. Project Startup** • Walking tour with staff, identify opportunity sites
Oct.-Dec. ’23	**Tasks B + C. Draft and Final Site Tests** • Develop conceptual plans for site testing
Jan. ‘24	**Task D. Site Visualizations** • Develop 3D renderings to visualize form and scale of site tests
Feb. ’24	**Public Workshop**
Mar.-Apr. ‘24	**Task E. Recommendations** • Provide policy direction and recommend next steps

Site Testing

SECTION

2

Site testing process

1. Identify **prototypical sites.**

2. Develop **“high” and “low” scenarios.** “High” yield maximizes site potential with structured parking; “low” yield maximizes site potential with surface parking.

3. Select a **preferred scenario** with staff direction.

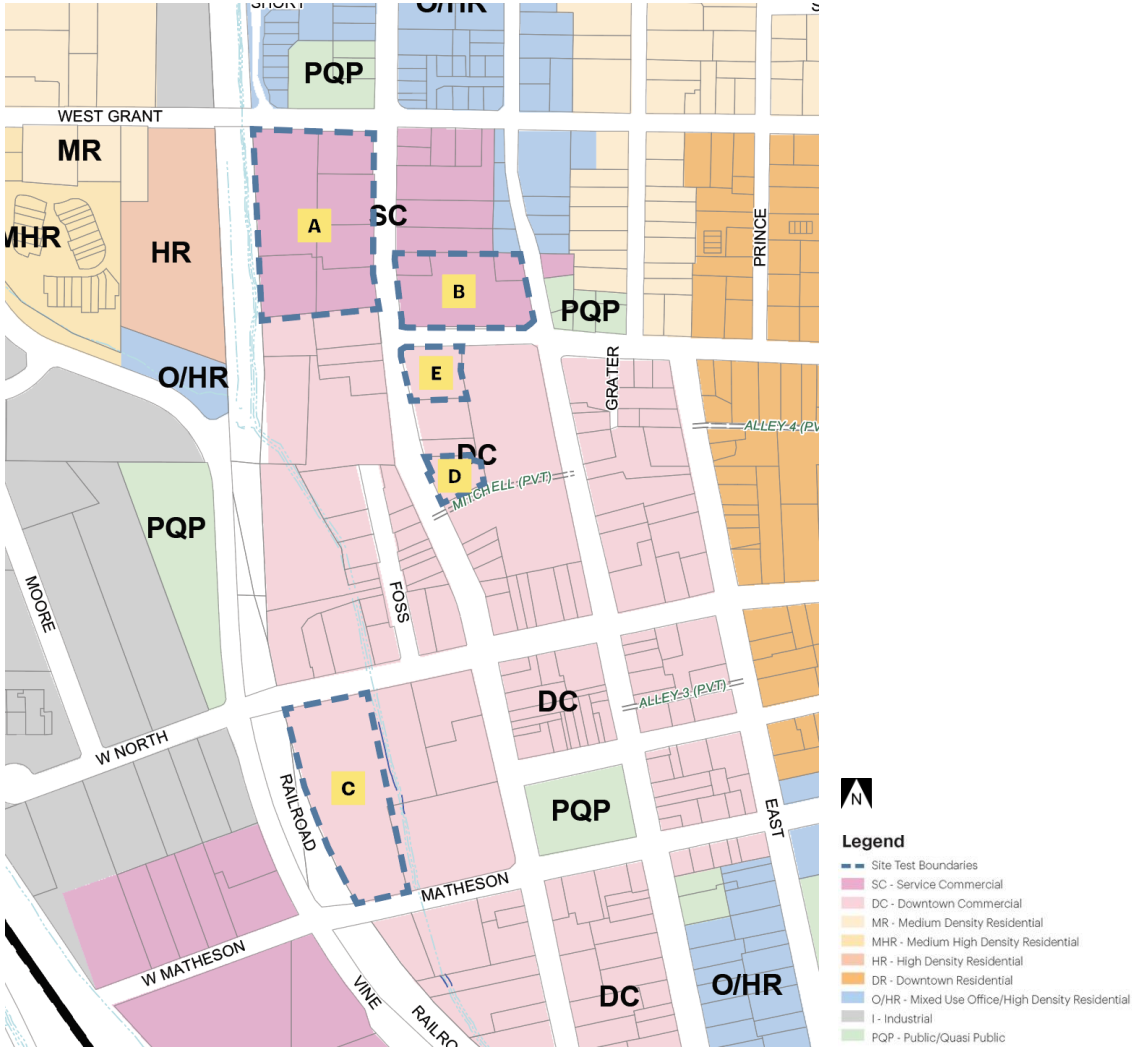
4. Use this preferred scenario to **identify existing barriers** (e.g. policy, zoning) and **shape recommendations.**

Note: The site test illustrations are illustrative only. They represent hypothetical build-outs used to calculate potential new housing and do not represent actual design intent.

Site selection

Site testing was performed using real sites, which were selected based on:

- **Potential capacity** for new housing
- Current **site location and conditions** (vacant/underutilized, etc.)
- **Repeatability of findings** across multiple sites throughout Downtown Healdsburg



Building types tested for downtown context

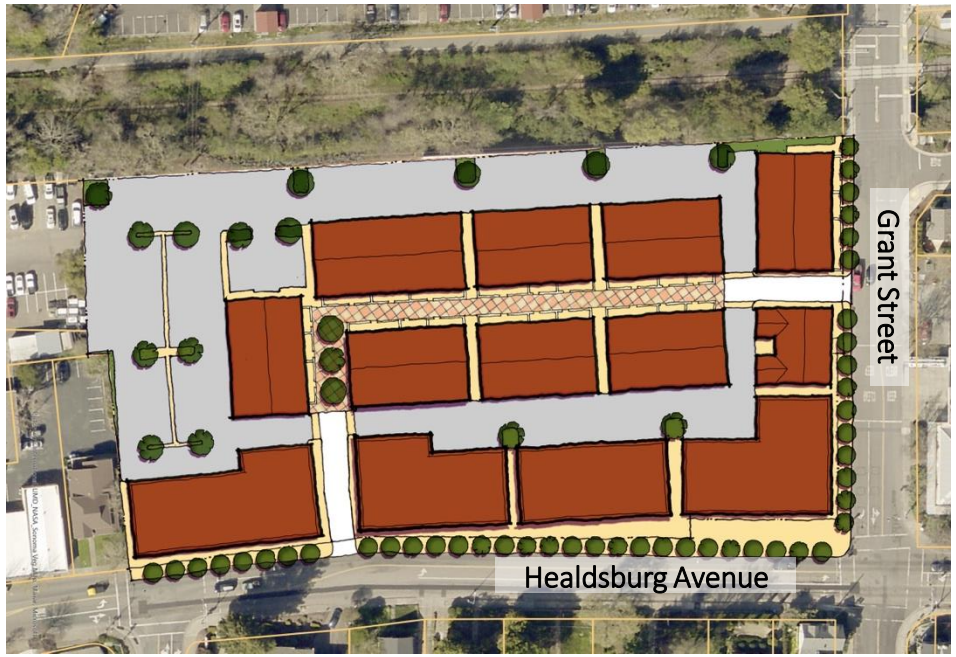
1. **Upper end of the Missing Middle Housing spectrum**
2. **Mixed-use “main street” buildings**

Site Test A: Rite Aid
Existing Conditions

N

Site Test A: Rite Aid Conceptual Site Test

- Mixed-use buildings line Healdsburg Avenue. These buildings have non-residential uses at the ground floor and residential dwellings on the upper floors.
- Multi-unit buildings front onto an intimate pedestrian way, forming a new address on this deep parcel.
- House-form multi-unit buildings front onto Grant Street.
- Ample parking is placed behind buildings to shield it from view from Healdsburg Avenue.



Yield Summary	
Property Size	4.2 ac
Height	3 stories
Units	189 units
Parking	211 spaces
Parking ratio	1.1 spaces/unit
Lot coverage	52%
FAR	1.4
Density	45 du/ac

Site Test A: Rite Aid
Conceptual Site Visualizations

View looking south on pedestrian way

Existing Conditions

Conceptual site design

View looking south on Healdsburg Avenue

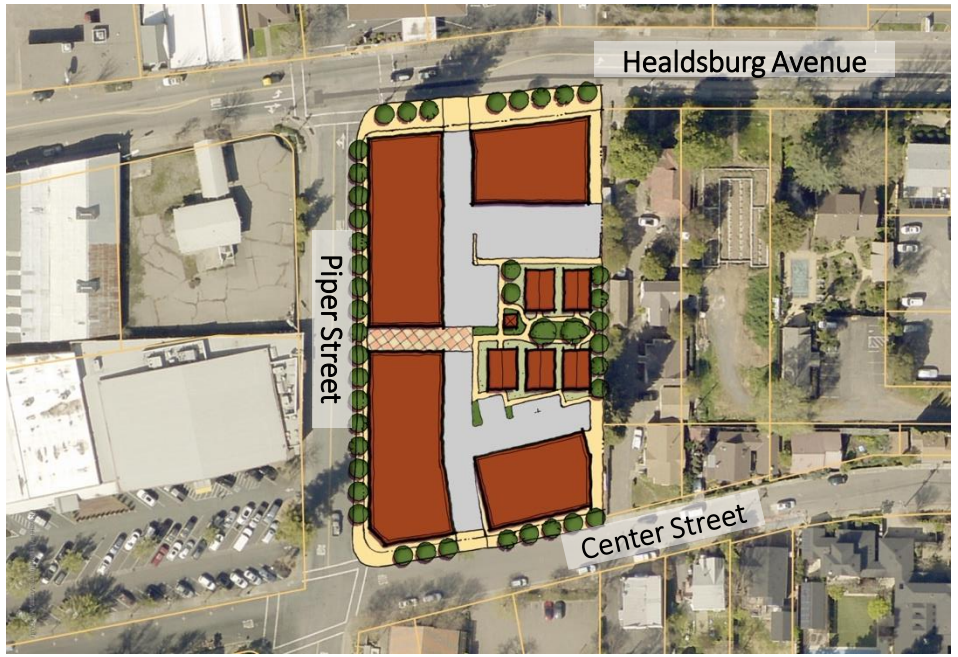
Existing Conditions

Conceptual site design

Site Test B: Bank of America Existing Conditions

Site Test B: Bank of America Conceptual Site Test

- Mixed-use buildings line Healdsburg Avenue, Piper Street, and Center Street. These buildings have non-residential uses on the ground floor and residential dwellings on the upper floors.
- Tuck-under parking is provided under mixed-use buildings with additional surface parking to meet the parking ratio, all of which are shielded from view from the public realm.
- 1.5-story cottages front shared green space shielded from busy streets by mixed-use buildings.



Yield Summary	
Property Size	1.46 ac
Height	3 stories
Units	65 units
Parking	65 spaces
Parking ratio	1.0 spaces/unit
Lot coverage	52%
FAR	1.3
Density	44.5 du/ac

Site Test B: Bank of America
Conceptual Site Visualizations

View looking south on Healdsburg Avenue

Existing Conditions

Conceptual site design

View looking northeast on Healdsburg Avenue

Existing Conditions

Conceptual site design

Site Test C: West Plaza Parking Lot
Existing Conditions

Site Test C: West Plaza Parking Lot Conceptual Site Test

- The site introduces different pedestrian experiences along the ground floor including a new landscaped pathway on the west side, a pocket plaza, and an expanded sidewalk on North Street with shopfronts.
- The building steps back at 4th story along North and Matheson Streets to reduce scale and provide semi-private open space for residents.
- The parking structure in the center would supply parking for other uses in Downtown and is shielded from view with apartment units.
- A new street is introduced to create frontage onto the existing park, increase connectivity across the large block and provide vehicular access to alleys on site.

Yield Summary	
Property Size	2.63 ac
Height	4 stories
Units	151 units
Parking	465 spaces
Parking ratio	1.0 spaces/unit
Lot coverage	62%
FAR	1.4
Density	57.4 du/ac

Parking Summary	
Residential	151 spaces
Surface Parking Replacement	264 spaces
SMART	50 spaces
Total	465 spaces

Site Test C: West Plaza Parking Lot Conceptual Site Visualizations

View looking southeast on Vine Street

Existing Conditions

Conceptual site design

View looking west on North Street

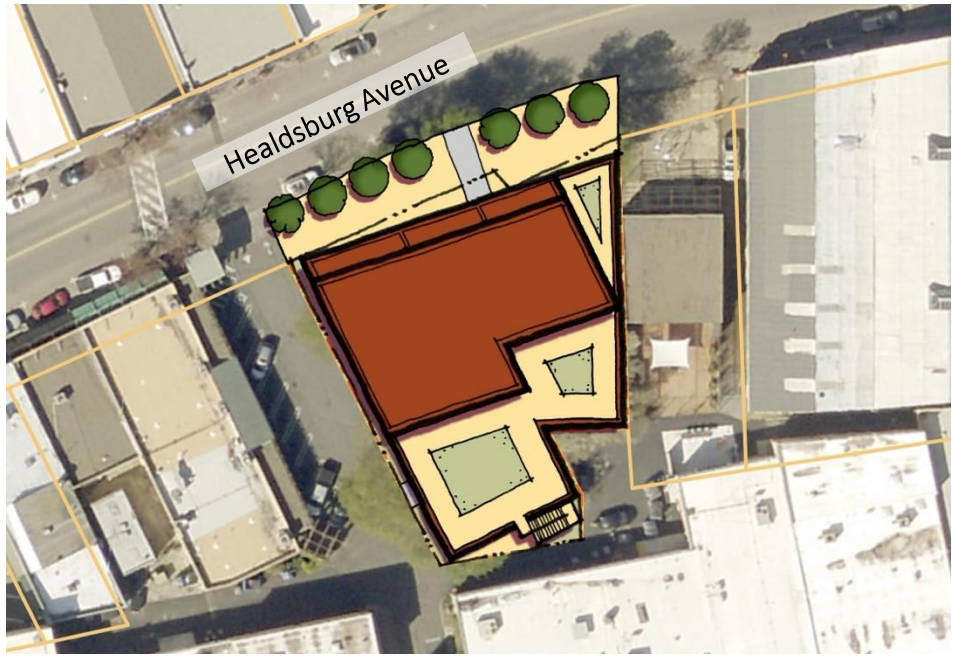
Existing Conditions

Conceptual site design

Site Test D: 434 Healdsburg Avenue
Existing Conditions

Site Test D: 434 Healdsburg Avenue Conceptual Site Test

- 4 story mixed-use building has non-residential uses at the ground floor and residential dwellings on the upper floors.
- It steps back at 4th story to reduce scale and provide semi-private open space for residents.
- Usable terrace over podium parking in the back gives residents another amenity and provides a nice view for units facing southeast.



Yield Summary	
Property Size	0.33 ac
Height	4 stories
Units	21 units
Parking	21 spaces
Parking ratio	1.0 spaces/unit
Lot coverage	90%
FAR	1.9
Density	64.5 du/ac

Site Test D: 434 Healdsburg Avenue Conceptual Site Visualizations

View looking north on Healdsburg Avenue

Existing Conditions

Conceptual site design

View looking south on Healdsburg Avenue

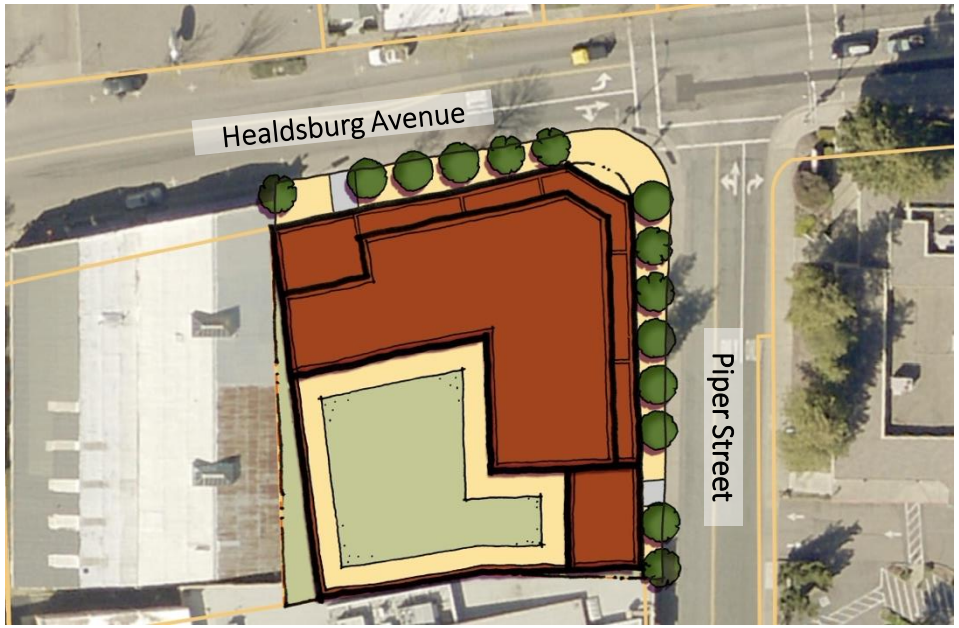
Existing Conditions

Conceptual site design

Site Test E: Gas Station
Existing Conditions

Site Test E: Gas Station Conceptual Site Test

- 4 story mixed-use building has non-residential uses at the ground floor and residential dwellings on the upper floors.
- It steps back at 4th story to reduce scale and provide semi-private open space for residents.
- Usable terrace over podium parking in the back gives residents another amenity and provides a nice view for units facing southeast.



Yield Summary	
Property Size	0.51 ac
Height	4 stories
Units	32 units
Parking	32 spaces
Parking ratio	1.0 spaces/unit
Lot coverage	95%
FAR	1.9
Density	63.3 du/ac

Site Test E: Gas Station
Conceptual Site Visualizations

View looking north on Healdsburg Avenue

Existing Conditions

Conceptual site design

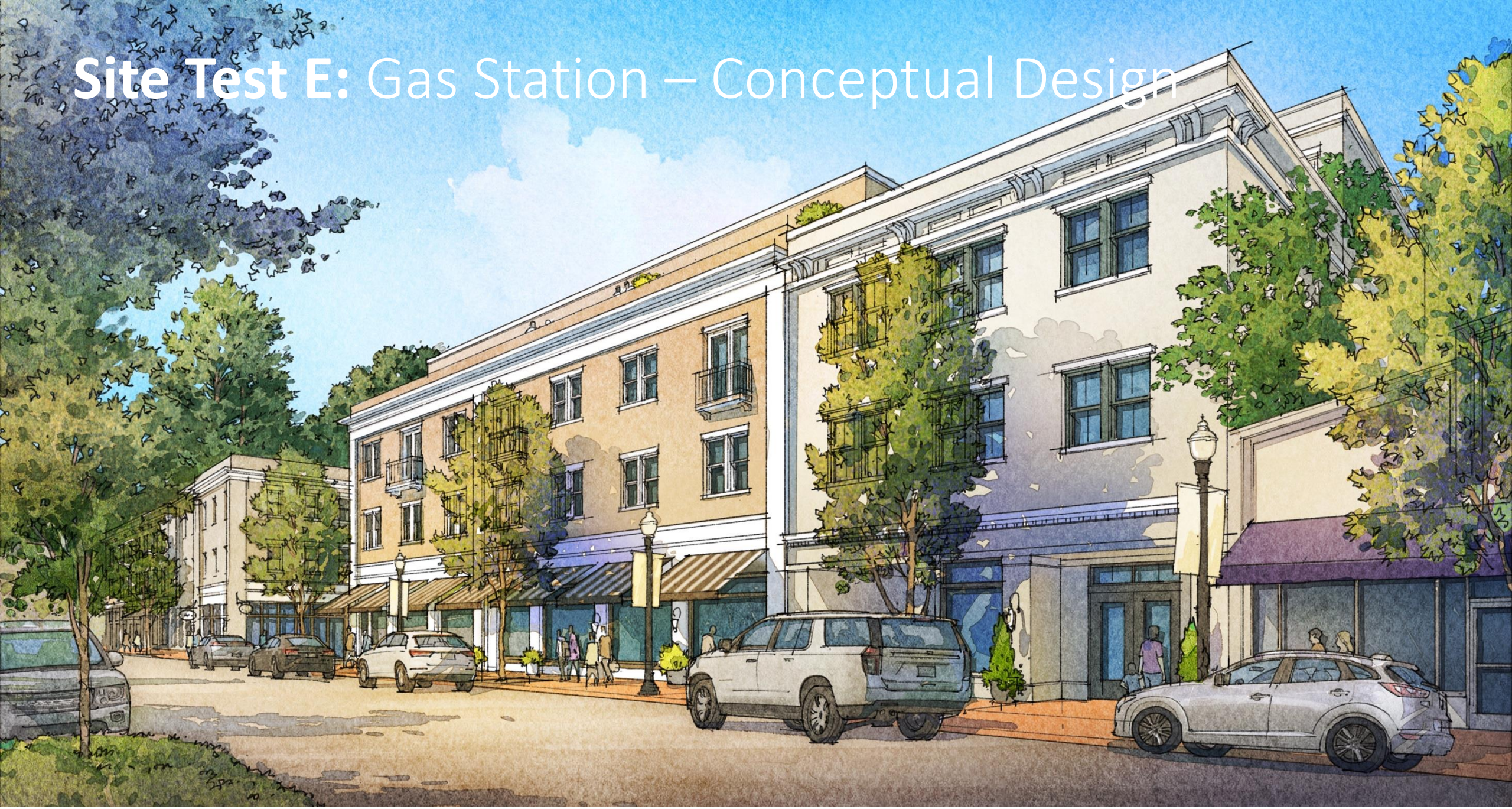
View looking south on Healdsburg Avenue

Existing Conditions

Conceptual site design

Site Test E: Gas Station – Existing Conditions

Site Test E: Gas Station – Conceptual Design



Comparison to existing standards

The site tests meet all existing zoning standards except for **maximum density** and **parking requirements**.

CS Zone

Existing density: 16 du/acre max.

- Site Test A: **45** du/acre
- Site Test B: **45** du/acre

Existing residential parking requirements:
1.5 sp/unit + guest parking

- Site Test A: **1.1** spaces per unit
- Site Test B: **1.0** spaces per unit

Existing commercial parking requirements:
variable depending on specific use; generally 1 space per 150-300 sf floor area

- Site tests do not include commercial parking

CD Zone

Existing density: 16 du/acre max.

- Site Test C: **65** du/acre
- Site Test D: **57** du/acre
- Site Test E: **63** du/acre

Existing parking requirements: 1.5 spaces per unit + guest parking

- Site tests include **1.0** spaces per unit

Existing commercial parking requirements:
variable depending on specific use; generally 1 space per 150-300 sf floor area

- Site tests do not include commercial parking

Estimating Downtown's Housing Capacity

Methodology

Five additional opportunity sites identified by the City were analyzed to estimate potential for housing Downtown. Density assumptions were based on findings from site testing: **45 du/ac for CS** and **65 du/ac for CD.** Estimated yields for these additional sites were added to the site test yields for a total downtown housing capacity.

Housing Capacity on Parcels studied in Site Tests				
Site	**Zone**	**Address**	**Parcel Number(s)**	**Yield**
Site A	CS	525 Healdsburg Avenue	002-113-007, 002-113-022, 002-113-027, 002-113-036, 002-113-037, 002-113-038, 002-113-039, 002-113-040	**189**
Site B	CS	502 Healdsburg Avenue	002-112-003, 002-112-017, 002-112-025	**65**
Site C	CD	West Plaza Parking Lot	002-182-033	**151**
Site D	CD	434 Healdsburg Avenue	002-171-041	**21**
Site E	CD	456 Healdsburg Avenue	002-171-038	**32**
Total Housing Capacity on Site Tested Parcels				**458**

Housing Capacity on Additional Vacant/Underutilized Parcels				
Existing Conditions	**Zone**	**Address**	**Parcel Number(s)**	**Yield**
Ford Dealership	CD	453 Healdsburg Avenue	002-113-042, 002-113-043	**110**
Strip Retail	CD	415 to 455 Center Street	002-171-042	**220**
Vacant	CD	330 Center Street	002-193-015	**8**
Office Building	CD	150 North Street	002-193-016	**31**
Bank	CD	450 Center Street	002-163-007	**25**
Total Additional Housing Capacity on Other Vacant/Underutilized Parcels				**394**

Adding the housing capacity of parcels studied in Site Tests and additional vacant/underutilized parcels results in a **total Downtown Housing Capacity of 852 units.**

Recommendations

SECTION

3

Zoning District Recommendations

Regulation	Existing Standard	Proposed Standard	Implementation Tool
Density	16 du/acre max.	CS Zone: 45 du/acre max. CD Zone: 65 du/acre max.	General Plan amendment or Specific Plan
Parking for Multi-Unit Dwellings	1.5 spaces per unit min.	1 space per unit min.	Zoning code update or Specific Plan
Parking for Retail	1 space per 150-300 sf min.	No parking required	Zoning code update or Specific Plan
Adjacency Standards	10’ height reduction for a lot adjacent to a residential zone	10’ height reduction for the first 50 ft adjacent to a residential zone	Zoning code update or Specific Plan
Ground Floor Non-Residential Uses	Ground floor non-residential use required in CS and CD Zones	Eliminate this standard in the CS Zone, if supported by a retail study	Zoning code update or Specific Plan

Additional strategies: Density minimums, unbundling parking, massing + articulation standards

Complementary Actions to Consider

Housing-Supportive Action	Implementation Tool
Streetscape improvements that include wider sidewalks at pinch points downtown (such as Healdsburg Avenue)	Streetscape Plan or Specific Plan
Growth Management Ordinance (GMO) adjustment	GMO amendment
Additional public parking	Downtown Master Plan or Specific Plan

Right-Sizing Residential Parking Requirements

What is the right ratio?

Different unit types have different typical demands (studios may require half a space per unit, while a two-bedroom unit may require two spaces) yielding an approximate **resultant parking ratio of 1.0** which is the minimum parking ratio recommended in this study.

Podium parking and parking lifts

Parking lifts can **double the parking capacity** of a single-level podium removing the cost burden of expanding the podium to a second level and preserving the rest of the zoning envelope for housing.

Emerging Best Practices on Density and FAR

Predictability of Built Form

Density alone does not always result in a predictable built form. FAR can result in more predictable buildings especially when used with other, form-based regulations.

Regulating with FAR instead of Density

FAR directly regulates building square footage relative to lot size. Eliminating density does not jeopardize density bonus projects.

Establishing FAR standards

Determining FAR standards after other form standards have been established can better ensure the FAR furthers the City's goals for desired built form.

Implementation Tools

Increasing Maximum Density

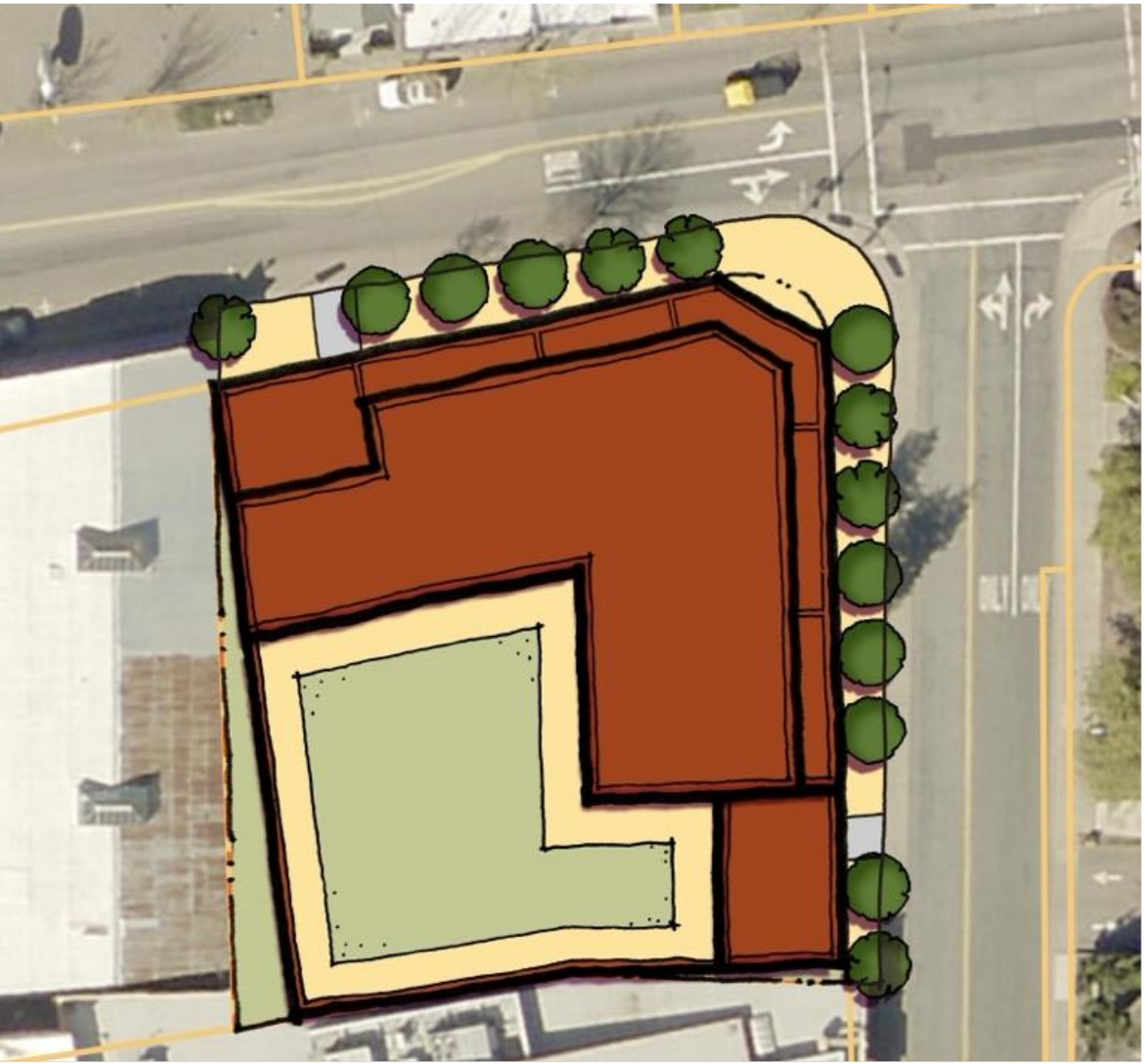
Amendment to the City's General Plan and applicable zoning districts. The process might require an assessment of the impact on the environment, infrastructure, and public realm.

Zoning Changes

Consider incorporating objective design standards.

Planning Processes

- Specific Plan
- Master Plan or Precise Plan



SECTION 4

Development Feasibility Analysis

456 Healdsburg Avenue

Economic & Planning Systems, Inc.
The Economics of Land Use

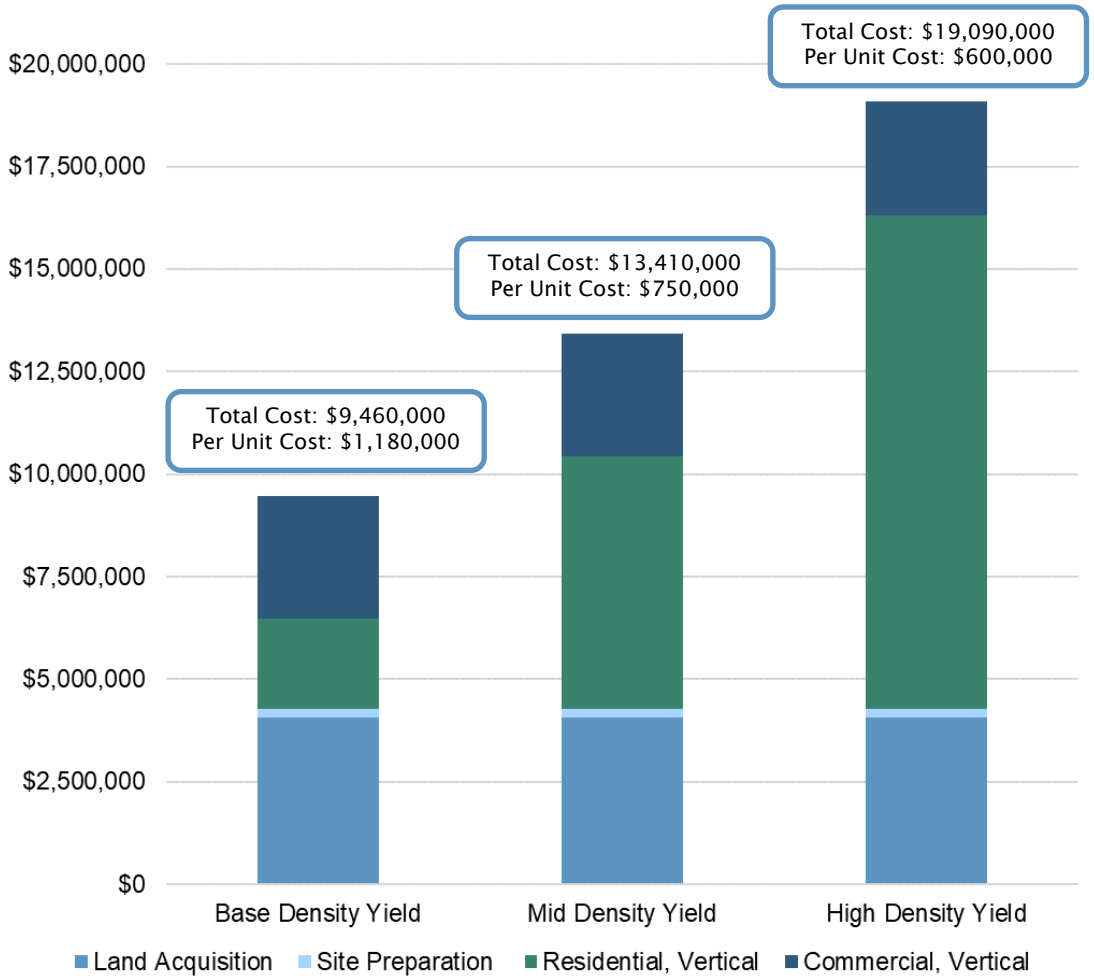
FEASIBILITY ANALYSIS

- Goal: Gauge how density affects the feasibility of a residential development.
- Methodology: Estimate the development costs associated with a mixed-use residential project at 3 different levels of density and determine the market rate residential rents necessary for a developer to achieve threshold yield-on-costs.

	Base Density Yield	Mid Density Yield	High Density Yield
Density	16 du/ac	36 du/ac	63 du/ac
Total Units	8	18	32
Parking Type	Surface	Surface	Structured
Commercial Square Feet	7,200	7,200	6,700

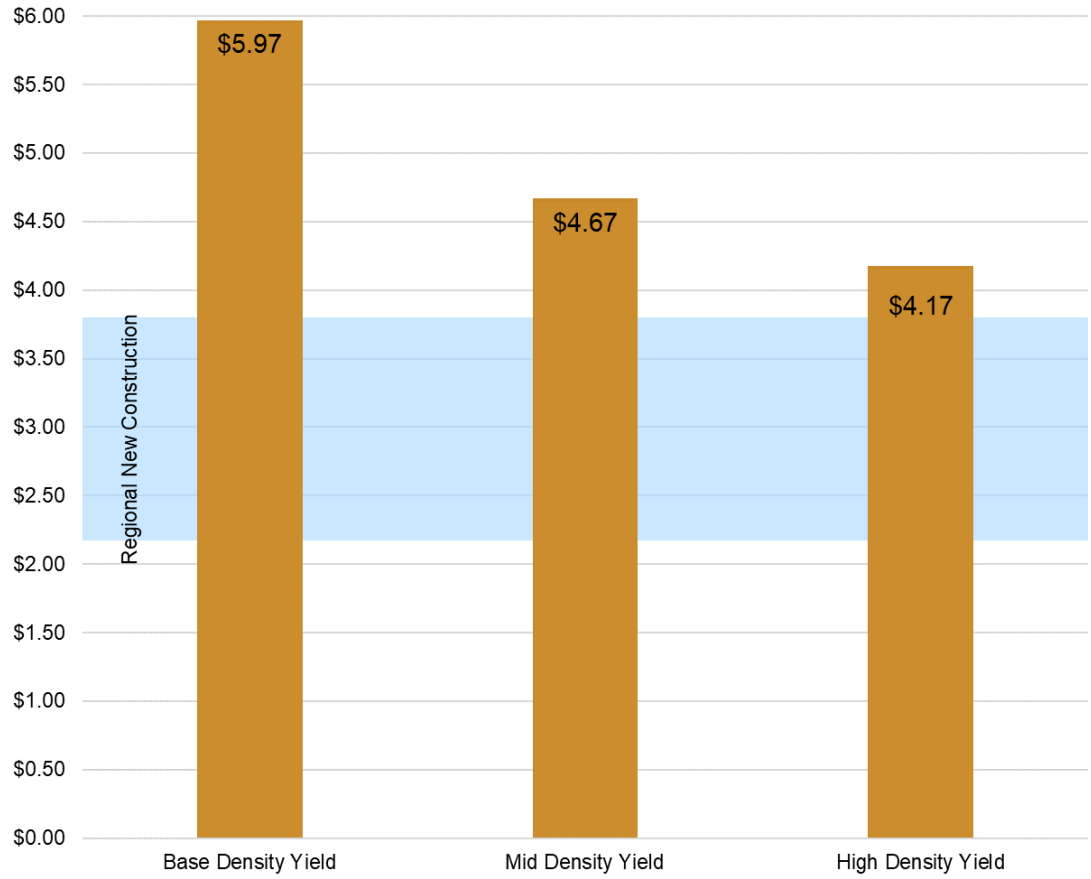
COSTS

- Land acquisition and site preparation costs are the same across all three scenarios. No existing environmental site concerns.
- High Density Yield scenario requires more expensive residential construction costs.



REQUIRED RENT PER SQUARE FOOT

- As density increases, development costs are spread across more units, lowering the rental revenue required to make the project feasible for developers.



HOUSEHOLD INCOMES

	Base Density Yield	Mid Density Yield	High Density Yield
Required Average Rent per Square Foot	$5.97	$4.67	$4.17
Studio - 1 Person Household			
Required Monthly Rent	$2,985	$2,335	$2,085
Required Household Income	$125,400	$99,400	$89,400
% AMI	140%	111%	100%
1 Bedroom Unit - 2 Person Household			
Required Monthly Rent	$4,478	$3,503	$3,128
Required Household Income	$185,100	$146,100	$131,100
% AMI	181%	143%	128%
2 Bedroom Unit - 3 Person Household			
Required Monthly Rent	$5,373	$4,203	$3,753
Required Household Income	$220,920	$174,120	$156,120
% AMI	192%	151%	135%
3 Bedroom Unit - 4 Person Household			
Required Monthly Rent	$7,164	$5,604	$5,004
Required Household Income	$292,560	$230,160	$206,160
% AMI	228%	180%	161%

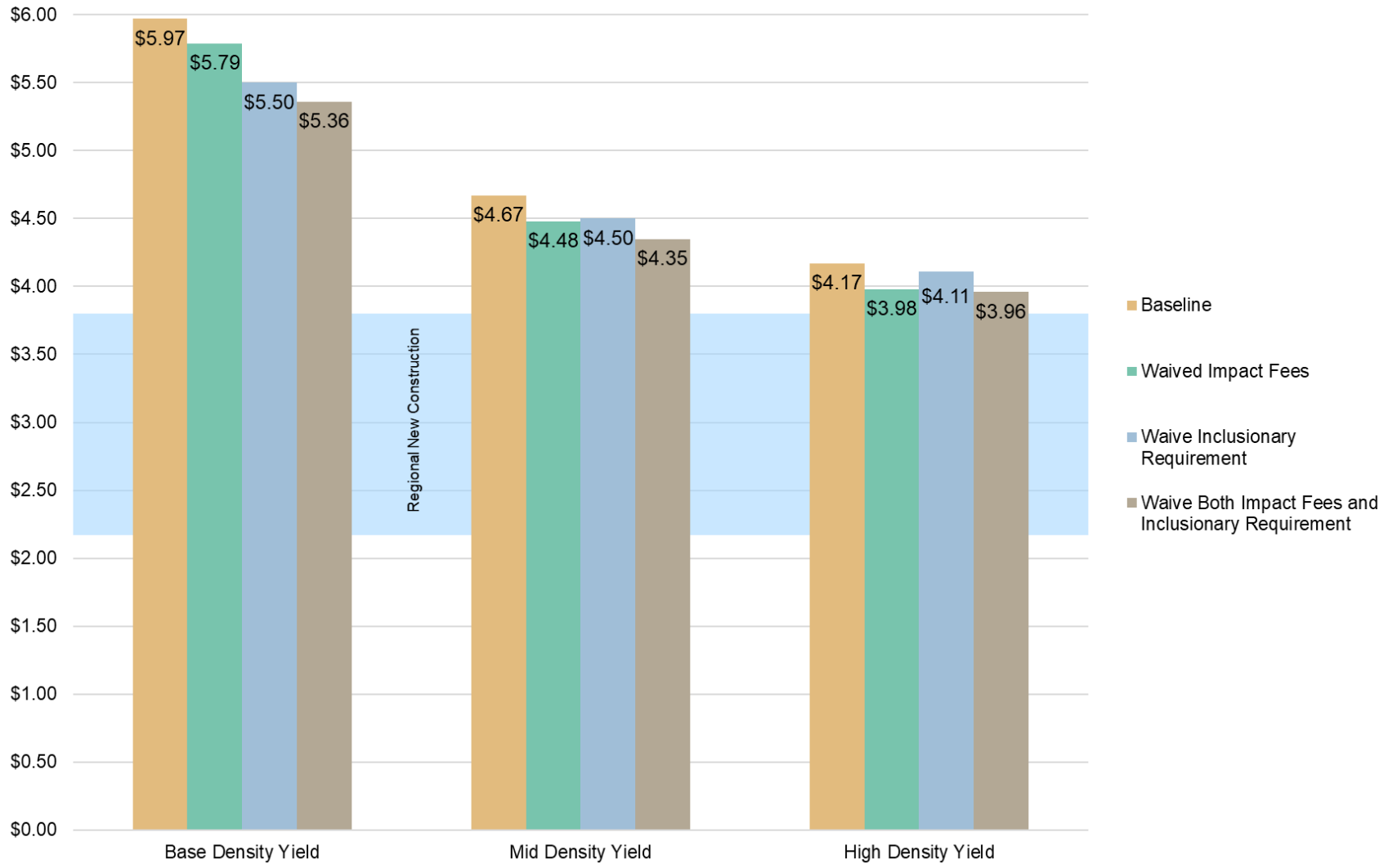
ADDITIONAL ANALYSIS – POLICY LEVERS

POTENTIAL POLICY LEVERS

WAIVE INCLUSIONARY REQUIREMENTS

- Assumes the same number of overall units, but all are market rate
- Development costs remain the same, but are spread across more market rate units

RENTS PER SQUARE FOOT



HIGH DENSITY YIELD – AFFORDABILITY

	Baseline	Waive Impact Fees	Waive Inclusionary	Waive Both
Required Average Rent per Square Foot	$4.17	$3.98	$4.11	$3.96
Studio - 1 Person Household				
Required Monthly Rent	$2,085	$1,990	$2,055	$1,980
Required Household Income	$89,400	$85,600	$88,200	$85,200
% AMI	100%	95%	98%	95%
1 Bedroom Unit - 2 Person Household				
Required Monthly Rent	$3,128	$2,985	$3,083	$2,970
Required Household Income	$131,100	$125,400	$129,300	$124,800
% AMI	128%	122%	126%	122%
2 Bedroom Unit - 3 Person Household				
Required Monthly Rent	$3,753	$3,582	$3,699	$3,564
Required Household Income	$156,120	$149,280	$153,960	$148,560
% AMI	135%	129%	134%	129%
3 Bedroom Unit - 4 Person Household				
Required Monthly Rent	$5,004	$4,776	$4,932	$4,752
Required Household Income	$206,160	$197,040	$203,280	$196,080
% AMI	161%	154%	159%	153%

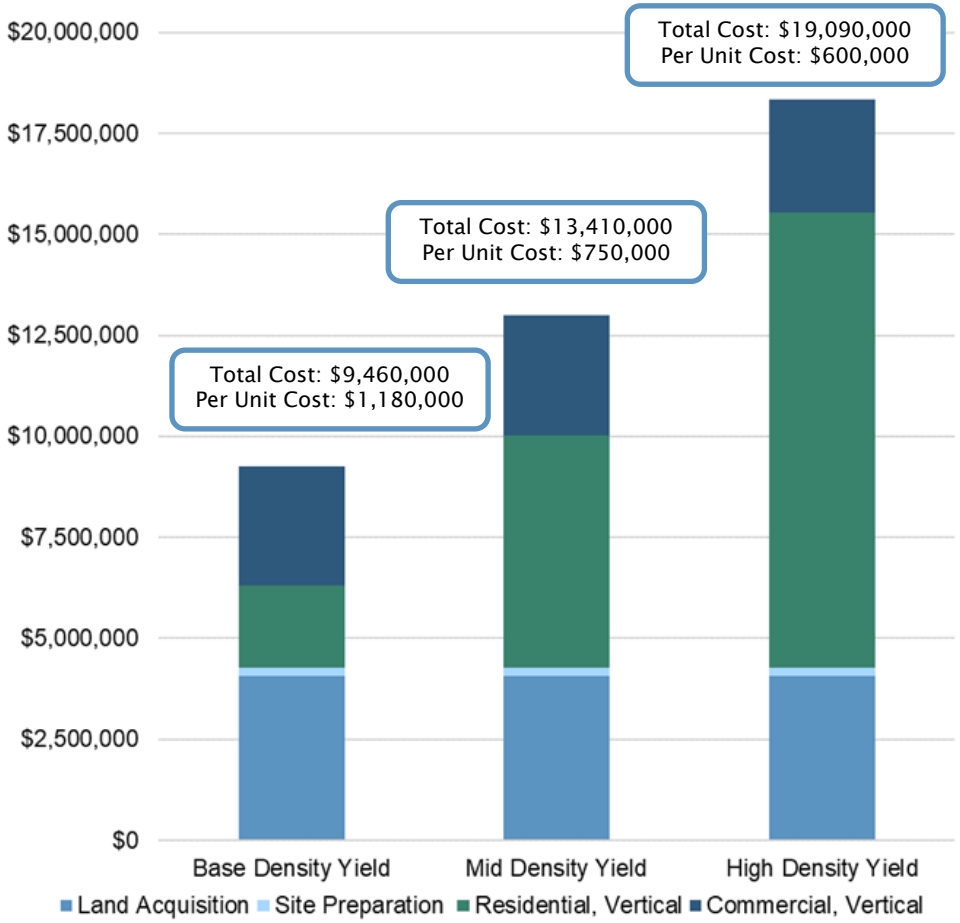
POTENTIAL POLICY LEVERS

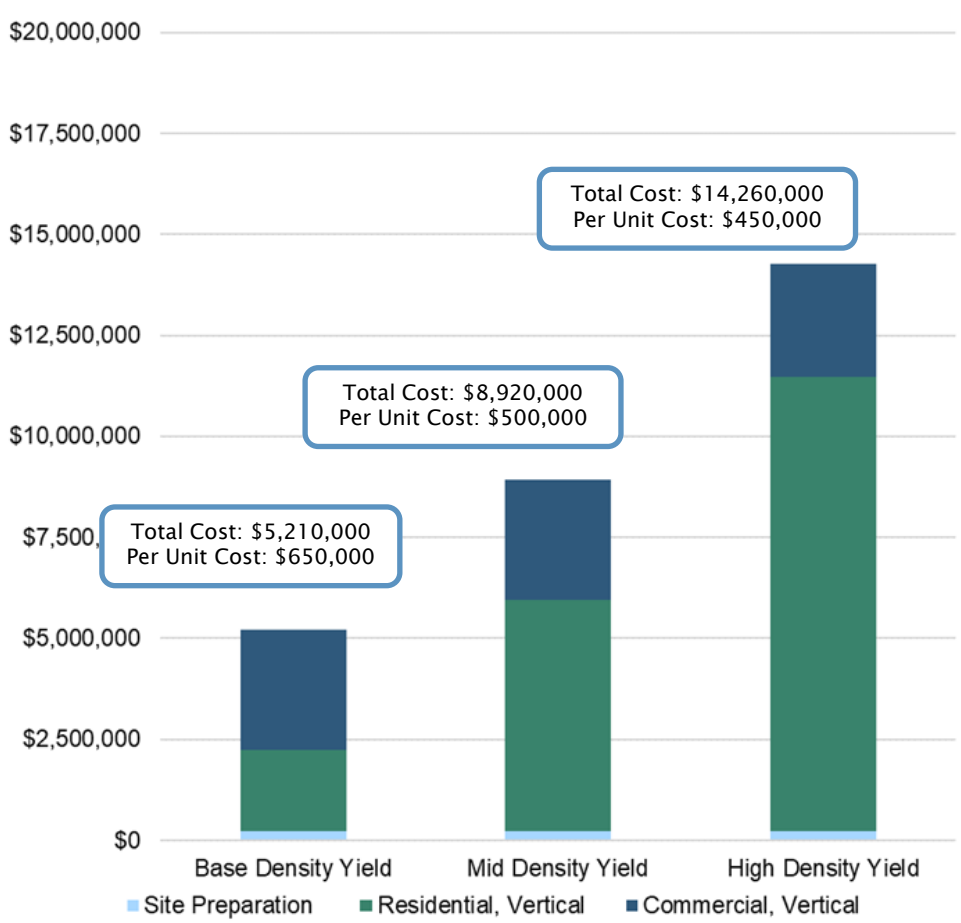
SUBSIDIZE LAND COSTS

- This analysis assumed that the land for the project site would cost approximately $4 million
- If the city were to subsidize land costs, this could reduce the overall development costs between 20 and 40 percent, depending on density

POTENTIAL POLICY LEVERS

SUBSIDIZE LAND COSTS





Questions