HOUSING OUR COMMUNITY

A **Housing Action Plan**
to increase the Affordability and
Diversity of housing in Healdsburg

CITY COUNCIL REVIEW
DRAFT 7.18.16

July 18, 2016

CITY OF HEALDSBURG

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HOUSING OUR COMMUNITY

EXECUTIVE SUMMARY

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EXECUTIVE SUMMARY

Through a series of over 30 public meetings and extensive public input, residents have expressed the need for more housing affordable to working families as well as greater housing options in our community. Hearing these concerns, the City Council established the Community Housing Committee to work alongside residents to prepare the City's first **Housing Action Plan** (**HAP**). The Housing Action Plan establishes a **Vision** for housing in Healdsburg, and identifies five **Objectives** designed to address the creation of more affordable and diverse housing options in our community.

The HAP works in conjunction with the City's existing, adopted policy documents to shape residential growth in Healdsburg. The HAP strengthens other City tools that manage and direct the character and type of residential growth occurring in Healdsburg, by setting specific, quantifiable Objectives to be achieved within a specific timeframe – the **Housing Cycle**. Achieving these Objectives is accomplished by implementing a series of defined **Recommendations**. Progress on each Objective can be assessed by setting a series of **Targets** – which are measurable by nature – to be achieved by the end of the Housing Cycle in order to realize the community's Vision for housing.

During the Housing Cycle, six month assessments on progress, and lessons learned will be provided to City Council and the public as part of the HAP reporting tools. Prior to the end of each Housing Cycle, and concurrent with the update to the Housing Element, a new HAP will be prepared – reflecting on lessons learned, what has worked in the previous Housing Cycle and what can be improved - in an effort to achieve newly established housing priorities and updated Objectives for the coming Housing Cycle.

Many of the HAP Recommendations are dependent upon the successful passage of the update to the current **Growth Management Ordinance (GMO)** to be considered by voters in November 2016. *If the initiative passes, the HAP is enabled and the City will proceed with implementing the Recommendations of the adopted HAP. If the initiative does not pass, only a limited number of Recommendations can proceed. The City Council will need to provide direction to Staff as to how to realize the stated Vision and Objectives of the HAP, given the limitations imposed by the current GMO.*

For more information, see Table 1 for a summary of all of the Recommendations and their relationship to the proposed GMO Update.

Describing What We Want

The Vision for housing in Healdsburg in 2022 emerged from months of conversation and wordsmithing at community workshops and public meetings. The final Vision - refined from ten prior versions – expresses the community's desire to create a better balance of housing in our community by 2022 – both in its affordability (rental and ownership) and in the range of housing options available to different households, diverse income ranges, family sizes, formats, settings and lifestyles.

The Vision statement at right combines the key themes of affordability and diversity, and establishes the long term, desired role for housing in Healdsburg. As such it forms the foundation for the HAP's Objectives and Recommendations during this Housing Cycle (2017-2022).

The HAP emerged from over 30 public meetings and workshops, spanning 24 months.

A VISION FOR HOUSING IN HEALDSBURG IN 2022

"**In 2022**, Healdsburg is a **diverse, thriving** community evidenced by a wide **variety of housing -** both price and type

Individuals at **all life stages and all economic levels** participate in active, welcoming neighborhoods, which together make up our larger community."

Defining What Needs to be Accomplished

HOW WE WILL MEASURE OUR PROGRESS*

Increased number of younger households in our community
(Median age currently 40.2)

Increased percentage of deed restricted affordable housing as a percentage of total housing stock
(currently 8.2%)

Increased percentage of non single family residential unit types
(currently 17%)

Increased ratio of people who live AND work in town
(currently 33%)

Increase in public and private school populations
(currently 1,650 K-12)

Ensuring we are moving toward the Vision established by the community requires tools to be able to measure progress. The HAP is written around five Objectives that will shape housing over the next six years (the remainder of the current Housing Element cycle), all in pursuit of moving the community closer to its stated Vision for housing. Accompanying each Objective is a specific Target which helps provide a 'yardstick' for assessing progress during the proposed Housing Cycle.

Leveraging limited resources - land, human and financial capital - the HAP provides a strategy to integrate the City's policies, ordinances, programs and best practices to achieve the Vision and Objectives efficiently.

Semi-annual assessments (qualitative review and reporting), plus a biennial reporting process (report card) will provide the opportunity to openly evaluate progress in achieving the HAP's Targets, and adjust resources or adapt policies as needed to achieve the stated Objectives by the end of the Housing Cycle.

OBJECTIVES & TARGETS of the HAP

1.0 **Increase the Quantity and Quality of Deed-Restricted Affordable Housing**
2022 Target = 200 New Affordable Units

2.0 **Encourage and Facilitate Private Development of Secondary Dwelling Units**
2022 Target = 125 Secondary Units

3.0 **Develop Middle Income Housing**
2022 Target = 135 New Units

4.0 **Encourage Multi-Family Rental Units**
2022 Target = 100 New Rental Units

5.0 **Encourage Development of Mixed Product Types**
2022 Target = 50% of all New Units

Note: Targets are not cumulative. Multiple Targets can be fulfilled by a single project.

Identifying What Needs to be Done

The HAP's greatest impact and synergy will be achieved through nine **Priority Recommendations** that are crucial to changing how housing gets built in our community over the next Housing Cycle.

Given the complexity of Healdsburg's housing challenge, the Priority Recommendations provide the foundation for redirecting public and private efforts to build what the community has said it needs. These Recommendations are prioritized because they can have an immediate impact on housing, while also supporting the five Objectives of the HAP. **Supporting Recommendations** serve to augment the Priority Recommendations and provide another level of detailed actions and changes that need to be completed during the Housing Cycle, in order to achieve the HAP's Objectives.

Following development of preliminary recommendations, the Community Housing Committee assembled a panel of housing experts to evaluate the proposed Objectives and Recommendtions to ensure the proposals being considered would create the kind of change the community is seeking.

PRIORITY RECOMMENDATIONS

1. Update the current Growth Management Ordinance

2. Implement a Transitional Growth Regulation Tool

3. Create a Long Term Funding Source for Affordable Housing

4. Expand the definition of Affordable Housing in the Land Use Code to include Middle Income Housing

5. Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing

6. Expand Affordable Housing Incentives

7. Update the Impact Fee Schedule to scale with Unit Size and Implement a Fee Deferral Program for Deed-Restricted SDUs

8. Update the Parking Regulations to scale requirements to location and size

9. Update the Residential Design Guidelines to address community concerns for scale and character of new housing

Section 1 INTRODUCTION, VISION AND PRIORITY RECOMMENDATIONS

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INTRODUCTION to the HAP

OVERVIEW

The HAP serves as a companion policy document to, and works in conjunction with, the City's existing adopted legislative documents including:

- **City of Healdsburg Strategic Plan**

- **General Plan and associated Housing Element**

- **Land Use Code**

- **Inclusionary Housing Ordinance (which is part of the Land Use Code)**

- **Urban Growth Boundary**

- **Growth Management Ordinance**

The City of Healdsburg's **Housing Action Plan (HAP)** strengthens other City tools that shape and direct the character and type of residential growth occurring in Healdsburg. The HAP establishes a **Vision** for housing in Healdsburg and acts as a tool by which both the City Council and residents can proactively shape the character of the community's housing over a defined **Housing Cycle**.

The Housing Cycle runs concurrently with the City's **Housing Element.** The Housing Element is one of the nine Elements of the City's **General Plan,** which is the 'blueprint' for how the City will grow and provides the policy basis and requirements for how the City addresses its housing needs. Unlike the other General Plan Elements, the Housing Element is typically updated every eight years per State of California requirements. Aligning the Housing Cycle with the schedule of the Housing Element Update provides a unique way to discuss and manage housing growth holistically in our community.

The Housing Cycle also establishes a specific timeframe within which HAP defined **Objectives** are to be met, by completing a list of specific **Recommendations.** Progress toward each Objective will be assessed by setting a series of **Targets** which are measurable by nature and intended to be fulfilled by the end of the Housing Cycle.

Semi-annual updates to City Council, as well as a biennial reporting process (report card) provides the opportunity to assess progress in achieving the HAP's Targets, and efforts to move toward our stated Vision. This in turn will help the City Council adjust resources and adapt policies and tools as necessary, all in an effort to achieve the stated Objectives by the end of the Housing Cycle.

Prior to the end of each Housing Cycle (and concurrent with the Housing Element Update process), a new HAP will be prepared by reassessing community housing needs, re-affirming or re-directing the Vision, and establishing a new set of Objectives and Recommendations for the next cycle.

DOCUMENT PURPOSE

The HAP is meant to facilitate four key outcomes:

1. ***Tell Healdsburg's Housing Story*** – what the town values, the role housing plays in creating a sustainable, thriving community, and how we plan to get there.

2. ***Establish Clear and Measurable Housing Objectives*** – measurable objectives for creating housing, established through community input, that will allow leadership to better direct the City's resources to accomplish what the community has said is important, while fulfilling State mandated goals.

3. ***Integrate and Strengthen Tools Used to Manage Growth*** – the complexity of housing our community will not be solved by a single solution. Nor is it an isolated issue. The HAP will make evident the link between long term, enduring housing solutions, and other related policies such as alternative transportation, community health, green building, economic vitality and long term sustainability.

4. ***Attract Like Minded Partners*** – the HAP provides a clear statement of what our community wants to see in its new housing – and how regulations and incentives should be structured to achieve that outcome. Builders – both for-profit and non-profit - will be attracted by the clarity of our vision, and those who share our values will be more inclined to participate as a part of our collective solution.

THE VISION

The Vision for housing in Healdsburg in 2022 emerged from months of conversation and wordsmithing at community workshops and public meetings. The final Vision - refined from ten prior versions – expresses the community's desire to create a better balance of housing in our community by 2022 – both in its affordability (rental and ownership) and in the range of housing options available to different households, diverse income ranges, family sizes, formats, settings and lifestyles.

A VISION FOR HOUSING IN HEALDSBURG IN 2022

"In 2022, Healdsburg is a diverse, thriving community evidenced by a wide variety of housing - both type and price.

Individuals at all life stages and all economic levels participate in active, welcoming neighborhoods, which together make up our larger community."

PRIORITY RECOMMENDATIONS

The HAP is a bold new approach to shaping our community's housing future. It envisions the community transitioning away from the singular, numeric approach to managing growth that has been in place since 2000 (the current Growth Management Ordinance) to an integrated approach where multiple policy tools[1] and programs are aligned to work together to achieve the stated Vision.

To achieve this outcome, several essential changes need to happen concurrently to shift the course of housing in our community during this Housing Cycle. Over the course of thirty community public meetings and workshops held to discuss housing issues, many of the comments and suggestions put forth focused on a handful of recommendations with *the greatest likelihood to create positive impact across multiple Objectives*. These are termed *Priority Recommendations.* Without fulfillment of these Priority Recommendations the Vision cannot be achieved. The following nine Priority Recommendations have been defined as essential to supporting the five Objectives that make up the HAP.

PR-1 UPDATE THE CURRENT GROWTH MANAGEMENT ORDINANCE

Update the Current Growth Management Ordinance
Healdsburg, like many communities throughout Sonoma County, has a shortage of housing working families can afford. People who work in our community have said they are struggling to find housing that is affordable in Healdsburg. Over the past 24 months, the City has actively engaged residents, through a series of public meetings and workshops, seeking the community's ideas and input on how best to address these housing challenges. The City also commissioned an independent public opinion survey to obtain feedback on possible housing policy solutions. Through this extended public outreach, the community has expressed interest in expanding housing options that are affordable to working families and updating the current Growth Management Ordinance (GMO). The City is actively working with residents to update the current Growth Management Ordinance to allow for periodic review and provide flexibility in planning to reflect changing economic conditions, community needs and provide enough housing types that meet the needs of Healdsburg residents at all income levels.

[1] *Inclusionary Housing Ordinance, Land Use Code, Impact Fee Schedule, Parking Regulations and Design Guidelines*

The current Growth Management Ordinance restricts new housing to 30 units per year, hindering production of multi-family housing types the community has said they would like to see. Updating the current Growth Management Ordinance will help expand the kinds of housing the community has expressed a need for.

Implement a Transitional Growth Regulation Tool
To ensure the community's housing needs are being met, housing growth in Healdsburg should be regularly assessed. If that assessment indicates current housing needs are not being addressed, policies should be adjusted to achieve the community's desired housing goals. By adopting a Transitional Growth Regulation Tool the City Council, through a public process that includes input from the community, can periodically review the housing growth occurring in the community and adjust policies to more responsively adapt to changing economic conditions and community needs and provide enough housing types that meet the needs of Healdsburg residents at all income levels.

Why this is a Priority Recommendation
With proposed changes to the GMO, more housing types and smaller units should be of interest and come into the marketplace. One way to alleviate community concerns about growth, and more importantly - growth that is inconsistent with the existing character and fabric of the town – will be to establish a transitional growth regulation tool.

Create a Long Term Funding Source for Affordable Housing
Success at increasing the supply of deed-restricted Affordable Housing in Healdsburg hinges upon the identification of a secure, local, long-term funding source. While the City currently has some funds available to support the provision of deed-restricted Affordable Housing, without a long-term funding source the City's ability to deliver Affordable Housing units will be severely hampered. Identification of a reliable local funding source (such as increasing the City's **Transient Occupancy Tax or TOT**) will help ensure the community's desired housing outcomes can be achieved.

PR-2 IMPLEMENT A TRANSITIONAL GROWTH REGULATION TOOL

PR-3 CREATE A LONG TERM FUNDING SOURCE FOR AFFORDABLE HOUSING

Throughout the process of creating the HAP, the difficulty in funding the construction of deed-restricted Affordable Housing became a recurring theme, especially with the loss of Redevelopment Agency funding. Those involved in Affordable Housing, using non-profit development models, have advised that having a substantial and ready source of Local funds to pair with Federal and State programs is essential to closing the gap for new Affordable Housing units[2].

PR-4 EXPAND THE DEFINITION OF AFFORDABLE HOUSING

Expand the Definition of Affordable Housing in the Land Use Code to include Middle Income Housing

Much of the time spent developing the HAP has been devoted to determining who needs housing in our community. After considerable research, a class of housing beyond State of California defined **Affordable Housing** was identified, and termed **Middle Income Housing (MIH).** This term is emerging in other communities and typically relates to households whose earnings exceed the income limits of State-defined Affordable Housing, but are still below the income required to finance a median priced home. In Healdsburg this is an income level between 121-160% of **Area Median Income (AMI).**

The City's Land Use Code establishes the legal groundwork for Affordable Housing – its definitions and how it relates to the Inclusionary Housing Ordinance (see PR-5). By adding Middle Income Housing into an expanded definition of Affordable Housing, new avenues are made available to incentivize or require this kind of housing to be constructed.

PR-5 REVISE THE INCLUSIONARY HOUSING ORDINANCE

Revise the Inclusionary Housing Ordinance (IHO) to Require 30% Affordable Housing

The IHO creates a linkage between for-sale, market rate housing and Affordable Housing, requiring builders who construct market rate housing to also build some percentage of deed-restricted Affordable Housing. This tool has been used successfully here in Healdsburg - most recently in two of the City's newest residential developments - Sonata and Sorrento Square, providing the community with ten new permanently affordable residences.

Increasing the IHO requirement from 15% to 30% to yield additional affordable units must be balanced with the economic realities of creating market rate projects. The recommended change has been analyzed and modeled using local Healdsburg costs and pricing, to create a balance between a higher percentage of Affordable Housing and the stated Objectives of the HAP.

Expand Affordable Housing Incentives

With an increase of the Inclusionary Housing requirement to 30%, new incentives can help drive builders to think creatively about product mix and density. Affordable Housing Incentives, which already exist within State Code, permit builders to receive a density bonus for increasing the amount of affordable housing developed within a project. The proposal to increase Inclusionary Housing to 30% makes achieving this bonus much easier, by going a bit further in project programming - resulting in more units overall and improved product mix. Additional incentives such as concessions on parking are already included in State and City Codes, and would be amplified and integrated further as a part of this Recommendation.

Why this is a Priority Recommendation
This Recommendation simply requires clarifying and aligning existing incentives that are already 'on the books' to provide the City Council more discretion on how incentives can be applied, in return for greater commitment of Affordable Housing. This Recommendation is part of a three-legged stool that creates new increntives to achieve the HAP's stated Objectives.

Update the Impact Fee Schedule to Scale with Unit Size and Implement a Fee Deferral Program for Deed-Restricted SDUs

Smaller residential units are gaining popularity as household size and needs change. Throughout California, a logical way to create housing that is more *'Affordable-by-Design'* is by building smaller units that make better use of limited land resources, while also reducing overall environmental footprint. This is particularly true with **Secondary Dwelling Units** (SDUs) which provide a double benefit of allowing growth to occur more organically, while also reducing the public burden and cost of building new housing.

Given the cost of **Impact Fees**, and the fact that fees are similar regardless of unit size, most builders will build larger homes to bear this cost. Other communities in California have found that scaling fees to the size of the unit has been a very effective way to reduce the size of units being built, and in turn create new housing that is less expensive to rent or own.

[2]*Local subsidy requirements can range from $50,000-$200,000 per unit, depending on product type, funding source and land ownership. Due to construction costs and small project sizes in Healdsburg, the upper end of this range is typical.*

PR-6 EXPAND AFFORDABLE HOUSING INCENTIVES

PR-7 UPDATE THE IMPACT FEE SCHEDULE

*PR-8 UPDATE
PARKING REGULATIONS*

Update Parking Regulations to Scale Requirements to Unit Size and Location

In past decades, automobile focused planning led to parking standards that reflected the dominance of automobile based transportation. But today transporation modes are rapidly changing - many young adults do not have driver's licenses, car share services have become ubiquitous, autonomous vehicles are only a decade away, and the near term future includes the arrival of the SMART Train.

At the same time that we are concerned about the cost of housing, parking requirements created in another era add a significant cost burden to housing, while inefficiently using precious land that could better serve housing.

Why this is a Priority Recommendation
Currently a 5,000 SF residence has the same parking requirement as a 500 sf studio, making the cost of the studio - both in terms of construction and land - difficult. Achieving a better use of our remaining land, while helping to reach more balanced costs for constructing new housing, requires parking be made a part of the immediate review process.

*PR-9 UPDATE RESIDENTIAL
DESIGN GUIDELINES*

Update Residential Design Guidelines to Address Community Concerns for Scale and Character of New Housing

To ensure the character, form and scale of our community is maintained, the City's Residential Design Guidelines need to be updated. Doing so will ensure new housing respects and reflects the unique form and relationship many of our historic homes have with the street and their neighboring residences. An update to our current Residential Design Guidelines will help new housing better reflect what is important to the look and liveability of our community, while also incorporating new changes that are taking place in green building, as well as healthy and active design.

Why this is a Priority Recommendation
The quality and character of Healdsburg's built environment forms the unique neighborhood feel of the City. Updating the Residential Design Guidelines will ensure this character is maintained as the community evolves.

PRIORITY RECOMMENDATION OUTCOMES

If revisions to the existing Growth Management Ordinance and Transient Occupany Tax are approved by voters, and the Priority Recommendations are implemented according to the HAP, Healdsburg will realize the following tangible changes to housing policy by March 2017:

- **A new Inclusionary Housing Ordinance requiring more private sector building of Affordable Housing Units**

- **A dedicated source of funding for Affordable Housing to support construction of deed-restricted Affordable Housing Units**

- **Revised Impact Fee Schedule that will encourage smaller, more efficient housing units**

- **Updated Parking Standards that better reflect changing needs and modes of transportation**

- **New Residential Design Guidelines to guide the design of all new housing in Healdsburg**

Section 2 OBJECTIVES and SUPPORTING RECOMMENDATIONS

OBJECTIVES and SUPPORTING RECOMMENDATIONS

ROLE OF THE OBJECTIVES

The HAP is founded upon five clear and measurable Objectives (see adjoining page) for creating more housing in our community. These Objectives were developed in support of the HAP Vision, through extensive discussion and community input, with the goal of achieving more affordable and diverse housing options in our community. Setting clear Objectives allows the City's leadership to better direct City resources to accomplish what the community has said is important.

For each Objective, a measurable Target has been established as a way to focus resources and community efforts, while also establishing a measurement for success. The Targets define how we want the community to build out over time, in a way that is consistent with and supports the larger vision of the General Plan. The Targets do not propose growth beyond what is planned for in the General Plan, but instead they serve to define the kinds of growth - by housing type - the Commuinity has said it wants to see.

It is important to note that the Targets are not mutually exclusive - one project might achieve 2-3 of the HAP Objectives and concurrently fulfill several Targets. This approach reflects the concept of 'stacking benefits' and will encourage builders to design and plan projects that meet as many of the HAP Objectives as possible, as a way to gain support.

Achieving the Objectives and their associated Targets will require changes to current programs, ordinance revisions, and modifications to how new housing is reviewed. These changes are captured in the Priority Recommendations and where appropriate, the Supporting Recommendations.

HAP OBJECTIVES 2017-2022

The Vision for the HAP sets a long term goal to be achieved by a more deliberate approach to managing residential growth in our Community. The way we reach the Vision is by achieving the five stated Objectives, which form the foundation of the HAP. The five Objectives for the HAP are summarized below, and described in more detail in the following pages.

Objective 1.0
Increase the quantity and quality of deed-restricted Affordable Housing, at all levels, from Extremely Low to Moderate Income categories

Objective 2.0
Encourage and facilitate private development of secondary dwelling units (SDUs), in order to more efficiently use existing infrastructure, create opportunities for seniors to 'age in place' and provide housing that is 'affordable-by-design'

Objective 3.0
Develop Middle Income Housing across a range of product types, including multi-family and single family homes, for rent or for sale, designed for a range of households including families, individuals and seniors

Objective 4.0
Encourage appropriately scaled multi-family rental units averaging less than 850 square feet

Objective 5.0
Encourage development of mixed product types that represent creative density housing types including but not limited to multi-family, small lot, cottage court, and co-housing

Healdsburg's Foss Creek Court Affordable Housing with 64 rental units, built in 2009

INCREASE THE QUANTITY AND QUALITY OF DEED-RESTRICTED AFFORDABLE HOUSING at all levels, from Extremely Low to Moderate Income categories

HAP TARGET

200 new units
built or in process by 2022 by public and private partners

BACKGROUND

Healdsburg currently has 402 deed-restricted Affordable Housing units in its total housing stock, representing 8.2% of all housing units. Among cities in the county, Healdsburg falls in the middle in the provision of Affordable Housing[3]. With input from the community, the Community Housing Committee has identified a target of increasing the number of affordable units by approximately 50% over the next six years, increasing the total stock to approximately 12%.

HOW THIS WOULD WORK

Development of three publicly owned sites is conservatively anticipated to yield approximately 125 of the 200 new Affordable Housing units desired. The most active project is 1201 Grove Street which will provide 24 new rental units for households with incomes in the Very Low and Low Income brackets, plus one manager's unit. Additional sites include 3.5 acres at 155 Dry Creek Road and a 14 acre site dedicated as part of the Development Agreement for Saggio Hills.

The remainder of the affordable units will come from units constructed by for-profit and non-profit developers on privately owned sites throughout the City. Upon adoption of the new Inclusionary Housing Ordinance, new projects will provide additional, long term Affordable Housing for Low, Moderate and the proposed Middle Income categories.

Rendering of new Affordable Housing project proposed for 1201 Grove Street

[3] *Other communities in Sonoma County range from 5-11.5% of Affordable Housing based on an analysis by Sonoma County Housing Trust*

The following Priority and Supporting Recommendations support achievement of Objective 1.0:

PR-1   Update the Current Growth Management Ordinance

PR-2   Implement a Transitional Growth Regulation Tool

PR-3   Create a long term funding source for Affordable Housing

PR-5   Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing

PR-6   Expand Affordable Housing Incentives

PR-7   Update the Impact Fee Schedule to scale with unit size and implement a fee deferral program for Deed-Restricted Secondary Dwelling Units

PR-8   Update Parking Regulations to scale requirements to location and unit size

PRIORITY RECOMMENDATIONS FOR OBJECTIVE 1.0

SR-1.1   Implement local preference clauses on all new Affordable Housing units to serve local residents and employees first

SR-1.2   Partner with third party non-profit developers experienced in leveraging local funds and tax credits to create new housing at scale

SR-1.3   Mix income levels within individual housing developments (to the extent funding sources allow)

SR-1.4   Identify and prioritize acquisition/or partnering for Affordable Housing on vacant or underutilized sites within 1/2 mile of transit stops and daily goods and services

SR-1.5   Work with developers of sites in prime locations to increase the Affordable Housing component utilizing incentives and funding support

SR-3.3   Explore preparation of a nexus-based impact fee study and Housing Impact Fee Ordinance to require rental housing to contribute to Affordable Housing

SUPPORTING RECOMMENDATIONS FOR OBJECTIVE 1.0
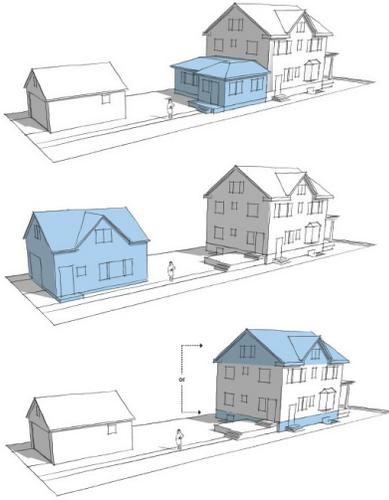
Illustration of different ways SDUs can be accommodated on a single lot

ENCOURAGE AND FACILITATE PRIVATE DEVELOPMENT OF SECONDARY DWELLING UNITS (SDUs) in order to more efficiently use existing infrastructure, create opportunities for seniors to 'age in place' and provide housing that is 'affordable-by-design'

HAP TARGET

125 new SDUs
built or in process by 2022, by private owners

BACKGROUND

Healdsburg has a successful pattern of SDUs throughout its neighborhoods, particularly in the older areas of town. The City's current regulations allow for SDUs up to 640 square feet on lots between 4,500 – 6,000 square feet and units up to 850 square feet on lots 6,000 square feet and larger. Since 2000, 54 SDUs have been constructed in the City, or approximately 3 per year. The role of SDUs in increasing the supply of smaller, more affordable housing units that are compatible with existing primary structures and neighborhoods has been a central theme of community discussions during preparation of the HAP. With input from the community, the Community Housing Committee has identified a target of increasing the number of SDUs by approximately 125 new units over the next six years.

HOW THIS WOULD WORK

SDUs have gained increasing visibility across California as an organic and low cost way to increase a community's stock of housing that is either more affordable-by-design, or deed-restricted affordable. Across the State a number of progressive communities have advanced programs to encourage, incentivize and facilitate the rapid expansion of their community's SDU stock including Santa Cruz, Piedmont, Napa and others.

Image Credit: http://apps.startribune.com/blogs/user_images/ericrop-er_1415730042_ADUexamples2.jpg

Tools to increase construction of SDUs can include removing barriers such as onerous parking requirements, reducing setback requirements from property lines, increasing maximum building size to create larger units and reducing, deferring or waiving impact fees.

The following Priority and Supporting Recommendations support achievement of Objective 2.0:

PR-5   Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing

PRIORITY RECOMMENDATIONS FOR OBJECTIVE 2.0

PR-7   Update the Impact Fee Schedule to scale with unit size and implement a fee deferral program for Deed-Restricted Secondary Dwelling Units

PR-8   Update Parking Regulations to scale requirements to location and unit size

PR-9   Update Residential Design Guidelines to address community concerns for scale and character of new housing

SR-2.1   Review successful SDU programs for lessons learned, evaluate existing Healdsburg SDU regulations, and adopt revisions needed to accelerate construction of additional units

SUPPORTING RECOMMENDATIONS FOR OBJECTIVE 2.0

SR-2.2   Inventory existing SDUs within City limits to confirm total number and location

SR-2.3   Create homeowner education tools that explain what SDUs are, relative costs, design factors and potential financing techniques

SR-2.4   Pursue funding sources for SDU program

Sonata, developed in 2014, provided a range of housing for local families, with six homes deed-restricted and affordable to working families

DEVELOP MIDDLE INCOME HOUSING ACROSS A RANGE OF PRODUCT TYPES including multi-family and single family homes, for rent or for sale, designed for a range of households including families, individuals and

HAP TARGET

135 new units
built or in process by 2022, by public and private partners

BACKGROUND

The City's adopted Housing Element indicates that approximately 56% of all households in the City earn an annual income of 81% of AMI and greater. The Housing Needs Assessment prepared for the City in October, 2015 confirmed the need for housing in our community that is affordable to working families making between 121-160% of the AMI. Families making annual incomes between 121-160% AMI are unable to qualify for State-defined Affordable Housing and yet may not make enough money to purchase a market rate home in Healdsburg. The need to develop housing affordable to Middle Income, working families, has been a central theme of community discussions during preparation of the HAP. In addition to encouraging construction of Middle Income units, it is recommended a new Middle Income tier be added to the City's existing Inclusionary Housing Ordinance to require all new for sale, market-rate projects provide 15% as deed-restricted Middle Income units (PR-4 and PR-5).

HOW THIS WOULD WORK

By revising the definition of Affordable Housing in the City's Land Use Code to include a new category for Middle Income Housing, the City and private builders will be able to deliver a new type of housing, whose prices (for sale or rental) meet defined criteria for those who are Middle Income. Private builders, as part of their Inclusionary Housing requirement, will build 15% of their total units to serve this newly defined category.

The following Priority and Supporting Recommendations support achievement of Objective 3.0:

PR-1   Update the Current Growth Management Ordinance

PR-2   Implement a Transitional Growth Regulation Tool

PR-3   Create a long term funding source for Affordable Housing

PR-4   Expand the definition of Affordable Housing in the Land Use Code to include Middle Income Housing

PR-5   Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing

PR-6   Expand Affordable Housing Incentives

PR-7   Update the Impact Fee Schedule to scale with unit size and implement a fee deferral program for Deed-Restricted Secondary Dwelling Units

PR-8   Update Parking Regulations to scale requirements to location and unit size

SR-1.1   Implement local preference clauses on all new Affordable Housing units to serve local residents and employees first

SR-3.1   Require housing units built through the Inclusionary Housing Ordinance to include a component of units deed-restricted to families making between 121-160% AMI

SR-3.2   Explore use of tools such as prioritized local buyer/ renter offerings for non-deed restricted units

SR-3.3   Explore preparation of a nexus-based impact fee study and Housing Impact Fee Ordinance to require rental housing to contribute to Affordable Housing

ENCOURAGE APPROPRIATELY SCALED MULTI-FAMILY RENTAL UNITS
averaging less than 850 square feet

A trend toward smaller living is more resource efficient and more affordable

HAP TARGET

100 new units
built or in process by 2022, in at least four developments

BACKGROUND

Currently, Healdsburg's stock of market rate rental apartments is low relative to what is typically found in other communities. Deducting deed-restricted affordable units from the total of multi-family units in buildings of 5 units or more, there are approximately 156 market-rate apartments available in the City.

However, multi-family housing is more cost effective to build due to its efficient use of land and economies of scale in construction – yielding housing units that are typically more 'affordable-by-design'. Since the passage of the City's Growth Management Ordinance in 2000, development of new rental apartments in buildings of 5 units or more has become virtually infeasible - due to the lack of certainty in the availability of permit allocations needed for financing and construction.

At the same time, demographic changes including aging baby boomers and young millennials looking to rent rather than own, have led to a significant supply and demand imbalance in Healdsburg – resulting in rapidly escalating rental prices for the few units that are available. Changing this dynamic will require a strong emphasis on creating new rental apartment units during this Housing Cycle.

By stating a clear intention to have more multi-family units in our community, and revising the current Growth Management Ordinance to allow more capacity to secure needed permits to finance multi-family units, new units can be created to meet this community need. Building on the success of other communities that have revised their impact fees to more proportionally charge by size of unit, an updated fee schedule will incentivize developers to select smaller unit designs that have lower impact on the community, cost less in fees and result in a better match with community needs.

The following Priority and Supporting Recommendations support achievement of Objective 4.0:

PR-1   Update the Current Growth Management Ordinance

PR-2   Implement a Transitional Growth Regulation Tool

PR-6   Expand Affordable Housing Incentives

PR-7   Update the Impact Fee Schedule to scale with unit size and implement a fee deferral program for Deed-Restricted Secondary Dwelling Units

PR-8   Update Parking Regulations to scale requirements to location and unit size

PR-9   Update Residential Design Guidelines to address community concerns for scale and character of new housing

PRIORITY RECOMMENDATIONS FOR OBJECTIVE 4.0

SR-3.2   Explore use of tools such as prioritized local buyer/ renter offerings

SUPPORTING RECOMMENDATIONS FOR OBJECTIVE 4.0

Cottage courts are a highly desired product type in Healdsburg that use land more efficiently and provide a creative approach to density

ENCOURAGE DEVELOPMENT OF MIXED PRODUCT TYPES THAT REPRESENT CREATIVE DENSITY HOUSING TYPES including but not limited to multi-family, small lot, cottage court, and co-housing

HAP TARGET

50% of all new units
built reflect some product type other than conventional single family detached homes

BACKGROUND

The City's adopted Housing Element indicates that approximately 81% of the City's current housing stock is comprised of single family detached units; a number that is out of balance with what is typically found in other communities. Single family detached homes are generally a very low density form of development that inefficiently utilize limited land resources and reduce community sustainability.

Encouraging and incentivizing mixed product types can help shift the types of products being built in our community, while increasing long term sustainability and more efficient use of our remaining resources.

HOW THIS WOULD WORK

Through an increase in the Inclusionary Housing Ordinance requirement to 30%, builders will need to be more creative in housing product designs to meet both affordability and density goals. This requirement, coupled with a clear statement that the community wants to see mixed density and alternative housing types - will encourage builders to look for sites and projects that can attain community goals.

The following Priority and Supporting Recommendations support achievement of Objective 5.0:

PR-1   Update the Current Growth Management Ordinance

PR-2   Implement a Transitional Growth Regulation Tool

PR-4   Expand the definition of Affordable Housing in the Land Use Code to include Middle Income Housing

PR-5   Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing

PR-7   Update the Impact Fee Schedule to scale with unit size and implement a fee deferral program for Deed-Restricted Secondary Dwelling Units

PR-8   Update Parking Regulations to scale requirements to location and unit size

PR-9   Update Residential Design Guidelines to address community concerns for scale and character of new housing

PRIORITY RECOMMENDATIONS FOR OBJECTIVE 5.0

SR-5.1   Create incentives that will encourage development of alternative product types consistent with community need and interest

SR-5.2   Explore modifications to the Land Use Code to encourage alternative product types

SUPPORTING RECOMMENDATIONS FOR OBJECTIVE 5.0

Table 1 : SUMMARY OF RECOMMENDATIONS AND RESPONSIBILITIES for IMPLEMENTATION

KEY
🏠 Directly Supports Recommendation
⌂ Indirectly Supports Recommendation

	GMO Contingent	RECOMMENDATION	Objective 1.0 Create M0re Afffordable Housing
PRIORITY RECOMMENDATIONS			
PR-1	X	Update the Current Growth Management Ordinance	🏠
PR-2	X	Implement a Transitional Growth Regulation Tool	🏠
PR-3		Create a long term funding source for Affordable Housing	🏠
PR-4	X	Expand the definition of Affordable Housing in the Land Use Code to include Middle Income Housing	🏠
PR-5	X	Revise the Inclusionary Housing Ordinance to require 30% Affordable Housing	🏠
PR-6	X	Expand Affordable Housing Incentives	🏠
PR-7		Update the Impact Fee Schedule to scale with unit size and implement a fee deferral program for Deed-Restricted Secondary Dwelling Units	🏠
PR-8		Update parking regulations to scale requirements to location and unit size	⌂
PR-9		Update Residential Design Guidelines to address community concerns for scale and character of new housing	
SUPPORTING RECOMMENDATIONS			
SR-1.1		Implement local preference clauses on all new Affordable Housing units to serve local residents and employees first	🏠
SR-1.2		Partner with third party non-profit developers experienced in leveraging local funds and tax credits to create new housing at scale	🏠
SR-1.3		Mix income levels within individual housing developments (to the extent funding sources allow)	🏠
SR-1.4		Identify and prioritize acquisition/or partnering for Affordable Housing on vacant or underutilized sites within 1/2 mile of transit stops and daily goods and services	🏠
SR-1.5		Work with developers of sites in prime locations to increase the Affordable Housing component utilizing incentives and funding support	🏠
SR-2.1		Review successful SDU programs for lessons learned, evaluate existing Healdsburg SDU regulations, and adopt revisions needed to accelerate construction of additional units	
SR-2.2		Inventory existing SDUs within City limits to confirm total number and location	
SR-2.3		Create homeowner education tools that explain what SDUs are, relative costs, design factors and potential financing techniques	
SR-2.4		Pursue funding sources for SDU program	
SR-3.1		Require housing units built through the Inclusionary Housing Ordinance to include a component of units deed-restricted to families making between 121-160% Area Median Income	
SR-3.2		Explore use of tools such as prioritized local buyer/renter offerings for non-deed restricted units	
SR-3.3		Explore preparation of a nexus-based impact fee study and Housing Impact Fee Ordinance to require rental housing to contribute to Affordable Housing	🏠
SR-5.1		Create incentives that will encourage development of alternative product types consistent with community need and interest	
SR-5.2		Explore modifications to the Land Use Code to encourage alternative product types	

Obj 2.0 Facilitate development of SDUs	Obj 3.0 Build Middle Income Housing	Obj 4.0 Encourage Rental Housing Development	Obj 5.0 Encourage Mixed Product Types and Creative Density	Measures of Progress	Related Policies and Initiatives (SP = Strategic Plan, GP = General Plan, HEU = Housing Element)	Target Date	Responsibility Lead	Responsibility Support
	●	●	●	Passage of the Ballot Measure	GP Principle 2B / HEU Policy HB-2 / HEU Program H-6	Nov 2016	City Manager	Hsng+ED
	●	●	●	City Council Adopted Ordinance to revise the Municipal Code	GP Principle 2B / HEU Policy HB-2 / HEU Program H-6	Nov 2016	Planning	City Manager
	●			Ballot Measure approved by electorate to expand TOT for AH	SP-Goal 1.3 / GP Principle 2E	Nov 2016	City Manager	Hsng+ED
	●		○	City Council Adopted Ordinance to revise the Land Use Code	GP Principle 2E / HEU HC-8	Nov 2016	Hsng+ED	City Manager Planning
○	●		○	City Council Adopted Ordinance to revise the Land Use Code	SP-Goal 1.3 / GP Principle 2C / HEU HC-5	Nov 2016	Hsng+ED	City Manager Planning
	○	○		City Council Adopted Ordinance to revise the Land Use Code	SP-Goal 1.3 / HEU Policy HC-3 / HEU Policy HC-7	Nov 2016	Hsng+ED	City Manager Planning
●	●	●	●	City Council Adopted Revised Fee Schedule	HEU-Policy HC-6 / HEU Program H-14	Jan 2017	Public Works	City Manager
●	●	●	●	City Council Adopted Ordinance to revise the Land Use Code	HEU Policy HB-5	Dec 2016	Planning	Hsng+ED
●		●	●	City Council Adopted Design Guidelines	GP-Principle 1E / GP-Principle 6A / HEU-HB-4	Mar 2017	Planning	Hsng+ED
	●			Language and technique defined, implemented through a revised IHO		Nov 2016	Hsng+ED	Planning
				3 projects in design or built by end of cycle	HEU Policy HC-2 / Program H-7	Ongoing	Hsng+ED	Planning
				2 projects in planning or built by end of cycle	HEU Policy H-C-3, HA-7	Ongoing	Planning	Hsng+ED
				Additional layer on Residential Development Opportunities Map highlighting key sites that meet criteria	HEU-HA-4	Ongoing	Hsng+ED	City Manager
				2 projects in planning or built by end of cycle	HEU-HA-5	Ongoing	Hsng+ED	City Manager, Planning
●				Revisions to Land Use Code complete	HEU-HC-11 / HEU-Program H-14	June 2017	Planning	Hsng+ED
●				Create table and map of all existing SDU	HEU-Program H-15	Jan 2017	Planning	Hsng+ED
●				Informational brochures and web-page dedicated to SDUs	HEU-HC-11	Dec 2017	Planning	Hsng+ED
●				Receive at least 1 grant by mid-cycle	HEU-Program H-14	Ongoing	Planning	Hsng+ED
	●			25 privately built units (approved or built) for MIH by mid-cycle	HEU-HA-5	Ongoing	Hsng+ED	City Manager
	●	●		Clause perfected and included as Condition of Approval in projects	HEU-HA-5	Jan 2017	Hsng+ED	City Manager
	●			City Council Adopted Fee and Ordinance	HEU-HA-4	Jan 2017	Hsng+ED	Planning
			●	2 mixed product type projects in planning or built by end of cycle	HEU-HA-2 / HEU HA-4, HA-5	Ongoing	Hsng+ED	City Manager Planning
			●	Revisions to Land Use Code complete	HEU-HC-11	July 2018	Planning	Hsng+ED

Section 3
IMPLEMENTING AND UPDATING THE HAP

IMPLEMENTING THE HAP

The HAP sets the course and character of housing in our community, focusing on two primary themes - increasing the Affordability and Diversity of housing in Healdsburg. Achieving these two outcomes will require contributions from both the public and private sectors, creatively organized and efficiently deployed. While funding will come from a variety of sources, they can be organized into two primary categories:

> *Public Contributions:* Under this approach, the City provides public investment and leadership in the actual construction of Affordable Housing – in partnership with a third party builder. This requires direct financial and human resources from the City to achieve the outcome, and can come in the form of land (as in the case of the proposed Affordable Housing project at 1201 Grove Street), direct subsidy of dollars (such as in the Affordable Housing units at Foss Creek Apartments), or other means. The direct subsidy is crucial to close the gap between the cost of construction and what can be financed with Federal and State funds as well as conventional financing[4].

> *Private Contributions:* Under this approach, privately financed residential projects are shaped through clearly stated City policies and objectives that reflect the values of the community. This approach requires little to no public subsidy or investment, instead relying on constructive partnerships with residents and builders, working together to achieve what the community has said they want. This is a model that is used successfully in many communities around the country, and simply requires clarity of goals, committed leadership and staff who communicate our values to builders, and then rigorous oversight to ensure what is promised is delivered.

THE IMPORTANCE OF A DUAL APPROACH

These approaches are NOT mutually exclusive, **and in fact achieving the Objectives of the HAP will require an energetic and active effort that embraces both approaches concurrently.** To rely on public or private contributions alone will diminish our ability to achieve the HAP Objectives, requiring either an unachievable level of public subsidy or an over reliance on the private sector.

FUNDING AND THE HAP OBJECTIVES

Private contributions will be encouraged by many of the Recommendations in the HAP including PR-6 (Expand Affordable Housing Incentives), PR-7 (Update the Impact Fee Schedule), PR-8 (Update the City's Parking Regulation) and PR-9 (Update the City's Residential Design Guidelines). These are all important to the HAP Objectives, because they remove barriers that increase the cost of developing the type of housing the community has said it wants to see (as in the case of PR-7, PR-8 and PR-9) or they incentivize builders to meet our desired housing outcomes by rewarding projects that demonstrate consistency with the HAP's Objectives (as in the case of PR-6).

Public contributions are more challenging in an era of diminishing public funding, particularly in light of the loss of Redevelopment Agency funding. HAP Priority Recommendation 3 (Create a Long Term Funding Source for Affordable Housing) is a direct response to this challenge and is essential to fulfilling many of the HAP Objectives to expand Affordable Housing including construction, programs and services. Having a substantial and ready source of local funds is critical to leveraging Federal and State dollars needed to finance Affordable Housing. At the start of the current Housing Cycle, the City has approximately $3.1 million available to support Affordable Housing construction, programs and services.

[4] *Local subsidies can range from $50,000-$200,000 per affordable unit, depending on housing type and the number of units to be constructed (with a larger number of units being more cost efficient to build).*

Table 2 : EXAMPLE IMPLEMENTATION ROLES BY OBJECTIVE				
Objective		**Public Roles**		**Private Roles**
Objective 1.0 Increase the Quantity and Quality of Deed-Restricted Affordable Housing		Increase the Inclusionary Housing Requirement to require construction of new Affordable Housing units in conjunction with Market Rate units (PR-4, PR-5, PR-6)		Approve 2% TOT increase to create a long term funding source; pay Inclusionary Housing Fees (PR-3, PR-5, PR-6)
Objective 2.0 Encourage and Facilitate Private Development of SDUs		Review and revise Impact Fees for SDUs, create homeowner education tools on how to fund and build SDUs (PR-7, SR-2.3)		Construct SDUs under the fee deferral program (PR-7, PR-8, SR-2.3,)
Objective 3.0 Develop Middle Income Housing Across a Range of Product Types		Make Middle Income Housing part of the IHO requirement, provide incentives for projects that provide mixed products and incomes (PR-4, PR-6, SR-3.1)		Exceed minimum affordable housing requirements (SR-1.5), and/ or encourage development of multiple product types (SR-5.1), and receive varied incentives (density bonus, parking concessions, prioritized allocations, etc. PR-6, SR-5.2)
Objective 4.0 Encourage Appropriately Scaled Multi-Family Rental Units		Prioritize allocations for multi-family units (PR-2, PR-7, PR-8)		
Objective 5.0 Encourage Development of Mixed Product Types that Represent Creative Density		Direct allocations to multi-family units, provide incentives for projects that provide mixed products and incomes (PR-2, PR-6, SR-5.1, SR-5.2)		

CREATING A LONG TERM FUNDING SOURCE FOR AFFORDABLE HOUSING

Without a reliable and long-term funding source, the City's ability to meet the HAP Objectives will be hampered. On June 20, 2016 the City Council took action to place an initiative on the November, 2016 ballot to increase the City's existing Transient Occupancy Tax (TOT or Bed Tax) by 2% as a special tax dedicated to the provision of Affordable Housing construction, programs and services. Should the voters approve this initiative, the funds would be allocated to Affordable Housing programs and services such as land acquisition, land donation, building acquisition, building rehabilitation, housing construction, maintaining the community's supply of mobile homes, providing housing subsidies to lower income residents, providing financing for Affordable Housing[5] (which might include deed-restricted SDUs) preserving existing public subsidies for affordable units facing conversion to market rates, providing emergency homeless shelters, transitional housing services and similar programs.

A 2% increase to the TOT is estimated to generate $530,123 in revenue for fiscal year 2016-17 and $546,012 in revenue for fiscal year 2017-18 for Affordable Housing construction, programs and services. These estimates are conservative in nature as they do not account for lodging establishments that are currently in process and anticipated to come on-line in upcoming years.

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[5] *Once the proposed amendment to the Land Use Code to expand the definition of Affordable Housing is adopted (HAP PR-4) the programs and funding described above would be available to all qualified families in the City earning up to 160% of AMI.*

UPDATING THE HAP

CREATING AN ADAPTIVE MANAGEMENT APPROACH TO GROWTH

The HAP is constructed around a Housing Cycle that is adaptable over time and provides a logical and foreseeable window in which to organize, direct and then measure the results of the proposed housing Recommendations. This approach **allows the community to move management of housing growth away from growth controls that limit or ration development, to a more 'adaptive management' approach where growth management accommodates projected development in a manner that achieves broad public goals.**

AN INTENTIONAL APPROACH TO REVIEW AND REFLECT ON PROGRESS

The management, measurement, review and refinement of the HAP requires a process that is logical and intentional, with a long-term view. Reviewing, assessing and reporting progress on the HAP will occur in two primary ways:
• City Council Updates provided every six months
• A HAP Report Card, completed every two years, and prior to the end of the Housing Cycle in preparation for development of the next HAP and Housing Element Update

COMMUNITY INDICATORS

The sequence, frequency and relationship of these reviews is portrayed in Figure 3: HAP Review Timeline.

Increased number of younger households in our community
(Median age currently 40.2)

Increased percentage of deed restricted Affordable Housing as a percentage of total housing stock
(currently 8.2%)

During the first two years of the HAP implementation, the discussion and review of the HAP's effectiveness will focus on how the Recommendations are working and what is being learned - reflecting a more qualitative discussion. In later years a more quantitative review can be undertaken and reflected in the HAP Report Card (see Page 35). As the first Housing Cycle comes to a close, attainment of the established Targets will be a primary focus, along with a broader review of the Community Indicators which were defined early in the process to assist in assess how well housing actions are shaping the broader character and make up of our community (see sidebar).

Increased percentage of non -single family residential unit types
(currently 17%)

Increased ratio of people who live AND work in town
(currently 33%)

Increase in public and private school populations
(currently 1,650 K-12)

Figure 1: HAP Review Timeline outlines the general procedures and timing that Staff will follow to assess progress of the HAP, and the timing of recommended refinements to programs or policies in order to achieve our Objectives.

July	2016	Council HAP Adoption
November		Public Vote on GMO Update and TOT Increase
January	2017	Begin HAP Implementation

YEAR 1

July		Review Progress, Provide City Council Update
January	2018	Review Progress, Provide City Council Update

YEAR 2

July		Review Progress, Provide City Council Update
January	2019	**First HAP Report Card**, Provide CHC and City Council Update

YEAR 3

July		Review Progress, Provide City Council Update
January	2020	Review Progress, Provide City Council Update

YEAR 4

July		Review Progress, Provide City Council Update
January	2021	**Second HAP Report Card**, Provide CHC and City Council Update

YEAR 5

July		Review Progress, Provide City Council Update
January	2022	Review Progress, Initiate process for Housing Element Update and Housing Action Plan Development

YEAR 6

		City Council Updates, Public Workshops through Housing Element process
January	2023	**Final HAP Report Card for Current Cycle**, fold lessons learned into 2023-2031 Housing Element Update and Housing Action Plan

MEASURING PROGRESS

The semi-annual City Council updates will provide a review of progress to date on achieving the Objectives and Targets of the HAP including what has been learned and what is working well. The update is envisioned to include progress on each Objective including information on the response of non-profit and for-profit builders to the Objectives – including the challenges or opportunities they have encountered – as appropriate. A summary table of projects in process and how they align with stated Targets may also be provided. Content of the update will be adjusted by Staff as appropriate to reflect the progress completed.

The HAP Report Card will provide a quantitative and qualitative assessment of progress on the HAP – its Objectives and Targets. It is envisioned that where clear patterns are emerging – either positive or negative - Staff will make recommendations or request guidance from the CHC and City Council on how the HAP might be modified to help attain stated Objectives by the end of the Housing Cycle. Content of the Report Card will be adjusted by Staff as appropriate to reflect the progress completed.

Figure 2: **EXAMPLE HOUSING ACTION PLAN REPORT CARD**					
	A	**B**	**C**	**D**	**D-(A+B+C)**
Objective	**Residential Units in Discussion**	**Residential Units Approved[1]**	**Residential Units Constructed[2]**	**2022 TARGET[3]**	Surplus (Deficit)
Objective 1.0 Increase the Quantity and Quality of Deed-Restricted Affordable Housing				200	
Objective 2.0 Encourage and Facilitate Private Development of SDUs				125	
Objective 3.0 Develop Middle Income Housing Across a Range of Product Types				135	
Objective 4.0 Encourage Appropriately Scaled Multi-Family Rental Units Averaging Less than 850 SF				100	
Objective 5.0 Encourage Development of Mixed Product Types that Represent Creative Density				50% of all units in Columns A+B+C	

Notes:
Targets are not cumulative. One project may fulfill several Targets.

[1] Residential units having received building permit or final discretionary approval
[2] Residential units having received Certificate of Occupancy
[3] As defined on pages 16-25

CREATING THE HAP

THE PROCESS

The HAP evolved from four community processess from 2014-2016, including:

2015 Housing Element Update
February - December 2014

Housing Our Community
January -March 2015

The GMO Review and Ballot Recommendation
July - December 2015

The HAP Drafting Process
January -July 2016

The HAP evolved from an extensive process of outreach, education, research and community discussion over two years and provided over 30 opportunities for community input.

Community conversations focused on housing began with the Housing Element Update process in 2014. Concerns raised by residents through that process led to a request by the City Council to create an educational series on issues impacting the cost of housing in Healdsburg, entitled 'Housing Our Community'.

Through a series of community workshops, residents identified our community housing needs, prioritizing housing affordability and greater options for working familiers. Residents also identified a need to update the Growth Management Ordinance. Hearing residents' concerns, the City Council appointed the Community Housing Committee, tasked with creating recommendations on how the Growth Management Ordinance might be updated to address our current housing needs.

Following completion of that task, the CHC embarked on drafting the HAP, setting a vision for the future of housing in Healdsburg.

Table 3 : MEETINGS, WORK SESSIONS AND PUBLIC FORUMS LEADING TO THE HAP			
Date	Process	Format	Focus
2014 - HOUSING ELEMENT UPDATE PROCESS			
May 6, 2014	Housing Element Update	Community Workshop	Identification of Housing Issues and Potential Solutions
July 9, 2014	Housing Element Update	Community Workshop	Evaluation of Recommended Policy Revisions
2015 - HOUSING OUR COMMIUNITY PROCESS			
January 26, 2015	Housing Our Community	City Council Presentation	Housing Trends and Economics
February 23, 2015	Housing Our Community	Community Forum - Moderated Panel of Housing Experts	What does Healdsburg need to improve the affordability of its housing?
March 25, 2015	Housing Our Community	Community Workshop with Roundtables and Polling	How should Healdsburg Grow?

Date	Process	Format	Focus
2015 - GMO OPTIONS EVALUATION			
August 20, 2015	GMO Evaluation	CHC Work Session #2	What has been learned?
August 25, 2015	GMO Evaluation	CHC Work Session #3	What Options should be considered?
September 14, 2015	GMO Evaluation	CHC Work Session #4	Appropriate levels of growth, how allocations can be used as incentives to get housing we want
September 28, 2015	GMO Evaluation	CHC Work Session #5	Exploring GMO purpose, potential mechanics and tool to create public benefits
October 10, 2015	GMO Evaluation	Public Open House	What Changes are Being Evaluated and Why?
October 19, 2015	GMO Evaluation	CHC Work Session #6	Housing Needs Assessment initial findings
November 26, 2015	GMO Evaluation	CHC Work Session #7	Housing Needs Assessment Updated Findings and Draft Recommendations
November 2, 2015	GMO Evaluation	City Council Update	Findings to date and emerging recommendations
November 19, 2015	GMO Evaluation	CHC Meeting #8	Finalize recommendations to City Council
December 21, 2015	GMO Evaluation	City Council Recommendations	Present CHC Final Recommendations to City Council
2016 - DRAFTING THE HAP			
January 11, 2016	HAP Drafting	CHC Work Meeting #9	Refine Vision and Goals for the HAP
February 8, 2016	HAP Drafting	CHC Meeting #10	Refine targets and recommendations for HAP
February 25, 2016	HAP Drafting	Community Workshop	Community Housing Priorities and Targets for this Housing Cycle
March 14, 2016	HAP Drafting	CHC Meeting #11	Refine HAP Objectives
March 31, 2016	HAP Drafting	Community Forum	Moderated Panel of Housing Experts - commenting on HAP recommendations
April 28, 2016	HAP Drafting	Community Workshop	Roundtable discussions on alternative solutions
May 3, 2016	HAP Drafting	CHC Meeting #12	Document introduction, Approved Vision. Introduce Priority Recommendations
May 16, 2016	HAP Drafting	City Council Meeting	Update on Draft HAP
June 2, 2016	HAP Drafting	CHC Meeting #13	Approve Introduction, vote on Priority Recommendations
June 8, 2016	HAP Drafting	CHC Meeting #14	Discuss and vote on HAP Supporting Recommendation and Objectives
June 13, 2016	HAP Drafting	CHC Meeting #15	Vote on Indicators and Section 3
June 20, 2016	HAP Drafting	City Council	Update on TOT Ballot Measure, IHO Revisions and Growth Regulation Tool
June 27, 2016	HAP Drafting	CHC Meeting #16	Reviewed and discussed Implementation
June 29, 2016	HAP Drafting	Community Workshop	Open House to present key components of Housing Action Plan
July 6, 2016	HAP Drafting	CHC Meeting #17	Discussed Final Draft, voted on Implementation
July 11, 2016	HAP Drafting	CHC Meeting #18	Review and approved final HAP

ACRONYMS and TERMS TO KNOW

The Housing Action Plan contains many terms and abbreviations, that may not be recognized by most readers. The following acronyms and definitions are important to know in reviewing this document.

ACRONYMS

AH	Affordable Housing
AMI	Area Median Income
COA	Condition of Approval
GMO	Growth Management Ordinance
IHO	Inclusionary Housing Ordinance
MF	Multi - Family
MIH	Middle Income Housing
SDU	Secondary Dwelling Unit
SF	Square Feet
SFD	Single Family Detached
TOT	Transient Occupancy Tax

TERMS

Affordable-by-Design	Housing that due to size, construction efficiencies, creative funding or reduced land cost, costs less than conventionally designed and built housing.
Affordable Housing	Housing units priced to ensure that total housing cost (rent or mortgage, utilities and fees) do not exceed 30% of a household's gross annual income. Affordable housing as defined by statute, requires income restrictions based on an established Area Median Income.
Area Median Income	The median of all household income in a given region. AMI is the key benchmark by which 'affordability' is measured. The United States Department of Housing and Urban Development (HUD) uses survey data from the American Community Survey (ACS) adjusted for the Consumer Price Index (CPI) and family size, to calculate income limits including identifying the median income for geographic areas.
Co-Housing	A housing type that is designed and constructed for a shared community of individuals. Actual product type may vary, but generally includes a more affordable-by-design approach and certain shared community elements.
Community Housing Committee	A nine person committee appointed by the City Council to help develop recommendations for housing in Healdsburg, as articulated in the Housing Action Plan.
Cottage Court	A housing type that organizes more 'affordable-by-design' cottages around a common green or shared open space, to reduce maintenance and land costs while creating a stronger sense of neighborhood.
Deed-Restricted Housing	Housing where the underlying deed restricts who can rent or buy a unit, traditionally tied to some form of maximum income requirement. Deed restrictions ensure that Affordable Housing built with public support, or by statute, remains a part of a community's total affordable housing stock.
Design Guidelines	A policy document adopted by the City to address design of residential and commercial structure in the City, for compatibility with existing structures or stated policies in the General Plan.
General Plan	Locally adopted statutory document that acts as the blueprint for the community's long term vision of future growth.

Growth Management Ordinance	A tool used to manage the pace or rate of new development in a community.
Housing Action Plan	A Strategic Plan meant to shape the form and type of housing to be built within Healdsburg over the current Housing Cycle.
Housing Cycle	A defined period of time in which the Housing Action Plan is focused to inform the type, number and affordability of housing to be built. Meant to run concurrent with the General Plan Housing Element Update - currently every eight years.
Housing Element Update	An Element of the City's General Plan, that focuses on the community's housing needs. Mandated by the State of California to be updated every eight years, and address a consistent set of issues including housing stock, future needs relative to regional goals and affordability of housing stock.
Impact Fees	Fees charged by the City, for new or expanded development to offset the cost of the development's added burden on services.
Inclusionary Housing Ordinance	A statutory requirement, within the City of Healdsburg, that requires new residential development to contribute to Affordable Housing, either through a fee or by constructing Affordable Housing Units.
Land Use Code	Locally adopted code that specifies how and for what purpose private land may be used.
Local Preference	A clause in housing contracts that provides a preference for local residents or employees.
Middle-Income Housing	Housing units priced to ensure they are affordable to households earning an income from one hundred and twenty-one (121) to one hundred and sixty (160) percent of the area median income for Sonoma County.
Multi-Family	A structure containing more than one dwelling unit.
Secondary Dwelling Unit	An attached, or detached dwelling unit located on the same site as a primary residence. SDU's are also commonly known as 'Granny Flats' and Accessory Dwellings.
Single Family Detached	A dwelling unit that is not attached in any manner to another dwelling unit, with the exception of any secondary dwelling unit and is located on a separate lot.
Single Family Attached	A dwelling unit that is attached to one or more dwelling units by common vertical walls in which each unit has its own front and rear access to the outside, no unit is located over another unit and each unit is located on a separate lot.
Transient Occupancy Tax (Bed Tax)	A tax paid by guests based on overnight stays in local lodging.
Transitional Growth Regulation Tool	A tool by which the City Council can regularly assess current housing growth and periodically adjust policies to achieve the community's desired housing goals.

ACKNOWLEDGEMENTS