

PROPOSED GROWTH MANAGEMENT ORDINANCE AMENDMENT

Final Recommendation of Community Housing Committee

April 18, 2016



RECOMMENDED ACTIONS

1) By motion, approve the Community Housing Committee recommendations to:

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

2) Direct the City Attorney to prepare ballot language that amends the GMO as recommended by the Community Housing Committee and ties the increased inclusionary housing requirement and Housing Action Plan to the GMO.

3) Direct staff to prepare an analysis of the potential environmental impacts of the proposed amendment to the Growth Management Ordinance under the California Environmental Quality Act (“CEQA”).

BACKGROUND

- 2009-2014 Central Healdsburg Avenue Plan identified growing demand for townhouses and multi-family units in Healdsburg and identified the GMO as a deterrent to construction of multi-family units affordable to working families
- 2013-2014: City Council formed subcommittee to recommend amendments to GMO
 - Recommendation brought forward, approved by Council
 - After closer review Council determined the proposed revisions would not resolve emerging housing challenge, and amendment was dropped
- Winter 2015: Community Workshops series led to community request for more decisive action to update the GMO
 - City Council requested education series 'Housing Our Community' to explore other models and solutions.
- Summer 2015: Community Housing Committee (CHC) was established by the City Council to explore solutions
 - First priority draft language for a GMO amendment to be placed before the voters in 2016 to incentivize construction of affordable and workforce housing.
- July, 2015 – April, 2016: CHC met and discussed a range of options related to the GMO
 - 12 public meetings and 4 public workshops

LANGUAGE CONSIDERED IN DECEMBER

- CHC presented concept to Council December, 2015
 - Establishing a Housing Cycle to run concurrent with the Housing Element,
 - Increasing available annual allocations to equal 1% of total housing stock,
 - Creating directed and open allocations with directed allocations being used to incentivize development that fulfills stated community housing objectives,
 - Defining percentages and role of directed allocation in Housing Action Plan, and
 - Making all allocations available at the start of the Housing Cycle.
- City Council limited allocations to 1% of market rate housing and directed CHC to provide recommendation on the percentages of direct and open allocations and whether it should be included in the ballot language.

TESTING THE CONCEPTS

- Public opinion survey completed on the existing GMO as well as the proposed GMO amendments showed:
 - the cost of housing and need for a range of different housing options, are top concerns for local residents and
 - 75% of respondents voiced support for updating the GMO to address the City's housing needs.
- Since December CHC has been working to refine concepts & identified some concerns related to the market's ability to deliver desired outcomes
- Panel of non-profit and for profit developers on March 31st provided valuable input into emerging concepts

WHAT WE'VE LEARNED



PANEL OBSERVATIONS

Panel questioned the benefit of the GMO, and expressed concern that at its essence it creates market limitations and complications that compound Healdsburg's housing challenges

- Privately delivered Deed Restricted Middle Income Housing is unlikely to occur outside of the Inclusionary Housing Ordinance.
- There is a premium to build in Healdsburg (+25%) due to lack of trades/low annual volume.
- An appropriate solution to the middle income/workforce challenge is new rental products.
- Local preference, first offer clauses is a reasonable alternative to deed-restriction and could work in rental products and may be more difficult in for-sale products beyond initial offer.
- The most efficient use of local dollars for Affordable Housing is through partnering with non-profits to leverage outside dollars.
- The most effective way to reduce costs is to increase net density and increase throughput.

INITIAL OPTIONS CONSIDERED BY CHC

Option 1:

Create Open and Directed Allocations

The ballot would only **enable** Directed and Open Allocations with no specific numbers

Example: 'the GMO shall have Directed and Open Allocations'

Option 2:

Create Open and Directed Allocations and establish a MINIMUM number of Directed Allocations for all future cycles

Example: 'the GMO shall have Directed and Open allocations' with Directed Allocations never being less than 30% of all Allocations'

Option 3:

Create Open and Directed Allocations and establish specific percentages for both

Example: 'the GMO shall have Directed and Open Allocations in equal proportions of 50% each'

Option 4:

Create Open and Directed Allocations and establish specific percentages for both, and specific use of Directed Allocations

Example: 'the GMO shall have Directed and Open Allocations in equal proportions of 50% each and Directed Allocations shall always be used for Middle Income Housing'

POST OPTIONS INFORMATION

After discussing the four options, the Committee received two additional, important data points:

- Previously discussed Panel observations
- More detailed analysis of projects approved or in process and their impact on building the kinds of housing desired by the Community

INTRODUCTION OF NEW OPTION

CHC Recommended Option 5:

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

HOW OPTION 5 WOULD WORK

- Shifts community to one of MANAGED growth, vs. controlled growth
- Allows the community, via the City Council, to adapt and adjust to changing market and economic needs
- Housing Action Plan informs, directs and shapes the kind of housing that gets built
 - Recommended by the Community Housing Committee and adopted by the City Council
- Works within framework of existing legislative tools currently used to manage growth
 - General Plan – controls amount and type of growth allowed
 - Housing Element - plans for existing and projected housing needs of the community
 - Housing Action Plan – directs the kind of housing built
 - Urban Growth Boundary – limits future growth area of the City

HOW OPTION 5 WOULD WORK (CONT.)

- Strengthens existing legislative tools to achieve desired results
 - Revise Development Standards of Land Use Code
 - To achieve desired products and uses (parking, setbacks, etc.)
 - Revise Secondary Dwelling Unit Ordinance
 - To encourage construction of second units
 - To incentivize deed-restricted second units
 - Amend Inclusionary Housing Ordinance
 - To increase the requirement from 15% to 30%
 - Add a middle income tier
 - To incentivize projects that meet HAP objectives (smaller units, mix of product types, middle income housing, etc.)
 - Broaden existing Housing Chapters of Land Use Code to Codify Components of Housing Action Plan
 - To require a mix of unit sizes (affordability by design)
 - To require a mix of uses and product types (affordability by design)
 - Update Design Guidelines
 - To ensure new development is consistent with the character, scale and design of the community

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