



CITY OF HEALDSBURG CITY COUNCIL AGENDA STAFF REPORT

MEETING DATE: October 17, 2016

SUBJECT: Consider proposed resolution rescinding Resolution No. 139-2008 and adopting policies and procedures for the Healdsburg Inclusionary Housing Program

PREPARED BY: Karen Massey, Community Housing and Development Director

STRATEGIC INITIATIVE(S):
Quality of Life

RECOMMENDED ACTION(S):

Approve resolution rescinding Resolution No.139-2008 and adopting policies and procedures for the Healdsburg Inclusionary Housing Program

BACKGROUND:

In July, the City Council voted to place Measure R on the November 8th ballot for consideration by the voters. If adopted, Measure R will require the City to:

- Amend the City’s existing 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,
- Adopt new growth management measures, and
- Adopt the Housing Action Plan.

In anticipation of the passage of Measure R on November 8th, the City retained Economic and Planning Systems to assist with the required revisions to the Inclusionary Housing Ordinance. Staff and EPS, working with the Community Housing Committee and City Council, developed the key concepts for and drafted the revised Inclusionary Housing Ordinance. The revised Inclusionary Housing Ordinance would only become effective pending the successful passage of Measure R on November 8th.

On September 13th the Planning Commission considered the proposed revisions and recommended them, 5 to 0, for adoption by the City Council. On October 3rd the City Council

introduced the first reading of the Inclusionary Housing Ordinance. On October 17th, upon second reading, the Council will consider adoption of the Ordinance.

DISCUSSION/ANALYSIS:

In order to implement the Inclusionary Housing Ordinance, it is necessary for the City Council to rescind and replace the current policies and procedures for Staff to use to administer the program. The attached policies and procedures are similar in format to the policies and procedures used to implement the current Inclusionary Housing Ordinance and have been updated to coincide with the concurrent revisions to the Inclusionary Housing Ordinance. Additionally, several provisions that establish certain requirements applicable to inclusionary units previously contained in the policies and procedures (method for establishing maximum sales price, term of affordability, owner occupancy requirements, etc.) have been appropriately moved to the Inclusionary Housing Ordinance where they will be codified.

ALTERNATIVES:

Accept the recommendation or provide other direction to Staff.

FISCAL IMPACT:

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

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

ENVIRONMENTAL ANALYSIS:

The proposed policies and procedures are exempt from CEQA pursuant to CEQA Guidelines section 15061(b)(3). The proposed policies and procedures provide guidance for implementing the Inclusionary Housing Ordinance and will not allow for, or encourage, any more development than is already anticipated under the City's existing General Plan, or otherwise allow for or promote physical changes in the environment and, therefore, it can be seen with certainty that there is no possibility that the proposed policies and procedures may have a significant impact on the environment.

ATTACHMENT(S):

Resolution

Exhibit A - Policies & Procedures

CITY OF HEALDSBURG

RESOLUTION NO.-

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF HEALDSBURG RESCINDING RESOLUTION NO. 139-2008 AND APPROVING REVISED POLICIES AND PROCEDURES FOR THE HEALDSBURG INCLUSIONARY HOUSING PROGRAM

WHEREAS, on November 7, 2000 the voters of the City of Healdsburg approved Measure M, an initiative that sets forth a restriction on the annual number of new residential dwelling units beginning January 1, 2001; and

WHEREAS, on November 8, 2016 the voters of the City of Healdsburg will consider Measure R, which seeks to amend Measure M and requires the City to revise the Inclusionary Housing Ordinance; and

WHEREAS, on October 17, 2016 the City of Healdsburg City Council adopted the revised Inclusionary Housing Ordinance which requires new residential projects to construct inclusionary housing units; and

WHEREAS, as a requirement of project approval of for-sale residential projects, developers are required to sell or rent 30% of the total number of new residential dwelling units at affordable prices; and

WHEREAS, due to the potential high demand for this limited housing, it is necessary to prepare detailed policies and procedures to find qualified buyers in a fair and equitable manner; and

WHEREAS, it is the finding of the City Council that the policies and procedures as set forth in Exhibit "A" to this resolution are consistent with the wording and intent of the Inclusionary Housing Ordinance adopted by the City Council on October 17, 2016; and

WHEREAS, the adoption of these policies and procedures will serve to help meet the City's housing needs as set forth in the certified Housing Element and its regional housing needs contribution; and

WHEREAS, adoption of the policies and procedures is exempt from CEQA pursuant to Section 15061(b)(3) of the State Guidelines. This section states that a project is exempt from CEQA if the activity is covered by the general rule that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA; and

WHEREAS, the policies and procedures are technical changes concerning general policy for the implementation of the Inclusionary Housing Ordinance, which was adopted by the City Council on October 17, 2016.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Healdsburg as follows:

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Section 1. Findings. Adoption of the policies and procedures is exempt from further CEQA review pursuant to Section 15061(b)(3) of the State Guidelines.

Section 2. Adoption. The City Council hereby rescinds Resolution No. 139-2008 and adopts new policies and procedures as set forth in Exhibit "A" to this resolution.

Section 3. Effective Date. The effectiveness of the adopted policies and procedures in the form set forth in Exhibit "A" is conditioned on the passage of an amendment to the Growth Management Ordinance by Healdsburg voters at the November 8, 2016 election and shall take effect as of January 1, 2017, but only if the voters pass the proposed amendment to the Growth Management Ordinance. Should the voters reject the proposed amendment to the Growth Management Ordinance, the policies and procedures in the form set forth in Exhibit "A" shall be null and void and shall have no force or effect.

PASSED, APPROVED, AND ADOPTED by the City Council of the City of Healdsburg this 17th day of October, 2016, by the following vote:

AYES: Councilmembers:

NOES: Councilmembers:

ABSENT: Councilmembers:

ABSTAINING: Councilmembers:

SO ORDERED:

ATTEST:

Thomas L. Chambers, Mayor

Maria Curiel, City Clerk

Attachment: Resolution (1365 : Inclusionary Housing Policies and Procedures)

POLICIES AND PROCEDURES
FOR THE HEALDSBURG
INCLUSIONARY HOUSING PROGRAM

October 17, 2016

SECTION 1. AUTHORITY AND PURPOSE.

These policies and procedures are to assist in the implementation of the Healdsburg Inclusionary Housing Program as required under Section 20.20.030 of the Land Use Code. The express purpose is to match qualified households with available inclusionary units. The following policies and procedures provide the detailed provisions that can be equitably and fairly administered by City Staff.

SECTION 2. APPLICABILITY.

The provisions of these policies and procedures shall apply to any inclusionary unit that is developed as a requirement of the City's Inclusionary Housing Ordinance or other such units as required by City entitlement conditions or affordability agreements with the property owner or developer. The City Council reserves the right to establish alternative procedures for individual projects or units prepared in accordance with the requirements of the City of Healdsburg.

SECTION 3. DEFINITIONS.

"Affordable Housing" - Housing affordable to certain income households, as defined in Healdsburg Municipal Code (HMC) 20.28.310.

"First Time Homebuyer" – An individual(s) who has not owned a home during the three-year period immediately prior to the purchase of an offered inclusionary unit. A dwelling unit whose structure is not permanently affixed to a permanent foundation such as a manufactured or mobile home shall not be excluded from consideration. In addition, displaced homeowners, who are pregnant or who while, married, owned a home during the past three years and under present circumstances does not own a home and have one or more minor children for whom the individual has custody or joint custody shall also be defined as First Time Homebuyer.

"Inclusionary Unit" - An affordable housing unit, as defined in Healdsburg Municipal Code (HMC) 20.28.310.

SECTION 4. GENERAL PROVISIONS.

The City or its designee shall maintain an Inclusionary Housing Waiting List (Waiting List) which shall be used prior to other means to find potentially qualified households for the available inclusionary units.

Affordable housing shall be made available at a monthly housing cost that does not exceed 38 percent of the applicable area median income with adjustments for household size made in accordance with the adjustment factors on which the income eligibility limits are based for for-sale inclusionary units and 30 percent of the applicable area median income with adjustments for household size made in

accordance with the adjustment factors on which the income eligibility limits are based for rental inclusionary units.

SECTION 5. THRESHOLD ELIGIBILITY QUALIFICATIONS

In addition to the Resident Selection Criteria set forth in Section 20.20.030 of the Land Use Code, the following threshold eligibility qualifications shall be met:

- A. Applicants of for-sale inclusionary units shall be a First Time Homebuyer.
- B. Applicants must provide sufficient documentation of income to determine the applicant's income level. Total household income is the total income of all members in the household. This includes all persons who will occupy the inclusionary unit at time of purchase or rent.
- C. Gift funds are permitted only if acceptable to primary/secondary lender.
- D. The applicant of a for-sale inclusionary unit is responsible for closing costs as necessary to secure a loan.

SECTION 6. CONDITIONS

- A. The following conditions apply to the inclusionary unit and owners of these units:
 - 1. Insurance requirement verification must be provided to the City from owner annually.
 - 2. Verification of owner's occupancy of the inclusionary unit must be provided to the City annually.

SECTION 7. ADMINISTRATION.

The City Council, by resolution, may from time to time adopt or amend policies, procedures, rules, and requirements to implement and administer the provisions of this Inclusionary Housing Program. The City Manager or his or her designee is authorized to also prepare consistent policies and procedures to further implement the Inclusionary Housing Ordinance.