



Agenda Item #:	3
Meeting Date:	October 11, 2022
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REQUEST FOR PLANNING COMMISSION ACTION

SUBJECT: Healdsburg 6th Cycle Housing Element Update – Public Review Draft

RECOMMENDED ACTION:

It is recommended that the Planning Commission receive a staff presentation, obtain public input, and provide preliminary feedback on the Public Review Draft Housing Element.

The primary focus of this workshop is to publicize that the Public Review Draft Housing Element is publicly available on the City’s website and create an opportunity for the community to comment and provide input.

OVERVIEW:

Following months of outreach and technical and policy analysis, including several Housing Element Work Group (HEWG) meetings, a Planning Commission meeting in April 2022, and a City Council meeting in June 2022 to review the draft Goals, Policies, and Programs, the Public Review Draft of the 6th Cycle Housing Element Update is available on the City’s website for download, public review, and comment.

The Public Review Draft consists of three components:

- The Housing Element (includes the Introduction, the Housing Strategy, the Sites Inventory, and the Quantified Objectives)
- The Technical Background Report (includes the Fair Housing Assessment and the Constraints Analysis)
- Appendices

The Public Review Draft was posted on Friday, September 30, 2022, and is now within a statutorily-required 30-day public comment period. Following the close of the public review period on October 30, 2022, the Consultant Team and City staff will incorporate feedback received and issue a Draft Housing Element to submit to the California Department of Housing and Community Development (HCD). The City will anticipate comments back from HCD within 90-days of submittal of the Draft Housing Element.

BACKGROUND:

The California State Legislature has identified the attainment of a decent home and suitable living environment for every Californian as the State’s major housing goal. The preparation of the Housing Element is required by California State Law (Chapter 10.6 and 10.7 of the Government Code). The Housing Element is one of the seven mandated elements of the General Plan, and the only element that must be updated on a set schedule, consistent with the establishment of the

Regional Housing Needs Allocations (RHNA). The Public Review Draft is an update of its 2014 Housing Element and covers the planning period between 2023 – 2031.

Most jurisdictions find themselves grappling with far higher RHNA assignments in the 6th Cycle than ever before, and at the same time, the Legislature has passed multiple housing bills creating laws that prescribe new requirements for Housing Elements and new by-right requirements for housing projects. Fortunately, the City of Healdsburg is well-positioned to meet these challenges given the scope and implementation of the 5th Cycle Housing Element, the completion and implementation of the *Housing Action Plan*, and its success creating and entitling housing projects that provide price-restricted affordable housing.

Even so, challenges remain to be met during the 6th Cycle both in meeting Housing Element statutory requirements and furthering the City’s efforts to address the housing needs of the community -- beyond the statutory requirements. Specific topics that arose from outreach during the past several months include how best to meet the housing needs of the City’s middle-income households and how best to address the effects on the limited supply of housing that is increasingly affordable only to upper-income households due to the attractiveness of Healdsburg as a visitor destination and its proximity to the central Bay Area.

DISCUSSION:

Regional Housing Needs Allocation

State law requires that Housing Elements demonstrate each local agency’s ability to meet its RHNA. Each jurisdiction’s RHNA is set through a process that is meant to identify and address housing needs for the projected State population and household growth, to improve the jobs - housing balance in communities, and to ensure the availability of housing affordable to all income groups. For the 2023-2031 Housing Element Update period, the County of Sonoma has a combined RHNA of 14,562 units. Healdsburg’s assigned share of that RHNA is 476 units, which is three times Healdsburg’s current (5th Cycle) RHNA. The table below illustrates how the RHNA is allocated across income levels for Healdsburg and how the 2023-2031 6th Cycle RHNA numbers compare to the 2015-2023 5th Cycle numbers.

Table 1 Healdsburg Regional Housing Need Allocation, 2023-2031 Compared to 2015-2023

Income Group	Number of Units 2015 - 2023	Number of Units 2023 - 2031	Percent Increase
Extremely Low ($\leq 30\%$ AMI)	15	83	453%
Very Low ($> 30\% \leq 50\%$ AMI)	16	107	569%
Low ($> 50\% \leq 80\%$ AMI)	24	109	354%
Moderate ($> 80\% \leq 120\%$ AMI)	26	49	88%
Above Moderate ($> 120\%$ AMI)	76	128	68%
Total	157	476	203%

Housing Element Update Requirements

California’s Housing Element law requires that the Housing Element include the following discussion and analyses.

- Provide achievable goals, policies, quantified objectives, and scheduled programs to preserve, improve and develop housing opportunities.
- Identify and analyze household characteristics, including housing costs compared to residents' ability to pay and housing characteristics, including the extent of overcrowding and an estimate of housing stock conditions.
- Identify and analyze governmental and non-governmental constraints on the maintenance, improvement, and development of housing for all income levels. These constraints may include land use and density controls, building codes and their enforcement, site improvements, fees required of developers, local processing and permit procedures, the availability of financing, the price of land, the cost of construction, and community opposition.
- Identify the special housing needs of the community including housing for homeless, senior, and female-headed households, farmworkers, and persons with disabilities.
- Identify sites that are suitable for all types of residential development, including multifamily and manufactured homes, during the eight-year housing cycle to meet the City's fair share of regional housing needs, or Regional Housing Needs Allocation (RHNA) at all income levels.
- Identify opportunities for energy conservation with respect to residential development.

Housing Elements must be reviewed and certified (approved) by HCD in order to satisfy State law.

Summary of Community Outreach

To ensure that Healdsburg's Housing Element is more than just a set of policies and a list of projects for review and approval by HCD, staff and consultants are collecting local data in real time. Efforts to collect community data are described and summarized below.

- The Kick-off of the 2023 Housing Element Update was held as a public workshop at the January 3, 2022 City Council meeting. The presentation covered the Housing Element update process, new laws, opportunities for engagement, local demographics, and provided the opportunity for members of the public to speak.
- Housing Element Update Website created (www.healdsburg.gov/1033/Housing-Element-Update): This website was created in January 2022 and provides introductory information to the Housing Element update process, a dedicated email address, links to information on past and upcoming community meetings, a project timeline summarizing the regulatory requirements, and community opinion surveys in Spanish and English.
- A Housing Element Work Group (HEWG) consisting of nine members was convened at the January 3rd City Council meeting to work through and provide guidance on Policies and Programs. The group met on January 19th, January 31st, February 28th, March 14th, and April 11th, July 11th, and August 8th. HEWG meetings are noticed and open to the public.
- Community Opinion Surveys: Surveys were conducted in English and Spanish and could be completed on smartphones, computers, or other internet-accessing devices, and through 'intercepts' at public events (Farmers Market, etc.) where paper surveys could be filled out. The surveys were promoted through the City's website, utility newsletter, email distribution lists, and door-to-door distribution of 'door hangers' that were placed in

targeted locations where a higher proportion of underrepresented individuals reside (e.g., low-income households, people of color, seniors).

- Stakeholder Survey: A survey was circulated to community-based organizations, affordable housing property managers, and housing developers to solicit input regarding opportunities and development/regulatory constraints. Additional stakeholder interviews and surveys are planned as needed to follow up.
- Planning Commission Meeting was held on April 26th and focused on the emerging themes. Planning Commissioners indicated concern about vacancies in the existing housing stock due to second home ownership, support for higher density that is “livable” for families (with outdoor space), need for infrastructure (water, sewer, public safety) to support new housing, and concern around rising construction costs. The meeting was noticed and open to the public.
- City Council Meeting was held on June 6th and focused on the emerging Goals, Policies, and Programs. The meeting was noticed and open to the public.
- Planning Commission and City Council adoption hearings are currently planned for January 2023.

Affirmatively Furthering Fair Housing

A key theme of changes to the State’s Housing Element statutes as well as HCD’s oversight and certification of Housing Element Updates, is the need for cities and counties to actively pursue and achieve adequate and fair housing in their respective jurisdictions.

Affirmatively Furthering Fair Housing (AFFH) is a program intended to identify, reverse, and prevent housing segregation and discrimination. Originally established as a federal program within the Department of Housing & Urban Development (HUD) by the Fair Housing Act of 1968, the law was activated as a HUD rule in 2015 for jurisdictions receiving federal housing funding and reversed in 2020. Upon federal reversal, the State of California passed Assembly Bill 686 (2018) to codify AFFH in California Housing Element Law. This Housing Element Cycle is the first to implement AB 686, and implementation is a new process for both the jurisdictions conducting AFFH analysis and state regulators approving local plans.

The AFFH section will draw from several data sources. The Lawyers’ Committee for Civil Rights Under Law has conducted a regional fair housing analysis and individual jurisdictional analysis for the sixteen jurisdictions of Sonoma and Napa Counties, supported by regional planning funding from Association of Bay Area Governments (ABAG/MTC). Regional data from the ABAG Housing Data Workbook, originally presented in the Housing Element Kick-Off workshop to City Council in January, has been pre-approved as a central data source for both the AFFH section and identification of housing needs and constraints. ABAG has also prepared a Regional Segregation Report with jurisdiction-specific findings, and California Department of Housing & Community Development (HCD)’s AFFH Data Viewer provides mapping resources illustrating various AFFH requirements (<https://affh-data-resources-cahcd.hub.arcgis.com/>).

One key aspect of AFFH requirements is to ensure an equitable distribution of sites in the Housing Element Sites Inventory. Since Healdsburg is an affluent community with confluence of both High Resource and Low Resource communities as identified by HCD, the regional fair housing assessment will be supplemented by the local knowledge needed to shape a local plan for equitable

distribution of sites, along with programs to ensure that sites in low-resource neighborhoods are supported by community amenities, and further programs to actively advance fair housing considerations in Healdsburg.

A suite of programs developed in the coming months will likely be amended by HCD in their review of the City of Healdsburg's Housing Element Update. Jurisdictions that have previously completed their 6th Cycle Housing Element Update have encountered the highest level of scrutiny and revision to the AFFH section. The City of Healdsburg can reasonably expect that even a robust submission to HCD is likely to encounter programmatic additions to the Housing Element that help ensure the City of Healdsburg is embedding the lens of fair housing and equity – racial, social, and economic – throughout the plan.

Summary of Sites Assessment

A major component of the Housing Element is the identification of sites for future housing development and evaluation of the adequacy of these sites for fulfilling the City's RHNA. These sites can include vacant sites zoned for residential use, vacant sites that allow residential development, and underutilized sites that are capable of being redeveloped to increase the number of residential units. These sites must have the realistic potential for new residential development within the eight-year Housing Element planning period.

HCD also provides that planned, approved, and pending residential units may be counted toward fulfilling the City's RHNA, as may a limited number of accessory dwelling units (ADU) and junior accessory dwelling units (JADU). As noted above, during the 5th Cycle Housing Element period, the City of Healdsburg not only constructed housing that meets the 5th Cycle RHNA requirement but engaged in planning, entitlement, public site disposition, and partnership agreements that has resulted in pending projects that largely meet the 6th Cycle RHNA sites requirement.

The City plans to accommodate its RHNA through a combination of the methods listed below, as summarized in **Table 2**.

- **Pending, approved, or permitted residential projects.** There are seven (7) projects in various stages of planning and development, consisting of 564 units (300 of which are affordable).
- **Accessory dwelling unit (ADU) and junior accessory dwelling unit (JADU) development projections consistent with ABAG's "safe harbor" assumptions.** At a minimum, the City may assume that the number of ADUs constructed in each year of the upcoming planning period is equal to the average of ADUs permitted over the years 2018-2021. In Healdsburg, there were a total of 53 ADUs in 2018, 2019, 2020, and 2021, resulting in an average of 13 per year. During the 8-year Housing Element cycle, the City may reasonably expect the development of 106 ADUs. The presumed affordability of the ADUs will be distributed across income categories as follows: 15% Extremely Low-Income; 15% Very Low-Income; 30% Low-Income, 30% Moderate- Income; and 10% Above Moderate-Income. These baseline assumptions are commonly referred to as "safe harbor" assumptions. Using the safe harbor assumptions described above, the 106 ADUs will be allocated as follows: 16 Extremely Low-Income, 16 Very Low-Income, 32 Low-Income, 32 Moderate-Income, and 11 Above Moderate-Income.
- **Acquisition of non-deed restricted units and conversion to 55-year deed restricted, affordable units.** HCD allows that up to 25% of each RHNA category may be met through

this approach. In Healdsburg, we are using two actual in-progress projects: The Scattered Sites Project and L&M Village. Together these two projects, represent 61 affordable units.

Table 2 Comparison of RHNA and Identified Residential Sites

Income Group	2023 - 2031 RHNA Allocation	Pending, Approved, or Permitted Units	Acquisition and Converted Units	Projected ADUs	Total Credits	% of RHNA
Lower						
Extremely Low	83	5	22	16	43	
Very Low	107	114	39	16	169	
Low	<u>109</u>	<u>116</u>	<u>0</u>	<u>32</u>	<u>148</u>	
Lower, Subtotal	299	235	61	64	360	120%
Moderate	49	65		32	97	198%
Above Moderate	<u>128</u>	<u>264</u>		<u>10</u>	<u>274</u>	214%
Total	476	564	61	106	731	154%

Sources: City of Healdsburg; ABAG.

The sites and projects are ‘backed-up’ with an ‘Administrative List’ of additional sites should any of the primary sites or projects fail to move forward as planned. This Administrative List will not be shared with HCD but will serve as a buffer as we head into the 6th Cycle.

Quantified Objectives

The Housing Element is required by State statute to include ‘quantified objectives’ that estimate and set targets for the number of units likely to be constructed, rehabilitated, and conserved/preserved by income level during the planning period. Beyond addressing RHNA site capacity requirements, quantified objectives can include targets for actual construction of housing units, specifying the types of housing units, objectives for preserving and conserving existing affordable housing units, and objectives for meeting other housing needs. The quantified objectives do not represent a ceiling, but rather set numerical objectives for the City to achieve.

Table 3 Summary of Quantified Objectives

Income Category	New Construction [1]	Rehabilitation [2]	Conservation/ Preservation [3]	Total
Extremely Low	21	22	20	63
Very Low	130	39	25	194
Low	147		25	172
Moderate	136			136
Above Moderate	312			312
TOTALS	746	61	70	877

[1] New construction includes pending, approved, or permitted units (564 units), projected ADUs (106 units), and above-and-beyond objectives for middle-income ownership housing (27 units, split between Moderate-income and Above Moderate-income), and small-lot infill and second housing units (50 units, split between Moderate-income and Above Moderate-income).

[2] Rehabilitation includes the L&M Village (22 units) and the Scattered Sites Project (39 units).

[3] Conservation/Preservation includes conserving 70 existing, affordable mobile home units in the City that are not part of the City's RHNA strategy but are included as a Quantified Objective.

Housing Strategy – Goals, Policies and Programs

The heart of a Housing Element is the Housing Strategy comprised of goals, policies, and programs. The goals create the broad categories that the Housing Element addresses; the policies articulate the City's policies for each of these goals that guide the City's subsequent decision-making, resource allocation, and actions; and the programs translate how policies will be implemented over time through specific actions by the City.

The Housing Strategy includes seven goals and a number of related policies and nine implementation programs, each with subprograms, which will guide City actions over the 2023-2031 Housing Element cycle. A summary of the programs and subprograms is attached as **Attachment 1**. The seven proposed Housing Element Goals are presented below and continue the direction set by the current Housing Element, with modifications made to address new state law and incorporate feedback from the community, stakeholders, the HEWG, and the Planning Commission.

Housing Goal 1 -- Maintain affordable housing sites and expand housing development capacity as needed to accommodate the City's regional housing need throughout the eight-year Planning Period and beyond.

Housing Goal 2 -- Remove or mitigate impediments to housing production including both governmental constraints and non-governmental constraints.

Housing Goal 3 -- Preserve and improve the City's existing housing stock and community character in residential neighborhoods, while allowing greater density (e.g., ADUs/JADUs, SB 9, multiplexes).

Housing Goal 4 -- Support and promote housing production during the Planning Period, emphasizing affordable and middle-income housing needs.

Housing Goal 5 -- Support and promote housing for homeless, special needs, farmworkers, and elderly individuals.

Housing Goal 6 -- Affirmatively further fair housing and promote environmental justice for all residents by ensuring fair and equal housing opportunities for all Healdsburg residents regardless of race, color, religion, sex, sexual orientation, age, marital status, national origin, ancestry, familial status, disability, or source of income, and promoting fair housing practices and prohibiting discrimination.

Housing Goal 7 -- Achieve a high standard of energy efficiency, water conservation, and 'net-zero' carbon footprint throughout the City, including existing and new development.

Conclusion

As noted in the Housing Element Update, the City performed well during the 5th Cycle period (2015-2023), not only meeting the RHNA requirements and completing key implementation efforts, but also setting the stage for this current 6th Cycle Update such that the City is able to

demonstrate that housing projects currently in the planning or production phases meet the much more demanding 6th Cycle RHNA requirements. This accomplishment occurred because of coordinated and continuing Planning Commission and City Council leadership, City investment and pursuit of housing projects across the income categories, and related technical efforts by City staff.

Because of these accomplishments the City's is positioned during the 6th Cycle (2023-2031) to continue the implementation programs currently underway while at the same 'going beyond' the statutory requirements in a variety of ways that will further expand housing development capacity and housing supply, affirmatively further fair housing, and address the needs of the City's 'missing middle' income working families. It is expected that the Housing Element Working Group (HEWG) will be re-commissioned as a part of this effort, providing recommendations on the scope and objectives for these efforts. Planning Commission and City Council will provide policy guidance and priorities for these implementation programs and City staff will need to redouble efforts building upon past performance.

Next Steps

Following input and feedback received during this 30-day public review period, revisions to the Public Review Draft Housing Element will be prepared and a Draft Housing Element will be submitted to HCD for its 90-day review. To remain in compliance with state law, the City must adopt a State-certified Housing Element by Spring 2023.

ENVIRONMENTAL ANALYSIS

This action does not qualify as a project pursuant to the California Environmental Quality Act ("CEQA") Guidelines Section 15378(b)(5) that states that organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment are not projects. Pursuant to CEQA Guidelines Section 15060(c)(3) any activity that is not a project is not subject to environmental review under CEQA.

Adoption of the Housing Element itself is a project pursuant to CEQA. Until the full extent of land use policy or regulatory changes are understood a CEQA review strategy cannot be identified. If this Housing Element Update required comprehensive rezoning to address the 6th Cycle RHNA, the rezoned(s) would require extensive CEQA environmental analysis. However, the City does not need to pursue any rezoning to meeting its 6th Cycle RHNA, and as such, the Housing Element Update may be exempt from CEQA under the Common Sense Exemption. As the preferred CEQA strategy comes into focus, the appropriate level of CEQA review will be conducted.

ATTACHMENTS

1. Summary of 6th Cycle Housing Element Update Programs and Subprograms
2. Public Review Draft Housing Element
3. Public Review Draft Technical Background Report
4. Public Review Draft Appendices