



## CITY OF HEALDSBURG COMMUNITY DEVELOPMENT DEPARTMENT

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### MEMORANDUM

DATE: March 28, 2023  
TO: Members of the Planning Commission  
FROM: Ellen McDowell, Senior Planner  
SUBJECT: Growth Management Ordinance Annual Report 2022

The *Policies and Procedures for the Healdsburg Residential Growth Management Program* requires the Community Development Director to prepare an annual report on the program. This memo summarizes information regarding the operation of Healdsburg's Growth Management Ordinance last year.

#### ***Background***

Measure M, a residential growth management initiative, was approved by Healdsburg voters on November 7, 2000. This measure limited residential building permits to an average of 30 units per year and no more than 90 over a 3-year period, with affordable units and accessory dwelling units exempt. Measure P, approved by voters on November 6, 2018, amended the City's Growth Management Ordinance to allow an average of 50 additional multifamily rental units per year, not to exceed 150 units in a 3-year period, restricted to households earning no more than 160% of the Sonoma County Area Median Income, adjusted for household size for the unit. Measure H, approved by voters on March 3, 2020, amended Measure P's additional unit allowance to permit these units to be for sale as well as for rent.

The *Policies and Procedures for the Healdsburg Residential Growth Management Program* were revised twice in 2019, first in January to recognize and implement passage of Measure P and secondly in May to incorporate recommendations made in 2018 by the Community Housing Committee, which had considered Growth Management policies at the direction of the Council. The second revision of the *Policies and Procedures* in May 2019 also initiated a slightly new way of administering Healdsburg's Growth Management program along with slightly increased flexibility. Several large projects had been approved, making growth management allocations difficult to secure for projects seeking the 30 units allowed under Measure M, and the City Council was interested in adding flexibility within the parameters of the Growth Management Ordinance.

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The *Policies and Procedures* allow 90 Category A (projects of four or fewer units) and B (projects of five or more units) allocations to be available in year one of a three-year period, rather than 30 units at the beginning of each year in the three-year period, which enables projects to receive allocations while fulfilling the Measure M provision of no more than an average of 30 units per year. The *Policies and Procedures* also allow 150 Category C allocations to be available in year one of a three-year period rather than 50 units at the beginning of each year in the three-year period. Changes to the definitions of Category A and B to allow more cross-allocation also increases flexibility. Category C projects are those with 50 or fewer multifamily rental or for sale units restricted to households earning no more than 160% of the Sonoma County Area Median Income, adjusted for household size for the unit.

### ***Annual Report***

The *Policies and Procedures, Section 6. Administration*, requires the Community Development Director to prepare an annual report and sets forth the specific content of the report. Responses are shown in *italics* below each item.

- (1) The number of dwelling allocations issued during the three-year period and in future periods.

*The year 2022 was year 1 of a 3-year period under the Growth Management Program (Cycle 8). At the end of 2022, there were 54 allocations (4 Category A and 50 Category B) reserved for the 3-year period. The Category A allocations were reserved to construct 4 new single-family dwellings. The Category B allocations were reserved by the Mill District project. There were no Category C allocations reserved in Cycle 8.*

*In accordance with the Development Agreement between the City of Healdsburg and Replay Healdsburg LLC unused GMO allocations that would expire or be forfeited at the end of a calendar year shall, if requested, be issued to the Mill District project. At the end of 2022, fourteen (14) Saggio Hill's allocations were set to expire or be forfeited. On December 21, 2022 Replay Healdsburg LLC requested that any expiring allocations be assigned to the Mill District project. The 14 expiring allocations have been reassigned to the Mill District and will expire December 31, 2025.*

- (2) The number of building permits issued for dwelling units during the prior year, including the Category of dwelling allocation and whether the permitted unit was exempt from the Growth Management Ordinance.

*The City of Healdsburg issued permits for 68 new residential dwelling units in 2022. Of these, 18 were exempt from the Growth Management Ordinance, and 46 GMO allocations had been issued in previous years. The exempt units included 14 accessory dwelling units and 4 replacement units. Three Saggio Hills permits, and 43 Mill District permits had received GMO allocations in prior years.*

*The 4 units subject to the GMO included 4 Category A allocations and no Category B allocations.*

- (3) The status of any waiting list.

*A waiting list was not established for Cycle 8 during 2022.*

- (4) A description of any significant problems that arose during the prior year in administering the Growth Management Program.
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*No significant problems arose in administering the Growth Management Program during 2022. However, scarcity of Category B allocations will remain an issue, with only 10 Category B allocations available through the end of the 3-year period ending in 2024 (Cycle 8).*

- (5) Recommendations with regard to changes or revisions to these Policies and Procedures to improve its effectiveness and/or administration.

*Revised Growth Management Ordinance Policies and Procedures were adopted by the City Council in May 2020; no revisions are recommended at this time.*

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## **MEMORANDUM**

DATE: March 28, 2023  
TO: Chair Luks and Members of the Planning Commission  
FROM: Ellen McDowell, Senior Planner  
SUBJECT: General Plan Annual Review 2022

The Healdsburg 2030 General Plan helps to guide decision making by residents, property owners, business interests, and elected and appointed officials about public and private land use and development that shape Healdsburg's physical environment.

State law requires the City submit an annual report to the City Council, the Governor's Office of Planning and Research and the California Department of Housing and Community Development on the status of the General Plan and progress made in its implementation.

Additionally, General Plan Implementation Measure AI-1 requires the preparation of an annual report to the Planning Commission and City Council, focusing on actions undertaken in the previous year to carry out General Plan implementation measures, outlining actions planned for the coming year and identifying necessary revisions to the policy document.

In 2022, the Planning Commission and City Council took numerous actions which forwarded goals and policies included in the General Plan. The attachment to this memorandum provides summaries of those actions by element of the General Plan for the Planning Commission's information.

Attachment – March 20, 2023 City Council General Plan Annual Progress Report

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## CITY OF HEALDSBURG CITY COUNCIL AGENDA STAFF REPORT

**MEETING DATE:** March 20, 2023

**SUBJECT:** 2022 General Plan Annual Progress Report

**PREPARED BY:** Ellen McDowell, Senior Planner

**STRATEGIC INITIATIVE(S):**

Provide Effective Governance

Establish Proactive Policies/Programs to Continue to Promote Economic Diversity & Sustainable Growth

Pursue Initiatives that Promote Environmental Stewardship

Expand Affordable Housing Opportunities

Maintain and Improve Infrastructure and Facilities

Maintain and Enhance Public Health and Safety

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**RECOMMENDED ACTION(S):**

By motion, accept the annual report and direct staff to file it with the appropriate state agencies.

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**COMMUNITY ENGAGEMENT/OUTREACH:**

No specific outreach has occurred for the preparation of this General Plan Annual Report since it is an informational report. Implementation of General Plan goals and policies typically involves engagement of the community.

**BACKGROUND:**

The Healdsburg 2030 General Plan helps to guide decision making by residents, property owners, business interests, and elected and appointed officials about public and private land use and development that shape Healdsburg's physical environment.

**DISCUSSION/ANALYSIS:**

State law requires the City submit an annual report to the City Council, the Governor's Office of Planning and Research (OPR) and the California Department of Housing and Community Development (HCD) on the status of the General Plan and progress made in its implementation.

Additionally, General Plan Implementation Measure AI-1 requires the preparation of an annual report to the Planning Commission and City Council, focusing on actions undertaken in the

previous year to carry out General Plan implementation measures, outlining actions planned for the coming year and identifying necessary revisions to the policy document.

In 2022, the City Council took numerous actions which forwarded goals and policies included in the General Plan. Attachment 1 to this report provides summaries of those actions by element of the General Plan.

**ENVIRONMENTAL STEWARDSHIP:**

Implementation of many General Plan goals and policies as outlined in the attached report reflects ongoing environmental stewardship.

**ALTERNATIVES:**

The report is a presentation of information only.

**FISCAL IMPACT:**

There are no fiscal impact associated with acceptance of the General Plan Annual Report.

**ENVIRONMENTAL ANALYSIS:**

The General Plan Annual Report is exempt from the provisions of the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15061(b)(3) (the “common sense exemption”) because it can be seen with certainty that there is no possibility that the General Plan Annual Report will have a significant effect on the environment.

**ATTACHMENT(S):**

General Plan Annual Report 2022

**City of Healdsburg  
General Plan Annual Report  
2022 – Year in Review**

**INTRODUCTION**

The 2030 General Plan, adopted July 6, 2009, provides a strategic program for addressing and planning for the quality of life and needs of the Healdsburg community through 2030. It includes all the state required elements as well as additional optional elements important to the Healdsburg community. The document consists of guiding principles and goals, policies and implementation programs, and it guides the physical development of the City. It has been prepared in accordance with the State Office of Planning and Research's General Plan Guidelines.

California state law requires an annual report be prepared and presented to the City Council, along with delivery to the Office of Planning and Research and the Department of Housing and Community Development by April 1. Local policy also addresses annual reporting, providing additional direction. General Plan policy AI-1 directs preparation of an annual report to the Planning Commission and City Council which focuses on actions undertaken in the previous year to carry out General Plan implementation measures, outlines actions planned for the coming year and identifies any necessary revisions.

This report addresses these requirements and outlines how key General Plan goals have been implemented over the last calendar year. The complete General Plan is available on the City's website at <https://www.ci.healdsburg.ca.us/354/General-Plan>.

**GENERAL PLAN IMPLEMENTATION ACTIONS IN 2022**

State law allows amendment of the General Plan up to four times per year. During 2022, no General Plan amendments were considered by the Planning Commission and City Council.

Progress was made in forwarding key implementation actions during 2022. Below is a summary of implementation actions completed or underway by General Plan element.

**LAND USE/COMMUNITY DESIGN**

The Land Use Element sets forth the density and intensity of land uses and addresses development and redevelopment of land within the Urban Growth Boundary. It includes the Land Use Plan (map) and goals, policies, and implementation measures. The Community Design Element addresses the visual quality and character of Healdsburg's built environment. The following summarizes new development in the City.

***North Village***

In February 2020, the Planning Commission approved a Master Conditional Use Permit for the North Village Project, a 32-acre mixed-use development in north Healdsburg. The project includes a senior community (Enso Village) with 221 independent living units (30 affordable) and 54 assisted living/memory care units; 75 multifamily apartments and 5 live-work units (54 affordable and 26 middle-income); 12,000 square feet of retail/commercial; and a 108-key hotel with restaurant, bar, and event space.

In 2020, the City Council approved the Development Agreement, which includes benefits to the City such as affordable housing units, construction of a fire department substation, and connectivity improvements including a shuttle from the site to downtown. In May 2021, the Planning Commission approved Conditional Use Permits and Design Review applications for the for the mixed-use and hotel components of the project. Building Permits for the senior community component (Enso Village) were issued in 2021 and construction began in 2022.

The North Village project helps implement Housing Element Goal H-A which calls for the City to “maximize opportunities for the development of a variety of housing types to accommodate anticipated growth, facilitate mobility within both the ownership and rental markets, and encourage a diverse community.”

### ***Healdsburg Lumber Company Relocation***

In December 2020, the Planning Commission approved a Major Design Review application for expansion of an existing lumber storage yard on Healdsburg Avenue to accommodate the relocation of Healdsburg Lumber Company’s existing lumber retail, office, door shop, and storage from its current location on Hudson Street. The 3.85-acre site has an existing 29,456 square foot building and includes a 41,646 square foot addition, 15,400 square feet of covered lumber storage, and improved access, circulation, parking, and landscaping. The project helps implement Economic Development Element Goal ED-A which calls for the City to “expand the commercial and industrial sectors of Healdsburg’s economy to increase jobs, meet the needs of residents and visitors, and generate revenues that support City services.” In 2021, Building Permits were issued, and in 2022 the project was under construction and nearing completion.

### ***Mill District***

In 2019, the City Council and the Planning Commission approved the Mill District mixed-use project to redevelop the 9.59-acre site located at 146 and 164 Healdsburg Avenue with 146 market-rate residential units, 30 middle-income residential units, 16 low-income residential units 24 very low-income residential units, 15,000 square feet of commercial space, 53 hotel rooms, and a 0.78-acre park. The building permits for the affordable housing component of the project were issued in 2021 and construction continued through 2022 and is nearing completion. On June 28, 2022, the Planning Commission approved a Major Design Review for the amenities building for the Mill District Project.

The Mill District project helps implement Housing Element Goal H-A, which calls for the City to “maximize opportunities for the development of a variety of housing types to accommodate anticipated growth, facilitate mobility within both the ownership and rental markets, and encourage a diverse community.”

### ***Saggio Hills***

In 2022, the City advanced multiple projects associated with the overall Saggio Hills development including approving the affordable housing component of the Saggio Hills project. The approval of the Saggio Hills affordable housing project advances General Plan Program H-14 which calls for the City to “develop the Saggio Hills affordable housing site with a range of housing types and target income groups.” The development has continued to pull permits throughout 2022 to continue the construction of the previously approved projects.



### ***RiverHouse***

In 2019, the City approved the RiverHouse development at 125 and 131 Kennedy Lane. Construction commenced on the project in 2020 and construction was completed in 2022; it includes 8 single-family residential lots with 5 accessory dwelling units. The project faces the Russian River and has an innovative design which helps the City achieve Community Design Element Goal CD-A which calls for the “preservation and enhancement of the most desirable qualities of Healdsburg’s built environment.” The project also helps the City achieve Natural Resources Element Goal NR-B calling for the “conservation and restoration of Healdsburg’s native plants and wildlife, ecosystems and waterways.”

### ***Arden Subdivision***

The Arden Subdivision (formerly called the Oaks at Foss Creek) is a 29-lot single-family subdivision north of Chiquita Road. The project includes four below market rate units and three accessory dwelling units (ADUs). As of 2022 all affordable housing units were developed, and occupied. Construction commenced in 2020 and all homes were completed and finalized in 2022. The Arden Subdivision helps implement Housing Element Goal H-A, which calls for the City to “maximize opportunities for the development of a variety of housing types to accommodate anticipated growth, facilitate mobility within both the ownership and rental markets, and encourage a diverse community.”

### ***3 Healdsburg Avenue***

On December 13, 2022, the Planning Commission approved a Major Design Review allowing for the construction of a 30-unit apartment project with a density bonus. The project includes the demolition of 5 existing dwelling units and the construction of 5 new two-story buildings. Each building will contain 6 apartments ranging in size from 490 square feet to 1,029 square feet. The project includes 6 bonus units as allowed by the State Density Bonus Law. The 3 Healdsburg project helps implement General Plan Policy H-A-4, which calls for the City to “Provide for a wide range of housing opportunities for all economic segments of the community, while maintaining a mix of housing types in Healdsburg.”

### ***155 Dry Creek Road***

On September 27, 2022, the Planning Commission approved a Major Design Review and adopted a Mitigated Negative Declaration and Mitigated Monitoring and Reporting Program allowing the construction of a 58-unit, 4-story affordable housing project consisting of (28) 1-bedroom, (14) 2-bedroom, and (15) 3-bedroom units for extremely low, very-low, and low-income families in partnership with Burbank Housing. The development helps implement General Plan Policy H-C-2, which calls for the City to “work with non-profit organizations to benefit from their expertise and the resources available to them for the development of affordable housing and its ongoing support.”

## **HOUSING**

The City Council forwarded General Plan housing goals with actions taken in 2022. More detail on housing accomplishments is included in the separate, Annual Progress Report, specific to the Housing Element, but a few notable items are highlighted here:

- The City Council adopted a Resolution on January 3, 2022, establishing the Housing Element Work Group to provide input and guidance on the development of the City’s 6<sup>th</sup> cycle General Plan Housing Element.

- The City continued to work with a consultant to prepare the Housing Element for submittal to HCD.
- The City Council adopted a Resolution on January 18, 2022 accepting an award of Project Homekey funding from the State of California Department of Housing and Community Development for the acquisition and operation of the L&M Motel at 70 Healdsburg Avenue as interim housing.
- The City Council adopted a Resolution on February 22, 2022 supporting Burbank Housing Development Corporation’s application for block grant funding and investment partnership funding for the 155 Dry Creek Road affordable housing project.
- The City Council adopted a Resolution on August 15, 2022 establishing fees for SB9 lot split applications. The intent of SB9 is to create more housing opportunities within residentially zoned districts.

## **ECONOMIC DEVELOPMENT**

The Economic Development Element promotes economic opportunities and stability in Healdsburg. Policies seek to provide opportunities, including ensuring a diversified employment base and meeting commercial needs of residents and visitors. The following summarizes economic development projects and actions for 2022.

### ***Parklet Program***

On February 7, 2022 the City Council authorized an ongoing parklet program establishing fees and encroachment permits for businesses operating within the Public Right of Way. The project helps the City to achieve General Plan Goal ED-B to “maintain a thriving downtown, with the Plaza as the City’s commercial center.”

## **TRANSPORTATION**

The Transportation Element contains goals and policies related to the transportation system in Healdsburg, including streets, public transit, bicycle routes, pedestrian connections, and rail service. They address each of the transportation modes with the objective of creating a safe, efficient, and convenient transportation system. The projects below also help implement the City Council goal to diversify transportation options. The following summarizes mobility projects forwarded in 2022.

### ***Foss Creek Pathway***

Segments 7 and 8 of the Foss Creek Pathway, extending the pathway from the adjacent Carson Warner Memorial Skate Park across Dry Creek Road and north to Grove Street at Healdsburg Avenue were completed in 2021 and accepted as complete by the City Council on April 18, 2022. This project will help the City achieve Transportation Element Goal T-D to provide “bicycle and pedestrian routes and facilities that provide safe and convenient access and an alternative to the use of motor vehicles” and implementation measure T-18 to “implement the Foss Creek Pathway Plan, as funding allows.”

### ***Bike Share***

On September 19, 2022, the City Council approved a resolution approving an agreement for bike share services with Bird Rides, Inc. for \$290,000 to operate an electric bike share pilot program. The project is a 3-year pilot program making available electric bikes (e-bikes) for public use. The project will help achieve Transportation Element implementation measure T-12, “Implement the Bicycle & Pedestrian

Master Plan as opportunities arise and require development projects to dedicate land and/or construct/install bicycle and pedestrian facilities in coordination with the Plan.”

## **PUBLIC SERVICES**

The Public Services Element focuses on providing facilities and services that are important to residents’ safety and quality of life. These facilities and services include drainage facilities, sewer and water lines, wastewater treatment plants, electrical utility infrastructure, passive and active recreation, police, fire, education, and health care. The following summarizes the public services projects approved in 2022.

### ***3 North Street – Foley Family Pavilion***

The City owns 3 North Street, across from City Hall, and in 2017 approved a schematic design for a Community Pavilion and Farmer’s Market at this location, directing staff to commence design work and to seek funding. In January 2020, the City received a funding pledge of \$7 million for the plan from the Foley Family Foundation.

On April 19, 2021, The Council approved a memorandum of understanding with the Foley Family Foundation for funding the final design phase of the Community Pavilion Project and the Council agreed the Foundation will have the right to name the Community Pavilion Project. Once the design and the other project approvals have been approved by Planning Commission and City Council, the City and the Foundation will commence discussion and negotiation regarding the construction agreements for the project. The Council also approved a professional service agreement with TLCD Architects to provide the final design for the project.

The project submitted for Major Design Review on January 31, 2022, and continued the design review and environmental review processes throughout 2022. The project will be heard by the Planning Commission in early 2023.

This action helps the City implement Land Use Element policy LU-D-2 which directs the City to “seek to provide a diversity of uses within the downtown that serve both residents and visitors and shall avoid an over-concentration of a single type of use” as well as Public Services Element Goal PS-H which calls for “a park and recreation system that is suited to the needs and interests of Healdsburg residents and visitors.”

### ***Recycled Water Program Expansion Project, Phase II***

On December 19, 2022, The City Council adopted a resolution accepting the Recycled Water Program Expansion Project Phase II. The project will add approximately 64 million gallons to the recycled water program and aid the City in reliably complying with the seasonal discharge prohibition requirement. The project helps to offset the use of surface water and groundwater to meet irrigation needs which helps maintain our environment, increase the local supply of water, and helps to build regional drought resiliency. The project implements Public Services Element Goal PS-B to provide an adequate level of service to the City’s sewage collection and disposal system to meet the needs of existing and projected developments.

### ***Infrastructure Improvements***

The City Council accepted and authorized numerous infrastructure improvements during 2022, consistent with General Plan policies directing adequate levels of service for the City’s water, wastewater, and storm drain systems.

Some of the improvements completed in 2022 include: Highland Circle to Scenic Lane Water Line Extension Project, the Foss Creek Pathway, and the Brown Street Sewer and Water Main Replacement Project.

### **NATURAL RESOURCES**

The Natural Resources Element seeks to protect and improve Healdsburg’s water, agricultural, mineral, air, plant, wildlife, and scenic resources.

The City Council took several actions in 2022 consistent with Natural Resources Goal NR-E, “Reduce greenhouse gas emissions and increase energy efficiency communitywide” and Natural Resources Implementation Measure NR-16, “Implement greenhouse gas emissions reduction measures adopted by the City Council.”

#### ***Energy Efficiency and Zero Emission Building Programs***

Healdsburg’s Electric Department continues to operate numerous energy efficiency and rebate programs for residential and commercial customers.

#### ***Climate Mobilization Strategy***

In 2022 the City began the process of developing a Climate Mobilization Strategy to pursue greenhouse gas emission reductions for the City in support of RCPA’s goal for carbon neutrality by 2030.

### **SAFETY**

The Safety Element seeks to prevent the loss of lives, injuries, and property damage due to geologic hazards, flooding, fire, crime, hazardous materials, and noise.

#### ***Verizon Wireless***

On May 17, 2021, City Council authorized a land lease agreement for a portion of City-owned property adjacent to Tayman Park Golf Course to allow the installation of a Verizon, wireless communication facility. Wireless communication facilities are used by first responders and emergency personnel such as police, fire, emergency medical, homeland security, and disaster response agencies to respond to incidents or situations that pose a threat to people or property. The Conditional Use Permit and associated applications were approved on April 12, 2022.

#### ***2022 Building Code Update***

On December 19, 2022, the City Council adopted an Ordinance adopting the 2022 California Building Standards Code. The amended code includes updates from the previously adopted code and ensures the health and safety of Healdsburg’s residents.

#### ***Fire Substation Project***

On August 24, 2021, The Planning Commission re-approved a previously expired Major Design Review Application for the construction of a Fire Substation located at 1804 Healdsburg Avenue near the northern city boundary. The Fire Substation project is being developed in accordance with the Saggio Hills and North Village Development Agreements and the project continued to advance in 2022. The proposed Fire Substation helps to implement fire safety objectives of the Saggio Hills Area Plan.

### ***New Ladder Fire Truck***

In 2022, the City added a new ladder fire truck that offers a tighter turn radius, and the ability to reach higher locations than the vehicle it replaced. The new truck improves the City’s ability to respond to emergencies.

## **HISTORIC AND CULTURAL RESOURCES**

The Historic and Cultural Resources Element seeks to preserve significant historic and Native American cultural resources. Such resources include buildings and neighborhoods of historic architectural significance, places of special historic or archaeological value, and other features that have special value to the community. Staff implements policies in this element throughout the year in its review of development proposals.

### ***607 Johnson Street***

On November 1, 2022, the Planning Commission approved a Major Design Review to allow for the restoration of the original residence, demolition of later additions and the existing carriage house. A Historic Resource Evaluation (HRE) was prepared to evaluate the changes to the structure and additions to determine compatibility with the Johnson Street Historic District. The HRE found that the changes were compatible with the intent of the HD overlay, which intends to preserve, maintain and enhance for historic integrity of designated areas within the City that are of historic significance or contain significant structures intended to protect. This project will help the City achieve Historic and Cultural Resources Goal HCR-A-1 to provide “promote the protection and enhancement of Healdsburg’s historically significant districts, buildings and landscape features”

### ***Diversity Equity Inclusion***

On March 21, 2022 the City Council adopted a Resolution allowing the City Manager to execute a contract with Acosta Latino Learning Partnership (ALLP) for specific services related to diversity, equity and inclusion services.

## City of Healdsburg, Housing Department

401 Grove Street, Healdsburg CA 95448 ☎ Phone: 707/431-3346 ☎ Fax: 707/431-2710

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### Memo

To: Members of the Planning Commission

From: Stephen Sotomayor, Housing Director

Subject: Housing Element Annual Progress Report

Date: March 20, 2022

Attached, for your information, is a copy of the 2022 Housing Element Annual Progress Report presented to the City Council at their March 20, 2022, meeting. State law requires that the City submit an Annual Progress Report (“APR”) on implementation of the Housing Element to the Governor’s Office of Planning and Research and the California Department of Housing and Community Development (HCD) as part of a report on the status of the General Plan, and specifically the progress made in meeting the City’s share of regional housing needs as set forth in the City’s adopted Housing Element. Submittal of an APR to HCD qualifies the City for certain grant funds.

#### Attachment(s):

Staff Report

Table B - RHNA\_Progress\_2022



## CITY OF HEALDSBURG CITY COUNCIL AGENDA STAFF REPORT

**MEETING DATE:** March 20, 2023

**SUBJECT:** 2022 Housing Element Annual Progress Report

**PREPARED BY:** Griselda Villarreal, Administrative Analyst II

**STRATEGIC INITIATIVE(S):**

Provide Effective Governance

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**RECOMMENDED ACTION(S):**

By motion, accept the Housing Element Annual Progress Report for the 2022 calendar year and direct Staff to submit the report to the State of California Department of Housing and Community Development and the State Office of Planning and Research.

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**COMMUNITY ENGAGEMENT/OUTREACH:**

This report is a State of California requirement as part of the City's General Plan Housing Element, which is a product of community engagement and input. This item will be heard during a public meeting in which an opportunity for public comment is provided.

**BACKGROUND:**

The Healdsburg 2030 General Plan provides a comprehensive long-range plan used to inform and guide decision-making by residents, property owners, business interests, and elected and appointed City officials principally regarding the public and private land use and development that shapes Healdsburg's physical environment.

In 2009, the City of Healdsburg completed a comprehensive revision of its General Plan, which was adopted by the City Council on July 6, 2009. One of the State-mandated elements of the General Plan is the Housing Element. State law requires that the Housing Element of the General Plan be updated every 8 years. A comprehensive revision of the General Plan Housing Element was adopted by the City Council on November 17, 2014, and certified by the State on January 8, 2015. This report provides an update on progress made on implementing the General Plan Housing Element through 2022.

State law also requires that the City submit an Annual Progress Report ("APR") on the progress towards implementation of the Housing Element to the Governor's Office of Planning and Research and the California Department of Housing and Community Development (HCD)

(Government Code §65400). A major area of focus of the APR is a description of the City's progress in meeting the City's share of regional housing needs as set forth in the City's adopted Housing Element. Submittal of an APR to HCD qualifies the City for certain grant funds.

Moreover, on September 29, 2017, California Senate Bill 35 (SB-35) was signed by Governor Jerry Brown and became effective January 1, 2018. SB-35 applies in cities that are not meeting their Regional Housing Need Allocation ("RHNA") goal for construction of above-moderate income housing and/or housing for households below 80% area median income ("AMI"). SB-35 amends Government Code Section 65913.4 to require local entities to streamline the approval of certain housing projects by providing a ministerial approval process. Streamlining includes the removal of the requirement for CEQA analysis, conditional use permits, design review, or any other similar discretionary entitlements granted by the Planning Commission. A project electing to pursue streamlining must meet certain eligibility criteria as well as providing a percentage of the proposed residential units as affordable.

The City of Healdsburg is currently in the process of updating its General Plan Housing Element for the 6<sup>th</sup> Cycle Housing Element as the City's current Housing Element expired this year. The City has submitted a draft 6<sup>th</sup> Cycle Housing Element to HCD and is currently responding to comments received from HCD. Staff is scheduled to seek City Council adoption of the 6<sup>th</sup> Cycle Housing Element on May 1, 2023.

#### **DISCUSSION/ANALYSIS:**

The City of Healdsburg has been successful in meeting the RHNA goals for the construction of low, moderate, and above-moderate income housing for the current RHNA Cycle which extends through the end of 2022. This annual progress report will delineate the close-out of the 5<sup>th</sup> Cycle and the beginning of the 6<sup>th</sup> Cycle Housing Element Planning Period.

During the past 5<sup>th</sup> Cycle planning period, the City of Healdsburg made significant progress in providing affordable housing opportunities. The City not only facilitated the planning, permitting, and production of units in excess of its RHNA, but has also laid a solid foundation to continue with this success. A partial listing of the accomplishments of the 5<sup>th</sup> Cycle including:

- Passing Measure S, which provides 2% of Transient Occupancy Tax dedicated to affordable housing, now with annual revenues of more than \$1M.
- Passing Measure P and Measure H, which allow for middle-income deed restricted housing, either for sale or for rent, to be built outside of the City's voter-initiated Growth Management Ordinance.
- Leveraging development projects to negotiate for the inclusion of affordable housing to house the City's workforce including:
  - 1) Montage Healdsburg
  - 2) Hotel Trio
  - 3) The Mill District
  - 4) The North Village



- Protecting our naturally occurring affordable housing stock from market rate conversion by purchasing and rehabilitating 39 units across three properties and further leveraging them by master leasing 10 units for Permanent Supportive Housing.
- Leveraging two City-owned properties for affordable housing which currently are in the planning process for approximately 176 affordable housing units.
- Building a navigation center at the City-owned Victory Studios and Apartments that house 11 families and/or individuals that were formerly experiencing homelessness.
- Receiving over \$7M in State Project Homekey funding to open the first interim housing program in Northern Sonoma County to house those experiencing chronic homelessness and creating 22 units of extremely-low-income units.
- Achieving functional zero in housing displaced families and investing in prevention programs to offset evictions, including expanding upon rental relocation assistance programs beyond the provisions of AB 1482.
- Updating City ordinances to provide more favorable development processes and conditions for the development of Accessory Dwelling Units (ADUs) and updating our Inclusionary Housing Ordinance.

The accomplishments of the 5<sup>th</sup> Cycle have provided the City with a solid foundation in addressing the challenges of the 6<sup>th</sup> Cycle Housing Element and the City's 205% increase in RHNA. This can be further evidenced in the draft Housing Element submitted for the 6<sup>th</sup> Cycle which already demonstrates the capacity of the City to meet its 6<sup>th</sup> Cycle RHNA by 2031.

#### APR Considerations for the End of the 5<sup>th</sup> Cycle of RHNA

Because this APR will be the final report on the 5<sup>th</sup> Cycle Housing Element and the City is in the process of certifying its 6<sup>th</sup> Cycle Housing Element, some of the affordable housing units that started in the 5<sup>th</sup> Cycle will be applied to the 6<sup>th</sup> Cycle of RHNA. While the 5<sup>th</sup> Cycle of RHNA will end on January 31, 2023, the projection period, or the period in which units in the planning phase or in production may be counted towards the 6<sup>th</sup> Cycle RHNA began on June 30, 2022. Therefore, units still in progress after June 30, 2022, RHNA will be counted towards the 6<sup>th</sup> Cycle of RHNA.

The projection period between the 5<sup>th</sup> and 6<sup>th</sup> Cycles of RHNA provides the City with an advantage moving forward in meeting its 6<sup>th</sup> Cycle RHNA, but it comes at the expense of falling 18 units short in the 5<sup>th</sup> Cycle for our Very-Low-Income units as these were still in progress after June 30, 2022.

As a result of this, the City will continue to be subject to streamlining provisions of SB 35 that require jurisdictions with insufficient progress towards the lower income RHNA to streamline development projects that propose over 50% affordability as a part of their project. To date, this

designation under SB 35 has not resulted in requests for streamlining, nor is it anticipated that this would be likely to occur.

**Current Progress Towards RHNA:**

	VERY LOW	LOW	MODERATE	ABOVE MODERATE
UNITS REQUIRED - 5 <sup>TH</sup> CYCLE RHNA	31	24	26	76
UNITS WITH A BUILDING FINAL AS OF 12/31/22	13	27	85	145
PERCENT OF UNITS	41%	112%	326%	190%

**Units Projected for the 6<sup>th</sup> Cycle RHNA:**

INCOME GROUP	2023-2031 RHNA	Pending, Approved or Permitted	Acquisition or Converted Units	Projected ADUs	Total Credits	Percent of RHNA
LOWER RHNA						
EXTREMELY LOW	83	16	22	16	54	-
VERY LOW	107	119	39	16	174	-
LOW	109	129	-	32	161	-
<b>LOWER, SUBTOTAL</b>	299	264	61	64	389	130%
MODERATE	49	43	-	32	75	153%
ABOVE MODERATE	128	503	-	10	513	401%
<b>TOTALS</b>	476	810	61	106	977	205%

The units projected to be counted towards the 6<sup>th</sup> Cycle of RHNA place the City in an exceptional position when it comes to meeting our State mandated RHNA over the next 8-year planning period. Because the City has a head-start on production, it will allow the City to focus on more local housing needs through the continued work of the Housing Element Work Group.

Should the City Council’s approve this Annual Progress Report, Staff will submit the City’s APR to the State by the April 1, 2023, deadline. The submission of this report will keep the City in compliance with Housing Element law.

**ENVIRONMENTAL STEWARDSHIP:**

Not applicable.

**ALTERNATIVES:**

The City Council may choose not to approve the submission of the City’s Annual Progress Report or make changes to the information in the report. Should the Council choose this course of action, staff would seek additional Council direction.

**FISCAL IMPACT:**

There is no fiscal impact associated with the proposed action.

**ENVIRONMENTAL ANALYSIS:**

The Annual Progress Report is an informational item required to comply with State reporting requirements on mandated plans and policies, which 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.

**ATTACHMENT(S):**

Table B - RHNA\_Progress\_2022

Jurisdiction	Healdsburg		<b>ANNUAL ELEMENT PROGRESS REPORT</b>	This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs.				
Reporting Year	2022 (Jan. 1 - Dec. 31)		<b>Housing Element Implementation</b>	Please contact HCD if your data is different than the material supplied here				
Planning Period	5th Cycle 01/31/2015 - 01/31/2023		(CCR Title 25 §6202)					

**Table B**

**Regional Housing Needs Allocation Progress  
Permitted Units Issued by Affordability**

		1	2								3	4	
Income Level		RHNA Allocation by Income Level	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total Units to Date (all years)	Total Remaining RHNA by Income Level
Very Low	Deed Restricted	31	1		12	-	-	-	-	-	-	13	18
	Non-Deed Restricted		-	-	-	-	-	-	-	-	-		
Low	Deed Restricted	24	3	1	20	-	1	2	-	-	-	27	-
	Non-Deed Restricted		-	-	-	-	-	-	-	-	-		
Moderate	Deed Restricted	26	2	3	-	-	1	2	-	-	-	85	-
	Non-Deed Restricted				29	12	17	16	-	3	-		
Above Moderate		76	39	22	16	40	13	15		4	-	149	-
Total RHNA		157											
Total Units			45	26	77	52	32	35	-	7	-	274	18