

Date: 8 December 2015  
To: David Mickealian  
Barbara Nelson  
Karen Massey  
From: Jim Heid  
Re: City of Healdsburg GMO  
Recommendations and  
Revisions

**MEMO**

- For Information
- For Review
- For Comment
- For Record

After 90 days of discussion and review, the Healdsburg Community Housing Committee (CHC) reached consensus on recommendations for revising the City of Healdsburg’s Growth Management Ordinance. The proposed recommendations are presented below. For a detailed description of the process, evaluation methodology and options explored, see the balance of this memo. **The complete recommendations as voted upon at 11/23 CHC meeting, and information suggested for Council Consideration are in the back of this report.**

**FRAMING RECOMMENDATION**

*Establish a **Housing Cycle** as the basis for planning, prioritizing and quantifying housing needs and actions related to Growth Management. The Housing Cycle will run concurrent with the City of Healdsburg’s Adopted Housing Element Update*

**GMO RECOMMENDATION #1**

*One year prior to the end of the City’s adopted Housing Element, conduct a review of the Growth Management Ordinance, to:*

- Reset Policies and Procedures to define the percentage of Cycle allocations to be designated DIRECTED ALLOCATIONS, and what purpose they should support relative to the goals and priorities identified by Housing Element Update
- Reset available annual allocations to equal 1% of total Current Housing Stock as identified by the Housing Element Update. (For this coming cycle - 1% of 4,906 Total Housing Units = 49 units per year)

**GMO RECOMMENDATION #2**

*At the start of the Housing Cycle, all potential allocations shall be made available for distribution in Year 1 and continue to be available until the end of the Housing cycle, at which point any unused allocations will sunset. The allocations shall be divided into two categories:*

- X%\* DIRECTED ALLOCATIONS\* used to incentivize development that fulfills stated community housing objectives, as defined by the adopted **Housing Action Plan**
- X%\* OPEN ALLOCATIONS available to projects that comply with allocation approval processes. (At the start of the next Housing Cycle, 392 Housing Allocations will be made available for distribution to projects following the existing allocation processes.)

*\* Percentages and role of Directed Allocations to be defined via the Housing Action Plan prior to the start of the Housing Cycle.*

## RECOMMENDATIONS DEVELOPMENT AND BACKGROUND

The recommendations evolved through committee deliberations that included 3 formal meetings, 5 study sessions and 1 public open house. Public attendance was encouraged at all work sessions and meetings, and was consistently 7-10 people. The public open house drew 50 people. Throughout the workshop process, those in attendance were offered regular opportunity to comment and share thoughts on evolving concepts being deliberated by the Committee.

In addition to recommendations specifically targeted to the Ballot Initiative, several complementary recommendations were developed by the Committee. These grew out of recognition that the larger housing goals of the community cannot be solved by GMO revisions alone.

The overarching strategy for revisions to the Growth Management Ordinance consists of two parts:

- **Part One** are 'Framework Concepts' which must be converted into ballot language for a public vote. These will create permanent revisions to the existing Growth Management Ordinance and should endure over the long term.
- **Part Two** are 'Policy and Procedure Revisions' which will need to be refined concurrent with the Ballot Initiative Drafting – from January through June 2016. These will be crafted during development of the **Housing Action Plan**<sup>1</sup> (to be completed in 2016) and acted upon by the City Council. The Policy and Procedures component sit outside of the GMO Ballot Initiative and thereby can be updated and revised consistent with policy goals over logical time intervals as community needs and objectives shift.

The desired outcome of this approach was to separate those components of the GMO that must go before a public vote and endure over the long term, from those that require some flexibility in order to achieve the City's specific, but changing housing goals. This strategy is in direct response to the Committee's desire to create a true Growth Management Ordinance, vs. the Growth Control Ordinance currently in place.

The CHC explored a number of options and recommendations through the course of their efforts. As a basis for evaluating potential revisions, informal criteria that the Committee often referred to included:

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<sup>1</sup> The Housing Action Plan is an outgrowth of City's Goal 1.3 in the City of Healdsburg Strategic Plan ' Pathway to Sustainability 2014-2019.



- Will the proposed revisions help the community fulfill its vision for Housing in Healdsburg<sup>2</sup>?
- Can the concept be easily explained, communicated and drafted into ballot language?
- Will the proposed revisions maintain the spirit and intent of the original GMO, while helping adapt and work better in meeting our community goals?

The evolving recommendations, developed over the last 30 days can be organized into five subject areas:

- **Defining a Housing Cycle by Which to Measure Progress** - Establishing a logical period of time for review and revision of GMO mechanics to stay current with community Housing needs. The Committee felt that a 'Housing Cycle' between 7-10 years would be long enough to reflect real estate design and development cycles, but short enough to allow refinement of community goals. Near the end of the Housing Cycle an established set of metrics<sup>3</sup> would be reviewed to evaluate how well policies are working and what revisions may be required to the Policies and Procedures prior to the start of the new cycle.
- **Number of Annual Allocations** - Adapting the number of annual allocations to reflect natural growth of the community. A 1% annual growth rate – measured over the full Housing Cycle - was a rate of growth the Committee felt was consistent with community expectations.
- **Accommodating/ Smoothing Out Housing Production Bursts** - Providing a mechanism to capture robust housing periods ('bursts'), that come in any housing cycle, without inadvertently distorting the pace and growth of the community. This included conversations about creating an initial pool of units at the start of the housing cycle to 'prime the pump' and make up for ground lost during the recession,

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<sup>2</sup> The Draft Vision for Housing in Healdsburg states: "In 2025, Healdsburg is a diverse community evidenced by an equally diverse housing stock - both type and price. Individuals at different life stages and economic levels can participate in a variety of lifestyles of their choosing - in active, welcoming neighborhoods."

<sup>3</sup> Some metrics discussed by the CHC include

- Decrease in community's median age
- Increase in deed-restricted housing as % of total stock
- Increased percentage of non-single family homes
- Increase in number of housing units available to median income buyers and renters
- Increased ratio of people living in town, working in town
- Increase in school populations
- Increase in mixed use buildings along Healdsburg Avenue



or being able to 'claw forward' future allocations to help an important project gain certainty of its allocations.

- **Expiration of Allocations** - Deliberations looked at having unused allocations continue from housing cycle to housing cycle. After considerable discussion the Committee recognized the community desires the certainty of the 'check and balance' of allocations sunsetting before a new cycle begins. However, the Committee did feel that having unused allocations sunset too quickly was creating undue scarcity and negatively impacting housing costs.
- **Incentivizing the development of 'Workforce or Missing Middle Housing'**. Based on a Housing Needs Assessment developed by EPS, this category came to be defined as housing available to households making 121-160% of AMI. This is a cohort whose income is too high to qualify for defined Affordable Housing, but too little to qualify for standard financing for market rate products. The Committee explored options that included exempting this category from the allocation process, making specific allocations only available to this category, or increasing the City's Inclusionary Housing Ordinance to require 15% Workforce Housing concurrent with the current 15% Affordable housing requirement.

In its final meeting the Community Housing Committee evaluated and discussed two alternative blocks of recommendations. This conversation yielded a simplified, consolidated set of recommendations. Each recommendation was individually and formally voted upon by the Committee following discussion among Committee members and an opportunity provided for public comment.

Each of the four final recommendations was passed unanimously by all nine members.

Because each recommendation was taken individually and sequentially, there was not an opportunity to review the aggregate package. Following the meeting, approved Recommendations were consolidated and refined to match language developed during discussion. Through this process one of the Recommendations was shown to be redundant and superseded by the final recommendation.



A final meeting of the Community Housing Committee has been requested to review the Final Recommendations and confirm consistency of the language and results. This will simplify the presentation and request made to the City Council.

The request to the City Council will be to approve the CHC's recommendations, at which point further public outreach and testing of the concepts will be undertaken – before the formal ballot measure is drafted. The Committee will have an opportunity to review the final Ballot Measure concurrent with the public. It will also be helpful if the Committee becomes actively involved in the public outreach process during January.

The final package of recommendations (attached) for presentation to the Healdsburg City Council on 12/21 references only TWO RECOMMENDATIONS that will now need to be crafted into the ballot measure. One additional recommendation (Adopt a Housing Cycle) would become an enabling mechanism for the Recommendations, but will not require public vote.

Two additional recommendations were made for City Council consideration, but will not be part of the Ballot drafting process. These include updating and refining the City's Inclusionary Housing Ordinance and taking under consideration a one time, initial pool of 100-150 allocations be added at the start of the 2016 Housing Cycle.



## COMMUNITY HOUSING COMMITTEE GMO FRAMEWORK CONCEPTS - FINAL RECOMMENDATIONS

December 2, 2015

THE FOLLOWING REFLECTS THE THREE PRIMARY RECOMMENDATIONS OF THE COMMUNITY HOUSING COMMITTEE THAT WERE UNANIMOUSLY APPROVED and HAVE BEARING ON THE VOTER INITIATIVE

<p><b>FRAMING RECOMMENDATION</b> <i>(Not a ballot measure issue)</i> Establish a <b>Housing Cycle</b> as the basis for planning, prioritizing and quantifying housing needs and actions related to Growth Management. The Housing Cycle will run concurrent with the City of Healdsburg's Adopted Housing Element Update.</p>	<p><i>The forthcoming Housing Cycle will run from 2016-2023. The Housing Element Update will begin in 2022.</i></p>
<p><b>GMO RECOMMENDATION #1</b> One year prior to the end of the City's adopted Housing Element, conduct a review of the Growth Management Ordinance, to:</p> <ul style="list-style-type: none"><li>• Reset Policies and Procedures to define the percentage of Cycle allocations to be designated DIRECTED ALLOCATIONS, and what purpose they should support relative to the goals and priorities identified by Housing Element Update</li><li>• Reset available annual allocations to equal 1% of total Current Housing Stock as identified by the Housing Element Update.</li></ul>	<p><i>For the coming Housing Cycle, annual allocations will be increased from the current 30 per year, to 1% of 4,906 Total Housing Units or 49 units per year.</i></p>
<p><b>GMO RECOMMENDATION #2</b> At the start of the Housing Cycle, all potential allocations shall be made available for distribution in Year 1 and continue to be available until the end of the Housing cycle, at which point any unused allocations will sunset.</p> <p>The allocations shall be divided into two categories X%* - DIRECTED ALLOCATIONS* used to incentivize development that fulfills stated community housing objectives, as defined by the adopted <b>Housing Action Plan</b> X%* - OPEN ALLOCATIONS available to projects that comply with allocation approval processes.</p> <p><i>* Percentages and role of Directed Allocations to be defined via the Housing Action Plan prior to the start of the Housing Cycle.</i></p>	<p><i>At the start of the next Housing Cycle, 392 Housing Allocations will be made available for distribution to projects following the existing allocation processes.</i></p>

THE FOLLOWING REFLECT OTHER DISCUSSION POINTS DURING THE COMMITTEE'S DELIBERATIONS THAT SHOULD BE DISCUSSED AS TO WHETHER THEY ARE TO BE PRESENTED TO COUNCIL.

<p><b>GMO RECOMMENDATION #3</b>          Housing Allocations that are not used in the year they are created, shall continue to accrue throughout the complete Housing Cycle. At the end of the Housing Cycle, unused and accrued annual allocations will be extinguished.</p>	<p><i>THIS RECOMMENDATION IS NO LONGER NECESSARY GIVEN FINAL OUTCOME OF RECOMMENDATION #2. The COMMITTEE IS ASKED TO REMOVE IT FROM THE LIST OF RECOMMENDATIONS.</i></p>
<p><b>FOR COUNCIL CONSIDERATION</b>  <i>(Would require being put on the ballot measure issue)</i></p> <p>At the start of the 2016 Housing Cycle, a ONE TIME pool of (100- 150) additional 'DIRECTED ALLOCATIONS' will be created to incentivize development that commits to fulfilling stated community housing objectives, as defined by the 2016 Housing Action Plan.</p>	<p><i>THIS MEASURE WAS ONLY SUPPORTED BY TWO MEMBERS OF THE COMMITTEE BUT THEY ASKED IT BE PRESENTED TO COUNCIL FOR THEIR CONSIDERATION</i></p>
<p><b>SUPPORTING RECOMMENDATION</b>  <i>(Not a ballot measure issue)</i></p> <p>The Committee recommends the City revise the existing Inclusionary Housing Ordinance to reflect a change to 15% affordable housing broken out as 7.5% meeting Low Income Requirements and 7.5% Moderate Income Requirements.</p>	<p><i>THE COMMITTEE NOTED THE IMPORTANCE OF REVISING THE IHO IN CONCERT WITH THE BALLOT MEASURE TO ACHIEVE AFFORDABLE HOUSING GOALS AND DEMONSTRATE A COMPLETE SOLUTION TO THE COMMUNITY</i></p>