# DOWNTOWN HOTEL DEVELOPMENT

Discussion and Possible Direction

August 20, 2018

CITY OF HEALDSBURG
CALIFORNIA    SINCE 1867

# Recommended Actions:

## Discuss staff report and provide direction

- Plaza Retail District
  - Limit the number of rooms allowed to 67 rooms, the number of rooms existing in 2018
- Downtown Commercial District
  - Limit new hotels to those that include no more than 15 rooms
  - Limit the number of rooms per City block to 15
- Hotel Inclusionary Requirement
  - Require new hotels, in any district, to off-set the housing demand they create by requiring them to construct onsite affordable units at the same time the hotel is constructed or pay an in-lieu fee
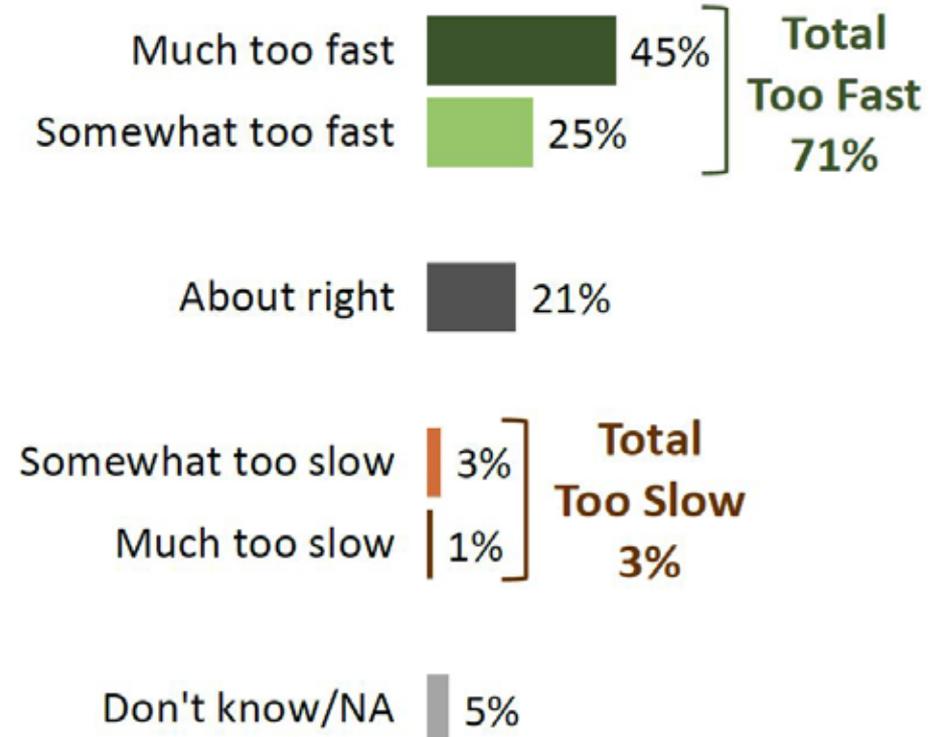
# Background

- **March 2014***: Report – *Recommendation of Future Hotel Supply Growth in Healdsburg, California* (2014)

- **January 2017**: Council discussion of inclusionary housing requirement for new lodging establishments

- **December 2017**: Presentation to City Council on CUPs as a means of regulating Downtown hotel development

- **February 2018**: Further discussion of CUPs as a means of regulating and/or restricting hotels downtown

- **February/March 2018**: Community Survey

# Community Survey Results - Hotels

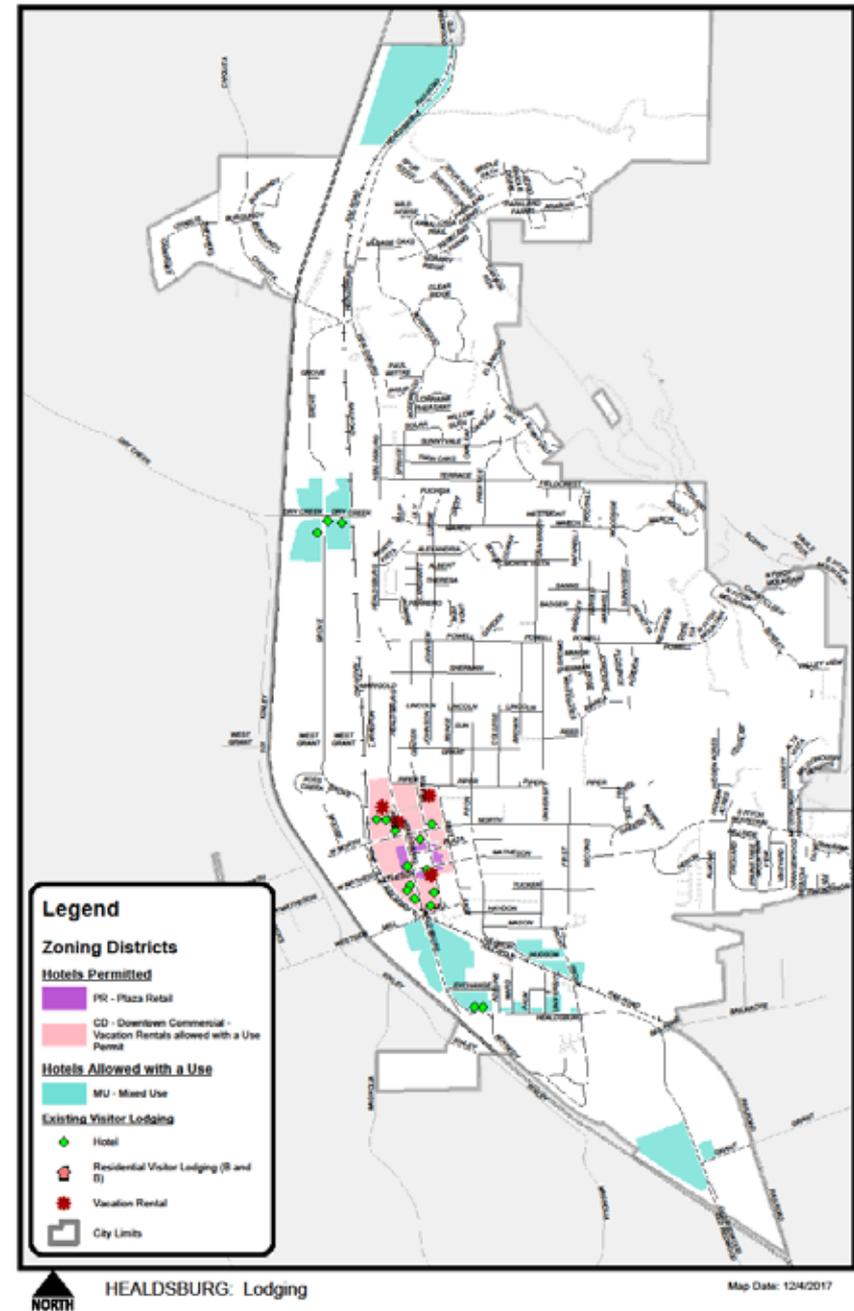Thinking about the number of hotels in Healdsburg, do you think there are too many, the right amount, or too few?
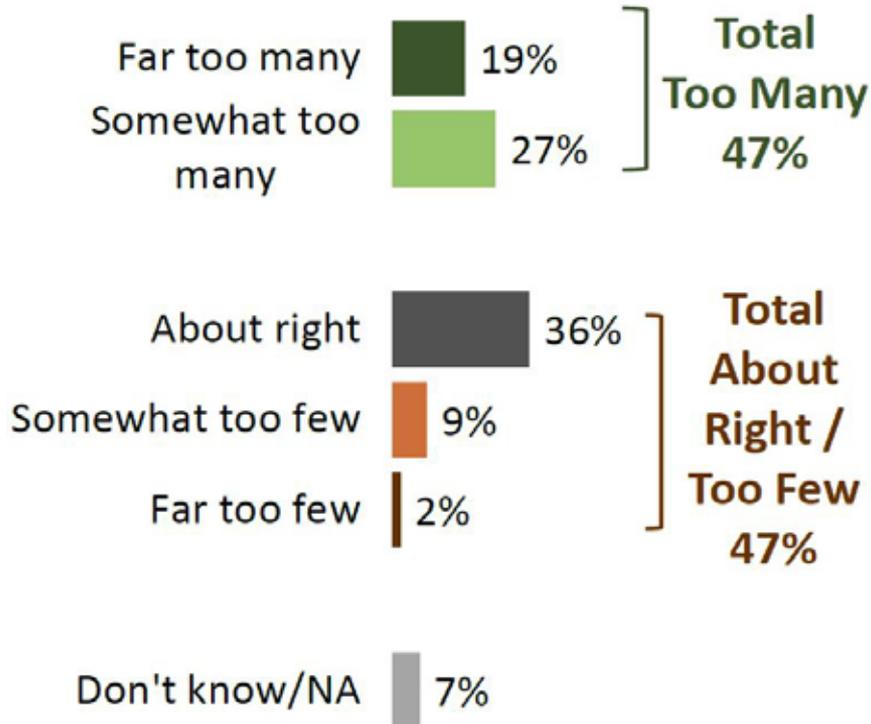
Do you think the rate of growth and development of hotels in Healdsburg is too fast, about right, or too slow?

Far too many — 19%
Somewhat too many — 27%
**Total Too Many 47%**

About right — 36%
Somewhat too few — 9%
Far too few — 2%
**Total About Right / Too Few 47%**

Don't know/NA — 7%

Much too fast — 45%
Somewhat too fast — 25%
**Total Too Fast 71%**

About right — 21%

Somewhat too slow — 3%
Much too slow — 1%
**Total Too Slow 3%**

Don't know/NA — 5%

# Summary of Current Hotel Regulations

- Plaza Retail District – Permitted by Right
- Downtown Commercial District – Permitted by Right
- Mixed Use District – Conditional Use Permit Required
- All Other Districts – Not Allowed

# Areas Where Hotels are Permitted as of Right and with CUP



Legend

**Zoning Districts**

Hotels Permitted

PR - Plaza Retail

CD - Downtown Commercial - Vacation Rentals allowed with a Use Permit

Hotels Allowed with a Use

MU - Mixed Use

Existing Visitor Lodging

Hotel

Residential Visitor Lodging (B and B)

Vacation Rental

City Limits

HEALDSBURG: Lodging

Map Date: 12/4/2017

# Current Overnight Lodging Establishments

**City of Healdsburg Lodging Facilities by Segment**

| Luxury | Rooms |
|---|---|
| Duchamp | 6 |
| Best of 52, LLC | 3 |
| Cypress House & Studio | 2 |
| Grape Leaf Inn | 12 |
| H2 Hotel | 36 |
| Healdsburg Inn on the Plaza | 12 |
| Healdsburg Modern Cottages | 4 |
| Honor Mansion | 13 |
| Hotel Healdsburg | 55 |
| Hotel Les Mars | 16 |
| Loft Healdsburg | 1 |
| Two Thirty Five | 3 |
| **Total** | **163** |

| Other | Rooms |
|---|---|
| All Seasons Suites | 2 |
| America's Best Value Inn & Suites | 38 |
| Dry Creek Inn | 163 |
| L & M Motel | 19 |
| Travelodge | 23 |
| **Total** | **245** |

| Bed & Breakfast | Rooms |
|---|---|
| Bella Luna Inn | 3 |
| Bella Villa Messina | 5 |
| Belle de Jour Inn | 5 |
| Calderwood Inn | 7 |
| Camellia Inn | 9 |
| George Alexander House | 4 |
| Grandma's Victorian Cottage | 1 |
| Haydon Street Inn | 8 |
| Healdsburg Guesthouse | 2 |
| Holcomb House | 2 |
| Howling Wine Jaunts | 1 |
| Piper Street Inn | 2 |
| Roost, The | 1 |
| **Total** | **50** |
| **Grand Total** | **458** |

# Site Availability & Current Hotel Projects

Current Projects (291 rooms)

- Hotel Trio – 122 rooms
- H3 – Harmon Guest House – 39 rooms
- Montage Healdsburg – 130 rooms

- Proposed Projects (173 rooms)
  - Mill District – 53 rooms
  - Quaker Hill – 120 rooms

# Downtown Zoning
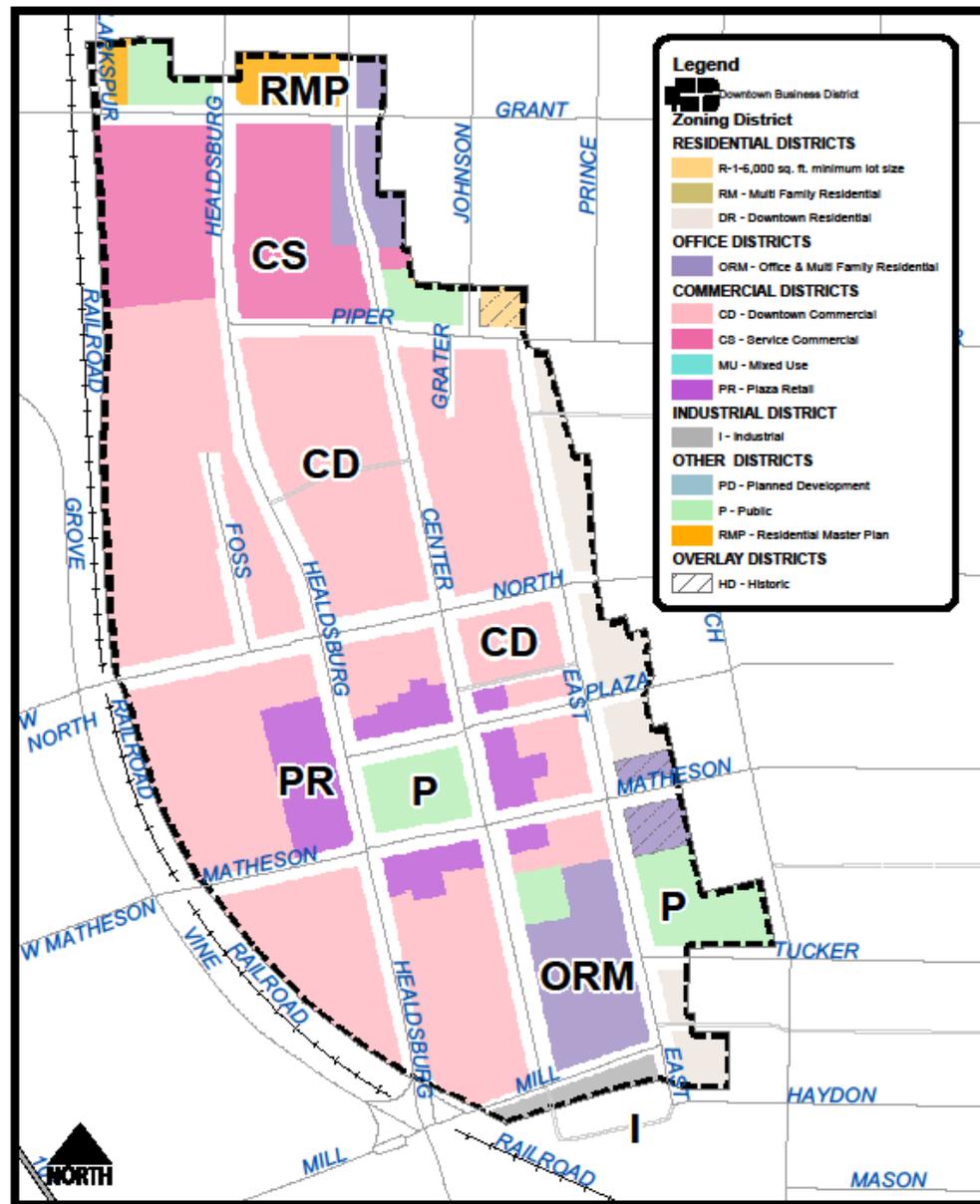


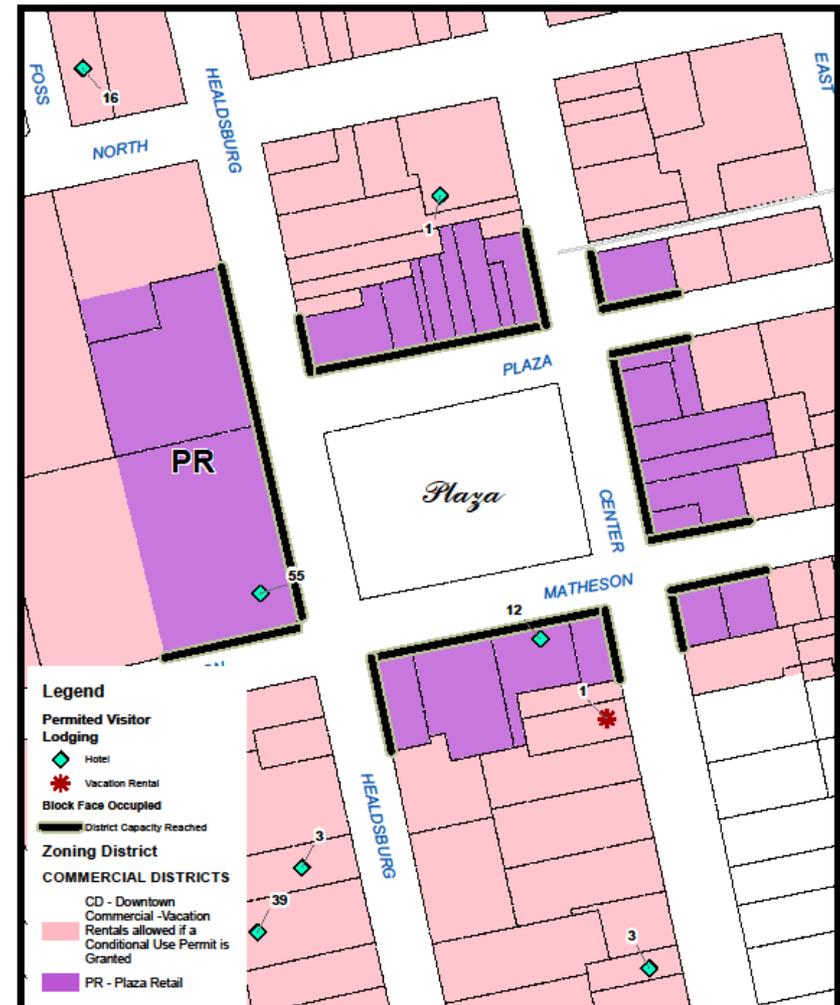Zoning Designations within the Downtown Business District

Map Date: 12/1/2017

# Plaza Retail District

## Recommendation:

- Limit the number of rooms allowed to 67 rooms, the number of rooms existing in 2018.

## Current Lodging Establishments

- Hotel Healdsburg - 55 Rooms
- Healdsburg Inn on Plaza – 12 Rooms



HEALDSBURG: Lodging In The CD and PR Districts    Map Date: 8/17/2018

# Downtown Commercial District

- Current Lodging Establishments
  - H2 Hotel – 36 rooms
  - H3 (Harmon Guest House) – 39 rooms
  - Hotel Les Mars – 16 rooms
  - Duchamp – 6 rooms
  - Single Thread – 5 rooms
  - Modern Cottages – 4 rooms
  - Inspirato (Wheelman House) – 3 rooms
  - Two Thirty Five – 3 rooms
  - All Seasons Vacation Suites – 2 rooms
  - Cypress House – 2 rooms
  - Dietz – 2 rooms
  - Rockhouse Suites – 2 rooms
  - Bacchi – Ivy House – 1 room
  - Loft Healdsburg – 1 room



HEALDSBURG: Lodging In The CD and PR Districts   Map Date: 8/20/2018
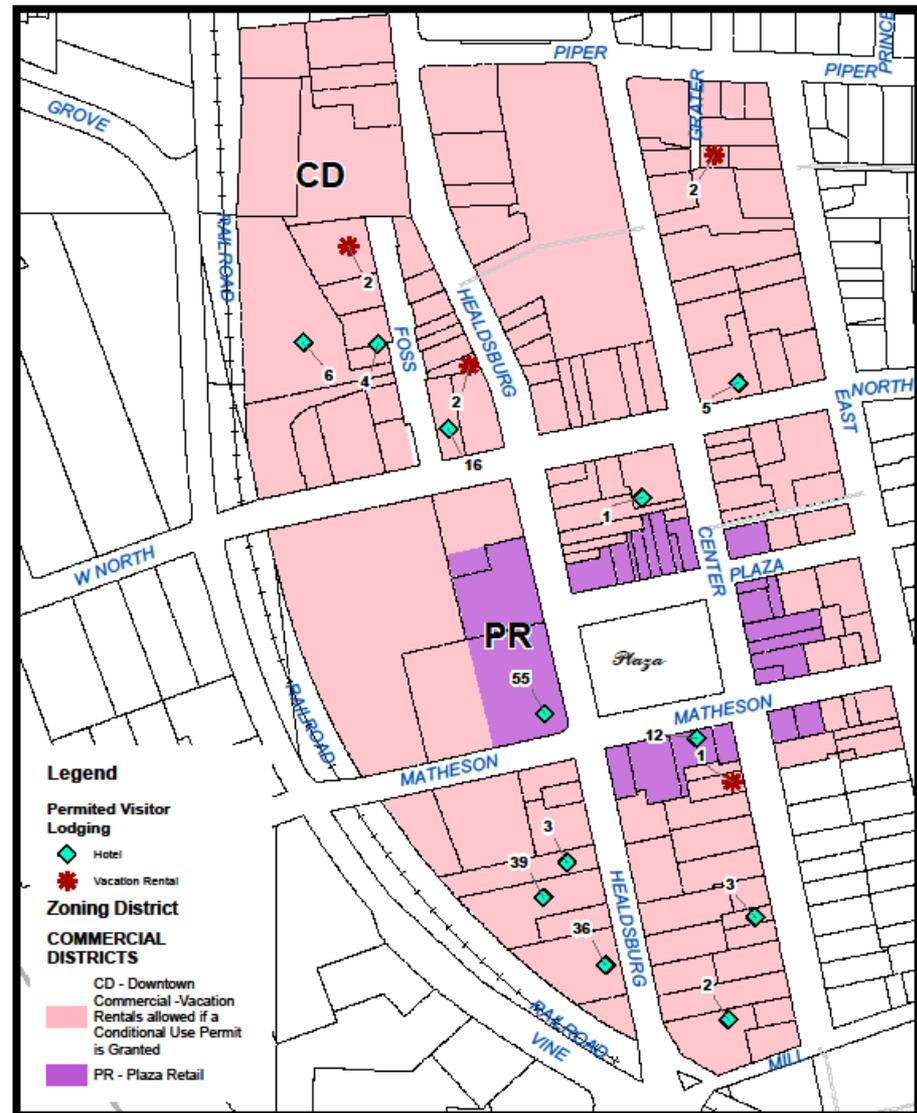
# Downtown Commercial District

Recommendation:

- Limit new hotels to those that include no more than 15 rooms

- Limit the number of rooms per City block to 15

- Require hotels to locate behind or above first floor retail space

- Prohibit hotels within the CD zone from fronting on streets also fronting on a residential district

- Require new hotels to meet parking requirements on-site, as is current practice but not codified

# Downtown Commercial District



HEALDSBURG: Lodging In The CD and PR Districts    Map Date: 8/20/2018

# Hotel Inclusionary Requirement

- Require new hotels, in any district, to off-set the housing demand they create by requiring them to construct onsite affordable units at the same time the hotel is constructed and / or pay an in-lieu fee
  - Number of affordable units required per hotel room
    - Ratio of 5:1 – one unit per five hotel rooms
  - Type and size of new lodging subject to requirement
    - Hotel projects of 5 or more units
  - Type of housing required
    - Very Low to Moderate income, mix of one and two-bedrooms
  - Alternative means of compliance
    - In-lieu fee, dedication of land, conversion of market rate units, other

# Example

- As an example, two hotel projects currently in the planning stages (173 rooms total):
  - 53-room hotel in the Mill District and a 120-room hotel in the North Village development under consideration
  - If the City imposed an inclusionary requirement of 1 affordable unit for every 5 hotel rooms, then 34 affordable units would be required to support these proposed hotels
  - Further analysis will be required to identify an equivalent fee that could be charged in lieu of providing on-site units

# Council Direction - Plaza Retail

Recommendation:

- Limit the number of rooms allowed to 67 rooms, the number of rooms existing in 2018

Potential Alternatives:

- Do nothing – hotel development could continue by-right in the PR District
- Expand the limit from staff's recommendation – Council could provide an alternative number above 67 rooms

# Council Direction – Downtown Commercial District

**Recommendation**:

- Limit the number of rooms for new hotels to 15 rooms
- Limit the number of rooms per City block to 15
- Require hotels to locate behind or above first floor retail space on a primary street frontage
- Prohibit hotels within the CD zone from fronting on streets also fronting on a residential district
- Require new hotels to meet parking requirements on-site, currently the City's practice, but not codified

- **Potential Alternatives**:
  - Do nothing – Hotel development could continue by-right in the DC District
  - Expand or contract the limit of 15 per block from staff's recommendation – Council could provide an alternative number above 15 rooms per hotel and per block
  - Consider limiting hotel development to block face – this would allow additional visitor lodging rooms to be built beyond staff recommendation
  - Consider putting a hard cap on the number of rooms in the CD similar to staff recommendation for the PR – this could create a cluster or concentration of hotels in one area if other controls are not put in place

# Council Direction – Inclusionary Housing

**Recommendation:**

- Number of affordable units required per hotel room
  - Ratio of 5:1 – one unit per five hotel rooms.
- Type and size of new lodging subject to requirement
  - Hotel projects of 5 or more units.
- Type of housing required
  - Very Low to Moderate income, mix of one and two-bedrooms
- Alternative means of compliance
  - In-lieu fee, dedication of land, conversion of market rate units, other

**Potential Alternatives:**

- Increase or decrease the ratio of 5:1 – this would increase the number of affordable units, could have a negative effect on the feasibility of smaller hotels to be built in the CD area
- Allow hotels with 4 or less rooms to pay an in-lieu fee
- Allow hotels in the CD to pay an in-lieu fee

# Recommended Actions:

## Discuss staff report and provide direction

- Plaza Retail District
- Downtown Commercial District
- Hotel Inclusionary Requirement

## Next Steps

- Based on Council direction, staff will begin the process of completing any appropriate studies and making the appropriate land use changes to present to the Planning Commission, then eventually to Council for formal adoption

QUESTIONS?

# Ratio of Population to Hotel Rooms

| Wine Country Hotel Supply and Population | | | |
|---|---|---|---|
| | Land Area (Square Miles) | 2012 Population | Hotel Rooms | Ratio of Population to Hotel Rooms |
| Healdsburg | 4.5 | 11,440 | 365 | 31.3 |
| Sonoma | 2.7 | 10,849 | 709 | 15.3 |
| St. Helena | 5.0 | 5,907 | 353 | 16.7 |
| Calistoga | 2.6 | 5,208 | 625 | 8.3 |
| Yountville | 1.5 | 2,965 | 401 | 7.4 |

Source: Smith Travel Research, U.S. Census Bureau

| | | |
|---|---|---|
| **Existing 2018** | **458 rooms** | **26.3*** |
| **Existing + Under Construction (UC)** | **749 rooms** | **16.1*** |
| **Existing + UC + Proposed** | **922 rooms** | **13.1*** |

 * Based on 2018 population estimate of 12,061