City of Sonoma
City Council
Agenda Item Summary

City Council Agenda Item: **SS-1**

Meeting Date: **05/16/16**

Department	**Staff Contact**
Planning	David Goodison, Planning Director

Agenda Item Title

Joint meeting of the City Council and the Planning Commission to discuss housing issues.

Summary

The City Council has invited the Planning Commission to participate in a joint study session to discuss issues and options for addressing Sonoma's housing needs. As staff understands it, the discussion is intended to be fairly open-ended, meaning that while the City's Regional Housing Needs Allocation would be part of the conversation, broader community housing needs, such as workforce housing and middle-income housing, are up for discussion as well. That said, because the purview of the Planning Commission pertains to land use, the joint meeting will focus on issues and ideas that are relevant to land use and zoning. The City Council may choose to have subsequent discussions of potential housing programs and funding concepts that are not directly related to land use regulations and incentives.

Recommended Council Action

Discuss and provide direction to staff.

Alternative Actions

N.A.

Financial Impact

N.A.

Environmental Review

- ☐ Environmental Impact Report
- ☐ Negative Declaration
- ☒ Exempt
- ☐ Not Applicable

Status

- ☐ Approved/Certified
- ☒ No Action Required
- ☐ Action Requested

Alignment with Council Goals:

The discussion of housing issues relates to the Housing goal, which includes the direction to: *"Implement strategies to facilitate creation of affordable rental and workforce housing; sustain or increase opportunities to continue the programs currently in place to maintain current affordable housing stock."*

Attachments:

1. Supplemental Report
2. Housing Element Implementation Update
3. Housing Opportunity Site Inventory
4. Affordable Housing Overlay Information and Examples
5. Junior Second Units: Talking Points
6. Draft Minutes and meeting notes

cc: Planning Commission

May 16, 2016
Agenda Item SS-1

M E M O

To: City Council and Planning Commission

From: Planning Director Goodison

Re: Joint meeting of the City and the Planning Commission to discuss housing issues

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Background

The City Council has invited the Planning Commission to participate in a joint study session to discuss issues and options for addressing Sonoma's housing needs. As staff understands it, the discussion is intended to be fairly open-ended, meaning that while the City's Regional Housing Needs Allocation would be part of the conversation, broader community housing needs, such as workforce housing and middle-income housing, are up for discussion as well. Because the purview of the Planning Commission pertains to land use, the joint meeting will focus on issues and ideas that are relevant to land use and zoning. The City Council may choose to have subsequent discussions of potential housing programs and funding concepts that are not directly related to land use regulations and incentives.

Defining Housing Needs

Sonoma's Regional Housing Needs Objectives: The starting point for discussing Sonoma's housing needs is the Regional Housing Needs Assessment (RHNA), also known as the "fair share" allocation. State law requires all regional councils of governments, including the Association of Bay Area Governments (ABAG), to periodically update the existing and projected housing needs for its region at various household income levels and determine the portion allocated to each jurisdiction within the region. When these updates occur, State Law further requires that each affected jurisdiction update its Housing Element to address the revised housing needs assessment. Based on the most recent RHNA, which was issued in 2013, the fair share allocation for the development of affordable housing that is addressed in Sonoma's Housing Element update (adopted in March 2015) is as follows:

Table 1: Sonoma's Regional Housing Needs Allocation by Household Income Category: 2015-2023

Very Low	Low	Moderate	Above-Moderate	Total
24	23	27	63	137

Source: ABAG.

The City's legal responsibility with regard to the Housing Element and its fair share allocation is to show that opportunities exist that allow for the units to be built. It is not the City's responsibility to fund and build every unit. Nonetheless, it is evident that the housing market will not produce low and very-low income units without substantial incentives, including financial assistance. While staff expects that the focus of the study session will be on affordable housing, it should be noted that almost half of the Sonoma's RHNA objective is for market-rate units.

Household Income: The most important factor affecting housing opportunity is household income. In order to define housing needs and opportunities in a consistent manner, the State of California identifies five income categories, which are modified based on household size (Sonoma's average household size in 2010 was 2.2 for owner households and 1.9 for renter households). The table below sets forth the five basic classifications and associated household income levels, updated for 2015.

Table 2: Household Income Categories and Income Limits

Income Category	% County Adjusted Median Income (AMI)	2015 Sonoma County Income Limits			
		1 person household	2 person household	3 person household	4 person household
Extremely Low	0-30% AMI	$17,400	$19,850	$22,350	$24,800
Very Low	31-50% AMI	$28,950	$33,050	$37,200	$41,300
Low	51-80% AMI	$45,500	$52,000	$58,500	$65,000
Moderate	81-120% AMI	$69,350	$79,300	$89,200	$99,100
Above Moderate	120%+ AMI	> $69,350	> $79,300	> $89,200	> $99,100

Source: California Department of Housing and Community Development, 2015 Income Limits.
*Sonoma County's 4-person Area Median Income is $82,600

Households with incomes below 30 percent of the area median (defined as extremely low income households) are considered at risk of homelessness.

In assessing housing affordability, a related concept to that of household income is "overpayment". Overpayment is defined as spending more than 30 percent of gross household income on housing. The most recent information in this regard comes from the 2010 census, which found that 55 percent of renters and 46 percent of homeowners in Sonoma overpaid for housing. The percentage of overpaying households was 12 percent higher than the County-wide average. As detailed in the Housing Element, an assessment of 2014 market rents showed that median rents in Sonoma were well above the level affordable for very low and low income households, pricing many of the community's lower income occupations out of the rental market. A similar assessment of 2013/2014 sales prices showed that single-family homes generally are beyond the level affordable to moderate-income (120% AMI) household, with the exception of some of the smaller units sold. However, while more limited in number than single-family homes, condominium sales prices are generally affordable to moderate income households.

Income Distribution: As shown in the following table from the City's Housing Element, there is a diversity of household income levels in Sonoma, but in comparison to the County as a whole, there is a somewhat larger proportion of households at both the lower income and the upper income levels. The median income in Sonoma was $63,262 in 2011. Unsurprisingly, a significant disparity exists between owner and renter households. The median income for an owner household was $90,764, more than twice the median income of renter households ($40,905). Nearly 15 percent of renter households had incomes of less than $35,000, compared with 13 percent of owner households. A higher percentage of renter households (10%) had incomes between $35,000 and $49,999 than owner households (3%).

Table 3: Household Income Distribution 2011

Income Level	Owner		Renter		Total	Sonoma County Percent
	Households	Percent of Total HH	Households	Percent of Total HH	Percent	
Less than $20,000	374	8%	368	7%	15%	13%
$20,000 - $34,999	265	5%	412	8%	14%	13%
$35,000 - $49,999	172	3%	493	10%	14%	13%
$50,000 - $74,999	287	6%	237	5%	11%	18%
$75,000 - $99,999	538	11%	132	3%	14%	14%
$100,000 - $149,999	510	10%	300	6%	16%	16%
$150,000 or more	742	15%	92	2%	17%	13%
Total households	2,888	59%	2034	41%	100%	100%
Median Income	$90,764		$40,905		$63,262	$64,343

Source: 2007-2011 American Community Survey (from City of Sonoma Housing Element.

Meeting RHNA Objectives

2007-2013 RHNA: Sonoma's previous RHNA totaled 353 units. As shown on the table below, a total of 156 units were constructed, of which approximately half (77 units) were divided between two affordable housing developments, Sonoma Valley Oaks (a rental development) and the Wildflower subdivision (an ownership development). In addition, 7 inclusionary units were built, all at the moderate income level. The inclusionary units represent a relatively low percentage of units built because few market-rate projects constructed during the review period exceeded the 5-unit threshold at which inclusionary units are required. The 2007-2013 RHNA period coincided with a deep recession and the overall level of housing development was much less than anticipated. Because the City had access to redevelopment funds designated for affordable housing, it remained able to implement housing projects during this period. As a result, more than half of the units constructed during the previous RHNA term were covenanted affordables.

Table 4: 2007-2013 RHNA Objectives			
Income Level	**RHNA Construction Objectives**		
	Goal	**Accomplished**	**% Achieved**
Very Low (31-50% AMI)	73	40	55%
Low (51-80% AMI)	55	31	56%
Moderate (81-120% AMI)	69	24	35%
Above Moderate (>120% AMI)	156	61	39%
Totals	**353**	**156**	**44%**

2015-2023 RHNA: In comparison to the its 2007-2013 RHNA, Sonoma's current RHNA objectives, totaling 137 units, are substantially reduced (see Table 1). That said, meeting them at the lower income levels may be challenging as the City's primary local source of funding for affordable housing—the Low/Moderate Housing Redevelopment set-aside—has been eliminated. Typically, the most difficult units to produce are those at the Very Low and Low income levels, for which the RHNA objectives are 24 units and 23 units, respectively. To meet this need, the Housing Element focuses on the development of a site located at 20269 Broadway with an affordable rental project, seeking a minimum of 39 units. This objective is set forth Implementation Measure 2, "Land Assembly and Write-down". The Broadway site was purchased by Sonoma's Community Development Agency in 2007 with the intent of developing it with affordable housing. In 2012, ownership of the site was transferred from the Agency to the Sonoma County Community Development Commission as a result of the termination of redevelopment agencies throughout California.

Since that time, the City has been working with the CDC to assure that the site is used for its intended purpose. This process is on track, as in 2015 the CDC issued a request for proposals to identify a non-profit development partner to assist it in developing affordable housing on the site, which led to the selection of Satellite Affordable Housing Associates (SAHA). SAHA has proposed a project of 49 units, including 19 one-bedroom apartments, 15 two-bedroom apartments and 15 three-bedroom apartments. The average level of affordability would be at 45.5% of the Area Median Income (AMI), with 16 units affordable to extremely-low income individuals and households at 30% AMI. Ten units would be reserved for veterans, of which five would be set aside for disabled veterans and five for homeless veterans. The estimated development cost of approximately $20,500,000 relies upon 9% tax credit financing, a competitive funding program available for rental affordable housing. If implemented, the Broadway project would substantially achieve Sonoma's 2015-2023 RHNA objectives for housing at the Very Low and Low income levels. (Note: while seniors would eligible to reside in the project, it would not be age-restricted.)

With regard to moderate income housing, for which the RHNA objective is 27 units, the Housing Element identifies the City's inclusionary requirement as the main program source. Since the current economic environment is more favorable to market-rate housing development—which the inclusionary ordinance relies upon—this objective appears achievable over the eight-year term of the RHNA period. As a starting point, in 2015, 5 moderate income inclusionary units

were constructed. Another 12 have been approved but are not yet built. Between the development of the Broadway site with very-low and low income affordable apartments and the expected development of moderate income inclusionary units, it seems likely that Sonoma can meet its current RHNA objectives using existing housing programs and implementation measures.

Seniors and Senior Housing

Seniors represent one of Sonoma's larger special needs groups with respect to housing. As detailed in the Housing Element, senior citizens (65 years and older) represent 25 percent of the community, significantly greater than the 14 percent seniors countywide. Seniors often have special housing needs due to limited income, higher health care costs, and physical limitations. Senior households are defined as households with one or more persons over the age of 65 years. The 2010 Census identified 1,831 senior households, comprising 37 percent of Sonoma households. About 63 percent of those senior households were lower income, earning less than $50,000 annually. Over two-thirds of the City's senior households lived alone, encompassing 1,244 seniors. Two-thirds of Sonoma senior households were homeowner households, and one-third of these homeowners expended more than 35 percent of income on housing. One-third of Sonoma's seniors were renters, and nearly three-quarters of these renters (73%) overpaid for housing (over 30% of income spent on rent). The City and has actively supported the development and preservation of affordable rental housing for seniors, including Village Green (34 units), Sonoma Creek Apartments (34 units), Cabernet Apartments (7 units), and Maysonnave Apartments I and II (18 units). In addition, Sonoma has accommodated a number of of senior congregate care facilities addressing a wide range of living arrangements, including Wine County House, Sonoma Hills, and Vintage Sonoma.

Mobile homes are an important housing resource for seniors. Since 1993, the City has implemented a mobile home park rent control ordinance as a means of preserving the affordability of its mobile home parks. For those residents not on long-term leases, the ordinance ensures stable rents. However, park owners are permitted to charge a new base rent for a mobile home space whenever a coach-in-place sale or lawful space vacancy occurs. As called for in the Housing Element, the City Council recently completed a comprehensive update of the City's mobile home park rent control ordinance. The Housing Element also includes a related implementation measure calling for consideration to be given to establishing a "Senior Only" zoning overlay that could be applied to the mobile home parks within city limits. By way of the background, each of the City's mobile home parks was originally developed as a senior-only facility, but this was at the choice of their respective developers. Within the past five years, the Moon Valley Mobile Home Park recently converted to an all-age facility, but Pueblo Serena and Rancho de Sonoma remain senior-only. In some communities, restrictions have been adopted, including zoning overlays, that regulate or prohibit the conversion of senior-only parks to all-age facilities as a means of preserving senior housing.

The Homeless

The County of Sonoma, through the Community Development Commission, conducts "point-in-time" homeless surveys during the last two weeks of January. The 2015 survey (the most recent available) identified 131 homeless individuals in unincorporated area of Sonoma Valley and 27

homeless individuals within the city limits of Sonoma (down from 62 in 2013). Of the 27 persons counted within city limits, 14 were sheltered. The City maintains an emergency shelter at 151 First Street West (on the Police Station property), constructed in 2008. The shelter has a maximum capacity of 12 beds and the maximum stay is four months. The shelter typically operates at 80 to 90 percent capacity, although during busy times there can be a waiting list. The City contracts with the non-profit Sonoma Overnight Support (SOS) to run the shelter. SOS, in turn, maintains relationships with a variety of County agencies and non-profit organizations to help provide assistance and long-term housing options to its clients.

"Workforce Housing"

In discussions of housing and and housing development, reference is often made to "workforce housing" and housing that is affordable in a relative sense, as opposed to covenanted affordable housing, which is subject to restrictions on rent or resale levels. There is no single accepted definition of workforce housing, but in essence it refers to housing that is affordable to workers and close to their jobs. In terms of the more formal definitions discussed above, the income range commonly associated with "workforce housing" is from 60 - 120% of area median income. However, this income range highlights a problem with the term in that, as shown in Table 5, below, there are number of occupations commonly found in Sonoma resulting in household incomes significantly less than that range. In other words, low wage jobs are part of the work force and a rental unit affordable at the low income level is as much a workforce housing unit as a condominium or PUD affordable at the 120% income level.

Table 5: Sonoma County Wages for Select Occupations - 2013

Very Low Income (< $33,050 - 2 person household)	**Hourly Wage**	**Annual Income**	**Max. Monthly Affordable Housing Cost**
Wait Staff	$10.73	$22,311	$558
Home Health Aides	$11.50	$23,914	$598
Restaurant Cooks	$12.18	$25,335	$633
Child Care Workers	$12.76	$26,546	$664
Janitors and Cleaners	$13.03	$27,092	$677
Security Guards	$13.39	$27,855	$696
Retail Salespersons	$13.62	$28,322	$708
Low Income ($33,051 -$52,000 - 2 person household)	**Hourly Wage**	**Annual Income**	**Max. Monthly Affordable Housing Cost**
Emergency Medical Technicians and Paramedics	$18.00	$37,449	$936
Transit Bus Drivers	$18.24	$37,935	$948
Customer Service Representatives	$19.05	$39,613	$990
General Maintenance and Repair Workers	$20.79	$43,243	$1,081
Bookkeeping, Accounting, and Auditing Clerks	$20.82	$43,307	$1,083
Construction Laborers	$21.74	$45,237	$1,131
Graphic Designers	$24.90	$51,788	$1,295

Moderate Income ($52,001 - $79,300 - 2 person household)	Hourly Wage	Annual Income	Max. Monthly Affordable Housing Cost
Computer Support Specialists	$27.75	$57,733	$1,443
Elementary School Teachers	n/a	$58,259	$1,456
Architectural and Civil Drafters	$29.03	$60,377	$1,509
Librarians	$32.67	$67,962	$1,699
Accountants and Auditors	$34.89	$72,560	$1,814
Loan Officers	$36.17	$75,221	$1,881
Real Estate Agents	$36.33	$75,547	$1,889

Source: California Occupational Employment Statistics 2013 (1st Quarter) – Santa Rosa - Petaluma MSA (Sonoma County) Income categories based on two person household with single wage earner.
Max affordable housing cost based on standard of 30% of income on housing, including rent/mortgage, utilities, taxes, insurance, HOA fees.

A breakdown of occupations held by Sonoma residents is available from the 2007-2011 American Community Survey. Educational, Health, and Social Services was the leading industry (23%), followed by Arts, Accommodation and Food Services (15%); Professional scientific, management and administrative (10%); Retail Trade (10%); and Manufacturing (9%). Approximately 30 percent of jobs were in lower paying retail, hospitality, construction, and service-related industries, with wages that present a challenge to finding affordable housing within the City.

Table 6: Occupations of Employed Sonoma Residents in 2011

Industry Sector	Sonoma		County
	Number	Percent	Percent
Educational, health, and social services	1,141	23%	20%
Arts, entertainment, recreation, accommodation, and food services	728	15%	9%
Professional, scientific, management, administrative, and waste management services	521	10%	11%
Retail trade	482	10%	13%
Manufacturing	443	9%	10%
Finance, insurance, real estate, and rental and leasing	366	7%	7%
Construction	364	7%	8%
Public administration	309	6%	4%
Other services (except public administration)	237	5%	6%
Wholesale trade	166	3%	3%
Transportation and warehousing, and utilities	89	2%	3%
Information	92	2%	2%
Agriculture, forestry, fishing and hunting, and mining	41	1%	3%
Employed civilian population 16 years and over	4,979	100%	100%

Source 2007-2011 American Community Survey

In addition to employment and household income, another element related to the concept of workforce housing is the commute pattern. Table 7, below, shows the commute times for Sonoma's workforce as of 2012. Of the 4,110 workers in Sonoma 16 years old or older who work outside the home, 39 percent, or 1,594 workers, have a travel time to work of 15 minutes or less. The majority of Sonoma's workers, 67 percent, drive to work alone, 11% walk or bike, while only 2% use transit. Approximately 11% of the workforce works from home.

Table 7: 2012 Travel Time to Work			
	Sonoma		**California**
Workforce	4,110	110%	15,466,086
Travel Time	**Number**	**Percentage**	**Percentage**
Less than 15 minutes	1,594	38.8%	25.2%
15-29 minutes	843	20.5%	35.8%
30-44 minutes	529	12.9%	21.1%
45 minutes or more	1,144	27.8%	17.9%

Source: City of Sonoma Circulation Element Background Report/2008-2012 American Community Survey

The most critical distinction to made about the concept of workforce housing is that it refers to units that are not restricted by affordable housing covenants. This does not mean that such units lack value in terms of meeting community housing needs. For example, in a recently approved 11-unit apartment project, two units were subject to the City's inclusionary requirement and will therefore be subject to restrictions on rents and household income. The other nine units would be market-rate. Those market rate units, once built, will also contribute to the City's stock of rental housing and, in a relative sense, they will be more affordable than many other types of units. Similarly, the seven-unit condominium development under construction at 405 Fifth Street West will include one inclusionary unit, but as relatively small townhomes, all of the units will contribute to the diversity of the City's housing stock. All of that said, it is staff's view that the term "workforce housing" has limited value in terms of developing and implementing land use regulations, because it is not well defined and the units to which the term refers are ultimately not restricted in price or rent.

Housing Element Sites Inventory

A required component of every Housing Element is a site inventory, which is described by the Department of Housing and Community Development (HCD) as follows:

The element must include a detailed land inventory and analysis including a site specific inventory listing properties, zoning and general plan designation, size and existing uses; a general analysis of environmental constraints and the availability of infrastructure, and evaluation of the suitability, availability and realistic development capacity of sites to accommodate the jurisdiction's share of the regional housing need by income level.

The site inventory in Sonoma's Housing Element identifies nine properties within city limits having an estimated development capacity to accommodate an estimated 314 very low and low income units, 15 moderate income units, and 72 above-moderate income units (see attached). An additional 10 sites identified in the inventory are located outside of city limits but within the sphere of influence, mainly in the Four Corners area (in the vicinity of Broadway and Napa/Leveroni Road). In combination with projects that were approved but built at the time the

Housing Element was adopted, the inventory demonstrates that there is sufficient land capacity within city limits at the proper density to accommodate Sonoma's RHNA.

Table 8: Site Capacity Compared to RHNA			
Income Level	**Very Low/Low**	**Moderate**	**Above-Moderate**
RHNA	47	27	63
Site Capacity	314	15	72
Units in Process	1	15	96
Capacity v. Net RHNA	+280	+3	+105

As shown in the table above, the inventory shows excess development capacity compared to the RHNA objectives. Having excess capacity is necessary because the City cannot necessarily dictate that any particular site included in the inventory will developed at a particular level of affordability. To put it another way, the inclusion of a site in the inventory does not represent a mandate that it be developed with affordable housing or with housing of any particular type or density, except as regulated by the site's land use and zoning designation. The inventory is simply a demonstration of land capacity. It should also be noted that affordable units can and will be developed in sites that are not included in the inventory. For example, the Planning Commission recently reviewed a development concept for a property at 870 Broadway, not included in the inventory, that called for 30 residential units (at a density of 16 units per acre), including six inclusionary affordable units. An observation staff would emphasize about the sites inventory is that, per State law, its purpose is to demonstrate the capacity to meet the City's RHNA objectives. Except for market-rate units, of course, these objectives are met through the development of covenanted affordable housing.

Additional Concepts for Promoting Affordable Housing

The purpose of the joint study session is to discuss concepts for promoting the development of affordable housing, including housing that may not be income restricted by covenant, but that is likely to be relative affordable due to a smaller size or based on unit type (e.g., apartments and condominiums). As a starting for discussion, some broad concepts that the City Council and Planning Commission may wish to discuss are as follows:

1. *Cottage Housing:* As suggested by the Planning Commission, the recently updated Housing Element includes a new program though which Development Code would be amended to accommodate "Cottage Housing". This direction is set forth in Implementation Measure H-5, "Alternative Housing Models:"

   Sonoma recognizes the changing housing needs of its population, including a growing number of non-family households, aging seniors in need of supportive services, and single-parent families in need of childcare and other services. To address such needs, the City can support the provision of non traditional and innovative housing types to meet the unique needs of residents, such as co-housing, shared housing, and assisted living for seniors, among others. Two unique housing typologies the City is particularly interested in pursuing are cottage housing and junior second units.

Cottage housing developments are groupings of small, attached or detached single-family dwelling units, often oriented around a common open space area, and with a shared area for parking. Cottage housing is typically built as infill development in established residential zones and can provide increased density and a more affordable alternative to traditional single-family housing. Rather than codifying all parameters of cottage development, a more flexible approach of design guidelines and design review may be appropriate.

Per the Housing Element, the objective is to have Development Code amendments in place by 2017. A Cottage Housing ordinance represents an allowance/incentive, not a requirement.

2. *Junior Second Units:* Implementation measure H-11a of the Housing Element also calls upon the City to evaluate and adopt standards junior second units. "Junior Second Units" are attached second units typically created through the conversion of an existing bedroom or other extra room within a residence. A Junior Second Unit is limited in size, even in comparison to a standard second unit, and features an efficiency kitchen. The Junior Second Unit concept is much less expensive to implement than a standard second unit, because it is a retrofit rather than new construction. A set of talking points further explaining the concept (forwarded to staff by Mayor Gallian) is attached.

3. *Mobile Home Park Senior Overlay Zone: MH "Senior-Only" overlay.* Implementation measure H-11a of the Housing Element calls upon the City to "evaluate regulatory mechanisms, such as a senior-only zoning overlay, for mobile home parks to maintain to senior-only occupancy restrictions."

4. *Update Inclusionary Requirement/Develop Housing Impact fees:* The Housing Element calls for a review and update of the inclusionary requirement, in which residential developments of five or more units provide a percentage of affordable housing. This review is proposed because the moderate income affordable units that are typically provided by developers under this program are often comparable in price to market-rate condominium units, making them difficult to re-sell. It may be preferable to require fewer units at the low income level of affordability. As a related task, a nexus study providing a basis for housing impact fees on residential and commercial development will be prepared as a means of partially off-setting the loss of redevelopment funds for affordable housing programs. This program is in process and the City Council recently selected a consultant to help implement it.

5. *Minimum Density Requirement:* The City could consider establishing a minimum density requirement for development in the Mixed Use zone. This could be a difficult problem, however, as the Mixed Use zone is applied to a wide range of property types, not all of which are appropriate for residential development. As it is not contemplated in the Housing Element, Council authorization would be required to pursue this direction. Amendments to the General Plan would be required to implement this concept.

6. *Overlay Zone Requirements and Incentives:* The City could consider reviving the affordable housing overlay concept. Typically, a housing overlay zone combines incentives, such as density increases, allowances for greater height and reduced parking, and even fee waivers, with requirements for a minimum number or percentage of covenanted affordable housing

units at designated income levels. Staff would note that most if not all of the zoning incentives available though a housing overlay zone are already allowed for through the density bonus process. Depending on how it is implemented, this approach could establish requirements, not just incentives. As it is not contemplated in the Housing Element, Council authorization would be required to pursue this direction. Amendments to the General Plan would be required to implement this concept. Information and examples of the housing overlay zone concept are attached.

7. *Redesignate Additional Sites as "Housing Opportunity":* The City already has a General Plan land use designation of "Housing Opportunity" that establishes a relatively high minimum density and prohibits uses other than housing. This designation could be applied to other parcels within city limits or the sphere of influence through a General Plan amendment process. If applied to a property currently designated Mixed Use, this change would preclude any commercial component. As it is not contemplated in the Housing Element, Council authorization would be required to pursue this direction.

8. *Maximum Unit Sizes/Limitations on Unit Types:* The City could consider developing General Plan and zoning requirements that specify a maximum median unit size in certain zoning districts, possibly in conjunction with limitations on unit types. Staff is looking for examples of this approach, but have yet to find any relevant to Sonoma. Amendments to the General Plan and the Development Code would be required to implement this concept. As it is not contemplated in the Housing Element, Council authorization would be required to pursue this direction.

9. *Increased Inclusionary Requirement for Mixed Use Development:* In a preliminary discussion of housing issues and conducted by the Planning Commission at its meeting of April 14, 2016, the suggestion was made to require an increased inclusionary requirement for mixed use developments, on the premise that the commercial component could help support the provision of additional affordable housing. The enhanced inclusionary requirement could take the form of a lower level of affordability or a larger percentage of affordable units. This concept could perhaps be discussed as part of the pending update of the inclusionary ordinance (see item 4, above).

10. *Four Corners Area:* Evaluate the Gateway Commercial designation applied to the Four Corners area (Broadway and Napa/Leveroni Road) as an opportunity for the development of higher density housing clustered around a commercial subcenter.

With respect to the concepts discussed under #6 and #7, staff would note that the Housing Opportunity Land use designation has in the past only been employed in situations where the City owned or controlled the property or following extensive consultation with the property owner.

Recommendation

Discuss and provide feedback to staff.

Housing Element Program Progress Summary

Housing Program	Program Goal/Objective	Target Time Frame	Current Status
Housing Diversity			
H-1 Inclusionary Housing Ordinance	Integrate affordable units within market rate development. Re-evaluate City's inclusionary program, and amend to strengthen and improve effectiveness.	Amend Ordinance by 2017.	**On schedule.** City Council scheduled to select consultant for this task on April 20th. (See also H8)
H-2 Land Assembly and Write-Down	Facilitate development of affordable housing. Coordinate with County Housing Authority in issuance of RFP for the Broadway site; develop with minimum 39 low income rental units.	2015- Issue RFP 2018- Complete construction on the Broadway site.	**On schedule.** RFP was issued by CDC in 2015 and a Development partner has been selected (Affordable Housing Associates). The neighbor outreach and predevelopment process are underway. The City Council has contributed $100,000 to fund predevelopment costs.
H-3 Partnerships with Affordable Housing Developers	Build partnerships with affordable housing providers. Partner with non-profits by providing incentives. Work with County on farmworker housing needs.	Annually meet with County representatives re: potential funding applications.	Ongoing.
H-4 Adaptive Reuse	Introduce housing in non-residential areas, restore buildings, and provide live/work space. Evaluate elimination of vacation rentals.	Evaluate ordinance modifications by 2018.	**Ahead of schedule.** Ordinance eliminating vacation rentals an adaptive re-use option will be reviewed by the City Council on April 20th.
H-5 Alternative Housing Models	Support the provision of non-traditional, innovative housing types to meet unique needs. Offer flexible zoning to foster alternative housing types. Evaluate and adopt standards for cottage housing and junior second units.	Adopt development standards for cottage housing and junior second units by 2017.	Program not yet initiated.
H-6 Second Dwelling Units	Evaluate prohibiting use of second units as vacation rentals.	Evaluate ordinance revisions by 2017.	**Ahead of schedule.** Ordinance prohibiting the use of second units as vacation rentals will be reviewed by the City Council on April 20th.

Housing Program	Program Goal/Objective	Target Time Frame	Current Status
Housing Affordability			
H-7 Affordable Housing Funding Sources	Leverage local funds to maximize assistance. Actively pursue variety of funding sources for affordable housing. Support developers in securing outside funding.	Annually as RFPs are issued.	Ongoing. Current priority is the Broadway project.
H-8 Affordable Housing Impact Fees	Require residential and non-residential development to offset their impact on affordable housing demand through payment of an impact fee. Conduct a nexus study to evaluate the establishment of an affordable housing impact fee on residential and non-residential development.	Conduct nexus study by 2017.	On schedule. City Council scheduled to select consultant for this task on April 20th. (See also H8)
H-9 Section 8 Rental Assistance	Assist extremely low and very low-income households with rental payments. Encourage landlords to register units with Housing Authority; prepare handout for rental property owners.	Ongoing.	Ongoing.
Housing and Neighborhood Preservation			
H-10 Housing Rehabilitation Program	Maintain quality of housing stock. Advertise availability of program on website and via handouts. Seek to assist 30 lower income households.	Assist 30 households by 2023.	Ongoing.
H-11 Mobile Home Park Rent Stabilization and Conversion Ordinance	Maintain mobile home parks as important source of affordable housing. Enforce mobile home park rent stabilization and conversion ordinances. Evaluate strengthening the City's existing ordinance.	2015 - evaluate strengthening ordinance.	**Complete.** Council introduced an ordinance implementing a comprehensive update of MH rent control regulations at its meeting of April 4, 1016.
H-11a Mobile Home Park Senior-Only Occupancy Restrictions	Maintain age restrictions in senior-only parks as a means of preserving senior housing. Evaluate regulatory mechanisms, such as a senior-only zoning overlay, for mobile home parks to maintain to senior-only occupancy restrictions.	2015 - evaluate regulatory mechanisms 2016 - adopt ordinance as deemed appropriate.	**Behind schedule.** Program not yet initiated. This program was postponed, pending the completion of the update of the rent control regulations.

Housing Program	Program Goal/Objective	Target Time Frame	Current Status
H-12 Condominium Conversion Ordinance	Provide protections for tenants in apartments and mobile homes proposed for conversion. Implement condominium and mobile home park conversion regulations.	Ongoing.	Ongoing.
H-13 Preservation of Assisted Rental Housing	Preserve the existing affordable housing stock at risk of conversion to market rents. Initiate discussions with property owners; explore outside funding and preservation options; offer preservation incentives to owners; provide technical assistance and education to affected tenants.	Contact property owners within one year of potential expiration and complete other steps as necessary.	Ongoing.
H-14 Affordable Housing Monitoring/ Annual Report	Provide monitoring and annual reporting of the Housing Element implementation progress, in compliance with State law. Review the Housing Element on an annual basis, provide opportunities for public participation, and submit annual report to the State.	By April 1st every year.	Ongoing.
H-15 Design Guidelines and Design Review	Ensure excellence in architectural and community design. Continue to implement Sonoma's design review process.	Ongoing	Ongoing.
Removing Governmental Constraints			
H-16 Growth Management Ordinance-Exception for Affordable Housing	Ensure growth management policies do not hinder affordable housing production or attainment of regional housing needs. Annually review effects of GMO on production of affordable housing and modify as necessary to provide adequate incentives consistent with Sonoma's current and future regional housing needs.	Annually.	Ongoing.

Housing Program	Program Goal/Objective	Target Time Frame	Current Status
H-17 Parking Incentives and Modified Standards	Incentivize development of affordable, special needs, mixed use, live- work, and pedestrian oriented housing. Provide parking reductions on affordable projects, and other projects which meet community goals Re-evaluate multi-family parking standards and modify as appropriate.	Ongoing incentives. Re-evaluate standards by 2015.	**In progress/Behind schedule.** The City is revisiting its parking standards, but this program is behind schedule.
H-18 Affordable Housing Density Bonus	Provide density and other incentive to facilitate affordable housing development. Implement City's density bonus provisions, advertise on website, and promote in discussions with developers.	Ongoing.	Ongoing.
Equal Housing Opportunities			
H-19 Fair Housing Program	Promote fair housing practices and prevent housing discrimination. Refer fair housing complaints to Fair Housing of Sonoma County. Disseminate fair housing information.	Ongoing.	Ongoing.
H-20 Universal Design	Increase accessibility in housing through Universal Design. Disseminate Universal Design Principals brochure, and inform residential development applicants.	Ongoing.	Ongoing.
H-21 Reasonable Accommodation Procedures	Ensure fair access to housing for persons with disabilities, including developmental disabilities. Implement City's reasonable accommodation procedures.	Ongoing.	Ongoing.
H-22 Homeless Services and Shelter	Assist the homeless and persons at risk of homelessness in obtaining shelter and services. Maintain Sonoma homeless shelter and support other providers and regional efforts.	Ongoing.	Ongoing.

Housing Program	Program Goal/Objective	Target Time Frame	Current Status
Environmental Sustainability			
H-23 Green Building Program	Promote sustainable and green building design in development. Provide outreach and education on incorporating sustainability in project design.	Ongoing.	Ongoing.
H-24 Energy Conservation Initiatives	Promote the installation of solar systems and water efficient technologies. Connect eligible affordable homes with GRID Alternatives. Advertise the Energy Independence Loan Program to residents and businesses.	Ongoing.	Ongoing.
H-25 Sonoma Water Action Plan	Ensure projected water needs are met. Implement Water Action Plan. Conduct periodic reviews and modify as necessary to ensure adequate water supply to meet Sonoma's regional housing needs (RHNA). Advertise available water conservation programs.	Review Water Action Plan on bi-annual basis. Update website as new water conservation programs become available.	Ongoing. Note: The City is updating its Urban Water Management Plan.

Table H-2: Housing Opportunities - City Limits

SITE NO.	Site Address	Gross Acres	Existing Use	Current GP Designation	Current Zoning	Max. Density	Realistic Density (DU/AC)	Realistic Development Potential (Units)	Income Categories: Very Low & Low	Income Categories: Mod	Income Categories: Above Mod.
NORTHEAST PLANNING AREA											
1	216, 226 & 254 First Street East	2.63	Underutilized; 0.5 acre vacant, 0.5 acre parking; main commercial building is vacant	Mixed Use	R-S	20	20	53	**53**		
CENTRAL-WEST PLANNING AREA											
2	No address assignment	4.1	Vacant	Sonoma Residential	R-S	8	8	22			**22**
3	19910 Fifth Street West	1.51	Underutilized; vacant field	Medium Density Residential	R-M	11	10	15		**15**	
4	700 Curtin Lane	6.28	Underutilized; currently 1-2 units/6.28 acres; primarily agricultural	Sonoma Residential	R-S	8	8	50			**50**
GATEWAY DISTRICT											
5	45 & 69 Napa Road	3.53	Vacant	Gateway Commercial	C-G	20	20	71	**71**		
BROADWAY CORRIDOR											
6	20269 Broadway	1.97	Vacant	Mixed Use	MX	20	20	39	**39**		

SITE NO.	Site Address	Gross Acres	Existing Use	Current GP Designation	Current Zoning	Max. Density	Realistic Density (DU/ AC)	Realistic Development Potential (Units)	Income Categories: Very Low & Low	Mod	Above Mod.		
WEST NAPA STREET/SONOMA HIGHWAY CORRIDOR													
7	477 West Napa Street	3.02	Vacant	Commercial	C	20	20	60	**60**				
8	19320 & 19330 Sonoma Highway	2.52	Underutilized; Western part of site developed with several residential buildings. Resident relocation required.	Housing Opportunity	R-O	25	20	50	**50**				
9	590 West Napa Street	2.04	Underutilized; has 1 home fronting West Napa St., most of lot is vacant; accessible from opposite block.	Mixed Use	MX	20	20	41	41				
									314	**15**	**72**	**401**	**TOTAL OPPORTUNITY SITES***
									47	**27**	**63**	**137**	**Total RHNA**
									1	**15**	**96**	**112**	**Approved, Permitted since Jan 2014****
									12	**-**	**-**	**12**	**Projected Second Units**
									280	**3**	**105**	**388**	**"NET RHNA"**

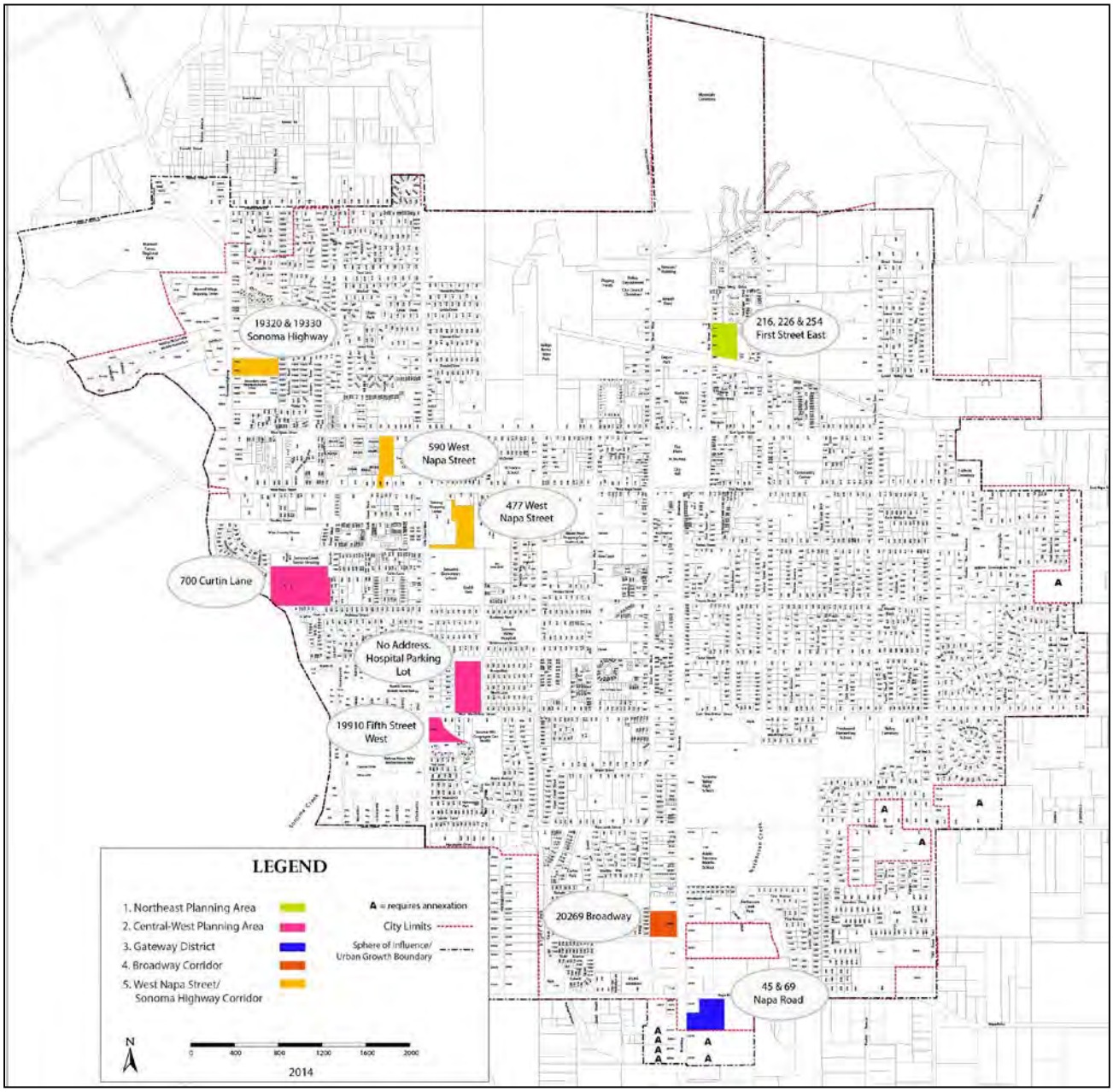
*The unit distribution only serves to demonstrate that RHNA figures by income level could be accommodated by the unit capacity of the site inventory. New projects on these sites are not mandated to accommodate the exact units by income level as shown in the table.
** See Table H-5 for projects approved or under construction since January 2014.

Table H-3: Housing Opportunities Sites – Within Sphere of Influence

SITE NO.	Site Address	Gross Acres	Existing Use	Current GP Designation	Current Zoning	Max. Density	Realistic Density (DU/ AC)	Realistic Development Potential (Units)
CENTRAL-EAST PLANNING AREA								
10	885 East Napa Street	7.06	Underutilized	Sonoma Residential	R-S*	8	8	56
SOUTHEAST PLANNING AREA								
11	438 Denmark Street	1.66	Underutilized	Low Density Residential	R-L*	8	4	8
12	455-475 Denmark Street (3 parcels)	5.5	Underutilized	Low Density Residential & Sonoma Residential	R-L & R-S*	7.2	5	30
13	600 Denmark Street	4.89	Vacant	Sonoma Residential	R-S*	8	5	39
14	20455 Fifth Street East	2.88	Underutilized	Mixed Use	MX*	20	10	28
GATEWAY DISTRICT								
15	20535 Broadway	1	Underutilized	Gateway Commercial	C-G*	20	20	20
16	20549 Broadway	1	Underutilized	Gateway Commercial	C-G*	20	20	20
17	20559 Broadway	1	Underutilized	Gateway Commercial	C-G*	20	20	20
18	20563 Broadway	1	Underutilized	Gateway Commercial	C-G*	20	20	20
19	20564 Broadway	2.5	Underutilized	Gateway Commercial	C-G*	20	20	50
20	20540 Broadway	5	Underutilized	Gateway Commercial	C-G*	20	20	100
							TOTALS	**391**

*** Zoning designation that would apply to the property/site upon annexation to the City.**

Figure H-1: Housing Opportunity Site Map



Housing Overlay Zone (HOZ)

Summary and Benefits:

Using a "carrot," rather than a "stick," approach to encourage the creation of additional affordable housing, Housing Overlay Zones (HOZ) provide a flexible tool that sits on top of conventional zoning designations. These areas offer developers incentives to provide the community with specific amenities and community benefits in exchange for specific concessions by the city. On sites where land is not zoned for residential use but a city would like to see affordable housing built, a housing overlay district may eliminate the time consuming process of amending a general plan to construct such housing.

Public Advocates, a Bay Area law firm specializing in social justice issues, points out:

> To achieve these goals, HOZ policies are centered around four basic parameters that can be customized to best fit local needs:
> 1. Geographic scope of applicability;
> 2. Baseline affordability qualifications for developments to access HOZ incentives;
> 3. Incentives given to qualified developments; and
> 4. The extent of exemptions from discretionary project-level approvals.

Determining the most effective balance of these factors will depend on work by local communities; however, in general, more effective HOZs will have broad geographic applicability including in lower-density or commercial zones, meaningful affordability qualifications, valuable incentives, and reliable exemptions from discretionary approvals.

Potential Policies:

- Consider the implementation of a Housing Overlay Zone over locally designated Priority Development Areas (PDAs), and transit-accessible areas, to incentivize affordable housing inclusion in areas close to amenities and transit alternatives.

- Among the potential incentives it could include:
  - Enhanced density bonuses - possibly to encourage parcel assembly as well
  - Reduced parking ratios
  - Expedited permit processing
  - Increased allowable heights
  - By-right zoning or administrative approval of projects
  - In-lieu fees
  - Impact fee waivers

Model Ordinances/Useful Sources:

- **City of Menlo Park**, link: http://www.menlopark.org/departments/pln/he/amendments/993_HE_Affordable_Housing_Overlay.pdf, http://www.codepublishing.com/CA/menlopark/?MenloPark16/MenloPark1698.html
- **City of Alameda**, link: http://alameda.granicus.com/MetaViewer.php?meta_id=37217&view=&showpdf=1
- **King County, Washington**, link http://www.kingcounty.gov/socialservices/Housing/ServicesAndPrograms/Programs/HousingDe

velopment/Incentives.aspx
- **Orange County**, Affordable housing incentive withing commercially zoned properties, Llink: http://library.municode.com/HTML/11378/level3/TIT7LAUSBURE_DIV9PL_ART2THCOZOCO.html#TIT7LAUSBURE_DIV9PL_ART2THCOZOCO_S7-9-148.1PUIN
- **Public Advocates**, *Factsheet: Housing Overlay Zones*, http://www.publicadvocates.org/sites/default/files/library/affordable_housing_overlay_zone_fact_sheet_7-27-10.pdf

Chapter 17.20
AHO AFFORDABLE HOUSING OVERLAY DISTRICT

Sections:

17.20.010 Purpose.
17.20.020 Applicability.
17.20.030 Definitions.
17.20.040 Uses permitted with a development agreement.
17.20.050 Development incentives.
17.20.060 Assurance of affordability.
17.20.070 Pre-application procedure.
17.20.080 Application – Development plans and map required.
17.20.090 Findings.

17.20.010 Purpose.

A. The affordable housing overlay (AHO) district is intended to facilitate the provision of affordable housing units as defined in Section 17.20.030 through the retention and rehabilitation of existing units, or the construction of new units. The AHO district is intended to provide the opportunity and means for the city to meet its regional fair share allotment of such units, and to implement the policies and goals of the housing element of the city's general plan.

B. These regulations are intended to encourage the development of affordable housing units by assisting both the public and private sector in making the provision of these units economically viable, while providing assurances to the city that these units will maintain a high degree of quality and will remain affordable to the target population over a reasonable duration of time.

C. These regulations are further intended to encourage the provision of affordable housing through the combination of the AHO district with multiple-family residential zoning districts within the city where the affordable housing projects are determined to be feasible and are consistent with the city's general plan.

D. The affordable housing overlay provides a density increase for affordable housing development that in most cases exceeds density bonuses permitted by state law (Government Code Section 65915). Consequently, a development may utilize the affordable housing overlay as an alternative to the use of state density bonus but may not utilize both the affordable housing overlay and state density bonuses.

E. The affordable housing overlay is intended to provide a means of directing and simplifying the process for creating and maintaining affordable housing.

F. The affordable housing overlay is also intended to provide incentives to developers whether in new or rehabilitated housing, to maintain rental units for the long term, e.g., not less than fifty-five years, and affordable ownership units in perpetuity. (Ord. 950 § 1, 2010)

17.20.020 Applicability.

The regulations set forth in this chapter may be applied to specific sites meeting the following criteria:

A. Be located in the multiple-family residential zoning districts;

B. Is not located in the R-1 zoning district;

C. One acre in size. (Ord. 950 § 1, 2010)

17.20.030 Definitions.

A. “Affordable housing” means housing capable of being purchased or rented by a household with “very low,” “low,” or “moderate” income levels at an “affordable housing cost” or “affordable rent,” as those terms are defined by the state of California.

B. “Affordable housing overlay district” means a zoning district that applies in addition to existing zoning designation where the city encourages the provision of affordable housing units as described in this chapter.

C. The “very low,” “low,” and “moderate” income levels are defined by the state of California in Sections 50105, 50079.5, and 50093, respectively, of the California Health and Safety Code, and in Subchapter 2 of Chapter 6.5 of Division 1 of Title 25 of the California Code of Regulations, commencing with Section 6900. These income levels are:

1. Very Low Income. Up to and including fifty percent of the Santa Cruz County median income, adjusted for family size, as defined by the state law;

2. Lower Income. Fifty-one percent to eighty percent of Santa Cruz County median income, adjusted for family size, as defined by the state law;

3. Moderate Income. Eighty-one percent to one hundred twenty percent of Santa Cruz County median income, adjusted for family size, as defined by state law.

D. “Affordable housing cost” and “affordable rent” are defined in Sections 50052.5 and 50053, respectively, of the California Health and Safety Code, and in Subchapter 2 of Chapter 6.5 of Division 1 of Title 25 of the California Code of Regulations, commencing with Section 6900.

E. All of the state laws and regulations referenced above, or their successors, as the same from time to time may be amended, are incorporated herein as though fully set forth. In the event of any inconsistency or discrepancy between the income and affordability levels set forth in this chapter and the levels set in state laws and regulations, the state provisions shall control. (Ord. 950 § 1, 2010)

17.20.040 Uses permitted with a development agreement.

The following uses are permitted with the execution of a development agreement by the city and the developer in accordance with the provisions of California Government Code Section 65864 et seq.

A. Residential developments at a density greater than normally permitted by the underlying, multiple-family zoning district (up to twenty units per acre), when the development provides a substantial level of affordable housing units, as defined in Section 17.20.030. A substantial level is defined herein as a minimum of fifty

percent of the units in the project be income restricted affordable housing, of which, no less than fifty percent of those units (twenty-five percent of the total) shall be affordable to households earning low, very low and extremely low incomes. A greater level of affordability will not allow a greater level of density. The twenty units/acre limit shall be based on a calculation that includes all existing and all new units on the land area that is being included in the calculation.

B. Accessory uses or structures incidental to the principally permitted use. (Ord. 950 § 1, 2010)

17.20.050 Development incentives.

A. General. In order to reduce costs associated with the development and construction of affordable housing, the property development standards set forth in subsection C of this section are established for the AHO district. These property development standards represent a relaxation of standards normally applied to housing in the city and are established in order to facilitate and promote the development of affordable housing in the city and shall be extended upon issuance of a design permit for architectural and site review. As a further inducement to the development of affordable housing beyond the relaxation and flexibility of development standards, the city, where appropriate, may also extend one or more of the development incentives set forth in subsection D, the selection of which shall depend on the quality, size, nature, and scope of the project being proposed. Incentives shall be targeted to improve the project design or to yield the greatest number of affordable units and required level of affordability, so as to permit the city to meet its regional fair share allotment of affordable housing and the goals of the housing element of the city's general plan. It is also the intent of the city to facilitate affordable housing by encouraging developer involvement with the city's redevelopment agency and other public and private entities concerned with the provision of affordable housing and by cooperating with such entities.

B. Eligibility. To be eligible for the property development standards set forth in subsection C of this section requires the developer to propose a housing development containing at least fifty percent affordable units. All affordable units can be in a single category or there can be a mixture of affordable unit types (although twenty-five percent of total must be affordable to low, very low or extremely low income households) which include:

1. Moderate income households; or

2. Lower income households; or

3. Very low income households; or

4. Extremely low income households.

C. Property Development Standards. The following development standards shall apply to affordable housing units in the AHO district:

1. General Design Standards. The affordable housing units shall be designed and developed in a manner compatible with and complementary to existing and potential development in the immediate vicinity of the project site. Site planning on the perimeter shall provide for protection of the property from adverse surrounding influences and shall protect surrounding areas from potentially adverse

influences from the property. To the greatest extent possible, the design of the development shall promote privacy for residents and neighbors, security, and use of passive solar heating and cooling through proper placement of walls, windows, and landscaping. Building design and materials shall blend with the neighborhood or existing structures on the site.

2. Minimum Design Standards. Unless modified by the planning commission, the following design standards shall apply to a project that utilizes the density increases allowed by this section.

a. The front facade and main entrance of dwellings adjacent to the front property line shall face the street and must be clearly articulated through the use of architectural detailing.

b. The front entrance of the dwelling facing the street should be defined by at least one of the following: a porch of at least eight feet in width and depth, roof overhang, or similar architectural element.

c. Except for a basement-level garage below grade, any garage, carport or other accessory structure, attached or detached, shall be located at least fifteen feet behind the front of the principal building facing the front property line.

d. Sidewalks shall be installed along all street frontages.

e. Existing vegetation on perimeter shall be preserved to maintain a buffer to existing surrounding structures. Existing significant trees are to remain whenever feasible.

f. The planning commission may waive, or modify, any, or all, of these requirements when the commission finds it is infeasible to comply due to physical or other constraints on the lot.

3. Minimum Building Site Area and Lot Area Per Dwelling Unit. There shall be no minimum building site area requirement for individual lots or individual dwelling sites in an affordable housing development. The building site area shall be designated on a site plan approved by the planning commission pursuant to Chapter 17.63, Architectural and Site Review.

4. Density. In multiple-family residential districts, overall density of site development within an AHO district shall not exceed twenty units per acre. A development may utilize the affordable housing overlay as an alternative to the use of state density bonus but may not utilize both the affordable housing overlay and state density bonuses. Density averaging may be used to achieve an overall acceptable density level for a project. As used herein, “density averaging” means meeting the density requirements by averaging the density on a project-wide basis so as to permit higher density levels in certain project portions in exchange for advantageous project design features. In all zoning districts, density permitted by the AHO district shall not exceed what can be accommodated by the site while meeting parking, unit size, and other development standards.

5. Building Height. The building height shall not exceed two-stories or twenty-seven feet from existing grade or finish grade, whichever is more restrictive.

6. Setbacks. The minimum setbacks from the lot line of the project shall be determined through

approval of a design permit/architectural and site review with the exception of setbacks from property lines adjacent to R-1 zoned property, which shall be a minimum of twenty feet for first floors and fifty feet for second floors.

7. Lot Coverage. The maximum lot coverage for a proposed project shall be determined through the design permit/architectural and site review.

8. Parking. R-1 parking standards shall apply with a minimum two spaces per unit. In addition, a minimum of one visitor parking space for every seven units shall be required.

9. Common Open Space. Common open space shall comprise the greater of: (a) ten percent of the total area of the site; or (b) seventy-five square feet for each dwelling unit. Land occupied by buildings, streets, driveways, parking spaces, utility units, and trash enclosures shall not be counted in satisfying the open space requirement; land in landscaping and passive and active recreation/open space with a minimum depth/width of five feet shall be counted, and land occupied by recreational buildings and structures shall be counted.

10. Streets. All public streets within or abutting the proposed planned development shall be dedicated and improved to city specifications for the particular classification of street; all private streets shall meet fire code and access standards.

11. Accessory Uses and Structures. Accessory uses and structures shall be located as specified on the site plan as approved by the planning commission.

12. Signs. Signs shall be permitted only to the extent allowed under Chapter 17.57 and must be approved by the planning commission.

D. Additional Development Incentives. In addition to the relaxed and flexible development standards set forth in subsection C of this section, the city may offer other development incentives should the developer meet the eligibility requirements. For example, exceptions, waivers or modifications of other development standards which would otherwise inhibit density and achievement of affordable housing goals for the development site, including, but not limited to, placement of public works improvements. (Ord. 950 § 1, 2010)

17.20.060 Assurance of affordability.

Affordable housing units developed under this chapter shall remain available to persons and families of very low, low and moderate income, at an affordable housing cost or affordable rental cost, as those income and affordability levels as defined in Section 17.20.030, for a period of not less than fifty-five years, unless a longer period is required by a construction or mortgage financing program, mortgage insurance program, California Redevelopment Law, or housing grant, loan or subsidy program. The period of affordability required hereunder shall run concurrently with any period of affordability required by any other agency; provided, however, that the affordability period shall not be less than as set forth in this section. The project developer shall be required to enter into an appropriate agreement with the city to ensure affordability is maintained for the required period. (Ord. 950 § 1, 2010)

17.20.070 Pre-application procedure.

Prior to submitting an application for an affordable housing development, the applicant or prospective developer should hold preliminary consultations with the community development department, redevelopment agency, and other city staff as may be desirable, to obtain information and guidance before entering into binding commitments or incurring substantial expense in the preparation of plans, surveys and other data. Such preliminary consultations should include information on potential federal, state, and local affordable housing funding availability, and program requirements in guaranteeing the project's consistency with the objectives of this overlay district. (Ord. 950 § 1, 2010)

17.20.080 Application – Development plans and map required.

An application for an affordable housing development must be for a parcel or parcels of land, is under the control of the person, corporation, or entity proposing the development. The application shall be accomplished by the submittal of the following plans and maps with the city's standard application form:

A. A boundary survey map of the property or, if the applicant proposes to subdivide the property, a subdivision map;

B. Topography of the property and the preliminary proposed finished grand shown at contour intervals of not to exceed two feet;

C. The gross land area of the development, the present zoning classification and land use of the area surrounding the proposed development, including the location of structures and other improvements;

D. A general development plan with at least the following details shown to scale and dimensions:

1. Location of each existing and each proposed structure in the development area, the use or uses to be contained therein, the number of stories, gross building and floor areas, approximate location of entrances thereof,

2. All streets, curb cuts, driving lanes, parking areas, public transportation points and illumination facilities for the same,

3. All pedestrian walks, malls and open areas for use of occupants and members of the public,

4. Location and height of all walls, fences and screen planting, including a detailed plan for the landscaping of the development and the method by which such landscaping is to be accomplished,

5. Types of surfacing, such as paving or turfing to be used at various locations,

6. A preliminary grading plan of the area;

E. Plans and elevations of building and structures sufficient to indicate the architectural style and construction standards;

F. The proposed means for assuring the continuing existence, maintenance and operation of the project as an affordable housing project;

G. Such other information as may be required by the director to allow for a complete analysis and appraisal of the planned development. (Ord. 950 § 1, 2010)

17.20.090 Findings.

In approving a development project which utilizes the affordable housing overlay zone, the city council, upon the recommendation of the planning commission, shall make the following findings to ensure that the application is appropriate to the purpose and the location:

A. The concessions granted for density and deviation from design standards, are commensurate with the level of affordability. Specifically, the greater the extent of concessions and incentives, the greater the level of affordability.

B. The design of the proposed project, even with the concessions for density and deviation from design standards, is appropriate for the scale and style of the site (where additional units are being added to an existing development) and surrounding neighborhood. Specifically, the development will provide an attractive visual transition and will not significantly impact the integrity of the surrounding neighborhoods.

C. The developer has agreed to enter into an agreement to maintain the affordability of the project specific to the requirements of the city and any funding sources with greater or longer affordability requirements.

D. If located within the coastal zone, the project is found to be in conformity with the Local Coastal Program, including, but not limited to, sensitive habitat, public viewshed, public recreational access and open space protections. (Ord. 950 § 1, 2010)

The Capitola Municipal Code is current through Ordinance 1004, passed September 24, 2015.
Disclaimer: The City Clerk's Office has the official version of the Capitola Municipal Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

Chapter 16.98
AFFORDABLE HOUSING OVERLAY

Sections:

16.98.010 Purpose and goal.
16.98.015 Applicability.
16.98.020 Affordable housing requirement.
16.98.030 Density bonus.
16.98.040 Incentives.
16.98.050 Fee waivers.
16.98.060 Continued affordability.
16.98.070 Design.

16.98.010 Purpose and goal.

The purpose of the affordable housing overlay ("AHO") zone established by this chapter is to encourage the development of affordable housing for low, very low and extremely low income households. The AHO serves to implement the housing element goal of providing new housing that addresses affordable housing needs in the city of Menlo Park by establishing development regulations for designated housing opportunity sites. The AHO is also intended to address those housing projects which provide a greater percentage of low and very low income units than identified in Government Code Section 65915. (Ord. 993 § 2 (part), 2013).

16.98.015 Applicability.

This chapter shall apply to the Menlo Park El Camino Real and Downtown specific plan area and those properties zoned R-4-S (AHO) (high density residential, special—affordable housing overlay). (Ord. 993 § 2 (part), 2013).

16.98.020 Affordable housing requirement.

(a) For smaller projects that propose more than five (5) but less than one hundred (100) residential dwelling units, to qualify for the AHO and the density bonus and incentives provided pursuant to this chapter, a residential development project shall provide a minimum of twenty-one percent (21%) low income units or twelve percent (12%) very low income units. If a smaller project proposes to provide both low and very low income units, the minimum percentage of units to qualify for the AHO shall be more than the additive amount necessary to achieve a thirty-five percent (35%) density bonus as described in Government Code Section 65915. For example, a project that proposes to provide ten percent (10%) low (twenty percent (20%) density bonus) and five percent (5%) very low (twenty percent (20%) density bonus) would qualify for the AHO because the total additive density bonus under Government Code Section 65915 would be a forty percent (40%) density bonus.

(b) For larger projects that propose one hundred (100) or more residential dwelling units, to qualify for the AHO and the density bonus and incentives provided pursuant to this chapter, a residential development project shall provide a minimum of twenty-one percent (21%) low income units or twelve percent (12%) very low income units. If a larger project proposes to provide both low and very low income units, the minimum

percentage of units to qualify for the AHO shall be the additive amount necessary to achieve more than a thirty-five percent (35%) density bonus. For purposes of this subsection (b), to determine the additive percent density bonus required to qualify for the AHO, the density bonus percentages shall be as described in Government Code Section 65915 and as described in Table 1 below. For example, a project that proposes to provide ten percent (10%) low (twenty percent (20%) density bonus pursuant to Government Code Section 65915) and four percent (4%) very low income (seventeen and one-half percent (17.5%) density bonus pursuant to Table 1) would qualify for the AHO because the total additive density bonus pursuant to Government Code Section 65915 and Table 1 would be a thirty-seven and one-half percent (37.5%) density bonus.

Table 1

Low Income (%)	**Density Bonus (%)**
5	12.5
6	14
7	15.5
8	17
9	18.5
Very Low Income (%)	**Density Bonus (%)**
2	12.5
3	15
4	17.5

(c) The percentage of low or very low income units shall be calculated as a percentage of the maximum base unit density of the property, not including any public benefit density. The low or very low income percentage required to qualify for the AHO shall not include the below market rate units required to be provided by for-sale residential development projects and commercial development projects pursuant to the city's below market rate housing program, Chapter 16.96.

(d) Those projects located in the Menlo Park El Camino Real and Downtown specific plan area that qualify for the AHO shall be eligible for the density bonus and incentives identified in this chapter. The density bonus applies only to the residential component of a project in the Menlo Park El Camino Real and Downtown specific plan area and does not act to entitle a project to more office, retail or other nonresidential density.

(e) To qualify for the AHO, a project must accommodate a full range of income levels. At least twenty-five percent (25%) of the affordable units in a project must be very low and/or extremely low income units or at least fifteen percent (15%) of the affordable units in a project must be extremely low income. (Ord. 993 § 2 (part), 2013).

16.98.030 Density bonus.

(a) Low Income. A project that provides twenty-one percent (21%) low income units shall be entitled to a thirty-six and one-half percent (36.5%) density bonus. For each additional percentage of low income units above twenty-one percent (21%) or above the percentage of low income units provided to qualify for the AHO where a mix of low and very low income units is provided, the project shall be entitled to an additional one and one-half percent (1.5%) density bonus, up to the maximum density bonus identified in subsection (c) of this section.

(b) Very Low Income. A project that provides twelve percent (12%) very low income units shall be entitled to a thirty-seven and one-half percent (37.5%) density bonus. For each additional percentage of very low income units above twelve percent (12%) or above the percentage of very low income units provided to qualify for the AHO where a mix of low and very low income units is provided, the project shall be entitled to an additional two and one-half percent (2.5%) density bonus, up to the maximum density bonus identified in subsection (c) of this section.

(c) The maximum density bonus available pursuant to this chapter, whether achieved by provision of low, very low or a mix of low and very low income units, is sixty percent (60%). The density bonus percentages used to calculate the total additive density bonus for a project that proposes a mix of low and very low income units shall be calculated pursuant to Section 16.98.020 and this section. The density bonus provided pursuant to the AHO is not additive with and shall not be combined with the density bonus provided pursuant to state density bonus law, Government Code Section 65915.

(d) For purposes of this chapter, any decimal fraction of less than one-half (0.5) shall be rounded down to the nearest whole number and any decimal fraction of one-half (0.5) or more shall be rounded up to the nearest whole number. (Ord. 993 § 2 (part), 2013).

16.98.040 Incentives.

(a) Floor Area Ratio. A project shall be permitted to increase the floor area ratio by an amount that corresponds to the increase in allowable density identified in Section 16.98.030 and an additional five percent (5%) or other increase reasonably sufficient to make development of low and very low income multiple-bedroom units and family housing feasible.

(b) Stories/Height. A project that is entitled to up to a forty-five percent (45%) density bonus under this AHO shall be entitled to a maximum height of four (4) stories, but not more than forty-eight (48) feet. A project that is entitled to a density bonus above forty-five percent (45%) under this AHO and in which at least fifty percent (50%) of the affordable units are very low and extremely low income or at least twenty-five percent (25%) of the affordable units are extremely low income, shall be entitled to a maximum of five (5) stories, but not more than sixty (60) feet.

(c) Parking. Unless modified herein, the parking requirements in the underlying zoning designation of the property shall apply. The parking requirements in the AHO shall be modified for each affordable unit as follows:

(1) Number of Spaces.

(A) A studio requires 0.8 parking spaces.

(B) A one (1) bedroom requires one (1) parking space.

(C) A two (2) bedroom or larger unit requires one and one-half (1.5) parking spaces.

(D) For projects located in the station area or station area sphere of influence, each affordable unit shall be granted a reduction of 0.2 parking spaces from the minimum that would otherwise be required.

(2) In the Menlo Park El Camino Real and Downtown specific plan area, projects qualifying for the AHO shall be required to provide either the number of spaces per subsection (c)(1) of this section, or as specified in the Menlo Park El Camino Real and Downtown specific plan, whichever is less.

(3) A senior citizen housing project as defined in Sections 51.3 and 51.12 of the Civil Code shall be required to provide no more than 0.8 parking spaces per dwelling unit.

(4) The spaces required for the affordable units need not be covered or located in a garage or carport.

(5) If two (2) spaces are being provided for any one (1) affordable dwelling unit, the spaces may be in tandem.

(6) Long-term bicycle parking shall be required at no more than one-half (0.5) space per unit.

(7) Any requirement for electric vehicle parking or plug-in hybrid recharging stations shall be reduced by fifty percent (50%) or may be met by providing an equivalent number of car sharing spaces.

(d) Contiguous parcels that touch or contiguous parcels in the same zone that are in close proximity may calculate density, floor area ratio, building coverage, paving, landscaping and required parking across the parcels; provided, that there is a recorded agreement among the owner(s) of the parcels to transfer development rights between the parcels such that the maximum overall density of the combined parcels is not exceeded.

(e) Coverage. In addition to the amount necessary to physically accommodate the increased density provided for by this chapter, any applicable maximum building coverage and/or allowable paving requirement shall be increased by five percent (5%) and the minimum open space/landscaping requirement reduced by ten percent (10%) from the underlying zoning designation.

(f) Setbacks. In addition to the amount necessary to physically accommodate the increased density provided for by this chapter, required setbacks shall be reduced to five (5) feet, except when the parcel subject to the AHO abuts a parcel zoned single-family residential, in which case the setbacks identified in underlying zoning shall control.

(g) Open Space. In addition to the amount necessary to physically accommodate the increased density provided for by this chapter, any common and/or private open space may be reduced by up to fifty percent (50%) from the underlying zoning.

(h) Maximum Facade Height. Where an increase in the overall height is permitted to be above forty (40) feet, the building profile shall be set at a height of thirty-two (32) feet and the maximum number of major step backs shall be one (1).

(i) The incentives provided pursuant to the AHO are not additive with and shall not be combined with the incentives provided pursuant to state density bonus law, Government Code Section 65915.

(j) Specific Plan Exemptions. Notwithstanding the foregoing, certain requirements in the Menlo Park El Camino Real Downtown specific plan area shall not be modified pursuant to this section:

(1) The maximum FAR shall be limited to the public benefit levels.

(2) The front and side setbacks facing a public right-of-way.

(3) Building facade height.

(4) Massing and modulation standards including major portions of a building facing a street should be parallel to the street, building breaks, building facade modulation and building profile, and upper story facade length. (Ord. 993 § 2 (part), 2013).

16.98.050 Fee waivers.

(a) Processing Fees. Those projects that provide at least fifty percent (50%) of the units in the base project for low income households or twenty percent (20%) for very low income households shall be entitled to a fee waiver for all the processing fees associated with the various applications for development.

(b) Other Fees. Projects qualifying for the AHO shall be entitled to a reduction in all other fees in an amount that corresponds to the increase in allowable density identified in Section 16.98.030. Any project requesting a reduction or waiver of the traffic impact fee, park dedication fee, building construction street impact fee, Menlo Park El Camino Real Downtown specific plan preparation fee, or other fee(s) in excess of that percentage reduction shall apply for the requested reduction or waiver, which shall be subject to a discretionary review and approval process. The city council shall be the final decision maker regarding any such request. (Ord. 993 § 2 (part), 2013).

16.98.060 Continued affordability.

Prior to issuance of building permits, the applicant shall execute an agreement with the city, to be executed by the city manager without review by the housing commission, planning commission or city council, in a form acceptable to the city attorney ensuring the continued affordability of the affordable dwelling units for a period of not less than fifty-five (55) years. (Ord. 993 § 2 (part), 2013).

16.98.070 Design.

Development utilizing the AHO shall be subject to compliance review relative to adopted objective design standards and such compliance shall be determined by the community development director or his/her designee. Development in the Menlo Park El Camino Real Downtown specific plan area shall be subject to the architectural control process identified in the Menlo Park El Camino Real Downtown specific plan. No

other discretionary action shall be required, unless the applicant requests a variance from the requirements of the AHO or requests architectural control for modification of the objective design standards. Low and very low income units must be constructed concurrently with market rate units and shall be integrated into the project and be comparable in construction quality and exterior design to any market rate units. The low and very low income units may be smaller in size and have different interior finishes and features than market rate units so long as the features are durable, of good quality and consistent with contemporary standards for new housing as determined by the community development director in his/her sole and absolute discretion. Notwithstanding the foregoing, the number of bedrooms in the low and very low income units shall at minimum be consistent with the mix of market rate units. For example, if the market rate units consist of fifty percent (50%) one (1) bedroom, twenty-five percent (25%) two (2) bedroom and twenty-five percent (25%) three (3) bedroom units, the low and very low income units must match this breakdown. Applicants may elect to include a higher percentage of units with more bedrooms. (Ord. 993 § 2 (part), 2013).

The Menlo Park Municipal Code is current through Ordinance 1013, passed January 27, 2015.
Disclaimer: The City Clerk's Office has the official version of the Menlo Park Municipal Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

Lilypad Homes

Junior Accessory Dwelling Units (JADU) – Talking Points

Fact – The traditional family (mother, father and one or more children) now makes up 33% of the population in California. (California Census 2010)

Fact – There is a steady rise in households consisting of single-parent families, couples without children, empty nesters, retirees, young professionals and individuals of all ages. (California Census 2010)

Fact – Approximately 60% of the housing stock in California is detached single-family and one couple or less live in the majority of these homes. (California Census 2010)

Fact – Only 56% of the housing stock in California is owner occupied, and these households are generally bigger than renter households. (California Census 2010)

Fact – The number of seniors will double in the next 20 years, going from 4.3M to 8.4M. There is not enough time to develop the necessary institutional housing. (HCD Housing Update 2012)

Fact – Young professionals (25 – 34) rely on affordable rental housing for longer periods than previous generations due to low wages, the high cost of living, and outstanding student debt. (HCD Housing Update 2012)

Fact – Homeowners are currently allowed to have roommates in all of their bedrooms with no additional permitting fees, parking, fire sprinklers or fire attenuation required.

Fact – Going through the permitting process makes loans for lower-income households available through Housing Authority agencies rehabilitation loan programs across the state.

Fact – A recent survey of homeowners 55 years and older in Corte Madera, CA confirms that 24% of homeowners, 171 households, are interested in creating JADUs in their homes. (Age Friendly Corte Madera Survey 2014)

Fact – Baby boomers will live longer than previous generations and the vast majority wish to age in their home. (HCD Housing Update 2012)

Fact – Affluent areas throughout California are experiencing a crisis because teachers, caregivers and other vital workers cannot afford housing in the communities where they work.

Fact – The overwhelming majority of households in California could not afford to rent or purchase their current home if they were coming into the housing market today.

Fact – Fannie Mae has introduced a new loan platform, available in December 2015 that will allow barrowers to qualify for a mortgage based on income from non-signing members of a household, as well as income generated from renting a second unit. (Fannie Mae Press Release)Fact – We are moving back toward a multi-generational housing model. Having an in-law apartment is the fastest growing trend in residential real estate, boosting home values, as an increasing number of families pool their resources. (Wall Street Journal 2014)

Solution – JADUs privatize spare bedrooms creating flexible in-law apartments that allow for multi-generation housing opportunities in existing homes.

Solution – Because all the water, sewer and energy, road use and parking for existing bedrooms has already been accounted for in the original permit for the home, no additional utility service, parking or infrastructure should be required for the development of JADUs.

Solution – A simple and inexpensive permitting process for JADUs allows for the redevelopment of single-family homes, creating additional housing that is flexible and better suited for the changing demographic of California's population.

Solution – JADUs are the low-hanging fruit in the housing equation. They offer an abundant low-cost, low-impact and high-benefit solution to the affordable housing crisis in California.

Solution – JADUs offer the only new housing option that makes housing more affordable for both renters and homeowners.

Solution – No fire sprinklers or fire attenuation should be required for JADUs because the interior door leading to the main living area remains, offering the option to privatize a bedroom(s) creating a flexible, independent housing unit.

Solution – Development of JADUs will not require capital investment from local, state or federal programs because homeowners finance the development of these housing units.

Solution – JADUs are a more affordable housing option because they are small in size, and are an unconventional form of housing.

Solution – JADUs offer an abundant source of new smaller homes, helping to stabilize the rental housing market in California due to increased supply.

Solution – JADUs will allow seniors the opportunity to age in their home by generating income and offering housing to caregivers, possibly in lieu of payment.

Solution – JADUs allow homeowners to temporarily house loved ones, caregivers and people who work in the community, as well as families who need temporary housing due to environmental emergencies.

Solution – JADUs will help us meet the goals of the California Global Warming Act by allowing people to live in the communities where they work and by more efficiently utilizing the built environment.

Solution – JADUs offer an insurance policy in homes, providing a fallback position in case of unexpected events such as: loss of a job, divorce, injury or illness.

Solution – A home is most people's largest, most personal investment. JADUs allow homes to be flexible enough to meet a homeowner's changing needs during the period of ownership.

Comm. Roberson agreed with principle of making certain allowances through the Planned Development permit process, including in the Mixed Use zone, as long as concessions are made by the applicant. Comm. Colemen concurred.

Comm. Heneveld is satisfied that the proposed changes reflect the direction given by the Commission at the previous discussion.

Chair Felder, Comm. Wellander, and Comm. Willers expressed support for the 55-year inclusionary housing term restriction. Comm. Wellander clarified with staff the 55-year term applies to all three affordable housing types. Comm. Coleman stated that he would prefer additional investigation on this subject in light of some of the comments made in the public hearing. Commissioners discussed whether this portion of the draft Ordinance should be set aside for the time being, but the consensus was to proceed with it as drafted.

Comm. Heneveld made a motion to forward the proposed Development Code amendments to the City Council, with a recommendation for approval, subject to a change the language in section 3.d of Exhibit "C" (Mixed Use Zoning District), to make reference to the Housing Element. Comm. Roberson seconded. The motion was approved 6-1 (Comm. Coleman dissenting).

ITEM #5 – DISCUSSION – Discussion of Affordable Housing Overlay zone and related concepts.

Planning Director Goodison presented staff's report.

Planning Director Goodison is pleased to report that a Joint Study session on housing issues will be held with the City Council.

Chair Felder opened the item to public comment.

Fred Allebach, Sonoma Valley resident, noted that many definitions are used with regard to affordable housing and he would appreciate greater clarity and consistency. He recommended that staff clarify the terms frequently used to describe affordable housing for seniors and the work force and preferred that affordable housing developments be spread out rather than concentrated in one area.

Dave Ransom, Sonoma Valley resident, is encouraged by the commissioner's comments that suggest a commitment to offer more affordable housing.

Planning Director Goodison noted that the City Council shared with the concerns expressed over the limited supply of affordable housing units. The City Council is engaged in a number of actions aimed at promoting affordable housing, including a revised mobile home park ordinance to limit rent increases for seniors.

JJ Abodeely, Sonoma Valley resident, agreed with Fred Allebach that housing definitions need more clarification. In his view there are the following needs; 1) build more housing of all types, 2) grow funding sources for affordable housing; 3) streamline the development process.

Anna Gomez, Sonoma Valley resident, is of the opinion that services are not in place to accommodate more housing developments.

Lynda Corrado, Sonoma resident, believed that affordability can be attained with smaller units.

Frank Hines, resident, said that people are doubling up on housing to live in Sonoma.

Ed Routhier, resident, stated that achieving affordability is a broader housing issue that is not limited only to providing affordable housing exclusively, but housing of all types.

Chair Felder closed the item to public comment.

Comm. Roberson expressed disappointment that there are not enough choices in housing types for work force and seniors and that few applications are made for rental and condominium developments.

Comm. Willers noted that City no longer has redevelopment funds with which to purchase sites for affordable housing. He noted that the City is looking at impact fees, but even if these are adopted, there needs to be sites to acquire. In his view, these sites are the Housing Opportunity sites identified in the Housing Element. He wants to protect those sites for affordable housing, especially those within city limits. In his view, in the absence of redevelopment funds, the only way to accomplish land banking is through mixed use zoning. Although he likes the cottage housing concept, it may be mostly applicable as an alternative to traditional single-family housing and may not last as an affordable option over time.

Comm. Cribb is satisfied that many planning tools are in place and there is no need to rezone or predesignate properties with artificial restrictions. He would like to pursue a different model in which affordable units are mingled with market rate housing. In his view, low and very low income units need subsidies to be developed, but he would prefer that to occur in a mixed setting of units of various income levels. He is concerned that the funding component is lacking, which needs to be addressed. He expressed the view cottage housing is a viable concept, as long as there is variety in income levels with restrictions on the affordable units to preserve them as such. However, to achieve this goal, funding options need to be made available, which occurs at a different level than what the Planning Commission addresses.

Chair Felder concurred with many of Comm. Cribb's comments, in that there are many tools already in place. He stated that the Commission has a responsibility to use those tools to protect options for affordable housing and take advantage of opportunities as they emerge.

Comm. McDonald agreed with Comm. Cribb and Chair Felder and felt the General Plan and zoning code are progressive with respect to affordable housing. He suggested that the City needs to focus on impact fees and in-lieu fees to help provide funding for affordable housing programs. He suggested that real estate transfer tax revenues might be a source of revenue in this regard.

Comm. Coleman concurred with his fellow commissioners that more affordable units and housing of all types should be built. He noted that fees on new development are often quite high, which works against affordability.

Comm. Roberson recommended including and promoting incentives in the Development Code so developers are encouraged to build more rentals and condominium units. In his view, incentives are more powerful and more equitable than disincentives, such as new fees and taxes. He felt that while many pieces are in place, they do not always work together well to accomplish housing goals. Few development applications come forward with units aimed at the lower or even the middle income segments of the market. He feels that we cannot say that the

current set of tools is fully successfully and he is interested in having further discussions on the inclusionary requirement and the concept of minimum densities. However, he finds some of the other concepts presented in the staff report somewhat troubling with respect to property rights.

Chair Felder closed the item for this agenda, but suggested further discussion on the subject.

Item #6 – Discussion Review of draft Circulation Element update revised policies.

Planning Director Goodison presented staff's report.

Chair Felder opened the item to public comment.

Anna Gomez, Sonoma Valley resident, is concerned with traffic safety if there are more developments resulting in more trips by new residents and visitors.

Chair Felder closed the item to public comment.

Comm. McDonald recommended a designated area for transportation pick up/drop off in the Plaza district to reduce traffic congestion during the tourist season.

Following Commission discussion, Planning Director Goodison received direction on some further revisions to the draft policies.

Item #7 – Discussion Continued discussion of the parameters and conduct of study sessions.

Planning Director Goodison presented staff's report.

Chair Felder opened the item to public comment.

No public comment.

Chair Felder closed the item to public comment.

Chair Felder suggested that once the guidelines are finalized, they should be formally adopted as an expression of policy.

Comm. Willers noted that Commission comments during a study session should reflect individual views and that straw votes or polls should not be taken.

Comm. Wellander wants massing to include the broader site parameters beyond the specific project site.

Comm. McDonald suggested that staff should report on any feedback from neighborhood meetings prior to a study session.

Planning Director Goodison will prepare guidelines for study session protocol for review and adoption at the next regular meeting.

DRAFT

CITY OF SONOMA

PLANNING COMMISSION
Regular MEETING
April 14, 2016

Community Meeting Room, 177 First Street West, Sonoma, CA

Meeting Notes

Present:	Chair Felder, Comms. Cribb, Heneveld, McDonald, Wellander, Willers
Absent:	Comm. Coleman, Roberson
Others Present:	Planning Director Goodison, Administrative Assistant Morris

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Item #7 – Public Hearing – Discussion of upcoming joint meeting with the City Council concerning housing issues.

Applicant/Property Owner: Caymus Capital LLC

Planning Director Goodison reviewed the staff report.

Chair Felder opened the item for public comment.

David Eicher, Valley resident, noted that the Planning Commission and the City Council have expressed concerns about this issue and he is happy to see that there will be a joint meeting. He has suggested that the Council give the Planning Commission policy direction regarding variances and exceptions related to housing. Zoning should be discussed as well, including changes in the zoning designation of various properties.

Chair Felder closed the item for public comment.

Comm. McDonald stated that one item that might be considered is a study of underutlilized properties for opportunities to add or redevelop with affordable housing.

Comm. Willers stated that for him a priority consideration is to re-look at zoning tools in light of the absence of redevelopment funding. In his mind, the only method available to create affordable housing is through zoning requirements. The Housing Element identifies housing opportunity sites. A next step might be to prioritize those sites in terms of meeting the City's fair share objectives. He would like to know the City Council's priorities in that regard.

Chair Felder noted that the housing opportunity sites represent options for the development of affordable housing, but they are not mandated to be developed in that manner. He agreed that it would be desirable to discuss whether they wish to treat these sites in a different way, for example

by developing an overlay that would require the development of opportunity sites with affordable housing.

Planning Director Goodison noted that the development of affordable housing, especially at the low and very low income levels, can only be accomplished with subsidies. Placing an overlay on a site to require an affordable housing development would not be sufficient to actually make that happen. Funding would also be necessary.

Chair Felder noted that another option for those sites would be to pursue affordable housing with a "lower-case 'A'", meaning that housing that is affordable on a relative basis, such as cottage housing or condominiums, not subsidized, covenanted affordable housing.

Planning Director Goodison agreed that this was indeed an option, but stated that if the City Council and the Planning Commission are interested in establishing requirements for the development of housing that is "relatively affordable", it is first necessary to clearly define what is meant by that. He also noted that the concept of "relatively affordable housing" is not clearly linked to the housing opportunity site inventory in the Housing Element, since the purpose to that inventory is to identify available site options for the development of covenanted affordable units.

Comm. Willers expressed the view that the designation of sites with an allowance for high densities, such as the Mixed Use zone, which is necessary to allow for the option of affordable housing, also makes those sites more valuable, which can actually make it less likely that they will be developed in that manner. He would like to see a zoning mechanism for recapturing the value of the increased density allowance in the form of more affordable housing. For example, perhaps such such sites should only be developed with 100% residential.

Comm. Cribb stated that in his view, allowing mixed use development in the Mixed Use zone is not antithetical to the concept of developing affordable housing, whether in the form of covenanted housing or housing that is relatively affordable. In addition, he pointed out that the Mixed Use zone explicitly allows mixed uses, so while residential-only development is an option, it would be difficult to mandate that. He expressed the view that the commercial component of a mixed use development may actually allow the developer to subsidize the the housing component. Rather than eliminating the opportunity for a commercial component, his suggestion would be to require a greater percentage of inclusionary affordable units for a development in the Mixed Use that where a commercial component is proposed.

Comm. Willers agreed with Comm. Cribb's concept and brought up the guideline in the Mixed Use zone in which, in new development, 50% of the building area is normally required to take the form of residential development. Since this rule is limited to building area, it does not address density, which makes it less effective than it could be.

Comm. McDonald noted an example of mixed use development San Francisco in which the ground-floor commercial component has proved to be difficult to rent, which is something that the City should be careful about. It is important avoid creating mandates for markets that don't exist or building products that no one wants.

Comm. Cribb expressed the view that there are many examples of commercial properties in Sonoma where the addition of a residential component could be quite successful.

Planning Director Goodison agreed, but noted that since such properties already had a commercial element and are already zoned to allow for an additional residential component

should the owners desire to pursue that option, different incentives would needed than would be applicable to a new development.

Comm. Willers stated that this would be a good point of of discussion for the City Council—what are the incentives that could encourage existing commercial shopping centers (as an example) to add a residential component?

Comm. Cribb noted that it was important to to be visionary and think of this a long-term process, not something that will be solved overnight.

Comm. Willers agreed, and noted that soon enough, the City will be undertaking a comprehensive update of the General Plan, as the Urban Growth Boundary is due to expire in 2020.

Planning Director Goodison noted as a long-range opportunity, without even changing the Urban Growth Boundary, it might be possible to re-think the Gateway Commercial designation that has been applied to the Four Corners area and cast it as an opportunity for the development of relatively affordable housing clustered around a commercial subcenter.

Chair Felder closed the discussion.