

Response to Grand Jury Report Form

Report Title: Affordable Housing: Past, Present and Future

Report Date: June 14, 2022

Response by: Maraskeshia Smith Title: City Manager

Agency/Department Name: City of Santa Rosa

FINDINGS: F1 through F24

I (we) agree with the findings numbered: F1, F2, F4, F5, F6, F8, F11, F13, F16, F18, F19, F21, F22, F23, F24.

I (we) disagree wholly or partially with the findings numbered: F3, F7, F9, F10, F12, F14, F15, F17, F20. The City's statement explaining disputed findings is attached.

RECOMMENDATIONS: R1 through R8

- Recommendation numbered: R1, R4, R5, R7, and R8 have been implemented. A description of implementation is attached.
- Recommendations numbered: R2, R3, and R6 have not yet been implemented but will be implemented in the future. The time frame for implementation is attached.

Date: _____ Signed: _____

Number of pages attached: _____

September 13, 2022

The Honorable Shelly J. Averill
Presiding Judge, Superior Court of Sonoma County
Hall of Justice
600 Administration Drive
Santa Rosa, CA 95403

2021-2022 CIVIL GRAND JURY REPORT – Affordable Housing: Past, Present and Future – City of Santa Rosa

Dear Judge Averill,

This letter responds to the 2021-2022 Sonoma County Civil Grand Jury Final Report entitled “Affordable Housing: Past, Present and Future – City of Santa Rosa.” The following responses have been reviewed and approved by the City Council of the City of Santa Rosa.

The report requires the City of Santa Rosa to respond to the findings of disagreement and recommendations R1, R2, R3, R4, R5, R6, R7, and R8.

Response to Findings

F3. Sonoma County and its nine Cities have officially recognized the need for Affordable Housing but not all have fully endorsed the Regional Housing Needs Allocation or met earlier goals.

Santa Rosa Response: Disagree, partially. The City has accepted and planned for its Regional Housing Needs Allocation and has sought to meet its goals for every cycle. The City has little control over the private housing market and recognizes that the extreme needs of housing construction for rebuilding efforts after the 2017 and 2020 fires have contributed to the lack of new housing constructed in recent years. The City has exercised all available tools and strategies to encourage housing development and to streamline the entitlement process. This includes the adoption of a Housing Action Plan, multiple specific plans including the Downtown Station Area Specific Plan which offers extreme flexibility to the development community including the elimination of parking requirements and density, as well as reductions in impact fees. The City also committed \$10 million to the Renewal Enterprise District which provides gap financing to housing developments. In addition, the Housing Authority provides an annual average budget of \$6 million to housing developments.

F7. There is great variability in the planning and approval processes and procedures for developing Affordable Housing in the County and its Cities, thus complicating and slowing development.

Santa Rosa Response: Disagree, in part. Santa Rosa acknowledges that there is variability between jurisdictions, but this is not a primary cause for slowing development. Santa Rosa's approval process for housing is streamlined and has aided affordable housing development. The complications of affordable housing

generally stem instead from unpredictable financing, over which the City has little control.

F9. Funding of Affordable Housing is often directed to specific groups such as seniors, veterans, or agricultural workers.

Santa Rosa Response: Disagree. While some funding for affordable housing is directed to certain populations, many sources of funding are not overly prescriptive and are available to all applicants. The greatest challenge for financing affordable housing is the limited and competitive nature of the funds available.

F10. Design review and project approval are often slow and very complex and hinder the development of Affordable Housing.

Santa Rosa Response: Disagree. As noted, local jurisdictions, including Santa Rosa, streamline and prioritize affordable housing projects. The greatest challenge for financing affordable housing is the limited and competitive nature of the funds available.

In April 2018, the Santa Rosa City Council adopted an ordinance amending the Zoning Code to reduce the review authority for housing projects in order to streamline the development of new units. The ordinance provides an expedited Design Review process for new housing developments located within any of the City's Priority Development Areas, developments that would otherwise have required review by the Design Review Board, are now reviewed by the Zoning Administrator. As a result, processing times and entitlement permit costs were significantly reduced. Additionally, in some zoning districts, the ordinance further reduced the entitlement process for new housing, allowing housing to be constructed "by-right", rather than requiring a use permit.

F12. Mitigation fees vary by individual projects and jurisdictions, complicating the building of Affordable Housing.

Santa Rosa Response: Disagree, in part. Mitigation fees do vary by individual projects, because infrastructure and potential environmental impacts can vary depending on the size and nature of the project. Moreover, providing consistent mitigation fees across agencies may not be feasible due to the varying circumstances in different regions in the County.

F14. Payment of in-lieu fees to the housing jurisdiction results in fewer inclusionary affordable housing units and houses being built.

Santa Rosa Response: Disagree. Over the course of time, Santa Rosa has allocated over \$32 million in in-lieu funding into affordable housing projects providing over 1,800 units.

F15. Development of commercial projects such as hotels and big box stores is often favored over housing due to lesser demand on public services and increased sales or occupancy tax revenue.

Santa Rosa Response: Disagree, in part. The City agrees that commercial projects have tax revenue benefits, however they are not developed in lieu of housing, or favored over housing. The General Plan land use dictates what type of

development can be built in which locations. The General Plan is written to ensure a balanced approach to development and is required by law to identify sufficient housing sites to meet the City's Regional Housing Needs Allocation. Furthermore, state law requires there is "no-net-loss" if housing sites are developed for other uses.

F17. Changes to city boundaries by annexation of land within their Spheres of Influence could allow the development of more Affordable Housing but is resisted due to the high costs of additional infrastructure.

Santa Rosa Response: Disagree. Santa Rosa has successfully completed annexations in numerous areas of the City, with no resistance. Infrastructure is a central part of the agreements associated with annexation but is not always a barrier to annexation. The pre-zoning of annexation areas usually includes a mix of uses, which may or may not include affordable housing depending on the variable factors as discussed within this report.

F20. Inclusive Affordable Housing must be equivalent to market rate units and be dispersed throughout a project making it harder to identify and stigmatize them.

Santa Rosa Response: Disagree, in part. Santa Rosa requires affordable units to be distributed throughout a market rate project (Santa Rosa Zoning Code Section 21-02.100). Exceptions, however, are provided when issues related to financing reduce the opportunity for affordable developments to accomplish this type of distribution.

Response to Recommendations:

R1. By December 31, 2022, Permit Sonoma and the nine Cities should begin to streamline their procedures, from preliminary review through the permitting process, related to the development of Affordable Housing. (F7, F10, F11, F13)

Santa Rosa Response: Already Implemented. It is unclear what specific measures the Grand Jury is requesting with this recommendation but the City has employed all available strategies to streamline the entitlement of affordable housing projects.

Most multi-family housing projects, regardless of affordability, are approved "by-right" if located within Priority Development Areas. Those housing projects that do require zoning approvals are subject to streamlined permit review as described above. Moreover, for all housing projects, the City offers a no-cost pre-application process to identify issues before project submittal. In addition, the City has implemented state law requirements related to streamlining housing, and has provided application checklists, for streamlined review under SB 35, SB 330 and SB 9.

R2. By December 31, 2022, Permit Sonoma and the nine Cities should meet to consider standardizing their procedures related to the development of Affordable Housing. (F7, F10, F11, F13)

Santa Rosa Response: Implement in the future. Santa Rosa will meet with Permit Sonoma and the other cities to discuss opportunities to standardize procedures related to the development of Affordable Housing. Santa Rosa will provide a response to the Grant Jury about the outcome of the meeting(s) and the feasibility of standardizing procedures by December 31, 2022. Because of the unique requirements of various municipal and county codes, there may be limited opportunity for standardizing.

- R3. By December 31, 2022, Permit Sonoma and the nine Cities should meet to discuss the coordination of fee reduction standards for Affordable Housing throughout the County. (F11, F12, F14)**

Santa Rosa Response: Implement in the future. To the extent feasible the City of Santa Rosa will work with Permit Sonoma and the other cities to discuss coordination of fee reduction standards. Note that these fees are jurisdiction specific based on nexus fee studies and differences in cost may be difficult to overcome. By December 31, 2022, Santa Rosa will provide a response to this Grand Jury about the outcome of the meetings and the feasibility of developing fee reduction standards.

- R4. By December 31, 2022, Permit Sonoma and the nine Cities should identify properties within their jurisdictions and Spheres of Influence that could support the construction of infill housing and accessory dwelling units. (F1, F2, F3, F4, F16, F17)**

Santa Rosa Response: This recommendation has been implemented and the information is presented in the City's draft Housing Element which is available at <https://www.santarosaforward.com/HE>.

- R5. By December 31, 2022, Permit Sonoma and the nine Cities should identify properties within their jurisdictions and Spheres of Influence that are likely opportunities for rehabilitation or repurposing to increase the availability of Affordable Housing. (F16, F19, F22)**

Santa Rosa Response: This recommendation has been implemented and the information is presented in the City's draft Housing Element which is available at <https://www.santarosaforward.com/HE>.

- R6. By June 1, 2023, Permit Sonoma and the nine Cities should develop permit ready accessory dwelling unit and junior accessory dwelling unit plans. (F1, F2, F3, F4, F5, F7, F10, F11, F13, F21, F22)**

Santa Rosa Response: Partially implemented. The Napa-Sonoma ADU Center has taken the lead on working with local jurisdictions to develop permit-ready ADU plans. By December 31, 2022, Santa Rosa will provide a response to the Grand Jury about the status of the permit-ready plans and the outcome of related meetings.

- R7. By December 31, 2022, Permit Sonoma and the nine Cities should discuss integration of preliminary design review committees with their planning commissions to help expedite the construction of Affordable Housing. (F1, F2, F3, F4, F5, F7, F10, F11, F13, F19, F20, F21, F22)**

Santa Rosa Response: Already implemented. Santa Rosa offers a model equivalent to, if not stronger than, integration of the Planning Commission and the Design Review Board. In Santa Rosa the Planning Commission does not act on affordable housing projects unless there is a required change to zoning or General Plan land use. For most affordable housing projects the only entitlement permit required is Design Review. The Design Review Board or the Zoning Administrator is the final review authority for Design Review applications. To further streamline the Design Review process, in April 2018 the Santa Rosa City Council adopted an ordinance amending the Zoning Code to reduce the Design Review process from a two-step process (preliminary and final review) to a one-step process, allowing Design Review applications to be acted on in one action at a single meeting.

R8. By December 31, 2022, Permit Sonoma and the nine Cities should review their permitting requirements to allow nontraditional options such as manufactured homes, factory built homes, and tiny houses to increase housing supply. (F1, F2, F3, F4, F5, F10, F11, F13, F21, F22)

Santa Rosa Response: Already implemented. The City of Santa Rosa allows for all types of housing units, including manufactured homes, factory built homes and tiny houses. It should be noted that there are differing definitions of “tiny houses” and some are not considered to be permanent structures and do not fall under the building code. In addition, the City has adopted California Building Code Appendix O – Emergency Housing, California Residential Code Appendix Q – Tiny Houses and Appendix X – Emergency Housing.