

**DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
DIVISION OF HOUSING POLICY DEVELOPMENT**

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May 1, 2014

Chuck Regalia, Assistant City Manager
Community Development Department
City of Santa Rosa
100 Santa Rosa Avenue, Room 3
Santa Rosa, CA 95404

Dear Mr. Regalia:

RE: City of Santa Rosa's 5th Cycle (2015-2023) Draft Housing Element

Thank you for submitting the City of Santa Rosa's draft housing element update received for review on March 10, 2014 along with revisions received on March 11, April 14, 22, 25, and May 1, 2014. Pursuant to Government Code (GC) Section 65585(b), the Department is reporting the results of its review. Our review was facilitated by various communications with Ms. Lisa Kranz, Supervising Planner, Ms. Erin Morris, Senior Planner and the City's consultant, Ms. Kim Obstfeld. In addition, the Department received comments from Sonoma County Housing Advocacy Group pursuant to GC Section 65585(c).

The Department conducted a streamlined review of the draft housing element based on the City meeting all eligibility criteria detailed in the Department's Housing Element Update Guidance. The draft element meets the statutory requirements of State housing element law. The element will comply with State housing element law (GC, Article 10.6) when adopted and submitted to the Department, in accordance with GC Section 65585(g).

Public participation in the development, adoption and implementation of the housing element is essential to effective housing planning. Throughout the housing element process, the City must continue to engage the community, including organizations that represent lower-income and special needs households, by making information regularly available and considering and incorporating comments where appropriate.

The Department appreciates the hard work and dedication of Ms. Morris and Ms. Kranz in preparation of the housing element and looks forward to receiving Santa Rosa's adopted housing element. If you have any questions or need additional technical assistance, please contact Paul McDougall, of our staff, at (916) 263-7420.

Sincerely,



Jennifer Seeger
Housing Policy Manager



MEMORANDUM

Date: April 10, 2014
To: Stephen Harper and David Grabill, Sonoma County Housing Advocacy Group
From: Erin Morris and Lisa Kranz, Community Development
Subject: City of Santa Rosa Draft Housing Element

Thank you for your comments regarding the draft Santa Rosa Housing Element, as detailed in your letter addressed to Paul McDougall dated March 21, 2014. The City is committed to completing a Housing Element that complies fully with state law, addresses the specific needs of the Santa Rosa population, and identifies policies that maximize available resources to facilitate the provision of housing, particularly housing appropriate for lower-income and special needs households.

This letter is intended to address your concerns by providing clarification and additional information on issues described in your letter and, where appropriate, identifying potential modifications to the draft Housing Element.

Public Participation. As described in Section 4-6 (Public Participation) in the draft Housing Element (beginning on page 74), the City conducted an extensive outreach campaign that included three public workshops, an online survey, a roundtable session with nonprofit housing developers and housing-related service providers, and consultations with several stakeholder organizations. While materials were not provided in Spanish, the City promoted outreach events to groups and organizations representing the Spanish-speaking community, including KBBF Bilingual Radio, La Voz Newspaper, Padres Unidos, United Farmworkers, Hispanic Chamber of Commerce, KRRS Radio La Maquina, Las Rosas Local Business and Professional Women, and others (please refer to Table 4-39 for the contact list). In addition, organizations representing lower-income households and special needs populations that serve Spanish-speaking clients were invited to the roundtable discussion to share ideas and concerns.

While the full draft Housing Element was not yet available, City staff and the consultants presented a detailed overview of the updated Housing Element at the third workshop. Promotional materials for the workshop notified the public of the date on which the Housing Element would be available for review on the City's website. Once the document was available, the City widely advertised the availability of the draft.

[REDACTED]

Review of Progress Under the Current Housing Element. As noted on page 85 in Section 4-7 (Housing Accomplishments) and page 149 of the Housing Accomplishments table in the Appendix, the City issued 706 permits for residences affordable to lower-income households from 2007 to 2012. This figure includes both units that are deed restricted for affordability to households within a certain income category and unrestricted units that were determined to be affordable based on a review of rents and sales prices in comparison to affordability. Out of 706 issued permits, 684 were completed and finalized. Among the 684 units completed during this time period, 456 were deed restricted for long-term affordability. The City will clarify this point on pages 85 and 149 of the draft Housing Element.

Farmworker Housing Needs. Section 4-2 (Housing Needs Analysis) in the draft Housing Element includes a quantified analysis of farmworker housing needs (the analysis begins on page 25). Estimated needs are based on counts for Sonoma County as provided by the US Department of Agriculture Census and American Community Survey data regarding the number of persons employed in the agriculture, forestry, and fishing and hunting industries. The City is open to pursuing alternative sources to determine the number of farmworkers in need of housing in Santa Rosa. We are receptive to any suggestions you may have in this regard.

Policies H-A-4, H-D-1, and H-D7 commit the City to facilitating the provision of housing for farmworkers.

Housing Stock Conditions. Section 4-2 (Housing Needs Analysis) in the draft Housing Element includes a quantified analysis of housing conditions, based on the age of the home and the presence of kitchen and plumbing facilities. Please refer to page 13 of the draft Housing Element. In an effort to provide additional quantitative data regarding housing stock conditions, staff contacted the City's Neighborhood Revitalization Program (NRP). Of the approximately 2,000 units inspected annually as part of the NRP, approximately 20% are in need of rehabilitation and of those, 1 to 2% are severely deteriorated.

Overpayment. Section 4-2 (Housing Needs Analysis) in the draft Housing Element includes a quantified analysis of households overpaying for housing costs. Please refer to page 12 of the draft Housing Element.

Development Fees. As described on page 29 of Section 4-3 (Constraints and Resources), fee schedules were recently studied and revised to recoup a larger portion of actual costs expended in the processing of development applications. As noted on page 32, the City Council recognizes that fees can affect the cost and construction of affordable housing in the community. The decision to modify fee schedules was made only after significant research and study, and solicitation of input from stakeholders including developers of market-rate and affordable housing and Santa Rosa residents.

Analysis of Constraints. Section 4-3 (Constraints and Resources) of the draft Housing Element, beginning on page 28, includes an analysis of potential constraints to housing development including infrastructure, development fees, land use controls, natural resources,

projects are assisted with fees collected through this program are made as projects are proposed.

Funding for Affordable Housing – “Boomerang” Funds. The City appreciates your suggestion to consider allocating redevelopment “boomerang” funding toward affordable housing. The City will include a policy to examine this as a potential funding source during the planning period.

Funding for Affordable Housing – Real Property Transfer Tax. The draft Housing Element includes a policy (H-B-7 on page 90) to consider increasing the portion of Real Property Transfer Tax that is allocated to affordable housing programs by 2015.

Funding for Affordable Housing – Commercial Linkage Fee. As described in the review of Policy H-C-4 from the current Housing Element (page 4-154), the City Council examined whether to pursue a commercial linkage fee in 2012 and decided to postpone consideration of this fee until economic conditions improved. Policy H-C-2 commits the City to again consider the adoption of a commercial linkage/workforce housing fee by 2016. This will be presented for review and determination by the City Council, with input from residents and stakeholders.

Senior Housing Program H-D-14. The draft Housing Element proposes to eliminate Policy H-D-14 (from the 2009 Housing Element), which required that at least 25% of senior housing projects be affordable in order to be eligible for City financing or incentives. This policy was determined to be unnecessary because all projects that receive any City funding or incentives would typically be 100% affordable. Policy H-D-11 (formerly Policy H-D-13 in the 2009 Housing Element) was revised to specify that the City will encourage the development of affordable housing through funding and incentives.

Mobile Home Park Condominium Conversions (SB 510). The City of Santa Rosa relies on Government Code Section 66427.5 to review and process proposed mobile home park conversions. SB 510 amended this section of state law to clarify that the City must consider the results of the resident survey and deny conversions when it is demonstrated that less than half of residents support the conversion. In 2010, the City denied the proposed Country Mobile Home Park conversion based on a lack of resident support. The City will continue to rely on Government Code Section 66427.5, as amended by SB 510, for future proposed conversions.

Homeless Needs and Programs. Section 4-2 (Housing Needs Analysis) of the draft Housing Element includes an analysis of homeless persons in Santa Rosa (the analysis begins on page 21). Policies H-D-5, H-D-8, H-D-9, and H-D-10 commit the City to continued support and assistance for programs and facilities serving homeless individuals and families, as well as extremely low-income households at risk of becoming homeless. The City acknowledges that homelessness has increased significantly since 2001 and is a significant issue in Santa Rosa. We would like to hear your specific suggestions relating to a potential “Housing First” program.



Meeting Request. We would like to meet with you at your earliest convenience to review these points. Please let us know if you are available for a meeting the week of April 14–18. We look forward to working with you.





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June 11, 2014

Chair Cisco and Planning Commissioners
100 Santa Rosa Avenue
Santa Rosa, CA 95404

RE: City of Santa Rosa Housing Element

Dear Chair Cisco and Planning Commissioners,

I am writing on behalf of the North Bay Association of REALTORS® (NorBAR) regarding the updated Housing Element. We appreciate that staff has conducted multiple workshops and has been responsive to community input throughout the Housing Element update. We have several issues we would like to bring to the attention of Planning Commissioners.

NorBAR is a four-county trade association representing nearly 3,000 members. As an association, we serve as an advocate for the interests of current and prospective homeowners. We are therefore, especially interested in how the City of Santa Rosa will plan for housing in our community.

NorBAR would like Planning Commissioners to consider the following:

- **HB-7 (Page 4-90): Continue to designate a portion of the Real Property Transfer Tax, through annual budget appropriations, to affordable housing programs. Consider increasing the portion of the tax designated for affordable housing and utilize these additional funds to assist with the development of affordable units.**
NorBAR fully supports increasing the proportion of the tax designated for affordable housing programs. With the loss of redevelopment, the City requires more funding for affordable housing. Further, NorBAR encourages the City to restore the entire proportion of the tax to the originally planned level to fund affordable housing.
- **HC-24 (Page 4-92): Consider a Commercial Linkage/Workforce Housing Fee for nonresidential development to increase funds available for development of housing units affordable to very low and low income households.**
NorBAR does not currently support or oppose this proposal. NorBAR will be monitoring the development of this proposal. We would like to know more about how this fee would be measured and the projected impacts on non-residential development.
- **HC-7 (Page 4-94): Promote the development of second units. Discuss this option with residential developers during initial development application meetings.**
NorBAR has consistently supported the development of second units. NorBAR would like staff to explore specific policies to encourage second units. Homeowners and builders can be encouraged to develop second units by providing reduced impact fees or an expedited review process. The City should

also explore creating a program that allows any property owners that developed second units without permits to seek appropriate permits without a fee or penalty. This could allow more second units to be counted in the City's housing stock.

- **HD-4 (Page 4-97): Investigate and promote incorporation of universal design features in new residential construction by developing an ordinance based on the state's voluntary model ordinance.**

NorBAR supports the City promoting universal design features so long as it does so in partnership with homebuilders, and is not mandated. The City can pilot providing economic incentives for these design features, such as waiving certain fees, if they incorporate universal design in their buildings.

- **H-G-1 (Page 4-103): Consider a program that would require energy efficiency improvements when a residential structure undergoes transfer of title or major renovation.**

NorBAR is opposed to any program that requires modifications to a residential structure as a requirement to transfer title or conduct a major renovation. Requiring modifications to a home before it can change title will add costs to the process of buying and selling homes. This requirement will also discourage property owners from applying for permits before conducting major renovations, if they know that doing so will require energy efficiency improvements. NorBAR is not opposed to energy efficiency improvements to residences; however, we would like this to be conducted in a way that encourages homeowners to improve their residences. NorBAR believes that energy efficient improvements are a community wide concern and should not be limited to properties undergoing a transfer of title or major renovation. This section should be removed.

- **HG-1 (Page 4-103): Consider a program that requires energy audits and cost-effective energy upgrades for existing residential structures.**

NorBAR is interested in learning more about this proposed program. This proposal has the potential to better target residences that are in greater need for energy efficiency upgrades while not distorting the market for buying and selling homes. We would like to know more about this proposal and look forward to working with staff to help develop it.

Thank you for considering our concerns. The North Bay Association of REALTORS® has long been a partner with the City of Santa Rosa and looks forward to continuing to work together on these important issues.

If you have any questions regarding these issues please contact Daniel Sanchez, Government Affairs Director at (707) 324-6610 or at daniels@norbarrealtor.com.

Stephen Liebling , Chair, Local Government Relations Committee
North Bay Association of REALTORS®