

CITY OF SANTA ROSA  
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: DAVID GOUIN, DIRECTOR OF HOUSING AND COMMUNITY SERVICES

SUBJECT: SANTA ROSA HOUSING – REPORT #1: FUNDING RESOURCES

AGENDA ACTION: MOTION

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RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Council, by motion, direct staff to: 1) Sustain existing level of General Fund support for the City's homeless and housing programs; 2) Develop a set of regulatory and financial incentives to offset Housing Impact Fees, charged to rental housing projects and consider increasing the Housing Impact Fees (within the limits set forth in the Nexus Study) to encourage on-site production of affordable rental housing units; 3) Following completion of a Commercial Linkage Fee Nexus Study, consider imposing the fee at a level deemed not to inhibit desired commercial development; 4) Seek voter approval of a tax measure supporting housing programs and homeless services; 5) Consider short-term General Fund investments in housing programs and planning services to stimulate housing production and economic development; 6) Consider increase housing program funding using an Enhanced Infrastructure Financing District (EIFD) or similar tax increment mechanisms.

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EXECUTIVE SUMMARY

Santa Rosa, reflecting trends evident throughout California, faces a significant shortage of housing, particularly housing available for moderate and lower income families. Housing starts have remained near historical lows despite the post-recession economic recovery. In response to this housing shortage the City Council has expanded support for homeless facilities and programs, is considering how escalating rents can be contained, and is seeking ways to expand housing production through regulatory reforms, new housing programs, and increased funding resources.

The City Council conducted two Study Sessions (October 20, 2015 and November 10, 2015) to understand housing needs (including market rate and affordable), review the City's existing housing programs and funding sources, identify funding needs and challenges, and to identify new approaches and programs to increasing housing supply,

The City Council, recognizing that existing planning regulations and procedures and housing programs will not have the desired results, directed City staff to return with a set of specific recommendations including new housing programs and related funding sources and a process for the review and further development of these recommendations.

The resulting recommendations and program set forth in this Staff Report are the result of the study session effort. The process of review set forth in this staff report will involve further specification and public review of the recommendations leading to a set of specific implementing actions by the City Council.

## BACKGROUND

The City Council conducted the first of two study sessions on October 20, 2015, to define affordable housing needs, document current housing inventory, document existing housing programs and funding and to estimate the costs of achieving affordable housing production as set forth in the City's General Plan Housing Element.

The second study session was held on November 10, 2015, to consider opportunities and actions for increasing affordable housing supply and conserving and rehabilitating existing affordable housing, and to provide direction for pursuing affordable housing production, funding and related regulatory and procedural reforms.

As the result of the second study session the Council directed staff to return with a housing action plan that:

- Shifts housing production emphasis toward higher density development and "infill" sites
- Increases production of market rate housing
- Increases private-sector production of affordable housing units
- Increases City investment and participation in housing production

During the past two months City staff has collaborated to development two key components of the requested housing action program; 1) Planning Department regulatory and procedural reforms; and 2) Expanded and new programs to increase housing supply. The recommendations set forth in this Staff Report initiate a process of program development and review that will occur over the next several months.

## PROPOSED HOUSING ACTION PLAN REVIEW PROCESS

A series of Staff Reports are planned through July 2016 wherein the initial recommendations are subjected to further analysis, public review and outreach, and increased specification. It is expected that at the final planned Staff Report (July 12, 2016) the City Council will have the opportunity to direct implementation of specific actions and reforms needed to achieve the initial recommendations.

#### February 23, 2016 City Council Meeting:

- *Housing Program Options and Funding:* revenues that can be redirected and /or adjusted for housing projects
- *Planning Process Improvement Action Plan:* process improvements specific to the development review process

#### April 19, 2016 City Council Meeting:

- *Alternative Housing Programs:* specification of new housing programs that emphasize inclusionary housing and stimulus of market rate housing
- *Assessment of Santa Rosa by Brokers, Builders, Employers:* result of outreach seeking input that could spur development

#### May 17, 2016 City Council Meeting:

*Housing Incentives and Production:* Specific regulatory reforms and financial incentives for stimulating housing development

#### July 12, 2016 City Council Meeting:

- *Economic Development Initiatives:* actions to build upon and/or enhance existing strategies related to housing
- *Implementation:* Council actions initiating implementation of preferred reforms, programs and housing funding sources.

#### FISCAL IMPACT

Approval of this action does not have a fiscal impact on the General Fund. The fiscal impacts of specific actions resulting from the recommendations will be evaluated at the time of their formal consideration by the City Council.

#### ENVIRONMENTAL IMPACT

This action is exempt from the California Environmental Quality Act (CEQA) because they are not a specific project which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment, pursuant to CEQA Guideline section 15378.

#### BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

Not applicable

#### NOTIFICATION

Not applicable

### ATTACHMENTS

None

### CONTACT

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