Housing Series – Report 4
Housing Program Initiatives

City Council

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- **DEFINITION:**
  The need for **housing at all household income levels**, addressing existing deficiencies and future housing demand
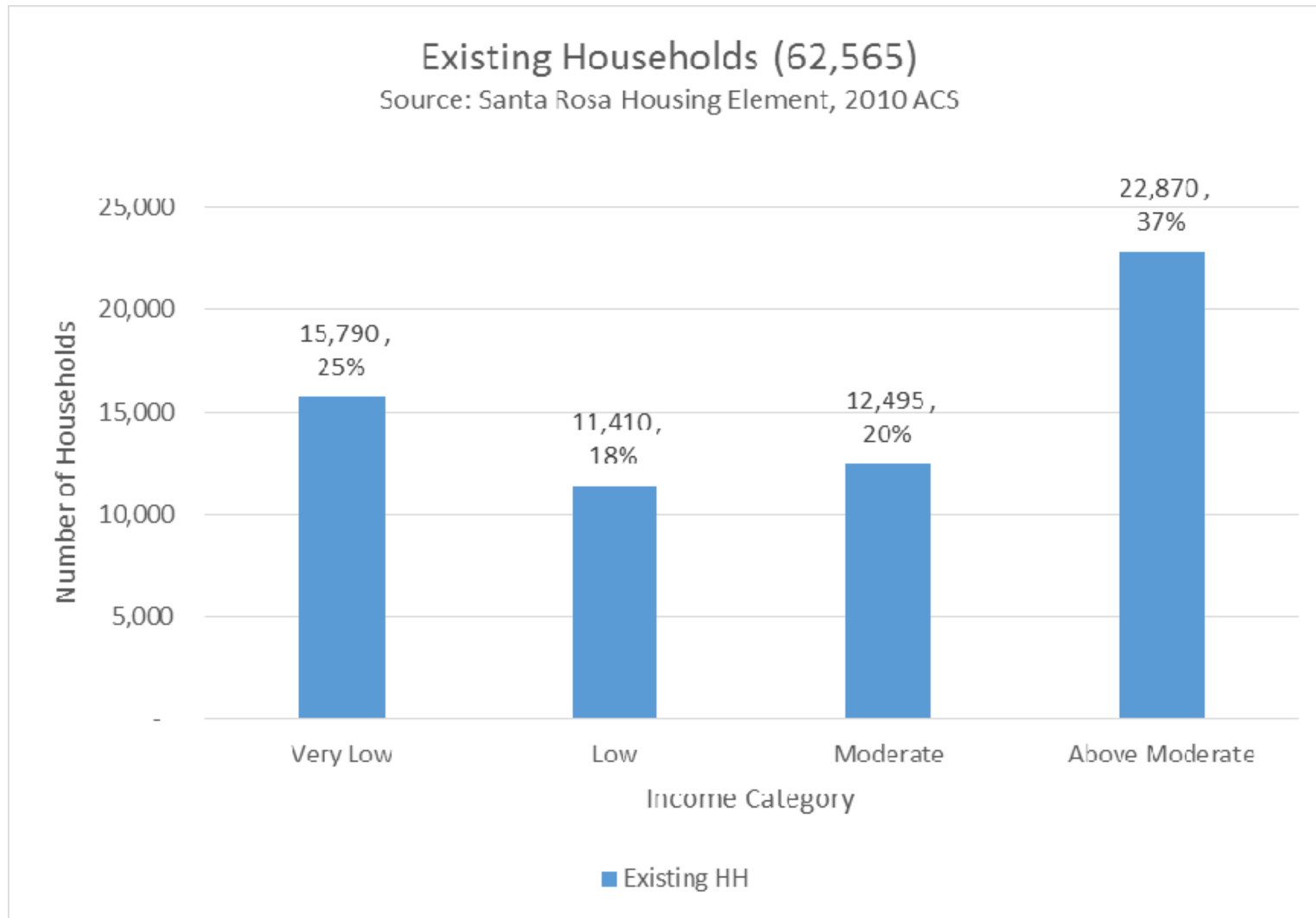
- **PERFORMANCE MEASURES:**
  - **Quantifying existing** housing needs and deficiencies,
  - **Production of housing** at each income level
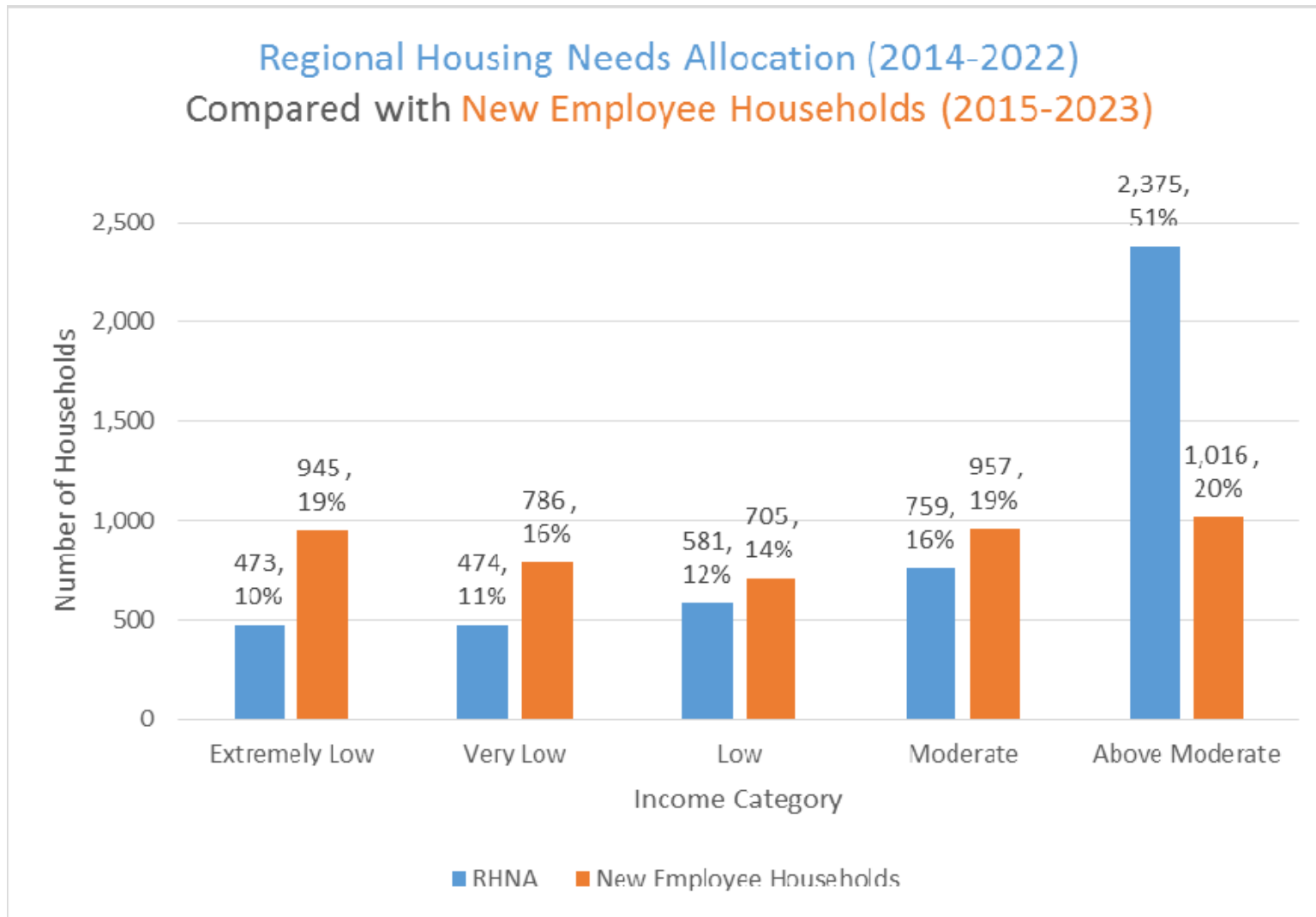 - **Estimating future** demand

- **APPROACH:**
  Cost-sensitive and cost-effective – maximizing housing production within realistic fiscal commitments

Existing Households by Income Group

Household Forecast by Income Group

City of **Santa Rosa**

Regional Housing Needs Allocation (2014-2022)
Compared with New Employee Households (2015-2023)

Income Category	RHNA	New Employee Households
Extremely Low	473, 10%	945, 19%
Very Low	474, 11%	786, 16%
Low	581, 12%	705, 14%
Moderate	759, 16%	957, 19%
Above Moderate	2,375, 51%	1,016, 20%

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Matching Programs to Needs

Housing Program	Household Income Level				
	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Above Moderate Income
Program 1 -- Increase inclusionary affordable housing			✓	✓	
Program 2 -- Achieve "affordability by design" in market-rate projects			✓	✓	
Program 3 -- Assemble and offer public land for housing development	✓	✓	✓	✓	
Program 4 -- Improve development readiness			✓	✓	✓
Program 5 – Increase affordable housing investment and partnerships	✓	✓	✓		

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Housing Program Initiatives

Program 1 – Increase inclusionary affordable housing

Program 2 – Achieve "affordability by design" in market-rate projects

Program 3 – Assemble and offer public land for housing development

Program 4 – Improve development readiness

Program 5 – Increase affordable housing investment and partnerships

Program 1:

Increase Inclusionary Affordable Housing

a. Housing Allocation Plan Impact Fee Changes

b. Inclusionary Units in For Sale Housing Projects

c. Regulatory and Financial Incentives for Inclusionary Housing

d. Density Bonus Ordinance Amendments

Increase Inclusionary Affordable Housing

1.a. Housing Allocation Plan Impact Fee Changes

- Adopt a 2016 HAP impact fee

- Adopt policy linking the HAP impact fee to the regulatory and financial incentives

- Determine need for HAP Ordinance amendments to conform with emerging inclusionary housing policies

Increase Inclusionary Affordable Housing

1.b. Inclusionary Units in For Sale Housing Projects

- **In lieu** of paying HAP impact fee, allow for sale residential projects to provide 10 percent of the project's total units as inclusionary housing affordable to moderate income households (up to 120 percent of AMI)

- Offer **regulatory and financial incentives** to incentivize such inclusionary housing

- Seek **partnership** with non-profit housing entities to manage for sale inclusionary units

Increase Inclusionary Affordable Housing

1.c. Regulatory and Financial Incentives for Inclusionary Housing

- **Financial and regulatory incentives** for market rate developers to include affordable housing in projects.
  - Density bonus
  - Priority planning review and permit processing
  - Development impact fee waiver

- Provide 2016/17 Budget to create a **Housing Incentive Fund** for market rate projects that include price-restricted units.
  - Offsets DIF waivers and other subsidies
  - Allocated on a "first come-first served" basis, according to identified criteria

Increase Inclusionary Affordable Housing

1.d. Density Bonus Ordinance Amendments

- Amend the zoning code to provide **local density bonus provisions**
  - Appropriate density above state-allowed 35% - consider up to 100%
  - Level of affordability achieved through offering additional density
  - Additional density bonus will vary by category or be targeted through use of an overlay zone
  - Neighborhood compatibility
  - Include rental units, ownership, or both
  - Link to expanded list of concessions and incentives

Program 2:
Achieve Affordability by Design

a. Modify definition of "qualifying units"

b. Second Dwelling Units

c. Single Room Occupancy Projects

d. Modular Housing Pilot Project

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2.a. Modify definition of "qualifying units"

- Simplify the definition of **qualifying units** and consider establishing this definition in the Housing Allocation Plan

- Research and establish **unit size** to meet moderate income rent and sales price data

- Consider simplification of **Growth Management Ordinance** to reduce administrative burden and streamline compliance

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2.b. Encourage Second Dwelling Units

- Amend **second unit provisions**: remove deed restriction requirements and revise parking requirements

- Reduce **development impact fees** on second units

- Release **deed restriction** on existing second units

2.c. Encourage Single Room Occupancy Projects

- Consider revision of **Single Room Occupancy standards** to identify if changes would facilitate new construction

- Seek **opportunity sites** for SRO projects

Achieve Affordability by Design

2.d. Modular Housing Pilot Project

*Offers the ability to **lower construction costs and inspection time***

- Partner with modular housing developers to create a pilot project

- Pilot project eligible for competitive Housing Incentive Fund subsidy

- Determine if units can be price restricted to moderate income households without additional public subsidy

Program 3:
Assemble and offer public land for housing development

a. Affordable Housing in Public Land Disposition

b. Identify Public Parcels with Development Potential

c. Strategic Acquisition of Housing Parcels

d. Disposition of Public Rights-of-Way

Public Land for Housing Development

3.a. Affordable Housing in Public Land Disposition

- Include a provision of at least **15 percent affordable** units to low income households in pending negotiations with County, Sonoma County Water Agency, and SMART

- **State law AB 2125** requires "surplus" public land disposed for real estate purposes includes 15 percent housing affordable to lower income families

- Offer **regulatory and financial incentives** to help achieve affordability targets

Public Land for Housing Development

3.b. Identify Public Parcels with Development Potential

- Identify and evaluate suitable **vacant or underutilized public lands** for potential disposition to housing developers

- Follow State law AB 2125

- Offer **regulatory and financial incentives** to help achieve affordability targets

Public Land for Housing Development

3.c. Strategic Acquisition of Housing Parcels

- Opportunistically **purchase/acquire private land** suitable for housing development

- State law AB 2125 requires "surplus" public land disposed for real estate purposes includes **25 percent** housing affordable to lower income families

- Offer regulatory and financial incentives

Public Land for Housing Development

3.d. Disposition of Public Rights-of-Way

- Identify **remnant or unused rights-of-way** owned by the City or other public agencies; offer these to adjoining property owners to increase development potential of their property

- Streamline administrative processes for **vacating and disposing of unused rights-of-way** that improve development capacity of adjoining housing opportunity sites

Program 4:

Improve Development Readiness of Sites

a. Housing Opportunity Site Identification and Assessment

b. Rezoning and other regulatory changes on Opportunity Sites

c. Specific Plan Infrastructure Improvement Programs

d. Programmatic Approach to Critical Habitat Mitigation

e. Permit Streamlining for Planning Entitlements

f. Hillside Ordinance Revisions

g. Design Review Process Streamlining

Improve Development Readiness of Sites

4.a. Housing Opportunity Site Identification and Assessment

- Complete **Housing Opportunity Site mapping** and assessment to identify additional sites

- Develop **opportunity and constraint information** about these sites and assess development readiness

- Promote awareness of these **development opportunities**, in collaboration with landowners

Improve Development Readiness of Sites

4.b. Rezoning and Other Regulatory Changes on Opportunity Sites

- Determine what **zoning changes** are needed to maximize housing potential for the selected Opportunity Sites

- Zoning regulations applied on these sites should impart, to the extent possible, "**use-by-right**"

- Complete program level environmental review that **streamlines the CEQA process** for Housing Opportunity Sites

Improve Development Readiness of Sites

4.c. Specific Plan Infrastructure Improvement Programs

- Further review the **infrastructure needs** within the Specific Plan areas - refine the "Basic Improvement Programs"

- **Integrate assessment** of Specific Plan infrastructure needs into the Development Impact Fee update

- Seek innovative **funding and financing sources** for needed infrastructure including special tax districts and EIFDs

- **Focus this investment** on infrastructure improvements needed to improve development readiness

Improve Development Readiness of Sites

4.d. Programmatic Approach to Critical Habitat Mitigation

- Create a Task Force that assembles City staff, industry representatives, regulating agencies, and other interest groups and experts to consider programmatic approaches to meeting critical **habitat mitigation** requirements

- Take any interim steps that may be available to **relieve the burden** of meeting mitigation requirements

Improve Development Readiness of Sites

4.e. Permit Streamlining for Planning Entitlements

- Continue work to define specific **time frames for processing** development applications in compliance with State-mandated time limits

- Utilize the **Development Task Force** to trouble shoot issues and refine planning requirements and regulations

- Develop application completeness **checklists**; identify, track, and report **performance metrics**

- Endeavor to **complete review** of current projects to meet 2016 construction season.

4.f. Hillside Ordinance Revisions

- Amend hillside development ordinance standards to **add flexibility while maintaining purpose**

- Consider **flexibility** where no visual or topographical impact exists

- Provide **discretion** to PED Director in cases of minor variations from standards

- Provide mechanism for **"over the counter" review** for some permits

Improve Development Readiness of Sites

4.g. Design Review Process Streamlining

- Identify **reforms to the design review** process and guidelines

- Expand the use of **administrative design review** based on a check list approach

- Create expressly **defined limits** upon scope of review by the Design Review Board

- Evaluate **Concept Design Review** in terms of reducing time and increasing certainty in the development review process

Program 5:

Increase Affordable Housing Investment
and Developer Partnerships

a. Sustain City Homeless Facilities and Programs

b. Affordable Housing Subsidies and Partnerships

c. Acquisition of Affordable Housing Contracts

d. Developer and Landlord Partnerships

5.a. Sustain City Homeless Facilities and Programs

- Continue **City support** for homeless services and special needs facilities

- **General Fund support** for FY 2016-17 should sustain existing facilities and services

- Develop a **sustainable program** of homeless services and facilities

5.b. Affordable Housing Subsidies and Partnerships

- Continue **City funding subsidies** to developers of affordable housing projects that attract Low Income Housing Tax Credits

- Provide a **stable source of funding** to the Housing Authority that can be used for affordable housing projects

- Continue to apply a **criteria-based process** for awarding funding to affordable housing developers to assure cost effectiveness

5.c. Acquisition of Affordable Housing Contracts

Explore the potential for acquiring **affordability contracts** by:

1. The willingness of owners of rental properties to participate in a rehabilitation loan program

2. The willingness of owners of housing bond-financed developments to participate in a purchase program where the City pays the difference between market rate and affordable rent in exchange for term extensions of an existing Regulatory Agreement

3. The willingness of rental property owners not under a regulatory agreement to enter into a contract in exchange for payment of the market rate/affordable rent differential

5.d. Seek Developer and Landlord Partnerships

Create a program that links nonprofit housing and service providers with landlords, with a focus on housing for homeless. Program would include:

- **Financial incentives**, including:
  - Payments of rent deposits
  - A pre-leasing bonus
  - Payment for damages

- **Additional assistance** including:
  - Case management
  - 24-hour hotline
  - Routine inspections

Implementation

The **Housing Action Plan** is focused on getting housing built.

Objectives will be achieved by **prioritizing efforts** that maximize housing production short, medium, and long term.

1) Approval of pending housing applications requiring only administrative review to start construction in 2016

2) Work with other applicants to resolve remaining issues or deterrents using existing administrative discretion and authority

3) Pursue programs and policy reforms that reduce barriers and incentivize housing production

City of Santa Rosa

- **Continued refinement of Housing Program Initiatives** based upon Council input, outreach efforts, and further technical review

- **Draft the *Housing Action Plan*,** assembling the Housing Programs with policy direction, an organizational plan, an outreach plan, and a financial plan

- **Reflect Council-directed appropriations** in FY 2016/17 Budget

- **Prepare economic development assessment** linking the *Housing Action Plan* to the City's economic development efforts