

HOUSING our COMMUNITY

A 2019 Town Hall Series
Sponsored by the City of Sonoma



What Are We Doing?

Town Halls to establish the foundation for informed community discussion.

LEARN

Housing 101 - [Tonight!](#)


DISCUSS

Industry panel to discuss options and best practices ([May 16th](#))

EXPLORE

Community Workshop to outline and prioritize potential solutions ([June 20th](#))


HOUSING OUR COMMUNITY
TOWN HALL SERIES



LEARN Housing 101
April 25, 6:00 - 8:00 PM
Basic terms, drivers and factors that influence housing. A lively presentation of trends, facts, and emerging solutions, followed by informal Q+A.

DISCUSS Housing Experts Panel
May 16, 6:00 PM - 8:00 PM
Moderated panel discussion with experts who build and finance affordable and market rate housing - with a focus on practical, real world examples followed by a moderated Q+A.

EXPLORE Community Workshop
June 20, 6:00 PM - 9:00 PM
Interactive community workshop to discuss what housing we need and where in City limits.



Attend all Three!
Stone Hall, Vintage House
264 First Street East, Sonoma CA 95476
Food, Drink & Childcare for School-Age Children Provided.
Sponsored by the City of Sonoma.

www.sonomacity.org/housing-our-community

Why Are We Here?

“Sonoma is a beautiful, environmentally friendly, and safe place, widely recognized as one of the most desirable cities in Northern California to live, visit, and do business.

Ours is a diverse community where residents and their children can and want to remain.”

(City Council Vision Statement from Sonoma 2020 General Plan)

What do we hope to accomplish?

- Expand local understanding of terms and tools
- Demonstrate implications of certain policy choices
- Highlight competing imperative of density and conservation
- Share solutions others are trying
- Shift focus for more action, less study
- Create a willingness to experiment

HOUSING our COMMUNITY: Town Hall Series



Housing 101: A Look at the Terms and Trends Shaping Housing in the City of Sonoma

Jim Heid | FASLA, *Founder*
urbangreen[®]

Part I:

Building Our Housing IQ (6:00 p.m. – 7:00 p.m.)

Context, Terms and the State of Housing in Sonoma

Q+A

Part II:

Measuring Progress and Emerging Options

(7:00 p.m. – 8:00 p.m.)

Macro Trends, Emerging Solutions, Density, Amenity and
Diversity

Q+A

Public Comment

Affordable Housing as Infrastructure

"It is far more cost effective to plan for the inevitable by creating a strategic approach...than to wait until it reaches crisis proportions..."

A STRATEGIC APPROACH TO AFFORDABLE HOUSING IN RESORT COMMUNITIES

Urban Land Magazine August 1995

A Strategic Approach to Affordable Housing in Resort Communities

JIM HEID

Discussion about the recent growth in resort community populations has centered on the loss of open space, increased traffic, more crime, and other social problems. More and more, however, talk is shifting to a new topic—affordable housing—as these communities face rapidly rising housing costs that are a growing threat to their long-term economic viability.

Ten to 20 years ago, a large pool of labor was always available to resort communities in the form of young baby boomers glad to take a year or two off and suffer through substandard living conditions simply to be part of the "resort lifestyle." Housing affordability was not a significant issue. Today, however, both the communities and their labor forces are maturing, presenting a dilemma for the individuals who, as members of the local community and the labor pool, require quality quarters for their young families. More of the aging U.S. population is moving to these communities either full-time or part-time, thanks to the improved business flexibility afforded by telecommunication or more active retirement accompanied by better health. Prices of limited land or existing housing stock are being driven up by new residents whose wealth exceeds that of existing local residents. The result is an ever-widening gap in purchase power between new residents who move in, bringing their high expectations of community and lifestyle services with them, and longtime local residents, as well as employees of local businesses, who cannot afford to live where they work.

While housing affordability is not a problem unique to resort communities, one byproduct of the

problem is that as local residents and workers move farther and farther away from resort centers, the communities' economic potential is weakened. Unlike traditional metropolitan communities and exclusive suburbs, the resort economy thrives only when businesses deliver what their market demands: innovative amenities provided in a spirit of good service. If resort area employees cannot find decent housing they can afford, the resort community can no longer sustain its economy. A shortage of affordable housing leads to disgruntled and surly employees who are forced to choose between long commutes and substandard local housing; high levels of employee absenteeism and turnover; increased operating costs for businesses as they must offer higher wages to get the labor they need; and the potential liability faced by owners who have too few staff to operate with safety measures intact.

This problem is especially evident in the intermountain west, where it is not possible to develop affordable housing in the next village over the hill, as it is in many eastern communities. A combination of difficult topography, limited infrastructure, and large federal landholdings makes it difficult for new development to occur within 15 to 20 miles of employment centers. As a result, employees in western mountain communities must travel up to 60 to 80 miles each way to work, often in bad weather and on treacherous roads. This pattern of commuting to more affordable housing brings additional impacts to these idyllic communities and their region. Air quality in sensitive airsheds deteriorates rapidly as the number of vehicle trips in and out of the community increases. Social problems such as increasing crime rates and family and alcohol abuse are brought on by long work days, often at low-paying jobs, made

Key Take-Aways

- We are all learning
- Its about more than Affordable Housing
- Sonoma is not an island
- There is no single solution....but there are some great, emerging options
- Don't make 'perfect the enemy of the good'



Part 1:

BUILDING OUR HOUSING VOCABULARY


Housing Our Community Website

<https://www.sonomacity.org/housing-our-community/>

[City Manager](#) / [Key Initiatives](#) / [Housing Strategies](#) / [Housing Our Community](#)

[← Back](#)

Housing Our Community

 (707) 933-2218

 (707) 938-2259 (FAX)

 cityhall@sonomacity.org

 [Facebook](#)
[Youtube](#)

Housing Our Community Town Hall Series

Increasing housing prices and constrained housing supply are challenges facing the City of Sonoma along with other Bay Area and surrounding Sonoma County communities. Based on increasing concern over this imbalance, the City Council contracted with UrbanGreen, Inc. to develop a community education and engagement program for members of the community to take part in a robust and informed conversation on housing in the City of Sonoma.

The series is composed of three Town Halls around a theme of **Learn | Discuss | Explore**. The first Town Hall, **Housing 101** will be on April 25, 2019, followed by a **Housing Experts Panel**, on May 16, 2019 and the third and final meeting of the series, an **Interactive Community Workshop** on June 20, 2019.

A more detailed description of each event includes:

Town Hall #1 - LEARN, Housing 101
Thursday, April 25, 2019, 6:00 PM – 8:00 PM
at Vintage House, 264 First St E, Sonoma

This will be a lively presentation of trends, facts, current drivers and emerging solutions, followed by informal Question and Answer period. Attendees will learn basic terms, drivers and factors that influence housing in our region to help gain a deeper understanding of housing dynamics in order to create a foundation for the next two Town Halls.

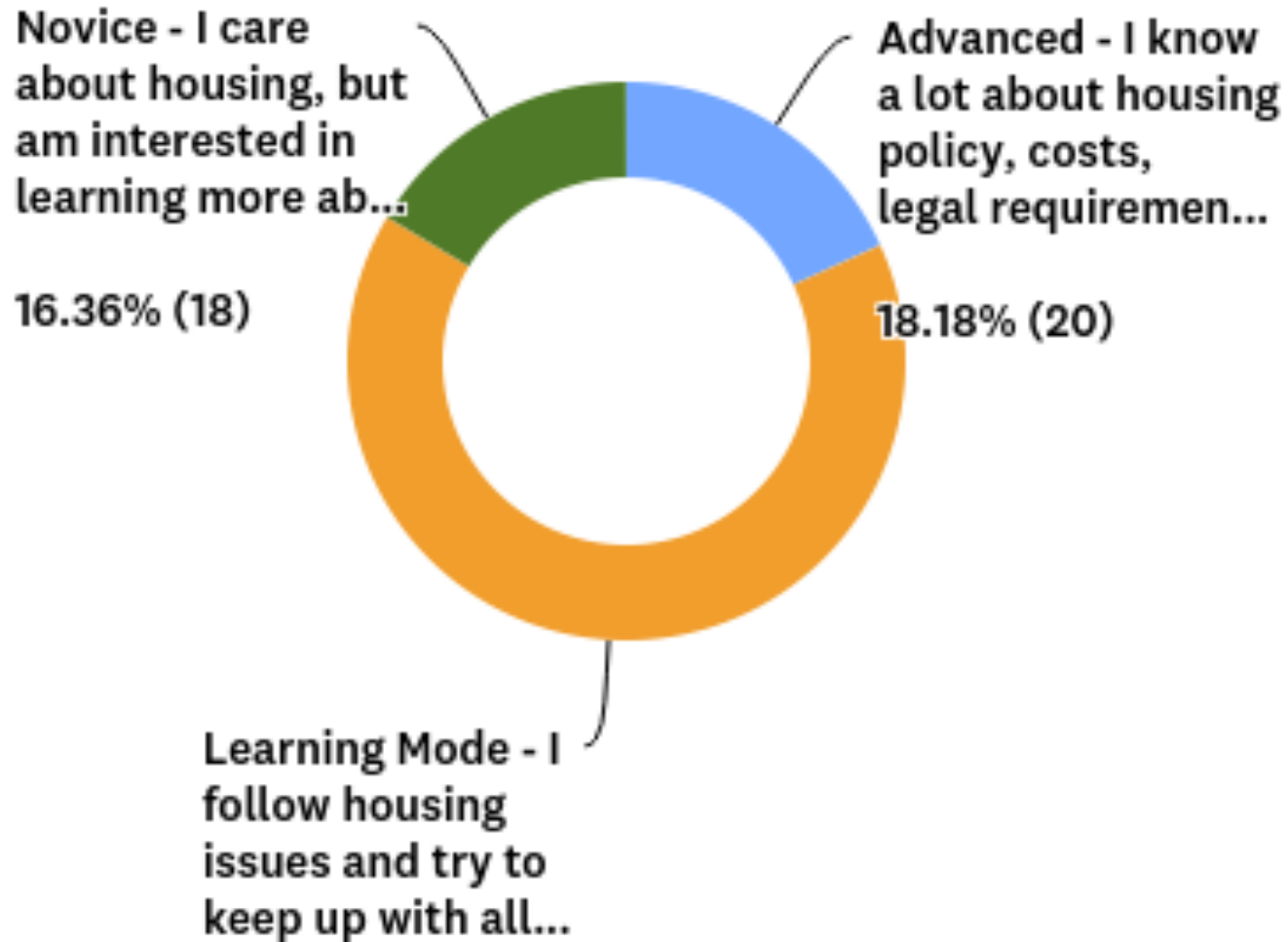


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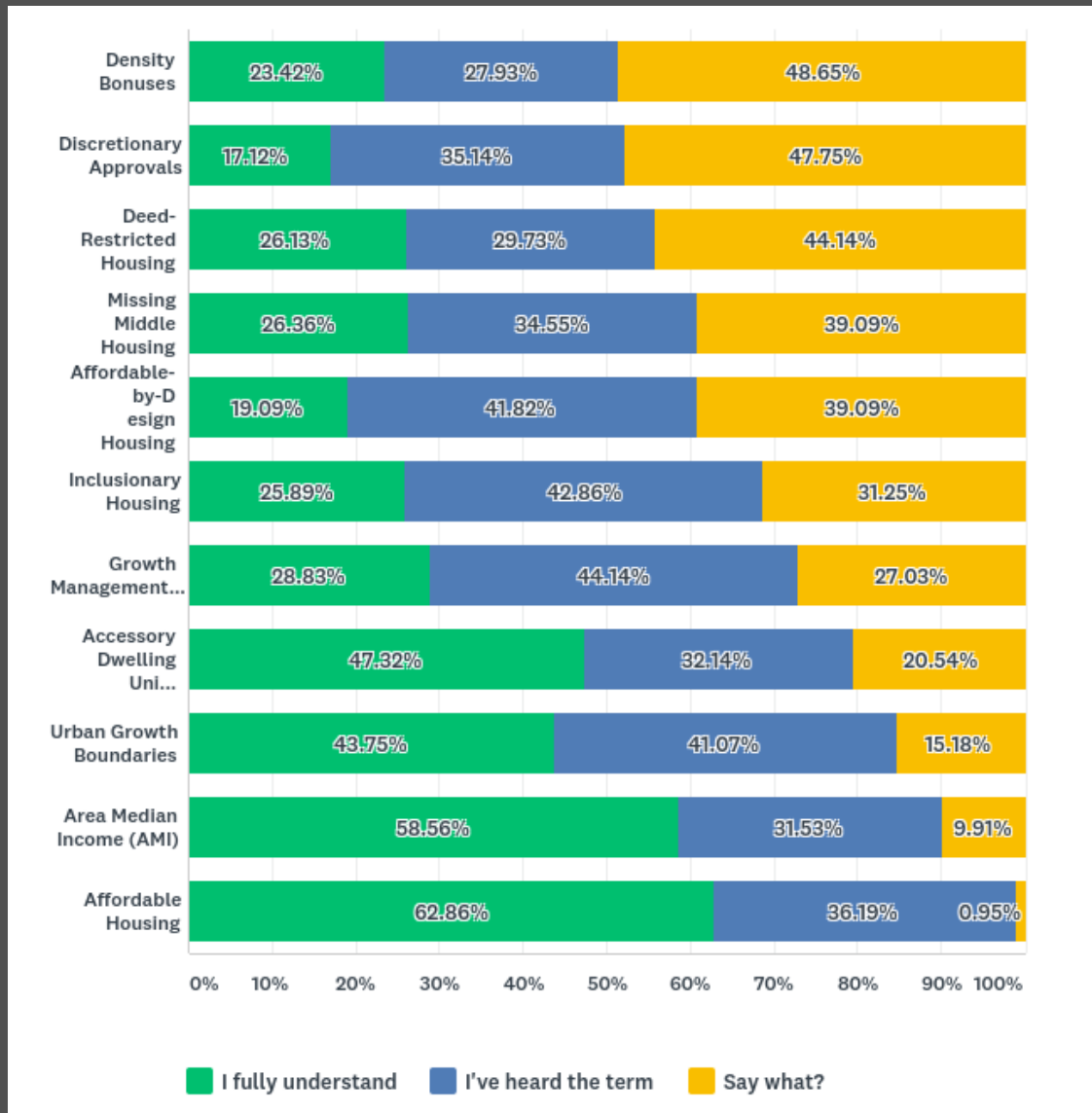


Take The
Survey

Respondents Housing IQ



Understanding the Language of Housing



Source: City of Sonoma Online Survey – March 28- April24. n=112

Pop Quiz!

Is there a difference between **Affordable Housing** and **affordable housing**?

_____ Yes

_____ No

Terms to Know – It All Starts Here

Affordable Housing =

Protected pool of price-restricted residential units.

- A critical component of a community's housing stock, meant to support its workforce.

affordable housing =

Market supplied housing that may be more cost effective, but not protected.

- Helps increase housing choice, but may not be sustained given outside economic pressures.

Terms to Know – It All Starts Here

Affordable-by-Design =

Market supplied affordable housing that can be rented, sold or operated for less due to design

- Smaller unit size
- Higher density
- Reduced parking requirement
- Attached or multi-family
- Energy efficient or 'green'
- Co-housing strategy to remove market risk

Terms to Know – It All Starts Here

Deed Restrictions

Primary tool by which housing is price protected.

- A restriction on the deed - limits who the housing can be rented or sold to.
- Typical restrictions are income related, but can also can be employment or location based.

Terms to Know – It All Starts Here

AMI

Area Median Income

- How housing affordability is measured and managed
- The primary link to deed restrictions for protecting affordability
- Based on County income and updated annually (HUD-State HCD)
- Indexed by household size

Terms to Know – It All Starts Here

AMI (Area Median Income)

2018 Sonoma County AMI family of four =

\$84,165

Source: <http://sonomacounty.ca.gov/CDC/Housing-and-Neighborhood-Investment/Income-and-Rent-Limits/>

Terms to Know – It All Starts Here

AMI (Area Median Income)

Four primary categories*

Category	AMI Range
Extremely Low	0-30%
Very Low	30-50%
Low	50-80%
Moderate	80-120%

* As defined and used by HUD and State of California

The Language of Affordable Housing

State and City Classification	Income Limits (% of AMI)	General Industry Descriptors
Extremely Low	0-30%	Subsidized
Very Low Income	30-50%	Affordable
Low Income	51-80%	Affordable
Moderate Income	80-120%	Workforce, Entry, Starter
Above Moderate Income	121%+	Move-up, Luxury

Sources : County of Sonoma Community Development Commissions
<http://sonomacounty.ca.gov/CDC/Housing-and-Neighborhood-Investment/Income-and-Rent-Limits/>
Accessed 4/24/2019

The Language of Affordable Housing

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Moderate Income	80-120%	Workforce, Entry, Starter
Middle Income	121-160%	Workforce, Missing Middle
Above Moderate Income	161%+	Move-up, Luxury

Sources : County of Sonoma Community Development Commissions
<http://sonomacounty.ca.gov/CDC/Housing-and-Neighborhood-Investment/Income-and-Rent-Limits/>
 Accessed 4/24/2019

The Language of Affordable Housing

State and City Classification	Income Limits (% of AMI)	General Industry Descriptors	2 Person HH (Upper End)	4 Person HH (Upper End)	Max Purchase Price	Max Monthly Rental (2 bdrm)
Extremely Low	0-30%	Subsidized	\$23,600	\$29,450	N/A	\$590
Very Low Income	30-50%	Affordable	\$39,300	\$49,100	\$200,000	\$983
Low Income	51-80%	Affordable	\$62,850	\$78,550	\$330,000	\$1473
Moderate Income	80-120%	Workforce, Entry, Starter	\$80,700	\$100,900	\$470,000	N/A
Middle Income	121-160%	Missing Middle		\$134,500	\$550,000	N/A
Above Moderate Income	161%+	Move-up, Luxury				

Sources : Income and rental limits County of Sonoma Community Development Commission
 Maximum purchase price calculated using 4.5% interest rate, 10% down and NerdWallet Mortgage Calculator. Results will vary depending on individual FICO score, debt ratios and property taxes and insurance

The Language of Affordable Housing

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Middle Income	121-160%	Missing Middle		\$134,500	\$550,000	N/A
Median Home Value City of Sonoma = \$628,300						

Sources : Income and rental limits County of Sonoma Community Development Commission
 Maximum purchase price calculated using 4.5% interest rate, 10% down and NerdWallet Mortgage Calculator. Results will vary depending on individual FICO score, debt ratios and property taxes and insurance

Pop Quiz #2

What is Inclusionary Housing?

- A. Housing designed for multiple generations
- B. Housing inclusive of varied income groups
- C. Housing that must be included in any new development
- D. None of the above

Terms to Know

Inclusionary Housing =

A land use code provision that requires new development to **INCLUDE** a certain amount of Affordable Housing

- Uses market to help deliver deed-restricted housing
- Can fulfilled with fee (PILO)
- Can build the units
- Market rate buyers subsidize affordable units

Terms to Know

Inclusionary Housing Conundrum

Requirement too low

- Do not adequately meet community need
- Do not secure adequate funding to build new units

Requirement too high

- Gap between market and affordable pricing worsens
- Projects are no longer financeable
- Product cost exceeds market acceptance

Terms to Know

ADU (Accessory Dwelling Unit)

A residential living unit that is ACCESSORY to the primary residence.

- Attached or detached determines size
- Must have a kitchen
- Must follow land use restrictions for setbacks, height etc

Terms to Know

ADU (Accessory Dwelling Unit)

Recently passed legislation provided relief to accelerate ADU development

- No parking required
- Relief in second story setback
- Impact fees must be calibrated to impact
- Limited design review

Discretionary Approval

Subjective, local review that are required for project approval.

- Conditional use permits, design review, rezoning or general plan amendments.
- Requires CEQA
- Highest risk part of the development process
- Can result in unanticipated delays, numerous conditions of approval, additional legal costs

Housing Cost Drivers



Cost of Capital

Entitlement Risk, Construction Risk, Market Risk

Labor

Supply and availability of trades

Materials

Lot | Infrastructure

On and off site

Entitlement Process

Low barrier or high barrier market?

Land

Supply and demand, potential density

Terms to Know

Density Bonus =

A land use code* provision that provides additional units and concessions for exceeding code minimum.

- Powerful tool to encourage the development of affordable and senior housing
- Concessions may include parking relief, height relief and design relief

* The Density Bonus Law is found in California Government Code Sections 65915 – 65918)

Terms to Know

Growth Management Ordinance =
City tool that limits number of new permits
per year, to relegate the PACE of growth.

- Sonoma's current GMO = 65 permits per year
- Affordable Housing and ADU's exempt

Terms to Know

Urban Growth Boundary =
Land Use provision that limits the geography
of growth.

“to protect the unique small town character and agricultural and open space character of surrounding areas”.

“reflects a commitment to focus future growth within the city in order to prevent urban sprawl into agriculturally and environmentally sensitive areas surrounding the city”

Part 1 Recap

- The first step in building effective solutions is understanding, then localizing terms.
- AMI is a keystone for managing and funding Affordable Housing.
- There are land use and legislative tools for accelerating Affordable Housing production, but approvals are still a key barrier.
- Compact, higher density development can address concerns over sprawl, while helping to create more affordable by design housing options

Part 1:

Q+A?

Part 2:

MEASURING PROGRESS AND EMERGING OPTIONS



green

Ways to Measure the State of Housing

Five potential yardsticks:

- 1: Housing Mix
- 2: How well we house our workforce
- 3: Affordable Housing % of total stock
4. Pace of housing production
- 5: Attainment of RHNA goals

Metric 1: Housing Mix

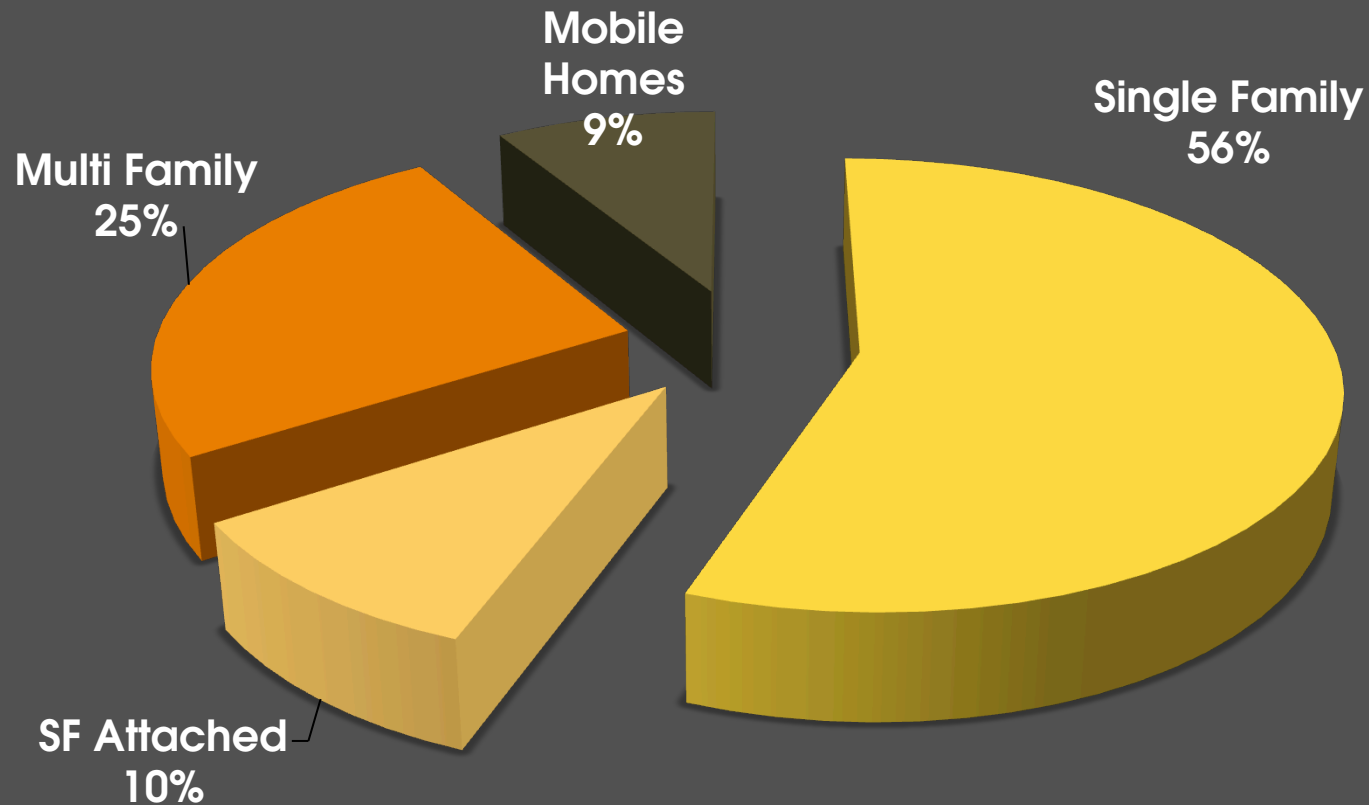
Total Residential Units in the City of Sonoma



Source : Sonoma Sonoma 2015-2023 Housing Element through 2010, Building Department Finaled Units 2011-2018

Metric 1: Sonoma Housing Mix

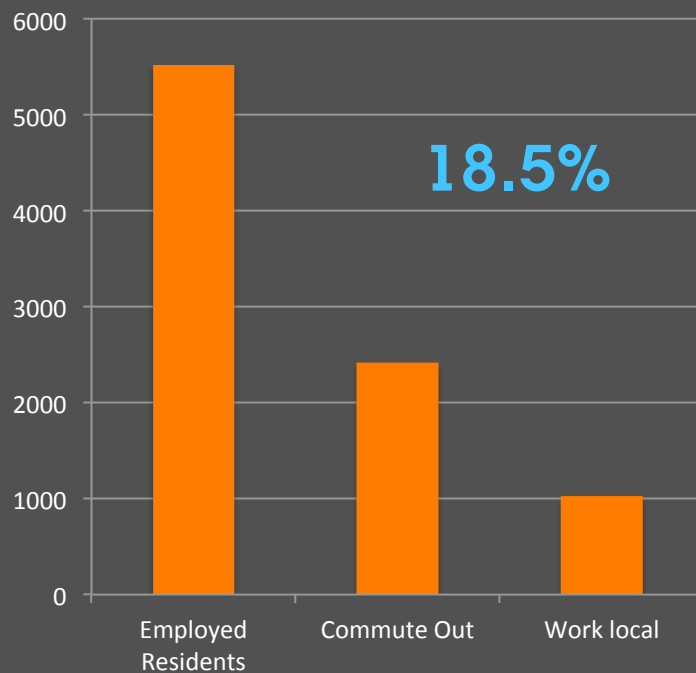
Mix of Residential Unit Types



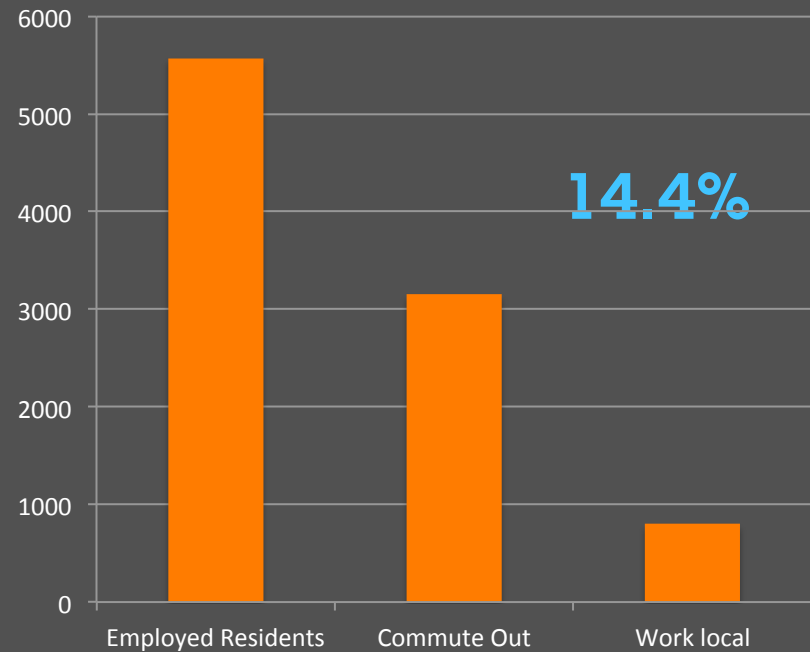
Source : Sonoma Sonoma 2015-2023 Housing Element through 2010, data not available for units built 2011+

Metric 2: Living + Working in Town

Percentage of Residents



2002

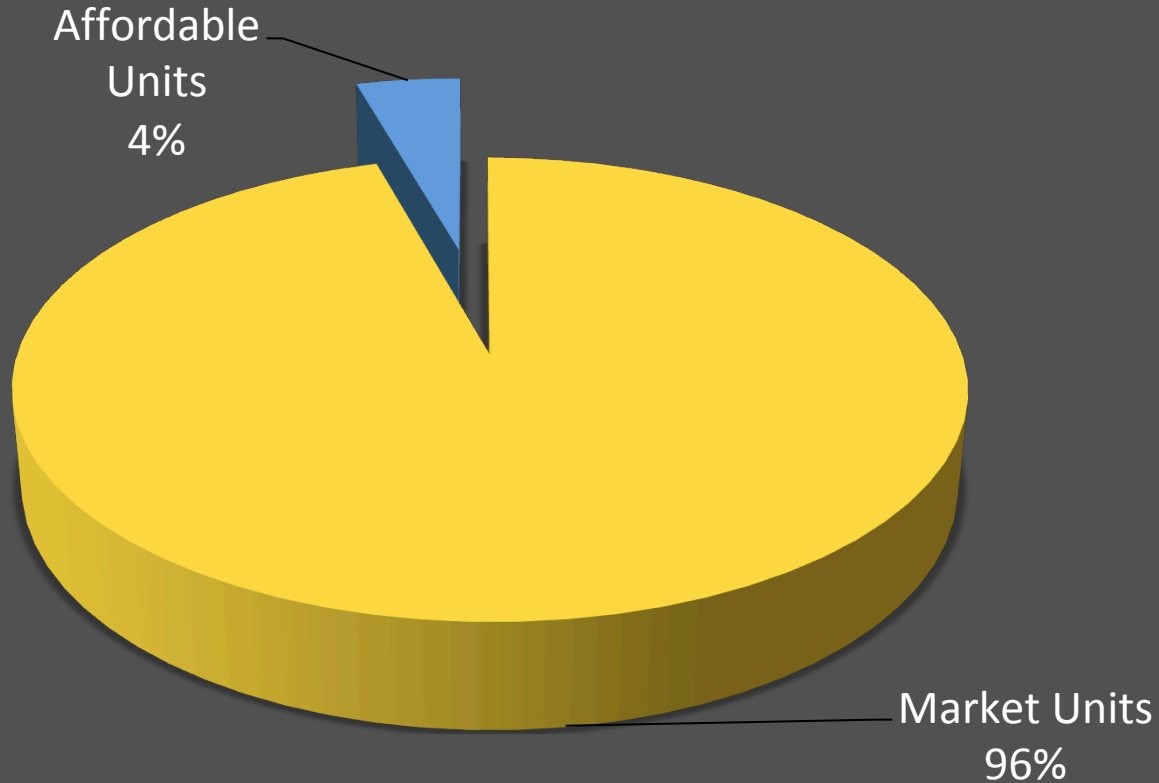


2015

Source: <http://onthempa.ces.census.gov>

Metric 3: Affordable Housing Stock

Deed Restricted Affordable Housing in the City of Sonoma



Source : Sonoma Sonoma 2015-2023 Housing Element through 2010, plus RHNA report 2015-2018

Metric 3: Affordable Housing Stock (Current)

Deed Restricted Affordable Housing in Comparable Communities

City	Total Housing Units	Affordable Units (Total)
Healdsburg	4,904	485
Sebastapol	3,485	402
Cotati	2,988	278
Sonoma	5,590	232
Cloverdale	3,427	205

Source : Sonoma - Sonoma 2015-2023 Housing Element through 2010, plus RHNA report 2015-2018, others UrbanGreen research

Metric 3: Affordable Housing Stock (2019)

Deed Restricted Affordable Housing in Comparable Communities

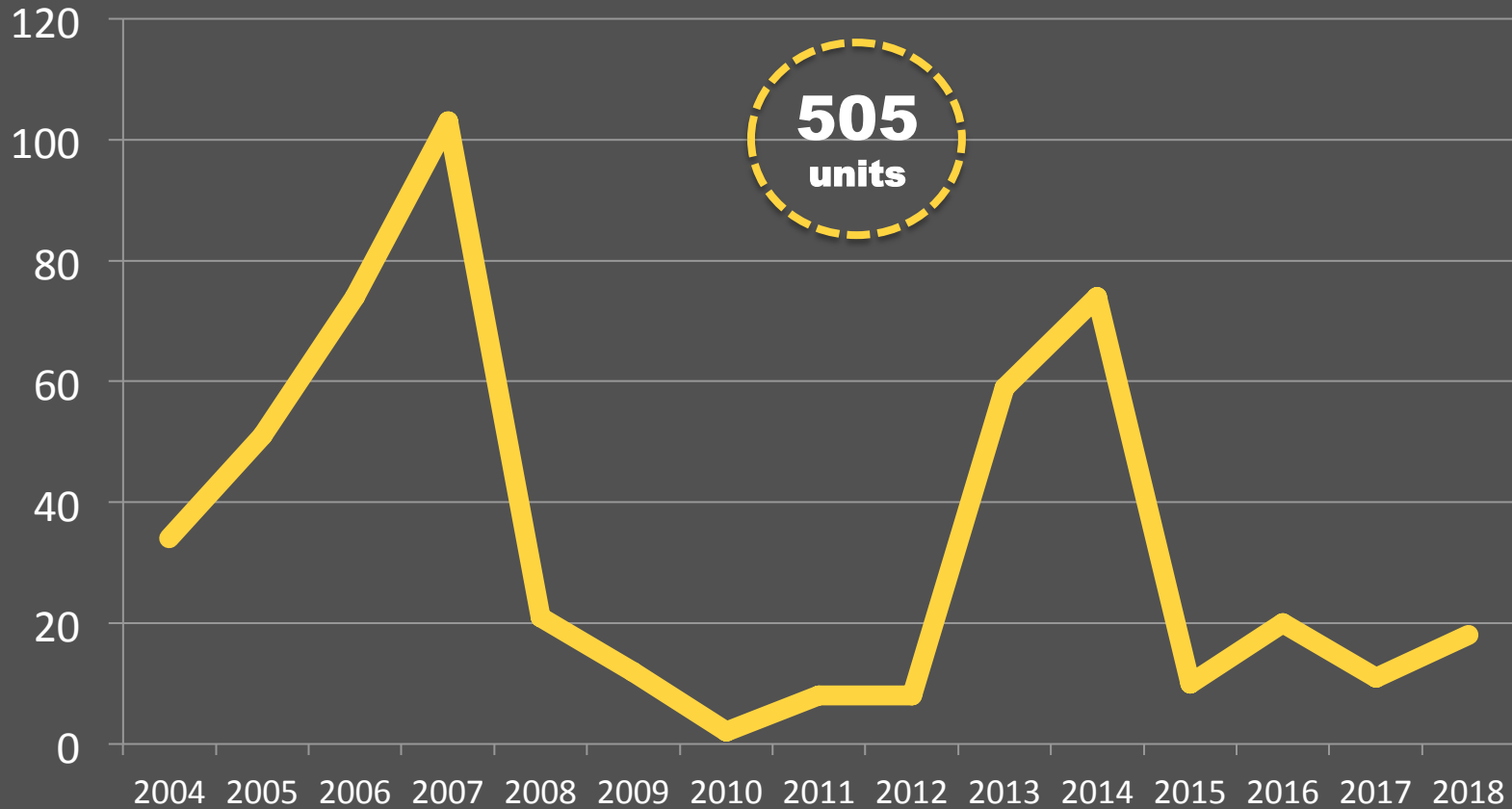
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Healdsburg	4,904	485
Sebastapol	3,485	402
Sonoma	5,590	316
Cotati	2,988	278
Cloverdale	3,427	205

+36%

Source : Sonoma - Sonoma 2015-2023 Housing Element through 2010, plus RHNA report 2015-2018, others UrbanGreen research

Metric 4: Are You Keeping Up?

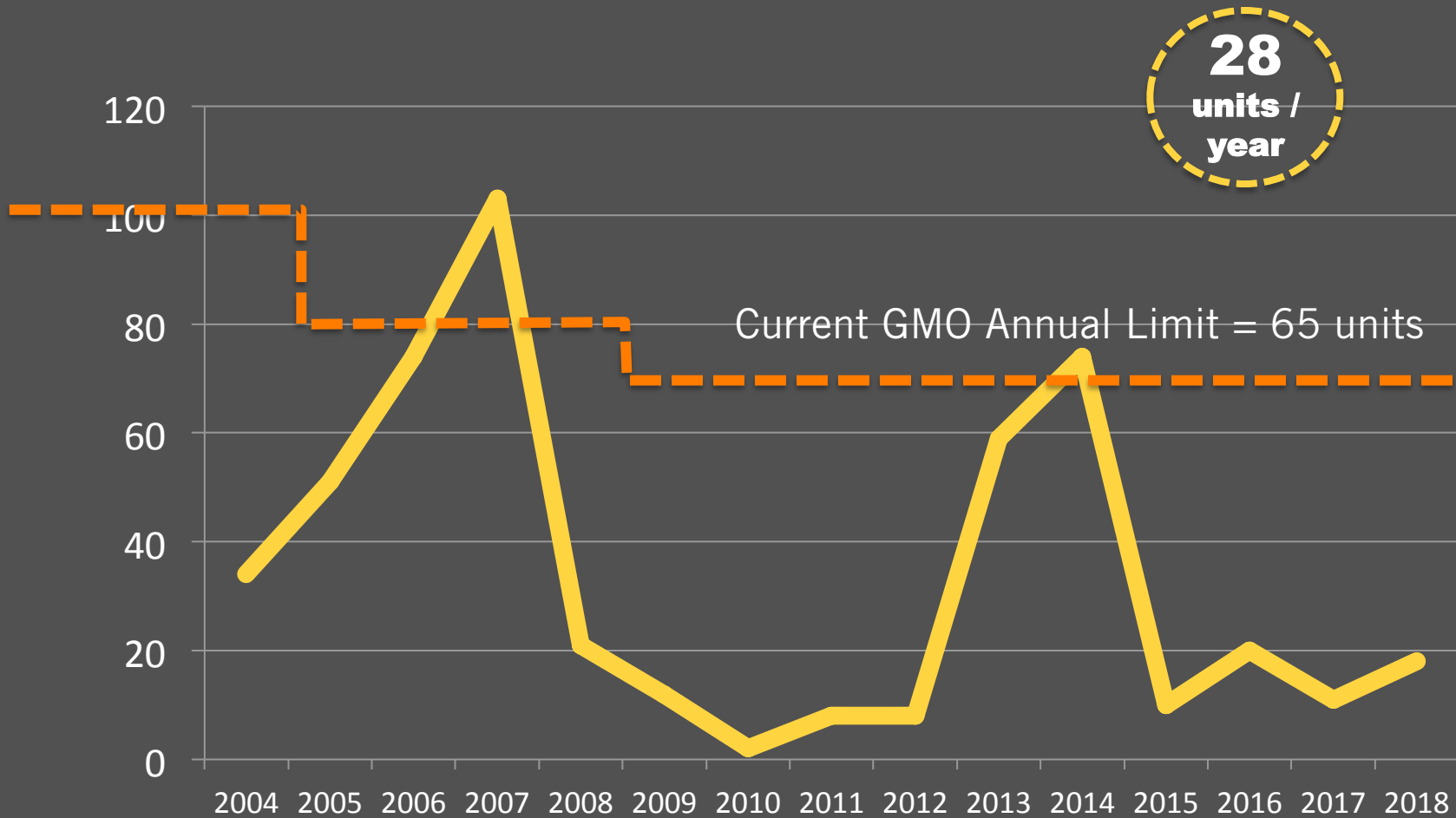
'Finaled' Residential Units 2004 -2018



Source: City of Sonoma Building Department

Metric 4: Are You Keeping Up?

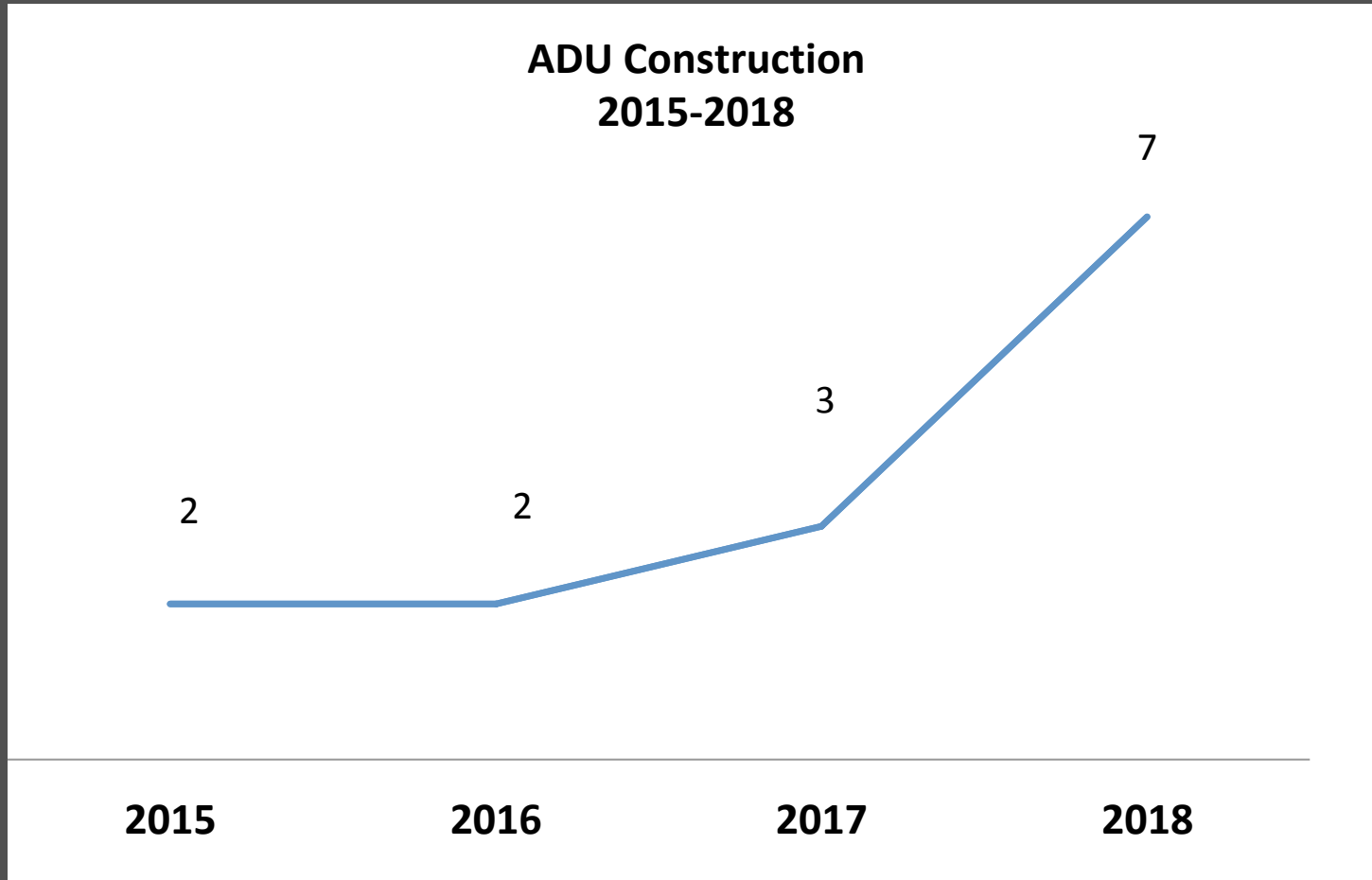
'Finaled' Residential Units 2004 -2018



Source: City of Sonoma Building Department

Metric 4: Are You Keeping Up?

'Finaled' ADUs 2015 -2018



Source: City of Sonoma Building Department April 2019

Metric 5: RHNA Attainment

RHNA =

Regional Housing Needs Allocation -State mandated housing goals for each county and City.

- Designated by State, encoded during Housing Element update
- Focuses on ability to provide Affordable Housing
- Increasing important benchmark for State intervention into local land use decisions

Metric 5: RHNA Attainment

Current Housing Cycle Progress

Housing Category	RHNA Target
Affordable	74
Market	63
Total Obligation	137

* RHNA Cycle is an eight year cycle.

Source: City of Sonoma Planning, Building Departments

Metric 5: RHNA Attainment

Current Housing Cycle Progress

Housing Category	RHNA Target	Permits Issued 2015- 2018
Affordable	74	18
Market	63	28
Total Obligation	137	

* RHNA Cycle is an eight year cycle.

Source: City of Sonoma Planning, Building Departments

Metric 5: RHNA Attainment

Current Housing Cycle Progress

Housing Category	RHNA Target	Permits Issued 2015- 2018	Entitled Potential 2018+2019	Potential Total (First five years*)	Over/ Under Target
Affordable	74	18	84	102	+28
Market	63	28	73	101	+38
Total Obligation	137			203	+66

* RHNA Cycle is an eight year cycle.

Source: City of Sonoma Planning, Building Departments



TRENDS and EMERGING SOLUTIONS

Different Cohorts, Different Desires

Gen Y – Mixed Use, Urban, Apartment, Transit

Gen X – Homeowners, Single Family, Cars

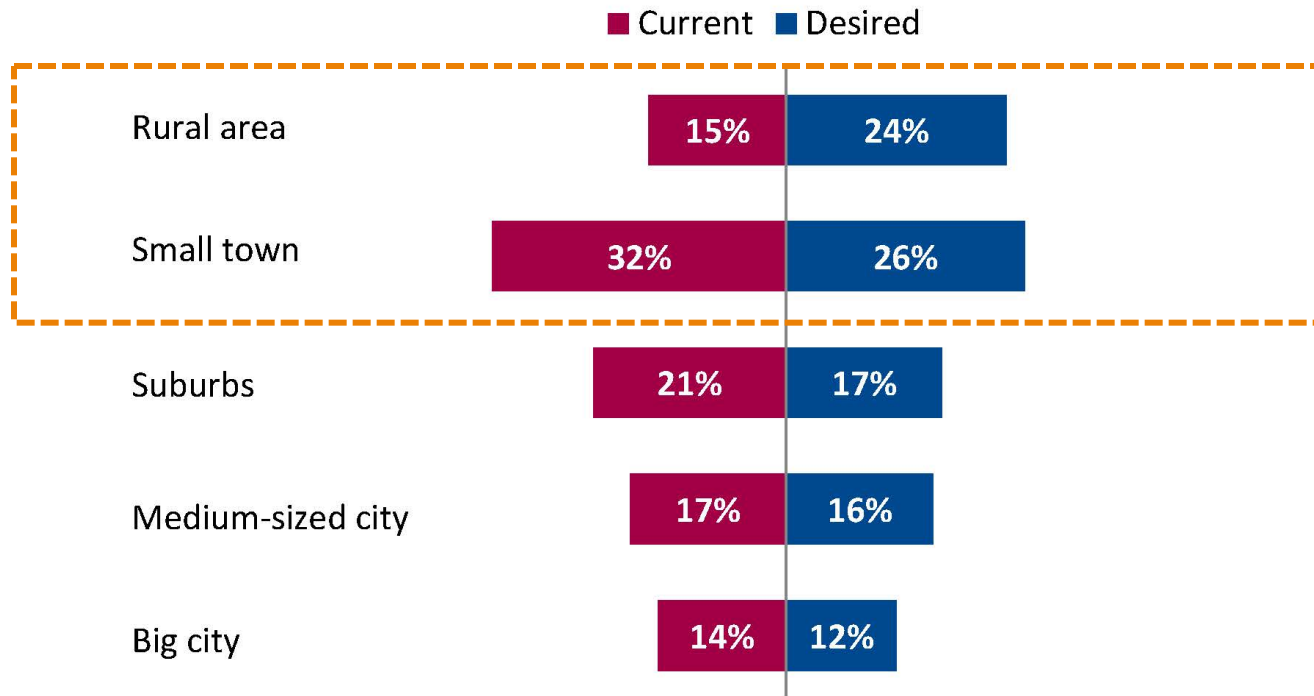
Boomer - Smaller Homes, Shorter Commutes

Silent | War Babies - Stay, Walk, Health Services

Where do we want to live?

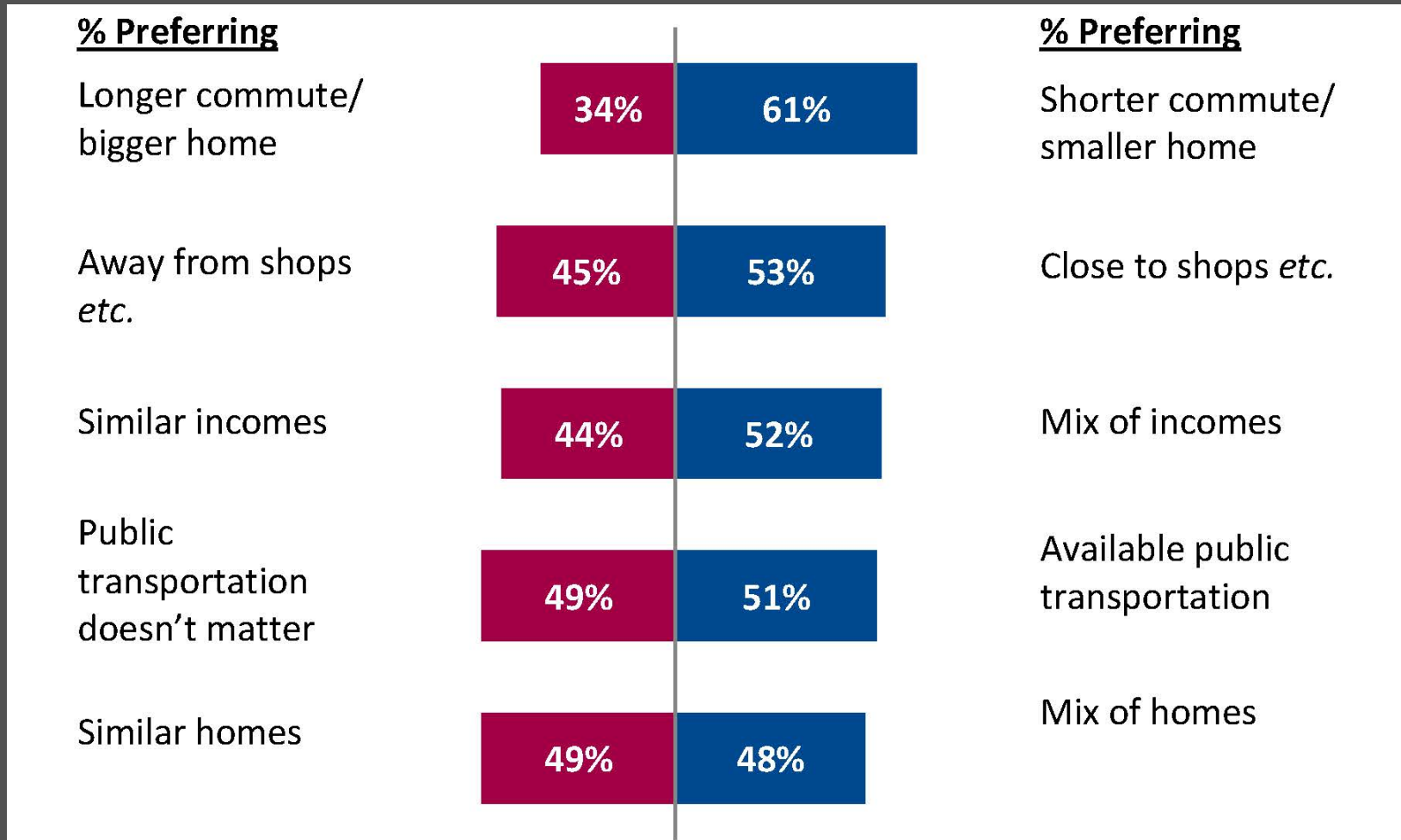
Chart 9: Community Size: Current and Desired

Among all adults



Source and Image Credit: Americans' Views on their Communities, Housing, and Transportation
Analysis of a national survey of 1,202 adults for the Urban Land Institute, March 2013

Different Attitudes Toward Development



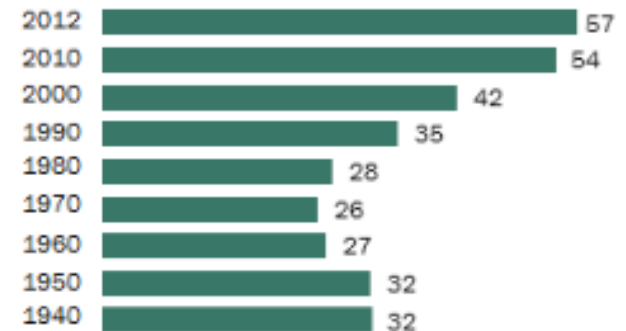
Source : [America in 2013](#) , Urban Land Institute

Different Household Compositions

“A record 57 million Americans, or 18.1% of the population of the United State lived in multi-generational family households in 2012, double the number who lived in such households in 1980”

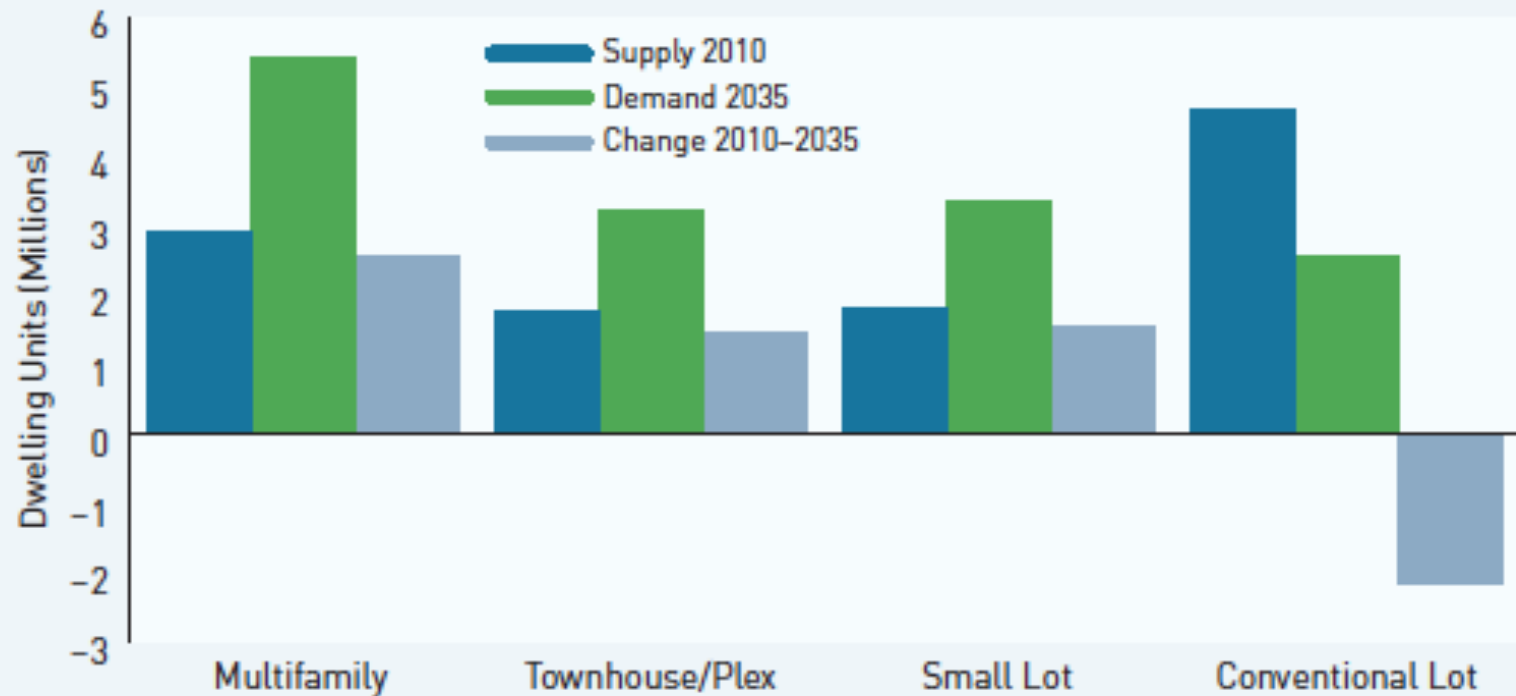
Population Living in Multi-generational Households Has Doubled Since 1980

In millions



Different Housing Desires

FIGURE 1 Demand in 2035 for Residential Units in the Largest Four Metropolitan Areas by Major Category, Compared to Supply in 2010

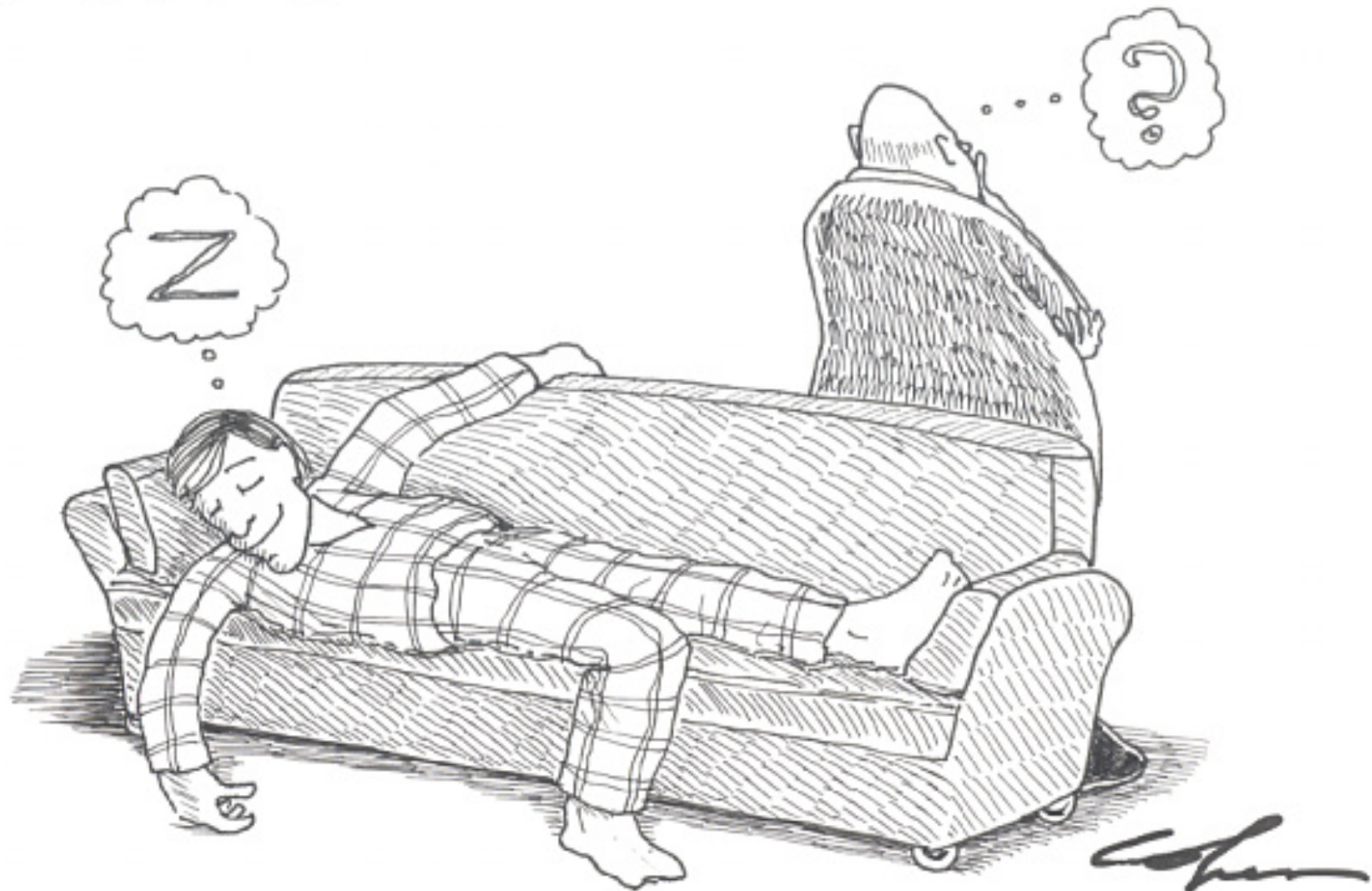


Source : [The New California Dream](#); Arthur Nelson | ULI 2011

Building a Portfolio of Solutions



SPRAWL & DENSITY



Density with Amenity



The Missing Middle



Image Opticos Design, Berkeley CA. All Rights Reserved

Cottage Courts



Image Credit The Cottage Company

Co-Housing



Image Credit: UrbanGreen®

Single Family Attached



Image Credit: UrbanGreen®

Small Lot



Image Credit:

Image Credit: UrbanGreen®

Paired Homes



Image Credit:

Image Credit: UrbanGreen®

Townhomes



Stacked Flats w/ Retail



Image Credit: UrbanGreen®

Tools and Techniques

- Sales Tax, GO Bonds, Special Assessments
- Fee waivers and regulatory relief
- Inclusionary Zoning
- Secondary/ Accessory/ Caretaker Units
- Housing Land Trusts
- Sub-Market Controls
- Soft Seconds and Downpayment Assistance
- Employment vs. Income Based Requirements
- Creative Density

**More
Public**



**More
Private**



California Housing Legislation Highlights

as of April 4, 2019

FASTER APPROVALS

AB 1484

Development fees published and constant throughout project approval process.

SB 330

Faster approvals for housing & zoning changes; no parking requirements; statewide ban on downzoning.

AB 1485 & AB 1706

Incentives and faster approvals for moderate-income housing built with prevailing (union) wage labor.

UPZONING

SB 50

Upzoning near jobs, good schools, and mass transit.

AB 1763

80% density bonus for affordable housing.

SHELTERS

SB 48

By-right approval for homeless shelters.

AB 723

Property tax exemption for housing leased for 35+ years to nonprofits in Alameda or Contra Costa County.

SCA 3

Ends inheritance of Prop 13 tax break, unless heir lives in the house.

TAX POLICY

CC-BY Alfred Twu

mail@firstcultural.com

more details at tinyurl.com/2019housingbills

BALLOT MEASURES

SCA 1

Eliminates requirement that public housing be approved by ballot measure.

ACA 1

Allows bonds for housing & infrastructure to pass with a 55% majority.

TRANSPORT

AB 1568

Ties transport funding to housing production.

AB 725

Limits use of sprawl as way to meet housing planning goals.

FUNDING

AB 10

Expands Low Income Housing Tax Credit funding program by \$500 million per year.

AB 11 & SB 5

Creates new local funding agencies for affordable housing, infrastructure, and community investment.

DATA

AB 1483

Creates housing production database.

AB 724

Creates rental housing database.

AB 857

Allows cities to create Public Banks.

FUNDING

AB 1487

Creates Housing Alliance for the Bay Area, regional entity to raise \$1.5 billion via ballot measure for affordable housing.

SB 18

Funds for legal aid and rent assistance.

LEGAL AID

SB 329

Requires landlords to accept Section 8 vouchers.

MOVE-IN ASSISTANCE

AB 437

Move-In Loans for security deposit and first month's rent.

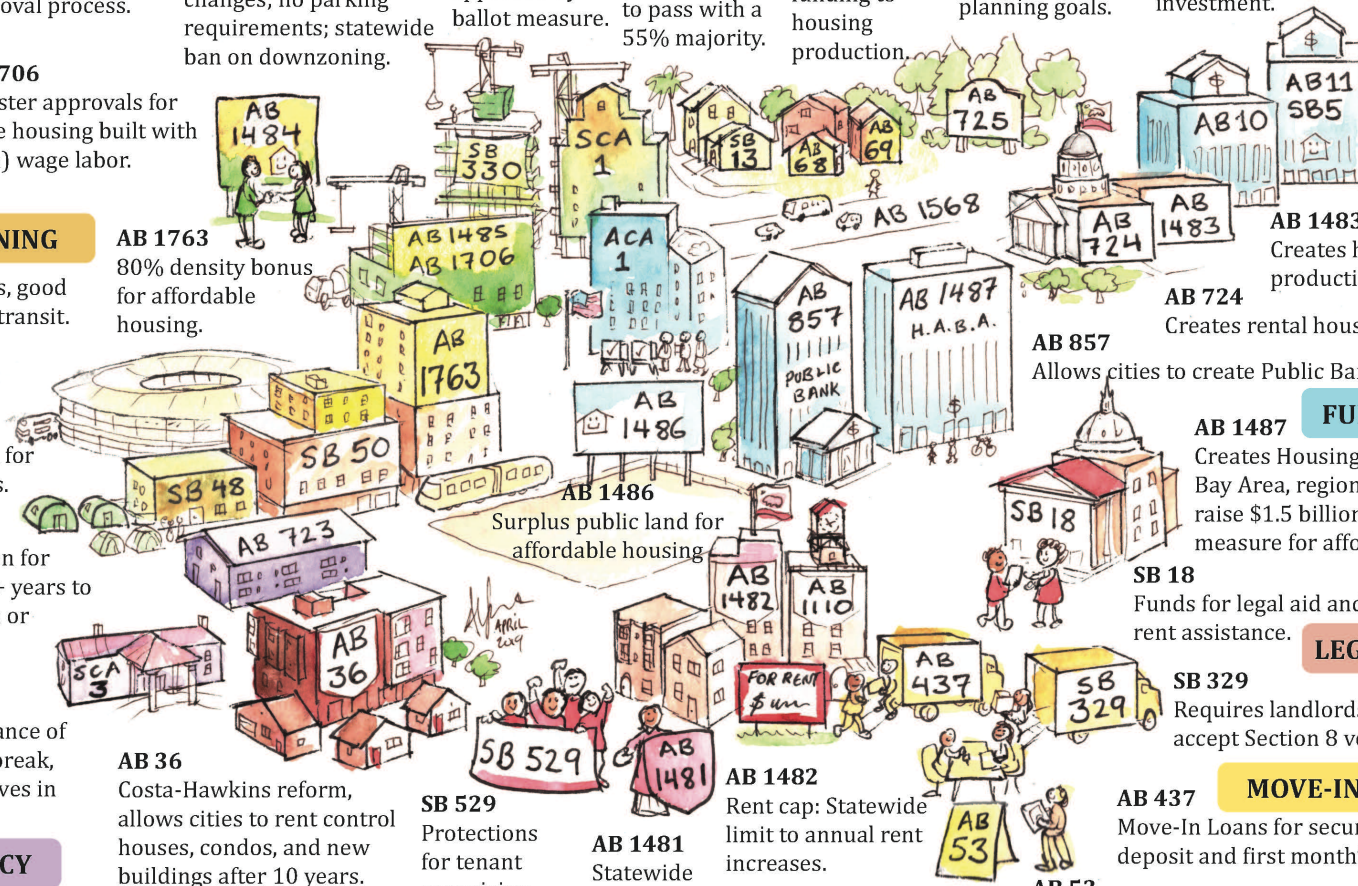
AB 53

Ban the Box: no questions on criminal record on initial rental applications.

ACCESSORY DWELLING UNITS

SB 13, AB 68, & AB 69

Simplifies process of approvals and allows more houses to add Accessory Dwelling Units.



Surplus public land for affordable housing

FOR RENT \$400

SB 529

AB 1481

AB 1482

AB 1110

TENANT PROTECTIONS

SB 529

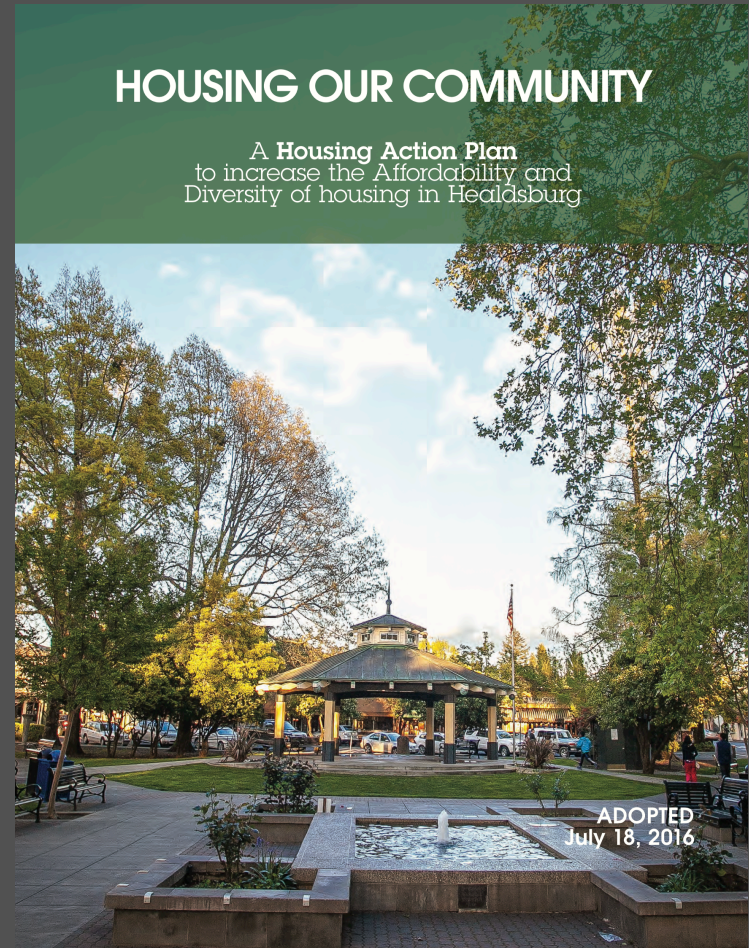
AB 36

Contact your representatives @ findyourrep.legislature.ca.gov

Case Studies

Healdsburg CA - Similar sized community to City of Sonoma, facing many of the same issues.

- Hospitality based economy
- Rising housing prices
- Limited future development sites
- Loss of workforce housing
- Growth Management Ordinance
- Engaged citizens



Healdsburg Housing Action Plan 2016

Closing Discussion

1 How pro-active can/should we be in shaping a strategy of housing diversity and accessibility in Sonoma?

2 What products would you like to see built in your town, and what is impeding their realization?

3 What are best practices in other communities that have faced similar issues?

Part 2:

Q+A?

What's Next?

May 16th - DISCUSS

Moderated Panel Discussion with professionals in the design, building and delivery of housing.

6-8 pm Vintage House

June 20th - EXPLORE

Interactive community workshop to explore concepts, priorities and potential locations for housing.

6-9 pm Vintage House