



CITY OF HEALDSBURG
CITY MANAGER'S OFFICE

401 Grove Street
Healdsburg, CA 95448-4723

Phone: (707) 431-3317
Fax: (707) 431-3321

Visit us at www.healdsburg.gov

September 8, 2022

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

RE: City of Healdsburg Response to 2021-2022 Final Report Sonoma County Civil Grand Jury

Dear Honorable Judge Averill:

This letter serves as the City of Healdsburg's response to the 2021-2022 Final Report of the Sonoma County Civil Grand Jury. In accordance with Section 933.05 of the California Government Code, please find the attached responses to the Grand Jury reports on Affordable Housing: Past, Present and Future and Affordable Housing: Monitoring and Compliance.

The City of Healdsburg is committed to providing safe, decent, and affordable housing opportunities for its residents and welcomes the opportunity to collaborate, improve processes, and increase the production of housing in our City and Sonoma County.

Should you have any questions or require any additional information, I can be reached at ojimenez@Healdsburg.gov.

Sincerely,

Osvaldo Jimenez
Mayor, City of Healdsburg

Response to the Grand Jury Report

Report Title: Affordable Housing: Past, Present and Future

Report Date: June 14, 2022

Response By: Oswaldo Jimenez Title: Mayor

Agency/Department Name: City of Healdsburg

FINDINGS: F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12, F13, F14, F15, F16, F17, F18, F19, F20, F21, F22, F23, F24

I (we) agree with the findings numbered: **F1, F2, F3, F4, F5, F6, F7, F8, F9, F10, F11, F12, F13, F14, F15, F16, F18, F19, F20, F21, F22, F23, F24**

I (we) disagree wholly or partially with the findings numbered: **F17**

(Attach a statement specifying any portion of the finding(s) that are disputed with an explanation of the reasons.)

RECOMMENDATIONS: R1, R2, R3, R4, R5, R6, R7, R8

- Recommendations numbered: **R1, R2, R4, R5, R6, R7, R8** Have been implemented (Attach a summary describing the implemented actions).
- Recommendations numbered: **R1 & R3** have not yet been implemented but will be implemented in the future (Attach a timeframe for the implementation).
- Recommendations numbered require(s) further analysis. (Attach an explanation and the scope and parameters of an analysis or study, and a timeframe of the matter to be prepared for discussion by the officer or director of the agency or department being investigated or reviewed including the governing body of the public agency where applicable. ***This timeframe shall not exceed six months from the date of publication of the Grand Jury report.***)
- Recommendations numbered: **N/A** will not be implemented because they are not warranted or are not reasonable. (Attach an explanation).

Date: September 7, 2022

Signed: _____



Number of Pages attached: 10

RESPONSE TO THE GRAND JURY REPORT: AFFORDABLE HOUSING PAST, PRESENT, AND FUTURE, CITY OF HEALDSBURG

Item	Status	Recommendation	Response
F1	Agree	Increased Affordable Housing has been mandated by the State of California and officially accepted by Sonoma County and its nine Cities.	The City of Healdsburg agrees with this finding. The City is currently meeting its RHNA and is in the process of updating its 6 th Cycle Housing Element, which will outline the policies and goals needed to achieve the 6 th Cycle of RHNA.
F2	Agree	Housing jurisdictions must show sufficient progress in meeting 6th cycle Regional Housing Needs Allocation mandates, or they risk being fined or losing local authority over their housing programs.	The City of Healdsburg agrees with this statement. The City is on track to achieve its 5 th Cycle RHNA and is in the process of updating its 6 th Cycle Housing Element, which will outline the policies and goals needed to achieve the 6 th Cycle of RHNA.
F3	Agree	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.	The City of Healdsburg has not only recognized the need for affordable housing but has gone beyond the requirements set-forth by the State. In the 5 th Cycle Housing Element, the City developed and implemented a community-developed Housing Action Plan that established goals for housing production beyond RHNA.
F4	Partially Agree	Some cities hinder the development of Affordable Housing through designation of new historic districts, increased landscaping requirements, highly restrictive zoning, and exploitation of environmental concerns.	The City of Healdsburg disagrees with this finding as it relates to Healdsburg but is not in a place to respond for all jurisdictions and therefore, partially agrees with the finding. Healdsburg has consistently supported affordable housing development and sought new strategies and innovative approaches to increase and facilitate affordable housing. In fact, the City of Healdsburg has met its 5 th Cycle RHNA and already identified and begun partnerships which will meet and exceed the 6 th Cycle RHNA.
F5	Agree	Public acceptance of the need for Affordable Housing is not universal; NIMBYism and misinformation can negatively impact the planning and development process.	In the City of Healdsburg, affordable housing has consistently been a top priority for both the City Council and the community. This is further evidenced by the City dedicating 2% of its TOT revenue towards affordable housing and by the City being one of the few California jurisdictions that will exceed its RHNA. The City cannot speak on behalf of all jurisdictions, and is aware that NIMBYism comes in many forms, and therefore agrees with the statement in general.
F6	Agree	In Sonoma County, costs and availability of land, building supplies, and labor impede development and construction of Affordable Housing.	The City of Healdsburg agrees with this finding. The City has been successful in navigating these costs and has a dedicated affordable housing fund (Measure S) that can be leveraged with other funding programs to help reduce gaps in construction; however, the City recognizes that the factors listed in this finding are contributing to the increased cost of developing units.

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F7	Partially Agree	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.	The City of Healdsburg partially agrees with this finding. Variability exists in the planning and approval processes because each jurisdiction is unique, and each project has different conditions. Short of waiving all approval processes, variability among different jurisdictions is to be expected because many variables are not within the control of the local jurisdiction (e.g. wetlands, environmental clearances, funding requirements and reviewing agencies). To offset this, the City has a dedicated Housing Department that works with affordable housing developers to navigate and expedite projects where possible.
F8	Partially Agree	Financing of Affordable Housing projects is unusually complex, slow, and uncertain.	The City of Healdsburg agrees with this finding. To counteract this, the City dedicated 2% of its TOT revenues towards affordable housing. The City of Healdsburg is making every effort to expedite, simplify and streamline the complexity of affordable housing financing.
F9	Partially Agree	Funding of Affordable Housing is often directed to specific groups such as seniors, veterans, or agricultural workers.	The City of Healdsburg partially agrees with this finding. There are myriad funding sources, each unique, but largely they all are based upon Area Median Income. Local funding will always provide the highest level of flexibility in addressing the specific populations within a community.
F10	Partially Agree	Design review and project approval are often slow and very complex and hinder the development of Affordable Housing.	The City of Healdsburg partially agrees with this finding and recognizes that the process of design review can be considered onerous. However, the City has taken steps to make this process as clear and smooth as possible. The City recently adopted design guidelines that reflect the community's desire and expectation for future growth allowing developers to design their projects with those guidelines in mind. The City offers a One-Stop program in which applicants can receive feedback from all departments early in a project's development and a workshop program with the Planning Commission to receive early input from the decision-making body. The City of Healdsburg staff works closely and in partnership with its non-profit housing developers to expedite the processing of affordable housing projects.
F11	Agree	The permitting regulations, processes, and fees differ by jurisdiction.	The City of Healdsburg agrees with this finding. The differences in regulations and fees are often linked to the needs of the community, which are unique to each jurisdiction. The City has made every effort to ensure fees are reasonable and justified.

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F12	Agree	Mitigation fees vary by individual projects and jurisdictions, complicating the building of Affordable Housing.	The City of Healdsburg partially agrees with this finding. Mitigation fees do vary by individual projects and jurisdictions. Each individual city has different infrastructure needs, based on the age of the city. Cities with older infrastructure may need to charge more in mitigation fees to continue to provide services to the community.
F13	Agree	The speed of issuing permits has improved in some jurisdictions, but greater efficiency would help meet the building needs of Sonoma County.	The City of Healdsburg agrees with the finding. The City of Healdsburg recognizes that increased efficiency in review and issuance of building permits is vital to housing projects.
F14	Agree	Payment of in-lieu fees to the housing jurisdiction results in fewer inclusionary Affordable Housing units and houses being built.	The City of Healdsburg agrees with this finding as a general statement because it is well known that in-lieu fees are not always sufficient to build units, whereas on-site inclusionary requirements are developed concurrently. In 2019, the City updated its inclusionary requirements to require on-site units for residential or mixed-use projects with five or more dwelling units. In addition, the City has been very successful in negotiating inclusionary affordable housing through DDAs with Hotel developers to increase the supply of affordable housing in the City.
F15	Partially Agree	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.	The City of Healdsburg partially agrees with the finding because it cannot speak for all jurisdictions. The City of Healdsburg has made affordable housing development a priority, which is demonstrated by the fact that over 10% of the City's housing stock is deed-restricted affordable housing and even more affordable housing is in progress. The City has also been successful in leveraging Hotel developments to provide affordable housing through Development Agreements.
F16	Agree	Recent legislation encourages construction of transit-oriented infill housing but has yet to show a large effect.	The City of Healdsburg agrees with this statement as many smaller jurisdictions may not qualify for funding based upon program requirements that define.
F17	Partially Disagree	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.	The City of Healdsburg partially disagrees with this finding. While there are parcels that lie outside of Healdsburg's City Limits and within the Urban Growth Boundary these parcels have significant site-specific challenges to the development of housing, particularly affordable housing. These parcels have environmental constraints such as steep topography and are within the wildland urban interface. These areas have high costs of development

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			regardless of the costs of infrastructure and the City has received little to no interest in annexation from these areas. Furthermore, with respect to affordable housing these areas are often far removed from transportation and services. The more feasible development is infill development which can rely on existing infrastructure and avoid the high costs of extending infrastructure into new areas.
F18	Agree	The time periods for which new Affordable Housing units cannot convert to market- rate prices have been lengthened to preserve the units as Affordable.	The City of Healdsburg agrees with this finding. The City has been very successful in extending the affordability periods for affordable housing covenants through the refinancing of the projects and the use of affordable housing preservation funding.
F19	Agree	Rehabilitation and the repurposing of existing properties both preserve and increase the supply of Affordable Housing.	The City of Healdsburg agrees with this finding. The City leveraged multiple sources of funding to acquire 39 units of naturally occurring affordable housing for an acquisition rehabilitation project. The City plans to incorporate this strategy into its 6 th Cycle Housing Element.
F20	Agree	Inclusive Affordable Housing must be equivalent to market rate units and be dispersed throughout a project making it harder to identify and stigmatize them.	The City of Healdsburg agrees with this finding. The City's inclusionary housing requirements, as adopted, require that inclusionary units be constructed concurrently, that units shall be distributed throughout the project and reflect the range of bedrooms in the project, and the finishes and amenities of the inclusionary units be substantially similar to market rate units. (HMC 20.20.030 (F))
F21	Agree	Manufactured and factory-built home construction provide less expensive routes to Affordable Housing without necessarily reducing its quality.	The City of Healdsburg agrees with this finding. The City is working closely with the Sonoma Napa ADU non-profit to encourage manufactured and factory built ADU's.
F22	Partially Agree	Design modifications can help make Affordable Housing projects economically viable.	The City of Healdsburg partially agrees. While design modifications can provide an economy of scale, there is a point of diminishing returns when land costs are excessive. The City feels that a combination of design and density provide a more robust solution.
F23	Agree	Contrary to commonly expressed fears, Affordable Housing does not usually affect local property values	The City of Healdsburg agrees with this finding. This is evidenced by increasing home prices.
F24	Agree	Vacation homes, time shares, Airbnb, Pacaso houses, and vacant houses	The City of Healdsburg agrees with this finding. The City only allows vacation rentals in certain commercial zoning districts and only with a CUP. The City also

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		reduce the number of units available to permanent residents and, by reducing supply, increase the cost of housing.	enforces these rules through code enforcement actions. The City plans to further study the impact of second/vacation homes through a community housing committee.
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Item	Status	Recommendation	Response
<p>R1</p>	<p>Will Be Implemented</p>	<p>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)</p>	<p>While it is our opinion that the City of Healdsburg has streamlined its procedures, from preliminary review through the permitting process, for the development of affordable housing, we recognize that there is always room for improvement.</p> <p>The City has updated its accessory dwelling unit (ADU) ordinance over the years to maintain consistency with the State and in some cases going further. The City waives impact fees for ADUs 850 square feet or less and charges impact fees for ADUs greater than 850 square feet at a proportional rate not to exceed 50% of the cost of a single-family dwelling. In addition, ADUs 850 square feet or less are exempt from lot coverage requirements making ADUs feasible on smaller sized lots. All ADUs regardless of size are exempt from parking requirements. In addition to ordinance updates the City in partnership with the Napa Sonoma ADU Accelerator Program has hosted Healdsburg-focused webinars on ADUs, produced handouts on the process of permitting and building ADUs, and is launching a pre-reviewed ADU program. The result of these efforts has been a dramatic increase in the number of ADUs built each year, in fact this year Healdsburg is on pace to double the highest number of ADUs permitted in a single year.</p> <p>In response to SB 9 and 10, the City will be drafting amendments to its Municipal Code to implement the goals and requirements of this legislation. In the meantime, the City has recently adopted reduced application fees for SB 9 lot splits to further incentive these projects.</p> <p>Healdsburg in partnership with local nonprofit developers has significant affordable housing projects currently under construction and in the approval process. Forty-one units are under construction as part of the Mill District in partnership with Eden Housing, 58 units are scheduled for a hearing in September in partnership with Burbank Housing on Dry Creek Road, and 118 units are tentatively scheduled for a hearing in October in partnership with</p>

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			<p>Freebird Development Company. Healdsburg is both getting affordable housing projects approved and built. The City has already identified projects in the pipeline that will meet the upcoming 6th Cycle RHNA without the need for costly and time-consuming general plan and zoning amendments.</p> <p>The City is currently in the process of developing our 6th cycle Housing Element which will further identify governmental and nongovernmental constraints and develop programs to address those constraints. Upon adoption the City will continue with its commitment to implementing these programs and providing annual reporting updates on housing production.</p>
<p>R2</p>	<p>Implemented</p>	<p>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)</p>	<p>This recommendation is being implemented as Permit Sonoma and the nine Cities held a meeting on July 21, 2022, to discuss ways in which procedures could possibly be standardized. The City will participate in any necessary additional meetings in addition to the ongoing meetings the City already participates in with our Sonoma County partners to discuss issues of regional importance and to keep apprised of the challenges and policy initiatives that all jurisdictions are facing. This communication and collaboration occurs on a variety of levels and on a regular schedule, including monthly City Manager meetings, monthly Planning Advisory Committee meetings, quarterly City Attorney meetings, and similar across a variety of departments. Of relevance, the Sonoma County jurisdictions have established a housing ad hoc that meets regularly to discuss specific housing issues and share approaches among jurisdictions. The City of Healdsburg remains committed to the collaboration and partnership with our regional partners as it assists in creating efficiencies and learning from the relevant experiences of other Sonoma County jurisdictions. The City will participate in any subsequent meeting(s) with Permit Sonoma and the nine Sonoma County cities to discuss the findings and recommendations of the Grand Jury Report. However, the level or appropriateness of standardizing procedures related to the development of affordable housing remains unknown given the localized needs and community vision of each jurisdiction.</p>

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<p>R3</p> <p>Will Be Implemented</p>	<p>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)</p>	<p>This recommendation is being implemented to the extent possible. The nine Cities met on July 21, 2022, and this topic of coordinating fee reduction standards amongst all Sonoma County jurisdictions will continue to the extent possible within the timeframe provided. The City of Healdsburg has an ongoing practice of meeting with our Sonoma County partners to discuss issues of regional importance and to keep apprised of the challenges and policy initiatives that all jurisdictions are facing. This communication and collaboration happen on a variety of levels and on a regular schedule, including monthly City Manager meetings, monthly Planning Advisory Committee meetings, quarterly City Attorney meetings, and similar across a variety of departments. The Sonoma County jurisdictions have established a housing ad hoc that meets regularly to discuss specific housing issues and share approaches among jurisdictions, and for all meeting going forward through the timeframe provided above will appropriately not continue to be an ad hoc group meeting. The City remains committed to the collaboration and partnership with our regional partners as it assists in creating efficiencies and learning from the relevant experiences of other Sonoma County jurisdictions. The City will participate in any additional meeting(s) with Permit Sonoma and the nine Sonoma County cities to discuss the findings and recommendations of the Grand Jury Report. However, the level or appropriateness of coordinating fee reduction standards for affordable housing remains unknown given the localized needs of each jurisdiction, parameters of each jurisdictions existing impact fee programs as well as the differences in land costs between jurisdictions.</p>	<p>The recommendation has been implemented. The City of Healdsburg and all of the nine Sonoma County cities have General Plans that include land use designations for all properties within each cities' Urban Growth Boundaries. A residential land use designation indicates that the City has previously analyzed</p>
<p>R4</p> <p>Implemented</p>	<p>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</p>		

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		accessory dwelling units. (F1, F2, F3, F4, F16, F17)	and identified the property as appropriate to support the construction of residential development. The City, as a part of its Housing Element Update, has recently reviewed the availability of land for residential development.
R5	Implemented	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)	The City of Healdsburg has completed a survey of properties within the City that would be likely opportunities for rehabilitation or repurposing for affordable housing. The City's Housing Element update will include programs and goals for this type of activity and a review of previous work. This will be complete by December 31, 2022.
R6	Implemented	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)	This recommendation has been implemented as the Napa Sonoma ADU Center recently launched the Napa Sonoma ADU Standard Plans Program in an effort to accelerate production of ADUs throughout both Napa and Sonoma Counties. The Napa Sonoma ADU Center has collaborated with all nine Sonoma County cities and Permit Sonoma to compile each jurisdiction's ADU regulations, fee structure, and permitting process. Additionally, the organization has compiled a wide range of ADU plans that are offered for a reduced cost through licensing with the architect. A set of pre-reviewed plans are currently in development and will be added to the program. The City of Healdsburg is contributing financially, as many Sonoma County cities also contributed, to the ongoing operation of the organization.
R7	Implemented	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)	This recommendation has been implemented as the nine Cities held a meeting on July 21, 2022 and discussed existing procedures in place in each jurisdiction and how each jurisdiction who has not already done so could integrate these and similar committees/commission where they exist. Healdsburg has already combined the design review function with its planning commission and offers applicants the opportunity for workshops to gather input and direction prior to submitting a formal application and moving to a hearing. This process has

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			streamlined the design review process and results in most projects receiving approvals in a single meeting.
R8	Implemented	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)	This recommendation has been implemented to the fullest extent possible. The City of Healdsburg's current regulations allow for manufactured homes, factory-built homes and tiny homes subject to the City's ADU ordinance, CA Building Code and Fire Code.