



DATE: February 27, 2023

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Heather Hines, Special Projects Manager
Christina Paul, Principal Policy Planner

SUBJECT: Presentation, Discussion, and City Council Feedback to Respond to Comments Received from the California Department of Housing and Community Development on the City's Draft Housing Element for the 6th Cycle Planning Period (This Is Not An Action Item and is Therefore Not a "Project" Under CEQA)

RECOMMENDATION

It is recommended that the City Council receive a presentation about the California Department of Housing and Community Development's (HCD) comments on the City of Petaluma's draft Housing Element and discuss and provide direction on policy items outlined below to inform development of the final 6th cycle Housing Element for local adoption.

As discussed below, the final Housing Element and its accompanying environmental review will be presented at the March 14, 2023, Planning Commission meeting and to the City Council on March 20, 2023, for adoption. Following local adoption, the Housing Element will be submitted to HCD for final review and certification.

BACKGROUND

In accordance with state statute, the City's Draft 6th cycle Housing Element (Attachment 1) was submitted to HCD in October for their required 90-day review period. On January 27, 2023 (the 90th day of the state's review period) the City received the State's formal response to the Draft Housing Element (Attachment 2), which included requests for data and clarifications, as well as policy suggestions for the City to consider when updating the final Housing Element for local adoption and submission to HCD for certification. The HCD comment letter included five policy topics that asked for the City to commit to specific action and timeline for adoption to implement a number of proposed programs.

On February 14, 2023, staff brought a presentation and discussion item to the Planning Commission to provide a status update on the Housing Element and receive their feedback on the specific policy items to inform the subsequent City Council consideration and direction. The

Planning Commission staff report is included as Attachment 3 and outlines each of the comments from the HCD letter with corresponding staff response. The five policy items (single room occupancy, private open space requirements for multi-family development, residential care housing, parking requirements, and suggested strengthening of overall program language) were the center of the discussion by the Planning Commission. After deliberation, the Planning Commission indicated overall support for the five policy items outlined in staff's response and provided the following overarching suggestions for consideration and potential incorporation into future code amendments as part of Housing Element implementation:

- Ensure that there are not onerous time restrictions for tenancy at single room occupancies as part of any future code modifications around this land use type
- Concern that reduced private open space requirements may compromise livability and character of future multi-family development
- Consider creative ways to reduce individual private open space requirement for each unit but ensure enhancement and livability for all future development
- Reduced parking regulations need to be considered in concert with transit improvements and active transportation considerations
- Parking regulations may need to be considered by geographical area to achieve desired outcome and not necessarily a blanket regulation for all of the City
- Potentially expand what zoning districts residential care facilities are permitted
- Appreciate program that calls for prioritization of water and wastewater for affordable housing projects
- Very supportive of targets for production of family housing units and farmworker/hospitality housing and even consider increasing commitment
- Supportive of timeline for implementation of zoning code updates to track with holistic code updates after adoption of new General Plan

On February 16, 2023, the General Plan Advisory Committee (GPAC) was presented with the same item for discussion and feedback on the same five policy items. The GPAC was similarly supportive of the overall response as provided by staff in the Planning Commission staff report (Attachment 3) with the added feedback as follows:

- Concern with mandate to reduce private open space requirement in that it may result in undesirable housing development
- Consider creative ways to mitigate the reduction in private open space requirement to create more meaningful spaces such as increase minimum dimension size and/or encourage common open space opportunities within developments
- Reduced parking requirements must be accompanied by increased opportunities for transit, bike, and pedestrian facilities
- Supportive of the strengthened program language, especially targets for housing production for families and hospitality workers
- Supportive of timeline for implementation of zoning code updates to track with holistic code updates after adoption of new General Plan

The comments from both Planning Commission and GPAC do not modify proposed changes for purpose of the final Housing Element. Rather, these comments are for consideration when actual code updates are drafted for consideration as part of implementation efforts.

DISCUSSION

The item before the City Council is for feedback in response to HCD comments and to provide direction to staff in preparing the final Housing Element for adoption. Feedback from both the Planning Commission and GPAC as outlined above is provided to help inform the Council's deliberation and direction.

More specifically, City Council feedback and direction is specifically sought on the policy items outlined below. The bold text is taken verbatim from HCD's comment letter and the text in italics is staff's recommended response to be incorporated into the final Housing Element. Exact language for updating regulations is not required for response to HCD comments, rather the comments are asking for a commitment to update specific regulations and within a defined time period.

Single Room Occupancy (SROs)

Table B3 (page B-16) and subsequent analysis describes permitted uses for a variety of housing types but do not address how single room occupancy (SROs) units are allowed. The element must include a description of how the uses are allowed and conformity with applicable state laws.

Petaluma's Implementing Zoning Ordinance does not currently allow traditional SROs (buildings with private bedrooms and shared bathroom and kitchen facilities) as a land use. While SROs could be considered synonymous with permanent supportive housing projects like the Studios at Montero, which is the adaptive re-use of the former America's Best Value Inn in northeast Petaluma, each of Montero's small units has its own bathroom and kitchenette but shares other services/resources in common areas. Historically, SROs have typically consisted of small furnished rooms with shared kitchen and bath facilities that are rented monthly. Contemporary SROs are more commonly made up of small efficiency units that include kitchen and bath facilities in each unit. Deed-restricted projects like the Studios at Montero are obviously affordable to lower-income groups but even non-deed-restricted SROs could be considered affordable by design.

The City has remained diligent in finding the flexibility to allow permanent supportive housing projects such as Studios at Montero and Meridian at Corona Station, and it has leaned on provisions in state law to facilitate the approval of these projects (AB 2162, local Declaration of Shelter Crisis, etc.). However, to address the comment from HCD, Petaluma would need to commit to updating the Implementing Zoning Ordinance to define SROs and specify in what zones SROs are permitted.

SROs could be conceptualized as relatively dense multi-family developments made up of efficiency units with shared facilities. Existing zoning districts such as the MU zones, as well as the high-

density residential zones such as R4 and R5, currently allow multi-family residential product at higher densities, which is more in keeping with the density and development pattern of an SRO.

*Staff's Recommendation: To address HCD's comments and to align Petaluma's zoning regulations with state law as well as facilitate the City's overarching effort to create a wide range of housing opportunities, Staff recommends committing to updating zoning regulations to define SRO as a land use type and permit SROs in zoning districts such as the MU and R4 and R5 districts where high density multi-family housing is already allowed. Because these zones already allow high density residential uses it is not anticipated that this change will be a significant departure from what is already allowed. The proposed timeline for this change would be by December 2024 in line with other proposed code amendments, to allow the City to package these implementation measures in a larger rezoning effort, and to align with a holistic zoning code update after adoption of the General Plan. Specifics such as language to define SROs and any appropriate objective standards for this land use type can be considered during that code update effort and comments related to this policy issue from the Planning Commission and GPAC can also be considered as part of that effort. This item would be added to Program 7 (Zoning Code Amendments) in the final Housing Element. **Does the City Council support this modification?***

Private Open Space Requirements

In addition, the element (page B-10) states the minimum open space requirement could preclude the development of multifamily rental apartments but does not commit to addressing this constraint in Program 7. Therefore, the element must include actions that commit the City to remove this constraint.

The current requirement for usable open space in multi-family residential development is based on the zoning district. In the R4 zoning district, there is a requirement for 300 square feet per unit, while in the R5 district, the requirement increases slightly to 400 square feet per unit but allows common open space to satisfy the requirement. In Mixed Use zones, the requirement is significantly less at 30 square feet per unit. The comment from HCD is requiring the City to commit to removing this development constraint. [Note: The Implementing Zoning Ordinance defines usable open space as "the aggregate area of side and rear yards, patios, and balconies and decks having a depth of not less than three (3) feet and area not less than 30 square feet, on a building site or building, which is available and accessible to the occupants of the building or building site for purposes of active and/or passive outdoor recreation. This area is exclusive of driveways, areas for off-street parking and services, and ground level areas with a width of less than five feet or maximum dimension of under ten feet. At least seventy-five percent of the usable private open space shall have a slope of ten percent or less." (Section 28.020(U))]

While both the Planning Commission and GPAC were generally supportive of the recommendation to reduce the private open space requirement in order to address HCD's comments, there was concern expressed by both bodies that such a reduction could compromise livability and character in future multi-family development. Furthermore, both bodies recommended careful and creative consideration when the code update is considered in the future to protect minimum livability standards.

The City's existing private open space requirements in the MU zoning districts is relatively small at only 30 square feet per unit and is usually designed as a small balcony or patio for each unit. The requirements in the R4 and R5 zoning districts are slightly larger at 300 and 400 square feet per unit respectively. In the R5 zoning district there are provisions to combine the individual requirement into a larger common open space, which is a technique that both the Planning Commission and GPAC thought good to consider even if the specific square footage per unit is reduced. While staff has not completed full analysis of the requirements in other jurisdictions in the region, that would be part of any future consideration to determine the appropriate metric moving forward. Additionally, by considering corresponding aspects such as increasing dimensions for applicable open space or encouraging communal open space, staff believes this change will have a relatively minimal impact. As discussed at the GPAC meeting, it is also important to note that any such change will be to the minimum requirement but will not limit a development from providing more than required as part of the design approach and market demand to create private open space within multi-family development.

*Staff Recommendation: To address HCD's comments and remove the potential barrier to development of multifamily rental apartments, staff recommends modifications to Program 7 to commit to "study open space requirements for comparable housing types in the region and reduce the open space requirements to align with the regional trends and to ensure maximum allowable density in each district can be achieved". While this does not commit the City to a specific reduction, it does commit the City to reducing the amount of usable open space required for multi-family projects in an effort to reduce development constraints and to align with other jurisdictions in the region. Similar to the discussion above, the City would commit to making this code amendment by December 2024. **Does the City Council support this modification?***

On-site Parking Requirements

Furthermore, the element (pages B-10 and B-11) clarifies covered/uncovered parking requirements for multifamily residential projects. However, the element does not fully describe the requirement for a project to provide an overall ratio of at least 1.5 spaces per unit as a potential constraint to smaller-unit residential projects. Therefore, the element should analyze this parking requirement and add or modify programs to address this constraint.

This HCD comment identifies Petaluma's current parking requirement of at least 1.5 spaces per multi-family unit as a constraint on residential development. This same issue has been identified and discussed by the Planning Commission, Pedestrian and Bicycle Advisory Committee, and City Council in the context of desired holistic changes to the City's private parking requirements. Staff is currently working on a comprehensive evaluation of parking, including both available public parking and required private parking, to inform the desired code changes. Additionally, an essential part of the overall discussion will be consideration of transit improvements and active transportation efforts to make alternative modes of transportation more readily accessible, safe, and enjoyable.

This effort to look at the City's parking requirements holistically is in direct support of comments from both the Planning Commission and GPAC, both of which indicated strong support for

updating parking requirements but requested that the approach be thought of concurrently with active transportation and transit improvements.

Staff Recommendation: To address the comment from HCD, staff proposes modifications to Programs 5 and 7. More specifically, staff recommends modifying Program 5 to read “By December 2023, update onsite parking regulations to reduce barriers to housing development and to support the City's affordable housing development and climate goals. Specifically, remove the 1.5 space per unit requirement for small units and replace that requirement with parking standards based on unit size (micro units, studio/efficiency units, and one-bedroom units) and location relative to transit and amenities.” Similar modifications are proposed in Program 7 to read “specifically, the City will reduce 1.5 space per unit requirement for small units such as micro units, studios, and one-bedroom units as described in Program 5”.

*These proposed modifications are in keeping with previous policy discussions with the Planning Commission, Pedestrian and Bicycle Advisory Committee, and City Council. Additionally, references in the proposed language to reduce parking based on location relative to transit and amenities is consistent with feedback from the Planning Commission that appropriate parking standards may be different based on areas of the City. As with much of the discussion above, the commitment in the Housing Element to address HCD comments does not need to be specific to new parking metrics or specific areas but rather commits to reducing existing code requirements to remove barriers to housing production and to consider the size of units and location of units in determining the appropriate parking requirement. **Does the City Council support these modifications as written?***

Housing for Persons with Disabilities

While the element modifies Program 7 to permit residential care facilities for seven or more persons in residential zones subject to a conditional use permit (CUP) with findings that promote objectivity and certainty, the element does not address the current requirement for residential care facilities to be permitted on an upper floor or behind a ground floor street fronting use in the MU1A, MU1B, MU1C, C1, and C2 zones. This requirement is a constraint on housing for persons with disabilities being built and the element must add or modify a program to remove this constraint.

The current IZO allows residential care for seven or more clients only on upper floors in the MU1A, MU1B, MU2, C1, and C2 mixed use and commercial zoning districts. Additionally, existing regulations only permit residential care facilities for adults or the chronically ill on upper floors or behind ground floor street fronting uses. These restrictions could create a barrier to the production of housing for persons with disabilities, and HCD is stating that the City must eliminate or modify the IZO to remove this constraint.

Staff Recommendation: To address HCD's comment, staff recommends modification to Program 7 language to commit that the City will “evaluate the constraint and amend the Zoning Code to mitigate this constraint to facilitate the development of additional types of residential care facilities” and “Specifically, residential care facilities for seven or more persons will be conditionally permitted in residential zones, mixed use, and commercial zones, subject to findings for approval that are objective and provide certainty in outcomes. Requirements that these uses

be placed on upper floors and behind a ground floor street fronting use will be removed. These revisions are in accordance with the State interpretation of Affirmatively Furthering State Housing legislation.” This language retains the City’s discretion to consider large (seven or more persons) residential care facilities on a case-by-case basis through the Conditional Use Permit process and consider design and operational characteristics to achieve the same ground floor activation that the City’s current regulations seek to control through requiring residential care facilities to be on upper floors or behind other ground floor uses. This change is not anticipated to have a significant impact on existing development pattern due to the remaining discretion through the use permit process. Additionally, this may facilitate more housing opportunities for persons with disabilities and further the City’s overarching goal of providing a wide range of housing opportunities. Does the City Council support this revision as written?

Strengthen Commitment in Program Language

All programs should be evaluated to ensure meaningful and specific actions, objectives, and commitments. Multiple programs do not have any quantifiable metric to track and measure program success and must be revised to incorporate a quantifiable metric or outcome. In addition, programs containing unclear language (e.g. “Evaluate”; “Consider”; “Explore”; etc.) must be amended to include more specific and measurable actions. These programs include Program 1 (Adequate Sites for regional housing needs allocation (RHNA) and Monitoring of No Net Loss), Program 2 (Replacement Housing), Program 3 (Accessory Dwelling Units), Program 4 (Efficient Use of Multi- Family Land), Program 5 (Flexible Development Standards), Program 6 (Religious and Institutional Facility Housing Overlay), Program 7 (Zoning Code Amendments), Program 12 (Housing-Commercial Linkage Fee), Program 20 (Historic Preservation), Program 21 (Condominium Conversion), Program 25 (Adequately Sized Rental Housing for Families), Program 26 (Universal Design and Visitability), Program 27 (Housing for Farmworkers and Hospitality Workers), and Program 29 (Tenant Protection Strategies).

In addition, many program actions involve a review of existing standards, procedures, and practices, and additional actions “as appropriate”. For example, the programs should list the specific trigger for additional action for allocating resources to Program 3 (Accessory Dwelling Units) and revising the minimum open space requirement and parking requirements in Program 7 (Zoning Code Amendments). Additional programs include Program 4 (Efficient Use of Multi-Family Land), The element should review all programs with such language, and describe what action, or lack thereof, would trigger additional program changes.

Response to HCD’s comments related to the proposed housing programs have policy impacts in terms of commitment to both timing and scope of changes to City policy and regulations. Proposed changes to Program 7 in terms of open space requirements, parking, SROs, and residential care facilities have been presented under separate comments above. Recommended changes to program language to address this comment are highlighted in Attachment 4 for the City Council’s consideration and feedback. In most cases more precise language is being proposed to indicate when the City will make a policy decision without committing to a specific policy shift absent a thorough analysis that would be necessary to consider the full range of impacts. In other cases, such as Program 25 (Adequately Sized Rental Housing for Families), staff is recommending more

specific policy language such as “Target 20 percent of new rental units to have three or more bedrooms.”

Overall, the Planning Commission and GPAC were supportive of the proposed commitments to specific metrics and action. Specifically, members of both bodies indicated support to proposed changes that support evolution of single family neighborhoods (Programs 1 and 15), encourage ADU production and creation of an ADU amnesty program (Program 3), target housing production through partnership with religious and institutional organizations (Program 6), incentivize reuse of existing buildings (Program 20), target larger rental units for families (Program 25), and creation of housing for farm workers and hospitality worker (Program 27).

*All of the proposed modifications as shown in highlight in Attachment 4 are in line with the City’s commitment to prioritizing housing to meet the needs of all Petalumans. Proposed changes to program language increases specificity, commits to concrete action, and sets targets and timelines for achieving specific actions. **Is the City Council supportive of the proposed modifications shown in highlight in Attachment 4 to address HCD comments and strengthen the City’s commitment to implement proposed housing programs?***

In addition to these policy item, the HCD comment letter included items requesting additional data or clarification. Staff and the consultant team are working on these items to provide the necessary response, as outlined in the Planning Commission staff report at Attachment 3.

PUBLIC OUTREACH

During the General Plan Update process to date, the community has provided a significant amount of housing-related input, including input received as part of the 2020 General Plan community-wide survey and the 2021 Area Meetings, Pop-ups, Visioning Workshop, GPU Youth Survey, and Latinx Focus Group. This input informed the Vision, Pillars, and Guiding Principles drafted by General Plan Advisory Committee Members and unanimously recommended to drive the subsequent planning phases of the General Plan Update.

In March and April 2022, the Planning Team conducted engagement related specifically to the Housing Element through two presentations to the GPAC on March 17 and April 21, 2022, a presentation to the Planning Commission on March 22, 2022, and the Housing Element Community Workshop on April 7, 2022. In June and July 2022, drafts of the Housing Sites Inventory and Policy Framework were presented to and discussed with the General Plan Advisory Committee (GPAC) on June 16, 2022, Planning Commission on June 21, 2022, and City Council on July 18, 2022. The feedback received to date shaped the development and refinement of the Draft Housing Element and associated appendices.

The release of the Public Draft Housing Element was posted on the General Plan website and announced in the Community Update and on City social media, via General Plan Constant Contact email list, via email to the GPAC, and via direct email to approximately 50 housing-focused stakeholders. The community was invited to provide feedback on the Public Draft via a survey on the General Plan website, which helps ensure that the planning team accurately tracks feedback, as well as via email, or at a public meeting on the Housing Element, which are listed below.

The Draft Housing Element was released on Monday, August 29, for the public review period required by the Department of Housing and Community Development. During the public review period the City held the following public meetings and engagement events:

- Planning Commission meeting: September 13th
- General Plan Advisory Committee meeting: September 15th
- Community Open House: September 20th
- City Council meeting: October 3rd
- Public online survey accepting comments during the full 30-day review period.

The comments generated during the public review period through the survey, emails, and meetings noted above were compiled in the Housing Element Comment Matrix. Any additional public input will inform the changes made prior to submission to HCD and will be submitted in an amended Housing Element Appendix F Public Participation.

One written comment from General Housing was received prior to the Planning Commission hearing on February 14, 2023, and is included at Attachment 5. Additionally, the item went before GPAC on February 16, 2023.

COUNCIL GOAL ALIGNMENT

While not explicitly on the City Council's approved list of Top 10 Citywide Goals, the Housing Element is a required part of the General Plan Update underway and is guided by specific state statute that necessitated that the Housing Element be bifurcated from the larger General Plan Update to expedite adoption. The draft Housing Element further many of the Council's overarching goals for the community in seeking to provide housing opportunities for all Petalumans.

ENVIRONMENTAL REVIEW

The California Environmental Quality Act (CEQA) requires public agencies and local governments to evaluate and disclose the environmental impacts of discretionary actions ("projects" under CEQA) including Housing Elements and to limit or avoid those impacts to the extent feasible. The laws and rules governing the CEQA process are contained in the CEQA statute (Public Resources Code Section 21000 and following), the CEQA Guidelines (California Code of Regulations, Title 14, Section 15000 and following), and published court decisions interpreting CEQA.

There is no action before the Planning Commission on February 14, 2023; therefore, no CEQA finding is required and this meeting item is not a project under CEQA. Instead, the item is being brought forward for presentation and discussion. When the Housing Element is brought forward for Planning Commission review and recommendation on March 14, 2023, the item will be accompanied by the applicable CEQA analysis, which is currently being finalized by the consultant team.

FINANCIAL IMPACTS

Preparation of the City's 6th cycle Housing Element was part of the larger contract with Raimi Associates for the General Plan Update which was approved by the City Council and subsequently executed by the City Manager.

ALTERNATIVES

The City Council is being asked to provide feedback and direction for staff to incorporate into the final Housing Element that will be brought forward for Planning Commission recommendation and subsequent City Council adoption. The suggested modifications as discussed above were drafted to best address HCD comments while retaining future city discretion for specific code amendments for future analysis and consideration. Alternatively, the City Council may provide additional feedback or direct modifications to the recommended changes for incorporating into the final Housing Element.

The City is working diligently to prepare the final Housing Element for adoption and submission to the state for review and certification to meet state statute. It is anticipated that the final Housing Element and associated environmental review will be considered for recommendation by the Planning Commission on March 14, 2023, and will be considered for adoption by the City Council on March 20, 2023.

ATTACHMENTS

1. Draft Housing Element Link
2. HCD Comment Letter
3. Planning Commission Staff Report, February 14, 2023
4. Proposed changes to Programs (highlighted) to Draft Housing Element
5. Public Comment, Generation Housing