



SUMMARY REPORT

Agenda Date: 8/9/2022

To: Board of Supervisors

Department or Agency Name(s): Permit Sonoma

Staff Name and Phone Number: Eric Gage (707) 565-1391

Vote Requirement: Informational Only

Supervisorial District(s): Countywide

Title:

Workshop and Board Direction on Draft Housing Strategy for 2023 Housing Element Update

Recommended Action:

Receive presentation on County of Sonoma's 6th Cycle Housing Element Update, review the Draft Housing Strategy, accept public comment, and provide direction to staff and consultants.

Executive Summary:

The County is preparing its 6th Cycle Housing Element Update (Years 2023-2031), which must be adopted by the Board of Supervisors no later than January 31, 2023. Based on initial input provided by the community, staff is recommending a six-point Housing Strategy to preserve, protect, produce, and affirmatively further fair housing. The Housing Strategy is the policy and implementation framework for addressing Housing Element objectives such as meeting the County of Sonoma's Regional Housing Needs Allocation of 3,881 housing units. Staff seeks Board direction prior to a public review of its draft Housing Element and EIR, which is expected to be released October 2022.

Discussion:

Background

The California State Legislature has identified the attainment of a decent home and suitable living environment for every Californian as the State's basic housing goal. The preparation of the Housing Element is required by California State law (Chapter 3, Articles 10.6 and 10.7 of the Government Code). The Housing Element is one of the eight mandated elements of the General Plan, and the only element that must be updated on a set schedule, consistent with the establishment of the Regional Housing Needs Allocation (RHNA). The County is presently required to update its 2014 Housing Element to cover the planning period between 2023 - 2031.

The Goals, Policies and Programs for the Housing Element Update are presented in the attached Draft Housing Strategy (**Attachment 1**). The Strategy modifies the existing goals and policies of the 2014 Housing Element for the planning period 2015 - 2023. Completed programs have been removed. New policies and programs have been added where needed to address new legislative requirements, to address identified housing needs, to respond to community input and to affirmatively further fair housing.

Housing Element Update Requirements

California's Housing Element law requires that the Housing Element include the following discussion and

analysis:

- Provide achievable goals, policies, quantified objectives, and scheduled programs to preserve, improve, and develop housing opportunities.
- Identify and analyze household characteristics, including housing costs compared to residents' ability to pay and housing characteristics, the extent of overcrowding and an estimate of housing stock conditions.
- Identify and analyze governmental and non-governmental constraints on the maintenance, improvement, and development of housing for all income levels.
- Identify the housing needs of equity priority populations including housing for homeless, senior, and female-headed households, farmworkers, and persons with disabilities.
- Identify sites that are suitable for all types of residential development, including multifamily and manufactured homes, during the 6th cycle to meet the County's RHNA.
- Identify opportunities for energy conservation with respect to residential development.

Housing Elements must be reviewed and certified (approved) by the California Department of Housing and Community Development (HCD) in order to satisfy State law.

Local Housing Issues Needs and Trends

One of the many requirements for the Housing Element is the collection of data to help determine housing needs. This includes such things as how many residents are overpaying for their housing, overcrowded units, the costs of developing housing, and demographic information and trends. The bulk of the required housing and demographic data has been provided by the Association of Bay Area Governments (ABAG), originally presented to the Sonoma County Planning Agency at the Housing Element Kick-Off workshop in December 2021. The data package is available as Attachment 2 to the Planning Commission Staff Report. The data on housing needs helped to inform the policies and programs within the Draft Housing Strategy.

Affirmatively Furthering Fair Housing

A key theme of the recent changes to the State's Housing Element laws, is the need for cities and counties to actively pursue the attainment of adequate and fair housing. Affirmatively Furthering Fair Housing (AFFH) is a program intended to identify, reverse, and prevent housing segregation and discrimination. AFFH was originally established as a federal program within the Department of Housing & Urban Development (HUD) by the Fair Housing Act of 1968. The State of California passed Assembly Bill 686 (2018) to codify AFFH in California Housing Element Law. This Housing Element Cycle is the first to implement AB 686, and implementation is a new process for both the jurisdictions conducting AFFH analysis and state regulators approving local plans.

The AFFH section of the Housing Element remains under development and will draw from several data sources. The Lawyers' Committee for Civil Rights Under Law has recently concluded a regional fair housing analysis for the two counties and 14 cities of Sonoma and Napa Counties, supported by regional planning funding from ABAG. Regional data from the ABAG Housing Data Workbook has been pre-approved as a central data source for both the AFFH section and identification of housing needs and constraints. ABAG has also prepared a Regional Segregation Report with jurisdiction-specific findings, and California Department of

Housing & Community Development (HCD)'s AFFH Data Viewer provides mapping resources illustrating various AFFH requirements (<https://affh-data-resources-cahcd.hub.arcgis.com/>).

One key aspect of AFFH requirements is to ensure an equitable distribution of sites in the Housing Element Sites Inventory. The unincorporated county is vast and access to resources varies widely, from moderate and high resource communities along the coast and in Glen Ellen to Low Resource communities in the Springs. The regional fair housing assessment will be supplemented by the local knowledge needed to ensure that sites zoned for higher-density and affordable housing can be supported by community amenities and programs to actively advance fair housing considerations in lower-resource areas.

New Policies and Programs in Draft Housing Strategy

The Draft Housing Strategy (DHS) for the 2023-2031 Housing Element includes new policies and programs that respond to demographic trends, identified housing needs, community input, and State requirements. The County will address its housing needs and meet State requirements using the same overarching goals found within the existing housing element, with Goal #6 being updated to include measures for equity and fair housing:

- Goal #1: Protect and Improve Housing Units and Programs
- Goal #2: Incentivize Development of Urban Housing Sites
- Goal #3: Increase Production of Affordable Housing Units
- Goal #4: Maintain and Expand Funding for Affordable Housing
- Goal #5: Promote and Expand Housing Opportunities for Special Needs Communities
- Goal #6: Encourage Equitable and Climate Resilient Housing

The attached Draft Housing Strategy forms the housing policy roadmap for unincorporated Sonoma County and will become Section 2 (Goals, Policies, Programs and Quantified Objectives) of the County's 2023 Housing Element. The Housing Strategy incorporates data, trends and community opinions received to date, as well as the input received from the Housing Advisory Committee and the Planning Commission. Policy and program development also involved significant consultation with the County's Community Development Commission (CDC). Policies and programs achieved since the 2014 Housing Element have been replaced with new policies and programs to address identified housing needs, new statutory requirements, and community input.

Staff is seeking direction from the Board on the proposed programs in the Draft Housing Strategy (Attachment 1). A summary of the new or revised Programs in the Draft Housing Strategy is provided in the Program Summary Table (Attachment 2).

During public outreach for the project staff received frequent comments related to potential new programs including just cause eviction protections, proactive inspections, and adoption of a vacancy tax. Staff has not conducted a full analysis on these programs, nor are they detailed in the draft strategies.

Background on Regional Housing Needs Allocation (RHNA)

State law requires that Housing Elements demonstrate each local agency's ability to meet its RHNA. Each jurisdiction's RHNA is set through a process that is meant to identify and address housing needs for the

projected State population and household growth, to improve the jobs - housing balance in communities, and to ensure the availability of housing affordable to all income groups. For the 2023-2031 Housing Element Update period, the County of Sonoma has a combined RHNA of 14,562 units. The unincorporated county's share of that regional need is 3,881 units, broken into the income groups shown below:

Table 1: Unincorporated Sonoma County Regional Housing Needs Allocation, 2023 - 2031

	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
RHNA	1,036	596	627	1,622	3,881

Local governments are not required to construct the housing units mandated by RHNA. They are instead required to demonstrate that there are adequate sites zoned at appropriate densities to accommodate the number of RHNA units in each income category, plus a buffer. These sites can include vacant sites zoned for residential use, vacant sites that allow residential development, and underutilized sites that are realistically capable of being redeveloped to increase the number of residential units. These sites must have demonstrated potential for new residential development within the eight-year Housing Element planning period.

HCD also allows planned, approved, and pending residential units to be counted toward fulfilling the County's RHNA, as may a limited number of accessory dwelling units (ADU) and junior accessory dwelling units (JADU). The County plans to accommodate its RHNA through a combination of the methods listed below, as summarized in Table 2.

Table 2: Projected Development and Sites Zoned for Housing to Meet RHNA

	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
RHNA Allocation	1,036	596	627	1,622	3881
Planned and Approved Units	91	277	29	782	1179
Projected ADU Development	176	176	176	58	586
Remaining Need After Credits	912		422	782	2116
Sites Zoned for Housing*	110		49	197	356
Remaining RHNA	802		373	585	1760

**A majority of these sites were used in previous Housing Elements and are subject to additional requirements to use in the 6th Cycle Inventory*

- **Pending, approved, or permitted residential projects.** There are twelve (12) projects in various stages of planning and development, consisting of 1,179 units (397 of which are affordable).
- **Accessory dwelling unit (ADU) and junior accessory dwelling unit (JADU) development projections consistent with ABAG's "safe harbor" assumptions.** At a minimum, the County may assume that the number of ADUs constructed in each year of the upcoming planning period is equal to the average of ADUs permitted over the years 2018-2021. In the unincorporated County there were a total of 294 ADUs in 2018, 2019, 2020, and 2021, resulting in an average of 73.5 per year. During the 8-year Housing Element cycle, the County may reasonably expect the development of 586 ADUs. The

presumed affordability of the ADUs has been calculated by an ABAG study to be distributed across income categories as follows: 30% Very Low-Income; 30% Low-Income, 30% Moderate- Income; and 10% Above Moderate-Income. These baseline assumptions are commonly referred to as “safe harbor” assumptions. Using the safe harbor assumptions described above, the 586 ADUs will be allocated as follows: 176 Very Low, 176 Low, 176 Moderate, and 58 Above Moderate.

- **Acquisition of non-deed-restricted units and conversion to 55-year deed restricted, affordable units.** HCD allows that up to 25% of each RHNA category may be met through this approach. In Sonoma County, the new “Essential Workforce Housing Bond Financing Program” is anticipated to convert up to 363 units of market-rate housing to long-term affordable housing over the housing element cycle. Because the program is new and unproven, it is not yet clear what projections HCD will accept toward the County's RHNA.

It should be noted that statutory RHNA needs do not reflect the full scope of the County's housing needs, including housing for the homeless, seniors, housing rehabilitation, affirmatively furthering fair housing (AFFH) policy, and creating housing opportunities for middle income families. Additional programs and funding are required to address the County's true housing needs, even when those efforts do not result in credit against the County's RHNA.

RHNA Shortfall and Rezoning

As shown in Table 3, the County lacks sufficient sites currently zoned for housing, and rezoning of sites will be necessary. In anticipation of this need, County staff began the Rezoning Sites for Housing project in 2018, asking the public to nominate sites for housing. Once this nomination period closed, County staff evaluated sites for basic eligibility criteria from the General Plan, including availability of public utilities, and proximity to jobs, transit, services, and schools. This process resulted in the identification of 59 suitable sites to accommodate over 2,000 housing units. A Draft EIR (Environmental Impact Report) was prepared and published for the Rezoning Sites project. Due to timing, the rezoning of suitable sites was incorporated into the Housing Element update. A comprehensive EIR for the Housing Element and rezoning of sites will be published following the completion of the Draft Housing Element.

As shown in Table 3, it could be possible for the County to demonstrate sufficient sites to meet its RHNA if all 59 sites studied in the EIR were rezoned.

Table 3: Potential Strategy to Meet RHNA with Rezoning Sites

	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Total
RHNA Allocation	1,036	596	627	1,622	3881
Planned and Approved Units	91	277	29	782	1179
Projected ADU Development	176	176	176	58	586
Remaining Need After Credits	912		422	782	2116
Sites Zoned for Housing	110		49	197	356
Remaining Need	802		373	585	1760

Rezoning Sites for Housing	1133	466	699	2297
-----------------------------------	------	-----	-----	------

No Net Loss

The new “No Net Loss” laws will impact the sites used in the Housing Element Site Inventory, including assumed affordability levels and development assumptions. The intent of the legislation is to ensure all jurisdictions maintain an adequate supply of appropriately zoned land to accommodate their remaining RHNA for the entire eight-year Housing Element period. A jurisdiction may not approve a project at a density or level of affordability lower than that listed in the Housing Element inventory unless it can make findings that adequate sites remain available to accommodate the remaining RHNA. State law allows referrals to the Attorney General for violations of the No Net Loss laws. Jurisdictions must not run afoul of this law and should plan to maintain an inventory of adequate sites to meet the remaining RHNA throughout the Housing Element period.

On April 21, staff presented to the Planning Commission strategy options to address “No Net Loss” requirements. Based on direction received from the Commission, staff plans on identifying sufficient sites to accommodate 115% of its RHNA and provide a buffer of sites in inventory. Additionally, staff will prepare an administrative backup list of sites to be added as needed. This option treats the sites inventory as truly dynamic, and revisits it each year during the APR (Annual Planning Report). If necessary, these additional sites can be added to the inventory list as part of the APR to ensure adequate sites and maintain local control. If the program is included in a certified Housing Element, then the revised inventory would not trigger a new HCD review of the Housing Element.

PROGRESS ON HOUSING ELEMENT UPDATE

This Section provides a brief summary on the progress made to date on the 6th Cycle Housing Element Update.

Community Engagement and Outreach

Staff and consultants are collecting local data in real time to ensure that the Housing Element update incorporates local knowledge, equity, and priorities. Efforts to collect community data are described and summarized below.

- The kick-off of the 2023 Housing Element Update was held as a public workshop at the December 30, 2021 Planning Agency meeting. The presentation covered the Housing Element update process, new laws, opportunities for engagement, local demographics, and provided the opportunity for members of the public to speak.
- A Housing Element Advisory Committee (HAC) ([Information on website <https://permitsonoma.org/longrangeplans/proposedlong-rangeplans/housingelement>](https://permitsonoma.org/longrangeplans/proposedlong-rangeplans/housingelement)) of 20 members was formed in December 2021 to advise staff, review draft concepts, serve as community ambassadors to help publicize public workshops, and participate in the planning effort. This group includes nonprofit and market-rate developers, representatives from the faith-based community, agricultural and farmworker community, and nonprofit organizations, community members from each supervisorial district, and a member with lived experience of homelessness.
- Housing Element Update Website ([Housing Element Update <https://permitsonoma.org/longrangeplans/proposedlong-rangeplans/housingelement>](https://permitsonoma.org/longrangeplans/proposedlong-rangeplans/housingelement)) was created in January 2022 and provides introductory information to the Housing Element update process and requirements, a link to sign up for email updates, information about the HAC (Housing Advisory

Committee) and its members; links to information on past and upcoming meetings, and links to community opinion surveys in Spanish and English.

- Community Opinion Surveys were conducted in English and Spanish and could be completed on smartphones, computers, or other internet-accessing devices. The surveys used promotional strategies to seek responses from typically underrepresented groups (see next section).
- Virtual targeted focus groups and interviews have been held with community-based organizations, affordable housing property managers, and both non-profit and for-profit housing developers. A short survey of recent County applicants was also conducted.

A Planning Commission Workshop was held on April 21, 2022 to present information collected to date and focused on major policy questions for the Housing Element Update. Planning Commissioners indicated support for many of the policy areas presented, including supporting development of ADUs, partnering with a JPA and utilizing bond financing for affordable housing, including the conversion of market-rate units to affordable, and using the community land trust model for providing affordable housing. Commissioners expressed concern over the use of new ADUs as vacation rentals, equitable placement of affordable housing, and the need to focus on City-centered growth. The Workshop was noticed, open to the public, and provided an additional forum for community comment.

Summary of Community Engagement

At this point, the first two Community Surveys have been completed and a third is underway. The Housing Element surveys were prepared with promotional strategies to engage a diverse audience of Sonoma County residents. The surveys utilized targeted digital advertising to increase the number of Spanish-speaking participants. Stipends were provided to community benefit organizations to distribute the survey to their clients and email lists. Finally, promotional posts were shared on the Permit Sonoma social media channels and emails were sent to Permit Sonoma's lists.

The response to the surveys was excellent with a total of over 6,378 online survey responses. A demographic analysis indicates that the County achieved its goal of obtaining broad participation, including from our hardest-to-reach communities. The County also conducted one-on-one stakeholder interviews and eight focus group meetings.

Throughout this outreach, housing affordability and housing availability were identified by the community as the greatest needs. Other recurring themes include concerns about homelessness, natural disasters, lack of infrastructure, housing discrimination, construction costs, permitting fees, and second homes or vacation rentals.

A third community survey intended to inform the Draft Housing Strategy has been released and preliminary results are expected to be available during the Board Workshop.

In addition to the community surveys and the HAC, stakeholder outreach included interviews of housing developers and community organizations. Continued updates on the stages of the Housing Element Update process and opportunities to provide feedback are found at ([Housing Element Update <https://permitsonoma.org/longrangeplans/proposedlong-rangeplans/housingelement>](https://permitsonoma.org/longrangeplans/proposedlong-rangeplans/housingelement)).

Timeline and Next Steps

After the Board of Supervisors workshop staff will complete drafting the Housing Element and release the

Agenda Date: 8/9/2022

After the Board of Supervisors workshop staff will complete drafting the Housing Element and release the Draft Environmental Impact Report for public review by November, 2022. The Housing Element will be presented to the Planning Commission and then return to the Board of Supervisors for adoption. Housing Elements are required to be adopted by January 31, 2022.

Strategic Plan:

This item directly supports the County's Five-year Strategic Plan and is aligned with the objectives of Goal 3 (In collaboration with cities, increase affordable housing development near public transportation and easy access to services) of the Healthy and Safe Communities pillar.

Prior Board Actions:

2014 Housing Element Adopted December 2, 2014

FISCAL SUMMARY

Narrative Explanation of Fiscal Impacts:

Not applicable

Narrative Explanation of Staffing Impacts (If Required):

Not applicable

Attachments:

Attachment 1: Draft Housing Strategy

Attachment 2: Program Summary Table

Attachment 3: Planning Commission Staff Report dated April 21, 2022 and Attachments

Attachment 4: Disposition Table

Attachment 5: Sonoma County Housing Policy Survey

Attachment 6: Sonoma County Housing Preference Survey

Attachment 7: Sonoma County Housing Needs and Opportunities Survey

Related Items "On File" with the Clerk of the Board:

Not applicable