

2023-2031 Housing Element

August 2022

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1. Introduction

A Portrait of the Community

Petaluma is located 40 miles north of San Francisco in southern Sonoma County, bisected by the Petaluma River and under the backdrop of the Sonoma Mountains. It is a unique, geographically defined community with a distinctive character derived from its geography, physical diversity, and small town atmosphere.

Petaluma was incorporated in 1858 and grew steadily following incorporation. There was a notable residential growth spurt following suburbanization from the 1950s to 1970s, resulting in the adoption of its residential growth management program. Following that landmark legislation, the City slowed its residential growth rate to not exceed 500 units per year through the turn of the 20th century. In recent years, the average number of building permits rarely comes close to 500 units annually. Limited local and regional housing construction has placed strong economic pressure on the local housing prices and rents, and housing is becoming increasingly unaffordable to the workforce. This 2023-2031 Housing Element presents a proactive strategy to create new housing opportunities and preserve housing affordability in the community.

California Housing Element Law

Enacted in 1969, State housing element law mandates that local governments adequately plan to meet the existing and projected housing needs of all economic segments of the community. The law acknowledges that in order for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulatory systems that provide opportunities for, and do not unduly constrain, housing development.

The Housing Element is subject to detailed statutory requirements regarding its content and is subject to mandatory review by the California Department of Housing and Community Development (HCD). The Housing Element must be updated every eight years. According to State law, the statutory due date to update the Housing Element for jurisdictions in the Association of Bay Area Governments (ABAG) region is January 31, 2023. A key component of the Housing Element requirement is the jurisdiction's ability to accommodate the City's share of Regional Housing Needs Assessment, (RHNA) as determined by HCD. For this sixth cycle of the Housing Element update, the City of Petaluma has been assigned a RHNA of 1,910 housing units.

1.1.1. Housing Element Components

State law requires the Housing Element to include the following information:

- An analysis of population and employment trends and documentation of projections, and a quantification of the existing and projected housing needs for all income levels, including extremely low income households.
- An analysis and documentation of household characteristics, including level of payment compared to ability to pay, housing characteristics, including overcrowding, and housing stock condition.
- An inventory of land suitable and available for residential development, including vacant sites and sites having realistic and demonstrated potential for redevelopment during the planning period.

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- The identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit.
- An analysis of potential and actual governmental and non-governmental constraints upon the maintenance, improvement, or development of housing for all income levels.
- An analysis of any special housing needs, such as those of the elderly; persons with disabilities, including a developmental disability; large families; farmworkers; families with female heads of households; and families and experiencing homelessness.
- An analysis of opportunities for energy conservation.
- An analysis of existing assisted housing developments that are eligible to change from low income housing uses during the next 10 years.
- A statement of the community's goals, quantified objectives, and policies relative to affirmatively furthering fair housing and to the maintenance, preservation, improvement, and development of housing.

The housing element establishes an action plan that details the actions, or programs, that will implement the goals and policies. For each program, the action plan must identify the agency responsible and the timeframe for implementation.

1.1.2. Organization of the Housing Element

This 2023-2031 Housing Element for the City of Petaluma is organized into the following sections and appendices:

Section 1 – Introduction

Section 3 – Resources to Accomplish Goals

Section 3 – Housing Action Plan

Appendix A: Housing Needs Assessment

Appendix B: Housing Constraints

Appendix C: Sites Inventory

Appendix D: Review of Past Accomplishments

Appendix E: Affirmatively Furthering Fair Housing

Appendix F: Summary of Community Outreach

Relationship to the General Plan

The City of Petaluma is developing a comprehensive update to the 2025 General Plan (adopted May 2008) concurrently with the required update of the Housing Element. The General Plan update may introduce additional opportunities for residential growth beyond current land use policy. The General Plan update is anticipated to conclude in late 2023. To meet the January 2023 statutory deadline for the Housing Element, this Housing Element relies on sites that are currently designated and zoned for residential development and do not anticipate the need to modify current land use designation or zoning to accommodate the 6th

cycle RHNA. Therefore, this Housing Element is consistent with the current 2025 General Plan and will be consistent with the 2045 General Plan update.

Community Participation

The City has implemented an extensive community outreach program for the Housing Element, that is being updated as part of the comprehensive update to the General Plan. A detailed summary of the outreach efforts and results is provided in Appendix F to this Housing Element.

The Draft Housing Element was available for public review between August 29, 2022 and October 3, 2022. The City also held public meetings before the Planning Commission (September 13) and City Council (October 3) to review the Draft Housing Element. Comments received on the Draft Housing Element are summarized by theme below, along with the City's responses.

2. Resources to Accomplish Goals

Fiscal Resources and Leveraging History

With the dissolution of redevelopment by the State legislature in 2012, local jurisdictions' ability to expand affordable housing opportunities has been seriously compromised. In many cases, local jurisdictions lack a steady source of revenue to finance affordable housing. State and federal programs such as Low Income Housing Tax Credits are highly competitive. Increasingly, local jurisdictions are looking to locally generated resources to support affordable housing development. To the extent feasible, the housing programs outlined in this Housing Element will utilize the following sources of revenue to fund its projects and programs.

2.1.1. Inclusionary Housing In-Lieu Fund

In 2018, Petaluma adopted an Ordinance (No. 2300 N.C.S.) implementing a housing in lieu fee for residential development to contribute to satisfy affordable housing requirements. The Inclusionary Housing In-Lieu Fund is generated by payments from developers in-lieu of providing inclusionary affordable units. The Fund is used to expand and preserve affordable housing opportunities for lower income households through land acquisition and assistance to non-profit developers with pre-development costs and subsidies for on- and off-site improvements. The City's current inclusionary housing ordinance was adopted in 2018 and eliminated the ability for a developer to meet inclusionary housing requirement through payment of an in-lieu fee unless separately approved as alternative compliance by the City Council. Therefore, the generation of housing in-lieu fees has significantly slowed in recent years. Additionally, the City has recently provided local funding for several affordable housing projects which has reduced the balance of the fund. As of July 1, 2022, the In-Lieu Fund has a balance of \$3,323,128, which is expected to fluctuate through October 2022.

2.1.2. Commercial Linkage Fee

In 2004, Petaluma adopted an Ordinance (No. 2171 N.C.S.) implementing a commercial linkage fee for nonresidential development to mitigate the impacts on affordable housing linked to nonresidential development and to provide housing affordable to those with incomes between 80 and 100 percent of the Area Median Income. In June 2011, the Ordinance was revised to limit the type of nonresidential development to new or expanded nonresidential gross square footage. For purposes of this Fee, nonresidential land uses are classified as commercial, retail, or industrial. Funds collected may be used to directly finance the development of affordable housing units between the range 80 to 100 percent of AMI. The current fee schedule (July 2022) establishes the fee at \$3.36 per square foot of commercial development, \$5.81 per square foot of retail development, and \$3.46 per square foot of industrial development. As of July 1, 2022, the Commercial Linkage Fee has a balance of \$2,158,717.

2.1.3. Community Development Block Grant

The Community Development Block Grant Program (CDBG) is a "pass-through" program that allows local governments to use federal funds to alleviate poverty and blight. The U.S. Department of Housing and Urban Development (HUD) makes allocations based on a formula that takes population, poverty, and housing distress into account. CDBG funds are used for a variety of housing and community development

efforts. With population over 50,000, Petaluma is considered an entitlement jurisdiction to receive CDBG funds from HUD directly. For FY 2022-2023, the City has been allocated \$329,577 in CDBG funds.

2.1.4. HOME Investment Partnership

The HOME Investment Partnership Act is a formula-based block grant program similar to CDBG. HOME funds are intended to expand affordable housing through acquisition, construction, and rehabilitation of rental and ownership units. However, Petaluma does not qualify as an entitlement jurisdiction to receive HOME funds directly from HUD and must apply to the State HOME program on a competitive basis. Specifically, the City used \$900,000 of program income from the State HOME program for a MidPen development. HOME program income is comprised of interest earned and loan payoffs from earlier HOME financed projects. The project is located at 414 Petaluma Blvd North. The development will provide 43 units between 30 and 60 percent AMI. Construction started on the project in Spring of 2022 and will be ready for occupancy in fall of 2023.

2.1.5. Permanent Local Housing Allocation

In 2017, Governor Brown signed a 15-bill housing package aimed at addressing the State's housing shortage and high housing costs. Specifically, it included the Building Homes and Jobs Act (SB 2, 2017), which establishes a \$75 recording fee on real estate documents to increase the supply of affordable homes in California. Because the number of real estate transactions recorded in each county will vary from year to year, the revenues collected will fluctuate.

The first year of SB 2 funds are available as planning grants to local jurisdictions. For the second year and onward, 70 percent of the funding will be allocated to local governments for affordable housing purposes and will be distributed using the same formula used to allocate Federal CDBG. This funding is known as the Permanent Local Housing Allocation (PLHA) and can be used to:

- Increase the supply of housing for households at or below 60 percent of AMI
- Increase assistance to affordable owner-occupied workforce housing
- Assist persons experiencing or at risk of homelessness
- Facilitate housing affordability, particularly for lower and moderate income households
- Promote projects and programs to meet the local government's unmet share of regional housing needs allocation

The City is eligible to receive approximately \$250,000 in PLHA annually. The program has a current fund balance of \$470,905 from the program years 2019-2020. A Housing Element certified by the State HCD is a prerequisite for receiving PLHA funds.

Article 34 Authority

Article XXXIV of the California Constitution requires that when the City develops, constructs, or acquires a housing project targeted towards lower income households, its qualified electors must approve the project by a majority. The City has secured Article 34 authority for elderly affordable housing (up to 5 percent of the total housing stock) and has been otherwise effective in providing affordable housing to lower income households by partnering with non-profit developers.

Partnership Opportunities

The City partners with a number of housing developers to construct, acquire/rehabilitate, and preserve affordable housing and special needs housing in the community. Active nonprofit developers include:

- Eden Housing
- Burbank Housing
- MidPen Housing
- PEP Housing
- DANCO Communities
- Housing Land Trust of Sonoma County

Regional Housing Needs Assessment

2.4.1. Overview of RHNA

The Regional Housing Needs Assessment (RHNA) is a key tool for local governments to plan for anticipated growth. The RHNA quantifies the anticipated need for housing within each jurisdiction for the eight-year period. The regional housing needs analysis is derived from the statewide growth forecast, which is then allocated to regions, counties, and cities. The statewide determination is based on population projections produced by the California Department of Finance and the application of specific adjustments to determine the total amount of housing needs for the region. The adjustments are a result of recent legislation that sought to incorporate an estimate of existing housing need by requiring the State HCD to apply factors related to a target vacancy rate, the rate of overcrowding, and the share of cost-burdened households. The new laws governing the methodology resulted in a significantly higher number of housing units for which the Bay Area must plan compared to previous RHNA cycles. The RHNA for Bay Area jurisdictions was adopted by the Association of Bay Area Governments (ABAG) in December 2021.

2.4.2. RHNA for Petaluma

California housing element law requires that each city and county develop local housing programs to meet its “fair share” of existing and future housing needs for all income groups, as determined by the jurisdiction’s council of governments. The Regional Housing Needs Allocation (RHNA) is the share of housing assigned to each jurisdiction by the Association of Bay Area Governments (ABAG) in the Bay Area for the eight-year planning period (January 31, 2023 to January 31, 2031). This “fair share” allocation concept seeks to ensure that each jurisdiction accepts responsibility for the housing needs of not only its resident population, but also for its share of projected regional housing growth across all income categories and demonstrates capacity to accommodate its housing share.

The RHNA represents the minimum number of housing units each community is required to provide “adequate sites” for through zoning and is one of the primary threshold criteria necessary to achieve State certification of the Housing Element.

In December 2021, ABAG approved the Final RHNA Plan. Petaluma must plan for a RHNA of 1,910 units, a substantial increase from the last cycle, accommodating not only future needs but also factoring in the unmet demand of the previous cycles. Petaluma’s RHNA is divided into four income categories (i.e., very low, low, moderate, and above moderate) as shown in Table 1 below.

Table 1: City of Petaluma RHNA (2023-2031)

Petaluma	Extremely Low/ Very Low	Low	Moderate	Above Moderate	Total
RHNA	499	288	313	810	1,910
% of Total	26%	15%	16%	42%	100%

Source: ABAG 6th Cycle Final RHNA Allocation Plan, adopted December 2021

*The RHNA does not include the extremely low category. It is estimated to be ½ of the very low income need, per Government Code §65583.a.1. The total very low income RHNA is 499 units; therefore, 254 units are designated as extremely low income and 254 units are designated as very-low-income. However, for the sites inventory purposes, no separate accounting is required for the extremely low income category

2.4.3. Summary

The Housing Element must include an inventory of land with potential for residential development during the Housing Element planning period. In conducting this adequate sites analysis, jurisdictions can accommodate the RHNA through the following:

Likely Sites:

- Projected ADU Trend: State law allows jurisdictions to project the number of ADUs to be constructed over eight years based on the recent trend of ADU construction. ABAG prepared a rent study that received preliminary approval from HCD. Based on a survey of rental listings for ADUs and similar units, ABAG established an income/affordability distribution for ADUs at 30 percent very low income, 30 percent low income, 30 percent moderate income, and 10 percent above moderate income.
- Credits toward RHNA (Pipeline Projects): While the new 6th cycle Housing Element begins January 31, 2023, the baseline project period for the RHNA begins on June 30, 2022. Housing units under construction, approved, entitled, or permitted but not expected to be finalized until after June 30, 2022 can be credited toward the 6th cycle RHNA.

Sites Inventory:

- Opportunity Sites: Accounting for projected ADUs and eligible credits, the City must identify adequate sites to fully accommodate the remaining RHNA obligations. Opportunity sites are sites that are currently zoned for residential or mixed use development, where existing uses on site are considered underutilized with potential for redevelopment. Sites with expressed interests for redevelopment from property owners and developments are also included.

Table 2 provides a summary of the City’s strategy for meeting the 6th cycle RHNA. The total realistic capacity shown is 3,404 units, which exceeds the target of 1,910 units the City is required to accommodate for its RHNA. The capacity identified in the site inventory includes an approximately 45 percent buffer in the lower income categories to ensure that Petaluma is proactively identifying sites to meet housing needs for the most vulnerable. Additionally, the overall buffers are recommended by HCD and provide assurance that Petaluma has adequate sites to meet the local RHNA.

Table 2: Summary of RHNA Strategy

	Units by Income Group				Total
	Very Low	Low	Moderate	Above Moderate	
RHNA	499	288	313	810	1,910
Likely Sites	241	186	101	1,243	1,772
Potential ADUs	43	43	43	14	144
Pipeline Projects	198	143	58	1,229	1,628
Remaining RHNA	258	102	212	(433)1	572
Opportunity Sites	260	262	444	666	1,632
Vacant Sites	50	51	44	238	383
Parking Lots of Shopping Centers	10	11	-	221	242
Underutilized sites	200	200	400	207	1,007
Total Capacity	501	448	545	1,909	3,404
Surplus (+) / Deficit (-) (Opportunity Sites vs. Remaining RHNA)	+2	+160	+232	+1,097	+1,493
Buffer (Remaining RHNA) ¹	+45%		+109%	N/A ²	+261%
<p>1. Buffer percentage was calculated by dividing the surplus/deficit by the remaining need. 2 There is no remaining need for Above Moderate units (RHNA was met with pipeline projects and potential ADUs).</p>					

3. Housing Action Plan

3.1. Goals and Policies

Goal 1: Housing Availability and Choices

Provide opportunities for residential development to accommodate projected residential growth and diverse housing needs of all existing and future Petalumans.

- Policy 1.1** Promote residential development within the Urban Growth Boundary, especially near transit and services and areas of high resource, as defined under Affirmatively Furthering Fair Housing legislation.
- Policy 1.2** Encourage infill housing development with a particular focus on facilitating development near transit and services to support City climate goals.
- Policy 1.3** Establish flexibility in the City's standards and regulations to encourage a variety of housing types, including mixed-use and flexible-use buildings, and affordable housing development.
- Policy 1.4** Encourage the efficient use of residential and mixed-use land by facilitating development at the upper end of the density range.
- Policy 1.5** Encourage the development of ADUs and JADUs as affordable housing resources.
- Policy 1.6** Facilitate the transition of existing neighborhoods into more walkable neighborhoods with integrated services, amenities, and housing choices.
- Policy 1.7** Monitor and minimize the impact of short-term rentals on the City's supply of housing available for long-term residential uses.

Goal 2: Development Constraints

Remove or mitigate constraints on housing development to expedite construction and lower development costs while avoiding impacts on environmentally sensitive areas.

- Policy 2.1** Review and adjust city residential and mixed-use development standards that are determined to be a constraint to the development and improvement of housing.
- Policy 2.2** Streamline the City's review and approval process for residential and mixed-use projects to ensure objective evaluation and greater certainty in outcomes to facilitate affordable housing production.
- Policy 2.3** Develop incentives such as streamlined review, fee adjustments, and objective design standards to encourage residential development that is affordable and environmentally appropriate.
- Policy 2.4** Periodically review and update the City's impact fees to ensure adequate fees are collected to provide services, infrastructure, and facilities for the projected population. Waive, reduce, or defer fees for affordable housing units and climate-friendly development.
- Policy 2.5** Update the City's residential impact fees based on unit size to incentivize smaller units.

Policy 2.6 Periodically review the City’s development standards, regulations, and procedures to ensure that the City responds to the changing market conditions and development trends in a timely manner.

Goal 3: Affordable Housing

Promote the development, preservation, and improvement of housing affordable to lower and moderate income households, including extremely low income households.

Policy 3.1 Expand revenue sources to provide housing affordable to extremely low to moderate income households, and those with special needs.

Policy 3.2 Partner with developers of market-rate housing and non-residential projects, as well as employers, to address the housing needs in the community.

Policy 3.3 Facilitate the entry of lower and moderate income households into the housing market.

Policy 3.4 Streamline the review process for projects with 20 percent or more units affordable to lower income households.

Policy 3.5 Evaluate City-owned parcels for affordable housing development. Rezone, as necessary, identified parcels to allow housing development.

Goal 4: Housing Preservation

Improve the quality and diversity of residential neighborhoods, preserve the City's existing affordable housing, and ensure the long-term affordability of new below-market-rate units.

Policy 4.1 Preserve the affordability of the City’s existing affordable housing stock.

Policy 4.2 Ensure the long-term affordability of units developed or provided with City assistance.

Policy 4.3 Promote the improvement and maintenance of existing residential units.

Policy 4.4 Provide incentives for longer affordability terms.

Policy 4.5 Develop financial and technical assistance for renovation and upgrades to affordable units.

Policy 4.6 Develop programs and actions to address the risks and impacts of economic displacement.

Goal 5: Special Needs Housing

Promote housing opportunities for persons and households with special needs, including the elderly, disabled, large households, female-headed households, farmworkers, and persons experiencing homelessness.

Policy 5.1 Support efforts to prevent homelessness and to rapidly re-house the recently homeless.

Policy 5.2 Provide housing and support services for persons experiencing homelessness.

Policy 5.3 Facilitate the development of transitional and supportive housing for those moving from homelessness to independent living.

Policy 5.4 Promote the construction and maintenance of housing for the elderly and provide housing choices to allow older residents to age in place.

Policy 5.5 Promote the development of housing that is designed to accommodate the needs of persons with disabilities, including supportive housing with on- or off-site services.

Policy 5.6 Promote the construction of adequately sized rental units for large households.

Policy 5.7 Facilitate the provision of housing for the workforce, including those in the agricultural and hospitality industries.

Goal 6: Fair Housing

Affirmatively further fair housing to promote equal access to housing opportunities for all existing and future residents.

Policy 6.1 Comply with federal, state, and local Fair Housing and anti-discrimination laws, and affirmatively further fair housing for all, ensuring equal access to housing regardless of their special circumstances as protected by fair housing laws.

Policy 6.2 Promote housing mobility by expanding housing choices and increasing housing opportunities in high resource areas.

Policy 6.3 Protect tenants from discriminatory housing practices and displacement.

Policy 6.4 Promote the integration of affordable and special needs housing projects in existing neighborhoods.

Policy 6.5 Collaborate with and support efforts of organizations dedicated to eliminating housing discrimination.

Policy 6.6 Ensure City boards and commissions include members serving the targeted populations.

Housing Programs

3.2.1. Housing Availability and Choices

Program 1: Adequate Sites for RHNA and Monitoring of No Net Loss (REQUIRED)

The City of Petaluma has been allocated 1,910 units (499 very low income, 288 low income, 313 moderate income, and 810 above moderate income units). Based on projected ADUs and entitled projects, the City has met all its RHNA for above moderate income units, with a remaining RHNA of 572 units (258 very low income; 102 low income; and 212 moderate income units). Using factors such as existing uses, zoning, and development standards, the City has identified an inventory of sites with potential for redevelopment over the eight-year planning period to fully accommodate the remaining RHNA. Specifically, vacant and underutilized sites identified with near-term development potential can accommodate 1,632 units (524 lower income units; 444 moderate income units; and 664 above moderate income units). The City is able to accommodate its full RHNA based on existing land use policy and zoning provisions. The City has

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endeavored to identify sites that result in relatively lower VMT and ecological impacts in order to support the City’s climate goals.

To comply with the AB 1397 requirements for reusing sites that were identified in previous Housing Element cycles, the City will amend the Zoning Code to permit residential/mixed use projects on these reuse sites by right without discretionary review if the project includes 20 percent of units affordable to lower income households.

To ensure that the City complies with SB 166 (No Net Loss), the City will monitor the consumption of residential and mixed-use acreage to ensure an adequate inventory is available to meet the City’s RHNA obligations. To ensure sufficient residential capacity is maintained to accommodate the RHNA, the City will develop and implement a formal ongoing (project-by-project) evaluation procedure pursuant to Government Code Section 65863. Should an approval of development result in a reduction in capacity below the residential capacity needed to accommodate the remaining need for lower and moderate income households, the City will identify and if necessary, rezone sufficient sites to accommodate the shortfall and ensure “no net loss” in capacity to accommodate the RHNA.

Specific Actions and Timeline	<ul style="list-style-type: none"> • Maintain an inventory of the available sites for residential development and provide it to prospective residential developers. Update the sites inventory at least annually. • By January 2024, amend the Zoning Code to permit residential/mixed use projects by right without discretionary review on reuse sites from previous Housing Elements, if the project includes 20 percent of the units affordable to lower income households. • By January 2024, implement a formal evaluation procedure pursuant to Government Code Section 65863 to monitor the development of vacant and nonvacant sites in the sites inventory and ensure that adequate sites are available to meet the remaining RHNA by income category.
Primary Responsible Departments	Community Development (Planning, Housing)
Funding Sources	General Fund

Program 2: Replacement Housing (REQUIRED)

Development on nonvacant sites with existing residential units is subject to a replacement requirement. Specifically, AB 1397 requires the replacement of units affordable to the same or lower income level as a condition of any development on a nonvacant site. Replacement requirements per AB 1397 are consistent with those outlined in the State Density Bonus Law.

To further mitigate any impacts relating to displacement, the City will consider requiring the first right of refusal for the displaced tenants.

Specific Actions and Timeline	<ul style="list-style-type: none"> • By December 2024, update the Zoning Code to address the replacement requirements. As part of this Code update, consider requiring the first right of refusal for the displaced tenants.
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Primary Responsible Departments	Community Development (Planning, Housing)
Funding Sources	General Fund

Program 3: Accessory Dwelling Units (PROMOTING ADUs IS REQUIRED)

Accessory Dwelling Units (ADUs) represent an important resource to providing lower and moderate income housing in Petaluma. To facilitate ADU production, the City will:

- Dedicate a specific page of the City website to provide information on and resources for ADU construction.
- Develop an ADU construction guide to clarify the process and requirements for permit applications. The guide will outline the required review by various departments, the fees required, and if a new address is required for the ADU.
- Create a permit center to coordinate application and review processing by various departments.
- Provide specific staff familiar with ADUs to respond to questions and offer office hours to answer questions, offer technical assistance, and provide seminars or other education to the public, and provide other support to those increased in creating ADUs and JADUs.
- Consider reducing or waiving plan check fees if the applicant chooses one of the plans pre-approved by the City.
- Consider setting aside funding or offering other financial incentives to encourage ADUs to be made available at affordable costs to lower income households. A loan or grant may be offered to property owners in exchange for deed restricting ADUs as housing affordable for lower income households.
- Develop an amnesty program for illegally constructed ADUs to legalize these units as long as these units are code corrected to meet health and safety, and building standards. A checklist will be developed to assist homeowners in assessing their eligibility/feasibility and in estimating costs before applying for amnesty.
- Promote ADU-related programs and/or ADU construction in neighborhoods with a higher need for affordable housing, or relatively high capacity for ADU development.
- As part of the Inclusionary Housing program review and update, allow ADUs in multi-family developments to count toward the inclusionary housing requirement (see Program 11).

Specific Actions and Timeline	<ul style="list-style-type: none"> • Continue to promote and facilitate the development of ADUs through a partnership with the Napa-Sonoma ADU Accelerator. • Permit on average 18 ADUs or JADUs per year (144 ADUs or JADUs over eight years). If an average of 18 ADUs per year are not achieved by 2025, consider adopting additional measures that are not supportive of ADU development. • By December 2022, create a streamlined process application and review
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	<p>process, update the City website to create a dedicated page for ADU resources, and develop an ADU construction guide. Update the ADU webpage semi-annually to ensure information addresses questions raised by applicants.</p> <ul style="list-style-type: none"> • By December 2023, allocate staffing resources to expedite the ADU review and approval process and create a permit center to coordinate the review of ADU applications. • In 2023, consider financial incentives to encourage affordable ADUs (fee waivers or direct subsidies) and allocate resources as appropriate. • In 2024, evaluate and develop an ADU amnesty program. • In 2024, identify neighborhoods with capacity for ADU development and conduct targeted outreach. • Provide an annual update on ADU permit progress to Planning Commission and City Council
Primary Responsible Departments	Community Development (Planning, Building)
Funding Sources	General Fund

Program 4: Efficient Use of Multi-Family Land

The City permits single-family homes in all residential zones and the MU1 C mixed-use zone, potentially reducing the achievable density in multi-family zones. Establishing increased minimum densities for multi-family and mixed-use zones will ensure efficient use of the City's multi-family land, including requiring multifamily densities in multifamily zones.

Specific Actions and Timeline	<ul style="list-style-type: none"> • By June 2024 adopt the Zoning Text Amendment to modify residential product types allowed in higher density zones. • By December 2024, as part of the General Plan update: <ul style="list-style-type: none"> ○ Consider establishing minimum densities for multi-family and mixed-use zones. ○ Explore and, if appropriate, develop target density policies.
Primary Responsible Departments	Community Development (Planning)
Funding Sources	General Fund

Program 5: Flexible Development Standards

The City will continue to support neighborhood vibrancy through flexible development standards. As part of the General Plan update process, the City will explore land use policy and development code changes to encourage the integration of mixed-use and residential development. These may include:

- Conversion of nonresidential uses into housing. Strategies may include the waiving of additional parking requirements or the ability to pay into a parking assessment district.
- Small lot development in Downtown Petaluma. Many Downtown parcels are small and consolidation for large-scale development may be challenging. To facilitate residential development in Downtown, consider allowing up to six units on small lots with 6,000 square feet and explore policies that facilitate small lot consolidation.
- The minimum retail requirement may be a constraint to developing mixed-use buildings given the evolving retail and office markets. Currently, certain streets within SmartCode areas do not have minimum retail requirements. Explore and possibly expand areas where a minimum nonresidential component may be reduced or eliminated.
- Due to the changing economy and impacts of COVID, regionally communities are experiencing changes to the commute patterns, level of home occupancy, and remote working. The City will evaluate the definition of live/work and work/live units and the provisions for such housing types to allow flexibility in various living and working arrangements. An emerging trend is to allow co-working spaces to fulfill the nonresidential component of mixed-use development.
- Develop objective design standards for residential and mixed use development.

Specific Actions and Timeline	<ul style="list-style-type: none"> • By January 2023, adopt objective design standards and parking standards for multi-family residential and mixed use development (currently underway). • By December 2023, as part of the General Plan update, adjust the mixed-use development requirements and address zoning code constraints, such as parking, to support adaptive reuse of nonresidential spaces. • By December 2023, adopt live/work standards to encourage a greater range of options. • 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.
Primary Responsible Departments	Community Development (Planning)
Funding Sources	General Fund

Program 6: Religious and Institutional Facility Housing Overlay

AB 1851 of 2020 allows an affordable housing project to be developed at a place of worship owned by a religious institution even if the development requires the reduction of the number of religious-use parking spaces. This bill applies to religious facilities that are located in zones that allow residential uses.

The City will explore establishing a Religious and Institutional Facility Housing Overlay with the following potential provisions:

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- Expand the provisions of AB 1851 to other institutional uses, such as schools and hospitals, as well as religious facilities located in zones that currently do not allow residential uses.
- Allow religious and institutional uses to construct up to four ADUs and/or JADUs on site.
- Allow safe parking on site as desired by the institution.
- Allow 100% affordable housing projects in the Civic Facility (CF) zone

Specific Actions and Timeline	<ul style="list-style-type: none"> • By December 2024, as part of the General Plan update, establish a Religious and Institutional Facility Housing Overlay Zone.
Primary Responsible Departments	Community Development (Planning)
Funding Sources	General Fund

3.2.2. Development Constraints

Program 7: Zoning Code Amendments (REQUIRED)

The City will amend the Zoning Code to address the following to facilitate the development of a variety of housing types:

- **Parking:** The City currently requires one space per bedroom but no fewer than 1.5 spaces per multi-family unit. These parking standards may be considered a constraint to large units (with three or more bedrooms) and small units (such as efficiency units). The City may establish updated parking standards for various housing types. This process does not provide certainty in outcomes.
- **Density Bonus:** The City’s Density Bonus must be updated to reflect recent changes to State law, such as AB 1763, which made several changes to density bonus requirements for 100 percent affordable projects, and AB 2345, that further incentivizes the production of affordable housing.
- **Residential Care Facilities:** The City permits residential care facilities for six or fewer persons in residential and mixed-use zones. However residential care facilities for seven or more persons are not permitted in any residential zones. Furthermore, residential care for the chronically ill and adult residential facilities are subject to additional restrictions. The City will evaluate this constraint and amend the Zoning Code to mitigate this constraint to facilitate the development of additional types of residential care facilities.
- **Transitional and Supportive Housing:** Pursuant to State law (SB 745 of 2014), transitional and supportive housing is a residential use and should be subject to those restrictions that apply to other residential dwellings of the same type in the same zone. The City currently conditionally permits transitional and supportive housing in MU1 A and MU1 B zones where residential mixed-use is permitted by right. The City will update the Zoning Code to reflect State law.
- **Low Barrier Navigation Center (LBNC):** AB 101 requires that LBNCs be permitted by right in areas zoned for mixed-use and nonresidential zones that permit multi-family housing. The City will update the Zoning Code to reflect State law. A Low-Barrier Navigation Center (LBNC) is a "Housing First," low barrier, temporary, service-enriched shelter that helps homeless individuals and families to quickly obtain permanent housing.

- Reasonable Accommodation: The City will work to develop a formal Reasonable Accommodation procedure to provide flexibility in the implementation of the City's land use and zoning policies to address housing for persons with disabilities.
- Civic Facility: Consider amending the Zoning Code to permit residential uses in the Civic Facility zone and incorporate deed restrictions to ensure residential units are affordable.

Specific Actions and Timeline	<ul style="list-style-type: none"> • By December 2024, address the Zoning Code revisions as outlined above.
Primary Responsible Departments	Community Development (Planning, Housing)
Funding Sources	General Fund

Program 8: Development Fees

The City's development impact fees are established on a per-unit basis without consideration of unit size. This fee structure is not conducive to promoting the development of a range of unit sizes, particularly smaller units. The City will review and revise its fee structure to encourage a range of unit sizes and to facilitate the development of affordable housing. Potential revisions may include:

- Reviewing fees in general
- Shifting impact fees to \$ per square foot to encourage more compact units
- Shifting impact fees for parking aligned to City's goals
- Reducing impact fees for floors above third story to encourage development of higher intensity projects
- Reducing fees for affordable units
- Reducing fees to incentivize affordable housing development
- Amortizing fees over a period of time for affordable housing

Specific Actions and Timeline	<ul style="list-style-type: none"> • By December 2024, conduct an impact fee analysis and revise the development fee structure to encourage a range of housing unit sizes.
Primary Responsible Departments	Community Development
Funding Sources	General Fund

Program 9: Shopping Center Parking Lot Conversion

Throughout the state, and even nationwide, the shift to online shopping has resulted in changes to the retail landscape. Many shopping centers are being reimagined as vibrant residential/commercial mixed use development. However, redeveloping shopping centers presents some challenges, such as the large site scale, configuration of existing structures and parking areas, existing lease terms, CC&R provisions, shared parking agreements, and community desire to maintain and rejuvenate retail services. The City will establish policies and development regulations to enable a residential development through a range of approaches including :

- Full redevelopment;

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- Addition of residential uses in existing surface parking areas ;
- Cluster residential development on underutilized portions of the site; and/or
- Addition to or reconfiguration of the existing structures to include residential uses.

Specifically, policies and zoning development standards will be written to facilitate:

- Subdividing, if necessary, of the parking areas to create developable parcels;
- Clustering of densities on portions of the parking areas; and
- Shared access to existing structures to allow existing uses to remain while the parking areas are being redeveloped
- Increase height limits and permit shared parking options
- A strong sense of place and cohesive urban design both within the site and in relation to the surrounding neighborhood.

Specific Actions and Timeline	<ul style="list-style-type: none"> • By December 2024, develop land use policies and development standards to facilitate shopping center redevelopment with a strong sense of urban design cohesion.
Primary Responsible Departments	Community Development (Planning)
Funding Sources	General Fund

Program 10: Water Master Plan

The City is implementing its current water master plan as it develops an updated water master plan. The City purchases most of its drinking water from Sonoma Water and is a party to the Restructured Agreement for Water Supply (Restructured Agreement) between Sonoma Water and its water contractors. As required by the Restructured Agreement, the city is an active participant in the Sonoma Marin Saving Water Partnership which provides regional solutions for water use efficiency. The city is participating with Sonoma Water in a Regional Water Supply Resiliency Study.

As an urban water supplier, the City prepares an updated Urban Water Management Plan (UWMP) every five years which assesses the reliability of water sources over a 20-year planning horizon. Part of the UWMP is the Water Shortage Contingency Plan (WSCP) which is enacted during water shortage events. As part of the City development impact fees, the City charges water and sewer capacity fees for new connections. By December 2022, the City will conduct a water and sewer capacity fee study and revise its capacity fees to reflect the current cost of growth for future customers.

The City has a robust water conservation strategy that offers many programs to help residential and commercial water customers conserve water including rebates, water use evaluations, leak detection, and free water-saving devices. The water conservation program contracts with the local non-profit organization Daily Acts to provide water conservation outreach and programming.

The City has the following efforts planned to increase local water supply resiliency and water use efficiency:

- Drought Ready Ordinance – a requirement to pre-plumb new buildings for graywater.
- WSCP Update – plan update to include restrictions for some new water customer connections that occur during a water shortage periods.

- Recycled Water Program Expansion – expand urban recycled water pipeline to irrigate additional parks, schools, and public landscape areas.
- Expand the water conservation rebate program
- Aquifer Storage and Recovery Plan – plan to study taking surplus drinking water from the Russian River system during wet winter years and storing it in the deep underground aquifer in the Petaluma groundwater basin. The stored water would then be available as an emergency backup supply.
- Expand local municipal groundwater wells – develop new wells and implement decentralized treatment for existing wells with impaired water quality.
- The City is a member of the Petaluma Valley Groundwater Sustainability Agency (GSA) which is a public agency formed in 2017 to sustainably manage groundwater in the Petaluma Valley groundwater basin.
- Advanced Metering Infrastructure (AMI) – replacement project for all existing 20,000 + water meters to AMI technology. AMI will increase water conservation and provide water customers with real-time leak detection alerts and water use information.

Specific Actions and Timeline	<ul style="list-style-type: none"> • Ongoing participation in the update and implementation of the water master plan. • On-going compliance with the Restructured Agreement and participation in the Sonoma Marin Saving Water Partnership. • On-going implementation and expansion of water conservation program. • On-going recycled water program expansion. • By December 2022, an estimated 5 new recycled water connections off Maria Drive to serve public parks and landscape areas • By December 2022, Drought Ready Ordinance to City Council for consideration and adoption. • By December 2022, begin Aquifer Storage and Recovery Plan. • By September 2022, update UWMP and WSCP. • By December 2022, begin updated water and sewer capacity fee study and implement revised capacity fees. • FY23-24, Installation of new municipal groundwater well. • Planning stages for well treatment at existing groundwater wells. • By December 2025, the Advanced Metering Infrastructure installation complete.
Primary Responsible Departments	Public Works and Utilities
Funding Sources	Water Enterprise
AFFH Themes	Not applicable

3.2.3. Affordable Housing

Program 11: Inclusionary Housing

The City implements its local Inclusionary Housing program that requires 15 percent of the units in new development (of five or more units) to be rented or sold at prices affordable to lower and moderate income households. To facilitate housing development, the City will evaluate the Inclusionary Housing program to:

- Assess the threshold for applying the inclusionary requirements, including the appropriate unit threshold for in-lieu options.
- Establish specific alternative options for fulfilling the inclusionary housing requirements, such as payment of an in-lieu fee, donation of land, acquisition/rehabilitation and deed restriction of existing housing, preservation of affordable housing at risk of converting to market rate, or allowance of ADUs in multi-family development to count toward the requirement.

Specific Actions and Timeline	<ul style="list-style-type: none"> • Continue implementation of the Inclusionary Housing Program to create 1,000 affordable units (400 very low income; 400 low income; 200 moderate income) over eight years. • In 2024, evaluate the Inclusionary Housing program to ensure the in-lieu options, threshold and fee structure for in-lieu options are appropriate to facilitate housing development given the current market conditions. • At least every four years, review the in-lieu fee calculations to ensure the fees reflect current market conditions.
Primary Responsible Departments	Community Development (Planning, Housing)
Funding Sources	General Fund
AFFH Themes	<ul style="list-style-type: none"> • New Opportunities in High Resource Areas • Housing Mobility • Anti-Displacement and Tenant Protection

Program 12: Housing-Commercial Linkage Fee

The City implements the Housing-Commercial Linkage Fee program to facilitate affordable housing development. The program requires all construction or expansion of nonresidential development to pay a linkage fee for affordable housing. Nonresidential uses include commercial, retail, and industrial uses. The collected fee is used to provide affordable housing for households with incomes between 80 and 100 percent of the Area Median Income (AMI). However, this income range does not cover many workers in the farming or hospitality industries who are at lower pay scales. To ensure the success of the Housing-Commercial Linkage fee in helping the City meet workforce housing needs in the community, the City should evaluate the appropriateness of the 80 to 100 percent AMI target and consider modifying the fee to allow for use in lower income categories. Additionally, the fee as currently adopted does not include the annual increase by CPI that many other City impact fees have. Therefore, the Linkage fee should be modified to include an annual adjustment to keep up with market trends.

Specific Actions and Timeline	<ul style="list-style-type: none"> • At least every four years, review the Linkage fee calculations to ensure the fee reflects current market conditions. • Modify fee resolution to include an automatic annual increase by CPI. • In 2024, review the existing nexus study. • By the end of 2024, consider revising the target AMI range for the program to up to 100 percent AMI (to encompass the very low income and extremely low income groups).
Primary Responsible Departments	Community Development (Planning, Housing)
Funding Sources	General Fund

Program 13: Local Housing Trust Fund

A major constraint to affordable housing development is the lack of funding. The City has established a Local Housing Trust Fund but has limited sources of revenue for the Trust Fund. Currently, available sources include fees generated from the Inclusionary Housing in-lieu fee, Housing-Commercial Linkage Fee, and Permanent Local Housing Allocation. With the City’s focus on on-site production of affordable units, the In-Lieu fee is not a significant revenue for the Trust Fund.

The City is exploring participation in the Joint Powers Authority (JPA) with the City of Santa Rosa and the County of Sonoma. The JPA was created with the PG&E settlement funding from the 2017 and 2018 wildfires.

The City will explore other funding sources, including:

- General Fund
- Transient Occupational Tax
- Short-Term Rental registration fee
- Vacant Home Tax - Imposing a tax on homes that are unoccupied for an extended period
- Employer Fee – Requiring major employers to contribute to affordable housing

Specific Actions and Timeline	<ul style="list-style-type: none"> • Ongoing exploration of additional funding sources for the Housing Trust Fund and pursue appropriate options by 2025.
Primary Responsible Departments	Community Development (Housing)
Funding Sources	Housing Trust Fund

Program 14: Incentives for Affordable Housing (REQUIRED)

The City will continue to facilitate the development of affordable housing, especially housing for lower income households (including extremely low income) and those with special housing needs (including persons with disabilities/developmental disabilities). Incentives may include, but are not limited to:

- Expedited review of affordable housing projects
- Dedicated project manager to help navigate the City process
- Financial participation using the Local Housing Trust Fund
- Support and assistance in project developer's applications for other local, state, and federal funds
- Density bonus beyond State law
- Waived, reduced, or deferred impact fees for affordable housing units (potentially scaled on the basis of affordability level and percent of affordable units)
- Streamlined review for 100 percent affordable housing projects

Specific Actions and Timeline	<ul style="list-style-type: none"> • This work is ongoing. • By December 2023, establish an incentive package for affordable housing development, such as the percentage of affordable units to qualify for expedited review and local density bonus. • Facilitate the development of 1,000 affordable units in eight years (400 very low income; 400 low income; and 200 moderate income).
Primary Responsible Departments	Community Development (Planning, Housing)
Funding Sources	General Fund

Program 15: Workforce/Missing Middle Housing

Housing in Petaluma is generally not affordable to lower and moderate income households. Even middle income households have difficulty locating affordable and adequate housing options. More than three-quarters of the City's housing stock is comprised of single-family homes, a housing type that is generally not affordable to the workforce. The City will explore various strategies to promote workforce/missing middle housing. Potential strategies may include:

- Transitioning single-family neighborhoods into 15-minute walkable neighborhoods by integrating neighborhood-serving uses, and live/work spaces with residential uses. This approach enhances housing options by introducing medium density housing into single-family neighborhoods, providing the middle income housing that is missing in the City's range of housing choices. To implement this goal, the City will explore several changes to the Zoning Code, including but not limited to:
 - Allowing neighborhood-serving nonresidential uses into residential neighborhoods, including co-working spaces

- Redefining home occupation and live/work arrangements
- Implementing SB 9
- Promoting small lot subdivisions and appropriately-scaled multi-family buildings
- Allowing small complexes, up to six units, on lots of at least 6,000 square feet citywide.
- Facilitating lot consolidation.
- Establishing a requirement for an average unit size per development to balance between density and unit sizes and encourage the development of smaller units.
- Pursuing the acquisition and deed restriction of apartments for middle income households.

Specific Actions and Timeline	<ul style="list-style-type: none"> ● By December 2023, as part of the City's General Plan update, develop land use policies to facilitate the transitioning of single-family neighborhoods and to increase opportunities for medium density residential for middle income housing. ● In 2024, pursue opportunities with Joint Powers Authorities to acquire and deed restrict apartments as middle income housing.
Primary Responsible Departments	Community Development (Planning, Housing); City Attorney's Office
Funding Sources	Housing Trust Fund
AFFH Themes	<ul style="list-style-type: none"> ● Housing Mobility ● New Opportunities in High Resource Areas

Program 16: Community Land Trust/Land Banking

Community land trusts are nonprofit, community-based organizations designed to ensure community stewardship of the land. Community land trusts can be used for many types of development (including commercial and retail), but are primarily used to ensure long-term housing affordability. To do so, the trust acquires land and maintains ownership of it permanently.

The CLT model is often used for the ownership of affordable housing because the cost of land is not factored into the price of the home. Prospective homeowners enter into a long-term renewable lease with the CLT instead of a traditional sale. When the homeowner sells, the seller earns only a portion of the increased property value. The remainder is kept by the trust, preserving the affordability for future low to moderate income households. For rental housing, the CLT guarantees the affordability of the properties in perpetuity.

The City may also pursue an alternative approach to CLT, by acquiring and retaining ownership of the land but leasing the land to developers for affordable housing for \$1 per year.

Specific Actions and Timeline	<ul style="list-style-type: none"> ● Partnership with a regional community land trust is ongoing. ● In 2024, conduct outreach to nonprofit housing developers and other Community-Based Organizations (CBOs) to explore the feasibility of establishing a CLT. If feasible, identify funding sources to seed the CLT and in 2025, establish a CLT for affordable housing or develop an
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	alternative land banking strategy.
Primary Responsible Departments	Community Development (Housing)
Funding Sources	Housing Trust Fund

3.2.4. Housing Preservation

Program 17: Housing Rehabilitation (REQUIRED)

In recent years, the City has been providing Community Development Block Grant (CDBG) funds to Rebuilding Together to provide major and minor rehabilitation services to lower income households. The City will continue to support nonprofit efforts for the improvement of housing conditions for lower income households, especially those with special needs. Eligible improvements include emergency health and safety housing repairs, energy conservation, and accessibility improvements.

The City will also explore using available resources to assist disadvantaged neighborhoods in moving toward all electrical utilities and appliances per the City’s Climate Action and Adaptation Plan.

Specific Actions and Timeline	<ul style="list-style-type: none"> Continue to provide funding for housing rehabilitation services to assist an average of 30 households annually or 240 households over eight years. Beginning 2025, pursue funding for decarbonization of housing for low income households to assist 40 households over eight years.
Primary Responsible Departments	Community Development (Housing)
Funding Sources	CDBG

Program 18: Preservation of At-Risk Housing (REQUIRED)

The City has an inventory of publicly assisted housing projects that offer affordable housing opportunities for lower income households. Most of these projects are deed-restricted for affordable housing use long term. However, eight projects (300 units) in the City utilize Section 8 rental assistance from HUD to further subsidize the affordability of these units. These subsidy contracts require renewal periodically. However, all except one of these projects are owned by nonprofit organizations. Therefore, the likelihood of these projects opting out of low income use is limited.

The City will work to preserve the long-term affordability of its affordable housing inventory, including these eight projects with project-based Section 8 contracts. A possible strategy for preserving the affordable housing inventory is to acquire and maintain the affordable projects through the Community Land Trust if one is established (Program 17).

Specific Actions and Timeline	<ul style="list-style-type: none"> The City is currently working to support the preservation of at-risk housing. Annually monitor the status of the at-risk project with the goal of
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	<p>preserving the 300 at-risk units.</p> <ul style="list-style-type: none"> • Ensure tenants are properly noticed by the property owners should a Notice of Intent to opt-out of low income use is filed. Notices must be filed three years, one year, and six months in advance of conversion. • If HUD Section 8 contracts are not renewed, work with property owners to pursue other funding to preserve affordability. Outreach to other nonprofit housing providers to acquire projects opting out of low income use. • Pursue acquisition of the affordable units through the Community Land Trust if one is established.
Primary Responsible Departments	Community Development (Housing)
Funding Sources	Housing Trust Fund

Program 19: Mobile Home Rent Stabilization

The City implemented rent stabilization for mobile home spaces in 1994 to ensure affordability for homeowners, most of whom are on fixed incomes. At the same time, rent stabilization is intended to allow mobile home park owners to maintain a fair and reasonable return. Rent stabilization applies to spaces that have a rental agreement term of 12 months or less. Annual rent increases are limited to the percentage change in the Consumer Price Index (CPI), but any increase is limited to a maximum of 6 percent.

The City promotes the long-term affordability of the mobile home units through the following actions:

- The land use classification of the seven mobile home parks in Petaluma is Mobile Homes. This classification protects the mobile home parks from possible future development by limiting the housing types to only mobile homes. Any proposed change would require a General Plan amendment.
- Support the administration of the Mobile Home Rent Control Program that was implemented to provide rent stabilization for over 317 lower income mobile home park tenants, most of whom are elderly.

(See Program 29: Tenant Protection Strategies that cover housing opportunities citywide.)

Specific Actions and Timeline	<ul style="list-style-type: none"> • This work is ongoing. • Annually monitor mobile home park rents to ensure compliance with the Rent Stabilization Ordinance. • As requested, conduct mediation between tenants and mobile home park owners for rent increases. • By December 2022, update the Mobile Home Rent Stabilization Ordinance.
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Primary Responsible Departments	Community Development (Housing); City Attorney’s Office
Funding Sources	Mobile Home Rent Stabilization Fee

Program 20: Historic Preservation

The City has many homes older than 50 years that are eligible for historic preservation through the Mills Act. The City will explore adopting a Mill Act Program to preserve and enhance the quality of historic homes, while still increasing the housing supply. A potential adaptive reuse approach is to convert these older homes into smaller living quarters or other living arrangements.

Specific Actions and Timeline	<ul style="list-style-type: none"> • In 2024, explore of the viability of adopting a Mills act program based on City priorities. • Annually outreach to historic homes through the City newsletter regarding the tax benefits through Mills Act. • Provide technical assistance to interested property owners in converting large historic homes into smaller housing units such as creating JADUs within the existing square footage or converting into co-housing arrangements.
Primary Responsible Departments	Community Development (Planning); City Attorney’s Office
Funding Sources	Housing Trust Fund

Program 21: Condominium Conversion

The City allows the conversion of apartments into condominiums only when the rental vacancy rate is above three percent, or if one-for-one replacement of rental units of a similar type occurs, or if two-thirds of the adult tenants agree to the conversion. However, given the tight rental housing market in Petaluma, condominium conversion is not anticipated to be a significant trend in the foreseeable future. Should this become an issue, the City will also consider a Tenant Opportunity to Purchase Act (TOPA) to mitigate the displacement impacts.

Specific Actions and Timeline	<ul style="list-style-type: none"> • Bi-Annually monitor the vacancy rate. • If condominium conversion becomes a market trend again, pursue Tenant Opportunity to Purchase Act to allow a tenant the first right of refusal should condominium conversion become a significant trend in the future.
Primary Responsible Departments	Community Development (Planning, Housing); City Attorney’s Office
Funding Sources	General Fund

3.2.5. Special Needs Housing

Program 22: Project HomeKey

In March 2022, the City was awarded \$15,385,000 funding from the State of California, Housing and Community Development Department (HCD), for Project Homekey. The project scope includes the acquisition and rehabilitation of an existing 62-unit hotel. The project will provide sixty units of permanent supportive housing for members of the community who are chronically unhoused.

Specific Actions and Timeline	<ul style="list-style-type: none"> This work is ongoing. In 2023, identify additional potential locations that may be appropriate as Project HomeKey sites and conduct outreach to interested nonprofit developers to pursue funding from HCD. The goal is to potentially achieve additional projects.
Primary Responsible Departments	Community Development (Planning, Housing)
Funding Sources	HCD Project HomeKey Funds, City/County housing funds

Program 23: Support for Homeless Services and Facilities (REQUIRED)

In June of 2022, the city adopted the Strategic Plan to End Homelessness. This includes a vision and specific strategies to guide the City’s homelessness policies, programs, and investments during the upcoming three-year action cycle, covering July 1, 2022 through June 30, 2024. The Plan was developed through a three-phase process which included: 1) Discovery (local input through community feedback sessions and individual interviews – with an emphasis on incorporating lived experience input from people who had experienced or who currently are experiencing homelessness, and research of related reports and studies on homelessness in Petaluma and Sonoma County as well as at regional, state and federal levels), 2) Analysis (review of data sources, identification of strengths/weaknesses/opportunities/threats within the current system, and development of a “pathway to housing framework” to better identify gaps and opportunities), and 3) Feedback and Adoption (iteration and review of the Plan with staff, service providers, and the broader community. As funding permits, the City continues to support the provision of housing and services for community members who are unhoused. In the past, the City has supported the following programs and facilities:

- Petaluma People Services Center (PPSC) Rental Assistance Program: This program assists Petaluma individuals and families seeking to retain affordable housing by making a one-time payment of rent or mortgage on their behalf. Clients also receive information, referrals, and counseling services to prevent future threats to their stability.
- Mary Isaak Center (MIC): MIC contains an 80-bed dormitory, a large dining area, a six-bed sick room, a large training/service kitchen, a living room, a conference/counseling room, a laundry room, offices, lockers, and men's and women's bathroom facilities with showers. All clients participate in multi-level case management and goal-setting program that helps clients with basic needs and

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access to social services, including life skills workshops, counseling services, referrals, showers, lockers, mail, laundry facilities, telephone, and message services.

- Committee on the Shelterless (COTS) Family Shelter: MIC has a 32-bed transitional housing program for families located on the 2nd floor of the Mary Isaak Center. The program is designed to be the final step on their way to stability in permanent, independent housing.
- People's Village: The Village is comprised of 25 non-congregate tiny homes adjacent to the COTS Mary Isaak Center. The program includes intensive case management services and is focused on transitioning clients into long-term housing solutions.
- Committee on the Shelterless (COTS) Family Transitional Homes: The COTS program has a total of 12 homes, four of which are City-owned, while eight are market-rate and leased by COTS and have County Housing Vouchers. This program provides housing for clients transitioning out of an emergency shelter.
- City-Owned Homes: The City owns a four-bedroom house on Rocca Drive, leased and operated by the America's Finest (formerly Vietnam Veterans of America) serving homeless veterans who are unsheltered and are enrolled in the Agency's Employment and Training Program.

Specific Actions and Timeline	<p>This work is ongoing. Annually assist various local nonprofits that serve the homeless:</p> <ul style="list-style-type: none"> ○ 100 households through PPSC Rental Assistance ○ 80 bed nights through Mary Isaak Center ○ People's Village 25 Non- congregate interim housing ○ 60 individuals through COTS Family Shelter ○ 80 individuals through COTS Family Transitional Homes ○ 12 individuals through City-owned Transitional Home
Primary Responsible Departments	Community Development (Housing)
Funding Sources	Housing Trust Fund; CDBG

Program 24: Senior Housing Options (REQUIRED)

The City has an aging population and there are generally limited options for seniors to trade down their current homes for smaller units that may require less upkeep and repairs. The City will explore incentives to encourage the development of a range of senior housing options, such as senior apartments, condominiums/townhomes, assisted living, co-housing, and intergenerational housing. Development standards may need to be modified to accommodate alternative housing options such as co-housing and tiny homes. Other policies may include encouraging developers to include accessible homes that utilize universal design principles. In addition, the City will promote programs such as Home Match to assist seniors who would like to remain in their homes but rent out the excess rooms or develop ADUs.

Specific Actions and Timeline	<ul style="list-style-type: none"> • Some of this work is ongoing. • In 2024, develop incentives and modifications to development standards to facilitate a variety of housing options for seniors. Specifically, establish appropriate parking standards for different types of senior housing. • Continue to promote Home Match and similar programs that help match seniors with potential tenants and help navigate the rental leasing process.
Primary Responsible Departments	Community Development (Planning, Housing)
Funding Sources	General Fund

Program 25: Adequately Sized Rental Housing for Families (REQUIRED)

The rental housing market of Petaluma offers limited large rental units that would be considered adequate for large households or families with children. When such units are available, the rents are not affordable to lower and moderate income households. The City may consider policies to facilitate the development of large rental units. Potential considerations may include:

- Requiring projects above a certain size to include units with three or more bedrooms
- Allowing large units to qualify for more than one inclusionary unit
- Reducing parking requirements (currently one per bedroom) to facilitate larger rental units
- Allowing ADUs to exceed State size requirements

Specific Actions and Timeline	<ul style="list-style-type: none"> • In 2024, develop incentives and modifications to development standards to facilitate large rental units.
Primary Responsible Departments	Community Development (Planning)
Funding Sources	General Fund

Program 26: Universal Design and Visitability (REQUIRED)

Universal design is the design of buildings or environments to make them accessible to all people, regardless of age, disability, or other factors. Universal design goes beyond ADA requirements but may add to the cost of construction. Typically, communities incentivize the use of universal design principles.

Currently, visitability is a requirement for HUD-funded single-family or owner-occupied housing. Visitability is housing designed in such a way that it can be lived in or visited by people who have trouble with steps or who use wheelchairs or walkers. The City demonstrates its support for visitability by requiring design measures for developments with five units and under and expanding visitability to 30 percent of multi-family housing with the Visitability and Universal Design Ordinance approved by City Council on February 28, 2022.

Specific Actions and Timeline	<ul style="list-style-type: none"> • In 2022, research and develop an ordinance to ensure Visitability and Universal Design for future residential development for both single family and multifamily development • In 2022, approve a Visitability and Residential Design Ordinance at • Continue to implement and enforce visitability and universal design compliance. • By 2026 evaluate impact of the ordinance and consider expansion to higher percentage of multifamily units.
Primary Responsible Departments	Community Development (Planning)
Funding Sources	General Fund

Program 27: Housing for Farmworkers and Hospitality Workers (REQUIRED)

Sonoma County is known for its wide range of agricultural activities. Agricultural activities and the hospitality industry associated with local wineries represent a significant segment of the regional economy. Although the City of Petaluma does not have a large farmworker population, farmworkers live outside of City limits and access public services within City limits. Also, about 22 percent of employees in Petaluma are employed in retail and service sectors that support the hospitality industry. Farmworkers and hospitality employees typically earn lower wages and have limited affordable housing options in Petaluma. To participate in addressing this regional housing need, the City may explore policies that facilitate the provision of affordable housing for these workers. Potential considerations may include:

- Adjusting the Housing-Commercial Linkage Fee program requirement for affordable housing to households earning up to 100 percent of AMI (encompassing very low income and extremely low income households) (see Program 13)
- Setting aside a specific percentage of affordable housing units for farmworkers and hospitality workers
- Partnering with other jurisdictions, farm operators, wineries, hotels, and other hospitality employers in the region to contribute to an affordable housing fund or Community Land Trust
- Requiring hospitality employers to provide housing for temporary employees during peak seasons

Specific Actions and Timeline	<ul style="list-style-type: none"> • In 2025, reach out to other jurisdictions, farm operators, and hospitality employers to explore strategies for providing affordable housing options to farmworkers and hospitality employees. Develop strategies by December 2025.
Primary Responsible Departments	Community Development (Planning, Housing)
Funding Sources	General Fund

3.2.6. Fair Housing

Program 28: Fair Housing Outreach and Enforcement (REQUIRED)

The City of Petaluma provides funding annually to Petaluma People Services Center (PPSC), which provides several services including mediation and resolution of tenant/landlord disputes, helping tenants complete state and federal complaint forms, investigating complaints of housing discrimination, and providing outreach services.

Specific Actions and Timeline	<ul style="list-style-type: none"> • This work is ongoing. • Assist an average of 300 residents annually with tenant/landlord dispute resolution, and fair housing inquiries and investigations. • By December 2023, update the City website to provide a range of fair housing resources, including PPSC, State Department of Fair Employment and Housing (DFEH), and HUD Fair Housing and Equal Opportunity (FHEO) Office, along with State tenant protection provisions. • By December 2023, work with PPSC to expand methods of information dissemination, including print, website, and other social media outlets. Specifically, work with PPSC to develop materials on the State’s source of income protection and distribute them as part of the ADU permit application package.
Primary Responsible Departments	Community Development (Housing)
Funding Sources	City Housing In-Lieu

Program 29: Tenant Protection Strategies (PROTECTIVE ACTIONS REQUIRED)

Throughout the region, tenants are facing rising rents and the risk of eviction due to the economic impact of COVID, as well as displacement impact from the economic pressure of new development. The City will explore a series of strategies that offer tenant protection. These may include:

- Rent stabilization: Currently, the State imposes rent caps on some residential rental properties (AB 1482) through 2030. However, AB 1482 exempts single-family homes and condominiums for rent, and multi-family housing units built within the previous 15 years. A strategy for rent stabilization is to make permanent the policy and possibly expand the policy to units not covered by AB 1482. However, compliance with the 1995 Multi-Family Housing Act (Costa Hawkins) is critical.
- Just Cause for Eviction: AB 1482 also establishes a specific set of reasons that a tenancy can be terminated. These include: 1) default in rent payment; 2) breach of lease term; 3) nuisance activity or waste; 4) criminal activity; 5) subletting without permission; 6) refusal to provide access; 7) failure to vacate; 8) refusal to sign lease; and 9) unlawful purpose. The City may consider adopting a local Just Cause for Eviction ordinance that offers greater protection in the scope of units covered.

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- **Tenant Commission:** Typically, most land use policies and planning decisions are made from the perspective of property owners. Tenants lack a voice in the planning process. A Tenant Commission or Advisory Committee may be an avenue where they can bring policy discussions that highlight tenant interests to the City.
- **Right to Purchase:** When tenants are being evicted due to condominium conversion or redevelopment, the Right to Purchase policy/program ensures the first right of refusal to displaced tenants to purchase the units.
- **Right to Return:** When tenants are being evicted due to rehabilitation/renovation of the property, the Right to Return policy/program offers the first right of refusal to displaced tenants to return to the improved property.

Specific Actions and Timeline	<ul style="list-style-type: none"> • In 2023, begin community outreach to discuss various strategies of tenant protection. • In 2024, adopt appropriate tenant protection strategies.
Primary Responsible Departments	Community Development (Planning); City Attorney's Office
Funding Sources	General Fund
AFFH	<ul style="list-style-type: none"> • Tenant Protection and Anti-Displacement

Affirmatively Furthering Fair Housing

The following table summarizes the City’s implementation actions to further fair housing. Individual housing programs may have different impacts on furthering housing choices in Petaluma. Fair housing actions are grouped into the five themes:

- Fair housing outreach and enforcement
- Housing mobility through expanded choices in housing types and locations
- New opportunities in high resource areas
- Place-based strategies for neighborhood improvements
- Tenant protection and anti-displacement

Housing programs are often implemented citywide. However, individual programs may have targeted locations for specific actions, increased outreach efforts, and/or priority for allocation of resources, and program-level metrics are not mutually exclusive.

Table 1: Affirmatively Furthering Fair Housing Action Matrix

Program	Specific Commitment	Timeline	Geographic Targeting	Eight-Year Metrics ¹
Housing Mobility				
Program 5: Flexible Development Standards	As part of the General Plan update, adjust to the mixed-use development requirements and address zoning code constraints, such as parking requirements, to adaptive reuse of nonresidential spaces.	By December 2023	Downtown	Create 100 new units through adaptive reuse and conversion of nonresidential use
Program 6: Religious and Institutional Facility Housing Overlay	As part of the General Plan update, establish a Religious and Institutional Facility Housing Overlay.	By December 2024	Citywide	Create 50 new housing units affordable to lower income households in Overlay
Program 7: Zoning Code Amendments	Revise the Zoning Code to facilitate a variety of housing types.	By December 2024	Citywide	Create 100 new housing units for special needs groups
Program 8: Development Fees	Conduct an impact fee analysis and revise the development fee structure to encourage a range of housing unit sizes.	By December 2024	Citywide	
Program 15: Workforce/Missing Middle Housing	Develop land use policies to facilitate the transitioning of single-family neighborhoods and to increase opportunities for medium density residential for middle income housing.	By December 2023	Single-family neighborhoods and lower density areas	Create 200 new units (duplex, triplex, fourplex, and small multi-family complex) in single-family and other lower density neighborhoods

Program	Specific Commitment	Timeline	Geographic Targeting	Eight-Year Metrics ¹
Program 24: Senior Housing Options	Develop incentives and modifications to development standards to facilitate a variety of housing options for seniors.	In 2024	Citywide	Create 50 new senior units
	Promote Home Match and similar programs that help match seniors with potential tenants and help navigate the rental leasing process.	Ongoing	Citywide	Not applicable
Program 25: Adequately Sized Rental Housing for Families	Develop incentives and modifications to development standards to facilitate large rental units.	In 2024	Citywide, with an emphasis on Midtown/Downtown neighborhood (Tracts 1507.01, 1509.01)	Target 20 percent of new rental units to have three or more bedrooms
Program 26: Universal Design and Visitability	Research and develop an ordinance to ensure Visitability and Universal Design for future residential development for both single family and multifamily development.	By 2026	Citywide, with an emphasis on Midtown/Downtown neighborhood (Tracts 1507.01, 1509.01)	Increase accessible units beyond Building Code minimum requirements
	Approve a Visitability and Residential Design Ordinance at	In 2022		
	Continue to implement and enforce visitability and universal design compliance.	Ongoing		

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Program	Specific Commitment	Timeline	Geographic Targeting	Eight-Year Metrics ¹
	Evaluate impact of the ordinance and consider expansion to higher percentage of multifamily units.	By 2026		
Program 27: Housing for Farmworkers and Hospitality Workers	Outreach to other jurisdictions, farm operators, and hospitality employers to explore affordable housing solutions for farmworkers and hospitality employees and develop appropriate implementation strategies.	By 2025	Citywide	Create 20 units for farm workers and/or hospitality workers
New Opportunities in High Resource Areas				
Program 3: Accessory Dwelling Units	Develop and implement an outreach program to promote ADU/JADU in Planned Unit Development (PUD) areas that previously do not allow such units.	In 2023	PUD areas	Create 16 ADUs/ JADUs in PUD areas
Program 11: Inclusionary Housing	Continue to implement the Inclusionary Housing Program.	Ongoing	Citywide	Create 1,000 new affordable units
Program 14: Incentives for Affordable Housing	Develop an incentive package for affordable housing development, such as the percentage of affordable units to qualify for expedited review and local density bonus.	By December 2023	High resource areas	Target at least 40 percent of new affordable units in high resource areas

Program	Specific Commitment	Timeline	Geographic Targeting	Eight-Year Metrics ¹
Place-Based Strategies for Neighborhood Improvements				
Program 3: Accessory Dwelling Units	Promote opportunities to property owners, particularly those in the Disadvantaged Communities as outlined in the Environmental Justice Element.	Within six months of adopting an amnesty program	Disadvantaged Communities: 1506.01 1506.09 1509.01	Achieve code compliance or legalization of 40 units over eight years
Program 17: Housing Rehabilitation	Pursue funding for decarbonization of housing for low income households.	Beginning 2025	1506.03, Block Group 1 1506.03, Block Group 2 1506.03, Block Group 5 1506.07, Block Group 2 1508.00, Block Group 3 1512.01, Block Group 4 Adobe Neighborhood (Low Resource) 1506.01 1506.02 1506.11	Assist 40 lower income households in Disadvantaged Communities

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Program	Specific Commitment	Timeline	Geographic Targeting	Eight-Year Metrics¹
Tenant Protection and Anti-Displacement				
Program 2: Replacement Housing	Update the Zoning Code to address the replacement requirements and to consider requiring the first right of refusal for displaced tenants.	By December 2024	Citywide	No net loss of existing affordable housing
Program 18: Preservation of At-Risk Housing	Take actions to preserve at-risk units.	Ongoing	Citywide	Preserve all 300 at-risk units
Program 19: Mobile Home Rent Stabilization	Monitor mobile home park rents to ensure compliance with the Rent Stabilization Ordinance.	Annually	Citywide	Preserve affordable rents for 317 mobile home park tenants
Program 29	Conduct community outreach to discuss various strategies of tenant protection and adopt appropriate tenant protection strategies.	In 2024	Citywide, with an emphasis on Tract 1508 (identified as a sensitive community at risk of displacement)	Not applicable
Fair Housing Outreach and Enforcement				
Program 28: Fair Housing Outreach and Enforcement	Continue to outreach to residents regarding fair housing rights.	Ongoing		Assist 400 residents, housing providers, and housing professionals

Units listed in the metrics are inclusive of the units listed in Table 2: Summary of Quantified Objectives (below).

3.4. Summary of Quantified Objectives

The following table summarizes the City's quantified objectives for the various housing programs outlined above related to Affirmatively Furthering Fair Housing.

Table 2: Summary of Quantified Objectives (2023-2031)

	Extremely Low ¹	Very Low	Low	Moderate	Above Moderate	Total
RHNA	247	248	288	313	810	1,910
New Construction ²	100	300	400	200	2,500	3,500
Rehabilitation	20	120	140	--	--	280
Preservation ³	75	75	150	--	--	300
Notes:						
<ol style="list-style-type: none"> 1. State law requires projecting the needs of extremely low income households. One allowable methodology is to assume that 50% of the very low income housing needs are extremely low income. 2. New construction is generally estimated by doubling housing units from pipeline projects, assuming new development and adaptive reuse activities in the next eight years will at least match the projects already in the pipeline. 3. Preservation of 300 at-risk housing units 						