



Date: March 17, 2022
To: General Plan Advisory Committee (GPAC) members
From: General Plan Update Team
Subject: March 17, 2022 GPAC Meeting

This memo is intended to help you prepare for the GPAC meeting on March 17, 2022. The primary objective of the meeting is to educate the GPAC about the requirements of the 6th cycle Petaluma General Plan Housing Element and receive input to inform the element.

In addition, we will share brief updates about the project, related initiatives, and next steps, including recent presentations to the Planning Commission and Climate Action Committee on the Vision Statement, Pillars of Petaluma, Guiding Principles, and Supporting Concepts. GPAC Working Groups will also be invited to share their initial progress with the GPAC as a whole.

Background: Concurrent Planning Projects Underway

As we've discussed at recent meetings, several related Petaluma planning initiatives are advancing concurrently in 2022. Two of those are the Alternatives phase of the General Plan Update and the 6th cycle update to the Housing Element of the General Plan. This creates several opportunities. For one, the public input and technical analysis for each will inform the other. Moreover, even though the initial community discussion about housing capacity and sites will be focused on meeting Petaluma's required housing target through 2031, it will also inform GPU discussions about growth that includes housing and other land uses through mid-century.

Background: Petaluma's 6th Cycle Housing Element Update

Housing Element are a statutory requirement to demonstrate how each city and county is planning to meet the housing needs of everyone in their community. As part of the comprehensive update to the General Plan and as required by State law, Petaluma is currently embarking on an update to the local Housing Element, which is an element of the General Plan. The State of California requires Housing Element updates every eight years, and this "6th cycle" update is for the planning period that spans 2023-2031. After local adoption, each jurisdiction must submit their updated Housing Elements to the California Department of Housing and Community Development (HCD) for certification. Failure to maintain a certified Housing Element

includes penalties to the local jurisdiction such as: legal suits; loss of permitting authority; court receivership; financial penalties; and streamlined ministerial review processes.¹

As part of the General Plan effort Petaluma will work to both comply with State timeframes and regulatory requirements and plan for the longer-term housing of our community.

The Housing Element is typically made up of six chapters, including the following:

1. **Housing Needs Assessment:** Examination of demographic, employment and housing trends and conditions that affect the housing needs of the community.
2. **Evaluation of Past Performance:** Review of the prior Housing Element to measure progress in implementing policies and programs.
3. **Constraints Analysis:** Analysis of and recommended remedies for existing and potential governmental and nongovernmental barriers to housing development.
4. **Housing Sites Inventory:** Identification of locations of available sites for housing development or redevelopment to ensure that there is adequate capacity to address the Regional Housing Needs Allocation (RHNA).
5. **Affirmatively Furthering Fair Housing Assessment:** Summary of fair housing issues and an assessment of fair housing enforcement and outreach capacity.
6. **Policies and Programs:** Strategies to fulfill the identified housing needs.

Each of these components is briefly outlined below.

1. Housing Needs Assessment

The Housing Needs Assessment highlights many of the same trends profiled in the General Plan existing conditions Socioeconomic Profile and Market Analysis available on the project website (<https://www.planpetaluma.org/documents>). This assessment shows that, although the City of Petaluma has made some progress in addressing the City Council’s affordable housing goals, the need for appropriate affordable housing continues to grow. An initial draft of the Housing Needs Assessment was prepared by the consultant and being reviewed by City staff and will be included with the Public Draft of the Housing Element.

2. Evaluation of Past Performance

The 5th cycle Housing Element is available at: <https://cityofpetaluma.org/documents/the-housing-element-2015-2023/>. It organizes policies and programs into ten goal areas:

- Goal 1: Provide adequate residential development opportunities to accommodate projected residential growth and facilitate mobility within the ownership and rental markets.
- Goal 2: Promote a range of housing types to meet the housing needs of all Petalumans.
- Goal 3: Minimize constraints on housing development to expedite construction and lower development costs.
- Goal 4: Promote the development of housing affordable to extremely low, very low, low- and moderate-income households.

¹ <https://abag.ca.gov/sites/default/files/documents/2021-06/Consequences%20of%20Non-Compliance%20with%20Housing%20Laws.pdf>

- Goal 5: Preserve the City’s existing affordable housing and ensure the long-term affordability of new below-market-rate units.
- Goal 6: Promote housing opportunities for special needs groups.
- Goal 7: Promote a choice of housing types and locations available to all persons, regardless of race, color, religion, sex, sexual orientation, national origin, ancestry, familial status, source of income, age, marital status, medical condition or disability.
- Goal 8: Preserve and improve the city’s existing housing stock.
- Goal 9: Promote the integration of affordable and special needs housing with existing neighborhoods.
- Goal 10: Encourage energy conservation in housing and reduce the contribution to greenhouse gases from existing sources and minimize the contribution of greenhouse gases from new construction and sources.

The Review of Past Accomplishments assesses progress toward and the continued appropriateness of each existing Petaluma Housing Element policy and program. City staff have reviewed an initial Review of Past Accomplishments, which is informing the consideration of policies and programs.

3. Constraints Analysis

The constraints analysis considers actual and potential governmental constraints to housing development, including land use controls, permit procedures, building codes, improvement requirements, and fees. It also considers potential and actual *nongovernmental* constraints like sensitive environmental areas, hazards, land and construction costs, and financing. The consultant team is currently drafting this document.

4. Housing Element Site Inventory

Regional Housing Needs Allocation (RHNA): The State of California determines the number of housing units that are needed for the Bay Area. The Association of Bay Area Governments (ABAG) then distributes a share to each local government in the nine Bay Area counties. Each jurisdiction is assigned a portion of the regional need at various income levels based on factors such as future population, access to jobs, and other factors. This assignment is known as the Regional Housing Need Allocation (RHNA). More information about RHNA is available here: <https://abag.ca.gov/our-work/housing/rhna-regional-housing-needs-allocation>.

The final allocations were published in December 2021. Petaluma’s 6th cycle RHNA is 1,910 units distributed across the four income categories as follows:

- Very Low (<50% AMI): 499
- Low (50-80% AMI): 288
- Moderate (80-120% AMI): 313
- Above Moderate: 810.

AMI is “area median income.”

RHNA allocations are determined every eight years. Each jurisdiction must then ensure there is enough land within city/county limits appropriate zoning to accommodate its RHNA allocation in its Housing Element. Jurisdictions identify if they have enough land zoned for housing to meet the future need (as determined through the RHNA process) in the Inventory of Available Sites, or “Sites Inventory.”

Importantly, State law does not require that jurisdictions build or finance new housing, but each jurisdiction must demonstrate that they have planned for adequate capacity to meet their RHNA. Likewise, the sites inventory does not control when or how much housing is actually built. New housing construction is based on a variety of socio-economic factors, such as demand, available financing, land and construction costs, etc., and is ultimately driven by private property owners. Residential development is not limited to only those sites identified in the site inventory and land that is not identified in the Housing Element may be zoned or developed for housing. However, the Housing Element identifies the majority of sites the City anticipates may develop over the subsequent eight-year period.

Sites Inventory Methodology: The development of a sites inventory walks through multiple steps to identify adequate capacity to meet RHNA. The following is a summary of the methodology for Petaluma’s sites inventory analysis.

1. **Identify Likely Housing Sites and Production.** The first step is to identify housing that is likely to be built, including:
 - a. *Accessory Dwelling Units (ADUs) Trends*: ADUs can count toward the RHNA if the projected number of ADU units aligns with an established local trend using the annual average of ADU permit approvals between 2018 and 2021.
 - b. *Approved or Pipeline Projects*: These sites are those where housing has already been approved or where applications have already been submitted. Pipeline projects for the 6th Cycle can include residential project that have been approved or even currently under construction but are not expected to receive a Certificate of Occupancy until after July 1, 2022.
2. **Identify Additional Opportunity Sites:** The next step is to identify other sites that are candidates for housing:
 - a. *Reuse of 5th Cycle Housing Element Sites*. Generally, available sites can be reused from the 5th cycle Housing Element. These sites should be evaluated for continued feasibility and for suitability relative to community priorities, for example factors such as floodplain, proximity to transit, habitat preservation etc.
 - b. *Sites of Interest*. These sites are those where there is demonstrated interest in building housing through inquiry from property owners, previous application submittal, etc..
 - c. *Screening for Vacant and Underutilized Parcels*. This process involves screening property within the city limits based on existing site characteristics. Initial screening criteria used include sites that are zoned to allow housing, that are vacant, and that are larger than 0.5 acres. As needed, a more refined analysis could include criteria to identify “underutilized” sites, like sites with older buildings or with a low improvement-to-land value ratio.
3. **Evaluate and Analyze Sites.** The project team then studies each potential site to confirm the accuracy of the screening and assess the viability of each site for development. Sites that are not appropriate for housing are removed (such as sites in the flood zone, steeply sloped areas, distance from transit or services, etc.), while others that are suitable for housing but were not included in the initial analysis may be added. Sites can also be evaluated based on other factors, like proximity to transit, schools, shopping, jobs, hazards, concentrations of poverty, and vulnerability to displacement.

4. **Calculate Buildout Potential.** During steps 1-3, the existing zoning is used to calculate the potential buildout of each parcel to a maximum of 70% of maximum capacity. This threshold can be modified for individual zoning districts by demonstrating a pattern of achieving higher densities through built or approved projects. Each parcel is also categorized by its “income category” with parcels that allow 20 dwelling units per acre or more categorized in the “lower income” category (Very Low or Low Income households) and parcels less than 20 units per acre in the Moderate and Above Moderate Income categories. For areas with no density limit, such as many of the parcels in Petaluma’s downtown core, assumed density for those parcels is based on densities of other projects in that area.

The project team will review and revise the above steps until an adequate number of the appropriate sites are identified under the current zoning. If the City cannot meet its RHNA (with an appropriate buffer as required by the State of California) under current zoning, locations will be considered where additional new housing can be built. This can occur by up-zoning areas that already allow residential uses to increase the number of housing units that can be built on those parcels and/or allowing residential uses in areas where residential uses are not currently permitted.

The final sites inventory will include a detailed data table (template provided by HCD) of all sites with the characteristics of each (including existing use, zoning, address), calculating the buildout by income category, and documenting the viability of each parcel to build housing.

5. Affirmatively Furthering Fair Housing Assessment

The Housing Element must include a summary of fair housing enforcement and capacity and an assessment of fair housing in four areas: integration and segregation patterns and trends, racially or ethnically concentrated areas of poverty, disparities in access to opportunity, and disproportionate housing needs, including displacement risk. This assessment includes an analysis of citywide trends as well as the site inventory. Explore the AFFH Data Viewer to learn more about fair housing in Petaluma: <https://affh-data-resources-cahcd.hub.arcgis.com/>.

Based on that analysis, the Housing Element must also identify and prioritize contributing factors to fair housing issues, including those factors that limit or deny fair housing choice or access to opportunity, or negatively impact fair housing or civil rights compliance.

Housing Element goals and meaningful actions must then address findings from the fair housing analysis and include mobility enhancement, new housing choices and affordability in high opportunity areas, place-based strategies for preservation and revitalization, displacement protection, and other appropriate programs. The Housing Element must also include metrics and milestones for evaluating progress on fair housing programs and actions.

6. Policies and Programs

Based on steps 1-5 above, the Housing Element policies and programs focus on making progress towards meeting the housing needs of everyone in the community over the next eight years. They include policies and programs:

- That are being changed or adjusted to incorporate what has been learned from the results of the previous Housing Element
- To conserve and improve the condition of the existing affordable housing stock
- To preserve units at-risk of conversion from affordable to market-rate rents
- To incentivize and promote the creation of accessory dwelling units that can be offered at an affordable rent

- To provide additional adequate housing sites
- To address governmental and nongovernmental constraints to the maintenance, improvement, and development of housing
- To assist in the development of housing to accommodate extremely-low, very-low, low or moderate-income households, including special needs populations
- That address findings from the fair housing assessment.

Housing Community Engagement

During the General Plan Update process to date the community has shared a significant amount of housing-related input. Based on the 2020 General Plan community-wide survey and the 2021 Area Meetings, Pop-ups, and Workshop, we already know that housing is a very high community priority, and that future housing development should:

- Eliminate homelessness
- Provide more affordable housing
- Avoid high-hazard areas like flood zones
- Avoid environmentally sensitive areas
- Prioritize infill housing near transit, retail, parks, and services
- Increase the diversity of housing types and choices, including higher density options
- Be part of mixed-use development, including the incorporation of housing into some existing commercial centers
- Preserve community character and sense of place
- Be family- and age-friendly
- Contribute toward carbon neutrality and be resilient
- Advance equity.

We also have guidance from the community on where different types of housing should go in the future. This is all reflected in the [Vision, Pillars, and Guiding Principles](#)² as well as in the map of [Areas of Discussion and the Key Strategies Diagram](#)³ discussed during the GPAC meeting on February 10, 2022.

Additional community engagement in support of the Housing Element will include:

- The March 17th GPAC meeting
- The March 22nd Planning Commission meeting
- An April 7th community workshop
- GPAC Housing Working Group
- Affordable and market-rate housing development interviews and focus groups
- 30-day review of the Public Draft Housing Element this summer, including a community open house and Planning Commission meeting
- Updates and related discussions at GPAC meetings throughout.

²

<https://static1.squarespace.com/static/5ea880f6d9a2075c7b7f54af/t/6226b04ff0c44161f8d40db6/1646702671704/Attachment+A+Final+Draft+Vision+Materials+for+the+General+Plan+English+and+Spanish+.pdf>

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<https://static1.squarespace.com/static/5ea880f6d9a2075c7b7f54af/t/6207141ae058857d0d52314d/1644631072100/Attachment+C+Areas+of+Discussion+and+Key+Strategies+Diagrams+Memo.pdf>

Because the General Plan has a 20-30 year planning period and the Housing Element has an 8-year planning period, the planning team and community may continue to address questions related to long-term housing after the Housing Element is complete.

Initial GPAC Discussion

The community input and analysis described above will inform both the Housing Element and the General Plan Update. For example, even if up-zoning is not required for the 6th cycle sites inventory, community input related to where different types of future housing are appropriate (or not) will inform the Alternatives Phase and the consideration of land use designations and policy.

Since the 6th cycle Housing Element is a work-in-progress, in preparation for the March 17 GPAC meeting discussion, please consider these questions:

- How well do the goals in the 5th cycle Housing Element reflect the Vision, Pillars, and Guiding Principles?
- What characterizes sites where you think future housing should be developed? Why? What densities and heights are appropriate at those sites?
- What policies or programs should the City prioritize to make sure future housing reflects community priorities?

Checking in with our GPAC Working Groups

We will take a moment to hear from each of the working groups. Please be prepared for one representative to introduce your working group, the best way to get involved in the working group (for example email or defined meeting time), and any pertinent updates you would like to share with the community. Staff will reach out to each of the working groups prior to support gathering and disseminating this information on the website and other communication channels.

If you have any questions, please contact Christina Paul (cpaul@cityofpetaluma.org). Thank you, and we look forward to seeing you next week!

Attachment:

Attachment A: Summary notes from the February 17, 2022 GPAC meeting