

Agenda Item Number: _____

Agenda Report Reviewed by:
City Manager: 

CITY OF SEBASTOPOL
CITY COUNCIL
STAFF REPORT

Meeting Date: May 15, 2018

To: Honorable Mayor and Honorable City Councilmembers

From: Una Glass, Council Member

Subject: Consider proposal to facilitate implementation of new housing ordinances, resulting in increased small dwelling housing availability.

Recommendation: Adopt a new budget item for a special workshop and increased publicity regarding new housing ordinances and the streamlining of ADU and Junior ADU procedures and preparation of information packets for the public.

Funding: Currently Budgeted: ___ Yes No ___ N/A

Net General Fund Cost: \$8,100.00

INTRODUCTION:

This item is to request the Council take steps to further facilitate the creation of new housing and small dwelling opportunities, specifically through the promotion of ADUs, Junior ADUs and the Share Sebastopol senior roommate service, during FY 2018-19.

BACKGROUND:

The housing shortage in Sebastopol is undeniable. In the spring of 2017, the Housing Subcommittee conducted a series of community meetings and workshops to both educate the public and gather feedback regarding citizen concerns and policy preferences.

Regulatory responses

The Planning Commission incorporated this feedback, along with recommended Housing Action Items from the General Plan update and delivered a series of Zoning Ordinance changes which were reviewed at the May 1, 2018 Council Meeting. The Council is expected to take action on the changes at the end of May.

Housing Goals

Even before the fires of October 2017, the Association of Bay Area Governments (ABAG) recommended that each community in Sonoma County strive for the construction of specific numbers of houses. Relative to its small size, it was recommended that Sebastopol set a target of 156 new homes between 2015 and 2023. By the end of 2017, three years into that target date, only 27 new homes have been constructed. 14 were single and multi-family dwellings and 13 were Accessory Dwelling Units (ADUs, or "granny units").

Other Challenges

City regulations, procedures, and fees are only part of the challenge in encouraging housing. The cost of construction, the availability of contractors, the timeline for completing projects, and financing/return on investment aspects often are of greater significance. The Sonoma County fire disaster, as well as other disasters across the country, and the resurgent economy have raised construction costs and reduced the availability of designers and contractors. In addition, while potential rents are high, some homeowners are reluctant to take on new debt, or may not look at opportunities from a business/return on investment perspective.

Demographics: A majority "single" population

The Sebastopol Community Cultural Center recently conducted a gaps analysis reviewing secondary research to learn more about Sebastopol's population and population needs. Our community has a large number of single (non-coupled) individuals with 54% of the population living outside of partnership. (The national average is 42%, according to the Pew Research Center.)

Demographics: A shrinking youth population

Sebastopol's 2018 Report by the Sonoma County Economic Development indicates that our working age population is shrinking quickly and falls below the county average, especially in the "Early Career" age range of 15-24 year olds. Many community surveys indicate that young people born and raised in Sebastopol are needing to leave the area because there is no affordable housing given the wages they can earn at this stage of their career development.

And the future workforce picture is not encouraging. Sebastopol's Youth demographic—those currently 14 and under—is smaller than average. By 2022 the Youth population is estimated to fall below 13% of the total population. This demographic is an indicator of future workforce sustainability and does bring sustainability questions into play when we think about our future as a viable place for working individuals to live.

Demographics: A growing senior population

On the other end of the age spectrum, Sebastopol has the second highest proportion of seniors in the county, topped only by the City of Sonoma. There are 5.2% more Late Career residents (55-64) than the County average, and 3.4% more Elderly (senior) residents aged 65 and up. Depending on the source, adults 55 and older make up 30-35% of Sebastopol's population.

Unique housing needs of seniors

Because they are generally on fixed incomes, seniors often spend a higher proportion of their monthly expenses on housing than does the working population. The year-over-year increases in housing expenses bites deeper into a senior renter's budget as they do not readily have the same ability to increase revenues.

Seniors also find themselves living alone. Those living in couples eventually experience the death of one in the partnership. Moreover, "grey divorce" is on the rise. A recent study released by the Pew Research Center indicates that the divorce rate among adults 50 and older has doubled since the 1990's.

Senior homeowners with larger family houses do not need the extra room at this life phase and are increasingly looking for options to "age in place," meaning stay in their own homes but leverage the property to bring in income. Many reach out to short-term rental solutions such as becoming an Airbnb host. Others could certainly consider more long-term rental situations, especially if their own living quarters were in some way separated from that of their tenant's.

In addition to seniors, younger adults whose children have left home may also have the opportunity to share or convert part of their home, offsetting mortgage and other costs.

Smaller dwellings as a means to affordability

Market forces being what they are, it is difficult to control housing costs on standard, single family dwellings. That said, smaller independent structures such as Accessory Dwelling Units (ADUs, aka "granny units") or Junior ADUs—the creation of a second unit within a single family residence,—offer many positive and affordable options, especially for single-person or childless couple residents common in the Early Career and Late Career/Elderly populations.

Share Sebastopol

Another way to provide inexpensive housing options, especially for seniors, is to encourage older adult homeowners to rent a room to long-term senior tenants. This allows homeowners to age in place while providing a safe and age-friendly method for senior home-seekers to find inexpensive rental housing. The City has contracted with Share Sebastopol to assist in overcoming common barriers and concerns. This is another program that can facilitate the creation of higher density affordable housing options.

Opportunities to facilitate higher density

It's not enough to pass policies. We also need to facilitate and encourage the growth of actual housing units. Now that the new housing regulations are in place, the next steps involve publicity and Planning and Building department preparations and encouragement for increased ADU or Junior ADU applications.

Publicity options for initiatives to encourage these types of units include:

- **Press release.** It is, of course, up to the local papers to decide whether to run an article or not. It is also indeterminate how many Sebastopol property owners will read the article on the day it is published.
- **City e-newsletter.** This reaches those property owners, residents, and business owners who subscribe and might be a first pilot test to get an initial influx of interest to identify frequently asked questions, needed documentation and common concerns. This could be an expanded version of the City newsletter, or a special newsletter focused on housing.
- **City Water Bill.** Articles about the new options could be included in several City newsletters. This reaches property owners and could be a no-cost, next level round of publicity.
- **Housing Facilitation Event.** Having a specific event for property owners is an innovative way to highlight, and jump start, ADU and Junior ADU development. Potentially, a panel could provide an overview of options, process, financial aspects, and other considerations for different types of units. Tables staffed by Planning and Building employees could help answer specific questions, such as:
 - "I want to make my house into a duplex"
 - "I want to build a granny unit" and maybe even

- o "I want to bring my existing up to code"

The City's rules and procedures are only part of the factors that homeowners need to consider. It would also be important for a housing facilitation event to include information from architects, designers, and contractors, and to address financing/return on investment elements as well. What design issues do homeowners need to consider in thinking about another unit on their property? What is the current range of construction costs? What is the range of rents being charged? Does building another unit add value to a property? What are the financing options? Does building another unit or converting part of a home make financial sense?

The tone of the event would need to be upbeat and encouraging with an understanding of anonymity so property owners could explore all options. Moreover, staff would need to be prepared with packets of information that are readily understandable by the general public. This could also be a venue for Share Sebastopol to have a table "I want to find a roommate" with options to discuss small modifications like addition of a bathroom or a door for a separate entrance, as well as Share Sebastopol's housemate match-making service.

- **Housing Construction Expo.** Depending on interest, there could be local professionals, or trade organizations that exhibited in an adjacent room so property owners could move from learning about regulations and the overall development process to talking with professionals who could actually help them take the project to fruition. Professionals with a Sebastopol business license would be encouraged to set up a table. As well, there might be trade organizations (North Bay Builders' Exchange, North Bay Association of Realtors, etc.) or vendors of pre-fabricated units who might want to exhibit. Although business is booming right now for large scale contractors, there may be smaller scale contractors who could readily help, and might be interested, in promoting their services for the smaller scale of ADU and junior ADU projects, adding a door or remodeling a bathroom.

Updating/Creating downloadable packages for the City Website

As is true in any city, property owners remark that they find the remodel and permitting process confusing and the regulatory legalese daunting. If the City intends to facilitate housing, before conducting a housing facilitation event and any large scale publicity, it would be prudent to walk through likely scenarios, and where possible, streamline the administrative processes so removable barriers are eliminated and homeowners feel encouraged and supported to add housing options to their property. It should be noted that the City has already modified ADU and other small unit regulations, processing, and impact fees to reduce barriers. Possible deliverables as a result of such an operational audit might be:

- Updating of the existing ADU handout developed by the Planning and Building departments.
- Flowchart of a project from inception to completion.
- Introductory overview of the changes and recent simplifications.
- Glossary of terms.

Admittedly each project is unique. Nevertheless, there are informational materials that could help property owners make initial decisions, and hopefully encourage them to explore the addition of an

ADU, Junior ADU, or other small unit project. For instance, a positive, homeowner-centric approach could provide packages for common scenarios such as:

- I want to build a granny unit (vs. "Accessory Dwelling Unit" or "ADU")
- I want to make my house into a duplex (vs. Junior "ADU")
- I want to make my non-permitted unit legal

By preparing packages for several common scenarios, the educational resources will be ready for City staff to use at the event. Plus, if the packages are downloadable from the City website, the value of the housing facilitation event can be extended indefinitely into the future.

Publicity for Share Sebastopol

The Share Sebastopol program is designed to increase use of existing underutilized housing and the number of small dwelling spaces that are available for rent in our town. Engagement with the program could be increased by creating a City web site page and information for the website, as well as a downloadable and printed brochure, flyers for the Senior Center and other senior gathering places, as well as specific community talks geared to adults whose children have moved out as well as seniors in Sebastopol.

Coordination with Cittaslow Sebastopol Volunteers

Some of the above activities are directly in line with the types of activities Cittaslow Sebastopol volunteers have a strong history of producing, specifically the housing facilitation event. From the Gratitude Open House in November 2017 to the Eco-Tourism Open House in October 2013, Cittaslow Sebastopol has marketing and event management procedures that would make a housing-related event appealing to its all-volunteer team, providing the appropriate City departments have staff to person the tables, other experts can be recruited, and Share Sebastopol can also attend.

Budget:

The Outreach Community Coordinator, with the collaboration of Cittaslow, will plan and manage the event, invite vendors, speakers/presenters conduct media outreach, and work with staff to create printed materials, signage, and handouts for the event. The proposed budget amount of \$8,100 would be a not-to-exceed amount which may be reduced based on potential collaboration with other organizations and other cost efficiencies.

RECOMMENDATION:

Receive the report; discuss the proposal; adopt a new budget item to pay for promotion of the implementation of new housing ordinances, Share Sebastopol and the creation of several tailored, focused information packets, and to conduct a community event to encourage ADU, Junior ADU, and other small-unit construction.