

MEMORANDUM

DATE January 10, 2023

TO Ken MacNab and Steve Rogers, Town of Yountville

FROM Cynthia Walsh and Nicole West, PlaceWorks

SUBJECT Summary of Changes between Initial HCD Submittal and Adoption Drafts

BACKGROUND:

On August 22, 2022, the Town submitted the first draft of the Housing Element to the California Department of Housing and Community Development (HCD) for review. HCD had 90-days, until November 18, 2022, to complete their review of the first draft.

On October 25, 2022, staff and the consultant team met with HCD staff to discuss their questions and preliminary comments prior to the end of their 90-day review. Based on the preliminary comments received, the draft Housing Element was revised, released for public review on November 9, 2022, and submitted to HCD. Those revisions are included in the summary below, along with the revisions made in response to HCD's comment letter.

HCD's comment letter was sent to the Town at the conclusion of the 90-days, on November 18th. The letter identified items that need further clarification or modification. The HCD comment letter is provided as a separate attachment to the staff report. Following receipt of the HCD comment letter, staff and the consultant team revised the Housing Element to address all the comments in the letter. The revised draft Housing Element will be released for public review on January 13, 2023.

Within the revised draft, **highlighted text** indicates changes that were made in response to the HCD comment letter; text that is noted using "track changes" (underlined for new text, ~~striketrough~~ for deleted) but **not highlighted** signify changes made to the November revision that was submitted prior to the HCD comment letter. Both types of changes are summarized below.

SUMMARY OF CHANGES

Table 1. HCD Comment Letter - Sites Inventory

<p>Suitability of Nonvacant Sites: The element identifies two nonvacant sites to accommodate a portion of the lower-income regional housing needs allocation (RHNA). The analysis largely relies on the absence of any site constraints, owner interest and includes a program to engage with owners and developers on an ongoing basis. Site 1 includes a vegetable garden that serves the French Laundry restaurant and two existing employee housing units. As noted, the element indicates that this site was</p>
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included based on owner interest. However, it also states that the owner is interested and has previously submitted proposals to develop an Inn and provide off site units. Given that the owner has a desire to develop off site units, the element should provide an analysis that demonstrates how this specific site will be redeveloped to accommodate the RHNA or remove the site. In addition, Site 2 is owned by a church, includes grape vines, relies on owner interest and notes that the owner is “open to various possibilities.” While having owner interest can be an important part of the determining redevelopment potential, given that the owners has not shown indication that they will move forward with residential development during the planning period, the element should either provide additional analysis and criteria to support the redevelopment potential of these sites or identify additional sites. For your information, the housing element appears to rely on nonvacant sites to accommodate more than 50 percent of the RHNA for lower-income households. Therefore, the housing element must demonstrate that the existing use is not an impediment to additional residential development in the planning period. (Gov. Code, § 65583.2, subd. (g)(2).)

Programs: Based on the results of a complete sites inventory and analysis, the Town may need to add or revise programs to address a shortfall of sites or zoning available to encourage a variety of housing types.

The description of Site 1 has been revised to include a more in-depth explanation for the current usage of the two existing older single-family homes as temporary accommodations for chef interns and as test kitchens, rather than permanent housing. The history of an approval for an inn project in the 2007 to 2009 time period was added to the description. Thirteen offsite affordable housing units were required as part of the approval of the inn project to comply with rezoning and unit replacement requirements. As property owner interest in the proposal has been renewed, descriptions of three properties in Yountville also owned by the Site 1 property owner and their unit capacity were added to demonstrate that housing could either be constructed onsite or offsite. A footnote to **Table E-2 Land Inventory** has been added to clarify that 11 units are counted towards the RHNA because 13 would only be required if the two existing homes are demolished.

The description of Site 2 has been revised to clarify the specific portion of the site that has potential for development, identify that the site is not environmentally constrained and is served by water and sewer infrastructure. The most recent discussion with representatives of Burbank Housing regarding potential to support affordable high density residential is summarized. Additional language was added to specify that the Affordable Housing Overlay (AHO) applies to the portion of the site included in the inventory (4.8 acres west of the creek), and **Table E-2 Land Inventory** has been edited to include the AHO under the Zoning and General Plan Designation columns. A density of 25 units per acre would be allowed if 100% of the units are affordable to very low- and low-income households.

Based on initial feedback received in conversation with HCD staff and comments in HCD’s letter, programs were revised to support the sites inventory. Proactive actions that the Town will take to coordinate with owners and offer incentives were strengthened in **Program 1. Large Site/High-Density Development, Program 8. Affordable Housing Overlay Zone and Program 13. Fees.**

These include commitments to contact the owners of Sites 1 and 2 at least annually to encourage development of the sites and to promote the use of streamlined processing, additional allowed densities and other incentives in the AHO and fee reductions or waivers for multifamily projects and affordable units. Additionally, **Program 6. Adequate Sites** was revised to describe the past approval history of Site 1 and the property owner's renewed interest in developing the site and to commit to facilitating the development of units either on or offsite. If the project includes offsite units, the Town will help facilitate the process, including but not limited to, assistance with rezoning if needed, streamlining approval, and other concessions consistent with density bonus requirements.

Table 2. HCD Comment Letter - Program 22 (Planning Regulation Amendments)

Program 22 (Planning Regulation Amendments): The element notes that Accessory Dwelling Units (ADU) are not allowed in some zones that allow residential uses such as mixed-use zones and that the element will revise Program 22 to allow ADUs in all residential zones. However, Program 22 does not reflect that revision. The element must include an action to allow ADUs in all zones that allow for residential uses and comply with ADU law.

In addition, while Program 22 commits to allowing supportive housing as a permitted use in all zones that allow residential uses without discretionary review and complying with AB 2162 (Statutes of 2018), it must also commit to allowing transitional housing as a residential use and subject only to the same restrictions that apply to other residential dwellings of the same type in the same zone.

Based on initial feedback received in conversation with HCD staff and comments in HCD's letter, **Program 22. Planning Regulations Amendments**, which commits the Town to reviewing and revising the Zoning Ordinance to ensure compliance with State Law was modified as described in the bulleted list below. These edits are also cross-referenced in their associated subsections in **Chapter F. Constraints to Housing Production.**:

- Residential care facilities, regardless of number of residents, will be allowed in all zones that permit residential uses of the same type, in accordance with the Town's definition of family.
- Farmworker housing of no more than 36 beds in a group quarters, or 12 units will be treated as an agricultural use and allowed in all zones where agriculture is allowed.
- The requirement that emergency shelters are located no more than 300 feet from any other shelter will be removed.
- The fee for reasonable accommodation requests will be eliminated and the Town will ensure the process for requesting reasonable accommodations is clear.
- Supportive housing will be allowed as a permitted use without discretionary review in zones where single-family, multifamily and mixed-use developments are permitted, including nonresidential zones permitting multifamily uses.
- Transitional and supportive housing will be allowed as a residential use with no other restrictions than those applicable to similar residential dwellings in the zone in which they are located.
- Accessory Dwelling Units (ADUs) will be allowed in all residential or non-residential zones where residential uses are permitted. **Program 9. Accessory Dwelling Units (ADUs)** is cross referenced.

Table 3. HCD Comment Letter - Land Use Controls

Land Use Controls: The element must include an analysis that evaluates the cumulative impacts of land use controls on the cost and supply of single family and multifamily development, including the ability to achieve maximum densities. Specifically, the element notes that several zones utilize a maximum floor area ratio (FAR) standard. However, it also notes that a project can reach the maximum FAR standard provided it does not exceed the maximum square footage requirements. For example, the RM zone allows for a maximum density of 10 units per acre and the RM-2 zone allows for 20 units per acre. For both zones, the maximum FAR for multifamily is 0.40 provided that the project does not exceed 4,000 square feet. The element must analyze this requirement as a potential constraint on achieving maximum densities. The element could clarify how projects can achieve maximum densities given the maximum square footage requirements. Additionally, because the Town includes similar requirements for most residential zones, the analysis should not be limited to just the RM and RM-2 Zone. Depending on the outcomes of a complete analysis, the element should include programs to address or remove the identified constraints.

The following subsection called *Cumulative Impact of Development Standards* was added to the Housing Element in **Chapter F. Constraints to Housing Production:** *The Town evaluated the cumulative impact of its land use controls on the cost and supply of housing, including development standards that limit sites' building envelope (setbacks, private open space and parking) and Floor Area Ratio (FAR) restrictions. Based on this evaluation, none of the land use controls in conventional residential zoning districts would prevent an applicant from reaching the maximum density allowed for single-family developments in single-family zones and multifamily developments in all zones where multifamily is allowed, or otherwise constrain housing development. Current development standards for the residential zones that permit multifamily housing were applied to theoretical sites of varying size. To be conservative, the calculations assumed single-story developments. The results confirmed the above conclusion - each scenario resulted in achieving maximum allowable densities. On sites ranging in size from one-quarter acre to an acre or larger, a multi-family housing development in the Mixed Residential (RM), Mixed Residential 2 (RM-2), and Old Town Historic (H) designations could achieve maximum density with a mix of studio, one-, and two-bedroom units, served by onsite, covered and uncovered (screened) parking. The Town also analyzed theoretical development capacity on minimum lot size parcels in the RM, RM-2, and H zones. Even on the smallest sites, maximum density could be achieved with a mix of studio and one-bedroom units, served by a combination of covered, uncovered (screened), and tuck-under parking.*

Table F-2. Residential Development Standards received minor corrections including, replacing the word Size by Ratio following Max Floor Area, clarifying FAR standards by lot size, housing type, and maximum floor coverage and/or building area for each zone and removing duplicative information. A new footnote was added to clarify that there are no minimum unit sizes in any zone. Directly following **Table F-2**, minor clarifications were made to the subsection *Floor Area Ratio (FAR)*.

Table 4. HCD Comment Letter - Local Processing and Permit Procedures

Local Processing and Permit Procedures: While the element includes some information on permit processing timelines and procedures (**F.1 Governmental Constraints**), it must also analyze these procedures. For example, the element indicates that projects are generally subject to a minimum of five “meetings” including public hearings and various other discretionary requirements. The element also notes that design review is required for any development. The analysis must address the required permits for typical single family and multifamily development, the approval body, the number of public hearing if any, approval findings and any other relevant information and add or modify programs to address identified constraints.

- **Multifamily Housing:** The element indicates that all multifamily is potentially reviewed through a discretionary process but does not indicate what type of discretionary process. For example, multifamily could be subject to a conditional use permit (CUP) For your information, subjecting multifamily housing to an exception process such as a CUP in zones where multifamily housing is already allowed is generally considered a constraint. As noted above, the element must clarify what type of discretionary process and identify and evaluate any approval findings or decision-making criteria for this requirement. The analysis should address impacts on housing cost, supply, timing and approval certainty. Based on a complete analysis, the element should include programs to address or remove the identified constraints
- **Design Review:** The element briefly describes the Town’s design review requirements; however, the analysis should consider the approval timelines, approval procedures and decision-making criteria. The analysis should evaluate this process for potential constraints on housing supply, affordability, and timing. The element must demonstrate this process is not a constraint or it must include a program to address this permitting requirement, as appropriate.
- **SB 330, 2019:** Additionally, given the Town’s design review and preponderance of meetings in the permit process, the element should consider if the implementation of these standards conflict with the Housing Crisis Act of 2019 (SB 330, 2019).

The *Processing and Permit Procedures and Timelines* subsection in **F.1 Governmental Constraints** was revised to address the comments above. **Table F-8. Permit Processing Timelines** was modified to reflect typical processing time and approval body by type of permit or action. Existing text was replaced with new tables and expanded discussion for the two types of residential applications (projects consisting of one to four units and projects consisting of five or more units). The revisions clarify the steps, typical time to complete each step, the approval body and number of meetings.

Projects consisting of one to four units include pre-application consultations with Town staff and the developer, Zoning and Design Review Board (ZDRB) design review approval, and plan check review. For developments proposing five or more dwelling units, a Master Development Plan application is required. Yountville’s Municipal Code describes the approval process for a Master Development Plan as consisting of three stages: 1) Concept, 2) Preliminary, and 3) Final. However,

the Town allows concurrent processing of the preliminary and final stages to minimize processing time. The Town follows the requirements of SB 330 by not requiring more than five hearings as defined by Government Code section 65905.5(b)(2).

The *Design Review* subsection in **F.1 Governmental Constraints** was revised to differentiate between minor (structures with four or less dwelling units, signs and murals) and major design review (structures with five or more residential units, commercial and agricultural structures). Where State law requires the application of objective standards for a qualifying residential project, the project is only reviewed against the objective design standards. Otherwise, all residential projects that require design review approval are reviewed against both the objective design standards and the subjective design guidelines. **Table 11. Objective Design Standards** has been added which lays out the Design Standard for qualified and non-qualified residential project proposals by Single-Family and Duplex, and Multifamily housing types for: Subdivisions; Garages, Driveways and Parking; Street Frontage; Building Scale and Massing; Roof Forms; Windows, Doors, and Entries; Exterior Building Materials; Landscaping and Open Space; and Utilities and Auxiliary Structures. **Table 12. Subjective Design Guidelines** has been added to identify design guidelines that are applicable to all non-qualified residential projects according to the same parameters and categories described above for **Table 11**. Eight conditions required for approval of the residential development application and authorization for a design review permit following the public hearing. These are listed in a new subsection titled *Approval Findings*. Finally, the procedure for an applicant to secure building permits is described under the subheading *Issuance of a Building Permit*.

Table 5. HCD Comment Letter - Constraints on Housing for Persons with Disabilities

Constraints on Housing for Persons with Disabilities:

While the element includes general information on the Town's reasonable accommodation procedures (**F.1 Governmental Constraints**), it must also analyze these processes as potential constraints on housing for persons with disabilities. For example, the element notes that the Town charges a \$250 fee for processing reasonable accommodation requests. Imposing a fee on processing reasonable accommodation requests could be considered a constraint, especially on an individual. Additionally, the element has received public comments stating the cost of making retrofits or improvements is a barrier to housing for persons with disabilities. The element should analyze this requirement as a constraint on housing for persons with disabilities and add or modify programs as necessary.

The element includes some data and general discussion of housing challenges faced by extremely low-income (ELI) households including noting the availability of large units and proposed programs. However, the element should not just note or quantify the availability of resources but also provide an analysis of the existing resources to meet those needs and assess any gaps in resources. The element could include a discussion of any local and regional resources available for special needs populations. The element could also consult with local officials, special needs service providers, or city and county social and health service providers to assist in a complete analysis. Based on the outcomes of a complete analysis, the element should add or modify programs.

The *Reasonable Accommodation* subsection in **F.1 Governmental Constraints** has been modified, now including an explanation of the request procedure at the staff level, with appeal options to Town Council or ZDRB. A commitment to remove the fee for a reasonable accommodations request was added in this subsection as well as in **Program 22 Planning Regulation Amendments**, so as not to cause a financial impediment to lower-income households.

In **Chapter C: Housing Needs Assessment**, under the *Special Housing Needs, Extremely Low-Income Households* subsection, the list of resources to meet extremely low-income households has been augmented to describe availability of shelter beds for homeless; large housing units and deed restricted units; as well as, grant funding for the following programs: eviction and homelessness prevention, food bank, meals on wheels, emergency shelter, permanent supportive housing, community-based home health and several other safety net programs. Descriptions of other resources were added including funding from Napa Valley Community Foundation; services for persons with intellectual-development disabilities provided by North Bay Housing Coalition; Permanent Local Housing Assistance (PHLA) funds to augment funding for deed-restricted ADUs, and the home rehabilitation program; services to assist seniors; farmworker assistance services; social services information dissemination resources; and existing and proposed permanent supportive housing resources in the nearby City of Napa.

In response to HCD's comment, the availability of appropriate housing for ELI households has been identified as an unmet need, and programs (1, 10, 13, 15, 18, 21 and 22) to address this unmet need are listed and summarized in the revised text.

Table 6. HCD Comment Letter - Goals, Actions, Metrics, and Milestones

Goals, Actions, Metrics, and Milestones: Goals and actions must significantly seek to overcome contributing factors to fair housing issues and foster inclusive communities. While the element includes some programs and metrics to potentially address fair housing issues, it generally does not appear to target any meaningful change, overcome fair housing issues and address affirmatively furthering fair housing (AFFH) requirements. In addition, since the that the Town is bifurcated between low resource areas east of Washington Street and high resource areas north of Finnell Road, the element should include place-based strategies for community development, infrastructure and protecting residents, particularly low-income residents, from disaster-driven and investment-driven displacement, and enhancing housing mobility to encourage the development of more housing choices and affordable housing, particularly for farmworkers and persons with disabilities. Additionally, the element must include geographic targeting, metrics and milestones toward AFFH outcomes. For more information, please see HCD's guidance at <https://www.hcd.ca.gov/community-development/affh/index.shtml>.

To address HCD's comment about Goals, Actions, Metrics, and Milestones, which specifically references affirmatively furthering fair housing (AFFH) requirements, language has been added to a number of programs to clarify that actions will facilitate place-based revitalization, reduce potential for displacement and target the low resource areas and neighborhoods east of Washington Street and south of Finnell Road. As well, language has been added to a number of programs to clarify that actions will facilitate housing mobility and choice and target the high

resource areas and neighborhoods west of Washington Street and north of Finnell Road for vulnerable populations, particularly farmworkers, disabled persons, and very low-income households. Numerous programs were modified to be more specific about how the Town will market the availability of programs, services and funding, including target audiences, the methods for disseminating information and commitment to providing materials in multiple languages. Quantified objectives were enhanced in several programs to provide aspirational targets for amounts of funding to be used, numbers of households to be assisted and types of households that will benefit (such as those with individuals with disabilities and developmental disabilities, extremely low-, very low- and low-incomes, large families, seniors, farmworkers and their families, female-headed households with children, employees of businesses in Yountville and others with special needs).

Additional Program Edits

Based on initial feedback received in conversation with HCD staff and comments in HCD's letter, nearly all programs were updated, some more than others. Updates pertain to the AFFH requirements above, as well as to needs or barriers that are identified in analyses contained in other chapters of the Housing Element such as the **Housing Needs Assessment**, **Fair Housing Assessment** and **Constraints to Housing Production**. As such, those edits to programs are cross-referenced in the relevant analyses in those chapters.

The following additional edits were made to programs:

- **Program 8. Affordable Housing Overlay Zone.** Clarified location of AHO sites.
- **Program 9. Accessory Dwelling Units (ADUs).** Added information about an application for PHLA funds that will be used to support grants to assist in the construction of deed restricted affordable ADUs. Added a commitment to update the Town's ADU Ordinance to comply with State law within one year of Housing Element adoption and review the Town's ADU Ordinance annually thereafter and continue to amend it as needed to comply with State law.
- **Program 10. Create New Affordable Housing Opportunities.** Description of program has been supplemented with sentences that the Town will pursue opportunities that target new units for farmworkers and persons with disabilities, and coordinate with affordable housing developers to further this objective, with focus on creating these opportunities in high resource areas. The quantified objective has been revised to prioritize 10 units for farmworkers and persons with disabilities out of the targeted 15 units.
- **Program 11. Increase Access to Affordable Housing Programs.** The description has been amended to include focus on expanding acceptance of Housing Choice Vouchers (HCV) in high resource areas to facilitate housing mobility for lower-income households; and quantified objective revised to target three of the five new HCV recipients in high resource neighborhoods.
- **Program 15. Preserve Affordable Units** and **Program 16. Preserve Rental Units.** The quantified objectives have been augmented to include reference to protection of residents from displacement, particularly low-income residents.
- **Program 17. Replacement Units** has been amended to specify that this program is applicable to the two existing units on Site 1.

- **Program 18. Rehabilitation** has been revised to add funding amounts and targets to actively market available housing rehabilitation funds to lower-income households in communities with older housing stock and/or the low resource area east of Washington Street and south of Finnell Road, identifying mobile homeowners in Bella Vista Park and Rancho de Napa Mobile Estates for at least two rehabilitation loans for mobile homes out of the targeted 10.
- **Program 19. Yountville Home Repair Program** has been edited with additional language in the description to reflect the application for PHLA funds on 11/30/2022 to support income-eligible owner-occupied home rehabilitation; and outlines a marketing approach targeting neighborhoods with older housing stock and/or the low resource area east of Washington Street and south of Finnell Road. The quantified objective has been edited to prioritize marketing of program funding within the lower-income and low resource geographic area south of Finnell Road and east of Washington Street, target two of the six lower-income eligible households as mobile-home owners and expand the quantified objective to an additional four lower-income homes (including at least one mobile home) pending award of PHLA Home Repair funds.
- **Program 21. Special Housing Needs**, Action 1. has been edited to expand farmworker housing mobility opportunities with a commitment to market the availability of programs and services in language appropriate formats to farmworkers residing at the Yount Mill Vineyards outside of the Town twice annually. More details about funding amounts and meeting frequency were also added. Action 5. has been added to ensure that new developments comply with ADA requirements and explore ways that will assist the mobility and access for persons with various disabilities in the public realm, with implementation by 2026 in the quantified objectives. A subsection c. has been added to Action 10. describing outreach to business owners regarding funding for worker housing options.
- **Program 24. CalGreen Building Standards** was renamed **Program 24. CalGreen Building Standards and Pollution Prevention and Mitigation** to reflect a new action item. This action item is collaboration with the County of Napa on pollution prevention programs to minimize negative effects to drinking water and air quality for Yountville residents due to agricultural, vineyard, and winery operations in the areas of Napa County near the Town, as well as exploration of approaches for mitigating exposure to air borne pollutants due to SR-29 transecting the western edge of the Town.
- Additional edits to programs are described earlier, in association with **Table 1. HCD Comment Letter - Sites Inventory** and **Table 2. HCD Comment Letter - Program 22 (Planning Regulation Amendments)**

Miscellaneous Revisions

Based on initial feedback received in conversation with HCD staff or to make minor corrections identified by Town staff or the consultant team, the following miscellaneous revisions were made:

1. **Policy 1.2** was revised to remove language about limiting maximum lot sizes and unit sizes in single-family residential areas, while retaining the language about encouraging efficient, small-lot developments.
2. **Chapter A. Public Participation** was amended to clarify that the Town followed requirements for noticing the availability of the draft Housing Element.

3. **Chapter C. Housing Needs Assessment** was revised to clarify that fewer than 13 homes in Yountville are in need of rehabilitation and no homes are in need of replacement.
4. **Chapter E. Land Availability and Housing Resources** was amended as follows:
 - a. To provide additional examples of recent, dense, multifamily projects in the *Realistic Capacity* subsection.
 - b. **Section E.3. Accessory Dwelling Unit (ADU) Potential** was updated to reflect the one building permit issued for an ADU in 2021.
 - c. A rounding error was corrected in **Table E-3. Progress Towards RHNA**.
 - d. **Section E.6. Infrastructure Availability** was updated to clarify that dry utilities and water and sewer infrastructure are available to sites in the inventory and that water and wastewater capacity is sufficient to meet the needs of residential development on the identified sites.
5. **Chapter F. Constraints to Housing Production** was amended as follows:
 - a. **Table F-5. Zoning for a Variety of Housing Types**, which summarizes residential use types and how they are permitted in the Town's zoning districts was amended to add a row for mobile and manufactured homes. The associated subsection *Mobile/Manufactured Homes* was updated accordingly.
 - b. The *Emergency Shelters* subsection was revised to clarify that the zone where emergency shelters are permitted (the PF zone) is close to services and transit and to add that during the 2020 Napa County Homeless Annual Point in Time Count Report (most recent data available), no persons experiencing homelessness were identified in Yountville.
 - c. A new subsection called *Proportion of Fee in Overall Development Cost* was added to the section on *Fees and Exactions*.
 - d. The subsection *On- and Off-Site Improvements* was expanded to provide more details on required improvements, approximate costs and the difference between requirements for properties in or out of "Old Town."