

Evaluation of the 1990 Housing Element

Introduction

The first step in updating the Housing Element is to conduct a thorough and critical evaluation of the existing Housing Element. What worked well? What didn't? And what could be done better? What's missing?

State law requires that three major areas of consideration be addressed through the evaluation process and reflected in the updated Housing Element:

- **Appropriateness of Goals, Objectives, and Policies** (65588(a)(1)). A description of how the goals, objectives, policies, and programs of the updated element incorporate what has been learned from the results of the prior element.
- **Effectiveness of the Element** (65588(a)(2)). A review of the actual result of the earlier element's goals, objectives, policies and programs. The results should be quantified where possible (e.g., rehabilitation results) but may be qualitative where necessary (e.g., mitigation of governmental constraints).
- **Progress in Implementation** (65588(a)(3)). An analysis of the significant differences between what was projected or planned in the earlier element and what was achieved.

The evaluation of the existing Housing Element can help focus the Committee's discussion on the issues that need the most attention. While some policies and programs in the existing Housing Element may be identified as needing only minor modification, others may be identified as requiring more extensive review and change, or additional policies or programs may need to be added. This can serve as an initial short list of the key policy areas that need to be addressed in the update effort.

Evaluation of Policies and Programs

Policy Issue H-1: Construction of New Housing to meet Regional Housing Needs

Implementation: Review and processing of applications, and ordinance changes to reduce governmental constraints.

Evaluation: The target assumed an average of 25 additional units per year. Actual construction during the 12 year period between January 1, 1988 and December 31, 1999 produced 174 net additional units - for an average of 14.5 net additional units per year or about 58% of the General Plan anticipated new units.

Reduction in the standard for park land dedication from 2.77 persons per unit to 2.13 persons per unit has been implemented administratively by Planning Department staff. To date, there has been no restructuring of the park land dedication fee to make it more equitable for relatively higher density infill projects. As applications are reviewed, the City has allowed, where appropriate, the combined processing of Master Plans, Development Plans and Tentative Subdivision Maps.

What Can be Learned: Provide for a streamlined annual review and assessment of Housing Element programs accomplishments and priorities. Augment the capabilities of City staff by supporting the creation of a countywide Housing Assistance Team (HAT), coordinated by the Marin County Affordable Housing Strategist, that would be available to assist the staff in implementing Housing Element programs, maintaining Housing Element certification and providing technical assistance on housing matters.

Policy Issue H-2: Inclusionary Housing Requirements

Implementation: Application of inclusionary housing requirements for construction of new affordable housing units or in-lieu fees.

Evaluation: Mill Valley's 1975 Housing Element required that new housing developments should make available 20 percent of the units at prices or rents affordable to low income households and 35 percent of new units at prices affordable to moderate income households as a matter of policy. These inclusionary standards were to be applied only when adequate government subsidies were available.

The City adopted the above requirement in 1975 when cost and financing considerations were not impacting the economics of affordable housing production as severely as at present. Soon after the adoption of this policy, a local moratorium on water hookups served to postpone most proposed projects. By the time development was again free to proceed (in 1978), changes in the economics of housing production had made the original policy unrealistic.

The 1981 Housing Element updated the 1975 policy to make it more economically realistic. The new policy required projects over 10 units to provide 10 percent moderate income units (if the project was less than 7 units per acre) or 15 percent moderate income units (if the project was over 7 units per acre). The new policy also included provisions for density bonuses and "in-lieu" fees. This inclusionary policy was implemented through City adoption of an amendment to the Zoning Ordinance in 1985.

Between 1975 and 1988, the City required a total of 33 moderate income inclusionary units. Twenty-five units were actually sold to moderate income households and in-lieu housing fees were paid for the remaining 8 units. In 1988, the City inclusionary ordinance was revised to apply to any residential project of two or more lots or parcels and to emphasize the collection of in-lieu fees. The City intends to use the in-lieu fees to contribute a part of the subsidy

required for a planned 40+ unit teacher housing rental project proposed at the Alto School site.

Since no projects larger than the Inclusionary Ordinance thresholds have been proposed in recent years, no new inclusionary units have been constructed. Seventeen (17) new low- and very-low income family rental units were provided in the City-sponsored Alto Station project which was completed in 1993. The City is continuing to collect a small amount of in-lieu housing fees from projects of two or more units.

What Can be Learned: Expand “in-lieu” fees to cover all new housing and major additions, exclusive of second units.

Policy Issue H-3: Construction of Smaller Rental Housing Units

Implementation: Create new multi-family housing districts that relate density to the size of the units. Consider amendments to revise City parking standards.

Evaluation: Parking standards and replacement multi-family zoning districts have not yet been implemented. Although, the Floor Area Ratio policies for multi-family properties have had the effect of increasing density for smaller units. The City has encouraged small-scale multi-family infill development adjacent to the downtown where the new development minimizes impacts on and is compatible with the existing neighborhoods in order to provide a housing alternative to the single-family residential designation of most of the rest of the City. Typical “in-fill” projects adjacent to the downtown include: (1) 72 Lovell (4 condominium units); (2) 30 Buena Vista (3 rentals); (3) 263 Miller (4 condominium units); (4) 267 Miller Avenue (2 condominium units); (5) 201-205 Miller (2 condominium units); (6) 65 Lovell Avenue (4 condominium units), (7) 250 Miller Avenue (4 condominium units), and (8) 42 Miller (6 condominium units).

What Can be Learned: Provide flexibility in applying development standards for housing that helps to address the City’s needs (especially for very low and low income housing) based on housing type, size, location and occupants. Examples include reduced standards for smaller units and senior housing. In addition, provide incentives through parking, parkland dedication and Floor Area Ratio (FAR) standards for affordable housing.

Policy Issue H-4: Manufactured Housing

Implementation: Continue to allow manufactured housing on permanent foundations.

Evaluation: As required by State law, the City adopted an amendment to the Zoning Ordinance in 1982 to allow the installation of manufactured housing on permanent foundations subject to the same zoning regulations which apply to site built housing. A pre-manufactured housing unit was completed in 1995 in the Salt Creek Meadows Subdivision. This is the only pre-manufactured unit proposed since adoption of the Plan.

What Can be Learned: Continue policy implementation.

Policy Issue H-5: Use Government Funding to Create Low and Moderate Income Housing

Implementation: Work with the Marin Housing Authority and others to encourage use of Local, State and Federal funding resources.

Evaluation: A 10 unit, very-low income, developmentally disabled project (Mill Creek Apartments) was constructed by Catholic Charities at 60 Camino Alto using Section 202 financing.

What Can be Learned: Expand the City's Affordable Housing Fund to be able to respond to opportunities when they become available. Continue to participate in countywide housing activities. Support creation of countywide Housing Assistance Team (HAT) as a resource to the City in identifying funding sources. Continue to work with the Marin County Housing Authority, other government agencies, the Marin Community Foundation, and non-profit housing corporations such as Marin Ecumenical Association for Housing and BRIDGE Housing to encourage the use of State and Federal housing program funds and other funds.

Policy Issue H-6: Development of New Low and Moderate Income Housing

Implementation: Use Article 34 authority to develop rental housing. Work with the Marin Housing Authority or non-profits to develop low income housing. Provide technical assistance, fee waivers, expedited processing and other means.

Evaluation: Seventeen (17) new low and very low income family rental units were provided in the City-sponsored Alto Station project which was completed in 1993. No projects have been proposed by the Housing Authority or a non-profit group in recent years. In addition, four publicly owned and/or publicly subsidized projects located within the City of Mill Valley currently provide 191 low- and moderate-income rental units. Subsidy mechanisms include below market rate permanent financing and operating subsidies for Shelter Hill (HUD Section 236) and 260 Camino Alto (HUD Section 8) and tax-exempt Certificate of Participation financing for Pickleweed. The City still has an additional 136 units authorized under the Article 34 referendum after developing the 32 low and moderate income rental units at Pickleweed.

What Can be Learned: Continue to participate in countywide housing activities. Support creation of countywide Housing Assistance Team (HAT) as a resource to the City in working with non-profits. Initiate discussions with the Marin Housing Authority (MHA) to determine the viability of new construction under MHA auspices.

Policy Issue H-7: Facilitate Processing of Affordable and Special Needs Housing

Implementation: Amend the Municipal Code to establish an option for allowing small, special need housing (i.e., disabled, elderly) at a greater density. “Fast track” such projects.

Evaluation: Municipal Code changes have not yet been implemented. The processing of the applications for both Mill Creek Apartments (10 very low income rental units) and Alto Station (17 low and very low income rental units) were “fast-tracked”.

What Can be Learned: Strive to accomplish programs by the target dates identified in the Housing Element. Monitor progress annually and revise priorities as appropriate.

Policy Issue H-8: Discourage Conversion of Existing Rental Housing to Condominiums

Implementation: Implement Condominium Conversion Ordinance. Allow exceptions to conversion restrictions for limited equity cooperatives that retain affordability of the units.

Evaluation: Mill Valley passed an ordinance in April of 1977 which set strict standards governing condominium conversions. In addition to establishing construction standards for condominiums, the ordinance required that conversions must meet the inclusionary goals of the Housing Element, and that the City must find that the conversion does not affect the provision of rental housing in the community.

The City adopted revisions to the condominium conversion ordinance in 1982 to require 15 percent of all units in projects of ten or more units to be sold or rented at prices affordable to low-income households and 10 percent for moderate income households. In addition, low-income elderly or handicapped tenants must be awarded lifetime leases.

The City has approved only two condominium conversions. One of these condominium conversions was the 107-unit Shelter Bay Condominiums, originally built in the County as apartments. The second project was an eight-unit development on Catalpa, originally built as apartments meeting condominium standards.

These requirements are being implemented by discouraging any applications because of the historically very low vacancy rate for Mill Valley. No applications have been received or approved by the City for condominium conversions since 1977. The exception for limited equity cooperatives that retain affordability of the units has not yet implemented.

What Can be Learned: Continue policy implementation.

Policy Issue H-9: Rental Subsidy Programs

Implementation: Work with Interfaith Housing Council and others to ensure affordability of Shelter Hill Apartments. Support the Rebate for Marin Renters, Section 8 and other rental assistance programs.

Evaluation: Ownership of Shelter Hill Apartment project was secured by non-profit Interfaith Housing Council to prevent conversion to market rate housing. HUD funding was obtained for extensive, several million dollar rehabilitation project. This project was completed in late 1995. The Section 8 program has continued. The total number of local families being served by Section is 103 out of a total countywide of 1,839. Some of the units in Pickleweed and Alto Station and the remaining three inclusionary units acquired under Program H-10-1 are receiving Section 8 assistance for low-income families. While the Marin Community Foundation discontinued support for the Rebate for Marin Renters program, the City has continued making an annual local contribution to the program.

What Can be Learned: Continue policy implementation.

Policy Issue H-10: Acquisition of Existing Rental Housing

Implementation: Coordinate with the Marin Housing Authority in acquiring additional units as opportunities arise.

Evaluation: Four of the 25 inclusionary units produced by the City's Inclusionary Housing requirement were acquired by non-profit Marin Housing Development Corporation for rental to low income households. Two units of these units were in the Eucalyptus Knoll project (the first was acquired in 1988 and the second in 1992) and two were in the Sunrise Pointe project (the first was acquired in 1988 and the second in 1992).

Further implementation of this policy was put on hold by the City Council in early 1993. Following some public concern about the program, one of the units which had previously been acquired and another which became available were resold to moderate income households. As a result, three units are currently owned by the Marin Housing Development Corporation and are rented to low income families.

What Can be Learned: Continue policy implementation, although review feasibility as part of the Housing Element update.

Policy Issue H-11: Housing Rehabilitation Programs

Implementation: Rehabilitation loan programs and resale inspections.

Evaluation: The Marin County Housing Authority administers the Rehabilitation Loan Subsidy Program. The City provides pamphlets at City Hall and at the library for potential users of the program.

The City inspects all residential units that are sold. The inspections mainly cover health and safety concerns. However, they also provide a good source of information about the condition of the housing stock and the turnover rate. It should be noted that some of these inspections can be for the same unit if it has been resold during this time period. Reports averaged about 215 per year between 1990 and 1993. There were 184 reports in 1994, 221 reports in 1995, 228 reports in 1996, 289 reports in 1997, 267 in 1998, and 256 in 1999.

What Can be Learned: Continue policy implementation.

Policy Issue H-12: Conversion of Residential to Other Uses

Implementation: Amend the Municipal Code to remove offices as a conditionally permitted use in multi-family zoning districts.

Evaluation: While the Zoning Ordinance has not yet been revised, General Plan consistency finding has been used to prevent any conversions.

What Can be Learned: Continue policy implementation and amend the Zoning Ordinance.

Policy Issue H-13: Promoting Housing in Appropriate Areas

Implementation: Implement Land Use Element policies encouraging multi-family land use in downtown and along Miller Avenue, and single family land uses in the neighborhoods.

Evaluation: Twenty-seven (27) new multi-family units have been built since 1988. Because five existing residential were demolished, there has been a net increase of 12 units. The projects included: 246-250 Miller Avenue (4 units) completed in 1989; 29 Bayview/22 Bernard (3 units) completed in 1990; 237-249 East Blithedale (7 units) completed in 1990, 219 East Blithedale (3 units) completed in 1995, Una Way project (7 units), and 311 Miller Avenue (3 units).

What Can be Learned: Continue policy implementation. Seek opportunities for multi-family and mixed use housing in the Miller Avenue Specific Plan area.

Policy Issue H-14: Work with the School District

Implementation: Work with the School District.

Evaluation: The City has been working with the School District on an ongoing basis toward acquisition or long-term lease of a surplus school site or sites for development of teacher housing similar to the housing provided for teachers in Sunnyvale.

What Can be Learned: Facilitate opportunities at school sites since they offer unique opportunities to provide smart infill development with minimal traffic impacts on generally flat sites where services and facilities are available.

Policy Issue H-15: Restrict Development in High Hazard Areas

Implementation: Implement policies in the Land Use and Public Health and Safety sections of the General Plan.

Evaluation: These requirements are being implemented as projects are reviewed.

What Can be Learned: Continue policy implementation.

Policy Issue H-16 and H-17: Design and Scale of New Development

Implementation: Amend the Municipal Code to incorporate new Floor Area Ratio (FAR), height and setback standards. Revise multi-family zoning districts. In order to provide direction for applicants and criteria for use by the City in considering Design Review applications for residential developments, use the design standards contained in the Residential Design Guidelines during the review of proposed developments.

Evaluation: FAR implemented by Ordinance 1100, May 6, 1991. While replacement multi-family districts have not yet been developed, the policy has largely been implemented through Ordinance 1093 (March 19, 1990) which added the finding that development proposals must be consistent with the "Building Intensity Standards" in the General Plan which includes a 40% Floor Area Ratio in this area.

What Can be Learned: Continue policy implementation. Provide more effective and streamlined use of the City's design review process by reviewing design principles and clarifying the focus of design review so that it occurs more quickly.

Policy Issue H-18: Density of Outlying Properties

Implementation: Amend the Municipal Code to establish an option for allowing small, special need housing (i.e., disabled, elderly) at a greater density. "Fast track" such projects.

Evaluation: Municipal Code changes have not yet been implemented. The processing of the applications for both Mill Creek Apartments (10 very low income rental units) and Alto Station (17 low and very low income rental units) were “fast-tracked”.

What Can be Learned: Strive to accomplish programs by the target dates identified in the Housing Element. Monitor progress annually and revise priorities as appropriate.

Policy Issue H-19: Second Units

Implementation: Amend the Municipal Code to establish an option for allowing small, special need housing (i.e., disabled, elderly) at a greater density. “Fast track” such projects.

Evaluation: The City adopted an ordinance establishing procedures for legalizing existing second units and permitting development of new second units in May, 1983. In Mill Valley, second units probably constitute a larger portion of the total housing stock than in any other Marin city and Mill Valley is one of the few jurisdictions in the County which has attempted to realistically address the issue of legalizing existing second units.

In 1988, there were approximately 400 second units in Mill Valley. This represents approximately 6.4% of the total housing stock. Through the end of 1988, 35 new second units (an average of 6.4 units per year) were approved through the Conditional Use Permit (CUP) process and 41 existing units (an average of 7.5 units per year) were legalized. In addition, the City has identified 71 legal non-conforming units which have existed and have been rented continuously since 1950 and 249 apparent second units which were illegally constructed or converted.

A total of approximately 42 new units have been approved and 73 existing units legalized since the second unit ordinance was adopted in 1983. Of these, only 24 new units were approved between January 1, 1990 and December 31, 1999. The General Plan target assumed an average of 5 new units per year. During this eight year period actual approvals have averaged 2.6 new units per year – a little over half the target amount.

What Can be Learned: Strengthen the City’s Second Unit program as a viable way to provide smaller, affordable units — including continued legalization of existing illegal units, revised standards and processing for new second units in existing neighborhoods, and requirements for second units in new development.

Policy Issue H-20: Residential Uses in Commercial Areas

Implementation: Encourage mixed use projects in the downtown area to provide housing through incentives such as allowing an additional story for housing beyond that specified in the detailed Residential Design Guidelines, developing more flexible parking requirements to reflect peak period overlap for mixed use projects, and relating permitted residential density

and parking requirements to unit size (i.e., allowing a greater number of smaller units or lesser number of larger units).

Evaluation: The City has encouraged mixed use development in appropriate areas along major thoroughfares as a means of providing housing diversity and providing opportunities for residential growth. There are two types of residential-commercial areas. The first is commercial areas where residential uses are conditionally permitted, and the second is residential areas within which office or commercial uses are conditionally permitted.

Along Lower Miller Avenue from a point just west of Willow Street to Lytton Square, the recent City policy has been that residential use should continue to be the dominant use with the approval of new office buildings or the conversion of existing residential buildings to office use severely limited. In this area, residential densities are limited to one unit for each 3,500 square feet of site area and a maximum site coverage including enclosed or covered parking, equal to 50 percent of the site area.

Within the Lytton Square/City Center area and the commercial areas along East Blithedale, multiple residential uses have been encouraged. Within all commercial areas, the allowable number of residential units is currently governed by the City parking standards and other zoning provisions of the respective commercial areas.

The City will continue to implement this policy (encouraging residential uses along Miller Avenue and in the Lytton Square/Town Center area) on a case-by-case basis in discussions with prospective applicants and develop more specific policies and implementation procedures/incentives particularly for the downtown area.

While discussions have taken place with several property owners regarding possible mixed use projects, the only residential/commercial mixed use application which has been submitted is the three unit project at 219 East Blithedale which was completed in 1995 and which is one of only three new projects (the other two being the Mill Valley Inn and an office building at 103 East Blithedale) constructed in the downtown area since 1988. In addition, three units were built in conjunction with the 311 Miller Avenue office remodeling.

What Can be Learned: Continue to seek opportunities for mixed use housing as part of the Miller Avenue Specific Plan. Utilize the Miller Avenue Specific Plan and the EIR on the Plan for expedited review of future housing development in that area. Develop standards and amend the Zoning Ordinance for mixed use that provide flexibility for housing that helps to address the City's needs (especially for very low and low income housing) based on housing type, size, location, occupants and adjacent uses. Examples include shared parking and reduced parking standards for smaller units and senior housing commensurate with their lesser parking impacts.