



## MEMORANDUM

**DATE:** May 1, 2013

**TO:** General Plan Advisory Committee (GPAC)  
City Council  
Planning Commission  
Jim McCann, City Manager

**FROM:** Mike Moore, Planning and Building Director

**SUBJECT:** Initial Comment Letter from the State Department of Housing and Community Development on the 2009-2014 Draft Mill Valley Housing Element

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On February 26, 2013, following public review of the Housing Needs Assessment, Site Capacity Analysis and the draft Housing Element goals, policies and programs by the Land Use and Mobility Working Group and the GPAC, the 2009-2014 Draft Mill Valley Housing Element was submitted to the Department of Housing and Community Development (HCD) for its initial review. As required by state law, HCD has 60 days to review and comment on the draft. The results of HCD's initial review are contained in the attached letter (**Attachment 1**). Prior to the issuance of the letter, our Housing Element consultants, Metropolitan Planning Group (Geoff Bradley and Karen Hong) and Karen Warner and Associates (Karen Warner) and I participated in a conference call with HCD staff to discuss preliminary comments and responses. A number of minor, primarily clarifying amendments to the narrative of the Housing Element were discussed, in addition to the more substantive comments contained in the official HCD response. Overall, the revisions to the Draft Housing Element recommended by HCD are not significant, and proceeding with the suggested revisions should put the Housing Element in a position to be "certified" in a subsequent HCD review.

The minor text revisions that were discussed via the conference call with HCD are listed in **Attachment 2** and will be made in the next revision of the Draft. More about the revision process, below. The comments in the HCD letter of April 29, 2013 focus on three topics:

- **Second Units:** Having a more specific methodology to track the rent levels and affordability of residential second units in Mill Valley. Because the Housing Element identifies second units in Mill Valley as a significant source of affordable rental units, particularly for lower income renters, the City needs to establish a means to track second unit rents to confirm the premise that these units do, in fact, help meet the City's affordable housing requirements. The Draft Housing Element uses data from a Marin countywide survey to support the City's conclusions about second units; however, in the

future, HCD wants to see more specific local data. In the interim, HCD will accept the data from a recent Sausalito second unit rent survey (used by our consultants in their work on the recently certified Sausalito Housing Element) since the rental market is very similar. The survey results are slightly different from the countywide survey data, but still substantiate Mill Valley's position that the majority of second unit rentals are serving lower income residents. In the current Draft Housing Element, the distribution of second units is 50% very low income, 20% low income and 30% moderate. Using the data from Sausalito (in the interim until the City can develop and complete its own survey), the breakdown is 28% very low, 57% low and 15% moderate. The change in distribution to reflect the Sausalito data does not affect Mill Valley's ability to meet its 2009-2014 RHNA obligations.

- **Site Capacity:** The Draft Housing Element recommends programs to utilize the capacity for “mixed use” development in existing commercially zoned areas. To effectively utilize that identified capacity, the Draft Housing Element recommends various amendments to the City's commercial development standards in the Zoning Ordinance. HCD supports the City's policy and programs to utilize existing commercially zoned sites for additional residential development (Program 6, page II-7 of the Draft Housing Element); however, they are concerned that the site capacity identified in the Housing Element may be diminished in the interim period between the adoption of the Housing Element and the adoption of subsequent amendments to the Zoning Ordinance. We believe that a response to that comment already exists through the proposed Land Use Map and Land Use Designations in the Land Use Element of the General Plan. The 1989 Mill Valley General Plan does not include a Land Use Map, nor does it establish density ranges for any land use categories. Having a Land Use Map and residential density ranges are standard state requirements of a General Plan. In addition, the City's Zoning Ordinance currently leaves the establishment of the residential density of a residential or mixed use project in a commercial zone to the Planning Commission on a project-by-project basis. The Draft MV2040 General Plan establishes a residential density range (17 to 29 units per acre, based on existing RM zoning standards) in the three identified commercial land use designations: Downtown, Neighborhood and General. The adoption of those designations and their respective density ranges as part of the adoption of the General Plan should be sufficient to guide any subsequent development of proposed mixed use projects until the Zoning Ordinance development standards can be made consistent with the General Plan and should adequately address the HCD comment.
- **Site Consolidation:** Because most of the sites identified in the Draft Housing Element Site Capacity Analysis (Appendix C) are small and would generate a commensurately small number of units, HCD would like to see a program added to the Draft Housing Element that would facilitate the potential consolidation of sites to increase opportunities to generate more affordable housing. This does not mean increasing the already existing residential densities that are the basis of the existing capacity analysis. The basis of this comment is simply that a larger site (e.g., the combination of two adjoining sites to produce one development project) could create the potential for greater affordability that could not be accomplished on a single site basis. Since this is a new topic area that is not currently addressed in the Draft Housing Element, staff and our consultants do not have any specific recommendations at this point. However, one immediate response could be to create an additional site capacity map (similar to the maps already in Appendix C) that

shows consolidation opportunities where already identified sites that are adjoining are highlighted. We would also want to address this issue in subsequent revisions to development standards and proposed multi-family residential guidelines to insure that consolidation of sites does not result in developments that are out of scale with the immediate neighborhood or Mill Valley, generally.

### **Next Steps:**

Overall, the GPAC and the community should be pleased with the results of the Draft Housing Element and the limited scope of HCD's initial comments. In addition to any other comments that may come from the GPAC's review of the Draft Housing Element at its May 2 meeting, as well as the review and discussion of HCD's comments, staff would recommend the following next steps:

1. Staff has proposed one additional GPAC meeting on Thursday, May 30. This will provide sufficient time for staff and our consultants to revise the Draft Housing Element based on the discussion and direction from the May 2<sup>nd</sup> meeting. On May 30<sup>th</sup>, we would present the GPAC with a revised Draft Housing Element to review one more time only in those areas where changes were directed.
2. Following the May 30<sup>th</sup> GPAC meeting, we would re-submit the revised Draft Housing Element to HCD for a follow-up review. These are typically done within 30 days. Assuming that our revisions will be responsive to HCD's April 29 comment letter and we receive no further requests for revisions, the revised Draft Housing Element would then be ready to go to public hearings at the Planning Commission along with the Draft General Plan.