



**MEMORANDUM**

**TO:** Housing Advisory Committee

**FROM:** Danielle Staude, Senior Planner

**VIA:** Patrick Kelly, Director of Planning and Building

**CC:** City Council  
Planning Commission

**SUBJECT:** Overview of Site Analysis and Inventory

**DATE:** November 10, 2021

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1 The upcoming Housing Element workshop on November 10, 2021 will focus on the sites  
2 analysis which is a required component of the Housing Element Update. The workshop  
3 will provide an overview of the requirements, the overall process and criteria used to  
4 evaluate and identify potential locations or sites that have “capacity” to accommodate  
5 new units—otherwise known as the “capacity analysis”.

6  
7 This is a draft working document and is being distributed prior to the workshop to help  
8 educate community members and city officials on the overall process. As such, it is  
9 important to note that data will be inputted and is subject to change based on input and  
10 guidance received as part of the overall process of drafting the Housing Element Update.

11  
12 Some data is not yet known and is highlighted as a placeholder at this point until further  
13 direction and data analysis is collected.

14  
15 In is also important to note that the sites analysis and inventory is a theoretical planning  
16 exercise to illustrate that the City can accommodate its share of new housing based on  
17 existing land use and zoning. While the analysis and inventory will eventually lead to the  
18 identification of parcels, it does not require that the property be redeveloped.

19  
20 Additional information and guidance from the State Department of Housing and  
21 Community Develop on the sites analysis process can be downloaded here:  
22 [https://www.hcd.ca.gov/community-development/housing-element/housing-element-](https://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/sites_inventory_memo_final06102020.pdf)  
23 [memos/docs/sites\\_inventory\\_memo\\_final06102020.pdf](https://www.hcd.ca.gov/community-development/housing-element/housing-element-memos/docs/sites_inventory_memo_final06102020.pdf)

## Sites Inventory & Capacity Analysis

An important component of the Housing Element is the identification of sites for future housing development, and an evaluation of the adequacy of these sites in fulfilling the City's regional housing needs allocation (RHNA). The "Housing Resources" chapter is a required component of the Housing Element and describes those housing resources available for development, rehabilitation, and preservation of housing in Mill Valley.

The following information is an outline of what will be included and described in the Housing Resources chapter of the Housing Element, once the sites analysis and inventory is finalized. This information is being provided to help educate the Mill Valley community and its policymakers on the overall process as part of the Housing Element Update.

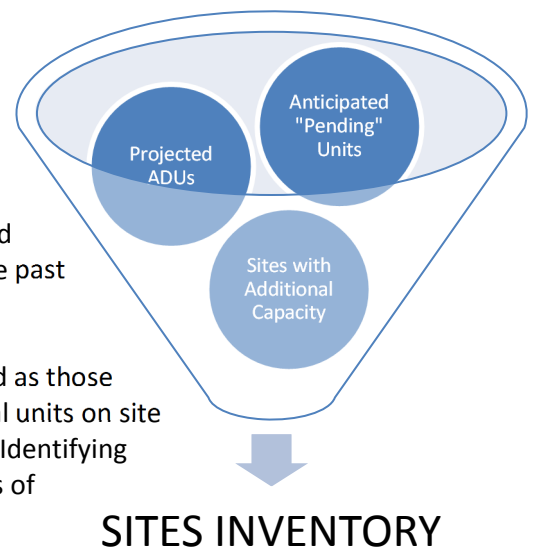
### Sites Inventory to Identify the City's Ability to Accommodate RHNA

The Mill Valley Housing Element Update aims to meet State mandates, achieve California Department of Housing and Community Development (HCD) certification, and also reflect the values and desires of the community.

Housing Element law requires local governments to adequately plan to meet their existing and projected share of the regional housing needs allocation (RHNA). HCD recommends that jurisdictions identify enough residential capacity within their boundaries that is above and beyond the required housing numbers identified in each RHNA cycle, to help offset sites that may be developed at lower densities than identified in the capacity analysis. A healthy buffer above the required RHNA therefore is also required by HCD to demonstrate a "margin of safety".

The following criteria is used to estimate the City's total number of dwelling units it can likely accommodate and expect to be built in the upcoming RHNA cycle:

- a) **Pending Units:** Total units related to projects with planning entitlements, but not built AND total units related to projects with building permits issued after June 2022;
- b) **Projected ADUs:** new accessory dwelling units projected based on the City's trend in production of units over the past several years; and
- c) **Sites with Additional Capacity:** Potential sites identified as those sites with capacity to incorporate new and/or additional units on site based on various factors described in Section C below. Identifying sites as part of the capacity analysis process is the focus of Housing Element Workshops 2 and 3.



See Table 1 for further details and data collected to date.

**NOTE:** The sites inventory and capacity analysis is a *planning exercise* and is by no means intended to eliminate existing use or building(s) on a property. This analysis does not imply that any of the units would be built in the future but rather identifies that the City’s zoning and land use is adequate to accommodate possible units on the site. This “capacity analysis” is a strategy that looks at the community as it is today, applies the existing development rules, and calculates the resultant number of housing units that could reasonably be provided. While this analysis assumes no change in existing zoning designations or standards, policies and programs included in the Housing Element could potentially include changes in development standards.

Table 1: Summary Table of Sites Inventory - *DRAFT DATA PENDING ADDITIONAL ANALYSIS*  
 Mill Valley’s 2023-2031 Regional Housing Needs Allocation (RHNA)

	Income Levels	Very Low (<50% AMI)	Low (51-80% AMI)	Moderate (81-120% AMI)	Above Mod (>120% AMI)	Total	
	<b>RHNA</b>	<b>262</b>	<b>151</b>	<b>126</b>	<b>326</b>	<b>865</b>	
<b>A.</b>	<b>Pipeline Projects and Approved Units (e.g. Approved Planning Entitlements or with Building Permits Issued after June 2022)</b>						
	Accessory Dwelling Units	--	--	--	--	--	
	Single-Family Units	--	--	--	2	2	
	Multi-Family Units	0	5	4	31	40	
	<b>Total New Units Permitted or Entitled</b>	<b>0</b>	<b>5</b>	<b>4</b>	<b>33</b>	<b>42</b>	
<b>B.</b>	<b>Projected ADUs (2023-2031)* based on 16/year</b>						
	<b>Total Projected ADUs</b>	<b>45</b>	<b>50</b>	<b>28</b>	<b>5</b>	<b>128</b>	
<b>C.</b>	<b>Projected Units in Capacity Analysis (Sites Inventory)</b>						
	Single Family Zones	X	X	X	-	-	
	Multi Family Zones			X	X		
	Commercial Zones				X		
	<b>Total New Units Projected based on Capacity Analysis</b>	<b>FOCUS OF WORKSHOP 2</b>					
<b>D.</b>	<b>GRAND TOTAL (A+B+C)</b>						
	<b>Remaining Need / Unaccommodated RHNA</b>	<b>To be determined - shortfall likely</b>					
<b>E.</b>	<b>STRATEGIES TO MODIFY CAPACITY/ALLOW MORE UNITS BASED ON UNACCOMMODATED RHNA</b>						
	Changes to Standards	<b>FOCUS OF WORKSHOP 3</b>					
	Changes to Land Use/Zoning						
	Changes to Max Densities						
	Other Strategies						

\* Affordability based on Mill Valley’s 2014 ADU survey, which documents 35 percent of ADUs are affordable to very low Income; 39 percent are rented at the low income level; 22 percent are rented at the moderate income level; and 4 percent are rented at levels suitable for above moderate income households.

Details of Table 1 are contained in the sections below.

**A. Pipeline Projects and Approved Units with Planning Entitlements or Building Permits Issued after June 2022**

This category includes those active “pipeline” planning projects as well as those projects that have been approved but not constructed, including those approved projects with planning entitlements and those projects that are issued building permits after June 2022.

**Table 2: Pending Residential Projects with Planning Entitlements or Issued Building Permits**

Unit Type	Total Units	Income Level			
		Very Low	Low	Moderate	Above Mod
<b>Accessory Dwelling Units</b>					
<b>Single-Family</b>	<b>2</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2</b>
501 Tamalpais					1
91 Evelyn					1
<b>Multi-Family</b>	<b>40</b>	<b>0</b>	<b>5</b>	<b>4</b>	<b>31</b>
160 Corte Madera (tbd)					
542 Miller (tbd when building permits issued)					
500 Miller	9	-	-	-	9
550 Miller	6		1	1	4
575 E. Blithdale (pipeline)	25		4	3	18
<b>Total Units Permitted/Entitled</b>	<b>42</b>	<b>0</b>	<b>5</b>	<b>4</b>	<b>33</b>

**B. Projected Accessory Dwelling Units**

Accessory Dwelling Units (ADUs) are small, self-contained dwelling units that provide a kitchen, bathroom and sleeping area. The unit can be attached to the main home with a separate entrance or can be a small detached unit located in the rear yard or above a garage. Because of their small size, ADUs typically rent for less than apartments, and can provide rental income for homeowners.

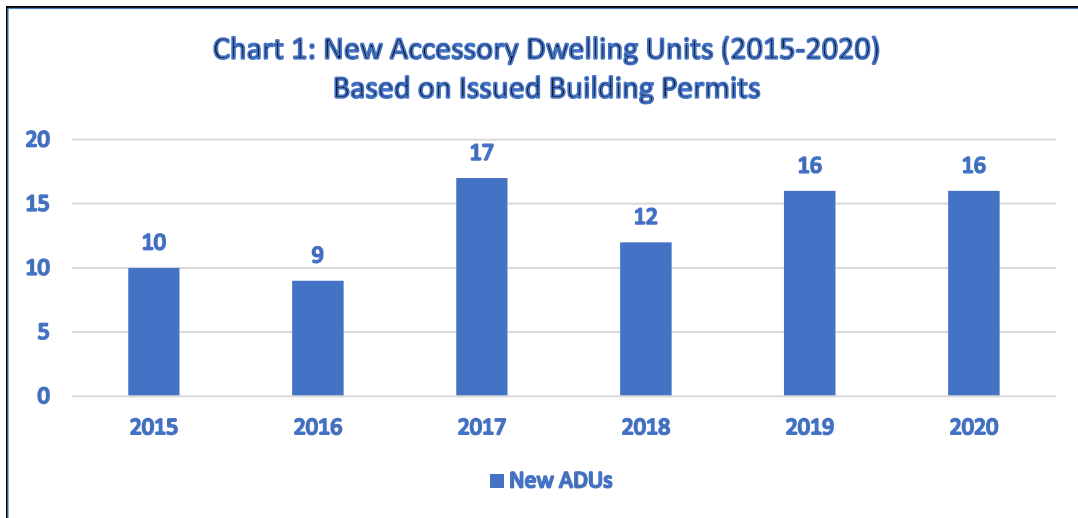
ADUs are an integral segment of Mill Valley's housing stock, comprising an estimated 550 units. In 2014, the City mailed a survey to 416 property owners identified as having a legal ADUs. A total of 117 completed surveys were received, with 100 respondents providing information on the rent charged for their unit, illustrated in Table 3 below.

**Table 3: Accessory Dwelling Unit Rents and Affordability - 2014 Mill Valley Survey**

Rent Range	# Survey Responses	% of total	Qualifying Affordability Level
Utilities only	1	35%	Very Low Income
\$0/No rent charged	28		
\$400-\$700	6		
\$701-\$1,000	16	39%	Low Income
\$1,001-\$1,300	14		
\$1,301-\$1,500	9		
\$1,501-\$1,800	12	22%	Moderate Income
Over \$1,800 (1 bdrm)	10		
Over \$1,800 (2 bdrm)	4	4%	Above Moderate
<b>Total</b>	<b>100</b>		

**Note:** the survey data related to affordability is being updated based on a county-wide survey, however staff expects the distribution to remain similar in nature based on preliminary information received.

Mill Valley's has a strong track record in providing ADUs, illustrated in Chart 1 below. Based on its 2-year development trend, the City expects to permit 16 new ADUs per year, for a total of 128 units during the 2023-2031 planning period.



**C. Site Capacity within Existing Residential Zoning, or “Capacity Analysis”**

Housing Element law requires Housing Elements to include a detailed land inventory and analysis of properties to identify sites that can be developed for housing within the planning period, noting zoning and general plan designations, size and existing uses; general analysis of environmental constraints and the availability of infrastructure, and the evaluation of the suitability, availability and realistic development capacity of sites.

This analysis yielded two groups of parcels: parcels that have a higher realistic residential development potential in the future, and others that have lower potential. The term “realistic potential in the near future” applies to:

- a) Parcels with single-family residential zoning designations, that currently have no living units on site, meet all of the criteria below and could reasonably develop one living unit. ADUs are counted in trends not by specific parcel, see Section B.

**Note:** Additional analysis will also be forthcoming about how to attribute additional units that may be generated from Senate Bill 9<sup>1</sup>, which allows for urban lot splits and two units in qualifying single-family zoning districts.

- b) Parcels with multi-family or commercial zoning designations (that allow residential development), that may have an existing commercial or residential use on the site, meet all of the criteria below, and could reasonably develop two or more additional residential units.

**Note:** As a reminder, this is a planning exercise to illustrate added capacity.

**Criteria.** Based on previous capacity analysis conducted for the past two housing element cycles, all parcels in the city were reviewed to identify sites that would be realistic candidates for infill residential development, to fulfill the RHNA. To ensure a meaningful analysis, a list of criteria was developed to identify only properties that had realistic development potential.

Below is the criterion either used or evaluated as part of the past two Housing Element cycles. Staff anticipates possible additional modifications based on the increased RHNA allocation of 865 units for this Housing Element cycle. (As you may recall, the capacity analysis for the last Housing Element resulting in the identification of 56 sites and 193 units at various income levels to accommodate the past RHNA allocation of 129 units. The unit count was higher than 129 units to provide the “buffer” as described on page 1).

1. **An average slope of less than 50% in commercially zoned areas and less than 70% in residentially zoned areas.** As several homes in the single-family districts are built on relatively steep slopes, the slope cut-off for single-family districts is higher than the slope cut-off for multi-family districts and all other districts, where a higher density would be more difficult to achieve with steeper slopes. A 100% slope refers to a 45 degree slope, and a 50% slope is approximately a 27 degree slope;
2. **Has ready access to roads and were not landlocked.** There may be some opportunity to review the small number of parcels that are landlocked due to SB9 allowances to split lots that are undersized;
3. **Has existing structures built in 1982 and before (for single-family or multi-family residential parcels) and is not listed on the City’s list of constructed projects** (which dates

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<sup>1</sup> Senate Bill 9:

[https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill\\_id=202120220SB9](https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=202120220SB9)

- from 1999 to present). Newer housing stock typically has a lesser chance of redevelopment;
4. **Has a parcel size of at least 3,000 square feet for commercial areas and at least 6,000 square feet for residential areas.** Typically parcels that are 2,000 – 2,500 square feet or less present increased challenges that could render a lot almost un-buildable. The minimum allowable lot size of 6,000 square feet was used for residential areas (Municipal Code 20.16.040) but will be further evaluated as part of lot split opportunities under SB9;
  5. **Is not been listed in the City's Historic Overlay Zone, which identifies 27 parcels, or in the Historic Society's list of 93 sites designated as 'Potentially Historic'.** The City maintains a Historic Overlay Zone and a list of sites that have Potential Historic Designation;
  6. **Would yield one unit if in a single-family residential district, or at least three units if in a multi-family or commercial district.** In districts that allow multi-family residential development, a two-unit yield is unlikely to result in redevelopment due to permitting and construction costs;
  7. **Were not prioritized as open space by all or the majority of members of the Open Space Site Priority Committee in January 2002,** to maintain their prioritization for open space;
  8. **Did not have an improvement value of \$200,000 or more based on assessor data, if in a residential district.** Typically, vacant residential parcels have an improvement value of \$0, and this criterion helps to ascertain whether they are actually vacant. The higher the improvement value, the higher the likelihood of the site with a functioning structure, and therefore less possibility of being redeveloped;
  9. **Had a ratio of improved value to total site value of less than 60% if in a commercial district.** A higher ratio of improved value to total site value would indicate a functioning, valuable structure, and therefore less possibility of being redeveloped.
  10. Had a **"Walk Score" of 50 points or less.** A commercial parcel with a Walk Score of less than 50 points is considered "car-dependent" wherein most errands require an automobile and was removed.

Note: In order to gain more potential units in the capacity analysis, the following criteria will be further evaluated to determine the number of potential units that can be accommodated by including these commercially zoned areas.

11. Were not **commercial zoned parcels on East Blithedale** from Park School up to Highway 101;
12. Were not **commercial zoned parcels adjacent to jurisdictional wetlands and Highway 101;**
13. Were not **commercial zoned parcels located within the Miller Avenue/ Montford/ LaGoma** intersection;

## Allocation of Units based on Affordability Levels

### 1. *Default Density*

“Default density” is a feature of state law and is a very important component of the methodology for the capacity analysis. The RHNA is divided into different income levels, as a jurisdiction needs to show its intent to provide housing for households of various income levels (the Association of Bay Area Governments, or ABAG, determines the calculation methodology and number of units per income category).

In order to assess this from a planning perspective, a “default density” is assigned to determine the number of units that could be counted in individual income categories. Generally speaking, the higher the potential density of a site, the more affordable the resultant development will be and the lower the income level it will be assigned to.

Pursuant to Housing Element statutes, sites in Mill Valley with zoning designations that allow residential development at a density of at least 20 dwelling units per acre (du/ac) and ½ acre in size are categorized as affordable to very low and low-income households.

### 2. *Residentially Zoned Sites*

A review of all parcels within the city with residential zoning in place in the Single-Family Residential, Multiple Family, Planned Single-Family Residential, Residential Planned, and Planned Multi-Family Residential Districts (RS, RM, RSP, RP, RMP respectively) will be made to determine the number of total parcels and residential units could be built in the future under existing zoning regulations. These units are assumed to be above-moderate income units, and ADUs will be attributed based on trends as discussed in Section B.

- Example: as part of the previous Housing Element Update: 30 Single Family zoned parcels were identified equaling 30 above-moderate new units and 2 Multi-family parcels (associated with the Redwoods Senior Housing) were identified for a total of 40 very low and low income units.

### 3. *Commercially Zoned Sites*

Mill Valley’s existing zoning regulations allow for residential uses within commercial buildings. Commercial zoned districts including: General Commercial, Neighborhood Commercial, Limited Commercial, and Downtown Commercial (C-G, C-N, C-L and C-D respectively). This form of mixed-use infill development is an ideal way for the City to utilize its existing stock of parcels currently served by existing roads and utilities. Residents next to or over ground floor commercial provide passive security for the area, provide a built-in customer base, and create increased activity and vitality within commercial areas. This form of traditional mixed-use enhances the historic development pattern found in the commercial areas of Mill Valley where a number of apartments and flats exist above and next to street level retail spaces.

These commercial sites will be reviewed to determine if the parcel could potentially support the addition of new residences above existing buildings, or by reconfiguring parking to allow for residential development, or by a complete redevelopment of the site.

- Example: as part of the previous Housing Element Update: 24 commercially zoned parcels were identified for a total of 123 units which were mainly attributed to very low and low income.



**4. Other Sites**

In addition, the City of Mill Valley is currently working on a 100% affordable housing project located on a portion of 1 Hamilton. On September 20, 2021, City Council took action to consider a portion of the land as surplus land is and currently working towards an exclusive negotiating agreement with EAH Housing. Based on the overall intent and Council direction, staff has included 40 units as a **temporary placeholder and estimate. The actual number of units and distribution of affordability will be updated as work progresses on this item.**

Other sites that may be of interest that are being further evaluated to remove restrictions include a City-owned parcel known as “Edgewood Reservoir” that has an open space restriction on the property and the City-owned parking lot on Miller Avenue that is currently within the FEMA floodway that does not allow for new building footprints without significant analysis based on a hydrologic study to determine that the floodway is not altered beyond the existing footprint.

**Table 4: Summary of Capacity Analysis for 2015-2023 Planning Period**

	Zoning Districts	Number of Parcels	Potential Unit Capacity
<b>Residential</b>	RS, RSP, RP, RM, RMP	tbd	tbd
<b>Commercial</b>	C-G, C-N, C-L, C-D	tbd	tbd
<b>City-Owned</b>	OA	1	40
	<b>Total</b>	<b>tbd</b>	<b>tbd</b>

**New Laws and Required Criteria for Identifying Sites**

There are substantial changes made to Housing Element Law (AB 1937) that limits the type of parcels that can be included in a City’s “sites inventory”. In order for a parcel to be included in a sites inventory, the parcel must:

- 1) Be "available" for residential development with "realistic and demonstrated potential" to accommodate housing development. Additional justification required on the unit capacity for each site, including review of project densities on similar sites in the city and at similar affordability levels. **Staff anticipates additional details and documentation will be required relating to the parcels selected as part of its sites inventory.**
- 2) Lower income sites must be between 1/2 acre and 10 acres in size, unless the city can provide evidence why the site would be appropriate, such as a proposed or approved development project affordable to lower-income households for the site.
- 3) For lower income households: non-vacant sites identified in the prior housing element that have not been approved for housing can no longer be used to fulfill the city's lower income RHNA need unless: a) the site is or will be rezoned to the minimum lower-income household density for the city within three years; **and** b) the zoning allows for residential use by right (without a Conditional Use Permit) of at least 20% of the units for lower income households.
- 4) Expanded analysis and justification of non-vacant sites, including city's past experience converting existing uses to higher density residential development, current market

demand for the existing use, and analysis of any existing leases or contracts that could prevent redevelopment of the site. ***There are very few vacant sites in Mill Valley, particularly in the commercial and multi-family zoned areas. Staff anticipates additional documentation to utilize these “non-vacant” sites.***

- 5) If a city relies on non-vacant sites to accommodate 50% or more of its housing need for lower-income households, the "existing use shall be presumed to impede additional residential development, absent findings based on substantial evidence that the use is likely to be discontinued during the planning period." Sites identified for housing development that currently or within the last five years contained residential units occupied by lower-income households, or were subject to an affordability requirement or local rent control policy, must be replaced one-for-one with units affordable to the same or lower income levels. ***The City is assuming that it will be subject to this requirement since the majority of the City’s parcels identified for low-income households are non-vacant.***

**Preliminary Results: Residential Development Potential and RHNA**

In order to successfully demonstrate that the City has sufficient capacity to accommodate 865 new housing units as part of its 2023-2031 RHNA, the City will need to expand and further evaluate its criteria for establishing sites. (As a reminder the last Housing Element capacity analysis and its related criterion resulted in 193 units). Additional strategies must be explored to determine how the City can accommodate the production of new housing.

**Table 5: Comparison of RHNA to Total New Units Projected**

Income Levels	Very Low (<50% AMI)	Low (51-80% AMI)	Moderate (81-120% AMI)	Above Mod (>120% AMI)	Total
<b>RHNA</b>	<b>262</b>	<b>151</b>	<b>126</b>	<b>326</b>	<b>865</b>
(a) Projects with Permits/ Entitlements;	0	5	4	33	42
(b) Projected ADUs	45	50	28	5	128
(c) Capacity Analysis based on Existing Zoning					
<b>Total Projected Units (A+B+C)</b>	<b>TBD- BASED ON UPCOMING WORKSHOPS</b>				
<b>Remaining Need/ Unaccommodated RHNA</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>	<b>X</b>

The following is a preliminary list of potential strategies for further discussion as part of upcoming Housing Element Workshops:

- **Expanding sites analysis to the East Blithedale, Camino Alto and 101 Highway corridors.** For the previous Housing Element, larger sites related to the shopping centers (such as Safeway at 1 Camino Alto and the Alto Shopping Center at East Bliehtdate and Camino Alto) were removed from the sites inventory. Similarly, there were some sites on the 101 corridor that were also removed from the analysis. Staff suggests adding these sites to the inventory to determine the additional units that may be gained by including these sites.
- **Modification of development standards.** Based on the City's previous trends in development, the capacity analysis assumes an average built density of 22 units/acre for commercially zoned and multi-family zoned areas with a maximum density of 29 units/acre. In order to utilize the maximum 29 units/acre, the City could consider reducing the parking standards and/or increasing height to maximize unit yield on a site.

City planners have had dicussions with a Task Force of local architects, planners and developers on the review of Objective Design and Development Standards (ODDS Task Force). The Task Force was supportive of increasing the height limit in the commercial areas to 40' to provide flexibility in ground floor plate heights, FEMA requirements and roof variations. The Task Force was also favorable of reducing parking ratios to 1 parking space for any unit 1,000 square feet or less.

- **Modification of zoning and land use.** Consider different allowable land use or zoning for specific areas. Examples include City open space. Another example is the recent approval of Senate Bill 9, which now allows for two-unit projects in Single-Family zoned areas and the splitting of parcels below the City's designated minimum lot size for each zoning district.
- **Allowable densities.** Consider rezoning or increasing the allowable densities in certain areas, such as certain commercially zoned districts.
- **Evaluating Senate Bill 9.** Determine the number of potential units that may be yielded from new regulations under SB9 related to lot splits and two-unit projects in qualifying Single-Family Zoning Districts.

Staff will return with various strategies such as those identified above based on community input received at the Housing Element Workshop 2 (November 10, 2021) to determine various options the City may have as staff works to balance local interests with Housing Element requirements.