

**PLANNING COMMISSION
STAFF REPORT**

DATE: January 27, 2015

RE: Housing Element Update: Public Hearing on 2015-2023 Draft Housing Element.

REQUEST

- Hear the staff presentation.
- Review the potential housing sites and proposed programs.
- Provide direction to staff, as necessary.
- Provide recommendation to the City Council.

ENVIRONMENTAL STATUS

This Draft Housing Element is an update of the 2004 Housing Element, no substantial changes have been made to the Element's goals, policies, or programs. Environmental review to be determined based on final Housing Element to be submitted to the State Department of Housing and Community Development.

BACKGROUND

California Housing Element Law

All California cities and counties are required to have a Housing Element included in their General Plan. Rules regarding housing elements are found in the California Government Code Sections 65580-65589 and 65863. All Bay Area jurisdictions are required to update their housing elements to cover the 2015-2023 housing element planning period to comply with State law. The City's current housing element was adopted in 2010 and certified by the State of California Department of Housing and Community Development (HCD). The City is required to adopt its updated Housing Element for the 2015-2023 planning period by January 31, 2015. With the passage of the Sustainable Communities and Climate Protection Act of 2008 (Senate Bill 375), a local government that fails to adopt an updated housing element within 120 days of the deadline is now required to revise its housing element every four years until adopting at least two consecutive revisions by the due date. Local governments that timely adopt updated housing elements are placed on an eight-year review cycle.

Unlike the other mandatory general plan elements, the housing element is subject to much more detailed statutory requirements and mandatory review by HCD. According to State law, the housing element must:

- Provide goals, policies, quantified objectives and scheduled programs to preserve, improve and develop housing.
- Identify and analyze existing and projected housing needs for all economic segments of the community.

- Identify adequate sites that will be zoned and available within the current housing cycle to meet the City's fair share of regional housing needs at all income levels.
- Address governmental constraints to housing maintenance, improvement, and development.
- Be internally consistent with other parts of the general plan (which is critical to having a legally adequate general plan).
- Be submitted to the HCD to determine if the Department "certifies" that the housing element is in compliance with State law.

State law establishes detailed content requirements for housing elements and requires a regional "fair share" approach to distributing housing needs — called the Regional Housing Needs Allocation (RHNA). State housing element law recognizes that in order for the private sector to address housing needs and demand, local governments must adopt land use plans and implementing regulations that provide opportunities for, and do not unduly constrain, housing development. In particular, the housing Element must identify sites with the appropriate zoning densities to meet the jurisdiction's RHNA for income categories. While it must be demonstrated that these sites could reasonably be developed over the planning period, it does not mean that housing must be built on all identified sites.

State law requires that every updated Housing Element be submitted to HCD to ensure compliance with the State's minimum requirements. Failure to receive timely certification can have consequences including:

- *Lawsuits.* Developers and advocates have the right to sue jurisdictions if their Housing Element is not compliant with State Law. Lawsuits can have further consequences: 1) Mandatory Compliance by Court Order; 2) Suspension of local control on building and zoning permits; and/or 3) Court approval of housing development projects.
- *Carryover of Unfilled Housing Allocation.* A city may be required to carry over unfilled RHNA to the next cycle in addition to the new allocation. This would only apply if the City of Larkspur did not have certified Housing Element by the beginning of the 2024-2032 planning period.
- *Limited Access to State Funding.* Both the California Infrastructure and Economic Development Bank (CEIBD) and the Bay Area Metropolitan Transportation Commission (MTC) award competitive funding, which takes into consideration the approval status of a community's Housing Element. The City is presently eligible for 'Safe Routes to School' Grants for the following planned improvements: 1) Magnolia Ave Pedestrian Crossing Improvements; and 2) Doherty Drive Bike/Pedestrian Improvements from Lucky/Doherty to Riviera Circle West at the entrance to Redwood High School.

Streamlined Review by HCD

For this housing element cycle, HCD is providing eligible local governments with an option to utilize a streamlined review process. This new process is intended to create efficiencies in the

preparation of the updated element as well as clarity in HCD's review process. Recognizing that much of the information in a certified housing element may still be current, the streamlined review allows the local government to submit a housing element that indicates where changes have been made. HCD will review the changes that have occurred since the prior planning period and will accept those sections that have not changed as continuing to be in compliance with statutory requirements. For Larkspur, this greatly reduces the time and cost associated with updating the Housing Element. Further, the City retains greater certainty in regard to housing policies and programs for the duration of the 8-year planning period, rather than being subject to new or revised mandates at a 4-year review.

Format of the Draft Housing Element

The Draft 2015-2023 Housing Element is formatted in order to comply with the submittal requirements for a streamlined review. Text revisions are in ~~striketrough~~ and underline format, except where an entire section has been revised. In that case, the heading has been highlighted in yellow to indicate that everything that follows in that section has been revised. This is applicable to the sections HCD requires to be updated completely, i.e., the Public Participation section () and the Evaluation of the 2010 Housing Element (Appendix B). Tables and figures that were revised are also indicated by a yellow highlighted table or figure number.

The Draft Housing Element and its appendices are available for review on the City's website at www.cityoflarkspur.org/HousingElementUpdate.

Process for the City's Housing Element Update

The City conducted a public meeting on October 21, 2014, to solicit input from the community on directions for the update of housing element. Participant comments from the meeting helped to identify key issues and some strategic directions to pursue in the housing element update. An overview of the public meeting is presented on pages 9-10 of the draft element and a summary of the workshop is attached. A discussion on particular comments, or themes, from the community workshop are provided in the discussion below.

This first public meeting before the Planning Commission represents the first of opportunity for public discussion and review of the Draft Housing Element. Similar public meetings before the City Council are tentatively scheduled for February and will be provided further public notice. Additional meetings on the Draft would be scheduled as necessary. However, the schedule must allow for 60-day review by HCD of the Draft, consideration of HCD's comments and adoption of the final housing element by both the Planning Commission and City Council prior to May 31, 2015.

DISCUSSION

RHNA

As discussed above, every jurisdiction in California is required to identify that there are "adequate housing sites" that are either under construction or properly zoned to meet their "fair share" of housing needs at all income levels for the 8-year planning period. Again, it must only be

demonstrated that the sites could reasonably be developed over the planning period, but it does not mean that housing must be built on those sites that have been identified. Larkspur's RHNA for the 2015-2023 planning period is shown below by income category. In comparison to the 2007-2014 period, the RHNA for Larkspur has been considerably reduced from the 382 units identified in the prior RHNA cycle.

Income Level	2007-2014		2015-2023	
	Units	Percent	Units	Percent
Very Low	90	24%	40	30%
Low	55	14%	20	15%
Moderate	75	20%	21	16%
Above Moderate	162	42%	51	39%
TOTAL	382	100%	132	100%
Source: Association of Bay Area Governments (ABAG)				

After accounting for all sites currently built, under construction, or approved as of 2014, staff has determined that the City remaining need for the RHNA cycle is 37 Very Low income units (see page 45). By carrying over sites that that were identified, but not developed in the previous 2007-2014 Housing Element, there is no need to re-zone or otherwise make any additional housing sites within the City. The Draft Housing Element includes a reduction in unit objective for the site at Bon Air Shopping Center, which is discussed below.

Key Changes from the 2010 Housing Element

The current update builds upon the 2010 Housing Element as the starting point. As with the 2010 Housing Element, the updated housing element contains five primary sections: Introduction; Housing Needs Assessment; Housing Opportunities Analysis; Vision, Goals, and Objectives; and Policies and Implementing Programs. Appendix B contains an analysis of the Evaluation of the previous 2010 Housing Element which includes explanations of modified or deleted programs. Many changes are updates reflecting what has happened over the past few years. Key changes from the 2010 Housing Element include the following:

1. *Updated Data on Employment, Housing and Population Projections, Housing Needs, and Affordability.*

The updated housing element contains updated statistics and analysis of housing issues per State law. The projections in the draft Housing Element are consistent with the most recent Association of Bay Area Governments (ABAG) Projections published in 2013. Other sources of information, such as the Department of Finance and local surveys, are used for particular demographic needs analysis. One of the more significant findings is the recent trend that Larkspur is growing both younger and older at the same time. However, future trends indicate the child population will remain fairly static, but the number of senior residents (age 65 and older) and is expected to grow to 26 percent of the population by year 2030. The projected increase in the senior population may increase demand for affordable senior housing and more

second units to house caregivers and to provide seniors with additional income in order to be able to afford to age in place.

2. *Adjustment to Housing Opportunity Sites*

Based upon housing that is built, under construction (or otherwise approved) since 2014, the City's remaining need for the RHNA cycle is 37 Very Low income units (see page 45). By carrying over sites that were identified, but not developed in the previous 2007-2014 Housing Element, there is no need to re-zone or otherwise make any additional housing sites within the City. While no sites from the 2007-2014 list have been entirely removed, the updated list recognizes that the Drakes Way (EAH) project (24 Very Low units) and a portion of the Drake's Cove development (23 Above Moderate units) was completed in the last cycle.

Housing Government Code Section 65583.2(c)(3)(B)h allows local governments to utilize "default" density standards deemed adequate to meet the "appropriate zoning" test, which in Larkspur's case are sites designated at 20 units per acre or more. The Draft Housing Element has been amended to apply the "default density" standard to several sites that are located within zoning districts that permit at least 20 units per acre or more. These are mostly sites that are located in commercial districts, generally permitting residential above commercial uses. Rather than identifying specific numbers of units at specific affordability levels on a site-by-site basis, HCD is obliged to accept all units within this density standard to meet lower income affordability levels. Using this approach and applying the default density standard of 20 units/acre, the Housing Element must identify sites for at least 37 units at this density.

The following sites from the 2010 Housing Element have been identified for the default density standard based upon their current General Plan Land Use and zoning:

- CLASP subareas 1 and 2
- North End Magnolia (Miscellaneous; Residential above Commercial)
- Downtown Area (Miscellaneous; Residential above Commercial)
- Downtown Vacant / Underutilized Properties
- Bon Air Center

Based upon a realistic development capacity for development within the 2015-2023 planning period, staff estimates approximately 102 units that can be applied to the Low/Very Low RHNA requirement. The Draft Housing Element assumes the same number of overall units as previously proposed, with the exception of Bon Air Center, which has been reduced from 90 to 40 units, to better reflect the likely capacity of development over the existing commercial footprint. This change to the Housing Element in no way *increases* the development potential for above-moderate units on the property.

A map of the opportunity sites is included in Appendix A of the Draft Housing Element. .

3. *Updated Information on Governmental and Non-Governmental Constraints.*

The draft housing element contains updated information on the City's efforts to remove constraints identified in the 2010 Housing Element. In particular, the element discusses the City's adoption of more recent zoning amendments to: remove barriers to *transitional and supportive housing*; allow *emergency shelters* as a permitted use in the A-P (Administrative and Professional Office)

Zoning District and Planned Development Districts permitting A-P uses; establish a procedure for people with disabilities to request *reasonable accommodations* in the application of zoning laws and land use regulations; and create a process for review and consideration of *density bonuses and other incentives* to promote affordable housing per State Law. No new housing constraints were identified.

The Draft also provides a detail on the percentage of development costs that are attributed to City fees (as well as other special district and utility service fees). While these are estimates, it demonstrates that Larkspur fees are generally low and within range of fees throughout the County. Further, the Housing Element encourages the City to allow reductions or waivers of fees for projects that provide affordable housing.

4. Vision, Goals, and Objectives

While the overall theme of the City's visions, goals and objectives for housing have not substantively changed, a "Quantified Housing Objective" has been added to be more consistent with State law and HCD guidelines.

5. Revised Policies and Programs

The updated housing element includes many of the programs that were included in the 2010 Housing Element, many of which have been simply updated to reflect more current codes, mandates, and/or coordinated housing programs. Several programs were either deleted or modified because the City had accomplished the program actions, as discussed above.

A new program H8.C was added to adopt development standards and an outreach program for "Junior Second Units". This is a means of creating new, smaller, less impactful housing within existing single family homes by repurposing an existing bedroom and adding a "wet-bar" type kitchen. The program includes standards that the City would consider when drafting a Junior Second Unit Ordinance, including limitations on unit size and a deed restriction. In order to be considered a housing unit for RHNA purposes, the unit would need to have external access and a private bathroom.

6. Evaluation of 2010 Housing Element

Appendix B contains an analysis of the Evaluation of the previous 2010 Housing Element which includes explanations of modified or deleted programs. The City has been effective in implementing many of the key programs contained in the 2010 Housing Element, including the zoning ordinance amendments described above. Staff recommends many of the programs that have not yet been implemented to be carried forward to the next planning period.

7. Comments from Public Workshop

While there were a variety of comments, certain themes emerged from the commenters. The following is a synopsis of those comments, with responses:

- *The City should consider reducing the number of housing sites (particularly Bon Air Center), in response to the lower RHNA requirement. While the default density standard allows the*

City to reduce the target housing goals for Bon Air Shopping center from 90 to 40 units, it does not assure that adequate affordable housing will be developed on alternative sites, over time, to meet the RHNA within the planning period. Eliminating the shopping center and/or downzoning sites may require consideration of alternative sites to be re-zoned in order for the City to actually provide housing for the lower income housing needs. Being a largely “built-out” community, there are few acceptable alternative sites for housing at the default density. Underutilized sites such as the McLaren-Estelle property and the underdeveloped City park (now Centennial Park) at the corner of Alexander Avenue and Magnolia were studied during prior housing element discussions and rejected due to impacts to surrounding low-density neighborhood.

- *The use of the site at 2000 Larkspur Landing Circle (RVSD) as residential development should be reconsidered.* This site is approved for Residential Development under the General Plan and the governing Ordinance. No. 951. The RVSD has indicated that they intend to move forward with clean-up and eventual development of the property. The property should remain as a housing opportunity site unless the City or property owners decide to amend the General Plan Land Use designation. If removed, the City may need to eventually consider alternative sites for housing as discussed above.
- *There was support for the concept for Junior Second Units, particularly to off-set the need for new housing development.* This has been incorporated into the Draft Housing Element. Success in development of Junior Second Units may assist in not only meeting RHNA goals, but may prove an effective tool for addressing future RHNA cycles.
- *There was support for incentivizing rehabilitation of existing residential units.* City fees for rehabilitation of residential units is very low; such projects are not typically subject to extraordinary discretionary review and/or CEQA analysis. With the economic recovery, the City has seen an uptick in rehabilitation of multiple-family residential complexes such as Larkspur Courts, Serenity at Larkspur Landing, 140 Lower Via Casitas, and now Woodlark Apartments. The Planning Commission may want to consider whether Larkspur should consider instituting minimum densities to better protect and maintain housing stock.
- *There was suggestion that household overpaying for housing are likely renters and it was unlikely there was a need for affordable for-sale housing for seniors.* As described on page 31, approximately 44% of seniors were renters and 56% owned their home. Senior populations are more likely to have difficulty obtaining affordable housing as they are often living on fixed incomes and are unemployed. In Larkspur, 58% of senior renters were cost-burdened (paying more than 30% of their income for housing needs) in the year 2011, while 33% of senior homeowners were cost-burdened. There were 89 seniors in Larkspur living below the poverty level in 2012. The need for all forms of affordable and livable senior housing in Marin is well documented.
- *The City should incorporate density bonuses into the estimates of capacity for each site to demonstrate the level of development and impact.* The Draft Housing Element does not speculate on the likelihood of density bonuses as housing sites must be evaluated according to the density under the General plan and Zoning. However, Density Bonuses are identified as a tool (and required by State Law) to promote affordable housing as opposed to above-market housing. The density bonus would not be applicable to the majority of miscellaneous

sites that have a capacity of less than five units. The following is a summary of the development capacity of major sites assuming the maximum 35% density bonus:

- Bon Air Shopping Center: The amount of units is limited more by the local traffic limits (Policy C and the Circulation Assessment Permit) than by the land-use regulations. All development is required to provide no less than 50% affordable or senior units, which exceeds or meets the minimum requirements for the maximum density bonus.
- CLASP Subarea 1: 19 units plus a density bonus 7 units for a total of 26 units.
- CLASP Subarea 2: 28 Units plus a density bonus of 10 units for a total of 38 units.
- Tiscornia: 23 Units plus a density bonus of 8 units for a total of 31 units.

This results in a yield of 25 potential additional units if the maximum density bonus were implemented. It should be noted that the capacity totals on all these sites are based on current zoning and General Plan designations.

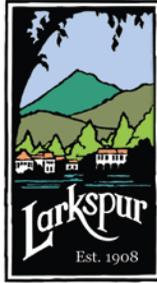
RECOMMENDATION

Staff recommends that following the presentation of the staff report, the Planning Commission:

1. Hold a public hearing and accept any comments; close the public hearing.
2. Discuss the Draft Housing Element and the public testimony received;
3. Move to adopt Draft Resolution No. recommending that the City Council adopt the draft Resolution amending the adoption of the Draft 2014-2023 Housing Element.

ATTACHMENTS

1. Summary of Housing Element Community Workshop
2. Planning Commission Resolution Recommending approval of Draft 2014-2023 Housing Element.



City of Larkspur Housing Element Update

SUMMARY REPORT

COMMUNITY WORKSHOP
Tuesday, October 21, 2014
6:30 p.m.- 8:30 p.m.

Overview

On Tuesday, October 21, 2014 the City of Larkspur held a public workshop to provide information and receive input on the City's 2015-2023 Housing Element Update. The workshop was held at Larkspur City Hall and had approximately 13 attendees. The meeting was noticed to the public with the following methods:

- A notification sent to 359 citizens subscribed to the City's General Plan Update email notification list;
- An advertisement published in the Marin Independent Journal on October 6 and October 13;
- A mailed announcement to 45 public agencies, non-profit organizations, homeowner associations and citizen groups;
- Newsflash postings on the City of Larkspur's home page as well as the Planning Department webpage; and
- Flyers posted at the Larkspur Library and City Hall.

In addition, the Marin Independent Journal published a front-page article on the upcoming workshop on the day before the meeting.

Neal Toft, Director of Planning and Building, provided introductory remarks, and Christine O'Rourke, housing element consultant,



presented a slide show that covered the following material:

- Background on housing element requirements and the Regional Housing Need Assessment (RHNA) process.
- Historical and current RHNA, broken down by income categories for the 2015-2023 planning period.
- Housing production over the 2007-2014 planning period.
- Demographic statistics, including population and employment trends, age group trends, and household types and characteristics.
- Current rents and sale prices for housing, and how these prices relate to the various household income categories (very low, low, moderate and above moderate).
- Existing affordable housing in Larkspur, both rental and ownership.
- Strategies to meet the RHNA for the 2015-2023 planning period, including the retention of housing opportunity sites identified in the prior Housing Element, adopted in 2010.

Participants asked questions following the presentation and engaged in a group discussion. Staff posed the following questions to the group:



- Are there any additional housing strategies the City should pursue to meet its affordable housing needs and Regional Housing Needs Allocation (RHNA) requirements?
- Are there other housing issues or concerns that should be addressed?

The agendas, presentations and minutes are available on the City's website at <http://www.cityoflarkspur.org/HousingElementUpdate>.

Summary of Discussion and Input

While concerns were raised about State housing requirements, State density bonuses, the historic statewide drought, and traffic impacts of new residential development, there was a general understanding that meeting the 2015-2023 RHNA requirements would not require endorsing new housing projects or significant new housing policy.

As presented, housing developed through already approved projects, including Rose Lane, Drake's Cove, 2000 Larkspur Landing Circle, and 285 Magnolia Avenue will

address a large portion of the City's RHNA for low, moderate, and above-moderate households. Continued production of second units and development of housing at other residential or commercial sites identified in the 2007-2014 Housing Element cycle would sufficiently meet the City's remaining RHNA requirements for very-low income housing. By carrying over the existing sites identified in the prior Housing Element cycle, the City can meet the current RHNA without rezoning properties.

Some participants requested that the City consider removing sites that were identified in the current housing element because the City's RHNA requirement has dropped from 382 units to 132 units. City staff explained that these sites are already zoned, and in some cases entitled, for residential development, so removing them from the inventory would require downzoning specific parcels. Additionally, having more sites than actually needed ensures the City will still have enough remaining sites if some of the sites are not developed to their expected capacity or affordability levels.

Discussion related to housing policy and strategies focused on facilitating and directly incentivizing second units and junior second units as a way to address affordable housing needs for very-low income households and evolving housing demand. The resulting traffic from any new housing production was a concern, as was the availability of water to serve new housing units.

Comments from Participants

The following comments were provided both during the meeting and on submitted comment forms and letters.

Housing Policy

- Some of the City's housing stock is in need of rehabilitation and updating, especially rental housing stock. The City should adopt a streamlined process for such rehabilitation and should promote maintenance and upkeep.
- The RHNA should be reduced in recognition of the statewide drought and other finite resources. Existing residents should not have to conserve more and more only to accommodate new residents or meet statewide growth mandates.
- There is a disconnect between the planning authorities and the Marin Municipal Water District, as the District is obligated to accommodate the growth proposed by the cities.
- City staff and officials should anticipate the predatory developers that will come in and try to maximize entitlements.
- Many Larkspur residents have a very negative feeling toward housing development and policy in Larkspur, and do not trust ABAG, the Transportation Authority of Marin, and the Metropolitan Transportation Commission. There is a lot of concern with traffic impacts of new residential development. Larkspur is at a

culp of maintaining its quality of life and character and turning into something very different.

- Homeowners should be given the same incentives and exceptions to zoning as high-density housing developers.

Second Units

- The City's existing development standards for second units, particularly the requirement for an additional parking space, actively discourage property owners from developing second units.
- The City should actively promote and incentivize development of second units, such as making personal contact with property owners. Estimating costs for homeowners ahead of time can help to encourage second unit production.
- Nearly all participants supported the concept of junior second units to create a less expensive, more energy-efficient and less intrusive housing option for the community. Development standards for junior second units should be as flexible as possible, including allowing interior access to the main house and not requiring an additional parking space.
- Fees for second units are very high and keep property owners from adding second units to their homes. The City should consider reducing building permit and development fees.
- Regarding junior second units, the City should maintain its existing requirement for the property owner to reside in either the main unit or the junior second unit.

Senior Households

- Senior households overpaying for housing are likely renters, which may not correlate to a need for smaller for-sale units for seniors.
- Rental developments for senior households will likely experience high turnover rates with replacement by other seniors, while for-sale units owned by seniors will likely not be sold to other seniors but rather families or younger adults.

Housing Sites

- The City should increase the projected second unit production to meet RHNA requirements and take the Bon Air Shopping Center parcel off the list of housing opportunity sites.
- As the prior Housing Element Cycle required significantly more units than the current cycle, there are opportunities to remove housing opportunity sites from the updated Housing Element.
- Having extra units in the inventory has an inflationary effect on proposed development, as project proponents refer to site capacity identified in the Housing Element.
- The Bon Air Shopping Center site should be removed from the sites inventory.

- There is not a strong market base to accommodate the proposed units at the Bon Air Shopping Center. Such development would be very unattractive to developers and likely wouldn't occur.
- The City should incorporate potential density bonuses into their estimates of capacity for each housing opportunity site so residents have a true understanding of the level of development and impacts to infrastructure that could occur.
- 2000 Larkspur Landing Circle has toxic contamination and may make a good parking lot for the ferry terminal.
- The City should consider downzoning existing sites.
- Tiscornia is a very constrained site and with density bonuses could accommodate two mini-WinCups on Magnolia Avenue.
- 2000 Larkspur Landing Circle is owned by the Ross Valley Sanitary District and should be used for the public good, such as a new school. Enrollment continues to increase and the school districts need new resources.

Next Steps

In response to the input gathered from the community, staff will consider policies related to the concept of junior second units. Suggestions from the community to remove sites from the housing opportunity sites inventory will be presented to the Planning Commission and City Council for their review and discussion.

City staff will also review existing Housing Element programs and policies to determine if any modifications are needed to support identified needs for senior housing, live/work opportunities, and sustainability goals. Existing development standards and inclusionary housing requirements will also be evaluated. The draft 2015-2023 Housing Element is scheduled to be presented to the Planning Commission in December of 2014 and January of 2015.