

Section 2. Housing Opportunities Analysis

Evaluation of the Current Housing Element

Overview

State Housing Element law requires an evaluation of the achievements of the City's housing goals, policies and programs adopted in the 2010 Housing Element. There are many factors that affect the success or apparent failure of a policy or program, including what the City has done and what other agencies or groups have done to implement the program. Other factors affecting program success include the effects of the economy in general, decreasing availability of state and federal funding for new below market rate housing, or lack of opportunity to implement the program.

Summary of Overall Accomplishments and Key Findings

The themes of the Larkspur General Plan are to:

- 1) Retain Larkspur's character including the historic downtown and the scale of residential neighborhoods;
- 2) Protect the quality of life, even giving it greater importance than the mobility of traffic;
- 3) Preserve and enhance open space.

Within this context, there are a number of guiding policies in the 2010 Housing Element to address housing issues and needs. A number of policies are related to affordable housing, including the creation of new affordable units and the preservation of existing affordable units. Policies and programs contained in the 2010 Housing Element are reviewed and analyzed in Appendix B.

Larkspur's affordable units since 1988 have come from new development as a result of the Housing Element's inclusionary policies. The units are in five projects: Cape Marin, Larkspur Courts Apartments, Edgewater Place, Drake's Way, and Rose Lane. Some current City housing policies include:

- The City's Inclusionary/In-Lieu Fee requirements (adopted in 2005), which require residential developments of five to 14 units to be comprised of at least 15% affordable units, and developments of 15 or more units to be comprised of at least 20% affordable units.
- Control the conversion of apartments to condominiums and prohibit the conversion when the vacancy rate is less than 5%.
- Support development and retention of housing meeting the needs of all segments of society (families, elderly, disabled, low and moderate income, city employees, homeless, etc.)
- Support the development of second units.
- Retain existing residential units in commercial areas and support new mixed-use developments.
- Maintain neighborhood scale through the enforcement of the floor area ratio standards on remodels and new construction.
- Retain existing mobile home parks.

- Support actions that balance employment generation and housing development. Allow second units on non-conforming residential properties located in certain commercial zones.

An important aspect of successful Housing Elements is the willingness on the part of local government to take on a more proactive role in implementing housing programs. Actions that the City of Larkspur can take to provide sufficient sites with potential for meeting the City's housing needs, especially for very low and low-income households, include General Plan amendments, rezoning, and zoning text amendments. In addition, the City can help to coordinate with non-profit housing sponsors and other agencies to build affordable housing.

The City's Residential Second Unit standards are in Chapter 18.21 of the Zoning Ordinance. The City allows second units in the R-1 (single family), R-2 (duplex), R-3 (multi-family), SD (Storefront Downtown) and GD (Garden Downtown) districts and as specified in the ordinances governing Planned Development zoning districts. The second unit can be attached or detached and up to a maximum of 700 square feet provided it meets current zoning standards and, in addition to the parking requirements for the main dwelling, one additional parking space is provided for the second unit. The second dwelling unit ordinance allows the legalization of existing illegal units on the same basis as new units. Legalization could result in these second units being added to the known housing stock.

In general, the goals, policies, and programs in this Housing Element have provided a comprehensive set of actions to meet the City's affordable housing needs and provide a diversity of housing types. The entire General Plan, including this Housing Element, reaffirms the following City's goals by: (1) acting as a guide for municipal decisions which affect the quality and quantity of housing; (2) maintaining housing growth within limits of available services; and (3) maintaining Larkspur's present quality of life by balancing the availability of housing with other environmental considerations.

The following specific changes are *recommended for consideration* based on a review of the current Housing Element:

- 1) Strengthen the City's Residential Second Unit program as a viable way to provide smaller, affordable units by considering changing the requirement that to have a second unit, the parking must be brought up to current standards for the main unit and to allow for a higher building height limit for second units built over parking garages. Another action to be considered is lowering the parking requirement for the main unit. The City will also adopt regulations for junior second units, whereby an existing bedroom is converted to an independent living space (see discussion in Section 2, page 82).
- 2) Continue to seek opportunities for mixed use and transit-oriented housing by investigating the feasibility of amending Planned District zoning districts, creating affordable housing overlay districts, and creating incentives to add residential uses to existing shopping centers, such as the Larkspur Landing and Bon Air Shopping Centers. Also, to increase the number of units likely to be added within the C-1 and C-2 Districts, consider allowing a height limit bonus and flexibility in applying

development standards (FAR, lot coverage) for the construction of affordable housing units above commercial.

- 3) Continue to participate in countywide housing activities and coordination with other jurisdictions and special districts.

In the previous Housing Element, the City proposed investigating the feasibility of using funds from the Affordable Housing Fund to convert existing market-rate housing to affordable housing as a means to meet the City's need for low-income housing. However, after thorough consideration of such a proposal, the City found that a number of current residents would be displaced if such a conversion occurred, as they would not meet the minimum income eligibility requirements for low income housing in order to remain in their units. Additionally, they did not have the higher income required to relocate within the same area. As a result of this study, the City found that some market-rate housing does provide affordable housing to a specific economic segment of the community.

Regional Housing Needs Allocation (RHNA)

The Association of Bay Area Governments (ABAG) develops a Regional Housing Need Allocation (RHNA) to distribute the region's share of the statewide need to the cities and counties within the region. The RHNA is for the 2014-2022 period, and is broken into housing needs for various income categories in the City. The RHNA is a state-mandated process which determines the quantity and affordability of housing for which a community must plan. The California Department of Housing and Community Development assigned the Bay Area a housing needs allocation of 187,900 for the 2015-2023 planning period. Of this figure, 2,298 units were allocated to Marin County for the planning period (roughly 290 a year) through a distribution formula developed by the Association of Bay Area Governments. Approximately 43 percent of these units must be affordable to lower income households.

In developing the method for distributing the latest regional housing needs, ABAG concentrated new development in Priority Development Areas, sites that were identified voluntarily by cities or counties as areas for future growth. The new method helps reduce development pressure on open space, rural areas and small towns. Benefits of this approach include reduced vehicle miles traveled and reduced greenhouse gas emissions. This new approach has resulted in a lower "fair share" housing need for Larkspur than the previous planning period, as shown below.

Table18: Larkspur Regional Housing Needs Allocation

Income Level	2007-2014		2014-2022	
	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)

The RHNA is a minimum needs number — jurisdictions are free to plan for, and accommodate, a larger number of dwelling units than the allocation. The jurisdiction must, however, identify adequate sites at appropriate zoning densities and development standards to accommodate its RHNA. While the jurisdiction must also show how it will facilitate and encourage the development of these units, it is not obligated to build any of the units itself or finance their construction.

It is estimated that 50 percent of the City's very low income housing need for the 2014-2022 RHNA period will be for households earning less than 30 percent of median income (considered "extremely low income"). Thus, the number of extremely low income households needing housing for the 2014-2022 period is estimated at 20 units. Housing types available and suitable for extremely low income households include Single Room Occupancy units (SRO's), smaller apartments, emergency shelters, housing with Section 8 vouchers, supportive housing and transitional housing. The Housing Element includes several programs to address extremely low income housing needs — from rental assistance programs, permanent supportive/transitional housing, and appropriate zoning for emergency shelters.

Housing Element law allows jurisdictions to take credit for units constructed or under construction between the base year of the RHNA period (January 2014) and the beginning of the new planning period (January 31, 2015). The following projects are under construction or have been approved:

- The Rose Lane development is currently under construction and expected to be completed in 2015. The project will provide 91 housing units, including 29 single-family homes, 42 condominiums for seniors aged 55 and over, 14 "cottage style" homes, and 6 second units. The development includes 20 units for affordable housing; 3 very low, 9 low, and 8 moderate.
- Twelve additional single family homes at Drake's Cove affordable to above-moderate income households. While the project was stalled after the 2008 economic downturn, now property owners have re-engaged the construction of the remaining units. Three are under construction and the remainder are anticipated to be completed well within the RHNA period.
- A development project at 2000 Larkspur Landing will include 126 units, with 101 units affordable to above-moderate-income households at market rates and 25 deed-restricted affordable units (12 for low-income households and 13 units for moderate-income households). A precise development plan has been approved for the project. The project requires a final map to be approved before building permits may be issued. Remediation of contaminated soils and grading permits for preparation of the site is required for development of housing. According to recent communications, the Sanitary District remains interested in furthering development of the site.
- 285 Magnolia (4 units in a mixed-use commercial site; not deed-restricted).
- One single family home has been approved. All new single family homes are assumed to be affordable to above-moderate income households.

Table 19 shows the adjusted regional housing need after crediting the units described above. Detailed information on sites listed above begins on page 50.

Table 19. Remaining Need Based on Units Built, Under Construction, or Approved

Income Category	New Construction Need	Units Built, Under Construction or Approved	Remaining Need
Very Low	40	3	37
Low	20	21	0
Moderate	21	21	0
Above Moderate	51	189	0

Available Land for Housing

In response to State Housing Element law, the City is required to provide an inventory of known sites available for housing development as well as vacant and/or underdeveloped sites that can accommodate Larkspur's housing development needs determined by ABAG between January 2014 and October 2022. To provide local governments with greater certainty and clarity in evaluating and determining what densities facilitate the development of housing that is affordable to lower-income households (Very Low and Low Income together), State housing element law provides two options. The City may either: (1) conduct an analysis of market demand and trends, financial feasibility, and residential project experience to demonstrate the densities facilitate lower income housing development; or, (2) apply Government Code Section 65583.2(c)(3)(B), which 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. Using the second 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 City may also rely on projected second units to satisfy part of this requirement.

Multi-family housing at higher densities, especially in coordination with a non-profit housing sponsor, can provide opportunities for workforce and special needs affordable housing to be built. One incentive that can be offered to encourage affordable housing is to allow those developments that meet affordability criteria to develop their projects at higher densities. This allows cost items such as land, site design and long-term management and maintenance costs to be shared across a larger number of units, thereby bringing down the per-unit cost, and making it easier to achieve affordability goals. Projects that receive such density "bonuses" must guarantee units (above the City's inclusionary requirements) at below market rate prices for a specified period of time. Consistent with State law requirements, the City adopted Ordinance 999 in 2015 describing how requests for density bonuses, incentives, and concessions as allowed in Government Code Sections 65915-65918 will be processed in concert with development permits.

Table 20 shows sites that are zoned at least 20 units per acre that are available to meet the City's remaining RHNA need of 37 units for very low income households. Table 20 also shows land that is available at less than 20 units per acre. Based on the review of sites, the City has sufficient sites currently available and zoned at adequate densities to meet its RHNA for the 2015-2023 planning period.

The City's policy approach for achieving adequate sites, as expressed in this Housing Element, has several components:

- 1) Look to new second units (including junior second units) and mixed-use housing developments as potential sources of housing;
- 2) Identify “potential housing sites” which offer opportunities for higher density housing to be built in the near-term;
- 3) Where possible, modify development standards, such as those for second units and for mixed-use housing, to create incentives for this type of development to happen;
- 4) Provide flexibility in how development standards, funding incentives and other incentives are applied for the desired development to occur;
- 5) Continue to facilitate the processing of current residential project applications and projects.

It is important that potential high-density housing sites be located near transit, shopping, services and the freeway where people can have easy access to nearby amenities. Increased activity in appropriate locations creates a vibrancy and vitality in these areas. Generally, there is higher intensity of activities around the business centers of the City and lower intensity of land use farther away. For example, the Larkspur Downtown Specific Plan and the Central Larkspur Area Specific Plan (CLASP) focus in more detail on potential mixed-use developments and redevelopment opportunities close to shopping and transit in downtown.

Multi-family and Mixed Use Housing Sites

Several sites have been identified in the Housing Element as having the potential to attain planning approvals for a significant number of affordable housing units in the near term (see Table 18). This potential is an assessment of realistic capacity based on land use and zoning designations, historic development patterns, recent development trends, recent project approvals, the properties’ site characteristics and pending applications or discussions with applicants or property owners. The City has and will take actions to promote the development of affordable housing on these potential sites by the year 2022. A description of “actions required” and “facilitating actions taken/status” is provided for each opportunity site to identify the underlying general plan and specific plan policies and zoning regulations applicable to the development of housing on the site as well as the general permit procedures to achieve the realistic development capacity identified for each site.

Table 20. Housing Opportunity Sites Inventory Summary

Location	Zoning	General Plan Designation	Lot Size (Acres)	Max. Density	Realistic Capacity	Existing Uses	Infra-structure Capacity	On-Site Constraints
<i>Sites zoned at 20 units/acre or more</i>								
CLASP Subarea 1 (APN's: 020-254-08, 10; 020-254-01, 11; 020-254-02; 020-254-07, 09; 020-254-12)	SD/H	Downtown	2.46	21 du/ac	19	Retail commercial, public parking lot, American Legion, pocket park	Yes	Traffic, soil contamination, and cultural resources.

Location	Zoning	General Plan Designation	Lot Size (Acres)	Max. Density	Realistic Capacity	Existing Uses	Infrastructure Capacity	On-Site Constraints
CLASP Subarea 2 (APN's: 022-110-33; 022-110-41, 42, 46)	TD	Downtown	2.71	21 du/ac	28	Retail shopping center; gas station;	Yes	Traffic, soil contamination, and cultural resources.
North End Magnolia Avenue (APN's: Various)	C-1 & C-2	Restricted commercial, commercial	4.79	21 du/ac	7*	Retail and general commercial businesses	Yes	None identified
Downtown Area above existing commercial (APN's: Various)	SD/H, GD/H	Downtown	0.79	21 du/ac	4*	Downtown retail commercial businesses	Yes	Historic buildings, on-site parking
Downtown Area vacant properties (APN's: 021-104-33, 020-252-08)	GD/H, SD/H	Downtown	0.21	21 du/ac	4	Utility, Residence	Yes	Traffic on Magnolia Avenue
Bon Air Center (APN's: 022-040-30,36,37,45)	PD	Commercial	16.6	21 du/ac	40*	Retail commercial center	Yes	None identified
TOTAL SITES ZONED AT 20 UNITS/ACRE OR MORE					102 UNITS			
<i>Additional Sites</i>								
Tiscornia Winery (APN: 020-160-15)	RMP	Low density residential	23.1	5 du/ac	23	Vacant (historic property on separate parcel)	Yes	Steep slopes, historic buildings, ingress/egress from Magnolia Ave.
McLaren Property (APN's: 020-031-12,13,14)	R-1	Low density residential	1.46	5 du/ac	6	Two historic homes; remainder vacant	Yes	Historic buildings, ingress/egress from Magnolia Ave.
New second units (APN's: Various)	R-1	Low density residential	Various	1 sdu/lot	16	Single-family dwellings	Yes	Varies based on site characteristics
TOTAL ADDITIONAL SITES					45 UNITS			

*Realistic development capacity on these sites is based on the amount of development anticipated within the 2015-2023 planning period and is lower than the maximum capacity of the site or sites. Please see site-specific narratives (immediately following on page 50) for City's methodology for assigning realistic development capacity. This does not preclude further development of units that may be achieved in compliance with the goals, policies, programs, and standards of the general plan, applicable specific plans, and zoning regulations.

HOUSING UNITS BUILT OR APPROVED

Drakes Cove on E. Sir Francis Drake

(APNs: Various)

Ownership: Drakes Cove Ventures, LLC

Area Size: 4 acres buildable (10.2 acres gross)

General Plan: Low Density Residential (up to 5 du/ac)

Zoning: PD, Planned Development, District

Existing Uses: Drakes Cove – single family attached and detached, partially completed

Topography and Environmental Constraints: Steep slopes, traffic, & heritage trees

Proposed Units: 23 market rate units (density consistent with zoning, the surrounding area, and site topography)

Actions Required: Drakes Cove – building permits for remaining 12 units.

Facilitating Actions Taken/Status: Design Review, Preliminary and Precise Plans, Tentative Map, Final Map. Drakes Cove homes partially completed; construction stalled due to unfavorable economic conditions.

Unit Affordability: Above-moderate.

Rose Lane (CLASP Sub Area 3)

(APNs: Various)

Ownership: The New Home Company

Area Size: 16.8 acres

General Plan: Low Density Residential

Zoning: PD, Planned Development

Existing Uses: Rose Lane residential development, under construction

Topography and Environmental Constraints: None currently; soil remediation and cultural resource protection completed 2012.

Proposed Units: A total of 91 units including six second-units, with 20 affordable units (3 very low income, 9 low income, 8 moderate income), and 71 market rate units. 50 units will be senior housing units. Affordability of all units will be deed restricted.

Actions Required: Final building permits.

Facilitating Actions Taken/Status: Final Map and Development Agreement approved.

Unit Affordability: The affordability of the units is established by the conditions of approval, adopted in Ordinance 972, and the project's development agreement (approved May of 2010). Actual rent/sale prices will be determined by the applicable household income level determinations made at time of project completion, but their affordability levels will be fixed.

2000 Larkspur Landing Circle

(APN 18-260-03)

Ownership: Sanitary District No. 1

Area Size: 9.18 acres (previous Element reference to 10.67 acres included property reserved for the Sanitary District Facilities site)

General Plan: Residential High Density (up to 21 units/acre), Commercial, and Open Space

Zoning: PD, Planned Development District

Existing Uses: Vacant

Topography and Environmental Constraints: Soil contamination (PCBs)

Proposed Units: 126 units (20% affordable- 12 low-income, 13 moderate income, and 101 above moderate income)

Actions Required: Soil remediation, Final Map, and grading and building permits.

Facilitating Actions Taken/Status: Environmental review, General Plan Amendment, Preliminary and Precise Development Plans, design review, subdivision map and other project applications approved.

Unit Affordability: The affordability of the units is established in the Precise Development Plan's conditions of approval, adopted by the City Council in Ordinance 951. Actual rent/sale prices will be determined by the applicable household income level determinations made at time of project completion, but affordability levels will be fixed.

MISCELLANEOUS HOUSING SITES

New Second Dwelling Units

Ownership: Various

Area Size: Various

General Plan: Low Density Residential (up to 5 du/ac)

Zoning: R-1, First Residential District

Existing Uses: Single Family Dwellings

Topography and Environmental Constraints: Various

Proposed Units: 16 affordable units (5 very low, 6 low and 5 moderate income units)

Actions Required: Ministerial approvals

Facilitating Actions Taken/Status: Since adopting second unit regulations in 2003, the City has historically issued one building second unit permit per year. This Housing Element commits the City to adopting additional regulations to permit 'junior second units,' whereby an existing bedroom is converted into a second unit by addition of a bathroom, kitchenette facilities (no stove), and exterior access. The junior second unit development regulations will aim to mitigate constraints to development of traditional second units.

Unit Affordability: Larkspur's Residential Second Unit regulations (LMC Chapter 18.21) restricts second unit floor area to a maximum of 700 square feet and a minimum of 320 square feet. The breakdown of affordability is based on surveys compiled for the 2009 Marin Countywide Housing Element Workbook, which found 40-80% of second units were affordable to low income households, 20-40% were affordable to very low income households, and 10-20% were affordable to ELI households. The study also found that 60-100% of second units were affordable to moderate income households. While rental prices vary by locale, the countywide studies provide a picture of broader market trends which remain applicable to specific jurisdictions including Larkspur. Based upon the surveys' findings, the City is assuming affordability levels are evenly distributed among the very low, low, and moderate income categories.

Small (Infill) Lots and Mixed Use Housing

Downtown Area Underutilized Properties

Ownership: Various

Area Size: 1) APN 021-104-33 =5,000 sq. ft.; and
2) APN 020-252-08 =4,300 sq. ft.

General Plan: Downtown/Downtown Specific Plan.

Zoning: Parcel 1: Garden Downtown/ Combining Heritage Preservation District
Parcel 2: Storefront Downtown/Combining Heritage Preservation District

Existing Uses: Residence, telephone utility building.

Topography and Environmental Constraints: Intensity constrained by traffic on Magnolia.

Potential Units: 4 Total: 2 units above commercial on each lot based on recent development in the Downtown area and the existing development pattern.

Actions Required: Design Review to ensure consistency with Historic Preservation Overlay District. No use permit is required for development consistent with general plan, downtown specific plan and zoning standards.

Facilitating Actions Taken/Status: The zoning ordinance allows for multi-family residential uses and residential units above downtown retail as a permitted use, subject to a 25 foot height restriction. The Planning Commission may approve a height exception contingent on the required findings stipulated in LMC 18.44.040. Second-story residential units over first-story commercial units are exempt from floor area ratio restrictions and require only one parking space per unit. General Plan policies encourage residential above ground floor commercial. The Downtown District is on the National Register of Historic Places and design review is necessary to protect the historic character of the district; past development approvals have shown that it is not a detriment to development or the development of affordable units (e.g., Blue Rock Inn project, 484 Magnolia Ave.).

Unit Affordability: The zoning permits up to 21 units per acre, which meets the State default density of 20 units per acre. As a result units are projected to be affordable to lower lower-income households. Affordability is required for second level units of 700 square feet or less.

Lot Consolidation Potential: Lot consolidation for these parcels is highly unlikely, as they are not adjacent to each other and have separate ownership.

Downtown Area- Above Existing Commercial

No.	APN	Ownership	Existing Use	Existing Floor Area (Retail only; ft²)	Potential New Units*
1	020-253-03, 04	Private	Ground floor: retail, restaurant. 2 nd story: 5,400 ft ² office, residential.	7,200	5 units (office space conversion)
2	020-261-04	Private	Ground floor: retail No second story.	2,520	2 units (new construction)
3	020-261-37	Private	Ground floor: retail. 2 nd story: 4,950 ft ² office	3,150	3 units (office space conversion)
4	020-261-35, 34	Religious Institution	Ground floor: retail, restaurant. 2 nd story: 4,000 ft ² office	2,700	2 units (office space conversion)
5	020-262-25	Private	Ground floor: retail. 2 nd story: office, residential	1,200	2 units (office space conversion, new construction)
6	020-263-08	Private	Ground floor: salon. 2 nd story: office	4,300	2 units (office space conversion)
7	021-104-30	Private	Ground floor: restaurant. No 2 nd story.	3,300	2 units (new construction)
8	021-104-34	Private	Ground floor: retail shops; restaurants; 2,100 ft ² office. No 2 nd story	10,200	6 units (new construction)
Total unit capacity:					24 units

General Plan: Downtown; Larkspur Downtown Specific Plan

Zoning: Sites 1-7: Storefront Downtown/Combining Heritage Preservation District
Site 8: Garden downtown/Combining Heritage Preservation District

Topography and Environmental Constraints: Existing historic structures; lack of on-site parking

Realistic Development Potential: 4 units above existing storefront commercial. The proposed number of units is consistent with recent development trends and the existing development pattern in the downtown. The center of downtown is largely built-out in terms of commercial footprints, so likely residential development would occur through the addition of residential above commercial uses. Storefront and Garden Downtown zoning regulations require a minimum floor area of 450 square feet for an affordable housing unit above first story retail, and 700 square feet for a market-rate unit. The table above calculates the maximum number of market-rate units that could be accommodated on the second story (total unit capacity), either by converting existing office space or through new construction, based on the square footage available and the floor area of existing 2nd story units. The unit capacity calculations are meant *only* to show the downtown area's capacity for second-story housing units, not to propose that all potential units will be built or to analyze the likelihood of their construction. Site capacity may increase depending on the size and affordability of proposed units.

Actions Required: Design Review. No use permit is required for development consistent with general plan, downtown specific plan and zoning standards.

Facilitating Actions Taken/Status: The zoning ordinance allows for multi-family residential and residential housing above downtown retail as a permitted use, subject to a 25 foot height restriction. The Planning Commission may approve a height exception contingent on the required findings stipulated in LMC 18.44.040. Second-story residential units over first-story commercial units are exempt from floor area ratio restrictions and require only one parking space per unit.

Since 2004, two very-low income units have been approved and constructed above 484 Magnolia Ave. Following the construction of these units, the owner of an adjacent building announced their interest in doing a similar project. There are an existing 35 residential units (both single and multi-family) above the downtown retail. In addition, affordable housing units have existed in the historic Blue Rock Inn building (above a popular restaurant) for several decades, evidencing the viability of affordable units in the historic downtown area.

For future units, design review will be required to ensure development is consistent with the Combining Heritage Preservation District. However, the streamlined approval processes of second-story residential units in the area indicate that design review does not pose a barrier to affordable second-story housing development in the downtown. General Plan policies encourage residential above ground floor commercial. Many downtown buildings have second-story offices which may be converted to living space at relatively lower cost than building up from a single-story structure. There is the potential for more than four units; however, four is the most realistic estimate at this time.

Unit Affordability: Unit affordability is based on market prices of existing second-story units above downtown commercial. A below-market rate agreement between the City and the property owner was recorded upon completion of two second-story residential units; the City will actively encourage owners to record below-market rate agreements. Affordability is required for second level units of 700 square feet or less. Past development approvals have shown that it is not a detriment to development or the development of affordable units (e.g., Blue Rock Inn project, 484 Magnolia Ave.). The zoning permits up to 21 units per acre, which meets the State default

density of 20 units per acre. As a result units are projected to be affordable to lower-income households.

Lot Consolidation Potential: Lot consolidation for these parcels is unlikely, as many parcels are not adjacent to each other and have separate ownership. The existence of established retail or commercial businesses on the ground floor makes transfers of ownership unlikely.

North End Magnolia Avenue

No.	APN	Ownership	Existing Use	Parcel Size (ft ²)*	Potential New Units*
1	020-064-01	Private	Ground floor: retail. 2 nd story partially developed.	7,296	2 units (new construction; 1 unit existing)
2	020-064-02	Private	Ground floor: restaurant.	5,400	2 units (new construction)
3	020-065-05	Private	Ground floor: retail.	4,000	2 units (new construction)
5	020-034-08	Private	Ground floor: bicycle shop.	12,000	7 units (new construction)
6	020-034-12	Private	Ground floor: office. 2 nd story: 3,510 ft ² office.	7,020	4 units (office space conversion)
7	020-034-06	Private	Ground floor: retail, personal services.	15,000	6 units (new construction)
8	020-034-14	Shops at Magnolia	Ground floor: retail, café, personal services.	67,600	36 units (new construction)
9	020-066-04	Sunrise Investors	Ground floor: office. 2 nd story: 5,880 ft ² office space.	29,400	7 units (office space conversion)
10	020-066-05	Private	Ground floor: restaurant, office, retail.	17,600	9 units (new construction)
11	020-035-12	Private	Ground floor: retail, personal services.	18,900	16 units (new construction)
12	020-035-02	Fairfax Masonic Temple Assoc.	Ground floor: Masonic temple. 2 nd story: Office	18,500	9 units (new construction and office space conversion)

Total Unit Capacity: 100 units

*Existing floor area data not available. Calculations are estimates based on gross parcel size and allowable FAR. 2nd story residential units exempt from FAR.

General Plan: Restricted Commercial and Commercial (allows for residential up to 21 units per acre)

Zoning: Sites 1-8: C-2, Commercial (FAR: 0.40. 2nd story residential exempt.)
 Sites 9-12: C-1, Restricted Commercial (FAR: 0.40. 2nd story residential exempt.)

Realistic Development Potential: 7 units above storefront commercial. The proposed number of units is consistent with recent development trends and with current interest expressed by property owners. Many buildings in this area are older, and some owners of vacant properties have approached the City to discuss options for revitalization, which may include housing units.

Actions Required: Design Review. No use permit is required for development consistent with general plan, downtown specific plan and zoning standards.

Facilitating Actions Taken/Status: C-1 and C-2 Districts allow for residential housing above downtown retail as a permitted use, subject to a 25 foot height restriction. The Planning Commission may approve a height exception contingent on the required findings stipulated in LMC 18.44.040. Second-story residential units over first-story commercial units are exempt from floor area ratio restrictions and require only one parking space per unit. Design review is required, though as demonstrated by the Blue Rock Inn apartments and the affordable second story units on Magnolia Ave., design review has not been a detriment to the development of affordable housing above first floor retail or commercial. There is the potential for more than seven units; however, seven is the most realistic estimate, and given the potential size of the units, low and very-low is a reasonable expectation in terms of income levels.

Unit Affordability: The affordability of units is based on market prices of existing second-story units in the downtown area. The Affordable Housing Regulatory Agreement and Declaration of Restrictive Covenants for the affordable second-story units at 484 Magnolia stipulates that the units be rented to households of very low income, in perpetuity. The zoning also conditionally permits live work units, which can accommodate on-site caretakers, property managers, or clerk which have demonstrated income levels in the Very Low to Low income range for Marin County. A live-work unit was developed on the site at 1011 Magnolia Avenue in 2012. The zoning permits up to 21 units per acre, which meets the State default density of 20 units per acre. As a result units are projected to be affordable to lower-income households.

Lot Consolidation Potential: Lot consolidation for these parcels is unlikely, as many are not adjacent to each other and have separate ownership. Lot consolidation of the parcels that share ownership would not likely influence housing development. The existence of established retail or commercial businesses on the ground floor makes transfers of ownership unlikely.

SPECIFIC PROJECT SITES

CLASP Subareas 1 & 2 (Central Larkspur Specific Plan)

Magnolia Ave., Doherty Dr. & Ward St.

APN	Ownership	Existing Use	Size (acres)	Zoning
Subarea 1:				
020-25413	Private	Commercial, retail, restaurant, office	1.45	SD/H-Storefront Downtown/ Historic Preservation
020-254-01, 11	City	Parking lot	0.45	SD/H-Storefront Downtown/ Historic Preservation
020-254-02	Private	American Legion (used for public assembly/ events), office	0.23	SD/H-Storefront Downtown/ Historic Preservation
020-254-07, 09	City	Driveway	0.11	SD/H-Storefront Downtown/ Historic Preservation
020-254-12	City	Park	0.22	SD/H-Storefront Downtown/ Historic Preservation
Subarea 2:				
022-110-33	Private	Gas station	0.56	TD-Transitional Downtown
022-110-41, 42, 46	Private	Retail, commercial, personal service and food sales	2.21	TD-Transitional Downtown

General Plan: Downtown; Central Larkspur Specific Plan area (allows for residential above commercial up to 21 units per acre).

Topography and Environmental Constraints: Traffic, soil contamination, and archaeological site.

Potential Units: 47 units Per the CLASP; 19 units are shown for Subarea 1 and 28 for Subarea 2.

Actions Required: Site remediation, more extensive archaeological survey, and design review. While no use permit is typically required for development consistent with general plan, downtown specific plan, and zoning standards, developments of 0.31 to 0.40 floor area ratio (FAR) within Subarea 2 (TD Zoning) are subject to a conditional use permit. As residential units above commercial are exempt from FAR requirements, development of mixed commercial/residential uses up to 0.30 FAR can be readily achieved without a conditional use permit review.

Facilitating Actions Taken/Status: EIR completed, General Plan Amendment, CLASP adopted September 2006 and a Downtown Specific Plan Amendment completed. The zoning ordinance allows for multi-family residential and second-story residential housing above retail as a permitted use, subject to a 25 foot height restriction. The Planning Commission may approve a height exception contingent on the required findings stipulated in LMC 18.44.040. Second-story residential units over first-story commercial units are exempt from floor area ratio restrictions and require only one parking space per unit. No use permit is required for development consistent with general plan, downtown specific plan and zoning standards (Except in TD zone, as noted above).

Unit Affordability: Unit affordability is based on market prices of existing second-story units above downtown commercial. A below-market rate agreement between the City and the property owner was recorded upon completion of two second-story residential units; the City will actively encourage owners to record below-market rate agreements. Affordability is required for second level units of 700 square feet or less. Past development approvals have shown that it is not a detriment to development or the development of affordable units (e.g., Blue Rock Inn project, 484 Magnolia Ave.). The zoning permits up to 21 units per acre, which meets the State default density of 20 units per acre. As a result units are projected to be affordable to lower lower-income households.

Lot Consolidation Potential: Land trade of the City owned parcel in Subarea 1 is allowed in the CLASP and could occur. However, the units could be developed without consolidation.

Tiscornia Winery-Magnolia Ave.

(APN 20-160-5)

Ownership: M. Tiscornia

Area Size: 23.1 acres

General Plan: Low Density Residential (up to 5 du/ac)

Zoning: RMP, Residential Master Plan, District

Existing Uses: Historic buildings, vacant

Topography and Environmental Constraints: constrained site, steep slopes (30-60%), historic buildings, difficult access on/off Magnolia Ave.

Proposed Units: 23 units (20% affordable-2 low-income, 3 moderate income and 18 above-moderate income); number subject to change following completion of environmental review and public hearings on Specific Plan; density consistent with topography.

Actions Required: Environmental Review, Residential Master Plan, design review, and slope use permit, and possibly subdivision map.

Facilitating Actions Taken/Status: Environmental review, Residential Master Plan, design review, and subdivision map could be processed concurrently. Property owner has met with City staff to discuss potential uses of the property including a mix of residential and commercial uses.
Unit Affordability: The affordability breakdown is based on the City's Inclusionary Housing Ordinance. Affordability guarantees will also be stipulated in any conditions of approval or other final approvals associated with future projects.

McLaren Property- Estelle Avenue

(APNs 20-031-12, 13 and 14)

Ownership: McLaren

Area Size: 1.46 acres

General Plan: Low Density Residential (up to 5 du/ac)

Zoning: R-1, Residential First, District

Existing Uses: Two historic homes, remainder vacant

Topography and Environmental Constraints: Historic dwellings, access constrained

Proposed Units: 6 units (above-moderate). This site was considered for a General Plan Amendment; however, the property owner chose not to pursue it. The property owner has limited access rights to the site due to a restricted easement.

Actions Required: Design review, subdivision map and building permits

Facilitating Actions Taken/Status: Design review and subdivision map could be processed concurrently.

Unit Affordability: Unit affordability is based on previous proposed projects for the site.

Bon Air Center – Sir Francis Drake Boulevard (North of Corte Madera Creek)

APN	Ownership	Existing Uses	Area (ft ²)	Zoning	General Plan	Estimated Unit Capacity*
022-040-30	Schultz Investment Co.	Banking services, retail	82,366	Planned Development (PD)	Commercial	12
022-040-45	Bon Air Shopping Center L.P.	Food sales, retail, banking services	340,000	PD	Commercial	49
022-040-36	Bon Air Development L.P.	Restaurant, general retail	147,000	PD	Commercial	21
022-040-37	CVS Caremark	Pharmacy and other retail goods	141,000	PD	Commercial	20

* Note: estimated unit capacity is simply a measure of capacity; the objective for these parcels in this planning period is a total of 40 units.

Total Area Size: 710,366 ft² (16.6 acres)

General Plan: Commercial. The Commercial designation encourages residential over first-story commercial uses and exempts them from floor area ratio restrictions. Second story residential density is limited by parking and height restrictions and mixed-use housing shall not exceed 21 units per acre.

Zoning: Planned Development District. The Precise Development Plan for the Bon Air Center allows residential uses over commercial; Residential dwellings over commercial are exempt from

floor area. The allowable height limit is 35 feet, and the current overall shopping center exceeds its parking by over 100 parking spaces. Under the Precise Development Plan, only residential units developed in a detached multi-family structure are subject to a conditional use permit.

Existing Uses: Shopping center with a mix commercial retail uses and services, including specialty retail, restaurants, grocery, banks, and a drug store. The majority of the center dates back to the mid-1980s with portions dating back to 1952. Due to the age of the center, any new construction over existing would likely require substantial or complete reconstruction of existing structures. For properties north of Corte Madera Creek, the City's Circulation Assessment Permit policies do not allow for an increase of even one p.m. trip over an existing use **except** for vacant parcels, single family homes, and a residential project that includes the noted percentages of affordable housing.

Topography and Environmental Constraints: None identified.

Potential Units: 40 units

Actions Required: Residential use over commercial require only an amendment to the Precise Development Plan and design review. A use permit is required only for multi-family residential structures.

Facilitating Actions Taken/Status: In 2010, the City commissioned conceptual drawings by an architect for part of the Shopping Center to determine a feasible number of housing units above existing commercial uses. (Note: projected unit potential is below the likely capacity of the center). Concurrent processing of the Precise Development Plan amendment and design review would be accommodated. The Planned Development District allows for flexibility in the development standards for the project. The previous amendments to the City's Circulation Assessment policies allow for an exception to the circulation assessment permit requirements for projects providing affordable housing.

Unit Affordability: Unit affordability based on minimum density appropriate to accommodate lower-income households, as established by HCD. For Larkspur (considered suburban with a population of less than 25,000), the minimum density to accommodate lower income housing is 20 du/acre. The commercial zoning specified in the shopping center's Precise Development plan allows residential development at 21 du/acre, which meets the State default density of 20 units per acre. As a result, units are projected to be affordable to lower-income households.

Lot Consolidation Potential: Because the majority of the Shopping Center is owned by the same family-owned company that has owned it before and since it was developed, lot consolidation may be readily achieved, if necessary, to meet housing needs.

Potential Non-Governmental Constraints and Opportunities

State law requires an analysis of potential and actual governmental and non-governmental constraints to the maintenance, improvement, and development of housing for all income levels. The Housing Element must identify ways, if any, to reduce or overcome these constraints in order to meet the City's housing needs.

Land and Construction Costs

The price of housing has continued to rise at a much faster rate than household income. Contributing factors are the cost of land, materials, labor, financing, fees and associated development requirements, sales commissions, and profits. Another factor has been the perception of housing as a commodity for speculation.

Development costs in Larkspur are higher than in comparable communities because most remaining lots have steep slopes, irregular topography, access, or unstable soils. The technical and engineering costs of dealing with these factors on remaining sites are likely to be particularly high because those are the sites that have been skipped over in the past precisely because of the difficulty and high cost of development.

The typical land value for a single family home lot in Marin County ranges between \$300,000 and \$900,000 in a jurisdiction like Novato, or \$1 million and \$5 million in a jurisdiction like Tiburon (Marin Housing Workbook, 2009). Vacant land within Larkspur is very limited. In the 2014, one vacant residential lot, of approximately 8,600 square feet, sold in Larkspur for \$510,000.⁴⁴ The value of residential land in Larkspur has not been significantly affected by the recession, and high land costs remain a substantial factor in the cost of providing housing. Major contributors to the cost of land are the amount of land available and the density of residential use allowed. Other factors such as site location, attractiveness of the neighborhood, difficulty of construction, proximity to community services, and any restrictions on development can affect cost.

Geographic Constraints

The natural beauty of the San Francisco Bay, the abundance of hiking and walking trails in the ridges beneath Mt. Tamalpais, and rolling acres of protected open space are largely responsible for making Larkspur a desirable place to live, work, or visit. However, while these beautiful natural features make invaluable contributions to the high quality of life in Larkspur, they also limit the City's buildable area.

Larkspur is bordered on the east by the San Francisco Bay, on the west and south by the Corte Madera Ridge, and on the north by the Southern Heights Ridge. These natural features confined the City's historic development along narrow corridors that have since become major transportation arterials. The Corte Madera Ridge is part of the Northridge Open Space Preserve, comprising approximately one quarter of the preserve's 1,000 acres managed by the Marin County Open Space District. A majority of the very few remaining vacant residential parcels in the City directly abut the Corte Madera Ridge. Their steep hillsides pose not only a financial obstacle to building housing (requiring extensive grading and slope stabilization), but a high risk to life and property due to natural hazards such as landslides, debris flows, and wildfires. The majority of Larkspur's existing housing units are moderate to high density multi-family units and are built on the most feasible parcels for such development. (See Appendix D, Natural Hazard Maps, for maps of fire hazard areas and seismic stability. Fire Hazard areas are established in Ordinance 846 (Larkspur Municipal Code 14.10).)

Most of the City's low-lying land in the east, directly adjacent to the Bay, lies within the 100-year flood hazard zone. Much of this land is already developed with both high density (Larkspur Landing area) and low density (Greenbrae) residential, commercial and industrial development (including Marin Country Mart and Bon Air Center). In addition to the existing flood risk, the effects of accelerated sea level rise may put development in the flood zone at further risk of inundation and expand the flood zone to inland areas not currently at risk of flooding. Considering the potential risks posed to existing development, further intensification of development in the flood zone should be carefully examined by developers, businesses, and the City.

⁴⁴ Realtor.com, accessed 12/1/14.

Infrastructure Availability

Infrastructure, services and utility needs for future development are addressed through the development capacity established in the Larkspur General Plan. They do not represent a constraint to development as policies and programs are in place to assure that infrastructure and services will adequately serve new in-fill development. Sites closer to services and transit offer opportunities to provide in-fill housing with limited impacts on traffic conditions. It is noted, however, that much of the existing pipeline infrastructure is aging and, as monies are available to the respective agencies, sewer and drainage pipes will need replacement.

The Marin Municipal Water District (MMWD) is a special purpose district with the responsibility for providing water services throughout southern Marin County, including Larkspur. The District obtains 75% of its water supply from seven reservoirs located throughout Marin and 25% through the transfer of water from the Sonoma County Water Agency (SCWA). There have been restrictions placed on new water connections in the past due to drought conditions, but there is currently no moratorium on new hook-ups.

MMWD plans for long-term supplies based on the build-out of the general plans of cities it serves through the Urban Water Management Plan (UWMP), a long-range plan that must be updated every five years. According to the current UWMP, the District's existing water supply sources, in combination with the conservation program, are projected to be sufficient to meet the needs of the MMWD service area for the planning horizon of 2010-2030. MMWD's operational yield (the amount of water that can be supplied in all but the driest years) is 28,500 acre-feet annually (afa). In 2010, MMWD delivered 22,741 acre feet of water to customers.⁴⁵

MMWD partnered with the Las Gallinas Valley Sanitary District in 1981 to develop a water recycling plant, which now provides over 650 acre-feet per year of recycled water for irrigation and other non-potable industrial and commercial uses to 323 service connections. MMWD is also exploring desalination of ocean water as a long-term source of potable water. MMWD built a pilot desalination plant in 2005 in Richardson Bay in San Rafael, and in August of 2009 the Board of Directors certified the EIR for a permanent plant in the same location with the initial capacity to deliver 5 million gallons per day (mgd) and the potential to expand to 15 mgd. However, in August of 2010, the District adopted Ordinance 420 requiring a majority vote by District voters prior to approval of financing or construction of a desalination facility.⁴⁶

To be eligible for water service, a residential structure to be served must be within 125 feet of a water main, either an existing main or an extension of the main. Otherwise, a variance to the standard must be obtained. As of 2014, the connection fee is \$29,260 per acre-foot of estimated annual consumption. California Government Code Section 65589.7 requires that public and/or private water and wastewater providers, in their current and future resource or service allocations, give priority for service hook-ups to proposed housing development projects for lower-income households that meet the community's share of the regional need for lower-income housing.

Larkspur's wastewater collection is provided by Sanitary District No.1 of Marin County, which serves the Ross Valley. Wastewater treatment is provided by Central Marin Sanitation Agency (CMSA) at the plant located on Anderson Drive in San Rafael. CMSA is a joint powers agency

⁴⁵ 2010 Urban Water Management Plan, Marin Municipal Water District.

⁴⁶ 2010 Urban Water Management Plan, Marin Municipal Water District.

whose member agencies include the San Rafael Sanitation District, Sanitary District No. 1 (Ross Valley Sanitary District), Sanitary District # 2 of Marin County, and the City of Larkspur. Sewer capacity is not a constraint to housing development in Larkspur.

Financing

Over the past year, mortgage rates for conventional 30-year fixed rate loans have ranged between 4.2 percent and 4.6 percent for a 30-year fixed rate loan (HSH.com). These conforming loans, which are backed by the federal government through the Federal Housing Administration and the Government Sponsored Entities of Fannie Mae and Freddie Mac, are generally available to home buyers with good credit histories and adequate down payments. Interest rates on non-conforming loans (also known as “jumbo” loans) for loan amounts over \$625,500 (in Marin County) are about one-quarter percentage point higher than conforming loan rates, and are more difficult to secure. Tighter lending standards have made it harder to get a home loan, especially for those with poor credit scores and virtually impossible for a borrower with undocumented income.

Small changes in the interest rate for home purchases dramatically affect affordability. A 30-year home loan for \$400,000 at five percent interest has monthly payments of roughly \$2,150. A similar home loan at seven percent interest has payments of roughly 20 percent more, or \$2,660.

Construction loans for new housing are very difficult to secure in the current market. In past years, lenders would provide up to 80 percent of the cost of new construction (loan to cost ratio). In recent years, due to market conditions and government regulations, banks require larger initial investments by the builder. Many builders are finding it nearly impossible to get construction loans for residential property at the current time, with the exception of limited funding available through local banks, and must rely on private funds or seller carry-back loans. Banks that are underwriting construction loans are requiring 25 to 35 percent cash equity; interest rates range from 4 to 6 percent. Loans for land acquisition are extremely difficult to secure, and lenders will typically provide financing for only 50 to 65 percent of the land value, at an interest rate of approximately 7.5 percent, for projects that are permit-ready.

Affordable housing developments face additional constraints in financing. Though public funding is available, it is allocated on a highly competitive basis and developments must meet multiple qualifying criteria, often including the requirement to pay prevailing wages. Smaller developments with higher per unit costs are among the hardest to make financially feasible. This is because the higher costs result in a sale price that is above the affordability levels set for many programs. Additionally, smaller projects often require significant inputs of time by developers, but because the overall budget is smaller and fees are based on a percentage of total costs, the projects are often not feasible. These conclusions were developed in research done for the 2009 Marin Housing Element Workbook.

Community Concerns

Potential opposition to affordable housing exists in many communities throughout the Bay Area. Design plays a critical role in creating new developments that blend into the existing neighborhood, especially in higher density developments that might otherwise seem out of place. Good design can help ensure that high-density developments are not bulky or out-of-scale. Through sensitive design, a building’s perceived bulk can be significantly reduced to create a development that blends with the existing character of the neighborhood. Design strategies,

which the City often requires of multi-family developments to minimize the perception of bulk and create a blending with the community, do not necessarily increase costs. These include:

- (1) Minimize building heights;
- (2) Break-up the building "mass" in its architecture and detailing (e.g., create several smaller buildings instead of one large building);
- (3) Vary the roofline;
- (4) Create a three-dimensional facade (rather than a massive, flat facade);
- (5) Step-back the building height, with the lowest part of the building towards the street and adjacent properties, locating the highest part of the building towards the center of the property;
- (6) Site the building appropriately in relation to surrounding buildings;
- (7) Use architectural design, landscaping, materials and colors that fit with the area;
- (8) Use landscaping to blend the buildings with the natural setting;
- (9) Provide for open space and pathways throughout the development.

The community's most often expressed concerns are about the impact new development of any kind will have on traffic congestion and the character of the community. These are very valid concerns. Therefore, it is important that housing not only be designed to fit into the character of the community but also be spread out throughout the community. For example, much of the housing need can be met by mixed-use developments on various existing commercial sites, and not solely concentrated on the few remaining vacant sites. Building on sites that are already utilizing parking areas and traffic corridors reduces major impacts to congestion and may enhance community character by locating residences within walking distance to employment areas, shops, restaurants, grocery stores, and public transportation.

Working with Non-Profit Housing Developers

The key to the success of non-profit developers lies in three areas:

- (1) In their ability to draw upon a diversity of funding sources and mechanisms to make their developments work financially;
- (2) In their commitment to working cooperatively and constructively with the local community, including local officials as well as neighborhood residents;
- (3) In their long-term commitment to ensuring excellence in design, construction and management of their developments, thereby creating assets that are valued by the people who live in the developments as well as their neighbors and others in the community.

The Nonprofit Housing Association of Northern California (NPH) serves as a local networking agency, advocacy group and resource organization for affordable housing developers in the Bay Area and elsewhere in California. Some of the affordable housing developers and housing services providers that have been active in Marin County in recent years include EAH, North Bay Housing, Citizens Housing, and BRIDGE Housing Corporation. Though funding from the private sector may be more difficult to obtain in the current economy, non-profit developers have remained dedicated to providing affordable housing throughout Marin, and the City will continue to cooperate and collaborate with non-profit developers to ensure that housing is provided even under depressed economic conditions. EAH's Drake's Way project overcame several financial obstacles with the aid

of government grants, private financing from local banks, and reduced or waived fees from the City.

Potential Governmental Constraints and Opportunities

The City of Larkspur is approximately four square miles. The varied topography of this limited area impacts opportunities for additional housing development. As with other cities, Larkspur's development standards and requirements are intended to protect the long-term health, safety, and welfare of the community. The City of Larkspur charges fees and has a number of procedures and regulations it requires all developers to follow.

Land Use Policies

There are many locally imposed land use and building requirements that can affect the type, appearance, and cost of housing built in Larkspur. The Larkspur General Plan establishes the locations where housing can be built and the density of units per acre. The Zoning Ordinance sets physical standards for development (e.g. lot size, setbacks, height limits, floor area ratio, parking requirements) and, when design review is required, it defines the issues to be addressed. Table 19 below shows the City's zoning districts which permit residential development and their associated residential development standards.

Land-use controls can be viewed as a constraint in that they determine the amount of land to be developed for housing and establish a limit on the number of units that can be built on a given site. The General Plan land use designation "Low Density" allows up to five dwelling units per acre. "Medium Density" allows up to 12 units per acre, and "High Density" allows up to 21 units per acre. Developers may request higher densities for projects providing certain percentages of affordable housing, as provided for by State Law and the City's Density Bonus Ordinance (LMC 18.26).

The commercial land use categories in the General Plan encourage the development of residential units above storefront commercial. In 2004, the City's C-1, Restricted Commercial, and C-2, Commercial, zoning districts were amended to allow residential units to be constructed over storefront commercial as was already allowed in the SD, Storefront Downtown, zoning district. The GD, Garden Downtown, zoning district allows multi-family and mixed-use housing as permitted uses. In 2014, these zoning districts were amended to allow development of second units on "non-conforming" single-family residential properties within the districts.

Policy C of the Circulation Element of the Larkspur General Plan is intended to ensure new development does not exacerbate existing traffic congestion along Sir Francis Drake Boulevard during peak evening commute hours. Circulation Element Policy C was amended in 2004 to allow for the potential development of mixed-use affordable housing units on existing commercial sites north of Corte Madera Creek, particularly for senior housing. The Policy states:

"To minimize traffic increases on Sir Francis Drake Boulevard, properties north of Corte Madera Creek shall not generate additional PM peak traffic over existing levels by a change of use or building addition. Exempt from this policy are: (1) singly-developed single-family homes, (2) vacant properties, and (3) residential development projects where no less than: 15% of the units are dedicated to very-low income households and 10% to low-income households and 25% to moderate-income households, or where 50% of the units

are senior and/or disabled housing. TSM (transportations system management) should be considered and may be used to maintain existing levels of traffic generation, where feasible.”

Zoning and Development Standards (Including Permit Processing)

Zoning. Larkspur has traditionally encouraged, but not specifically required, high architectural standards for new development. Current City zoning regulations require Design Review approval for development or substantial remodeling of single family dwellings, residential structures within planned developments, and multi-family developments and to ensure consistency with the Combining Heritage Preservation District. Most of the sites identified in the housing opportunity sites inventory have environmental constraints, which may require extensive review and analysis by the City (e.g., Slope Use Permits). All City building requirements are consistent with the California Building Code. General Plan and Zoning Ordinance amendments adopted pursuant to the 2004 Housing Element provide additional incentives for multi-family housing, and allow increased densities in certain zones to make affordable housing more feasible. Table 19 shows current residential zoning standards.

Government policies and procedures affect the supply and cost of housing. Land use controls, such as zoning, have the greatest direct impact, but development approval procedures, permit fees and building codes affect housing costs as well. Larkspur has historically permitted more multi-family housing development than any other community in southern Marin County, and multi-family units are the most common type of housing found in the City. Multi-family development will continue in areas with immediate access to major roads and commercial areas; however, much of the remaining residentially zoned land will be limited to single-family housing due to the physical constraints of the property (e.g., access problems, visual prominence, heritage trees, steep slopes and geological problems).

Though Larkspur encourages developers to submit proposals reflecting high architectural standards, it is not a condition of development, and the design review process has helped to assure “quality” development within the City. The City recognizes that high design standards can increase construction costs and may conflict with the economics of low- and moderate-income housing development. It has been found, however, that non-profit housing groups (such as EAH) strive for a certain level of quality that has been acceptable to the City with little change. The City has also allowed for design modifications to reduce construction costs, as demonstrated in the Drake’s Way project. The Rose Lane development has sustained high quality architecture for the affordable townhomes fronting along Doherty Drive as well as the affordable units built within the senior component of the project.

Table 21. Zoning Districts and Regulations for Residential Development

Permitted Use				Setbacks (ft.)				Parking		
Zone	Lot Area Req. (sf)	Width (ft.)	Lot coverage	Front	Side	Rear	Bldg. Ht (ft.)	Density (du/ac)	Unit	Guest
R-1	7,500	60	40%	20	6*	15	30	5	2	2
R-2	8,000	60	50%	20	6*	15	35	12	2	1.5
R-3	2,000	50	50%	15	8	15	35	21	See below	
T-R	7,500	n/a	40%	20	6	6	15	5	n/a	n/a
SD	n/a	n/a	n/a	n/a	n/a	n/a	25**	21 (A)	1	n/a
GD	n/a	50	n/a	n/a	n/a	10	25**	21 (A)	1	n/a
TD	n/a	n/a	n/a	20	6	10	25**	21 (A)	1	n/a
C-1	n/a	n/a	n/a	10	0	0	25**	21 (A)	1	n/a
Conditional Use										
C-2	2,000	n/a	n/a	15	10*	15	25	(A)	1	n/a
PD**	PD district regulations vary depending on the project's specifications.									
T-R= Tidelands Residential (Larkspur Boardwalk). SD= Storefront Downtown. GD= Garden District Downtown. TD= Transitional Downtown. C-1= Restricted Commercial. C-2= Commercial. * 10 ft. required for street facing yard on corner lots. ** Or 2 stories; whichever is less. (A) Unit density is subject to site constraints including parking and building size (second-story residential units exempt from building FAR; 1 parking space per unit).										
R-3 Parking Requirements				Unit				Guest		
				<i>Rental</i>		<i>Condominium</i>				
Studio/1 bd				1		1		4 spaces for the first 5 units and one additional space for each additional 5 units or portion thereof.		
2 bd				1.5		2				
3 bd				2		2.5				
4 bd				2		2.5				

The City's parking requirements for single-family homes and second units (i.e., two parking spaces plus two guest spaces for single-family homes, plus one additional parking space for a second unit) can be a factor in increased housing costs. The parking ratios for multi-family developments are significantly less and vary according to the number of bedrooms per unit and whether the units are rentals or condominiums. A condominium project of 20 two-bedroom units, for example, must provide 47 parking spaces, including guest spaces. These standards may need reexamination to allow for reductions in parking for affordable housing projects or units located close to public transit. In the commercial districts, parking over commercial requires only one space per unit. Under the CLASP, parking standards for age-restricted units or affordable units may be reduced by the Planning Commission, as was done for the age-restricted multi-family units in the Rose Garden project. Parking standards for the CLASP and Downtown Specific Plan are listed in Table 20. Parking requirements have not posed a barrier to single and multi-family housing project approval or feasibility.

Through the City's code provisions for Planned Development and Residential Master Plan Districts, the City is open to investigating ways to reasonably apply open space requirements and to allow for flexibility in applying other development standards, such as FAR, height limits, density, parking, etc., based on the location and design of the development, compatibility with adjacent uses, and the type, size, and income levels of the occupants of the housing. In this regard, it is recognized that smaller, more affordable housing near transit and services will generate fewer trips, lesser area-wide impacts and will require less parking.

Table 22. CLASP and Downtown Specific Plan Parking Standards

CLASP		
	<i>Unit</i>	<i>Guest</i>
Multi-family and Cottage Homes*		
Studio or 1 bedroom	1	1 guest space for every 4 multi-family or cottage units
2 bedroom	2	
3+ bedroom	2.5	
Multi-family (age restricted)*	0.9	n/a
Single-family detached**	3	n/a
Downtown Specific Plan		
Residential	1	n/a
* Further reductions for very low and low income units at the discretion of the Planning Commission.		
** 1 tandem space per unit may be used to satisfy parking requirement.		

Circulation Assessment Permit. The City requires a Circulation Assessment Permit (CAP) for development projects that have the potential for increasing traffic depending upon their location and traffic generation: a) for projects located north of Corte Madera Creek that would generate more than one peak hour trip; and b) for projects south of Corte Madera Creek that would generate ten or more peak hour trips or would consist of 5,000 square feet of floor area or more. The CAP requires a traffic impact study to determine the effect of traffic generation on intersections and roadway sections of the City's primary circulation system. The CAP permit identifies where potential traffic impacts fees, on- or off-site improvements, and/or transportation systems management (TSM) programs are required to address Level of Services (LOS) standards and traffic volumes on roadway segments. As discussed below, Section 18.15.040 of the zoning code specifically exempts development of affordable housing units and second dwelling units from payment of the traffic impact fees. Additionally, the City may also waive fees, improvements and/or TSM measures for projects that are determined to have an "overriding public benefit that will sufficiently offset adverse traffic impacts".

Development Standards. In addition to zoning and subdivision regulations and the policies of the City's General Plan and Specific Plans, the City has development standards (or "design and improvement standards") for subdivisions that are outlined in an Interim Design and Improvement Standard Resolution dated December 1977. Currently, the City is relying on the County of Marin's Uniform Development Standards adopted in 2008. A comparison of the City's current standards with other cities indicates that the City's existing standards are not significantly different from other jurisdictions in Marin County (i.e., Monahan's Drake's Cove subdivision was approved with 30' roadway right-of-ways). Likewise, curbing, sidewalks, street widths, and utility standards are also similar or not significantly different. It is further noted that the driveway and parking standards were modified to accommodate the EAH Drake's Way development, which is built on a steep hillside.

Because the City is relying on ordinances from other Marin County cities it is unlikely that, when they occur, the resulting updated standards will differ significantly from the other jurisdictions. The development standard update process will include an analysis of whether there are any standards that could be modified to facilitate the development and improvement of affordable housing (e.g., allowing the integration of curbs and sidewalks to reduce costs). It is important to note, however, that there are few remaining sites in Larkspur where development has not already been approved, which would require significant subdivision improvements. The street widths, sidewalk, and utility standards are already established, and in most cases already in place, for infill parcels.

Dedications and Fees. The cost of building permits and payment of impact fees can act as a constraint to the development of affordable housing. Planning review deposits are collected to recover the cost of staff time and city resources expended processing development permit applications. Portions of building permit costs are intended to provide cost recovery to the City for plan checking and building inspections. However, according to the 2001 Marin County Grand Jury Report, Larkspur's building permit fees were only recovering 60% of the cost to provide the service. Since then Larkspur has raised its fees in order to better account for the actual costs absorbed by the City; however, they are still below full recovery. Therefore, while building permit costs are a financial factor to be considered in the development of housing, for the foreseeable future, the fees are less than the cost of providing the service and less expensive than many other jurisdictions. Table 23 outlines the City of Larkspur's residential Planning and Building permit fee schedule (current as of November 2014).

When development projects reach certain levels of increased traffic generation in the peak commute hour, they are required to pay traffic impact fees. The fees are used to make improvements to the primary circulation routes of the City to mitigate the increase in traffic. Section 18.15.040 of the zoning code specifically exempts development of low and moderate income housing units, second dwelling units, and single-family residences constructed on lots in existence prior to 1986 from payment of the fees. Other market rate residential projects are required to pay \$3,399.00 per vehicle trip generated in the p.m. peak hour beyond the traffic generated by the prior use of the property.⁴⁷

The City has also enacted a Street and Roadway Impact Fee to provide for the repair and maintenance of streets and roads damaged by construction activity for projects with a building permit job valuation of \$10,000 or more. This fee is 0.0075 percent of project valuation, except that, upon written request, the City Council may waive the fee if the project is directly related to the construction of affordable housing units (Resolution 11/03).

Park dedication or payment of in-lieu fees for the development of housing is required to mitigate the recreational demand created by additional city population. Section 17.13.160 of the Municipal Code allows the City Council to waive payment of the fees upon making the finding that the housing is affordable housing as defined in the Housing Element. Likewise, it has been the practice of the City Council to waive the in-lieu fee in those instances. Developers of subdivisions containing market rate residential units are required to dedicate parkland or otherwise pay park dedication in-lieu fees based on the building type ranging from \$2,509 per multi-family unit to \$4,153 per detached single family residence. Additionally, such units would also require a park improvement fee ranging from \$921 per multi-family unit to \$1,524 per detached single family residence, which can also be waived.⁴⁸

The City of Larkspur's fees are not a significant constraint to the development of residential and affordable housing for several reasons:

- 1) Most planning fees are limited to time and materials consistent with State law and are within the average range of fees charged by other cities in Marin (Marin Housing Workbook, 2009).

⁴⁷ City of Larkspur Resolution No. 39/92

⁴⁸ City of Larkspur Resolution No. 10/98

- 2) Fees are fairly standard and are not unduly burdensome or considered to be an impediment to development.
- 3) Impact fees are the minimal necessary to support the infrastructure to serve the new homes and have not been updated in recent years, and therefore do not reflect the true impact costs.
- 4) By ordinance, the City can, and has, reduce(d) planning and building permit fees for affordable units.

Development fees not controlled by the City include sewer and water connection fees and school impact fees. These fees are assessed and administered by the individual districts. Sewer and water hook-up fees can add significant costs to residential development and may present a barrier to the development of affordable housing. In 2008, the Marin Municipal Water District reduced its fees for second units and waived a deed restriction requirement for affordability for cities in its jurisdiction (the deed restriction requirement was reinstated in 2009). MMWD has also regularly granted fee reductions to low income housing units, including multi-family units and second units, since the early 1980s. These policies encourage and facilitate the development of affordable housing units. The Ross Valley Sanitary District does not currently have an established policy to reduce fees for second units and affordable developments, but the City continues to support the creation of such a policy (see Section 4, program H8.B).

Children in Larkspur attend schools in four school districts: Larkspur-Corte Madera, San Rafael City, Tamalpais Union High, and Kentfield School Districts. Each district charges school impact fees for new residences, additions, or conversion to habitable space of 500 square feet or more. In 2014, the rates per square foot for Larkspur-Corte Madera, \$0.91 (elementary) or \$2.06 for San Rafael, and \$2.89 for Kentfield School District. Tamalpais Union High School District does not currently charge a development impact fee.

The following tables identify the current fee schedule for the City of Larkspur, a breakdown of typical fees for three residential dwelling unit types (single family, multiple family, and second dwelling unit), and the percentage of the cost of fees relative to overall construction costs and other various utility and service district fees:

Table 23. Fee Schedule for Residential Development

Planning	
Planning Applications (e.g., General Plan Amendment, rezones, Variances, Design Review, etc.)	\$500 to \$5,000 deposits depending on type of application. When more than one application is required, the application deposit that is greatest is required plus an additional \$500 deposit.
Building	
Base Building Permit	Based on project cost (e.g., 4-plex w/valuation of \$2,000,000 = \$12,832.75; Detached Single Family Unit w/valuation of \$800,000 = \$6,470.75)
Electrical	\$96 minimum or 10% of base building fee, whichever is greater
Plumbing	\$96 minimum or 10% of base building fee, whichever is greater
Mechanical	\$96 minimum or 10% of base building fee, whichever is greater
Energy Insulation	\$96 minimum or 10% of base building fee, whichever is greater
Access Compliance Fee	20% of the Base Building fee
Green Building Fee	25% of the Base Building fee
Plan Check Fee	65% of the permit fees above (due at submittal) or actual cost to the jurisdiction plus 5% overhead fee
Ordinance 428, Property Development	\$25/bedroom; \$75/master bedroom
SMIP (Seismic)	\$0.13 for every \$1,000 of work, \$.50 minimum
SB 1424 (state)	\$1.00 for every \$25,000 of valuation
Plan Retention	Cost to scan approved plans, \$2.62/sheet, \$5.00 minimum
Planning Review	Planners hourly rate x time spent
Engineer Review	Engineers hourly rate x time spent
Business License fee	\$0.50 for every \$1,000 of job valuation
Street and Road Impact Fee	0.0075 x job valuation (for any valuation \$10,000 or over)
General Plan Maintenance Fee	0.25 x job valuation
Other Fees	
Traffic Impact Fee	Required for new residential construction that meets one of the following criteria: new subdivisions, no existing residence on the site, or lot vacant for 5 years. \$3,399/vehicle P.M. peak hour trip over existing.
Park In-Lieu Fees	Required for new residential construction that meets one of the following criteria: new subdivisions, no existing residence on the site, or lot vacant for 5 years. \$4,153 per detached single family unit, \$2,509 per multi-family unit.
Developer Impact Fees	Paid to the school district for new residences, additions or conversion to habitable space of 500 sq ft or more.

Note: Each fee is based on specific criteria, and not every fee is charged for every permit.

Current as of November 2014.

Table 24. Cost Examples for Various Residential Dwelling unit Types

Development Fees			
	Single Family Home	8-unit Multi-family (per unit)¹	Attached Second Unit
Unit Size (sq. ft.)	3,500	1,250	700
Common area (sq. ft.)	0	0	0
# Bedrooms each unit	4	2	1
Cost of construction (sq. ft.)	\$300	\$200	\$250
Project Valuation	\$1,050,000	\$250,000	\$175,000
City Fees			
Discretionary Planning Review (Appx.) Second Unit	\$4,000	\$3,000	\$1,500
Traffic Impact Fee	Exempt	\$2,107	Exempt
Park Dev Fee	5,677	3,430	3,777
General Plan Maintenance Fee	\$2,625	\$625	\$438
Road Impact Fee	\$7,875	\$1,875	\$1,313
Building Permit	\$8,035	\$2,558	\$1,974
Plan Check	\$8,618	\$3,076	\$2,117
Energy Fee	\$804	\$256	\$197
Electrical	\$804	\$256	\$197
Plumbing	\$804	\$256	\$197
Mechanical	\$804	\$256	\$197
Green Building compliance	\$2,009	\$639	\$494
Accessibility compliance	\$0	\$512	\$0
State Seismic Fee (SMIP)	\$137	\$33	\$23
Planning review	\$101	\$101	\$101
Engineering review	\$288	\$144	\$144
Fire review	\$160	\$80	\$80
Revolving fee	\$42	\$10	\$7
Non-resident contractor fee	\$525	\$125	\$88
Bedrooms - Ord. 428	\$150	\$100	\$75
Plan/Document retention	\$100	\$60	\$60
CITY FEES TOTAL	\$43,555	\$19,497	\$12,978
Estimated Fees of Other Districts			
Water Connection - MMWD ²	\$9,071	\$9,071	\$2,341
Sewer - Ross Valley Sanitary District ³	\$6,224	\$5,042	\$5,042
Sewer - Central Marin Sanitation Agency ⁴	\$5,261	\$5,261	\$5,261
Schools - Larkspur School District	\$13,790	\$4,925	\$2,758
DISTRICT FEES TOTAL	\$34,346	\$24,299	\$15,402
TOTAL FEES (per unit)	\$77,901	\$43,796	\$28,380

¹Fees are shown here on a per unit basis for comparative purposes. Some fees, such as the Design Review fee, are charged for the entire project and not on a per unit basis.

²Water connection fees are based on estimated consumption, which ranges from 0.24 to 0.38 acre foot, depending upon area. This example averages the high and low amounts. The Water District also charges for water meter installation.

³Sanitary district fees are based upon number of fixture units, which range from one unit for a wash basin to three units for a toilet. The base charge of \$4,532 includes 23 fixture units. Additional fixture units are charged at the rate of \$197 each. The single family example assumes 29 fixture units.

⁴Capacity charge is based on the 2013 schedule. Fees are indexed to inflation.

Source: City of Larkspur Planning and Building Departments; Marin Municipal Water District; Ross Valley Sanitary District; Central Marin Sanitation Agency; Larkspur School District

Table 25. Percentage of City's Fees for Residential Development

	Single-family	Multi-family (per unit)	Second Unit
Construction costs	\$1,050,000	\$250,000	\$175,000
Land costs	\$600,000	\$165,000	\$0
Typical estimated cost of development per unit (land and construction costs)	\$1,650,000	\$415,000	\$175,000
Total estimated City fees per unit	\$43,555	\$19,497	\$12,978
Estimated proportion of City fee cost to overall development cost per unit	3%	5%	7%
Total estimated special district fees per unit	\$34,346	\$24,299	\$15,402
Estimated proportion of special district fee cost to overall development cost per unit	1%	2%	9%
Total estimated fees per unit	\$77,901	\$43,796	\$28,380
Estimated proportion of total fee cost to overall development cost per unit	3%	7%	16%

Permit Costs and Processing Time. Costs associated with the time it takes to obtain planning permits for development can be significant (basic fees charged by the City are summarized in Table 23). These costs are highly variable and are related to developer overhead, financing, and start-up costs, as well as the length of the permit-processing period. It is generally accepted in the building industry that the cost of construction increases as processing time increases.

The cost to process planning permits for development is based on time and materials. However, as Program H7.G in this Housing Element states, the City will "Consider waiving or deferring development fees for housing projects targeted to lower-income households when needed to ensure project feasibility." It has also been the City Council's practice to waive planning processing costs incurred by staff. However, the fees charged by outside consultants hired by the City to work on the project cannot be absorbed by the City and are the financial responsibility of the applicant.

Frequently, for large or complicated development projects, a planning consultant is hired to process the application because a consultant can devote concentrated time to the application and expedite the processing. It is, and continues to be, the policy of the City (Policy H7.6 and Program H7.F) to "provide priority processing for all development applications that provide more low-and moderate-income units than are required by the city's inclusionary policy to reduce the required processing time." So, to the extent that an application can be processed quickly, the cost of the consultant is partially offset in saved time.

A development application for a single-family house generally takes less time to review than an application for a multi-family development. Currently, when a proposed single-family residence or second-story addition is not subject to special environmental constraints and is in conformity with zoning, then only design review is required. Once an application is deemed complete, it is generally scheduled for hearing within a month, and after approval it is possible to process the required building permits in one month. The design review process was adopted due to a concern about the construction of "monster" homes on infill lots and the potential loss of existing smaller homes.

Inclusionary Housing Requirements and Affordable Housing Fund. The City's Inclusionary Housing regulations (LMC 18.25) require at least 15 percent of units in residential developments of five to 14 units to be affordable to low and very low income households (rental) or low and moderate income households (ownership). At least 20 percent of developments of 15 or more units must be affordable to low and very low income households (rental) or low and moderate income households (ownership). The ordinance also requires subdivisions of two or more parcels where five or more additional units could be constructed to set aside developable parcels to allow for the future development of the equivalent percentages of affordable units as outlined above. The applicant or another for-profit or nonprofit applicant may develop the set aside land. The units may be rental or owner-occupied. The method of providing inclusionary units from lot subdivisions would be specified in the conditions of approval of each applicable subdivision.

A developer can meet the inclusionary housing requirements by an alternative equivalent action, established by the ordinance as including following:

- Dedication of vacant land suitable for housing to a non-profit housing development (fully improved, free of toxic substances, appropriately zoned, and large enough to at least accommodate the required number of units).
- Transfer of inclusionary unit credits.
- Construction of affordable units on another site or enforcement of required rental/sales price restrictions on existing market-rate dwelling units consistent with the ordinance's household income restrictions.
- Development of second dwelling units (may only satisfy 50 percent of the required affordable units).

In order to use an alternate equivalent action, the developer must show how the alternate action will further the City's affordable housing opportunities to an equal or greater extent than providing the inclusionary units. The City Council has sole approval of alternate equivalent actions.

A developer of five to 14 units may satisfy the inclusionary housing requirements by paying in-lieu fees for the affordable units. A request for in-lieu fee payment must include: a report containing sufficient independent financial data showing why developing the affordable units is infeasible; all overriding conditions that prevent the development from meeting the inclusionary requirements; and an analysis of why the overriding conditions cannot be mitigated by incentives and concessions offered by the City. Concessions and incentives include reducing site development standards and reducing, waiving, or reimbursing fees. Current in-lieu fees are listed in Table 23.

The City requires developments of 15 or more units to provide a minimum of 20% of the units to be affordable to low and very low income households (rental) or low and moderate income households (ownership). This requirement may qualify the applicant for a State density bonus, which provides density bonuses on a sliding scale according to the affordability mix and percent of affordable units in a project. A rental project that provides 20% low income units is entitled to a 35% density bonus as well as concessions designed to ensure the feasibility of the project. The density bonus and incentives (such as relief from zoning standards) are designed to reduce the cost of providing the mandated affordable units.

Affordability of inclusionary housing units may be established by regulatory agreements, resale restrictions (ownership units), or in deeds of trust in perpetuity, unless reduced by the City Council

to a specific term to meet the requirements of a financing institution or subsidy program. Thus far, the City has not collected any in-lieu fees from approved developments, as the developments have either accommodated the required affordable units or an alternate equivalent action. The Rose Lane project met its inclusionary unit requirement by providing affordable second units, cottages, and single-family homes within the market-rate development. The Drake's Cove project donated vacant land to non-profit housing developer EAH as an alternate equivalent action, thus facilitating the construction of 24 very low income units at Drake's Way.

Table 26. Inclusionary Housing In-Lieu Fees

Project Type	In-Lieu Fees per Affordable Housing Unit (Note: The fees per affordable unit do not change based on project size)
Rental Units	\$213,267
For-Sale Units	\$338,126

State Density Bonus Law. Government Code sections 65915-65918 (“State density bonus law”) requires that municipalities grant density bonuses and, if applicable, certain development standard concessions when a developer agrees to dedicate a certain percentage of housing units to low-income households (as defined in state law), child care facilities, and/or senior housing. The density bonus essentially allows the development of housing units in excess of that allowed under the zoning ordinance on a sliding scale, based on the number of affordable units provided and the level of affordability. Concessions are available in cases where the developer may have the ability to develop affordable units if the municipality allows certain exceptions to development standards (e.g., setback and parking requirements).

State density bonus requirements apply only to new developments with five (5) or more residential units. State density bonus law requires all cities and counties to adopt an ordinance that describes how the jurisdiction will implement existing State density bonus law. The City adopted Ordinance No. 999 in January of 2015 addressing the process by which the City will process and review requests for density bonuses, incentives, and/or concessions.

Design Review. Multi-family development proposals are subject to design review. In practice, the design review of a project by the Planning Commission has not added processing time to an application, since most multi-family development proposals require Planning Commission approval of a slope use permit, circulation assessment permit or tentative map due to the site location or the applicant’s wish to subdivide or build condominiums. Discretionary permits are always processed concurrently. Further, though design review is subjective to some extent, the policy of the City Council and Planning Commission has been to focus on concerns with bulk and mass and how the architecture accentuates or minimizes these components rather than the specific details of the design. The City’s design review criteria, as outlined in the Zoning Ordinance, are typical and straightforward. They include the following:

- The need for the design to be done by a person who under the building code is designated as legally competent to submit the project application.
- The preservation of the natural landscape, particularly the preservation of heritage trees.
- The relationship between structures within the development and with the neighborhood and other surrounding development.

- The materials and colors used for siding, glazing, roofs, and concrete surfaces (what is acceptable is clearly explained in the ordinance).
- Walls, fences or screening.
- Design of drives, parking and circulation
- Garbage and refuse collections areas
- Signs
- Exterior lighting sources
- Landscaping
- Construction impacts.

The findings for slope use permits focus on impacts on views and environmental characteristics of the site (e.g., geological features, drainage ways, etc.), construction management measures, best engineering practices, fire safety measures, health, safety, and welfare of persons residing or working in the neighborhood, and General Plan consistency. Findings for Circulation Assessment Permits focus on consistency with the General Plan and any applicable Specific Plan, peak hour trip generation and impacts on intersections and roadway segments relative to the General Plan standards, provisions for specific transportation system improvements that may be required, payment of applicable traffic impact fees, and the public benefit of the project.

As evidenced by the past approvals of affordable housing projects and projects with an affordable housing component, e.g., Edgewater Place, Cape Marin, and Drake's Cove/Drake's Way, the City's criteria and design review process has not been detrimental to the construction of affordable housing. It is also noted that in recent years the non-profit housing organizations have recognized the need for designs that are compatible with the community and the aesthetic quality of their projects further facilitate the design review process.

Many major projects, however, also require environmental review (either negative declarations or environmental impact reports). The total length of time from the initial developer contact with local officials to final map and approval can exceed two years. The City has taken actions to reduce processing time and potential delay for residential projects by encouraging developers to meet with neighborhood residents and allowing the combined processing of certain applications, and hiring consultants that are able to focus on the project. Multi-family development proposals proposed on non-environmentally sensitive land and in a multi-family zone can be acted upon within 60 days of a complete application submittal. However, except for the Sanitary District Property and the Central Larkspur Specific Plan area for which precise development plans have been approved, there is very little vacant residential land remaining that is not environmentally sensitive.

Environmental Review - CEQA. Much of the remaining developable land in the City has significant environmental and land development constraints, such as access problems, visual prominence, steep slopes and geological problems, which require extensive review and analysis of proposed projects to assure appropriate site planning and design. This is indicative of the fact that the City is close to build-out. The City of Larkspur follows the procedures set forth in the California Environmental Quality Act (CEQA) and Guidelines and processing time for residential projects is dependent on whether an Environmental Impact Report (EIR) is required. Barring significant environmental constraints, CEQA Section 15332 ("Infill Development Projects") allows the City to categorically exempt from CEQA review infill development consistent with the Larkspur General Plan and Zoning requirements.

Environmental review for projects, which are not categorically exempt and have no significant impacts or which mitigate impacts to less than significance, normally takes less than 60 days to accomplish, and is required by law to be completed in no more than 105 days from the time a completed application is submitted. If the development 1) has potential environmental impacts which are not determined to be mitigated to less than significant levels, or 2) requires further study to determine the significant impacts, appropriate mitigations and/or project alternatives, processing time may take longer depending on the complexity of the project and the scope of impacts, mitigations, and alternatives to be analyzed. State law requires that all development projects, not requiring legislative actions, be approved within six months from the date a completed application is submitted if a negative declaration is prepared and processed. Environmental review and action on a project must occur within one year if the project has significant impacts and an environmental impact report is prepared.

However, the City, whenever possible, has taken steps to reduce the processing time on housing developments relative to environmental review. For example, the City was able to issue a Mitigated Negative Declaration for the Drake's Way/Drake's Cove developments. Also, the City prepared an expanded initial study and Mitigated Negative Declaration for the 2000 Larkspur Landing project. Most remaining residential sites in Larkspur, however, are on heavily vegetated steep slopes that are more expensive to develop due to geotechnical and access problems. Further, environmental protection requirements, including protection of endangered species, may make it such that CEQA Section 15332 does not apply and additional time and cost is necessary to process development permits including evaluating the effects of the project and identifying appropriate measures to mitigate adverse impacts.

Another step the City takes in facilitating the processing of applications is to encourage pre-application consultations with City staff. The purpose of the consultations is to help the applicants understand the City's development codes and regulations and issues that may arise from community concerns. Applicants are also encouraged to meet early with community groups and neighbors concerned with the proposed project as well as with any responsible or potentially interested agencies. The City also has an internal Development Review Committee comprised of planning staff and representatives from Public Works, Building, Fire Department, and Customer Service staff. The Committee meets weekly to review and discuss recently submitted applications and applications in process, as needed.

Ultimately, though, time requirements for review of the merits of a project are contingent on project complexity, its environmental impacts, and the adequacy of the application submittal. A single-family residence requiring Planning Commission approval, such as design review, can be processed within 30 days or less of the submittal of a complete application and building permit processing times are usually between one and three weeks after Planning Commission approval and a complete building permit application has been submitted. The processing time is the same for other types of small multi-family complexes or mixed-use developments (e.g., small downtown commercial projects) that do not require preparation of a negative declaration or an environmental impact report and are consistent with the historic character of the site or area, if applicable.

Planned Development Districts. Larger development projects in a Planned Development District begin with submittal of a Preliminary Development Plan that consists of written and graphic materials describing a general development scheme and the parameters of development.

The Planned Development District allows flexibility in determining building placement, height, bulk, and mass that will be most suitable for the site. The findings required by the Planned Development District ensure consistency between the project and the goals and policies of the City's General Plan and any applicable specific plans. Generally, unless the project is significantly complex, Planning Commission hearings are held within 30 days of when the environmental review is complete. Final action is then taken by the City Council and this can occur within 30 days of when the Commission has completed their hearing.

Subsequent to obtaining City Council approval of the Preliminary Development Plan, submittal and approval of a Precise Development Plan by the City Council is required based on the recommendations of the Planning Commission. The Precise Development Plan is more detailed than the Preliminary Plan, but must be consistent with the development scheme of the approved Preliminary Plan. Final action on Precise Development Plans usually takes 45 to 60 days after the application is determined to be complete. The subdivision of property also requires submittal and approval of a Tentative and Final Map. Tentative Maps are often submitted and processed concurrently with the Precise Development Plan. Action on a Final Map is taken after the conditions of the Tentative Map have been met. After obtaining approval of the Precise Development Plan and the Final Map, the applicant normally applies for building permits. Future development of individual lots within a Precise Development Plan area generally require only building permits if the development is consistent with the approved plan. The Planned Development process provides an alternative method to the variance process for granting exceptions to the zoning ordinance. In the case of Drakes Way, exceptions were granted for parking to allow reductions in grading; exceptions were also granted to density for a hillside lot, covered parking requirements, minimum lot area per dwelling unit, building height limits, and rear-yard requirements.

Building Codes and Enforcement

The City of Larkspur adopts the California Building Standards Code and subsidiary codes that set minimum standards for building construction. The standards may add material and labor costs but are the industry standard and considered to be the minimum necessary for the safety of those occupying the structure. The City has amended specific provisions contained in the Uniform Codes which can impose additional costs on residential development, particularly in High Hazard Fire Zones: 1) Achievement of Class A roofing standards and fire sprinklers are required for all structures in excess of 120 square feet that are located within a High Hazard Fire; and 2) plastic pipe is not permitted in any structure exceeding two stories in height. The City also uses the State Historic Building Code, as may be appropriate, to facilitate preservation, rehabilitation, and restoration of historic structures.

In addition, the City enforces provisions of Title 24 of the California Building Code, specifically those related to energy conservation and efficiency. While these requirements have tended to be strengthened over time, resulting in increased construction costs, they also provide greater energy efficiency results in lower operating costs for residents. Since 2011, the City has also enforced the California Green Building Standards Code, or CalGreen, which requires new development or substantial remodel projects (both residential and non-residential) to ensure energy efficiency, water efficiency and conservation, material conservation and resource efficiency, and environmental quality during and after construction.

The City's code enforcement program is largely complaint-driven. The Building Official enforces building and zoning codes with assistance from Planning staff. Most complaints are resolved voluntarily through corrective action by property owners, although some require additional actions through hearings and assessment by fines. In instances where work is done without permits, penalties are assessed and the work must meet current code standards.

Potential Housing Constraints for Persons with Disabilities

The City has not identified any specific constraints within the zoning or building codes relative to the development, maintenance, and improvement of housing for persons with disabilities. Consistent with Senate Bill 520 (2002), however, the City will continue to regularly evaluate its zoning ordinance and other policies to identify and eliminate potential barriers to the construction of housing for people with disabilities, handicapped dwelling conversions (or adaptability), and appropriate site design. In 2012, the City adopted a Reasonable Accommodation Ordinance (Ord. 984) outlining a process whereby an applicant may request relief from rules, policies, practices and procedures to ensure equal access to housing and facilitate the development of housing for individuals with disabilities.

The City also has a variance process, whereby a person can apply for to seek relief from the zoning regulations where strict application of the regulations would deprive the property owner of the uses enjoyed by nearby lands in the same zone, due to circumstances unique to the property. To date, the City has been able to accommodate building permits for accessible facilities and no variances have been requested. Further, the Larkspur Zoning Ordinance has previously been updated to define "family" within the context of Fair Housing laws and to allow for group homes as a permitted use in each of the residential districts as well as in the downtown and general commercial districts. In January of 2015, the City adopted Ordinance No. 1000, recognizing transitional and supportive housing as a residential use in all zones that permit residential uses, subject to the same restrictions as those imposed on other residences of the same type in that zone.

The Ordinance does not restrict the number of persons living in a group home for the handicapped. The City's Zoning Ordinance permits group homes for the handicapped (no limit on number of persons) in all of the residential zoning districts (R-1, R-2, R-3 and MHP-Mobile Home Park) and the General Commercial District (C-2).

Second Units and Junior Second Units

A second dwelling unit is an accessory unit, attached or detached to the main house, which provides complete independent living facilities for one or more persons. In 2003, the State of California adopted legislation that required the permitting of second units to be a ministerial process, meaning that local jurisdictions must allow the construction of second units by-right, though subject to jurisdiction-defined building and design standards. Consistent with State law, the City amended its Zoning Ordinance to allow the construction of second units by-right, subject to building and design standards specified in the Residential Second Dwelling Unit Ordinance (LMC 18.21).

Second units must meet the following standards as specified in LMC 18.21:

- a) Only one second unit allowed per parcel developed with a single-family home, either attached or detached from the main unit.
- b) The floor area must be between 320 and 700 square feet.

- c) Either the single-family unit or the second unit must be occupied by the property owner.
- d) Detached second units must meet the requisite setback and height limitations for accessory buildings in the appropriate zoning district. Attached second units must meet the same requirements for the main dwelling in the appropriate zoning district.
- e) One parking space, covered or uncovered, must be provided in addition to the existing parking spaces required for the main dwelling, subject to topographical, fire and safety hazard conditions.
- f) The second unit must be rented, leased, or provided without compensation.
- g) The second unit may be either a studio or one-bedroom unit.
- h) The design of the second unit must be compatible with that of the existing main unit, and impacts on neighboring properties must be minimized (i.e. opaque glass on second-story second units).

According to local surveys compiled for the 2009 Marin Countywide Housing Element Workbook, 40-80% of second units are affordable to low income households, 20-40% are affordable to very low income households and 10-20% are affordable to ELI households. The studies also found that 60-100% of second units are affordable to moderate income households. In Larkspur, second units may only be studio or one-bedroom units. One-bedroom units are particularly suited to the needs of single-person senior households, which constitute 15 percent of households in Larkspur, in addition to other low-income single or two-person households. Some of the unique benefits of second units are as follows:

- (1) They provide flexibility for the owner of the main home (they can be an apartment for elderly parents or other family member, or a source of income);
- (2) When rented they help make home-ownership affordable for the owner of the home;
- (3) They can provide flexibility for seniors or other homeowners who rent their primary dwelling because they still want to live in the same neighborhood;
- (4) They provide lower cost housing because the units tend to be small and there are no extra land costs (surveys show that no rent is collected for half of the units);
- (5) To fit in to existing neighborhoods the units are small, limited to no more than 700 square feet.

Throughout the Housing Element update process, the City has heard feedback from the community that current second dwelling unit regulations- particularly the requirement for an additional on-site parking space and the cost of development review- constrains the development of second units. In response to this community discussion, this Housing Element directs the City to adopt additional regulations to permit a new type of second unit referred to as a junior second unit. A junior second unit would be limited to conversion of an existing bedroom, incorporating a small wet-bar kitchen and an exterior entrance. The wet-bar kitchen would have a limited sink size, a small drain line to preclude a larger sink or garbage disposal, limitation on the length of associated counter and cabinets, prohibition on natural gas or 220v electrical service to preclude a full-sized cooking appliance, and a prohibition on installation of a dedicated electrical circuit, gas line, gas stubout or plumbing stubout to preclude future service expansion. Since the junior second unit would not result in an additional bedroom, no additional parking beyond that required for the single-family home, would be necessary. On-site owner occupancy would be required.

In order to be counted as a housing unit for RHNA purposes, the unit would need to meet the U.S. Census Bureau's definition of a housing unit and provide "separate living quarters." In other words, the unit would need to have its own cooking facilities, exterior access, and bathroom. The City may want to consider allowing junior second units to utilize shared bathrooms, as these types of units may provide additional opportunities for affordable housing in the community. However, such units would need to be tracked separately and could not be credited towards the City's RHNA requirement.

In the 2007 to 2014 planning period, the City issued six building permits for second units or approximately one unit per year. During the 2014-2022 planning period, the City anticipates to produce twice the amount of second units (or two per year) in anticipation of adoption of junior second unit regulations.

Opportunities for Energy Conservation

Housing Elements are required to identify opportunities for energy conservation. Energy costs can be a substantial portion of housing costs. Effective energy conservation measures built into or added to existing housing can help residents manage their housing costs over time and keep lower income households operating costs affordable. In addition to the requirements of the California Green Building Standards code (CalGreen), there are a number of programs offered locally through Marin Clean Energy, Pacific Gas & Electric, local non-profit organizations, and the State of California that provide cost-effective energy saving programs for residents.

PG&E's Energy Savings Assistance Program provides income-qualified customers free energy efficient appliances, energy education, and home weatherization to help reduce their energy use. State and federal appliance standards now require manufacturers to produce and sell appliances according to specified energy-consumption performance criteria, and the Energy Crisis Intervention Program, managed by the State Department of Community Services and Development, helps low income residents pay delinquent energy bills to avoid interruption of service. The County of Marin administers the Energy Upgrade California™ Home Upgrade statewide program, which provides homeowners with free technical support, rebates and incentives for making energy efficiency improvements to their homes. The City has made information about these energy conservation programs available to the public.

Other significant areas in which the City of Larkspur is encouraging energy conservation in new and existing housing include:

1. Adoption of the California Green Building Standards Code (CalGreen), establishing standards for new (Tier 1 level) or substantially remodeled structures to encourage sustainable construction practices, energy efficiency, water efficiency and conservation, material conservation, and overall environmental quality.
2. Appropriate land use policies and development standards that reduce energy consumption, such as promoting more compact, walkable developments and housing close to transit, jobs, community facilities and shopping; encouraging in-fill development; planning and zoning for multi-use and higher density development; permitting common walls and cluster development; and promoting passive and active solar design elements and systems in new and rehabilitated housing.

Through these and other conservation measures the City seeks to help minimize the percentage of household income that must be dedicated to energy costs as well as minimize the use of nonrenewable resources.