



STAFF COMMUNICATION

TO: Mayor and City Council

FROM: Danielle Staude, Senior Planner

VIA: Patrick Kelly, Director of Planning and Building

SUBJECT: Item 7: Preliminary Review and Analysis of City-Owned Parcels to Leverage for Affordable Housing

DATE: October 5, 2020

1 This memorandum provides a brief summary of the September 30, 2020 Housing
2 Advisory Committee meeting. The discussion item related to identifying City-Owned
3 land to leverage an affordable housing project has generated significant interest in the
4 community, particularly for those in the Scott Highlands area. There were over 135
5 members of the public in attendance (via zoom/telephone) with 43 public comments
6 heard by the Committee. Most speakers acknowledged the need for more affordable
7 housing in the City but differed on the overall approach. Of the 43 speakers, 33 expressed
8 concern about the sale of open space, particularly the Scott Highland’s open space
9 identified in the staff report and 10 supported selling the open space to leverage funding
10 and partner with a non-profit housing developer to build an affordable housing in Mill
11 Valley.

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13 The information below highlights several topics discussed by the community during the
14 meeting as part of written communication, and the resulting Scope of Work
15 recommended by the Housing Committee as part of next steps.

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17 **Topics of Discussion:**
18 Listed below are some of the topics discussed during as part of public open time during
19 the Housing Committee meeting as well as in written communications. Staff then
20 provides additional context (*in italic*). Please see the zoom link (line 190) and public
21 communications provided to Council for additional details.

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23 • **General Approach.** Some members of the community commented and disagreed
24 with the overall approach. *This body of work stems from policy guidance*
25 *contained in the last two cycles of the Housing Element (since 2013) as well as*

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26 *the general interest of the community, which is most recently expressed through*
27 *the Housing Committee’s Work Plan priorities.*

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29 *The sites analysis was conducted in-house and presented to the Housing*
30 *Committee and the public to provide information and start important community*
31 *discussions about affordable housing. Staff brought the sites analysis to the*
32 *Housing Committee and initiated community discussions early in the process.*
33 *This was done in order to comply with the Brown Act and to invite public input*
34 *into the deliberations regarding site selection. Based on that process, the*
35 *Committee recommended that further work be conducted to confirm staff’s*
36 *analysis (see Scope of Work below). This work will be presented to the Committee*
37 *and the community for further review and consideration.*

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39 • **Evaluation Criteria.** Several members of the community requested more
40 information about the evaluation criteria used to eliminate and/or select city-
41 owned sites.

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43 *The following criteria was used to eliminate parcels:*

- 44 - *Narrow, irregular shaped, associated with Rights of Way were removed.*
45 - *FEMA Floodway & Wetland areas removed (cannot build on).*
46 - *Sloped parcels (Over 50% slope difficult to build on and likely associated with*
47 *substantial cuts of land in hillsides/high fire zone and large tree removal)*
48 - *Parcels with Civic Buildings (library, community center, city hall). These*
49 *parcels were eliminated due to the additional cost of redevelopment.*
50 - *Parking Lots. Miller (floodway); Downtown (narrow); Community Center*
51 *(bay mud and solar panels); City Hall (narrow and in creek setback).*
52 - *Playgrounds and playing fields removed.*
53 - *Lots with easements/legal restrictions, such as Planned Development.*

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55 *The subcommittee then further evaluated sites based on marketability; size for*
56 *alternative use; construction feasibility and location; context and consideration of*
57 *existing use. Staff has included tasks in the proposed Scope of Work to confirm*
58 *the sites analysis with further refinement to the evaluation criteria based on*
59 *additional research and findings.*

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61 • **Equity and Diversity.** Several speakers indicated the importance of balancing
62 the housing needs for all socioeconomic levels and highlighted the lack of
63 diversity in Marin County, both past and present. And others mentioned giving
64 back to the community by sharing housing opportunities through the sale of land
65 to generate funds for an affordable housing project. *The City of Mill Valley*
66 *recently established a Diversity, Equity and Inclusion Task Force and will be*
67 *briefed on the City’s housing programs that are aimed at addressing equity and*

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68 *diversity, including the Housing Committee’s work effort to identify public owned*
69 *property to leverage an affordable housing development project.*

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71 • **Loss of Open Space and Community Connection.** A large portion of those that
72 attended the meeting were from the Scott Highlands neighborhood and expressed
73 concern about the loss of open space in the area as it provides an informal outdoor
74 space for the neighborhood. Others mentioned that the grassy field was a
75 community asset that connects the neighborhood. The open space is used for
76 birthday parties, annual picnics, egg hunts, and other extracurricular activities. *In*
77 *its review of city-owned properties, staff recognized that the amount of open*
78 *space opportunities in the area, including Scott Highlands Playground, trails,*
79 *Boyle Park, informal areas of the golf course, and the new “No Clubs Just Play”*
80 *golf course programs. Additional evaluation is also required to determine the*
81 *amount of land needed for an affordable housing development. Staff has included*
82 *tasks in the proposed Scope of Work to confirm the sites analysis and conduct*
83 *additional research to address this concern, and to ensure that the best*
84 *appropriate parcels are identified for sale or use as part of the analysis.*

85

86 • **Unfair Burden on A Neighborhood.** Some members of the community
87 indicated that the sale of the Scott Highlands grassy field was an unfair burden on
88 one neighborhood. *Generating a site and funds for an affordable housing project*
89 *is a community-wide effort, particularly in a location where there is limited land*
90 *to build on and the value of land is high. There will be other neighborhoods*
91 *impacted, such as the area in which an affordable housing project is proposed.*
92 *Other residents are financially impacted based on the City’s 1% affordable*
93 *housing impact fee for residential renovation projects over \$105,000.*

94

95 • **Housing Crisis and Lack of Affordable Housing.** Several community members
96 indicated the important need of housing in the community, particularly for the
97 City’s workforce. *Housing affordability has been recognized as a concern by the*
98 *community and Council. The City’s Housing Element identifies several housing*
99 *programs aimed at addressing affordable housing including:*

100 - *Inclusionary housing (new multi-family units with 4+ units must build 25% of*
101 *the units as affordable);*

102 - *Single-family Impact Fees/Affordable Housing Trust Fund (1% fee assessed*
103 *on home renovations over \$100,000 and deposited into the Trust Fund);*

104 - *Non-traditional housing types, including making room and “housing” the Mill*
105 *Valley community through the Home Match program (recently approved by*
106 *Council) and the promotion of ADUs.*

107 - *Partnerships for affordable housing (this work effort); and*

108 - *Publicly owned land for affordable housing (this work effort).*

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- 110 • **Funding Approach.** Several members of the community suggested a fundraising
111 effort to propose a ballot measure for a parcel tax or real estate transfer tax. *Staff*
112 *recognizes that there are various funding mechanisms but has not been directed*
113 *to pursue any such ballot measure. A tax measure requires 2/3 vote in favor of*
114 *the measure.*
115
- 116 • **Accessory Dwelling Units (ADUs).** ADUs were highlighted by several members
117 of the public as an alternative to partnering with a non-profit to build an
118 affordable housing project. *ADUs are sprinkled throughout the City's single-*
119 *family neighborhoods and are a great way of diversifying single-family*
120 *neighborhoods by creating smaller scaled dwelling units. In 2018, Planning*
121 *Commission and City Council pursued an approach to deed restrict the*
122 *occupancy of ADUs solely to an affordable household, senior or adult family*
123 *member. Unfortunately, State Law has preempted such an approach, and ADUs*
124 *do not necessarily have to be rented out or occupied. ADUs are also typically*
125 *occupied by small household sizes (1-2 individuals) not families. These units are*
126 *market-based units and can be impacted by the cost of land and construction.*
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- 128 • **Selling Land Prior to Identifying an Affordable Housing Site or Actual**
129 **Costs.** There was also concerns about selling open space and a neighborhood
130 feature without having an actual affordable housing site secured. Or, selling the
131 land prematurely and without knowing what the sale of the land will directly
132 produce in terms of affordable housing. *The process of identifying and securing*
133 *an affordable housing site is complex but a viable option for Mill Valley. There*
134 *are numerous funding sources required, and typically non-profit housing*
135 *developers only express interest once a certain amount of funding or site is*
136 *secured. Identifying a site prior to the sale can also inflate the purchasing cost of*
137 *the parcel. In other words, it is a balance. Staff has folded some additional tasks*
138 *into the proposed Scope of Work below to address this concern.*
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140 **Committee Recommendations:**

141 Based on the presentation, Committee discussion and public comment, the Housing
142 Advisory Committee made a motion (5-0) recommending that Council consider
143 authorizing a Scope of Work to confirm the staff analysis of City-owned sites; provide
144 further investigation into possible redevelopment scenarios; and additional review of
145 affordable housing redevelopment scenarios that be may available on private property.
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147 The Draft Scope of Work is recommended as follows:
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- 149 1. **Review and Finalize Sites Analysis.** Confirm City analysis through additional
150 research and an outside consultant review. Verify/add to evaluation criteria and
151 confirm those properties that provide the opportunity to: 1) sell the land to
152 generate local funds to partner with a non-profit affordable housing developer or
153 2) use the land to build an affordable housing project. See items 2-6 below for
154 additional information that will be collected and folded into the analysis.
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2. **Further Outreach to Public Agencies.** There are properties that may provide possible redevelopment potential either as a low-income affordable housing site or a site that can be used to raise funds but require further exploration and discussion with local agencies. Examples include Edgewood/Mill Valley Reservoir (owned by the City with an open space easement on it) and 300 East Blithedale (owned by Pacific Bell).
3. **Expand List of Possible Affordable Housing Sites.** Confirm possible sites for building affordable housing outside of City-owned land to develop scenarios that the City can further consider (see last bullet for example). Test interest of sites with owners and non-profit developers based on preliminary information.
4. **Confirm Affordable Housing Development Assumptions.** A local funding match is usually required to partner with an affordable housing developer, and typically is in the range of \$3-5 million for a 35-40 unit project. Confirm the amount of local funds needed to jump start an affordable housing project (with and without land donation). Include local affordable housing projects recently funded as an example.
5. **Property Assessment.** Further evaluate the development opportunities and constraints of land. Identify the required components to sell land (rezoning, lot consolidation, subdivision, environmental review, etc.) and estimated value for properties that are deemed as feasible opportunities based on the analysis.
6. **Review Scenarios and Recommendations.** Review sites and evaluate scenarios based on the above to determine the suitability of development. For instance, the Hauke Park parking lot and adjacent property was identified in the analysis as a potential site to build an affordable housing through the donation of the land. Alternatively, this site could be sold to generate funds for an affordable housing project elsewhere.

Next Steps: Staff will hire consultants, as needed, to conduct the above-referenced work. This body of work will be presented to the Housing Advisory Committee for further consideration, including recommended next steps based the analysis.

ONLINE RESOURCES:

See October 5, 2020 calendar for City Council staff report, supporting materials and written correspondence www.cityofmillvalley.org

Zoom Video: September 30, 2020 Housing Committee Meeting

<https://us02web.zoom.us/rec/share/Jc4jTaFalaARbQOOFAR7nMyXjuRPHnnu8mnBHVTsklEMy2nmwSDebfELMeQ-jfs0.-QQ-Pr7gPhlmfC6j>