HOUSING ELEMENT COMMITTEE AGENDA

Monday, May 10, 2010
5:30 p.m.
City Council Conference Room
City Hall at 420 Litho Street

Each agenda item will be considered in the following manner: 1) Staff will provide a presentation/overview; 2) the Housing Element Committee (HEC) will discuss the item; 3) the public may comment on the item; and 4) the HEC will discuss the item and take action.

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The HEC may, at its discretion, consider agenda items out of the order in which they are listed. The public may comment on any item on the agenda that has not previously been subject to public comment. To give everyone an opportunity to be heard and to ensure the presentation of different points of view, the Committee requests that members of the audience who speak: 1) Always address the Chair; 2) State his or her name and address; 3) State views succinctly, and; 4) Limit comments to three minutes.

1. **Call to Order**

Chair Linda Pfeifer (City Council Rep)
Mike Kelly (City Council Rep)
Steve Flahive (City Resident)
Carolyn Kiernat (City Resident)
Vacant (City Resident)

Vice-Chair Joan Cox (Planning Commission Rep)
Stan Bair (Planning Commission Rep)
Chris Visher (City Resident)
Vacant (City Resident)

2. **Public Comment on Items Not on Agenda**

3. **Approval of Minutes** – April 26, 2010 (5 minutes; end at 5:35 pm)

4. **Subcommittee Discussion**—Chair Pfeifer and Vice-Chair Cox (30 minutes; end at 6:05 pm)

5. **Housing Constraints Section and Review Process** (15 minutes; end at 6:20 pm)
   a. Review process for Housing Constraints Section
   b. Purpose of Housing Constraints Section (Handout)
   c. Review portion of Housing Constraints Section

6. **Communications**
   a. Staff
   b. HEC Members

7. **Agenda Topics for Next Meeting**
   - Review of the Housing Constraints Section

8. **Adjourn** – Next Meeting: Monday, May 24, 2010

Agendas are available at the Community Development Department and posted at least 72 hours prior to the meeting at the entrance to City Hall, 420 Litho Street. Recordings of the meetings are maintained at the Community Development Department.

Special Needs- In compliance with the Americans with Disabilities Act (28 C.F.R. 35.102-35.104, ADA Title 11), if you need special assistance to participate in a Housing Element Committee meeting, please call 289-4128. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

City of Sausalito
Community Development Department
420 Litho Street
Sausalito, CA 94965
(415) 289-4128 | www.ci.sausalito.ca.us

Jeremy Graves, **Community Development Director**
Mary Wagner, **City Attorney**
Lilly Schinsing, **Associate Planner-Project Manager**
Heidi Burns, **Associate Planner**
Alison Thornberry, **Assistant Planner**
Alberto Viana, **Administrative Aide I**

DRAFT

HOUSING ELEMENT COMMITTEE MINUTES

Monday, April 26, 2010
5:30 p.m.
City Council Conference Room
City Hall at 420 Litho Street

Each agenda item will be considered in the following manner: 1) Staff will provide a presentation/overview; 2) the Housing Element Committee (HEC) will discuss the item; 3) the public may comment on the item; and 4) the HEC will discuss the item and take action.

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The HEC may, at its discretion, consider agenda items out of the order in which they are listed. The public may comment on any item on the agenda that has not previously been subject to public comment. To give everyone an opportunity to be heard and to ensure the presentation of different points of view, the Committee requests that members of the audience who speak: 1) Always address the Chair; 2) State his or her name and address; 3) State views succinctly, and; 4) Limit comments to three minutes.

1. **Call to Order**- *5:33pm. All present, except as noted*

Chair Linda Pfeifer (City Council Rep)	Vice-Chair Joan Cox (Planning Commission Rep)
Mike Kelly (City Council Rep)	Stan Bair (Planning Commission Rep)
Steve Flahive (City Resident)	Chris Visher (City Resident)*
Carolyn Kiernat (City Resident)	Vacant (City Resident)*
Vacant (City Resident)*	

**Absent*

2. **Public Comment on Items Not on Agenda**- *none*

3. **Approval of Minutes** – April 12, 2010- *approved as submitted*

4. **Housing Needs Section** (30 minutes; end at 6:10 pm)
   a. Purpose of Housing Needs Section (Handout)
   Associate Planner Schinsing distributed and reviewed a handout regarding the Purpose of Housing Needs Section

   b. Review and Approval of Housing Needs Section
   The HEC reviewed the Response to Comments of the Housing Needs Section document and the final draft document. The HEC indicated that they would like Staff to distribute the 2009 Marin Houseless Point in Time Count report.The HEC directed Staff to maintain a list of possible additional research topics, and add a study of the homeless population to the list. Staff informed the HEC that they would have another chance to review the Housing Needs Section when the entire document was completed. Stan Bair moved and Mike Kelly seconded a motion to approve the draft Housing Needs Section as the final Housing Needs Section with the exception of the section on liveaboards, second units and the homeless population/SB2 (which will be brought back to the HEC for approval) and the following changes:
   - *The word "accommodated" on page one should be taken out of italics*
   - *Table 3.2 should have a source*

5. **Status Report on Liveaboard Research**—Chair Pfeifer and Vice-Chair Cox (15 minutes; end at 6:25 pm)
   Chair Pfeifer and Vice-Chair Cox presented their recent efforts to streamline the HEC schedule by undertaking some of the liveaboard research as a HEC subcommittee (authorized per HEC consensus). HEC requested that Staff include as a future agenda item a list of other HEC tasks (i.e. second dwelling units, apartment unit conversions, etc.) for other subcommittee opportunities.

6. **Communications**
   a. Staff-
   - HCD Response regarding 2000/2010 Census
     Staff distributed an email chain from Staff to HCD regarding using 2000/2010 Census data. Staff reported that HCD verbally confirmed the information in the email, but would not put it in writing. The HEC directed Staff to email HCD once more to get the confirmation in writing.

   b. HEC Members
   Vice-Chair Cox reported on her attendance at the ABAG conference on AB375

ITEM 3
(2 pgs)

7. **Agenda Topics for Next Meeting**
- Review of the purpose of the Housing Constraints Section
The HEC directed Staff to review and present a partially-completed draft of the purpose of the Housing Constraints Section.
-The HEC directed staff to put the subcommittee opportunities on the agenda

8. **Adjourn** – *6:50pm*

City of Sausalito
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Sub Committee Assignments and Project Objective Statements, in Priority:

1. Live Aboards: Linda Pfeifer and Joan Cox
   Project Objective Statement: To identify the maximum number of allocable live aboard slips today and in the future, including infrastructure specifications, strategies for incentives and monitoring, and new policy/ordinance/guidelines IAW BCDC, HCD, ABAG, and CENSUS requirements.

2. Apartment Conversions: Stan Bair and Steve Flahive
   Project Objective Statement: To identify the maximum number of potential apartment conversions, strategies for incentives, monitoring, and new policy/ordinance/guidelines IAW HCD, ABAG, CENSUS requirements.

3. 2nd Units: Lily Shinsing and Chris Visher
   Project Objective Statement: To identify the maximum number of allocable 2nd units today and in the future, including incentives, monitoring, new policy/ordinance/guidelines IAW HCD, ABAG, CENSUS requirements.

4. Vacant land: Mike Kelly and Carolyn K.
   Project Objective Statement: To identify the maximum number of existing buildable vacant sites, number of potential units per site assuming existing zoning and infrastructure/policy/ordinance guidelines IAW HCD, ABAG requirements.

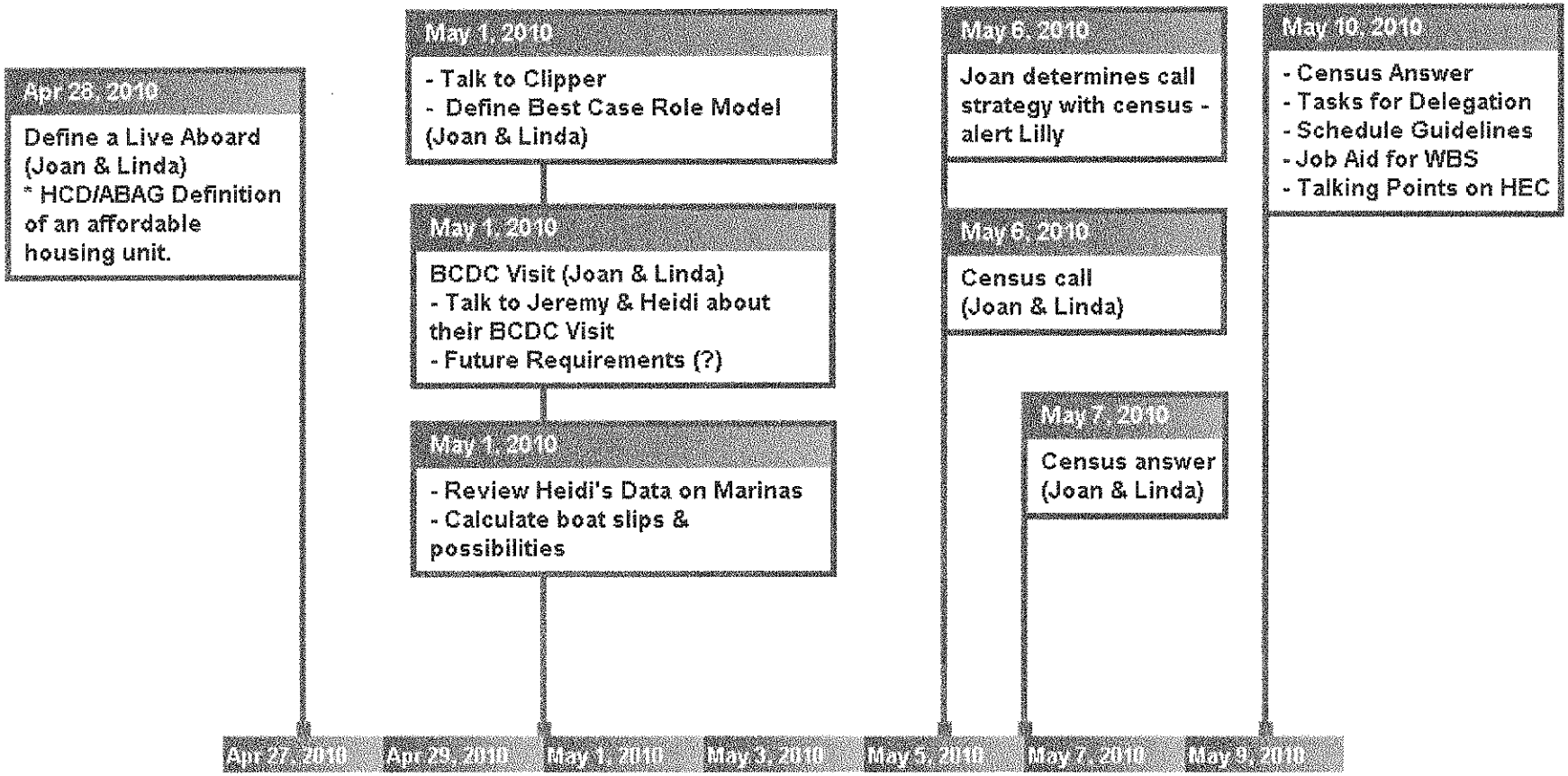
OTHER:
Homeless Plan: Linda Pfeifer and Joan Cox
Project Objective Statement: To identify the number and needs and potential solutions for the homeless.

Assumptions:

a. Scope is MOST CONSTRAINED
   a. RHNA numbers
   b. Housing Element content
b. Schedule is CONSTRAINED
   a. The original deadline was June 30, 2009
   b. The city of Sausalito missed its last housing element
   c. The city of Sausalito currently does not have a certified housing element
c. Resources are LEAST CONSTRAINED
   a. Assume first draft milestone July 26
   b. If work breakdown structure/task duration estimates identify a need for additional resources to meet the 7/26 milestone, escalate to City Staff by May 20th

ITEM 4
(4 PGS)

LIVEABOARDS EXAMPLE



GENERAL PUBLIC OUTREACH

Marinscope Article
May - June
IJ In the Loop

Talking Points (Joan & Linda)

Press Release

SUBCOMMITTEE WORK FLOW

May 24, 2010

Public outreach strategy targeting your topic

May 24, 2010

Task duration estimates based on 7/26/10 milestone & WBS

May 24, 2010

Create a work breakdown structure for your topic

Jun 21, 2010

Mid-Point Report
- Status, challenges and adjustments
- Should include sense re: any controversy

Jul 26, 2010

First Draft of Document
Meeting Subcommittee P.O.S.

Jul 26, 2010

- Plan for Implementation
- Existing Data
- References
- Resources
- Primary & Secondary Resources
- Public Workshop Presentation

Sep 13, 2010

HEC decides strategy
(What number units from what mix?)



Purpose of the Housing Constraints and Opportunities Section
Updated: April 29, 2010

The Housing Element is required to provide an assessment of housing needs and an inventory of resources and constraints relevant to the meeting of these needs.

Constraints and Opportunities for Housing Development Section

The ***Constraints*** section **provides an analysis of any obstacles or constraints** to housing production in the community. The assessment must include:

- An analysis of potential and actual **governmental constraints** upon the maintenance, improvement, or development of housing for all income levels and persons with disabilities including:
  - Land use controls
  - Building codes and their enforcement,
  - Site improvements,
  - Fees and other exactions required of developers; and
  - Local processing and permit procedures.
- An analysis of potential and actual **nongovernmental constraints** upon the maintenance, improvement, or development of housing for all income levels and persons with disabilities, including:
  - The availability of financing;
  - The price of land; and
  - The cost of construction.

The ***Energy Conservation*** section identifies **opportunities for energy** conservation. In Sausalito there are no programs offered locally, although the City complies with State of California requirements (i.e. regarding energy-efficient lighting, water-heaters, etc.).

The ***Opportunities*** section **provides an analysis of the opportunities** to housing production in the community. The analysis must include:

- An inventory of land suitable for residential development, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites. The inventory of land suitable for residential development shall be used to identify sites that can be developed for housing within the planning period.
  - Vacant Parcels
  - Under-developed Parcels
  - Liveaboards (Existing and Future)
  - Second Dwelling Units (Existing and Future)
- Special Topics:
  - Planning for Emergency Shelters SB2: Designate Zoning Districts for Emergency Shelter. Must designate zoning districts adequate for facilities to accommodate the identified need for emergency shelters, wherein emergency shelters must be allowed without a conditional use or other discretionary permit and are exempt from CEQA.
  - Second Dwelling Units: To rely on second units as part of an overall adequate sites strategy to accommodate (a portion) of the regional housing need, the element must include an estimate of the potential number of second units to be developed in the planning period based on an analysis that considers the following factors:
    a) The number of second units developed in the prior planning period;
    b) Community need for these types of housing units,
    c) The resources and/or incentives available that will encourage the development of second-units; and
    d) Other relevant factors as determined by HCD.

Item 5a
(1 pg)

Section 4: Housing Constraints and Opportunities
5-10-10 DRAFT FOR HEC REVIEW

4.0 Constraints and Opportunities

Section 65583(a) of the Government Code requires a discussion of constraints to the development of housing. Such constraints include both governmental and non-governmental constraints. Governmental constraints include potential and actual constraints upon the maintenance, improvement or development of housing for all income levels, and for persons with disabilities as a result of land use controls, codes and their enforcement, site improvements, fees and other exactions, and local processing and permit procedures. Non-governmental constraints include potential and actual constraints upon the maintenance, improvement or development of housing for all incomes such as availability of financing, the price of land, and the cost of construction. State housing law requires the identification of these constraints so that where possible, such constraints may be addressed and removed. An inventory of land suitable for residential development is also required, including vacant sites and sites having the potential for redevelopment, and an analysis of the relationship of zoning and public facilities and services to these sites. In addition, the analysis must include the identification of a zone or zones where emergency shelters are allowed as a permitted use without a conditional use or other discretionary permit.

4.1 Governmental Constraints

Like all local jurisdictions, the City of Sausalito has a number of procedures and regulations it requires any developer to follow, and fees to pay. There are many locally imposed land use and building requirements that can affect the type, appearance, and cost of housing built in Sausalito. These local requirements include zoning standards, permitting fees, parking requirements, subdivision design standards, and design review. Other building and design requirements enforced by Sausalito follow state laws, such as the Uniform Building Code, Subdivision Map Act, and energy conservation requirements.

4.1.1 Land Use Controls and Density

The 1995 Land Use and Growth Management Element includes density standards ranging from up to 2.2 dwelling units per acre to 29 dwelling units per acre, with an average density of about 13 dwelling units per acre (see **Table 4.1**). One third is designated for 'medium-low' development at 7.3 dwelling units per acre while another third is designated for 'medium-high' at 17.4 dwelling units per acre.

Table 4.1 Sausalito's Residential Density Standards

Land Use	General Plan Designation	Maximum Allowed Density (dwelling units per acre)
Single Family	Very Low Residential (R-1-20)	2.2
	Low Density Residential (R-1-8)	5.4
	Medium Low Density Residential (R-1-6)	7.3
	Arks (A)	0.35
	Houseboats (H)	4.35
Two Family	Medium Density Residential (R 2-5)	8.7
	Medium High Density Residential (R-2-2.5)	17.4
Multifamily	Planned Development High Density Residential (P-R)	22.3
	High Density Residential (R-3)	29.0

Source: Sausalito Zoning Ordinance

ITEM 5C
(10 PGS)

As an older city, there are numerous lots in Sausalito that were created prior to the current standards and are less than 5,000 square feet in area. In the R-2-2.5 (Two-Family) Zoning District Sausalito's Zoning Ordinance allows lots that were subdivided prior to 1963 (the majority of existing lots) with an area of 3,000 square feet to have two units. These are fairly high densities for land with topography as steep as what is prevalent in Sausalito. The relatively flat Marinship area is developed with commercial and industrial uses and is the only area in the city which is suitable for these uses.

Table 4.2 lists the basic development standards for all of Sausalito's residential zones. The development standards regulating bulk and mass (floor area ratio and lot coverage) increase for the two-family and multi-family zones to allow for more units and greater design flexibility. In addition, the City of Sausalito does not have a required setback from the front property line, which gives owners greater flexibility in developing their properties.

Table 4.2 Residential Development Standards

Development Requirement	R-1			R-2		P-R	R-3	H	A
	R-1-6	R-1-8	R-1-20	R-2-2.5	R-2-5				
Min. parcel size	6,000 sf	8,000 sf	20,000 sf	5,000 sf	10,000 sf	20,000 sf	5,000 sf	10,000 sf	1,500 sf
Min. lot width	50'	50'	50'	50'	50'	50'	50'	50'	30'
Max. Density (du/parcel)	1du/ parcel	1du/ parcel	1du/ parcel	1 du/ 2,500 sf	1 du/ 5,000 sf	1 du/ 1,980 sf	1 du/ 1,500 sf	1du/ 10,000 sf	1 du/ 1,500 sf
Max. Floor Area Ratio	0.45	0.40	0.35	0.65	0.40	0.65	0.8	0.25	0.30
Max. Building Coverage	35%	30%	30%	50%	35%	50%	50%	25%	30%
Minimum Setbacks									
Front	0'	0'	0'	0'	0'	0'	0'	0'	0'
Side	5'	5'	10'	5'	5'	5'	5'	varies	0'
Rear	15'	15'	20'	15'	15'	15'	15'	15'	0'
Max. Height	32'	32'	32'	32'	32'	32'	32'	25'	12'

Source: Sausalito Zoning Ordinance

4.1.2 Building Codes and Enforcement

The City is built on a tree-covered 980 foot slope with an average grade of 22 percent. Sausalito is bounded with water at its base and a ridgeline above which is part of a national recreation area of highly combustible grass, brush and trees. Strong gale-force winds blow over the City from the Golden Gate National Recreation Area throughout the year. This fire danger is exacerbated by the fact that most of the city consists of frame structures, many over 100 years old, which are built on small lots with little or no side yard setbacks. In addition, the streets are narrow, steep and winding making access for firefighting difficult.

In response to these challenges, the City requires Class A roofing on all new buildings and on all re-roofs where more than 50 percent of the roofing material is replaced and fire sprinklers are required for all new construction and major remodels. Additional erosion control and encroachment permit requirements have also been added in response to the slope and right-of-way requirements.

The Building Official is responsible for enforcement of a substandard housing ordinance which is aimed at ensuring that housing in the city is safe and sanitary. The standard used is that provided by the State Health and Safety Code and is not a constraint to the development of

affordable housing. Typically, enforcement is triggered either on a complaint basis or from in-field citations by the Building Inspector.

4.1.3 Parking

Sausalito is a city with narrow, winding roads and steep terrain. Many houses were built before private ownership of cars was common and on lots where it is difficult to provide on-site parking. As a result parking throughout the city is at a premium and it is necessary that on-site parking be provided for new development where ever possible. The Zoning Ordinance requires two on-site parking spaces per be provided dwelling unit for new single-family dwellings, two-family dwellings and two or more bedroom multi-family units. A half-space reduction is provided for new multi-family studios or one-bedroom units. Tandem parking for two-family and multi-family uses is allowed through the Conditional Use Permit process.

Table 4.3 and **Table 4.4** below compare the parking requirements for jurisdictions within Marin County. In addition to having lower requirements in the amount of parking spaces required, Sausalito provides greater flexibility in that parking spaces are not required to be covered.

Table 4.3 Parking Requirements for Single Family Dwellings

Sausalito's Requirement	Least Restrictive Requirement (other Marin jurisdictions)	Most Restrictive Requirement (other Marin jurisdictions)	Most Common	Common Additional Requirements
2 spaces/dwelling- none are required to be covered	2 spaces/ dwelling	4 spaces/ dwelling	2 spaces/ dwelling	1 or all spaces covered

Source: Marin Workbook, 2009

Table 4.4 Parking Requirements for Multi-Family Dwellings

Unit Type	*Sausalito's Requirement**	Least Restrictive Requirement (other Marin jurisdictions)	Most Restrictive Requirement (other Marin jurisdictions)	Most Common	Common Additional Requirements
Studio	*1.5*	0	3	1	
1 bedroom	*1.5*	1	3	1.5	
2 bedrooms	*2*	1.25	3	2	
3 bedrooms+	*2*	2	3	2	1 covered space

*No requirement to provide covered parking

Source: Marin Workbook, 2009

4.1.4 Public Improvements

Except for the R-1-20 (lowest-density Single-Family Residential) district, all of Sausalito is served by water, sewer and has roads in place. Although Sausalito's streets are narrow (in fact much narrower than the public right-of-way) the terrain generally makes widening impractical. The R-1-20 district is a fairly small area with private roads which is isolated from the rest of the community on the west side of Highway 101, surrounded by publicly owned open space. As the parcels are large enough to make use of septic systems feasible the area is served by water but not sewer.

4.1.5 Permit Processing and Fees

The City of Sausalito strives to process permits as quickly as possible while providing the opportunity for appropriate public input. However, the development review process for discretionary permits required by the Zoning Ordinance can act as a constraint to the production of affordable housing. Below is a description and analysis of the current residential development review process in the City. The analysis addresses properties that allow housing development, both in residential zones and in commercial zones.

In all of Sausalito's Zoning Districts, a discretionary Design Review permit is required to construct single family and/or multi-family housing. The required Design Review findings for approval are issues such as the provision of adequate light and air to surrounding residences, architectural compatibility within the neighborhood, protection of public and private views, and minimization of site degradation. The Planning Commission acts on Design Review applications following a public hearing and will simultaneously review any other discretionary applications associated with the project. If the decision of the Planning Commission is appealed to the City Council, the Council will hold an appeal hearing and make the final decision on the application. The Design Review process typically has the following elements and timeline (see **Table 4.5**).

Table 4.5 Typical Design Review Permit Timeline

Task	Time
Application filed	--
Project sponsor submits completed application forms, drawings, supporting documents and fees	
Completeness review	30 days
The application is routed to applicable local, regional, state and federal agencies and departments to determine whether additional information is required to process the application, and for recommended conditions of approval	
Incomplete Notification	Varies
If the application is incomplete, the applicant will be required to submit follow-up information as requested. The time to complete this task is determined by the project sponsor. If the application was initially found to be complete, this step is skipped	
Environmental Review	1 day-6 months
The application is reviewed to determine whether the project is exempt from the requirements of the California Environmental Quality Act (CEQA) or if an Initial Environmental Study is required. Most projects are found to be exempt from CEQA. If a Negative Declaration is prepared, environmental review may take the full 6 months allowed by law	
Staff Report	15 days-3 months
A detailed evaluation of the application is conducted by staff and a written report is prepared for public review	
Public Hearing	10 days
A hearing notice is sent at least 10 days before the meeting to property owners and occupants within 300 feet of the property. The Planning Commission conducts a public meeting and takes action on the application	

In terms of cost of development, however, fees can be a more significant addition than processing time. Particularly since Proposition 13, cities are concerned with the need to recover

processing costs. Sausalito has a fixed fee system which is based upon average costs of typical projects. Use of a fixed fee approach may lead to disparity between controversial projects, which due to the amount of community input, Planning Commission discussion, and staff time, may not pay their full costs, while less controversial projects with features addressing community and neighborhood concerns may pay more than their share. In 2009, the cost of a Design Review Permit for a new structure was $5,297.

With the exception of the Construction Traffic Road Fee the City of Sausalito has no development impact fees, and in addition, does not collect impact fees for the local school district. The Construction Traffic Road Fee, instituted in 2003 to recover costs from developers for accelerated wear and tear to the City's roads as a result of construction projects, is paid at the time of building permit issuance. Building permit fees are determined by the estimated cost of construction (labor and materials), which can vary dramatically in Sausalito based on the project location. In 2009 a typical building permit and processing fee for a new single-family home was $11,000, and $21,000 for a two-family home.

These fees, some of which are substantial, could act as a constraint to the development of affordable housing. The Municipal Code includes a provision that allows the City Council to waive permitting fees for any non-profit organization, public body, district or agency of federal, state, county or municipal government or under other circumstances that the City Council in its discretion justifies such a waiver. In the early 2000's, the City waived over $5,000 in building permit fees for the multi-family Rotary Housing Corporation project. The Corporation was also allowed to use the City's bonding capabilities to secure a low loan rate.

4.1.6 On- and Off-Site Improvements

Improvement requirements for development in Sausalito are very limited. As the City is fully subdivided, streets and utilities are in place. For new residential development the City requires standard utility connections, for sewer, water and stormwater runoff. Since most streets in Sausalito are narrow with inadequate room to add sidewalks these off-site pedestrian improvements may not be required. Sausalito also requires the undergrounding of overhead utilities. However, the Undergrounding Committee has the authority to grant variances to this requirement for reasons of financial hardship.

4.1.7 Housing for Persons with Disabilities

A goal of the Fair Housing Act is to ensure that a City's development regulations and Zoning Ordinance do not create barriers to housing for persons with disabilities. In Sausalito, where the majority of residential properties are developed, this means allowing for building modifications that will adapt a home to meet the special housing needs of persons with disabilities.

Given the steep topography of Sausalito, access to homes can be difficult to those persons with disabilities. To compound the issue, due to the steep terrain, it is often difficult for sites in Sausalito to be developed with a single-level only residence. To address these potential constraints on housing the Planning Commission has demonstrated a willingness to grant variances to setbacks to accommodate for the construction of ADA (American with Disabilities Act) compliant ramps and "hillavators." In addition, many new or substantially remodeled homes have been constructed with elevators to provide access between floors. The City of Sausalito does not discourage the construction of elevators; the area used for elevator shafts is not counted toward the allowable floor area ratio (FAR).

The City of Sausalito presently permits transitional housing and group homes by right in all single-family residential zones. Within all Residential Zones residential care homes with six or fewer clients are permitted by right. Within the R-3 (Multi-Family Residential) zone, residential care homes with seven or more clients can be allowed through a Conditional Use Permit granted by the Planning Commission through a public hearing process. The Zoning Ordinance does not require special findings for approving a Conditional Use Permit for these facilities and does not restrict their siting, such as requiring a certain distance between facilities. The City's residential parking standards apply to care home facilities and, as with all projects, a parking reduction could be considered by the Planning Commission. Historically, there has been little or no demand for such housing in Sausalito. However, the Zoning Ordinance definition for residential care facilities needs to be updated. Presently, the ordinance refers to this type of housing as "facilities providing residential social and personal care for children, the elderly, and people with some limits on their ability for self-care, but where medical care is not a major element. Includes: children's homes; halfway houses; orphanages; rehabilitation centers' self-help group homes."

4.2 Non-Governmental Constraints

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

4.2.1 Land Costs

Vacant land within the City of Sausalito is extremely limited and the City's location, for many reasons including the views and proximity to San Francisco, is very desirable. Additionally, development costs in Sausalito are higher than in many other parts of the Bay Area because of steep slopes, irregular topography, bay mud or slide-prone areas. The technical and engineering costs of mitigating these factors are very high. Two other major factors contribute to high land costs: Marin County is considered a desirable place to live and available land is in short supply.[1] These costs vary both between and within jurisdictions based on factors such as the desirability of the location and the permitted density.

In Sausalito, recent vacant land zoned for a single family home has sold for [$xxxxxx]. The major contributors to the cost of land are the amount of land available, the density of residential use allowed, location, "buildability", availability of community services, and attractiveness of the neighborhood. The upward pressures on land value are so strong that it more than off-sets the extra costs involved in building on Sausalito's steep terrain.

For Marin County, land costs average around 15-20 percent of construction costs for multifamily developments. Even though land costs for single family homes vary widely throughout the county, the costs (as a percentage) are significantly higher than for multifamily developments.

4.2.2 Construction Costs

Multifamily Developments. Construction costs include both hard costs, such as labor and materials, and soft costs, such as architectural and engineering services, development fees and insurance. For multifamily homes in Marin County, hard costs account for 60-70 percent of the

[1] According to the Marin Economic Commission's Marin Profile 1999: A Survey of Economic, Social and Environmental Indicators, 84 percent of land area in Marin is designated for agriculture, park lands and open space and watershed. Of the remaining land, 11 percent is developed and five percent is listed as potentially developable development.

building cost and soft costs average around 15-20 percent (the remaining 15-20 percent is land costs). Based on recent multifamily developments in the county, hard costs are currently between $250 and $400 per square foot for a multifamily unit (EAH).

With all construction costs and land costs are included, total multifamily unit development costs rise to $300 to $500 per square foot, or between $400,000 and $500,000 per unit. These high costs reflect the high cost of land and the expensive finishes which are typical in Marin County.

Single Family Homes. For single family homes, hard costs often are roughly 40 percent of the total construction cost, soft costs are 20 percent and land is the remainder. In the region, single family homes cost roughly $125 per square foot for a two story house and $160 for a three story home. According to the Association of Bay Area Governments, wood frame construction at 20-30 units per acre is generally the most cost efficient method of residential development. However, local circumstances affecting land costs and market demand will impact the economic feasibility of construction types.

One factor affecting costs is the use of prevailing wage labor. Construction costs for a typical apartment complex in the region (45 units per acre, structured parking, 800 square units), are around $200,000 a unit for prevailing wage labor and $175,000 a unit for non-prevailing wage labor. Projects receiving public subsidies, such as affordable housing developments, often must pay prevailing wages. Costs can change dramatically over time. From 2000-2007 construction costs were rising faster than inflation. In late 2007 they leveled off and have since been declining (EAH). In late 2008 and early 2009, construction costs dropped roughly ten percent.

4.2.3 Financing

Until mid-2008, home mortgage financing was readily available at attractive rates throughout Marin County and California. Rates vary, but ranged from around 6.25 percent to seven percent between 2006 and 2008 for a 30 year fixed rate loan (HSH Associates Financial Publishers). However, rates have been as high as ten or 12 percent in the last decade.

Starting in late 2008, it became harder to get a home purchase loan, but the average interest rate has fallen to around five percent. In particular, people with short credit history, lower incomes or self-employment incomes, or those with other unusual circumstances, have had trouble qualifying for a loan or were charged higher rates.

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 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 value ratio). In recent years, due to market conditions and government regulations, banks require larger investments by the builder.

Many builders are finding it nearly impossible to get construction loans for residential property at the current time. Complicated projects, like mixed use developments, are often the hardest to finance. Non-profit developers may find it especially difficult to secure funding from the private sector.

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 (Marin Environmental Housing Collaborative).

Rental developments tend to be easier to finance than for sale developments, as there are more sources of funding available. However, recent cuts in public spending statewide have put pressure on these sources. For example, though tax credits used to be valuable source of revenue for low-income housing developers, programs have been cut and the tax credit resale market has softened. Though construction costs have been falling for all builders, the potential for tax credit revenue has been falling at an even greater rate, meaning that developers of low-income property are suffering disproportionately (EAH).

4.2.4 Community Resistance to New Housing

Another common constraint to housing production in Marin County is community resistance to new developments. There are a number of concerns that are often expressed at meetings, including: 1) new developments will cause increased traffic, 2) additional housing or density will adversely affect the community character, 3) affordable housing will impact property values, and 4) valuable open space will be lost. Regardless of the factual basis of the concern, vociferous opposition can slow or stop development.

Additionally, at times there is a tension between the desire to provide certain individuals (such as nurses, teachers, law enforcement, etc) preferential access to affordable housing, and Fair Housing Law. In many cases, it is not possible to target housing to select groups. These concerns are often expressed during project review processes and can present significant political barriers to development.

4.2.5 Working with Non-Profit Housing Developers

The key to the success of non-profit developers lies in three areas: first, in their ability to draw upon a diversity of funding sources and mechanisms to make their developments work financially; second, in their commitment to working cooperatively and constructively with the local community, including local officials as well as neighborhood residents; and third, in their long-term commitment to ensuring excellence in design, construction and management of their developments, 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. Because there is limited land available for development in Sausalito and what is available is mostly small scattered sites, there has been very little activity by non-profit housing groups in Sausalito. There is one 6-unit building for seniors and the disabled on Bee Street which is managed by EAH (Ecumenical Association of Housing). The Rotary Club owns Rotary Place, a10 unit senior housing property on Bee Street and Rotary Village, a 22 unit senior housing development on Olima Street.

4.2.6 Housing Financing Incentives for Workforce and Special Housing Needs

There are a wide variety of resources provided through federal, state and local programs to support affordable housing development and related programs and services. The single largest (and often least recognized) federal program is mortgage interest tax deduction, estimated at $54 billion in 1996 for the entire nation. The California Housing Plan (2000) reports that federal assistance for affordable housing was only $17.2 billion nationwide the same year. This assistance was primarily used to maintain and operate the existing supply of affordable housing. Outlays for new construction were considerably lower.

California localities receive federal subsidies for affordable housing through a number of programs. Like state programs, federal programs often change in terms of program details, application procedures, and amount of subsidy dollars available. State agencies also play an important role in providing housing assistance by allocating federal housing funds and/or making loans available to affordable housing developments. The three principal agencies involved are the State Treasurer's Office, the California Housing Finance Agency (CHFA), and the California Department of Housing and Community Development (HCD).

Local government resources, which have historically played a less important role in supporting housing development, now play a fairly significant role by making local developments more competitive for federal and state financing. There is considerable competition for limited program funds, and any single development will need to draw upon multiple resources to be financially feasible. When developments are able to demonstrate a financial commitment and contribution from local sources – especially if coupled with regulatory support through policies such as fee waivers, and/or density bonuses – they are better able to leverage funding from other 'outside' sources.

Additionally, all funding sources require separate reporting and data collection. When multiple funding sources are used (usually necessary), additional burdens are placed on developers to track the information required and report on a timely basis with limited staffing.

4.3 Opportunities [to be inserted]

4.3.1 Site Inventory [to be inserted]
- Vacant Parcels [to be inserted]
- Under-developed Parcels [to be inserted]
- Liveaboards (Existing) [to be inserted]
- Second Dwelling Units (Existing) [to be inserted]

4.3.2 Liveaboards (Future) [to be inserted]
4.3.3 Second Dwelling Units (Future) [to be inserted]
4.3.4 Mixed Use Units [to be inserted]
4.3.5 Other [to be inserted]
4.3.6 Opportunities for Energy Conservation [to be inserted]

Sources

A. Reports

- Affordable Housing Finance Basics, Marin Environmental Housing Collaborative, November 2007.
- Inclusionary Zoning Ordinance In-lieu Fee Analysis, Submitted to Marin County, March 2008. Prepared by Vernazza Wolfe Associates, Inc.

B. Interviews

- EAH Housing
- Development Advisory Services, Inc.
- North Bay Family Homes

HOUSING ELEMENT COMMITTEE AGENDA-
PRELIMINARY
Monday, May 24, 2010
5:30 p.m.
City Council Conference Room
City Hall at 420 Litho Street

Each agenda item will be considered in the following manner: 1) Staff will provide a presentation/overview; 2) the Housing Element Committee (HEC) will discuss the item; 3) the public may comment on the item; and 4) the HEC will discuss the item and take action.

***

The HEC may, at its discretion, consider agenda items out of the order in which they are listed. The public may comment on any item on the agenda that has not previously been subject to public comment. To give everyone an opportunity to be heard and to ensure the presentation of different points of view, the Committee requests that members of the audience who speak: 1) Always address the Chair; 2) State his or her name and address; 3) State views succinctly, and; 4) Limit comments to three minutes.

1. **Call to Order**

Chair Linda Pfeifer (City Council Rep)
Mike Kelly (City Council Rep)
Steve Flahive (City Resident)
Carolyn Kiernat (City Resident)
Vacant (City Resident)

Vice-Chair Joan Cox (Planning Commission Rep)
Stan Bair (Planning Commission Rep)
Chris Visher (City Resident)
Vacant (City Resident)

2. **Public Comment on Items Not on Agenda**

3. **Approval of Minutes** – Monday 10, 2010

4. **Housing Constraints Section and Review Process** (45 minutes; end at 6:20 pm)
   b. Review Housing Constraints Section

5. **Communications**
   a. Staff
   b. HEC Members

6. **Agenda Topics for Next Meeting**
   - Review and Approval of the Housing Constraints Section

7. **Adjourn** – Next Meeting: Monday, June 14, 2010

Agendas are available at the Community Development Department and posted at least 72 hours prior to the meeting at the entrance to City Hall, 420 Litho Street. Recordings of the meetings are maintained at the Community Development Department.

Special Needs- In compliance with the Americans with Disabilities Act (28 C.F.R. 35.102-35.104, ADA Title 11), if you need special assistance to participate in a Housing Element Committee meeting, please call 289-4128. Notification 48 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.

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Jeremy Graves, **Community Development Director**
Mary Wagner, **City Attorney**
Lilly Schinsing, **Associate Planner-Project Manager**
Heidi Burns, **Associate Planner**
Alison Thornberry, **Assistant Planner**
Alberto Viana, **Administrative Aide I**

ITEM 8
(1PG)