

**Summary of San Rafael General Plan 2040 Steering Committee Meeting  
Meeting #8 October 10, 2018  
6:00-8:30 PM at 750 Lindaro Avenue**

**Attendance**

- **Members Present:** *DJ Allison, Jenny Broering, Bella Bromberg, Maribeth Bushey, Bill Carney, Berenice Davidson, Richard Hall, Linda Jackson, Margaret Johnston, Jeff Jones, Bonnie Marmor, Robert Miller, Stephanie Plante, Kate Powers, Jeff Rhoads, Jackie Schmidt, Roger Smith, Eric Spielman, Sparkie Spaeth, Cecilia Zamora*
- **Alternates Participating:** *Jed Greene (for Eric Holm), Sara Matson (for Omar Carrera), Samantha Sargent (for Drew Norton)*
- **Excused Absences:** *Omar Carrera, Eric Holm, Drew Norton, Karen Strolia*
- **Alternates Present in Audience:** *Jim Geraghty, Leslie Simons, Joanne Webster*
- **Guests:** *Susie Criscimagna, Dennis Fisco, Hayden Ongaro*
- **Staff Present:** *Raffi Boloyan, Anne Derrick, Allison Giffin, Paul Jensen, Barry Miller*
- **Public:** *Shirl Buss, Chris Hart, others (not signed in)*

**Welcome/ Roll Call**

Chair Plante called the meeting to order at 6:10 PM. Project Manager (PM) Miller took roll call and reviewed the agenda.

**Acceptance of Meeting Summaries**

A Motion and Second were made to approve the Minutes from September 12, 2018. The motion passed unanimously.

**Public Comment on Items Not on the Agenda**

None

**BUSINESS ITEMS**

**A. Developer Panel**

Planning Manager Raffi Boloyan moderated a panel discussion featuring three local development professionals. Raffi explained the format for the discussion and asked panelists to introduce themselves.

- Haden Ongaro indicated that he was Executive Vice President of a commercial brokerage firm in San Rafael with over 30 years of real estate experience. He is Chair of the Marin Economic Forum and a former chair of the San Rafael Chamber of Commerce. He works with a lot of local office tenants.

- Susie Criscimagna indicated she was with Eden Housing, which is a non-profit affordable housing developer based in Hayward. She has worked in San Rafael and other cities across the Bay Area. They are currently working on the Whistlestop project in San Rafael. The project will have a senior center on the ground floor, with housing above.
- Dennis Fisco indicated that he was a Principal with Seagate Properties and had been in real estate development for 40 years, and had worked to turn Montecito Shopping Center around in the 1980s. He was also involved in the San Rafael Corporate Center Phase One, and the conversion of Industrial Light and Magic's vacated offices into the Health and Wellness Center, as well as 122 residential units in Downtown San Rafael.

## Questions from Staff

Raffi presented the panel with a series of questions and asked for their responses:

### **1. What sort of development does the City need in the next 20 years? What is needed to expand the local economy?**

Susie: Housing is our greatest need, especially senior housing. Marin has the second highest median age in California. By the year 2030, more than 1 in 3 residents will be 65 or older. Many seniors have limited income in their retirement, and this makes it harder to afford a large home. Walkable, urban environments are great for seniors—and we should focus on creating such settings in San Rafael.

Dennis: Redevelopment needs to take place in the Central Business District as there are many obsolete buildings ready for redevelopment—for example, the old gym next to the City garage. He stated that more office use is important, in addition to housing, as there is a symbiotic relationship between the two uses. The City does not need more retail space.

Haden: There is a need for industrial space—the vacancy rate is very low, and the supply is finite. Mixed use is also needed in Downtown San Rafael. There is a proposal to do something like Oakland's "Market Hall" and San Francisco's Ferry Building in vacant space on 4<sup>th</sup> Street that would be great.

### **2. What is the future of retail, especially smaller downtown shops and larger retail stores like those at Northgate and along Francisco Boulevard?**

Haden: The new Restoration Hardware (in the former Northgate Sears) is an example of how retail is changing. There is a trend at large retail centers to provide "experiences" rather than just stores. In other words, people might stay for a few hours at a restaurant's outdoor dining patio, a movie theater with lounge chairs, a brewpub, etc.—or might enjoy a glass of wine while looking at products.

Dennis: Entertainment retail is replacing big box retail, but "service" retail is still important. When we re-tenanted the Montecito Center we focused on tenants that sell things that you can't simply buy on the internet. Fourth Street should become more niche oriented and entertainment oriented.

Susie— A lot of the shopping once done at retail centers has been replaced by the Internet (Amazon). The need to build housing near stores is not what it used to be.

### **3. What are the opportunities and barriers for new development or bringing in new commercial tenants to San Rafael?**

Dennis: When we did the Corporate Center, the requirements for a traffic study were onerous. We had to look at 21 intersections, which was expensive---especially as we look to a future where we may not use cars the way we do today. Revisit the traffic study requirements as we enter the era of autonomous cars. We need to build “up” and allow more height in order to provide for more housing and development for the next generation. Look at Berkeley, Concord, Walnut Creek, for example. Three-story and four-story height limits in Downtown are not viable; think about six stories. In Marin, we have the “WinCup” factor, where cities are fearful of approving large infill projects due to public backlash. But look at the Novato Whole Foods---it was vehemently opposed but has become successful and added needed housing development in a dead part of town. No one wants to be the first one to break the envelope.

Haden: There are many regulatory constraints to building new projects. We need to make it easier to build “up” due to the demand for land—and we need to make it less expensive. Our Lincoln Av project took 10 years. Don’t string things out for years--we can’t afford to keep going back to the drawing board over and over. The carrying costs are too high. Cities need the political will to say “yes.”

Susie: Project costs escalate during delays—getting approvals takes too long and make the project harder to finance. The community typically argues that parking is inadequate and traffic congestion is too severe—it would be great to address these arguments proactively by coming up with creative solutions. For example, promote alternatives to car ownership like Uber and Lyft. Parking is \$30,000-50,000 per space. Also, if you provide parking then people will buy cars. If you don’t provide parking, they may not.

#### **3A: What is behind the recent run-up in construction costs?**

Dennis: Construction costs in the Bay Area are out of whack. We are now looking at \$480,000 per multi-family unit in construction costs alone for our San Rafael project, excluding land. This requires \$4,000 in rent—will that pencil out? Density bonuses are absolutely necessary to make a project pencil. If we can’t get the densities we need to make a project viable, we can’t attract investors. Furthermore, there are not enough tradespeople in the area to build the project, because they can’t afford to live here and there’s so much demand. Even if we pay prevailing wages, the region is still unaffordable to those in the construction trades.

Chair Plante noted that the Wine Country wildfires also have impacted the construction sector.

Susie: Escalating construction costs create an environment where all that is being built is luxury units or affordable units, and nothing in-between.

Dennis: This can be mitigated by allowing more density.

Haden: There is less interest now in pursuing work in the construction trades, and there are fewer school programs which prepare students for work in this sector, which has led to a labor shortage. We can address this through our education system.

#### **4. Why has so little housing been built recently and what can we do to get more in the future?**

Suzie: Shortening the approval process, and reducing the thresholds for approvals could reduce wait times by years. Don't require us to go to the Design Review Board, and then the Planning Commission, and then the Design Review Board again, and then the City Council. Some cities are allowing affordable housing project to go to the "front of the line"—SB 35 allows a less rigorous approval process for projects consistent with the General Plan.

Dennis: Structure the General Plan and Zoning Ordinances to give staff the authority to make more decisions. Avoid numerous lengthy hearings with City boards and commissions. A recent project in Berkeley required 98 hearings. City Staff should have a stronger role in allowing new projects that benefit the community. One solution is a form-based code that simply says "here's the box you can build" and here's how much of the housing needs to be affordable—and then let the developer fill in the box. Currently it's much easier to build office than it is residential.

Haden: There's a perception that it's hard to build in San Rafael. There's always an obstacle. For instance, a recent proposal to reuse the vacant gym could not proceed because the developer needed the City garage. The recent Aegis project was similarly challenged. The Planning Commission should be commended for their principled stand in approving this project.

#### **5. How do you see developers (or large tenants) preparing plans that garner community support?**

Haden: It is hard to gain support when residents vehemently oppose something as benign as converting general office to medical office. Having a community dialogue in advance of project proposals is helpful.

Susie: Look at the underlying zoning and General Plan designation. We assume that this is what the community wants; thus, it is important to make sure that's the case. We try to be responsible and not propose things that are inconsistent with the Plan. One thing that is problematic is that the City requires developers to go to the Design Review Board before the Planning Commission instead of after. Thus, we are investing in detailed design drawings before we even know if we're going to get approval. It would be better if we went to Planning Commission first to make sure the use and density are acceptable.

Dennis: Proactive community outreach is definitely the key. We go out with our designs and listen to people and change the designs based on the feedback we get.

#### **Questions from the Steering Committee**

At this point, Raffi opened the floor to questions from the Steering Committee.

##### **1. The Bettini Transit Center is being relocated, and the streets surrounding it are all operating at very congested levels. Can we design and locate the center in a manner that has a meaningful impact on travel modes, such that we don't make traffic worse?**

Dennis: Building housing Downtown and close to (or over) the new Transit Center would result in development that can use transit rather than solely relying on vehicles. But don't presume this means you don't need parking. Cars are not going away and building near transit in and of itself is not going to get people out of their cars. Also, feeder buses connecting neighborhoods to the transit center are needed—otherwise, people will still drive to the station. Recognize the potential impact of Uber and Lyft to reduce parking needs.

Susie: I don't think we need to provide as much parking. My household has one space and so we have one car. If you provide more spaces, you'll get more cars. The design of the transit center itself is not going to affect whether people own cars.

## **2. What vision do you have to address homelessness in Marin County?**

Dennis: We need to build housing for unsheltered persons. Bond money is needed, and the citizens of Marin must support it. It comes down to money.

Susie: We need more affordable housing. Some people living in affordable housing are close to being homeless as they rely on subsidies that are at risk of being eliminated.

## **3. The reasons so many developers are sent back to the drawing board is because they propose projects that don't look anything like what the City has said they want in its plans and guidelines. What is causing the disconnect?**

Susie: We do consult the guidelines, but they often require very expensive finishes and details. State density bonus law provides concessions that may allow buildings to be taller or larger than local plans and guidelines. Also, there may be conflicting goals in local plans, with one policy saying build as much affordable housing as possible and another saying to use expensive bay windows and materials.

Dennis: Not all sites are the same, and some are more difficult to design than others. It doesn't make sense to include ground floor retail on non-retail side streets. We modified the originally proposed style of our project to the San Rafael Mission Style, which is what the public seemed to want.

Raffi mentioned that design is very important to San Rafael residents, which is why applicants are required to go to the Design Review Board before the Planning Commission. Also, the reason the City is requesting conceptual plans is to receive public feedback early on so applicants can make changes before seeking approval.

## **4. How will SB 35 affect the approval process---are you going to pay prevailing wages to construction workers so you can bypass the design review and zoning processes? Should the City pre-emptively downzone land so that SB 35 is less impactful?**

Susie: SB35 only applies if the City has not met its Regional Housing Needs Allocation (RHNA). If the City would change its zoning and then build a sufficient amount of housing to meet the RHNA, then this is not going to be an issue.

Dennis: Downzoning will result in less housing, so that will not really help anything. Moreover, applicants must still meet zoning requirements, even under SB 35.

CDD Director Jensen added that the conditions under which SB35 requirements apply, and further indicating the City is creating objective standards for projects that apply for approval under SB 35. He noted that Marin cities are currently looking for ways to address SB 35 requirements.

## **5. What do developers mean when they say a project "just doesn't pencil"?**

Susie: The answer is different in the non-profit sector. We have to leverage several federal, state and local subsidies to build—the future rent payments alone will not allow us to finance a project. It's all

about financing and the availability of Low Income Housing Tax Credits. We are subject to specific financing requirements relative to costs and revenue sources. The subsidies provide about half of the total cost of the project. So, economies of scale are needed to make a project work, which usually means more density, concessions on design, etc.

Dennis: We need to have a reasonable return on investment to build a project. CEQA has been “weaponized” to work against projects, making the cost to build too high. At the end of the day, it comes down to how much net income you can get on the investment.

Haden: It must make economic sense--if it doesn't then nothing gets built.

## **6. What is San Rafael doing right? Who's doing a good job out there?**

Haden: A commitment to getting things done is important. San Rafael has good staff, who can be creative with zoning and solutions that help the developer and the community. Need to fix some of the zoning problems to make things easier.

Susie: Strengths include a wonderful Downtown and an engaged community. San Rafael has good bones. It's pleasant and eclectic.

Dennis: Berkeley is a good example of a city that's building some great housing under conditions similar to those in San Rafael. Palo Alto and Mountain View also. San Rafael staff is good at helping solve problems and thinking outside the box.

## **7. What does the panel think of rent control and how it might affect the viability of new residential projects?**

Dennis: Housing development is ultimately about return on investment and if you “cap” the return, then there's a disincentive to invest. If income is capped, developers will build less. Also, the amount of capital needed to maintain existing units could be limited, affecting upkeep. Conversely, there's a clear benefit to the tenant.

Susie: Rent control does not have an impact on affordable housing since rents are already capped, but it could negatively affect overall housing production.

Haden: It is unfair to the property owner, as it often abused, for example by tenants who sublease their units for a profit.

## **8. How does sea level rise factor into your investment decisions? What are your thoughts about retreating from flood prone areas or adapting to more frequent flooding?**

Dennis: We generally avoid investing in projects where there is a high risk of future flooding. We may be looking at ways to elevate properties in our portfolio to avoid future tidal flooding.

Susie: Our lenders ask about this, and the use of flood maps is important.

## **Break**

The Committee took a 10-minute break before continuing. The developer panel left the meeting.

## Committee Reflections on the Panel

Raffi asked the Committee to share their thoughts on the presentation by the Panel. The following comments were made:

- It was not surprising to hear the comments on the difficulties getting projects approved and the community requests to redesign proposed developments.
- I was intrigued about the recurring comments regarding the need for higher height and density limits, and the notion of a form based code. Perhaps we should regulate building size rather than density (e.g., the number of units per acre allowed); this would allow us to produce more units and smaller, more affordable units. *Barry noted that recent state legislation allowed cities to offer Floor Area Ratio bonuses in lieu of density bonuses for projects including affordable housing, since more cities were using this metric instead of units per acre. The City could switch to an FAR metric in Downtown. Raffi indicated that using FAR would have helped Whistlestop to provide smaller units.*
- What I got out of the panel discussion was the common theme of increasing predictability and reducing the amount of time to get a given result. The Downtown Precise Plan could potentially help in that regard, and provide clear design guidelines, clear preservation requirements, and form-based massing standards. If a developer complied with these standards, there could be an accelerated process that would get the desired urban design results plus a more quickly approved, less expensive project, with less financial risk. *CD Director Jensen added that the Precise Plan EIR will also allow tiering of projects through the Environmental Impact Report, which also can expedite approvals.*
- I was taken aback by the panel's reference to the "weaponization" of CEQA. From an environmental perspective, we still need to respect what the community wants, including restrictions on height limits, walkable streets, reflecting the limitations presented by drought, etc.—this should be reflected in the General Plan. When we say we want a four story height limit in the General Plan, we should get four story buildings and not six story buildings. If we exceed setbacks and build out to the street, we're not getting the public space we need and value. Also, don't short change the public process, as it often leads to better projects.
- I was intrigued by the suggestion from the panel to reverse the sequence of approvals, and go to the Planning Commission before the DRB so as to avoid costly design investments before a project is approved. *CD Director Jensen noted that the Design Review Board's role is advisory and that DRB does not have permitting authority. The public may be frustrated because the DRB focuses only on design, while residents attend these meetings to talk about traffic and other issues that are addressed by the Planning Commission. This sequence is reversed in some communities, where your land use approval comes first, with DRB later.*
- Comparing San Rafael to Berkeley (as was done by the panel) is not really fair, because the historic context and topography for the two communities is very different.
- Will the new Precise Plan Design Guidelines be mandatory? *Consulting the guidelines will be mandatory—but they are still guidelines and not standards. Look at Redwood City as an example.*
- We should explore the appropriate percentage of inclusionary housing to require. Also, our design guidelines can't make projects unaffordable. Sometimes new styles are OK and necessary to meet the changing needs of the community. Perhaps modern is not so bad.
- We should poll the committee regarding the suitability of modern architecture in Downtown (*at a future meeting*).

## B. Outreach Update

PM Miller gave an update on the Public Outreach meetings that have occurred and those coming up on October 17 and 27. He encouraged Committee members to attend and get the word out about. A few

members noted they had seen the meetings noticed on “Nextdoor” but others said they had not. Shirl Buss provided an update on the Youth in Arts/ Y-Plan program at Laurel Dell School. The kids are working on their visions for San Rafael in 2040.

### **C. Land Use Policies**

PM Miller introduced the land use policies in the existing General Plan and asked the committee for comments. Jeff Rhoads indicated he had comments and would email them. Others made the following comments:

- The idea of using industrial land for housing should be determined in part by land values, construction costs, rents, etc. Perhaps walk the Committee through a development pro forma at a future meeting or subcommittee meeting for those who want to know more about this. Keep in mind that many businesses in San Rafael rely on our industrial land supply and cannot afford to move elsewhere—we need to retain industrial only areas. *CD Director Jensen also noted that industrial areas may also have hazmats, odors, toxic, and noise issues that make them poorly suited for housing.*
- We should bring in Roger Leventhal, developer of Game of Floods, to discuss sea level rise and the impacts on our land use choices. Look at examples from other countries, etc. There is a social justice component to that issue, and it should affect where we build future housing.
- Before setting policies for industrial land, it would be good to hear from the City about its land needs for various public works and municipal activities—don’t do a knee jerk reaction and allow housing without determining the impacts on our ability to provide services, etc.
- Ask the City’s Economic Development Director to weigh in—what’s the right mix?
- The land use policies should address the role that commercial uses play in helping to meet our housing needs.
- Sea level rise should be addressed in Goal 2, as well as the broader issue of how natural systems affect our capacity and how we should be developing (aka, Ian McHarg). Think about the extent to which fire hazards, slopes, bay, etc. affect the pattern, intensity, and amount of growth.

### **Committee Alternate Comments**

There were no comments.

### **General Business Items**

**A. Next meeting** – the next meeting is November 14 at Bio Marin (current location).

**B. Staff Announcements** - PM Miller gave update on the procurement process for the Downtown Precise Plan, the Economics scope of work, and the EIR. He noted that 21 proposals were received. Also, he gave a summary of feedback from a recent presentation to the Marin Food Policy Council.

**C. Member Announcements** - Jeff Rhoads noted that Resilient Shore now has an e-newsletter.

### **Public Comment**

There was no public comment.

**The meeting was adjourned at 8.38 PM.**