



ATTACHMENT 1

San Rafael 2023-2031 Housing Element Working Group
Meeting #4
April 21, 2022
MEETING SUMMARY

Attendance

Members Present: *Omar Carrera, Don Dickenson, Paul Fordham, Linda Jackson, Lorenzo Jones, Cesar Lagleva, Amy Likover, Diana Lopez, Rina Lopez, Jon Previtali, Daniel Rhine, Tom Monahan, Joanne Webster*

Members Absent: *None*

Staff Present: *Alexis Captanian, Alicia Giudice, Barry Miller*

(1/2) WELCOME/ RECORDING OF MEMBERS PRESENT AND ABSENT

The meeting was called to order at 4.00 PM. Roll call was taken.

(3) ACCEPTANCE OF PRIOR MEETING SUMMARIES

Working Group members thanked staff for incorporating edits to the February summary. The March summary was edited to clarify a member's statement regarding assisted living, noting that recent court cases determined they were countable as dwelling units. The minutes of the 3/17/22 meeting have been edited as described above and may be reviewed [here](#).

The March Summary was accepted as edited (Jackson/Previtali).

(4) INITIAL OPPORTUNITY FOR PUBLIC COMMENT

Grace Geraghty suggested that the Housing Element address the large number of vacant rental apartments in San Rafael. They are priced so high that they are unaffordable. The City should consider a local housing voucher program for lower income workers in San Rafael.

(5A) DISCUSSION OF HOUSING CONSTRAINTS

Prior to discussing the first agenda item, Director Giudice provided introductory comments. She noted that housing issues include immediate short-term needs as well as needs that can be addressed in a long-range plan. Some issues may be addressed through the Housing Element, while others will be addressed in different forums.

A working group member asked if the group would have a chance to review what has been accomplished from the last Housing Element vs not accomplished so that we do not duplicate programs that aren't working or suggest things that already exist? Staff noted that an earlier meeting included an evaluation of progress on different Housing Element programs, but that there was an interest in looking more holistically at all programs.

A. Housing Constraints

Barry Miller provided a PowerPoint presentation on housing constraints, including zoning, permitting procedures, fees, building code requirements, etc. The presentation also included “non-governmental” constraints such as construction costs and financing.

Working Group members provided their comments at the end of the presentation (*staff comments and responses made at the meeting are shown in italics*):

- Reduce zoning constraints in single family neighborhoods to allow smaller, less expensive homes (*speaker later clarified this was not meant as an endorsement of eliminating single family zoning, but rather a request to adjust standards to increase flexibility and unit type*).
- The economics of parking requirements must be considered. Underground parking creates more buildable space, but its expensive. Limiting the parking burden on projects can significantly reduce development costs and make a project more feasible. Some constraints are unintentional—for example, requiring a 25 foot setback from a side street to a parking garage.
- Water availability is a real constraint. City should support MMWD in efforts to increase supply.
- Off-site improvement requirements are an issue for developers. DPW should be an ally rather than imposing requirements that result in high fees and improvements.
- Consider changing the requirement for two covered parking spaces so that smaller, single family homes can be more affordable. The cost to provide these spaces is considerable and they often are not used for parking.
- Provide for higher densities on public and quasi-public land (higher than 21-24 units per acre, per zoning) when those sites are located next to transit, e.g., the County lot next to the Civic Center station.
- Allow for more administrative (staff-level) permits to approve projects instead of onerous CUPs requiring Planning Commission approval. A true “ministerial” decision just takes a staff person going through a checklist to make sure a project meets objective standards. CUPs require legal findings, which can be challenging
- Inclusionary housing is critical. Look for ways to move the requirement back to 20% (from 10%)—one of the unfortunate outcomes of the reduction is we are not getting enough affordability at Northgate. The shortage of market-rate housing is less acute, and inclusionary is a good tool to make sure we have more mixed income housing as well.
- The info on fees provided by staff is from 2014. How are we doing today? Are we still 30% higher than the County average? If so, why? Fees can be a major constraint to finance a project, especially an affordable one.
- The biggest challenge is sheer cost. Projects are being entitled but then they can’t get financing. The reduction in inclusionary was important to spur development. Northgate, for example, is doing 12% affordable. The review process is difficult—let’s continue streamlining and creating flexibility, be clear on plan checks.

- Offsite improvements – more cross-departmental communication is needed, and our Commissioners need to be on the same page. Be mindful if you are asking a developer to use different material, for example – all of those requests cost money and it’s helpful for the City to be flexible.
- Be mindful of the impacts of conditions of approval on project costs. Fees and exactions are high, but there may be even more costs embedded in approval, such as requiring sidewalk replacement, street resurfacing (when there’s already a fee to cover impact on the streets) and undergrounding of utilities. The undergrounding requirement can add \$20-70k per unit, but doesn’t appear to be governed by an ordinance or policy statement. Another example is paying to upgrade fire hydrants near your project—applicant is supposed to be reimbursed as other projects come along but is that actually happening? These costs can be significant for smaller projects. Consider exemptions/ waivers for smaller projects? For redevelopment, the cost to relocate low-income renters is an additional expense for the developer. This is an important component and worth the cost but it should be noted.
- What fees are charged for older adults and disabled residents seeking to retrofit their homes? For lower income households, this can be a constraint..
- Live/work zoning regulations are 30 years old and should be fixed. They have not worked in facilitating live/work development.
- Intent of public/quasi public was to be high density.
- Agree with earlier speaker that two covered parking spots are not always needed. In some cases, they may end up being used for home storage. Also, are our parking requirements in alignment with state laws for ADUs?
- Do we need to lobby for other financing options that we can access or changes to the tax credit map/standards?
- Inclusionary housing worked well in the 1990s, in part because we had a Redevelopment Agency and more financing at the state and federal level. Today it’s more difficult and developers have to carry a lot more risk and cost.
- Most Marin jurisdictions effectively prohibit tiny homes – but this should be an option to house one or two people affordably and comfortably.
- SB9 (allowing for split of single family lots and additional J/ADUs) will not ruin single-family neighborhoods but will instead allow for modest infill that fits in. There is an owner-occupancy requirement, and there are other requirements that will limit how much impact it will have. City could consider triplexes on corner lots, which tend to be larger and have two street frontages.
- Can we eliminate density altogether in high and medium density areas? My building has 60 units to the acre and everybody loves the building. When we put a density limit on a parcel, it puts limits on a developer that they have to work around, precluding them from being able to design for the market they may be trying to reach.
- Constraints apply across the entire city, but it would be great to understand which specific sites these impact, how we can reform our zoning to address the constraints on particular sites. When we have this conversation, are we talking about zoning reform for specific sites, or for all sites? *(Staff responded that we’re looking at citywide constraints. But part of this process is to look at our housing opportunity sites specifically to make sure the zoning will get us the kind of housing that we*

need. We may look at more focused zoning changes on some properties. It would be helpful to hear from working group members on this topic—also, are there obstacles to converting existing units from market rate to affordable?)

- Fees are too high, not just for developers but for residents.
- Agree that tiny homes are a great innovation—maybe don't allow "blanket-approval" but it should be part of the mix.
- Need much more cross-departmental collaboration and less redundancy, seems like new staff are reinventing the wheel.
- We should continue to safeguard the character of our neighborhoods—I am wary about too much streamlining of development review. Per the earlier public comment, if there are rental units sitting vacant because they are too costly, are there things the City can do to make them more affordable? Vouchers? In general, the cost of restoring and reusing historic structures is less than demolition and new construction. Can we focus on better use of what we have instead of just looking for places to build more? This way we can maintain our neighborhoods while making them more integrated and affordable.
- City has outdated requirements requiring minimum distance separation between emergency shelters, transitional housing, etc. Can we relax these rules to allow for temporary solutions that address the crisis we are in now?
- With respect to tax credit maps, and competition for tax credits, higher scores are given to projects in both "high" and "highest" resource areas.
- Agree with earlier comments on parking. Many development deals can't happen because of parking requirements. Affordable housing developers can't do underground parking in low-rise buildings—it doesn't pencil out if an entire floor is taken up with parking instead of housing. Use TOD overlays near transit to reduce parking requirements.
- With respect to publicly-owned sites, state laws say affordable housing is a priority us if these sites are surplus. Allowable densities should be higher. Streamlining and high-density shouldn't be the boogeyman and doesn't mean we're going to get Soviet style block buildings. What developers seek is predictability—don't keep moving the goal posts, this can torpedo good projects. Sacramento is a good example of where it works well—their ordinance gave us the confidence to move forward and get swift entitlements. Often have to walk away from a deal where this doesn't exist.
- Cities can help affordable housing developers through fee waivers because that's considered a public contribution to the deal and helps build funding eligibility.
- General construction costs are out of control right now, and are increasing at 1% a month. At this rate of inflation, it's hard to plan. We have to get a new financing plan if takes too long, and then we may have to reapply for funding depending on federal/state funding cycles.
- Converting existing buildings into affordable housing can be very challenging because the existing tenants must be low income. EBALDC is doing this successfully in Oakland.
- Agree with earlier speaker regarding eliminating fees for conversion projects, especially for non-profits (buying market rate buildings and making them affordable). Note that the vast majority of

rentals posted on Craigslist are for 2 bedroom units. If you're looking for a smaller or larger unit, they are hard to find. We have a mismatch of housing supply and demand, as well as a lack of supply for low income workers. *(Staff noted that despite the appearance of a lot of vacant units, the market is tighter now than it was at the time of the last Housing Element and vacancies are lower)*

- Consider regulating development based on bedrooms per acre instead of kitchens per acre. When we regulate the number of units per acre, we end up with larger and less affordable units.
- Community opposition is also a big constraint to housing. In Livermore, the City recently approved an Eden Housing project but it ran into opposition in the community and went into litigation for a year. The project stalled and the applicant had to return \$68 million of tax credits. Now they have to reapply and readjust to market conditions, including higher costs. This needs to be talked about and addressed.
- Can an affordable housing overlay avoid this kind of backlash? Perhaps locating housing in areas where it is not allowed today, such as the Northgate Business Park? *(Staff noted that the Light Industrial/Office zone does not allow housing because there is a very limited supply of employment-generating land in Marin County, and once we give it up we will never get it back. City needs balance in its land use).*
- Are there precedents for mixed use districts where light industrial and housing co-exist? *(Staff replied yes, but usually because of land use patterns that pre-dated zoning regulations. Our General Plan allows a very limited amount of conversion of light industrial land to housing near the SMART stations.)*
- We have areas in San Rafael with apartments next to auto repair shops (Canal, Downtown). Perhaps allow redevelopment of light industrial and office sites as long as the existing square footage of light industrial is retained (so the jobs are retained). Perhaps allow housing if it is on the upper floors above existing light industrial/office use. Apartments can be built to mitigate noise impacts.
- Can be a slippery slope if we start to allow housing in the industrial areas. People will inevitably complain about noises, odors, etc. May not be a good fit in Marin County.

(5B) UPCOMING MEETINGS AND DISCUSSIONS

Staff announced that the Working Group has one more meeting scheduled, which will be on May 19. We are also planning for two additional (yet-to-be-scheduled) Working Group meetings. The focus of the May meeting will be affirmatively furthering fair housing and equity issues. We will likely have another two meetings to discuss draft policies and programs. We would like to maximize the Working Group's contribution and develop meaningful housing programs.

- Is the working group going to have an opportunity to review the housing opportunity sites? *(Staff replied that this would be available during May, as we are trying to notify property owners.)*
- Is the City monitoring opportunities on underutilized public land? Can we see which of these sites are on the list? *(Staff noted that these sites were included on the list, and reiterated the list was a work in progress.)*

(6) STAFF AND MEMBER ANNOUNCEMENTS

- Youth in Arts and Y-Plan sponsored a program engaging 3rd graders at Laurel Dell Elementary in a discussion about San Rafael's housing needs. The class divided into teams, with each team researching a particular housing type. This included houseboats, co-housing, tiny housing, high rise buildings (five stories), micro units, navigation centers, ADUs, reusing old buildings, etc. Many of the kids also pointed out the need for a community pool.
- The San Rafael Chamber will be hosting an annual State of the City dinner and Business of the Year award on Monday, May 23rd outdoors on A St in Downtown SR
- Can staff identify the members of the public who join the meeting?

(7) PUBLIC COMMENT OPPORTUNITY #2

There were no additional public comments.

(8) ADJOURNMENT

The meeting was adjourned at 6:00 PM.