

## I. Introduction

### A. Mill Valley Community Context

Incorporated as a Town in 1900, Mill Valley is located in southern Marin County. Nearby communities include the Town of Tiburon and City of Sausalito to the east, the City of Corte Madera to the north and various portions of unincorporated Marin County to the south. In 1907 Mill Valley built the first Town Hall at the current site of Mill Valley's City Hall on Corte Madera Avenue. Mill Valley changed its name to the City of Mill Valley in 1947, and the population expanded dramatically in the post-war years through the 1960s. By the mid-1960s, the population had reached 12,000 people. In response to the growing population and development, the City founded the Planning Commission in 1968 to act on zoning entitlements and ordinances to implement the Mill Valley General Plan<sup>1</sup>. The most recent 2010 Census documented a population of 13,903 in Mill Valley.

Mill Valley is located on the western and northern shores of Richardson Bay. Beyond the flat coastal area and marshlands, it occupies narrow wooded canyons, mostly of second-growth redwoods, on the southern slopes of Mount Tamalpais. The combination of Mill Valley's idyllic location nestled beneath Mount Tamalpais, together with ease of access to nearby San Francisco, and its strong artistic culture with galleries, festivals, and performances sense of place and small-town character, has made it a popular place to call home for many high-income commuters. Over the last 20 years, following a trend that is endemic throughout the Bay Area, home prices have climbed in Mill Valley, which has diminished its stock of affordable housing choices for older adults in the community who would prefer to "down size" and live closer to shopping, arts and cultural events and transportation options; for the grown children of long-time residents who wish to stay in the town in which they grew up; and in turn pushed out residents who can no longer afford to live in the area for those who would prefer the option to live closer to their Mill Valley job.

Mill Valley has experienced some demographic shifts in its population over the past decade. There has been a significant increase of over 200 new families in Mill Valley, of which 80 percent are families with children, and a corresponding increase in the school age population. Young adults (25-44 years) have decreased from 28 to just 20 percent of Mill Valley's population during the same period, and the community of senior citizens (age 65+) is growing, currently comprising 19 percent of Mill Valley residents, compared to just 15 percent a decade ago

Approximately 20 percent of Mill Valley households earn low incomes (<80% area median income or AMI), with an additional 12 percent earning moderate incomes (80-120% AMI). Among the community's 2,100 renter households, one-third are lower income and 15 percent moderate income.

This Housing Element identifies solutions that address these trends and demographics consistent with the overall goals, applicable community values, housing development potential and housing policies in this Housing Element of the Mill Valley 2040 General Plan.

---

<sup>1</sup> History. City of Mill Valley. <http://www.cityofmillvalley.org/Index.aspx?page=21>

The 1989 Mill Valley General Plan established a decision-making framework of two overall goals and seven community values that many have suggested are still applicable to and should be included in the MV2040 General Plan, including the 2009-2014 Housing Element. The two overall goals are:

1. To protect and enhance the natural beauty and small-town character of Mill Valley; and
2. To encourage continued diversity of housing, income levels and lifestyles in the community.

Formatted: List Paragraph, Numbered + Level: 1 + Numbering Style: 1, 2, 3, ... + Start at: 1 + Alignment: Left + Aligned at: 0.28" + Indent at: 0.53"

The seven community values from the 1989 General Plan have been slightly modified and updated through the MV 2040 General Plan process, and three additional values related to the arts, community participation and public education have been added based on community input and discussion:

- Preserving the quality, diversity and historic resources of the community's residential neighborhoods;
- Maintaining a strong, healthy economy that supports locally-owned and local-serving businesses;
- Managing and restoring the scenic quality and physical character of the bayfront, ridgelines and hillsides for open space, resource protection and outdoor recreation;
- Preserving and enhancing creeks, marshes, woodlands and other natural resources for the use and enjoyment of current and future generations;
- Minimizing traffic congestion and encouraging safe and convenient mobility alternatives;
- Planning, preparing, adapting and responding to natural and human-made disasters;
- Accommodating more housing choice for all income levels and community needs than may be possible under conditions in the private housing market
- Promoting the arts, the artistic community and its on-going and lasting contribution to the culture, heritage, character, economy and quality of life of the community;
- Cultivating community participation, volunteerism, mutual respect, civil discourse and civic responsibility;
- Furthering excellence in public education and an open, effective and mutually supportive relationship among the community, public schools and City.

Carrying over the two overall goals and the updated and expanded community values from the 1989 General Plan to the MV2040 General Plan and the 2009-2014 Housing Element not only provides continuity for a critical decision-making framework that has sustained Mill Valley over the years, but also speaks to the overall purpose of the MV 2040 General Plan and this Housing Element to continue to preserve the great qualities that make Mill Valley a special place to live, learn, work and play; to protect its unique, small-town character; and reinforce the primacy of local decision-making within the context of state and regional planning mandates.

The 1989 Mill Valley General Plan and MV2040 are quite similar in their respective approach to addressing the major issues then and now. For example, the 1989 General Plan states that "[I]n Mill Valley, significant growth is not anticipated and there are no proposals to convert agricultural lands to urban development; there are no proposals for major new streets or sewer systems; and there are no plans to build new schools." Much the same is true for the MV2040

General Plan and this 2009-2014 Housing Element. Particularly in the areas of “infill housing” and “affordable housing”, two issues of significance in 1989, as well as today (and probably in to the future, as well), the Housing Element has taken an approach to identify potential housing sites and recommended policies and programs that are based on specific, local criteria that reflect the need to meet state mandates, yet protect existing neighborhoods, preserve the character of the community, and work within the City’s existing zoning and residential development standards.

Much of Mill Valley’s character can be found in the architectural diversity and historic character of its existing and predominantly single-family residential neighborhoods. The 1989 General Plan went to considerable lengths to successfully reduce the previously anticipated residential development potential of the City in order to encourage smaller scale and more individual development patterns. The 1989 General Plan did this by “down-zoning” a number of large, undeveloped tracts of land on the fringes of existing residential areas. Much of this land became designated open space, and with a few exceptions, the rest was developed into large-lot custom single-family homes and neighborhoods. The MV2040 General Plan and the 2009-2014 Housing Element have identified opportunities to meet anticipated housing needs through a similar approach focused on the existing small-scale, individual lot development patterns set forth in the 1989 General Plan and reflective of historic development and lot patterns.

As the Housing Element is required to address all housing (not just affordable), there are a few sites identified in this document that are appropriately zoned and would accommodate a new single-family home (See Appendix C for further details). It’s important to note, and this Housing Element reinforces that the identification of sites appropriately zoned for potential housing development to meet the City’s Regional Housing Needs Allocation (RHNA) is a requirement of state law, but how that housing is ultimately developed – if it is developed during the term of this Housing Element – is entirely based on local housing policies expressed herein, and local zoning and development standards. The development and redevelopment of existing single-family homes on single lots is an on-going feature of Mill Valley’s evolving housing market. The consideration of their overall design and site planning, and the community’s participation in that decision, is what regularly fills bi-monthly Planning Commission agendas. However, the community has also identified other housing needs beyond single-family residences on a single lot: the needs reflected in the overall goal of “a diversity of housing, income levels and lifestyles” and the community value of “accommodating more housing choice”.

To accomplish this over-arching vision, this Housing Element primarily focuses on the much smaller and more discrete areas of the City that are already zoned for multi-family housing and commercially zoned areas that allow mixed commercial and residential uses, or multi-family residential uses on their own. These areas represent just 9.7 percent of the City’s total number of lots (the large remainder being predominantly single-family), and most, as shown in Table 1.1, are comparatively small in area. As a result, it’s quite possible to develop projects of multiple residential units that meet identified local needs; are consistent with Mill Valley’s character; and meet the City’s proposed standards for dwelling units per acre, also known as “density”. In addition, the design of those projects, through the proposed establishment of multi-family specific design guidelines and development standards for height, bulk and mass will be applied as existing standards are applied to the City’s single-family developments. There are numerous examples of existing developments of this type, developments that are already an accepted part of the fabric of the community. These projects illustrate that “higher density” in a local Mill

Valley context is neither out of character with existing neighborhoods, nor contrary to community values.

Mill Valley has experienced some demographic shifts in its population over the past decade. There has been a significant increase of over 200 new families in Mill Valley, of which 80 percent are families with children, and a corresponding increase in the school age population. Young adults (25-44 years) have decreased from 28 to just 20 percent of Mill Valley's population during the same period, and the community of senior citizens (age 65+) is growing, currently comprising 19 percent of Mill Valley residents, compared to just 15 percent a decade ago.

Approximately 20 percent of Mill Valley households earn low incomes (<80% area median income or AMI), with an additional 12 percent earning moderate incomes (80-120% AMI). Among the community's 2,100 renter households, one-third are lower income and 15 percent moderate income.

This Housing Element identifies solutions that address these trends and demographics, which have driven the consideration of housing development potential and housing policies in this Housing Element of the Mill Valley General Plan.

**Residential Density and Housing Capacity in Mill Valley**

Residential density refers to the number of homes per unit of land, typically reported as dwelling units per acre (du/ac). Residential density does not equate to height or mass of buildings, nor does it equate to population density, which is the number of people per unit of land or persons per square mile.

In Mill Valley, the residential density of parcels zoned to allow housing ranges from 1 dwelling unit per 10 acres (0.1 du/ac) to 7 du/ac for single-family, and 8 du/ac to 29 du/ac for multi-family housing. In the past, commercial properties zoned to allow multi-family housing have been reviewed on a case-by-case basis by the Planning Commission to determine the residential density to be applied to the property. With the MV2040 General Plan Update process, minimum and maximum densities are determined for Commercial Zoning Districts, to regulate land use in the City and establish housing stock that is appropriate for these commercial areas. This is especially important because over 75% of Mill Valley's land is zoned for single-family residential, leaving very little land to allow for a diverse range of multi-family housing stock.

The required Capacity Analysis for this Housing Element Update, as detailed in Appendix C, provides an analysis of parcels that meet a specific set of stringent criteria, rendering them suitable for potential single-family and multi-family housing development in the near term. As shown in Table 1.1 below, Mill Valley's parcels are generally smaller – 97% of the City's parcels zoned to allow multi-family housing are below 1 acre in size, rendering development potential that is consistent with the small-town character of Mill Valley.

**Table 1.1: Unit Potentials of Sites Zoned for Multi-Family Housing**

**Diagrammatic Size**

<b><u>Parcel Size</u></b>	<b><u>Minimum potential unit count at 17 du/ac</u></b> (numbers are	<b><u>Maximum potential unit count at 29 du/ac</u></b> (numbers are	<b><u>Percentage of sites in the entire City below this parcel size, including all</u></b>	<b><u>Percentage of sites in Mill Valley that are zoned to allow multi-family</u></b>

Formatted Table

- Formatted: Font: Bold
- Formatted: Font: Bold
- Formatted: Font: 11 pt
- Formatted: Don't adjust space between Latin and Asian text, Don't adjust space between Asian text and numbers
- Formatted: Font: 11 pt
- Formatted: Font: (Default) PalatinoLinotype, 11 pt, Font color: Custom Color(RGB(35,31,32))

	rounded down)	rounded down)	Zoning Districts**	housing, below this parcel size **
7,500 sq. ft. (0.17 acre, smallest multi-family site in Capacity Analysis*)	2	4		
10,890 sq. ft. (0.25 acre)	4	7	3840 (67%)	927 (85%)
18,920 sq. ft. (0.43 acre, average multi-family parcel size in the Capacity Analysis*)	7	12		
21,780 sq. ft. (0.5 acre)	8	14	4922 (86%)	1018 (93%)
32,670 sq. ft. (0.75 acre)	12	21	5276 (92%)	1055 (97%)
43,560 sq. ft. (1 acre)	17	29	5399 (94%)	1065 (97%)
51,670 sq. ft. (1.18 acre, largest multi-family site in Capacity Analysis*)	20	34		

Formatted: Font: 11 pt

\* The analysis does not include the Redwoods Senior Housing site, which has a total parcel size of 386,250 sq. ft. or 8.87 acres. The second largest site is the "Kite Hill" site (1.18 acres).

\*\* There are approximately 5733 parcels in the entire City, including all zoning districts. Of all these parcels approximately 1093 parcels are zoned to allow multi-family housing. This data shows that the vast majority of such sites are under an acre.

## B. The Role and Purpose of the Housing Element

The purpose of the Housing Element is to achieve an adequate supply of safe, affordable housing for all economic segments of the community, including individuals with special housing needs. The Bay Area and Marin County in particular have become one of the most desired, and therefore expensive, housing markets in the country. Mill Valley's housing conditions are reflective of many area-wide and nation-wide trends, where housing costs, including interest rates, construction costs and high land costs, have increased the real cost of housing disproportionately in comparison to incomes. This has resulted in difficulties in the job market, longer commutes, and the moving out of young families, longtime residents, and other community members who can no longer afford the high cost of housing.

Every jurisdiction in California must have a General Plan that contains a Housing Element. While jurisdictions must review and revise all elements of their General Plan regularly to ensure that they remain up to date, State law has specific requirements for updating the Housing Element every five years. The Housing Element is also subject to review by the State Department of Housing and Community Development.

**This Housing Element identifies policies and programs that focus on:**

1. Housing and Neighborhood Quality;

- |  |
|--|
| <ol style="list-style-type: none"><li>2. Housing Supply and Diversity;</li><li>3. Housing Affordability;</li><li>4. Removing Governmental Constraints;</li><li>5. Equal Housing Opportunities and Special Needs;</li><li>6. Sustainability and Energy Efficiency; and</li><li>7. Community and Governmental Collaboration.</li></ol> |
|--|

The Housing Element consists of the following major components, which are established in State law:

- A summary of the City's existing and projected housing needs;
- An assessment of the land, financial and administrative resources available to address Mill Valley's housing needs;
- A Housing Plan to address the City's identified housing needs, including housing goals, policies, and programs; and
- Technical documents consisting of a detailed housing needs assessment, an analysis of constraints to housing production and affordability, and an evaluation of the City's progress in implementing the housing programs established in the 2003 Housing Element.

#### **Data Sources**

Various sources of information are used to prepare the Housing Element. They include:

- Population and demographic data from the 1990, 2000, and 2010 Census; 2006-2010 American Community Survey, the State Department of Finance, County of Marin Point in Time Homeless Count 2011, Golden Gate Regional Center, and student enrollment information from the Mill Valley School District;
- Employment and income data from the California Department of Housing and Community Development; 2012 California Occupational Employment Statistics;
- Housing market information, such as home sale prices, rent prices, and vacancies, was collected through a survey of internet rental websites including Craigslist.org, Trulia.com, and Bay4Rent.com, and DataQuick;
- Utility cost information from Marin Housing Authority
- Housing inventory information and approved and built unit numbers from Assessor data, the Mill Valley Planning and Building Departments;
- Association of Bay Area Governments (ABAG) Projections 2009 and ABAG's Regional Housing Needs Determination provide demographic projections and information on future housing needs;
- Comparative data for income levels of various groups is provided by the Comprehensive Housing Affordability Strategy prepared by the U.S. Department of Housing and Urban Development; and
- Information on Mill Valley's development standards was from the City's Zoning Ordinance.

Housing affordability is a major issue in the Bay Area, with a significant number of households in the region overpaying for housing. The shortage of affordable housing particularly affects lower-income renters and first-time homebuyers, and has impacted the Mill Valley's ability to maintain civic workforce occupations such as public safety workers and teachers. As part of this Housing

Element update, the City will look for additional means to expand the supply of affordable housing, including facilitating residential development in mixed-use areas and around transit stops.

### **C. Relationship to the General Plan**

This Housing Element is consistent with Mill Valley's 2040 General Plan. The General Plan is a long-range planning document that serves as the "constitution" for development in a jurisdiction, by describing goals, policies and programs to guide all development-related decisions. If a development proposal is not consistent with the General Plan, the proposal or the General Plan itself must be amended. State law requires a community's General Plan to be internally consistent. Therefore, although the Housing Element is subject to special requirements and a defined timetable of updates, it must function as an integral and consistent part of the overall General Plan and its other Elements.

Various housing needs can only be addressed on a comprehensive basis in concert with other community concerns such as infill development or mixed use incentives, for example, which must consider land use, traffic, parking, design as well as other considerations. In the past, major amendments to Mill Valley's Housing Element were made simultaneously with updates to other General Plan Elements.

### **D. Housing Element Law and Changes to State Requirements**

State Housing Element law enacted in 1969 requires local governments to adequately plan to meet the existing and projected housing needs of all economic segments of the community. This law acknowledges that, in order for the private market to adequately address housing needs and demand, local governments must adopt land use plans and regulations which provide opportunities for, and do not unduly constrain, housing development.

Housing Element law also requires that the California Department of Housing and Community Development (HCD) review local housing elements for compliance with State law and to report its written findings to the local government. If HCD finds that the housing element substantially complies with State Housing Element law, HCD "certifies" the housing element. If a housing element has been certified by HCD, State Housing Element law states that there shall be a "rebuttable presumption of validity of the element" in any court challenge to the validity of the housing element.

Major recent updates to Housing Element law include the following:

- ✓ Senate Bill (SB) 375 passed in 2008 requires the annual submission of reports to HCD monitoring the Housing Element, changes the Housing Element cycle from five years to eight years, and outlines consequences for the failure to adopt a Housing Element.
- ✓ Senate Bill (SB) 2 passed in 2007 requires local governments to support homeless persons in obtaining shelter and services, specifically, through the identification of a Zoning District (or Districts) where emergency shelters are allowed as a permitted use,

without a conditional use or other discretionary permit. The bill also requires local governments to add transitional and supportive housing and emergency shelters to its provisions for very low, low, or moderate income households.

- ✓ Assembly Bill (AB) 2348 passed in 2004 clarifies the requirements for an inventory of land suitable for residential development, to reflect the provision of adequate sites within the community for housing. The requirements include an analysis of each site, description of how site capacity was established,
- ✓ Assembly Bill (AB) 1866 passed in 2002 facilitates the creation of second units, or Accessory Dwelling Units, through ministerial approval procedures, and allows the identification of realistic capacity for second units, based on development trends of second units in the jurisdiction.

Another recent law that affects this Housing Element is the requirement of “reasonable accommodation” procedures. This is a federal mandate that is implemented in the Housing Element, in order to accommodate persons with disabilities in the provision of housing.

## **E. Community Participation Summary**

The General Plan effort was kicked off with a lecture series featuring prominent speakers in order to stimulate community wide interest and conversation. These events were well attended and sparked interest in the long range planning efforts of the City.

A nine-member General Plan Advisory Committee (GPAC), representing a cross-section of local backgrounds and experience and chaired by a member of the City Council is overseeing the General Plan update. The GPAC conducted public meetings on August 1, September 27, and December 5, 2012, and on January 15, 2013 focused specifically on the Housing Element planning effort, and conducted a housing tour on October 6, 2012 to view existing and potential housing options in portions of Mill Valley.

Prior to the review by the General Plan Advisory Committee, the 11-member Land Use and Mobility Working Group held four public meetings focused on the Housing Element and Housing Element issues, goals, policies and programs before making its recommendations to the GPAC.

In addition, the City has sponsored a robust on-line engagement effort. This has included e-mail blasts out to a 2,000 person e-mail list as well as on-line comment tools and a dedicated Mill Valley 2040 website. The City also utilized Mind Mixer, an innovative community engagement tool that generated ideas for the General Plan and Housing Element.

The City staff and consultants have also reached out to local architects, developers and non-profits to gain additional insights into the local housing situation.