

**ATTACHMENT 5 (ADDITIONAL MATERIAL)
GARRY LION: SUMMARY COMMENTS ON HOUSING ELEMENT
FEBRUARY 2013**

**TO: General Plan Advisory Committee (via Mike Moore)
CC: Jim McCann, Council
Subject: Summary comments on the Draft Housing Element
Attachment: Mill Valley Growth Trends v.4**

Dear GPAC members

I appreciate all the great work you have been doing. As the alternate to the GPAC Chair, I have not had any chance to participate in the GPAC discussions (Andy has not been absent...and ironically I am on my 40th anniversary cruise during the February 7th meeting, his first absence). But I want to thank Jim McCann and Mike Moore for meeting with me on January 30th to discuss my questions and concerns about the General Plan Goals, Policies, and Programs, including the Mobility section which you will review on February 7th. I understand the Housing Element (HE) is unfortunately already being readied for submission to HCD for certification reviews to keep the General Plan on schedule. So I only briefly discussed my concerns on January 30th with Jim and Mike, but I am writing this follow-up email to explain them in more detail. I will reserve my less significant questions and concerns for subsequent reviews of the draft HE.

Underestimate of population growth

The Housing Needs Assessment (Appendix A of the HE) starts with the assumption that Mill Valley's population will grow as projected by ABAG, as follows:

Mill Valley Population Projection from Table A.3

2010	2015	2025	2035
13,903	14,100	14,400	14,800

Based on the analysis requested by the City Council at a July 2012 joint CC/PC meeting to respond to the ABAG's Sustainable Communities Strategic (SCS) growth projections, this is not a reasonably accurate assumption. (In fact in early 2012, the CA Department of Finance estimated Mill Valley's population at 14,172, already about five to six years ahead of the above estimate...after only two years), The SCS response analysis (see attachment: Mill Valley's Growth Trends v.4) was conducted by the then Mayor (me), the City Manager and Economist Robert Eyler and presented to the City Council on September 18, 2012. It showed that we were already experiencing organic population growth in excess of ABAG's projections without adding any new housing, and there is a great deal more potential for growth. Unfortunately the analysis was not fully presented and vetted at that Council meeting.

ATTACHMENT 5 (ADDITIONAL MATERIAL)
GARRY LION: SUMMARY COMMENTS ON HOUSING ELEMENT
FEBRUARY 2013

The SCS response analysis was subsequently reviewed with the HE consultants, Jim and Mike on November 7th to decide if we wanted to continue to challenge our ABAG RHNA target with SCS analysis (which it was not designed to do because it does not address affordable housing), and we decided not to appeal the RHNA numbers at that time (but we can still appeal the SCS projections in 2013).

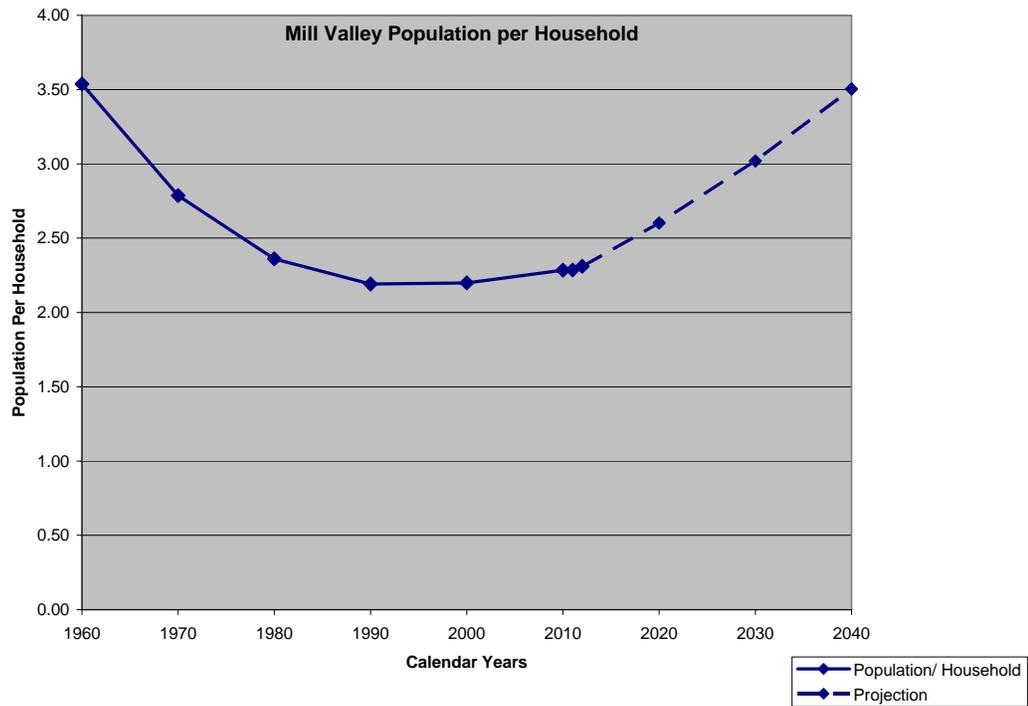
The key issue looking forward is Mill valley has experienced a significant demographic shift resulting in a significant reduction in the number of people per household from 1960 through 1990, but that phenomenon is now facing a resurgence which is gathering steam. Changes in population per household are ignored in all ABAG projections since they are insignificant in most cities, but that is not the case in Mill Valley due to our unique situation discovered in the SCS response analysis.

I do not want to repeat the SCS Response Analysis (see the attached Mill Valley Growth Trends document), but the key highlights are:

- ❖ The City's population grew at a strong rate until 1960-1970.**
- ❖ From 1960 to 1990, the City continued to allow housing units accommodating more households (a group of people, typically family, living together), but the number of people per household diminished, resulting in little net population change. This was largely due to aging parents hanging onto their family homes and young people being forced out of the market.**
- ❖ Since 1990, the City has added relatively few housing units and households, but the population is growing again as the available housing is filling up. This resurgence is largely attributed to dual income professionals starting families in San Francisco and moving to Mill Valley wanting a great suburban residential setting and school system to raise their kids.**

As of 2012 population per household was at 2.31, on the road to recovery from 2.19 in 1990. There is no conceivable reason to believe that our population per household will remain at its current low rate forever. Making a relatively conservative estimate that Mill Valley will again see 3.5 people per household by 2040 (remember most housing built in Mill Valley since 1960 has been larger than the average housing stock in 1960), the population per household might increase at 1.5% per year compounded annually. This scenario is graphed below.

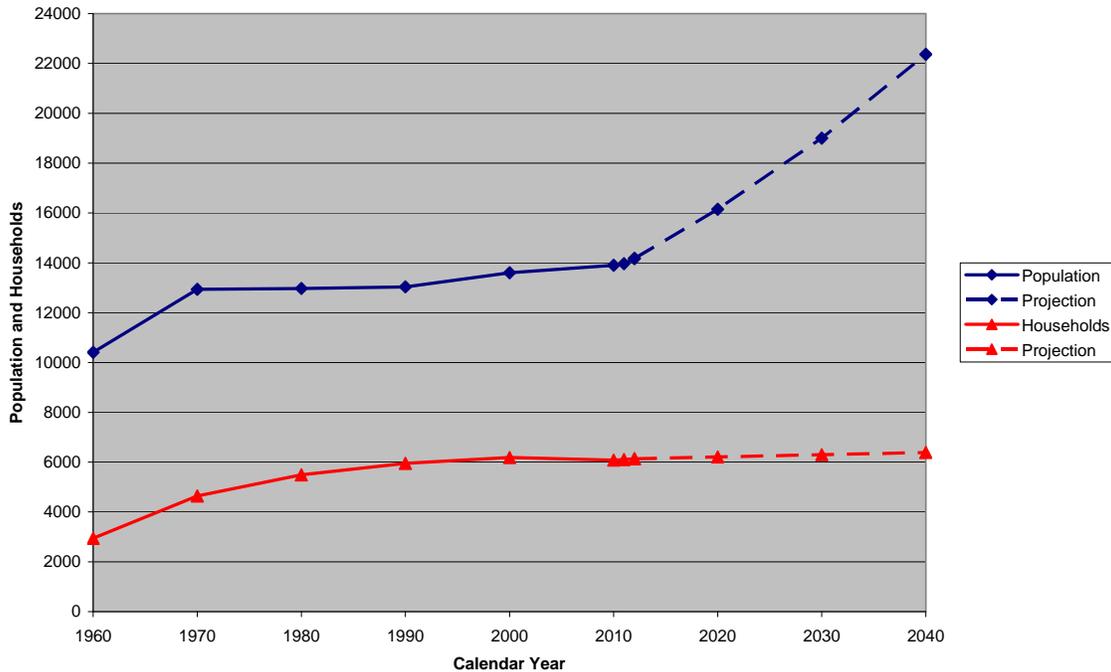
ATTACHMENT 5 (ADDITIONAL MATERIAL)
GARRY LION: SUMMARY COMMENTS ON HOUSING ELEMENT
FEBRUARY 2013



If this happened, and the very modest organic growth in households from 1990 to 2012 continues (0.14% per year), this will result is alarming growth for the City to over 22,000 people by 2040.

ATTACHMENT 5 (ADDITIONAL MATERIAL)
GARRY LION: SUMMARY COMMENTS ON HOUSING ELEMENT
FEBRUARY 2013

Mill Valley Population and Household Projections



This analysis, by the way, does not include an apparently large inventory of vacant housing units in Mill Valley, estimated by the CA Department of Finance at 450 units from 2010 through 2012. The Housing Element consultant confirmed that same vacancy number (6.9% of 6,534 units) in Table A.21. Remember that above we are talking about population per existing households (people currently living together) not already built housing units. Theoretically these vacant units, many probably on the market for rent or sale, could house many more people which we will not even count here.

For the most part, it is not whether a lot of new housing will be built...it already has been built and is just awaiting occupation. One can speculate how quickly all those empty bedrooms will fill up, but I don't think there is much question about whether they will eventually fill unless Mill Valley loses all its appeal and we drop into a local depression.

Significant incentives and impetus for additional growth

Throughout the Draft Housing Element, the consultant has recommended a number of new measures and inducements to encourage construction of more affordable housing. While these may be all with good intentions to cooperate with ABAG on a worthy cause, they will likely have significant unintended consequences (discussed in the next section). They include

such things as the following (this is not an inclusive list, just an illustrative sample):

- ❖ **For commercial districts which allow residential projects:**
 - **Eliminate the conditional use permit for multi-family and mixed use projects**
 - **Modify parking standards to include incentives such as shared parking to encourage mixed use developments**
 - **Establish minimum densities**
 - **Modify development standards for residential uses in commercial zones**
 - **Create flexible standards for non-traditional housing types and adaptive reuse.**

- ❖ **Adopt an Affordable Housing Overlay for the Redwoods (Safeway has been eliminated from this).**

- ❖ **Explore the feasibility of encouraging and incentivizing micro-apartments for affordable housing.**

- ❖ **Modify the City's zoning regulations if feasible to allow residential uses on public-owned leased lands in Community Facilities (C-F) zones.**

- ❖ **Reevaluating the City's Inclusionary Housing Program to strengthen and enhance the program's effectiveness in providing affordable housing.**

- ❖ **Evaluate an affordable housing impact fee for new single-family construction and major additions.**

- ❖ **Establish a dedicated Affordable Housing Fund for deposit of in-lieu fee revenues.**

- ❖ **Provide financial and regulatory incentives to private developers for the development of affordable housing for families and singles.**

- ❖ **Explore partnerships with affordable housing providers.**

- ❖ **Evaluate and modify parking standards in the Zoning Ordinance to facilitate affordable housing.**

- ❖ **Adopt a local density bonus ordinance.**

ATTACHMENT 5 (ADDITIONAL MATERIAL)
GARRY LION: SUMMARY COMMENTS ON HOUSING ELEMENT
FEBRUARY 2013

- ❖ **Establish a Mill Valley Housing Committee and define the Committee's specific role and responsibilities in supporting Housing Element implementation.**

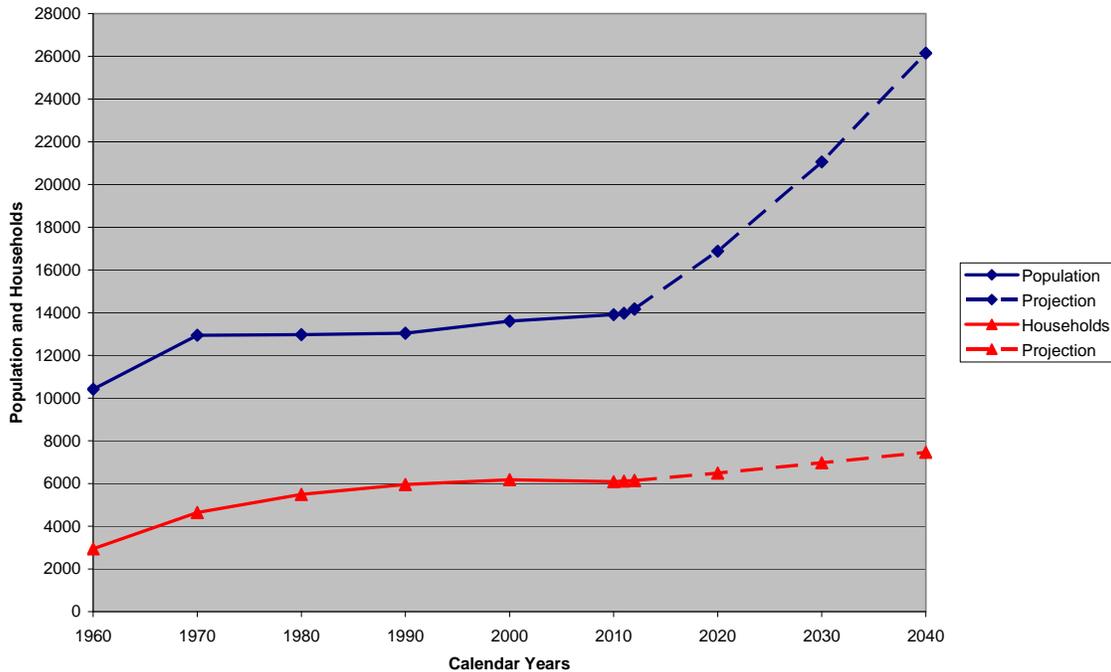
While one can debate how much each one of these programs might increase the pace of home construction in Mill Valley, there is little doubt that collectively this programs will significantly reinvigorate housing construction in Mill Valley.

While much of this new construction will be smaller-scale affordable housing, a small two bedroom unit can still accommodate a family of four, much more that our current average population per household. The proposed micro-apartments and SRO housing are even smaller units and are ideally suited for live-alone seniors in the old family homestead. But each senior attracted to these affordable housing will put one more full-sized house on the market to be purchased by a young growing family. So in effective, building these small-scale affordable housing units is not much less population inducing than building traditional 3 to 4 bedroom homes.

If all this affordable housing stimulus added roughly 40 units per year (our current 2007-2014 RHNA cycle is 292 over 7 years equals about 42 per year), and filled to the average population per household discussed before, this is what our population and housing projections would look like:

ATTACHMENT 5 (ADDITIONAL MATERIAL)
GARRY LION: SUMMARY COMMENTS ON HOUSING ELEMENT
FEBRUARY 2013

Mill Valley Growth Adding 40 more units per year



Our population would almost double, surpassing 26,000.

Major impact on Infrastructure and Public Services

The Draft Housing Element devotes less than a page (page IV-6) to the subject of “Availability of Infrastructure and Public Service” to accommodate growth. Of course the Draft HE assumes virtually no growth in 30 years. It cites the City’s aging sewer system as the only growth constraint, but properly notes that the City is taking corrective action with a revised flow-based sewer tax and an extensive capital improvement program.

However, refocusing on the more realistic assumptions about growth outlined above, the City faces huge impacts and potential detriments to our residents’ quality of life. Bear in mind that most of the above population increases will be realized in new school age children. In fact in the decade between the 2000 and 2010 censuses, the increase in school age children accounted for more than 100% of the total population growth (i.e., people in the other age groups declined). Three significant impacts of this growth include:

❖ Schools

According to IJ published figures (Spotswood, 1/30/13), the Mill Valley School District (MVSD...not a City responsibility but still a constrained governmental resource) has experienced a 40% growth over the last seven years and is currently seeing about 200 new students per year (6.3% growth per year). This growth is fully consistent with the demographic shift we are experiencing in Mill Valley. And as we continue to see high growth in the population per household in school age kids, we won't have any place to put them. The remaining space is now being squeezed out of the new construction at Alta Edna Maguire site. Additional school sites are not readily available.

❖ Traffic

As we know, with our current demographics, the traffic on our arterial streets (e.g., E. Blithedale, Miller, Camino Alto, Throckmorton) in Mill Valley can be infuriating at times. Just imagine the additional traffic from a 50% plus increase in population, exacerbated by the fact most of the new population will be kids, going to/from school, after-school or weekend activities, compounded by more service workers in the homes. That is many more trips per person than our typical retired seniors of today.

❖ Parks and Recreation

The addition juvenal population will continue to max out the City's parks and recreational facilities. How many more soccer, baseball, football, lacrosse, dance, swimming, etc. students can we accommodate? We are already rationing scarce playing fields and recreational facilities today among competing interests. We are trying to fix the tennis and golf offerings, but we have virtually no expansion options for new playing fields or recreational facilities.

The Bottom Line

One of the key functions of a General Plan with a thirty year time horizon is to recognize and plan for trends such as these population dynamics that will affect the City in the long-term.

We are in many ways a "built-out community", the only problem is we have not filled up yet. One can argue the specific growth rates and consider alternative growth scenarios, but the likely population growth is huge and the impacts will be significant nevertheless.

At this point, the only thing we can control is how rapidly we want to grow affordable housing. Do we want 4,000 more residents in 2040 in addition to all the other growth we are bound to get? We can not in good conscience take on such an aggressive affordable housing program as currently

ATTACHMENT 5 (ADDITIONAL MATERIAL)
GARRY LION: SUMMARY COMMENTS ON HOUSING ELEMENT
FEBRUARY 2013

described in the Draft Housing Element. It will only make a grim outlook worse.

I hope this perspective contributes to a good discussion at the GPAC meeting tonight. I will be back in town on February 21st.

Garry Lion