

Response to Grand Jury Report

Report Title: Affordable Housing: Time for Collaboration in Marin

Respondent/Agency Name: City of Novato

Your Name: Eric Lucan Title: Mayor

GRAND JURY FINDINGS

- I (We) agree with findings numbered: **F1, F2, F4, F6 and F9**
- I (We) disagree partially with findings numbered: **F3, F5, F7, F8 and F10**
- I (We) disagree wholly with findings numbered:

GRAND JURY RECOMMENDATIONS

- Recommendation numbered **R1**: This recommendation will not be implemented as it is unclear as to how these actions would facilitate the construction of affordable housing in the County.



Date: September 13, 2022 Signed: _____

Eric Lucan, Mayor
City of Novato

Number of pages attached: 4

RESPONSE TO GRAND JURY FINDINGS

F1. Marin County lacks sufficient affordable and workforce housing.

Response: Agree.

F2. Increasingly, individuals who work in Marin County cannot afford to live in the county, many of whom must commute from outside the county.

Response: Agree.

~~**F3.** Recent California laws provide new incentives for local governments to collaborate in developing affordable housing.~~

Response: Disagree Partially.

Although SB 35 created the ability for projects to receive streamlined approvals which often circumvent the processes adopted by many jurisdictions, there are other recent, equally impactful housing laws such as increased and unlimited density bonuses and SB 9's urban lot splits, as well as coordinated regional planning and grant funding programs such as ABAG/MTC's OBAG program which suggest each jurisdiction's individual general plans (including housing elements) and zoning are more important than ever to achieving their community's goals.

F4. The Regional Housing Needs Allocation allotments are widely viewed as unachievable for the county and many Marin municipalities.

Response: Agree.

The City of Novato agrees that each Marin jurisdiction's allocation for the 2023-2031 planning period is a significant increase over Cycle 5. Novato's Cycle 6 allocation of 2,090 units represents an increase five times greater than our previous allocation of 415 units. We question whether there are, or will be, sufficient material or labor resources to construct this number of units, let alone the staff resources to review, approve, permit and inspect the daily volume of work associated with the numbers. The production of this many housing units also depends upon many factors which the City of Novato has no control over, including land prices, willing cooperation between land owners and developers, and expectations for financial returns by investors.

F5. Failure to achieve Regional Housing Needs Allocation allotments will trigger loss of local control over housing development.

Response: Disagree Partially.

See response to Finding F3 above. The City agrees that failure to achieve RHNA will result in loss of control over some processes, there are new State requirements which are equally impactful.

F6. There is new and increasing support and willingness to cooperate among elected officials for building affordable housing in Marin.

Response: Agree.

F7. A countywide approach to housing development would enhance Marin's ability to meet affordable and workforce housing needs.

Response: Disagree Partially.

The City of Novato agrees that there are a number of ways in which collaboration on a county-wide scale is helpful. The County's leadership role in contracting for services to be shared on issues including components of housing element updates and SB 2 grant funding for development of objective standards and tools associated with ADU development has been tremendously helpful. However, lack of building materials, increasing interest rates, labor availability and pro-housing State legislation have also shown that local government's ability to incentivize development of housing is limited. State-wide, there are tens of thousands of approved-but-not-built housing units. Additional planning for housing is not necessarily going to result in housing units being constructed.

F8: Large affordable housing developments in Marin require subsidies to be financially feasible.

Response: Disagree Partially.

Housing development proformas, and the resulting residual land values, are based on an estimated sales price of the resulting units. Any unit priced below the market requires a subsidy. The source of the subsidy, whether private, public or non-profit, is highly dependent upon the individual project. It is often the case that smaller projects are the more difficult to finance and because the cost of the infrastructure needed to support the development is split among the resulting units, the per unit cost of smaller developments is often considerably higher than those of larger developments.

F9. Organizations with expertise and access to subsidies and other funding sources are successfully building new affordable and workforce housing developments in Marin.

Response: Agree.

The City agrees that access to funding is the single most critical need for our county's success in building additional affordable and workforce housing. We also agree that this is specialized expertise.

F10. A countywide approach to housing development would enhance Marin's ability to secure funding for affordable and workforce housing.

Response: Disagree Partially.

The City of Novato agrees that collaboration and coordination are often necessary to fund affordable housing; the CDBG process is an excellent example of coordinated priority setting which results in funding made available to achieve county-wide, and not jurisdiction-specific,

objectives. However, as mentioned above, the needs of individual projects vary considerably and often, the subsidy needs of individual projects, as well as the requirement for a local grant match, far surpass resources available. A state or regional funding source would be more impactful than what we are able to provide at the county level.

RESPONSE TO GRAND JURY RECOMMENDATIONS

R1. No later than December 31, 2022, the Marin County Board of Supervisors and Marin's city and town councils should jointly create a regional authority, or empower an existing authority such as the Transportation Authority of Marin, to coordinate affordable and workforce housing policy on a countywide basis.

Response: This recommendation will not be implemented as it is unclear as to how these actions would facilitate the construction of affordable housing in the County.

Although the City of Novato agrees that county-wide collaboration on housing policy and more importantly, funding, could be beneficial, we disagree that an additional body, outside of the decision-making processes already in place, will likely add value. Instead, creation of this additional body will divert time and resources away from the most critical aspect of affordable housing, update of our housing elements, at the most crucial time.

Recent changes in housing laws now limit the process of many instances of housing projects, including limiting the number of meetings/hearings. An additional body with oversight on specific projects, as spelled out in Appendix A of the Report, would take one of those meeting opportunities away from local Commissions, Boards and Councils, thereby limiting their opportunity to achieve their individual goals and objectives.

Implementing a separate body, prior to a formal subregion with vested interests in a county-wide approach, however, would likely result only in additional time and resources diverted away from needs of the individual jurisdictions with no likely beneficial result. This is because (as we have stated above) the State-wide inability to produce affordable housing largely boils down to lack of resources and the proposed authority is not likely to fill that gap in a meaningful way at the county level.

Most knowledgeable housing experts are already staffing the housing efforts of the individual jurisdictions and we are unclear that this expertise exists at TAM or another existing authority. Thus, the action would require additional resources be made available and the source of that funding has not been identified.

Each jurisdiction is mandated to develop and maintain its own general plan and to report, annually, to the Department of Community Development and the Office of Planning and Research, on success of general plan implementation. Unless or until a more formal, sub-regional arrangement is adopted, individual jurisdictions would suffer any adverse consequences of failing to meet our allocations, individually.

There is much work to be done in Cycle 6 around supply of housing, increasing the quality of affordable housing and ensuring that income restricted units are not lost, and developing needed tenant protections. The best and most efficient means of achieving these will be with uniformity among the jurisdictions. The City of Novato looks forward to these opportunities but

disagrees that an additional body is necessary to achieve them. Good work is already being accomplished by collaboration at the staff level.

In our view, the most important focus in Cycle 6 should be on collaborative acquisition of funding and the development of creative ways to leverage existing funds.