



THE CITY OF
NOVATO
CALIFORNIA

March 25, 2009

Cathy Creswell
HCD
1800 Third St., Suite 430
Sacramento, CA 95811

Dear Ms. Creswell:

75 Rowland Way, #200
Novato, CA 94945-3232
415/899-8900
FAX 415/899-8213
www.ci.novato.ca.us

Please find attached the 2008 City of Novato Annual Report on Housing. Also attached is the City Council Agenda as proof that it was heard by the Council.

Please call me at 415.899.8257 if you have any questions.

Sincerely,

Tim Wong
Housing Coordinator

Mayor
Jim Leland
Mayor Pro Tem
Jeanne MacLeamy
Councilmembers
Carole Dillon-Knutson
Pat Eklund
Madeline Kellner

Interim City Manager
Patricia Thompson

HOUSING POLICY
DEVELOPMENT, HCD
MAR 30 2009

**CITY COUNCIL/REDEVELOPMENT AGENCY
CLOSED SESSION
to be held at
NOVATO UNIFIED SCHOOL DISTRICT
EDUCATION CENTER
1015 SEVENTH STREET
MARCH 24, 2009
5:45 P.M.**

**(Non-closed session begins at 6:30 p.m.
see attached agenda)**

CLOSED SESSION AGENDA

A. CALL TO ORDER

The Mayor will open the meeting and take public testimony on closed session items only. The Council will then recess into closed session.

B. CLOSED SESSION

1. CLOSED SESSION PURSUANT TO GOVERNMENT CODE SECTION 54956.8:

CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Property: 664 Bolling Circle

Agency Negotiator: Interim Executive Director,
Assistant Executive Director,
Housing Coordinator

Negotiating Parties: Steven Virshup and Nancy Carlisle

Under negotiation: Purchase to Option Price

2. PUBLIC EMPLOYEE APPOINTMENT (PURSUANT TO GOVERNMENT CODE SECTION 54957)

Title: City Manager

PUBLIC EMPLOYMENT APPOINTMENT (PURSUANT TO GOVERNMENT CODE SECTION 54957)

Title: City Manager

**JOINT CITY COUNCIL/
REDEVELOPMENT AGENCY/
NOVATO PUBLIC FINANCE AUTHORITY MEETING
to be held at
NOVATO UNIFIED SCHOOL DISTRICT
EDUCATION CENTER
1015 SEVENTH STREET*
MARCH 24, 2009
6:30 P.M.**

A G E N D A

A. RECONVENE, PLEDGE OF ALLEGIANCE, AND ROLL CALL

B. CLOSED SESSION ANNOUNCEMENT

The City Council met in closed session to discuss Item B as listed on the Closed Session Agenda.

C. CEREMONIAL MATTERS/PRESENTATIONS

Proclamations: Fair Housing Month - April 2009

D. APPROVAL OF FINAL AGENDA, WAIVER OF THE READING OF ORDINANCES AND NOTICES OF INTENT

For purposes of Section D, all references to "City Council" shall include those other agencies which may be listed at the top of this Notice. Notice is hereby given that the City Council may discuss and/or take action on any or all of the items listed on this agenda.

Notice is also given that the City Council will waive the reading of all ordinances introduced and/or adopted on this agenda.

Notice is also given that once the public comment portion of any agendized item has been closed by the City Council, no further comment from the public will be permitted unless authorized by the Mayor or the City Council, and if so authorized, said additional public comment shall be limited to the provision of information not previously provided to the City Council, or as otherwise limited by order of the Mayor or City Council.

Notice is also given that materials that are submitted to members of the City Council after the agenda packet has been distributed are available for public inspection in the City Clerk's Office, located at 75 Rowland Way #200, during normal business hours. Such materials shall also be

made available on the City of Novato website at www.ci.novato.ca.us, when practical and provided that City staff is able to post those documents prior to the meeting. Also, when non-confidential written materials are distributed to members of the City Council during a public meeting by staff or a member of the City Council, a copy of the materials shall be made available to members of the public at that meeting.

**See next page for compliance with Americans with Disabilities Act.*

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the City Clerk at 899-8900. Notification at least 48 hours prior to the meeting will enable the City to make reasonable accommodation to help insure accessibility to this meeting.

6:35 P.M.

E. PUBLIC COMMENTS

All members of the public wishing to address the City Council, Redevelopment Agency and Novato Public Finance Authority are requested to submit a speaker card in advance to the City Clerk. The Mayor will call the names of speakers from the cards. Anyone wishing to speak on any item on the agenda other than those listed under Public Hearings (Section H) will be recognized at this time or at the time the item is heard. There is a three minute time limit. Items brought up during Public Comments that are not on the agenda can legally have no action. The City Council, Redevelopment Agency and Novato Public Finance Authority may direct that the item be referred to the City Manager/Executive Director for administrative action or may schedule the item on a subsequent agenda.

6:50 P.M.

F. CONSENT CALENDAR

All matters listed on the Consent Calendar are considered to be routine and will be enacted by a single action of the Council. There will be no separate discussion unless specific items are removed from the Consent Calendar for separate discussion and action.

1. ADOPT CITY COUNCIL MINUTES OF FEBRUARY 23, 2009
2. DIABLO SENIOR HOUSING

Second reading and adoption of an Ordinance adopting the Diablo Senior Housing Master Plan Text and Map for 806 Diablo Avenue in accordance with the requirements of the City of Novato Municipal Code, Chapter XIX, and the Conservation and Planning Law of the State of California.

Recommendation: Adopt ordinance.

3. CITY COUNCIL MEETING SCHEDULE FOR 2009

Consider cancelling the August 25, November 24, and December 22, 2009 meeting dates.

Recommendation: Set meeting schedule.

4. RETIREMENT SERVICE CREDIT

Consider: 1) Adopting a resolution designating the period for granting a two-year retirement service credit to certain employee classifications, pursuant to California Public Employees' Retirement System regulations; and 2) Authorizing the Mayor to execute the PERS Certification of Compliance.

Recommendation: Adopt resolution and authorize Mayor to execute PERS Certification of Compliance.

5. FACILITY FEES

Consider adopting a resolution to amend Resolution 102-07 and 1-09 to add proposed use fees for athletic fields and gymnasiums to Administrative Policy 2.3, Appendix D, Facility Use Fees.

Recommendation: Adopt resolution.

6. BAY AREA COMMUNITY RESOURCES GRANT

Consider adopting resolution to submit a \$7,500 grant proposal to the Bay Area Community Resources (BACC) and authorize the Police Department to utilize the grant to continue its Youth Access to Alcohol Program and revise revenues and appropriations upon award of the grant.

Recommendation: Adopt resolution.

7. RECIPROCAL USE AGREEMENT

Consider adopting the revised agreement between the Novato Unified School District and the City of Novato for Reciprocal Use of School District Facilities and City Facilities for Community Recreation Programs.

Recommendation: Adopt revised agreement.

8. THIS ITEM WAS REMOVED BY STAFF

9. 2008 ANNUAL HOUSING REPORT

Consider receiving and filing the 2008 Annual Housing Report.

CITY OF NOVATO
2008 Annual Report on Housing

INTRODUCTION

The Government Code Section 65400(b)(2) requires local agencies to provide an Annual Report to the California Office of Planning and Research (OPR), and the California Department of Housing and Community Development (HCD) on the status of the City's General Plan housing activity. More specifically, the State requests a report describing the community's progress in meeting its fair share of regional housing needs, and efforts to maintain, improve and develop housing.

The following information constitutes the City of Novato's Annual Report for 2008. In compliance with State reporting criteria, this report provides: 1) a complete overview of housing activity ranging from development proposals received by the City that are pending entitlements to projects that have been constructed during the Year, 2) a summary of actual housing construction activity (number of dwelling units) based upon building permits issued during the year, 3) an overview of current housing proposals under consideration and measures taken by the City during the year that are aimed both at meeting the City's remaining fair share of regional housing needs, and measures to maintain, improve and develop housing, and 4) a discussion of progress in fulfilling key Programs of the current Housing Element identified by the State Department of Housing and Community Development is provided.

RESIDENTIAL HOUSING ACTIVITY

The following table (Table 1) provides a summary and status of all new residential projects, including projects that are: 1) pending development entitlement approval and/or, 2) approved for construction and/or, 3) constructed or under construction during 2008. The City approved two residential units in 2008.

Table 1: Residential Housing Activity During 2008

Name	Number and Type of Units	Status
1112 4 th St.	10 Single-family Homes	Approved for Construction
727 Cherry Street (Cherry Hill Homes.)	6 Single-family detached units	Under Construction
1690 Hill Road Parcel Map	2 Single-family Homes	Pending Development Entitlements
1438 Indian Valley	1 Single-family Home	Approved for Construction

611 McClay Road	1 Single-family Home	Approved for Construction
Olive Court Subdivision	9 Single-family Homes	Under Construction
Hildebrand (Laguna Vista) Tentative Map	2 Single-family Homes	Pending Design Review Entitlements
23 Tara Lane	1 Single-family Home	Approved for Construction
Sagewood Subdivision	3 Single-family Home	Pending Development Entitlements
610 Davidson Street	2 Single-family Home	Pending Design Review Entitlements
Woodview Master Plan	20 Single-family Homes	Phase II Under Construction
Rudnick Estates	24 Single-family Homes	Approved for Construction
2121 Vineyard Rd.	1 Single-family Home	Approved for Construction
8 Nunes Dr.	1 Single-family Home	Under Construction
Renaissance Estates at Stonetree	52 Single-family Homes	Constructed and Under Construction
1407 Chase Ct.	1 Single-family Home	Under Construction
Sunset Ridge Subdivision	4 Single-family Homes	Approved for Construction
Somerston Subdivision	8 Single-family Homes	Under Construction
Cooper Parcel Map	1 Single-family Home	Approved for Construction
Homeward Bound of Marin's Next Key Housing	32 Affordable Transitional Studio Units (for very-low income households)	Constructed
1200 Cabro Ridge	1 Single Family Home	Approved for Construction
2130 Center Road	4 Single Family Homes	Pending Development Entitlements
700 Cherry Street	1 Single Family Home	Pending Development Entitlements
790 DeLong (Mixed Use/Whole Foods)	124 Condominiums (7 are for very low income households)	Under Construction
870 Grant Avenue	3 Apartments	Under Construction
1625 Hill Road	25 Single Family Homes	Approved for Construction

28 Nunes Drive	1 Single Family Home	Approved for Construction
2225 Oak Knoll Road	1 Single Family Home	Approved for Construction
End of Oleander Lane	4 Single Family Homes	Approved for Construction
292 Olive Avenue	1 Single Family Home	Under Construction
Pine Avenue	2 Apartments	Approved for Construction
650 Tamalpias Avenue	1 Single Family Home	Pending Development Entitlements
764 Tamalpias Avenue	3 Single Family Homes	Approved for Construction
406 Ridge Road	1 Accessory Dwelling Units	Constructed
806 Diablo Ave.	61 Units (VLI Housing)	Pending Development Entitlements
1851 Marion	1 Single Family Home	Approved for Construction
1300 Vallejo	1 Single Family Home	Approved for Construction
Total Housing Activity: Units Approved for Construction, Under Construction, and Constructed	416 Units	
Total Units Pending Development Entitlements	76 Units	

CONSTRUCTION ACTIVITY

As discussed under Regional Fair Share Housing Needs below, the City has granted entitlements for in excess of the number of dwelling units needed to meet its total fair share needs determination for the planning period. However, the actual development of approved housing is more accurately tracked based on the number of units that have been constructed or are under construction pursuant to the type of residential building permits issued (single family, multi family or other). The following table, Table 2, provides a summary of the actual number of units constructed or that are under construction based on building permits issued for each year. During 2008, the Building Division reported that building permits for 4 new residential dwelling units were issued (see Table 2 below).

Table 2: January 1999 - December 2008 Construction Activity

	RESIDENTIAL BUILDING PERMITS ISSUED BY FISCAL AND CALENDAR YEAR
--	--

1999/ 2000*	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006	2007	2008	Total
565	188	60	395	511	150	40	23	11	1943

* Building Permits issued from January 1999 through June 2000

REGIONAL FAIR SHARE HOUSING NEEDS

In 1999, pursuant to Government Code Section 65584, the Association of Bay Area Governments (ABAG) prepared a *Regional Housing Needs Determination* for jurisdictions within the County of Marin. Based on ABAG projections, the City of Novato should provide for 476 very-low income units, 242 low income units, 734 moderate income units, and 1,130 above moderate income units for a total of 2,582 dwelling units between the years 1999 and 2006. To date, since January 1999 through December 2008, there have been built and/or approved for construction 2,959 dwelling units within the City of Novato, which represents an excess of 384 dwelling units built or approved in relation to the City's prescribed total fair share of regional housing for the planning period. The 2,959 units built or approved since January 1999, include: 297 very-low income units, 527 low income units, 496 moderate income units and 1,646 above moderate income units. Table 3, below, provides a summary of Novato's progress, to date, in meeting its fair share housing needs for the planning period.

Table 3: Novato's Progress in Meeting its 1999-2006 Regional Fair Share Housing Needs by Income Category

	Very-Low Income	Low Income	Moderate Income	Above Moderate Income	Total
Regional Housing Need for 1/99-6/2006 (ABAG)	476	242	734	1,130	2,582
Housing Units Built or Approved since 1/99	297	527	496	1,646	2,959*
Total Remaining Units Needed	179	-285	238	-516	-384

*Contains all housing activity through 2008

ADDRESSING OUR REMAINING FAIR-SHARE OF REGIONAL HOUSING AND ONGOING EFFORTS TO MAINTAIN, IMPROVE AND DEVELOP HOUSING

While the City of Novato has successfully provided for an excess of 384 total dwelling units within the planning period, there is a remaining need for 179 dwelling units that are formally reserved for very-low income households. In keeping with applicable programs contained in the Housing Element of the General Plan, the following is a brief discussion of current

housing proposals and measures taken by the City during the year that are aimed at meeting the City's remaining fair share of very-low income housing, and maintaining, improving and developing housing. Applicable programs contained in the current Housing Element (HE) are listed following each discussion item:

- Affordable Housing Ordinance: The City adopted a completely revised Affordable Housing Ordinance in October 2007. The revised ordinance increased the percentage of required affordable units in a development, "deeper" affordability requirements for the affordable units and required that the affordable unit(s) be provided in the development. Developers are no longer outright permitted to pay the in-lieu fee instead of providing the affordable units. In lieu fees can only be applied in certain instances.

The in lieu fees, when required, have also been increased. Depending on the size of the development, the fee ranges from \$14,000 to \$28,000 per unit.

Applicable HE Programs: 9.A, 13A

Signature Properties/Whole Foods Mixed Use: The City received an application from Signature Properties and Robert Lalanne to rezone approximately 2.85 acres at 790 DeLong Avenue to Planned District (PD) to allow for a mixed use, multi-family residential and retail project that includes 124 condominium homes. Seven (7) of the condominium homes will be available exclusively for very-low income households. In December of 2005, the City Council approved a rezoning of the subject 2.85 acres to PD to accommodate the mixed use, multi-family residential and retail project. The project has cleared all the final land use conditions and is now under construction.

Applicable HE Programs: 6.D, 7.A, 8.C

Homeward Bound of Marin's Next Key Housing: In January 2004, Homeward Bound of Marin submitted a project proposal called Next Key, which is a combined training center and 32 very-low income, transitional studio apartments located on 1.84 acres. As proposed, Next Key is located adjacent to the existing New Beginnings Center; an 80 bed adult homeless shelter off of Hamilton Parkway. In July of 2005 the City Council approved necessary zoning amendments to the Hamilton Reuse Plan/Master Plan and a Planned District (PD) to allow for the proposed Next Key project. Lastly, the project is located on land owned by the Novato Public Finance Authority (NPFA) on behalf of the City. As a condition of the entitlements to construct the project, the City via the NPFA, will be considering a Ground Lease to convey approximately 1.84 acres of land to Homeward Bound of Marin to support the project. In addition, the City has provided \$364,000 in redevelopment funds to help pay for entitlement costs and over \$200,000 in CDBG funding. The units have been completed and are now fully occupied.

Applicable HO Programs 6.D, 3.A, 3.B, 6.J, 8.C, 12.B

Senior Housing at Hamilton During the 2003/2004 fiscal year, the City entered into an exclusive right to negotiate with Mercy Housing to construct a 100% affordable senior housing apartment project on land planned for said use as a part of the Hamilton Field Master Plan. Because of external circumstances, Mercy could not continue with the project. To date, the City has contributed approximately \$80,000 towards planning and design for the project.

Applicable HE Programs: 6.C, 6.D, 6.E, 8.C, 13.B

Senior Housing at Diablo Ave. The City has entered into extensive negotiations in the development of a vacant site on Diablo Ave. The non-profit affordable housing developer proposes to construct 61 units of very low income senior rental housing on the site. In May, 2008, the City extended a \$350,000 loan for predevelopment costs with additional site acquisition funds available if the project is approved. The developer is in the process of securing funds from other affordable housing lenders.

Applicable HE Programs: 6.C, 6.D, 6.E, 8.C, 13.B

Wyndover Apartments (a.k.a. Westside Terraces): Through its local agency approval of a tax-exempt bond application for low income tax credit, the City strongly endorsed the purchase of the 136 unit Westside Terraces apartment complex by Fairfield Affordable Housing LLC. Subsequently, Fairfield Affordable Housing LLC was able to purchase the apartments inclusive of tax credit financing. Thus, pursuant to the new owner's use of State tax credit financing, 26 of the existing units are now formally reserved for very-low income households and 110 units are now formally reserved for low income households. Further, under new ownership, the existing apartment complex is undergoing a number of physical/architectural upgrades. It is now fully rented.

Applicable HO Policy 4.4 and Programs: 12.A, 13.C

Complete Commercial/Housing Nexus Study and Linkage Fee Program: In December 2003, the City conducted a nexus study to determine appropriate and possible contributions for affordable housing from non-residential uses. The issue was discussed but no subsequent action was taken.

Applicable HE Programs: 5.A, 5.B

Capehart/Hillside Housing (a.k.a. Meadowpark Townhomes and Bay Vista Apartments) at Hamilton: Working with the project developer, Novato Community Partners, the City continues to monitor and implement the affordable housing obligations for this development, which includes 708 affordable dwelling units comprised of 351 affordable townhomes, 297 affordable apartments and 60 affordable

transitional housing units. All the ownership units have been sold and the apartments have been rented.

Applicable HE Programs: 11.A, 11.C, 12.B

KEY PROGRAMS OF THE CURRENT HOUSING ELEMENT

The following section is a discussion of the City's progress in fulfilling key Programs of the current Housing Element (Programs 6.B, 6.D and 8.C). The City's actions to implement these programs are discussed below along with several other programs in which local interest has been shown:

Program 6.B, Modify Multi-family Zoning Standards. This program calls for specific amendments to the General Plan and Zoning Code:

Establish minimum densities for residential development. Response: The General Plan (*via text and map*) places a minimum density on each residential designation. In addition to maximum densities assigned to each residential land use designation, the General Plan, via Allowable Density Range, also establishes a minimum number of dwelling units per gross acre of land. Minimum and maximum density ranges pursuant to Novato's residential land use designations are as follows:

Rural Residential	Up to 0.49 du/ac;
Very Low Density Residential	0.5 to 1.0 du/ac;
Low Density Residential	1.1 to 5.0 du/ac
Medium Density Detached Residential	4.1 to 7.0 du/ac
Medium Density Residential	5.1 to 10.0 du/ac
Medium Density Multi-Family Residential	10.1 to 20.0 du/ac
High Density Multi-Family Residential	20.1 to 30.0 du/ac

Ensure phased development does not preclude subsequent phases from being constructed at least at minimum density. Response: This is a policy that staff implements in working with developers. For phased housing developments, the density is established at the beginning of the development process, typically in the form of a Master Plan. The ability to meet projected development density established through the Master Plan is maintained with the approval of subsequent phases. For example, the Hamilton Army airfield Reuse/Master Plan included provisions for the creation of 1,171 homes. Over the past 5+ years, the total unit count has been achieved via three Precise Development Plans and six (6) corresponding final maps.

Support well designed projects at mid to high end of General Plan density range. Response: Based largely on its design merits, the City Council unanimously approved a mixed use project including 125 condominium homes and 52,000 sq.ft. of retail space on 2.85 acres in the vicinity of 790 DeLong Avenue. The City applied an increased Floor Area Ratio from 1.2 to 2.0 to accommodate the number of condominium homes proposed, which equates to a residential density of 44 units per acre; said density is in addition to 52,000 sq.ft of retail

space. Provided design expectations can be met, staff continues to encourage higher density mixed use, residential projects within Novato's Downtown.

Allow multi-family development as a permitted rather than a conditional use. Response: Pursuant to a comprehensive update to the Novato Zoning Ordinance, adopted by the City Council in April 2001, Multi-family development is now a permitted use in Multi-family zones citywide.

Use FAR increases to provide higher density in the Downtown. Response: Commercial development in the Downtown is allowed a 1.2 FAR. However, development that includes a residential component (units) is allowed a 2.0 FAR; a 66% density increase.

Encourage Planned Development zones to allow flexibility in development standards. Response: Novato has a very high number of Planned Development zones throughout the city, many of which are for residential development; Atherton Ranch and all of Hamilton are major examples. These projects allowed flexibility in development standards.

Allow density to be calculated on a net acre basis. Response: The genesis of this program point was the result of Novato's participation in the Housing Element Workbook for all Cities and the County of Marin. However, after reviewing existing Policy language of Novato's 1996 General Plan, LU Policy 1A of the Land Use Chapter, Novato calculates residential density on a gross acre basis. Using a gross acre calculation actually benefits potential site unit yield over that of a net acre calculation given that areas such as street rights-of-way, designated open space etc. are applied when calculating potential post development density.

Allow height exceptions in some areas for multi-family projects when linked to good design. Response: Within the Downtown Overlay district, building height may be increased by 30% where it is determined that exceptional building design quality is proposed and/or housing is included within a mixed use project.

Program 6.D, Evaluate Additional Residential and Non-residential Sites for Multi-family Housing, and Program 8. C, Facilitate Development at Key Housing Opportunity Sites. The City has approved two development projects that specifically implement these programs: 1) Homeward Bound's Next Key project added 32 very-low income units within the Hamilton Reuse Planning Area and 2) the Signature Properties/Whole Foods Mixed Use project, as approved, includes 124 multi-family/condominium homes within Novato's Downtown; seven of which will be affordable to very-low income households. With construction, these projects will add 156 additional housing units, including 39 additional very-low income units, and demonstrate the City's ongoing commitment to fulfilling its remaining fair share housing needs. In addition the proposed 61 unit affordable rental development for very low income seniors on the vacant Diablo Ave. site is moving forward.

Program 5.B, Adopt a Jobs/Housing Linkage Fee, and Program 9.A, Revise the City's Inclusionary Ordinance. Pursuant to community input, these programs have been identified locally as important tools for creating affordable units and/or the collecting of in-lieu fees to

support their construction. A jobs/housing linkage fee study was prepared in 2003 to explore the possibility of the ordinance but there was no subsequent action. Given the current housing and economic situation, staff is not actively pursuing implementation of the jobs/housing linkage fee. As mentioned, the City revised its Inclusionary Housing Ordinance in 2007.

REPORTING CONCLUSION

As reflected in the volume of residential units for which building permits have been issued within the last few years, Novato has made considerable progress towards meeting its fair share housing need for the planning period. Additionally, through recently completed and active Zoning amendments applicable to affordable housing, and its current roll in the evaluation and support of several housing proposals, the City remains actively committed in its efforts to maintain, improve, and develop housing, including its remaining fair share of housing for very-low income households.