



THE CITY OF  
**NOVATO**  
CALIFORNIA

October 27, 2006

75 Rowland Way #200  
Novato, CA 94945-5054  
415/899-8900  
FAX 415/899-8213  
www.ci.novato.ca.us

Mayor  
Carole Dillon-Knutson  
Mayor Pro Tem  
Jeanne MacLeamy  
Councilmembers  
Judy Arnold  
Pat Eklund  
Jim Leland

City Manager  
Daniel E. Keen

Mr. Paul Fassinger  
Research Director  
Association of Bay Area Governments  
P.O. Box 2050  
Oakland, CA 94604-2050

Re: Comments on Draft Projections 2007

Dear Mr. Fassinger:

The City of Novato has reviewed the Association of Bay Area Government's draft Projections 2007. The City believes that both the employment and housing projections are unrealistically high and is hereby submitting historical data and land availability information which substantiates the City's position.

The City of Novato fully supports the ABAG goal of fairly distributing housing and employment growth projections for the Bay Area region. The City has made significant efforts to accommodate Novato's Regional Housing Needs Allocation and has provided housing units well in excess of the current local allocation. Novato has been and remains committed to Smart Growth practices, which includes the production of quality, affordable housing for residents. In a recent survey titled Bay Area Smart Growth Scorecard, 2006, prepared by Greenbelt Alliance, Novato was rated among the top 12 cities of 101 cities surveyed in meeting applied Smart Growth policies. The Smart Growth policies applied in their survey included affordable housing, mixed use, density promotion and park proximity.

The City will continue to pursue progressive development policies which allow balanced growth but is concerned that even with "smart" land use intensification and transit oriented development it will not be possible to accommodate the number of new residents and employees identified in the draft Projections 2007. City comments on both the household and employment projections are provided below.

**Household Projections:**

Sphere of Influence: The draft Projections 2007 include two forecast tables for Novato, one that includes a City Sphere of Influence and one that does not. Based on the following observations, ABAG should only consider projections for Novato based on its existing City incorporated limit line.

cd1238;10/27/06

In 2002 Marin LAFCO amended its Sphere of Influence for Novato. With the exception of three areas that extend beyond the City's corporate limits LAFCO's Sphere of Influence is conterminous with Novato's boundaries. All three areas that extend beyond City boundaries are well removed from urban services. Two contain predominantly steeper terrain and native tree stands, conditions which are not conducive for increased residential densities. Further, those portions of the two areas that can accommodate development are largely built-out under the County of Marin's land use provisions. The third area is comprised of historic Bay lands (below mean sea level), which is designated as Conservation per the Novato General Plan. In short, areas outside Novato's Limit Line/UGB, but within LAFCO's Sphere of Influence contain little if any additional housing development capacity in the event they were annexed.

Recent Housing Production: For Projections 2007 it is important to note that the number of housing units provided over the past eight years is an anomaly resulting from the conversion of the Hamilton Army Airfield to public use. The City designated much of the base for residential use and Novato's Redevelopment Agency committed over 30 million dollars or nearly 100% of its projected Hamilton redevelopment revenues to financing affordable homes. A total of 2,129 new homes, including over 900 affordable homes were created through this commitment by the City.

The project effectively doubled the number of affordable homes available throughout the County of Marin, but was a very unique and "on-time" opportunity for the city. In 2006 construction of the residential component of the Hamilton project was completed and the provision of new housing starts at previous levels is no longer possible. Housing production in Hamilton averaged 266 new housing starts over the past eight years. To the extent ABAG may be including in its forecasts past production of housing by jurisdiction, the increased housing activity in Novato generated by the one-time redevelopment of the former Hamilton Army Airfield over the past 8 +/- years should not be included.

Potential New Housing: The draft Projections 2007 forecast estimates that the City of Novato will grow by 3,840 households over the next 30 years. Between 2005 and 2015, Projections 2007 indicate an average annual development of 142 homes and an average annual development of 128 homes over the next 30 years (to 2035). The projections are unrealistic both for the short (2015) and long terms (2035).

Regarding the short term (2015), the City analyzed housing production for the past five years (2000 through 2005); a period of incredible demand for home development. Over the past five years, excluding housing production within the former Hamilton Army Airfield, Novato has attracted and processed building permits for approximately 80 homes per year; only 56% of the projected average. Thus it is very unlikely that Novato will receive housing development proposals averaging 142 new homes per year through 2015.

In addition, the City does not have adequate vacant or redevelopable land available to accommodate this level of residential development. Based on the City's existing General Plan densities and FAR provisions by land use for residential growth, it is inaccurate to forecast long term (year 2035) production of 3,840 additional homes. In Novato's Housing Element, which was certified by the State in 2003, an inventory of both available and potentially available land via redevelopment and/or rezoning indicated that a maximum of 1,133 new homes are possible City-wide; 70% less than the Projections 2007 forecast. It is important to note that the potential for

1,133 new homes as calculated in Novato's Housing Element update includes potential residential development through the redevelopment of Novato's Downtown. Further, with TOD objectives, the City has adopted zoning incentives (increased FAR, reduced parking requirements, etc.) for redevelopment projects that propose housing within the Downtown.

### **Employment Projections:**

The City is pleased to see that ABAG projects a healthy growth to the number of jobs over the next 29 years. However, the City disagrees with the overall ABAG job numbers in the draft Projections 2007. According to the draft Projections 2007 figures, the City will be generating 17,690 new jobs over the next 29 years. This translates into 610 new jobs a year and accounts for approximately 40% of all future jobs created in Marin County. Novato does not believe that the projections are accurate for the following reasons.

Current Employment: Novato has been experiencing a 20-25% vacancy rate in the commercial office space since 2000. Although the vacancy rate has declined slightly since 2000, several different recent industry inventories of commercial space indicate the vacancy rate is still in the range of 17% to 20%. It appears that ABAG's current employment projections may be inaccurate and therefore the projections for all future years would also be high. In addition, the fact that the existing high vacancy rates have extended over a long time period indicate continued weakness in future employment growth in the local market, suggesting a further reduction in the potential employment numbers.

Development Capacity for Employment: In the Land Use Element of the City's General Plan, only 5% of the land use is designated for Commercial or Light Industrial purposes. Of that 5%, almost all the land has been developed. The City has analyzed the potential development of the remaining larger undeveloped commercial parcels and, using a best-case scenario, approximately 1.3 million sq. ft. of additional commercial space could be developed. The City has also reviewed the historical trend of in-fill commercial development on smaller undeveloped or underutilized parcels. The City estimates that, on average, under 8,000 sq. ft./year of new commercial space has been created on these small parcels. If this trend continues over the next 28 years an additional 224,000 sq. ft. of commercial development could be added in to the projections. As a result, the City projects that a total of 1.5+ million sq. ft. of commercial space could be added.

Using an industry standard of one employee per 300 sq. ft. of commercial space, the vacant and undeveloped commercial land could accommodate another 5,000 jobs. Even a more liberal ratio of four employees per 1,000 square feet would only add 6,000 employees. Either figure is far below the projected 17,690 new jobs. To accommodate the projected 17,690 jobs the City would need to approve 5.3 million square feet of new commercial development over the term of the projections, equating to an average of 190,000 square feet of new development each year.

Given the existing commercial land available, it is clearly infeasible to expect development of the amount of commercial square feet needed to accommodate the projected employment levels. In addition, it will not be possible to designate additional lands for commercial development because there will also be increased pressure to convert remaining undeveloped commercial land to residential use. Regardless of the land availability constraints, the historical vacancy rates of the past six years and rate of new commercial development have indicated that in the near term at a minimum, the City cannot realistically expect 190,000 square feet of new development per year.

Based on the evidence above, the City requests that ABAG reconsider the draft Projections 2007 for the City of Novato and provide more accurate projections. If you have any questions, please feel free to call me at 415-899-8938.

David Wallace

A handwritten signature in black ink that reads "David Wallace". The signature is written in a cursive style with a long horizontal line extending to the right.

Community Development Director

Cc: City Council  
Dan Keen, City Manager