February 25, 2014

Marin County Board of Supervisors
3501 Civic Center Drive
San Rafael, CA 94903

SUBJECT: Modifications to County Priority Development Area related to Strawberry community

Dear Board Members:

RECOMMENDATION:
1) Accept staff report; and
2) Provide direction to staff regarding modifications to the unincorporated County Priority Development Area.

SUMMARY:

Background

This report is in response to a request made by Supervisor Sears in December of 2013 to bring before the Board of Supervisors a discussion and possible action regarding the Strawberry portion of the unincorporated County Priority Development Area (PDA). Last month, the Association of Bay Area Governments (ABAG) opened a formal application process allowing local jurisdictions to propose modifications to PDAs included in Plan Bay Area. Plan Bay Area represents the Bay Area’s regional growth plan (or Sustainable Communities Strategy) required to comply with Senate Bill 375 (2008) and by extension the greenhouse gas reduction mandates of Assembly Bill 32 (2006). Plan Bay Area can be found at the following link: http://onebayarea.org/plan-bay-area/final-plan-bay-area.html.

Staff views SB 375 as an anti-sprawl and air pollution law intended to stem urban encroachment into remaining open space and agricultural lands, reduce auto use and lower associated greenhouse gas emissions. The basic strategy for implementing these overarching goals is to focus future housing and employment growth in areas close to transit, services and amenities. The Bay Area’s long-range Regional Transportation Plan, which identifies transportation investment strategies administered by MTC, is now integrated with ABAG’s Regional Housing Needs Allocation (RHNA) process that assigns housing targets to cities and counties.

While SB 375 and Plan Bay Area represent what may be the State Legislature’s most concerted effort to date to create greater consistency between transportation
funding and regional growth planning, the idea of focusing future development in a predetermined way is not new to Marin. For over 40 years, the County’s general plan (Marin Countywide Plan) has established a strong growth control strategy of directing future development to the more urbanized portion of the county where most development has occurred along Highway 101 and major arterial roadways such as Sir Francis Drake Boulevard (referred to as the City Center Corridor). The City Center Corridor encompasses the existing County PDA. The actual amount of unincorporated growth in the City Center Corridor has been limited by a number of regulatory tools already in place, including land use restrictions, density limits, building height restrictions, ridgeline protection standards, environmental protection policies, Urban Service Area boundaries, and design guidelines.

Plan Bay Area has also led to a major reorganization of the State’s RHNA process administered by ABAG. The most recent evidence of this trend can be seen in ABAG’s redistribution of regional growth from Marin and other counties lacking significant public transit opportunities and higher density land use plans to more urban “transit rich” counties such as San Francisco, Alameda, San Mateo and Santa Clara. The unincorporated county’s RHNA has thus dropped by roughly 76% from a total of 773 housing units to 185 units for the upcoming housing element cycle (these housing figures include planning requirements for both market rate and affordable units).

The Unincorporated County PDA and the Transit Neighborhood Place Type

The County PDA originated in 2007 through an earlier regional growth and transportation funding strategy referred to as the FOCUS program. Priority Development Areas were later included in Plan Bay Area to reinforce the ability of local congestion management agencies to dole out more transportation funding to areas where local jurisdictions have planned for future infill growth served by a range of transportation choices. The location and amount of future growth in any particular area is based on local general plans and zoning rules. In that regard, PDAs are a matter of local control as well as an incentive-based element of Plan Bay Area.

The County PDA is a single corridor situated along Highway 101 that extends one-half mile from both sides of the highway (see Attachment 1). Shortly before the ABAG/MTC Executive Board approved Plan Bay Area, the Board of Supervisors adopted a resolution in July 2013 requesting a modification of the County PDA by removal of the adjacent Marinwood and Tamalpais Valley communities. That action followed a series of public discussions the Board of Supervisors conducted over the preceding two and a half years regarding Plan Bay Area as well as separate public workshops and meetings held by ABAG and community interest groups. ABAG staff is currently updating the Plan Bay Area maps for Marin County to reflect the removal of the Marinwood and Tam/Manzanita areas.

Last month the Transportation Authority of Marin (TAM) conducted a meeting to discuss funding applications from local jurisdictions proposing various local transportation improvements. This meeting was also intended to serve as a venue to discuss the implications of removing or modifying the Strawberry portion of the County PDA insofar as transportation funding is concerned.
The County PDA is identified in Plan Bay Area as a Potential PDA rather than a Planned PDA. Potential PDAs, as contrasted from Planned PDAs, do not have specific plans that correspond to the "place type" that describes the general land use characteristics of each PDA. The County PDA has a "Transit Neighborhood" place type, which is characterized as primarily a residential area served by multiple bus lines (or rail) that connect at a single location. Transit stops, however, are usually a minor focus of activity in the area. The areas have low to moderate densities that typically do not support a large amount of local serving retail.

Three points are relevant to place types: 1) they represent a regional planning effort to assign general characterizations to areas that do not necessarily provide a precise reflection of existing land uses; 2) local jurisdictions are not obligated to change their local general plans or zoning rules to comply with the development guidelines used to characterize place types; and 3) place types exist both within and outside of PDAs (for example, place types have been used to guide funding decisions related to MTC’s Transit Oriented Development policy).

The County is not obligated to adopt more specific development guidelines to maintain a Potential PDA. However, converting the County PDA, or a portion thereof, from a Potential to Planned designation would not be accomplished in the future without more specific planning for future development potential, such as a community plan update, and more importantly, support from the community through a collaborative planning process.

Funding for Priority Development Areas

Plan Bay Area carries forward the incentive-based funding approach from the earlier FOCUS program through the current funding formula for the North Bay area that directs 50% of transportation funds to PDAs in Marin with the remaining 50% being available to non-PDAs throughout the county (75% of OBAG funds are allocated to PDAs in other parts of the Bay Area). The transportation funds are currently allocated under the One Bay Area Grant (OBAG) program by the Transportation Authority of Marin (TAM). For the most recent funding cycle (2013-2016), both Potential PDAs and Planned PDAs were eligible for planning and capital investment funds. The extent of funding for both types of PDAs will be revisited by the Metropolitan Transportation Commission for the next funding cycle scheduled to begin in 2017.

In November 2012, the TAM Board authorized approximately $10 million in regional OBAG transportation funds for a variety of transportation projects with roughly $6 million of those funds being allocated to PDAs in Marin. In addition to transportation funding from the OBAG program, regional planning funds are also made available to Marin for projects to preserve and enhance open space and natural resource areas, referred to as Priority Conservation Areas. The TAM Board authorized approximately $1.25 million in the fall of 2013 to conservation projects under the Priority Conservation Program.

Priority Development Area in the Strawberry Community

The Strawberry portion of the County PDA includes a variety of zoning districts on the east side of Highway 101 as well as the highway interchanges at Tiburon
Boulevard and Seminary Drive (see Attachment 2). The Strawberry Village Shopping Center is the central area of economic and social activity within the commercial and mixed-use zoned properties adjacent to the highway. The area is also served by public transit stops providing local and regional bus service at frequent intervals during the peak commute periods. The outer extent of the PDA is predominantly residential with both detached single family and attached housing. Residential densities range from 30 units per acre for the commercially zoned properties to a minimum lot area of 7,500 square feet, which translates into roughly 6 units per acre. As with other unincorporated communities in the original and now modified PDA, the County did not alter its zoning or general plan in the Strawberry community or other unincorporated communities to qualify for the Potential PDA designation. Nor was the County required to change densities or land uses to apply for and receive transportation funding made available in the past to projects benefiting the County PDA.

The existing zoning throughout most of the Strawberry PDA requires discretionary planning review through mandatory applications such as Master Plans and Design Review. Development proposals are thus carefully evaluated for compliance against an agglomeration of policies and standards. The standard building height for new or remodeled buildings, including both commercial structures and single-family homes, is 30 feet (flexibility can be applied at the discretion of the County).

The Strawberry Village Shopping Center is identified in the Countywide Plan as one of 11 named Housing Overlay Designation sites (HODs) established by the 2007 Countywide Plan. Housing Overlay Designations are existing developed sites or areas zoned for commercial, mixed-use or institutional uses that have been identified to accommodate future infill housing growth, particularly workforce housing, in the unincorporated county. Five workforce housing units located above ground floor retail space were included in the most recent Design Review approval for the Strawberry Village Shopping Center.

Focusing future development in the City Center Corridor was the hallmark of the first Countywide Plan adopted in 1970 as an outgrowth of the environmental movement in Marin and a defining policy objective of preserving agriculture, open space and sensitive natural areas. By defining more discrete commercial and mixed-use areas, the HODs established in the 2007 Countywide Plan update represent a refined approach to implementing the original City Center Corridor concept introduced by the original Countywide Plan. They also serve to respect the boundaries of traditional single-family neighborhoods adjacent to open space and bayland areas. Although proximity to public transit and related reductions in auto dependence and greenhouse gas emissions can be cited as benefits of HODs, the pedigree of the underlying focused growth policy dates back to the goals of the 1970 Countywide Plan, which predate the contemporary debates over the benefits of transit-oriented development.

Transit Priority Projects and Environmental Review (CEQA)

One particular concern amid the debate over Plan Bay Area is the streamlining of environmental review (CEQA) for development proposals that are consistent with Plan Bay Area under SB 375. Most of the CEQA streamlining provided by SB 375 is for Transit Priority Projects (or TPPs), which were identified after the passage of the
statute. They are intended to create a procedural incentive by allowing local jurisdictions to reduce the scope of environmental analysis for projects that meet certain criteria, which in large part reflect the avoidance of environmental impacts and limits on the size of a project.

Transit Priority Projects must: 1) contain at least 50 percent residential uses based on total building square footage and, if the project contains between 26 percent and 50 percent nonresidential uses, a floor area ratio of not less than 0.75%; 2) provide a minimum net density of at least 20 dwelling units per acre; and 3) be located within one-half mile of a major transit stop or high quality transit corridor included in a regional transportation plan (also referred to as TPP Corridors).

Decisions regarding whether a development proposal qualifies as a Transit Priority Project are left to the discretion of local jurisdictions, which are not legally obligated under SB 375 to align their local land use regulations with the eligibility criteria for a Transit Priority Project. Also left to local control is the County’s authority to evaluate development proposals through established discretionary review processes, including the full application of general plan, community plan, zoning and other development standards as well as public notice, public hearings and other discretionary procedures.

Because both PDAs and Transit Priority Projects are defined in part by infill opportunities and proximity to transit, there may overlap in some areas; however, they are not always congruent. According to Plan Bay Area, some areas that may be eligible for Transit Priority Projects are “in close proximity to transit but are not identified as PDAs” (p. 62 of Plan Bay Area). Strawberry appears to meet the definition of “high quality transit corridor” due to the frequency of bus service at transit stops in the commercial area close to the freeway.

The extent of CEQA streamlining varies. Transit Priority Projects that meet an extensive list of environmental and land use criteria are exempt from environmental review. Other qualifying Transit Priority Projects that meet a shorter list of criteria may be subject to a streamlined EIR or a sustainable communities environmental assessment, which is a newly created CEQA document that resembles an Initial Study and Negative Declaration. The streamlined EIR and the sustainable communities environmental assessment are relieved from certain analyses usually included in Environmental Impact Reports (EIR) or Negative Declarations, such as growth-inducing effects and cumulative greenhouse gas emission impacts from cars and light duty trucks.

Senate Bill 375 also offers limited CEQA streamlining for residential and mixed use projects, which are defined as having at least 75 percent of the total building square footage devoted to residential use or a project that is a Transit Priority Project. Similar to the streamlining for Transit Priority Projects, EIRS and other CEQA documents for residential or mixed-use residential projects are not required to analyze any growth-inducing impacts or cumulative impacts from auto emissions on global warming and the regional transportation network. The benefit from these streamlining procedures is of limited value to applicants when considering the extensive list of remaining environmental topics and issues that still must be addressed through the CEQA process.
The threshold qualification for both Transit Priority Projects and residential or mixed use projects is consistency with Plan Bay Area, including land use designations, employment distribution densities, building space intensities, and applicable policies. Based on staff's review of the Plan and SB 375, the consistency evaluation should address the extent to which a specific development proposal compares or contrasts with the housing and/or commercial building intensities used to define the particular place type. Housing intensities for the Transit Neighborhood place type are a function of minimum densities between 20 and 50 units per acre, with densities at the higher end located closer to transit. Commercial and new employment indicators are based on a minimum floor area ratio of 1.0 (floor area ratio is the total floor area on a lot divided by the total area of the lot). The same evaluation is also applied to the area surrounding the project site prospectively over the 30-year planning horizon of Plan Bay Area (2010-2040) to determine whether there is a reasonable expectation it will become aligned with the characteristics of the place type.

In staff's opinion, the Plan Bay Area consistency determination described above would be difficult to reach for a Potential PDA such as the County's. The lack of more specific planning for future development in a Potential PDA inhibits if not prevents a meaningful evaluation of how land uses in the area will evolve over the long term in relation to the place type character. Second, the commercial floor area ratios currently permitted in Strawberry are well below the floor area guidelines for the Transit Neighborhood place type (for example, the minimum amount of commercial floor area recommended for the Transit Neighborhood place type is twice as much as the maximum floor area ratio permitted for the Strawberry Village Shopping Center property). Third, Plan Bay Area includes a regional evaluation of areas that may or may not be eligible for CEQA streamlining as Transit Priority Projects. According to Map 7 of Plan Bay Area (Transit Priority Project (TPP) CEQA Streamlining), the Strawberry portion of the PDA is not projected to meet residential or mixed-use densities for CEQA streamlining purposes. For these reasons, staff does not foresee development proposals in the Strawberry area qualifying for Transit Priority Project status and CEQA streamlining under SB 375.

Options for Addressing Strawberry PDA

There are three basic options for addressing the future of the Strawberry portion of the County PDA:

1. **Retain the boundaries of the existing PDA**

   This option would maintain the status quo with respect to the existing location and configuration of the Strawberry portion of the PDA. The existing PDA in Strawberry would also continue to be eligible for federal and state transportation funding, including the 50% of One Bay Area Grant funds allocated to PDAs.

2. **Eliminate the Strawberry portion of the PDA entirely**

   This option would result in a modification to the boundaries of the County PDA by removal of the entire Strawberry community while retaining the remaining PDA, including the Cal Park property and the Marin City Community (see Exhibit A1 of Attachment 3). Strawberry would no longer
be eligible for the 50% of One Bay Area Grant funding allocated to PDAs in Marin. While Strawberry would remain eligible for the 50% of One Bay Area Grant funds for non-PDAs, the net effect of this change would be less potential funding for bike, pedestrian and traffic circulation improvements.

Estimating the loss of future funding from removal of the Strawberry portion of the County PDA is a difficult proposition because the actual amount of funds allocated to specific projects and communities in Marin will be based on future decisions by the TAM Board regarding which funding applications are approved. However, when considering that at least one-half of the OBAG funds should be reserved for four distinct areas of the entire County (Central San Rafael, Cal Park in unincorporated San Rafael, Strawberry and Marin City), the reduction in potential transportation funds made available to the County PDA is not trivial.

3. Modify the PDA by contracting the boundaries

This option involves modifying the existing PDA by restricting its boundaries to more closely follow the commercial and mixed-use areas adjacent to or in greater proximity to the highway. An example of this boundary revision is provided as Exhibit A2 of the attached Resolution (see Attachment 3). The revised boundary could remove parcels zoned primarily for residential use (e.g., R-1 and RMP zones), thereby resulting in a more precise boundary centered on the Strawberry Village Shopping Center and adjacent commercial area situated along the Redwood Highway frontage where infill residential uses are also allowed by existing zoning. The modified area would be eligible for the higher level of transportation funding made available to PDAs. The current OBAG programming policies allow PDA funding for projects located outside of PDA boundaries that either directly connect to a PDA or provide proximate access to a PDA. Local congestion management agencies (TAM) are required to evaluate which projects are considered supportive of PDAs through policy justifications. The amount of future funding would be dependent upon the number and scope of future applications approved by the TAM Board.

None of the above options would result in a change to the existing land use designations or densities currently adopted for the affected area; nor would they diminish or enhance the discretionary review procedures that apply to development proposals.

Modifications to existing PDAs are subject to review and approval by ABAG. If the Board of Supervisors chooses to pursue a modification to the existing PDA by either eliminating the Strawberry area or by constricting the boundaries of the existing PDA, staff should be directed to submit the attached Resolution to ABAG staff with revised maps and an updated application (see Attachment 3). The attached Resolution includes optional findings for your Board’s consideration. Should your Board vote to modify the existing PDA by removing Strawberry or constricting the existing PDA boundaries, the final Resolution would be revised to reflect the appropriate finding.
Applications to modify Potential PDAs are acted on administratively by ABAG staff, and approved boundary changes are reflected by revisions to the official Plan Bay Area maps. No follow-up administrative steps are necessary if your Board decides to retain the PDA in its current configuration.

**FISCAL/STAFFING IMPACT:**
The fiscal impacts of retaining, removing or modifying the PDA are discussed above under “Options for Addressing Strawberry PDA.”

**SIGNATURE:**

Brian C. Crawford
Director

**Attachments:**
1. Map of existing County PDA
2. Map of existing Strawberry portion of County PDA
3. Resolution template for PDA removal or modification

Note: Public correspondence submitted to the Board of Supervisors has been and will be forwarded to each Board member by the Board’s administrative office.