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January 25, 2023

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City of Mountain View  
500 Castro Street  
Mountain View, CA 94041

**Re: 1020 Terra Bella Avenue - Density Bonus Application**

**A. Project Summary Info and Density Bonus Request**

Alta Housing is pleased to submit our revised application for a Planned Community Permit to construct a 108-unit affordable, rental housing development at 1020 Terra Bella Avenue. The property presents a tremendous opportunity to provide much needed, affordable housing in the City of Mountain View as expressed in the City's Housing Element and General Plan. Our proposal is to provide half of the rental units to extremely low-income households (30% AMI) with the balance for low income households at 60% AMI and below. Since the project is 100% affordable, it is entitled to an 80% density bonus and 4 incentives/concessions under the State Density Bonus Law. The project will be requesting a 29% increase in density, one concession, as detailed below. In the current environment where it is extremely challenging to find funding to build affordable housing, we greatly appreciate City's interest in providing local funds toward Terra Bella. As a condition of commitment to be determined by the City NOFA process, the Project's affordability levels will be regulated for at least fifty-five years thereby ensuring that these rental units remain affordable for the long term. (Life of project?)

**Density Calculations**

Based on Gatekeeper direction, this project is being designed per the High Intensity Mixed-Use zoning within the East Whisman Specific Plan. As directed by the City, the density bonus is calculated based on the General Plan Designation (GPD) – High Density Residential, which allows up to 80 units per acre and does not have an FAR metric.

The 108 unit development is proposed on a site area of 45,168 sq ft (1.04 acres)

*Base units = 80/1.04 acres = 83.2 units, rounded up to 84 units*

*This 108 unit development is requesting a density bonus of 29%.*

**Income and Rent Restrictions**

108 units are included in the project. The following table summarizes the income and rent restrictions that will apply to this project to receive the state density bonus.

**Table: Schedule of Rent and Occupancy Restrictions**

| <b>Restricted Unit Type</b>                 | <b>Number of Restricted Units</b> | <b>Maximum Tenant Household Income</b> | <b>Maximum Annual Rent</b> |
|---|-----------------------------------|--|----------------------------|
| Studio                                      | 2                                 | 80% of AMI                             | 30% of 60% AMI             |
| 1 Bedroom                                   | 25                                | 80% of AMI                             | 30% of 60% AMI             |
| 1 Bedroom                                   | 24                                | 80% of AMI                             | 30% of 80% AMI             |
| 2 Bedroom                                   | 14                                | 80% of AMI                             | 30% of 60% AMI             |
| 2 Bedroom                                   | 14                                | 80% of AMI                             | 30% of 80% AMI             |
| 3 Bedroom                                   | 14                                | 80% of AMI                             | 30% of 60% AMI             |
| 3 Bedroom                                   | 13                                | 80% of AMI                             | 30% of 80% AMI             |
| <b>Total Restricted Units</b>               | 106                               |  |                            |
| <b>Total Non-restricted (Manager) Units</b> | 2                                 |  |                            |
| <b>Total Project Units</b>                  | 108                               |  |                            |

Government Code §65915(b)(1)(G) lays out the income limits applicable to 100% affordable developments:

*One hundred percent of the total units, exclusive of a manager’s unit or units, are for lower income households, as defined by Section 50079.5 of the Health and Safety Code, except that up to 20 percent of the total units in the development may be for moderate-income households, as defined in Section 50053 of the Health and Safety Code.<sup>1</sup>*

Section 50079.5 of the Health and Safety Code defines “lower income households” as households earning up to 80 percent of area median income.<sup>2</sup> For the purposes of the Density Bonus Housing Agreement we propose to restrict 100 percent of units as lower income at 80 percent of area median income.

Government Code §65915(c)(1)(B)(ii) further identifies the rent that must be charged to the low-income rental units. Clause (ii) applies since this project will receive an allocation of state or federal low-income housing tax credits from the California Tax Credit Allocation Committee and reads:

<sup>1</sup>[https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=GOV&sectionNum=65915](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=GOV&sectionNum=65915)

<sup>2</sup>[https://leginfo.legislature.ca.gov/faces/codes\\_displaySection.xhtml?lawCode=HSC&sectionNum=540079.5](https://leginfo.legislature.ca.gov/faces/codes_displaySection.xhtml?lawCode=HSC&sectionNum=540079.5)

*(ii) For housing developments meeting the criteria of subparagraph (G) of paragraph (1) of subdivision (b), rents for all units in the development, including both base density and density bonus units, shall be as follows:*

*(I) The rent for at least 20 percent of the units in the development shall be set at an affordable rent, as defined in Section 50053 of the Health and Safety Code.*

*(II) The rent for the remaining units in the development shall be set at an amount consistent with the maximum rent levels for a housing development that receives an allocation of state or federal low-income housing tax credits from the California Tax Credit Allocation Committee.*

Section 50053 of the Health and Safety Code defines the “affordable rent” for lower income households as the product of 30 percent times 60 percent of the area median income adjusted for family size appropriate for the unit.<sup>3</sup> The schedule above restricts 55 of the units (51%) at the affordable rent. We request to restrict the remaining low income units to 30 percent times 80 percent of the area median income, which is the maximum rent level allowable for housing development that receives low-income housing tax credits.

It is our intention and plan to provide the affordable units at lower income levels in practice, but we request to use the maximum allowable income and rent limits in this Density Bonus Housing Agreement in order to maintain flexibility. We may need to adjust affordability levels in order to ensure competitiveness in future funding applications and restricting to the maximum allowable income and rent levels will allow for this flexibility.

**B. SITE PLAN**

Please refer to sheet A0.11 for project data, A1.11 for the site plan and A2.01-A2.04 for floor plans.

**C. SITE DESCRIPTION**

Please refer to sheet A0.11 for project data and parcel information.

**D. REPLACEMENT DETERMINATION**

There are no existing dwelling units on the site.

**E. LAND DONATION**

This project does not request a density bonus for a land donation.

**F. CHILD CARE**

This project does not include a child-care facility.

**G. CONDOMINIUM CONVERSION**

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<sup>3</sup>[https://leginfo.ca.gov/faces/codes\\_displaySection.xhtml?sectionNum=50053.&lawCode=HSC](https://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=50053.&lawCode=HSC)

This project does not include a condominium conversion.

## **H. WAIVERS**

This project is requesting no waivers at this time.

## **I. INCENTIVES/CONCESSIONS**

This project is requesting one concession:

### **Concession 1 Parking**

We are proposing a project of 108 units which would require no more than 137 parking spaces per California Density Bonus Law. Incorporating the TDM plan, and accounting for the different unit types (i.e. units for individuals with different mental abilities, rapid housing) the City's commissioned parking study recommends 105 parking spaces.

We have maximized the parking footprint for the site which yields 96 spaces in two levels of parking. To meet the parking study recommended 105 parking spaces, would require the project to install 9 stackable mechanical car parking lifts, an additional transformer, a fire pump room and a level 3 EV charger. The cost of accommodating stackable car parking lifts has been estimated to cost the project an additional \$2.2M. In addition to installation of the stackers, there is also a yearly maintenance cost. The maintenance starts at \$10,800 per and escalates to \$18,241 at year 10; this totals \$140,166 in maintenance cost over 10 years.

Adding this cost to the project impacts currently identifiable affordable funding from our primary government sources due to the increased cost per unit. If the project maintains the parking ratio determined in the City commissioned parking study, the project will have to remove 8 affordable units within the project. Removal of 8 units with the current site plan would drive up development cost to an additional \$30,000 per unit. The increase in per unit cost would make our project less competitive and feasible for affordable housing financing.

We are requesting a parking concession to lower the parking ratio to 96 spaces which the plans show can be accommodate within the current layout, without including additional costly mechanical parking lifts, which would lead to the removal of 8 units impacting the project's currently identified funding sources that support the 108-unit project can compete as designed. For the reasons identified above, we feel the project meets the requirements of the State Density Bonus Law, and makes for a financially competitive project of 108 affordable housing units that will provide housing for larger families which is in extreme demand.

If you have any questions, please do not hesitate to contact us.

Sincerely,

A handwritten signature in black ink that reads "Carlos Castellanos". The signature is fluid and cursive, with a long horizontal stroke at the end.

Carlos Castellanos  
Vice President, Real Estate Development