



DATE: March 8, 2022

CATEGORY: Consent Calendar

DEPT.: Community Development

TITLE: **Santa Clara County Civil Grand Jury Report Response—Affordable Housing**

RECOMMENDATION

Approve the City’s response to the 2021 Santa Clara County Civil Grand Jury’s final report, “Affordable Housing: A Tale of Two Cities” (Attachment 1 to the Council report).

BACKGROUND

The City received a copy of the 2021 Santa Clara County Civil Grand Jury’s final report, “Affordable Housing: A Tale of Two Cities” (Attachment 1 to the Council report) on December 13, 2021.

California Penal Code Section 933(c) requires that the governing body of a public agency which has been the subject of a Civil Grand Jury final report, respond within 90 days to the Presiding Judge of the Superior Court on the report’s findings and recommendations pertaining to matters under the control of the governing body. The deadline for the City to submit its comments to the above-referenced report is March 16, 2022.

The Civil Grand Jury report focuses on the significant need for affordable housing in the Bay Area and Santa Clara County, and commends the strong regional leadership and demonstrated effort the City of Mountain view has made in affordable housing development and policy.

It notes that nearly 100% of households earning incomes less than 80% of Area Median Income cannot afford local housing, displacing these households or forcing them into overcrowded or unstable housing situations. It also notes that the lack of affordable housing particularly and disparately affects Black, Native American, and Latinx communities.

To discover potential strategies to increase affordable housing availability, the report evaluates and compares efforts to meet affordable housing needs in Mountain View and Palo Alto. The report notes that Mountain View has enacted affordable housing policies and is considerably farther along in its current efforts to meet the 2015 to 2023 Regional Housing Needs Allocation (RHNA) goals for affordable units compared to other cities, including Palo Alto, although, like other cities, Mountain View is unlikely to meet all its affordable housing needs.

In particular, the Civil Grand Jury reports that as of 2020, Mountain View had permitted 27% of its allocated units for very low-income (VLI) households and 43% of its allocated units for low-income (LI) households and anticipated reaching 45.6% of its VLI and 75.6% of its LI unit RHNA goals by 2023.

Mountain View Strategies for Affordable Housing

The Grand Jury report identifies four critical pieces to getting much-needed affordable housing built: political commitment and community support; proactive planning and effective reporting; supportive practices; and affordable housing financing. The report highlights the following strategies in each of those categories that contributes to Mountain View’s ability and commitment to develop affordable housing:

- **Political Commitment and Community Support**
 - **City Council involvement and commitment.** The report notes that the City Council has repeatedly included affordable housing in its Strategic Action Plan and lauds the Council for taking “pride in MV’s positive and stable support of AH [Affordable Housing].”
 - **Community support.** The report notes that the City Council and staff have built a strong, proactive communication process to share about the need for affordable housing and plans for future affordable housing development. This ongoing and clear communication builds community support for new affordable housing developments.
- **Proactive Planning and Effective Reporting**
 - **Precise Plan Process.** The report particularly lauds the City’s Precise Plan process as key to allowing for thoughtful and proactive community engagement, so that there is long-term community planning for affordable housing and no surprises when affordable housing is built.
- **Supportive Practices**
 - **Efficient Planning Review.** The report notes two market-rate residential developments which were approved in less than a year and applauds staff and this relative speed in project approvals.

- Affordable Housing Financing
 - **NOFA Process.** The report applauds the City for developing a local funding pool to finance affordable housing and for looking for other ways to fund housing, such as using City land and waiving and deferring fees.
 - **Leveraging outside resources.** The report notes that the City works to leverage other funding sources such as the County’s Measure A and the State’s Homekey funding.

Remaining Obstacles

While the report applauds the City’s efforts, it also highlights that these efforts are still not sufficient to meet the affordable housing needs facing the City. The report notes that unless the City is able to continue the policies, above, and find ways to overcome additional obstacles, the City’s housing crisis will continue to worsen, and lower-income households will continue to be pushed into unstable housing and out of the community.

The report particularly notes that financing will remain a major obstacle facing the City, especially as new housing construction becomes increasingly expensive.

ANALYSIS

Findings and Recommendations

The Grand Jury report includes 14 findings and associated recommendations that should be considered to further facilitate the affordable housing efforts in Palo Alto and/or Mountain View. Four of the findings/recommendations are directed towards the City of Mountain View. The City is required to respond to each of these findings indicating whether the City: (i) agrees with the finding; or (ii) disagrees, in whole or in part, with the finding, specifying any disputed portion and providing an explanation. The City must also respond to the recommendations by selecting and reporting one of the following four responses: (i) the recommendation has been implemented, with a summary of the implementation action; (ii) the recommendation will be implemented in the future, with a time frame for implementation; (iii) the recommendation requires further analysis, with an explanation of the scope and time frame; or (iv) the recommendation will not be implemented because it is unwarranted or unreasonable, with an explanation.

Table 1, below, summarizes the report’s finding and recommendations, staff’s recommended response, and a brief description for each. The detailed City response is included in Attachment 1.

**Table 1: Summary of City Responses
 to Civil Grand Jury Findings and Recommendations**

Finding/ Recommendation Summary	City Response	Response Summary
7: Publish Annual Housing Element Updates on City website.	Agree Have already implemented	Annual Housing Element Updates have been posted on the City website.
10: Identify an Affordable Housing Manager responsible for meeting housing goals and liaising with affordable housing developers.	Agree Have already implemented	The City’s Senior Housing Officer largely serves this role, with support from the Housing Division Manager and the Assistant Community Development Director.
11: The City’s affordable housing funds need replenishing. Identify an affordable housing financing plan to meet the City’s needs.	Agree Recommendation requires further analysis	Staff intends to bring an affordable housing financing plan to a Council Study Session on affordable housing. It is unlikely that existing funding sources will meet the City’s needs, and more sources need to be explored.
14: Relying on commercial development to fund affordable housing increases the need for affordable housing. A Housing Impact Study should be required for each commercial development to consider the effect on the jobs-housing imbalance.	Agree Have already implemented	Rather than require reports, the City has several policies intended to materially address the jobs-to-housing ratio when considering commercial development, including nexus fees and an incentive-based “complete communities” approach in the Precise Plan process.

Overall, staff generally agrees with the report’s findings and recommendations and appreciates the Civil Grand Jury’s recognition of the City’s regional leadership and concerted effort to create affordable housing and associated policies required to address the housing crisis. The recommended affordable housing financing plan will require further analysis as it is already clear that the City’s forecasted financial resources will not be sufficient for the City’s future affordable housing needs. Additionally, staff recognizes that there are more steps to take to further address

the jobs-housing imbalance beyond existing planning efforts. Staff will bring options to consider both issues in future Council Study Sessions.

The City's detailed response will be transmitted to the Presiding Judge after this Council input by the March 16, 2022 deadline.

FISCAL IMPACT

There is no fiscal impact directly associated with approval of the City's response to the Grand Jury report.

ALTERNATIVES

1. Provide other input regarding the City's response to the report's findings and recommendations.
2. Do not approve City's response to the report's findings and recommendations.
3. Provide other direction.

PUBLIC NOTICING

The Council’s agenda is advertised on Channel 26, and the agenda and this report appear on the City’s website.

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- Attachments:
1. Response to the 2021 Santa Clara County Civil Grand Jury’s Final Report, “Affordable Housing: A Tale of Two Cities”
 2. 2021 Santa Clara County Civil Grand Jury’s Final Report
 3. 90-Day Response Notice from 2021 Civil Grand Jury