EPC Questions – March 3, 2021

Item 6.1 – 2020 Housing Element APR

1. On Page 3 of the staff report, Table 2, the percent of the RHNA number on the total line does not make sense to me? Can you check that?

   Since the excess built in the above-moderate category cannot apply to other categories, the total percentage of RHNA met is found as shown in the formula below:

   The total percentage of RHNA=

$$\frac{\text{Total building permits for Very low, Low, Moderate + Above Moderate RHNA allocation}}{\text{Total RHNA allocation}}$$

$$\frac{218+212+18+1{,}093}{2{,}926} = 52.7\%$$

   Two notes:

   - The City has already significantly exceeded the Above Mod category. While this helps the City meet its overall RHNA, the City has not meet its RHNA in the lower-income categories.

   - The very low-income unit count was adjusted after the staff report was released to reduce by 99 units. Staff received clarification that 99 units counted for Project Homekey could not be included towards RHNA because they did not include kitchen facilities.

2. Would it be possible to see the chart on p. 3 of the Staff Report, but with a new column that shows the number of units under entitlement review with the breakdown of affordability?

Residential Units Under Review and Issued Building Permits

Affordability by Household Income	Under Review	Total Units Issued to Date	Total Units	Percent of RHNA Allocation
Very Low 0%-50% AMI	146	218	364	44.7%
Low 51%-80% AMI	102	212	314	63.8%
Moderate 81%-120% AMI	35	18	53	10.0%
Above Moderate 121%+ AMI	1,431	3,771	5,202	475.9%
Total	1,714	4,219	5,933	62.3%

3. I understand that the city has already zoned enough BMR units for the new RHNA numbers.

A clarification: there is a distinction between "BMR", which refers to affordable units in otherwise market-rate projects, and "Subsidized" or "100% affordable" projects, which do not have any market-rate units in them.

The City has zoned enough for the total number of units. HCD is the ultimate authority of whether sites would qualify and which sites are categorized for each of the income levels. For example, in the case of sites with existing uses, HCD sometimes requires that additional sites be included in the inventory.

a. I'm assuming we use the required percentage of BMR for potential maximum density in a zone. Please correct me if I'm wrong and clarify how it's calculated.

While the assumption may be a valid methodology, cities may alternatively apply 100% of a site's zoning capacity to a particular income level if it meets certain criteria related to density, type of site (vacant or non-vacant), size of site, and others. More information about these criteria will be provided during the Housing Element update process. In general, our BMR program will help us meet RHNA targets, but it may not necessarily be an input into the Housing Element site selection process.

b. Does that calculation for BMR units include potential for state bonus? If not, what is that potential?

The effect of the State Bonus on BMR units may be limited, since BMR requirements do not apply to units built pursuant to State Density Bonus. However, 100% affordable projects would also be subject to State Density Bonuses, so there may be some additional capacity in those projects. It is unclear at this time how State Density Bonuses will be considered in the Housing Element, but more information will be provided at a later date.

4. Does the City face any kind of penalty or reward for failing to meet the RHNA goals in actuality (i.e. units being built)?

MTC makes some local transportation funding available to cities based on their housing production. In addition, there is an intrinsic benefit to the community of providing more housing for people that need it.

While it is not a penalty, cities can be forced to approve certain housing development projects without a hearing or discretion (ie, "ministerial approval") under SB35 as a consequence of not meeting the RHNA goals. For example, since Mountain View is not currently meeting its lower income RHNA, some developments with at least 50 percent lower income units would be entitled to ministerial approval.

If the City does not maintain capacity for its RHNA (eg, under the no net loss rules or by down-zoning a Housing Element site), the City could be subject to legal penalties and enforcement actions by the State.

5. Because the progress report aims to show the City's progress towards the RHNA target, would it be possible to add a statistics about the demand for and utilization of subsidized/BMR units?For example, I would be interested to know any type of demand metrics, such as:

- # of individuals on the City's BMR waiting list, and average length of time on that list before getting a unit (and if that waiting list is broken into VL, L, M & AM, all the better). Or if there's not a waiting list, # of rejections or inquiries per year.

Based on the data from the City's waiting lists and demographic and workforce information in the City's Consolidated Plan, demand for affordable units is high and far exceeds the supply.

There are separate waitlists for ownership and rental units, as units become available prospective tenants are considered in order on the waitlist based on the eligibility requirements of the available unit (i.e. household income, household size). The City and the City's BMR Administrator regularly receive inquiries regarding the BMR waitlist. The City also maintains an affordable housing interest list that includes over 7,000 subscribers, and the City sends notifications of any open waitlists to this list as they become available.

- Has demand or utilization changed from prior years?

The waitlist currently has approximately 600 applicants, an average waiting period of 2 to 3 years since the last opening of the waitlist before 2019. More recently, due to the number of new units becoming available, the waiting period has been between 10 to 15 months. There has been an impact on many households due to the pandemic, many have lost their jobs or moved away because they could no longer afford living in the bay area. We are in the process of opening the rental waitlist (will be opening in the next 2 weeks) to accept new applications in order to fill existing units and units that are anticipated to become available in the next year.

- Total # of BMR units in the City (evidently its 1,197?) # of rental BMR units, vs # of BMR ownership units

A clarification: there is a distinction between "BMR", which refers to affordable units in otherwise market-rate projects, and "Subsidized" or "100% affordable" projects, which do not have any market-rate units in them.

There are a total of 1,358 Subsidized (Affordable NOFA) units in the City.
There are a total of 96 existing BMR rental units
There are a total of 13 existing BMR ownership units

There is a total affordable inventory of: 1,467 affordable units

6. To what should we attribute Mountain View's extraordinarily low production of Moderate income housing units (3.4% of RHNA) over the last five years?

This is a long-standing, well-known issue for all cities across the State. There has been and continues to be significant challenges in meeting the goal for moderate-income housing because there is little to no funding source to finance such units. As such, cities have needed to have local programs to facilitate moderate-income units but local programs in general have not been enough to meet the need.

One step that the City has taken at the local level is modification of the BMR Ordinance in August 2019 by including moderate income as an allowable income category for both rental and ownership residential projects.to encourage moderate-income affordability by requiring a range of affordable income levels. Evaluating moderate income housing strategies is on the Council major goals workplan but there has been limited staff capacity to work on this item.

7. For what reasons was the 676 West Dana Street project approved without any low-income units?

   676 West Dana Street was reviewed under the previous BMR requirements, which allowed the developer to pay an in-lieu fee toward the BMR obligation.

8. The list of NOFA projects describes two projects where the City provided an average of $119K per unit for the development at 1701 W El Camino ($8m for 67 units) and $187K per unit at 779 E Evelyn Avenue ($21.7m for 116 units). Two other projects appeared to have similar per unit costs for the City: $151K/unit for La Avendia Apts ($15m for 99 units) and $126K/unit for 460 North Shoreline Blvd ($6.3m for 50 units).

   However, for another project at 950 El Camino the City reserved an average of $309K per unit ($22m for 71 units). Why was the per unit cost of the 950 El Camino project so much higher?

   The $309K per unit includes additional subsidy contributed to the City by Prometheus as part of a development agreement to directly support this project. Additionally, the per unit subsidy reflects higher development costs for 950 El Camino, while most of the other projects were from several years ago when construction/development costs were much lower. Finally, 950 El Camino includes units for special needs and lower income levels, which requires deeper subsidy levels.

9. What process is the City following to collect data on potential post-Covid changes in demand to determine the appropriateness of a RHNA appeal?

   The potential RHNA appeal would not be based on post-Covid changes in demand, which are difficult to anticipate. It would be based on input assumptions in the Plan Bay Area model, such as allowed density, existing site constraints, and feasible development outcomes.