

City Council Questions

October 13, 2020 Council Meeting

ITEM 3.1 Lot 12 Remaining Development Priorities

1. With this project, what is the cities highest priority? What are we trying to solve?

The Lot 12 RFP included development specifications based on Council-determined priorities, including:

- Residential development with a minimum of 50 percent of the units rent-restricted to households earning less than 80 percent of Area Median income.
- Replacement of the 160 public parking spaces.
- Up to 10,000 square feet of non-residential, community-serving use(s).
- Excellent architecture and design; creating a sense of place and community.
- Minimize City subsidy.

The Lot 12 RFP can be found here:

<https://www.mountainview.gov/civicax/filebank/blobdload.aspx?blobid=31193>

2. Page 2 of staff report, how was the \$5m-\$8m decline in housing credits determined?

The Developer estimated the decline based on current market conditions, particularly the decline in what investors are currently willing to pay for each dollar of tax credit.

3. Parking demand, who and how did they determine that parking demand would go down for the next 5 years?

Shelter-in-place orders to mitigate the spread of COVID-19 have significantly impacted the economy and businesses over the past several months. In turn, parking demand has also significantly declined in commercial areas, including shopping centers and in Downtown Mountain View. It is unclear how long it will take the economy to fully recover. In staff's initial discussions with Nelson/Nygaard (the City's consultant for the Downtown Parking Strategy), there is general consensus that parking demand will remain lower in the short- and medium-term but it is unclear whether the lower parking demand will be a permanent change.

4. What is the estimated cost per space to build? Above and below ground.

The Developer's RFP submittal included the option of replacing the 160 public parking spaces onsite in underground parking. It is estimated that the replacement cost would be approximately \$63,000 per space. The submittal did not include replacing the spaces onsite in an above ground parking facility. In general, the per unit cost of above grade parking is lower than in an underground facility.

5. What is the current price per space is the City collecting?

The City's parking in-lieu fee is approximately \$55,000 per space.

6. If on-site parking is required as per the RFP, how much time is added to construction?

The Developer estimates that replacing the parking onsite in an underground parking facility would add 3 to 3.5 months to the timeline.

7. Childcare - how many units would be lost because of using space for a childcare?
See question one.

The Developer has undertaken initial studies regarding child care use at Mercy and Bryant. The number of residential units has remained at 120 units.

8. Would the city have to subsidize the school?

The Developer requested \$1.7 million in City subsidy for the non-residential portion of the Lot 12 development. In their RFP submittal, child care was not an identified use. Per Council direction at the May 2020 selection of the preferred developer, the Developer has been studying child care as an option for non-residential use. To-date, the Developer has not discussed asking the City for additional subsidies for the Lot 12 non-residential uses. Affordable housing funds cannot be used to subsidize child care and the Developer will endeavor to identify external funding sources for child care. If external funding sources are not identified, the Developer may request additional subsidy from the City for child care.

9. How much open space would be taken away for the tenants for the Childcare?

Child care use would impact the amount of open/outdoor community space for the tenants but the exact amount is not known at this time. There are minimum State requirements for indoor and outdoor space per child, and the resident services would need to be relocated, which would impact the design, layout, and open/community space of the development.

10. Page 4 What would be the cost savings if parking was off-site? Would the cost saving also include opportunity cost that could be lost?

As noted in the staff report, details of a third parking facility – including location, cost, design, timing of delivery, etc. – would need to be determined via a separate process. If “opportunity cost” means the cost of foregone development that could have occurred instead of a third parking facility, that analysis could be incorporated into that separate process.

11. Would the off-site parking garage be required to be done before occupancy on Lot 12?

A third parking facility and the timing of its delivery would need to be determined through a separate process. It is unclear at this time if, where, and when such a facility would be delivered relative to the timing of Lot 12.

12. Page 9 What would the cost in subsidy be if the City required that any funding, that would limit the City's ability to determine who can live in the project, be used to fund?

Each of the two funding scenarios as discussed in the staff report and as proposed in the Developer's RFP submittal includes multiple funding sources totaling millions of dollars in subsidy. Scenario 2 includes Measure A funding in the amount of \$2.9 million.

Besides Measure A funds, due to the dynamic nature of COVID-19's impact on the market and funding sources, the amount and type of funding that are ultimately needed are in flux. The limitations on the City's ability to implement its live/work preference due to funding restrictions would need to be assessed when the final financing strategy is determined. If it is determined there are one or more funding sources besides Measure A that would limit the City's live/work preference, and it is desired to have City funds replace those external sources, it could amount to millions of dollars.

13. How will Related/Alta pay for the ground lease?

The Developer's proposed ground lease is based on the value of Lot 12. The capitalized ground lease payment is proposed to be paid at construction loan closing with other project financing sources.

14. How many units are proposed to be for families (2+ bedrooms)?

In both Scenarios 1 and 2, the Developer proposes 30 two-bedrooms and 30 three-bedrooms, for a total of 60 bedrooms (which is half of the 120 total units).

15. Can staff remind us of the expectations of the City in financing/subsidizing the commercial space?

The following criteria was included in the Lot 12 RFP:

“Nonresidential City Subsidy: Minimal City contribution for development costs can be considered, depending on the type of use and the subsidy amount requested. The City will only consider funding a portion of the development costs for nonresidential uses that successfully meet the development specifications for nonresidential use and placemaking. No operating subsidies will be provided by the City.”

16. In the past the city has explored shared parking, with no success. What has changed that would warrant continuing to explore this option?

The City's shared parking strategy has involved working on public as well as private facilities. Building the shared parking requirements into the initial project proposal on City lots has been more successful (e.g. the Robert Green Hotel). However, creating shared parking in existing private facilities that did not initially require their parking to be shared has not been successful.

Note that the developer for the Lot 12 project is not proposing a shared parking solution. The proposal is either to replace the 160 spaces onsite in an underground parking garage or for the City to use the \$10 million ground lease payment towards building an off-site parking structure to replace the 160 spaces.

17. Are the funding sources that could limit the city's live/work preference being proposed (or are needed) for this project?

See response above. Besides Measure A funds, due to the dynamic nature of COVID-19's impact on the market and funding sources, the amount and type of funding that are ultimately needed are in flux. The limitations on the City's ability to implement its live/work preference due to funding restrictions would need to be assessed when the final financing strategy is determined. If it is determined there are one or more funding sources besides Measure A that would limit the City's live/work preference, and it is desired to have City funds replace those external sources, it could amount to millions of dollars.

18. If the county already has a waitlist, how would targeted marketing be incorporated? Can someone join the waitlist at the top or middle, and not just be added at the bottom?

The County's Community Queue is based on vulnerability and risk designed to match people to the right level of assistance and prioritize the most vulnerable. If someone is assessed today, they could be placed at the top of the Community Queue and next in line for a housing program referral. The queue changes daily as people are assessed and others are referred to housing programs. With targeted outreach concentrated in a specific area, it is likely that some individuals in the focus area will be placed near or at the top of the queue, such as what happened for Eagle Park.

19. The staff report lays out a "third option" under which "the County would be open to considering flexibility on the number of PSH/RR for any one particular project, including Lot 12, so long as the Citywide total is achieved [and if] Lot 12 incorporates Measure A funding, any PSH/RR units would also count towards the 250-unit Citywide goal." Would the project Homekey, Eagle Park and units in other developments count towards the 250-unit Citywide goal under that scenario or does it only count developments with Measure A money?

Staff have not discussed with the County whether PSH or RR that are not financed with Measure A funding could be included in the 250-unit Citywide goal. If Council directs staff/Developer to discuss the third option with the County, staff will explore with the County if non-Measure A PSH/RR units could be counted.

20. If we were to do affirmative marketing for Rapid Rehousing units and get a list of people needing housing from Mountain View, how would that list be used? Would the list be specific to the Lot 12 development or would it be subsumed within a general county-wide Measure A list that already exists?

The list would be used specifically for Lot 12. Staff has inquired with the County if the list could also be used for a general County-wide Measure A list and is awaiting a response.

ITEM 3.2 COVID-19 Update by City Manager Kimbra McCarthy

1. Can staff provide an update regarding the mailer about AB 3088/state eviction moratorium being sent? When is it expected to be mailed?

On Thursday, 10/8/2020, a postcard was mailed to all residences (including mobile homes) in Mountain View as well as to CSFRA landlords. This mailer informed recipients about the State Eviction Moratorium and refers recipients to the City's Eviction Relief websites in English, Spanish, and Mandarin.

2. Will this mailer include information about the rent relief program?

The postcard does not specifically refer to the COVID-19 Rent Relief Program; however, the postcard includes a list of resources and websites, which includes information on the Rent Relief Program.

3. Has the rent relief program been modified in response to AB 3088? For instance, have staff and CSA considered changing the amount of money provided to maximize the number of households we can help pay the 25% required under AB 3088?

Due to AB 3088, CSA has modified implementation of the COVID-19 Rent Relief Program to serve those earning 50 percent AMI and below (ELI and VLI), and providing the full month of rent relief instead of 25 percent. Many tenants are already several months behind on rent; providing the full rent relief would prevent those households from falling even further behind on their rent. Additionally, CSA

has received other financial support to provide other rent relief programs, including providing tenants 25 percent rent for up to six months. CSA believes that the various programs working in concert will provide the most support for tenants.

4. Some in the community have reported that they are receiving rent increases. Are RHC staff being notified about these rent increases? How many rent increases have there been over the past few months?

CSFRA properties are allowed annual general rent increases (AGA) in accordance with CPI. For FY20/21 this AGA is determined to be 2.9%. There is currently no rent freeze in the City. The CSFRA does not require landlords to send copies of these annual general rent increase notices to the City. The CSFRA provides a petition process for tenants if the landlord is not complying with these increase regulations. The Rental Housing Committee does collect data on “Banked Rent Increases.” A Banked Rent Increase can be given to a tenant if no or a lower than allowed general increase is given in the previous year(s) and the property owners “banks” the increase and applies it during a subsequent year in conjunction with the current annual rent increase. The RHC has received 8 notices of Banked Rent Increase since March 2020. These increases ranged from \$53-\$97. The Rental Housing Committee has adopted a mandatory database that will track rent increases going into effect in February 2021.

ITEM 4.3 Michael’s at Shoreline Improvements, Project 20-53, Approve Plans and Specifications and Authorize Bids

1. Are sales justifying the increased investment?

The renovation and enhancement plans for Michael’s restaurant approved by Council in October 2018 were designed to attract more business. Work was continuing through early 2020 to complete the first two phases of improvements. With all in-door dining closed since March 2020 due to COVID-19, it is unknown to what extent the first two phases of work would have increased sales. However, the Phase 3 improvements are necessary to fully realize the potential revenue stream for the restaurant and its banquet operations once the COVID-19 restrictions are lifted.

This is not an increase in investment but moving funding between the two CIP projects used to fund the renovations. The original budget for Michael’s renovations was \$1.8 million divided between these two CIP projects, and this total budget amount is not changing.

2. Why are cost estimate based on a concept? Is this method fiscally sound? I can image overruns.

All capital project construction cost estimates are initially based on a concept. The cost estimates are refined as design proceeds, and it is not unusual to discover unforeseen needs during the design process that increase costs. This is why for median and large scale capital projects, the project is initially only funded for design, with the preliminary construction cost budget included in a future year of the 5-year planned CIP. Once the project is in final design, a more accurate construction cost estimate is developed and the project’s construction CIP budget is revised if necessary. The revised construction cost estimate for the Michael’s renovation work included in the Council Report is based on the engineer’s estimate for the 100% plans and specifications.

ITEM 4.6 Support Ballot Measure RR to Preserve Caltrain

1. Did someone ask the Council to publicly support this measure? Who asked?

No, the Council has not been asked to publicly support Measure RR. Staff is bringing the recommendation forward to support the measure because it is consistent with the City General Plan, past

City Council actions, and City Council’s Major Goal for Transportation, and to express support similar to other Bay Area regional agencies and cities to preserve this transit solution for the Peninsula and Bay Area.

ITEM 4.8 Project Homekey Midyear Capital Improvement Project

1. How much of Measure P is going into the Housing fund?

City Council previously directed 10 percent of the Measure P (Business License Tax Restructure) revenues generated annually go towards Housing. In order to administratively handle this, the funds are transferred from the General Operating Fund to the General Housing Fund at the end of the Fiscal Year, after all Business License Taxes are received for the Fiscal Year. The restructured tax is phased in over three years, beginning January 2020 (Business Licenses are valid for the calendar year). FY 2019-20 included a transfer of approximately \$216,000 into the General Housing Fund, and the Adopted Budget for FY 2020-21 includes an estimated transfer of approximately \$418,000.

2. Why is the city being asked to wave fees to make the project “financially viable”? If the city has to wave fees, was there an assumption about the cost of the project that was flawed?

The Project HomeKey grant application, with included a project budget, had to be put together quickly to meet the submittal deadline. The joint applicants included only \$20,000 in the budget for permit processing fees, significantly underestimating the scale of the fees. The joint applicant cannot cover the full cost of the fees with current resources.

3. Does LifeMoves and Sares Regis get a profit?

No, the budget does not include a developer profit.

ITEM 4.11 Approval of Council Advisory Body Work Plans

1. Downtown Committee – What is the review of the city sidewalk ordinances? Is this urgent?

The Downtown Committee has a work plan item to receive updates on Public Works initiatives including an update on the sidewalk ordinance. Last fiscal year, Public Works staff provided the Downtown Committee with an overview of the proposed ordinance on the use of bicycles, e-bicycles, e-scooters, and transportation devices on City streets and sidewalks. The ordinance went into effect May 2019 and the Downtown Committee would like an update on the ordinance.

ITEM 6.1 School Strategy Precise Plan Amendments

1. The staff report says “On June 23, 2020, Council adopted the Citywide School Strategy Policy, which included... Contribution of funding to the school districts to create shared school/public facilities...” How do the district’s new plans for fencing effect the publics’ use of shared school/public facilities? My understanding is that shared school/public facilities Are one of the major ways the city makes sure parkland is accessible and nearby many of our neighborhoods. During what **daylight** hours will our parks be accessible to the public on weeks when school is in session?

City of Mountain View park hours for sites not associated with a school are 6:00am to ½ hour after sunset daily. The School District is proposing that school locations be open to the general public on Weekdays from 6:00am to the start of school and then open after school (after dismissal, even on minimum days) to ½ hour after sunset. If afterschool programming continues on campus past dismissal, the open space will still be available to the general public. Under the proposal, the open space will also

be available during regular park hours on weekends/holidays/school breaks from 6:00am to ½ hour after sunset. The district is proposing to use gates with timed locks so that the gates are accessible to the public during scheduled times.

2. What percent of shared school/public facilities is counted as parkland for public use?
 - The City has a current total of 993.07 acres of open space. This total includes open space in the North Bayshore. This total does not include anticipated future park space. (Wyandotte, Evandale, or others)
 - North Bayshore totals 803.2 acres of open space and includes Shoreline at Mountain View Regional Park. If you did not include North Bayshore in the City’s open space totals, the City has a total of 189.87 acres of open space (outside of North Bayshore).
 - Of the 189.87 total acres, 105.04 acres is City-owned property (56%) and 84.83 acres (44%) are on property owned by the School District and shares access to the City as open space in the community.
3. How will newly gated shared school/public facilities read as open to the public during afterschool hours?

New signage will be added to gates to notice the public of timed access. Specific signage has not been drafted by the School District to date.

The Mountain View Whisman School District (MVWSD) is scheduled to provide the Parks and Recreation Commission an update on their fencing proposals and the next steps they plan to take this Wednesday evening. City staff has been in communication with the MVWSD and will prepare an update for City Council soon with more detailed information about the District’s proposed next steps.

ITEM 7.1 School Allocation of 355-415 East Middlefield Road Project Community Benefits

1. Why is staff recommending giving the school district more funding than the \$1.5m already being donated?

In June, Council reviewed a “funding gap” methodology for determining school district need to serve new populations. The options presented are different ways to consider the development’s specific circumstances, given that “funding gap” methodology.

2. Where is option 3, that shows were \$2.5m would be used to make East Whisman a complete neighborhood?

It is among the Alternatives at the end of the report (alternative # 2).

3. If the City was to give the school district additional funds, why would the city have to give the money to the School district now since they have no plan or need right now?

Council may choose not to give the school districts funds from this project. However, Council may have several reasons to allocate funds before this development is built:

- The development includes 463 units, which will likely include some school-age population, and the districts have indicated that affected schools (Vargas and Mountain View High) are already at or near capacity.
- Funding may be used to support planning for future growth opportunities, such as site pursuit and acquisition costs.

- In June, staff presented analysis of a future school funding gap. If Council is concerned about this funding gap, it may be prudent to commit the funds before they are appropriated to other projects.

4. I thought that the City was going to put some restrictions on the resale of the TDR. It appears to be double dipping.

Council authorized the 355-415 East Middlefield Road project to be able to resell the TDRs, since they did not need the floor area for their project. The resale is still subject to Council authorization through a gatekeeper process.

5. On page 6 of the staff report, it says the school district must identify the purpose for which a developer fee is to be used. How specific, or detailed, does the identification of the purpose need to be? Is “expansion of capacity within the MVWSD” specific enough? Can the funds be used for operating expenses? Can they be used to buy out a lease?

In general, this agreement is between the City and the School Districts, and whatever terms the City wishes to impose may apply—the City is not beholden to State law on this matter.

Under State law, the purpose need not be detailed or specific. However, the State law requires that the school district make a finding that the purpose has a reasonable relationship to the fee. In practice, this means that the district should show that the purpose expands student capacity to accommodate the projected students and that the fee received is no greater than the cost to implement the purpose. While districts can still be vague within those parameters, simply saying “expansion of capacity within the MVWSD” is not specific enough. The funds may not be used for operating expenses.

Under State law, the funds may be used for costs attributable to the increased demand for school facilities. While staff cannot speak with certainty about specific legal questions, both land acquisition costs and the costs associated with making leased land available for public use would seem to pass that test.

6. The staff report says, “A purpose for which the funding shall be used shall be reported within five years of receipt, consistent with the requirements for State developer fees.” How specific does this purpose have to be? I assume there are no time limits for actual spending. Is this true?

See previous question regarding specificity. Under State law there are no specific time limits for spending the money, but the school districts must report on unspent funds every five years until the funds are spent or until they can no longer make the necessary findings.

ITEM 8.1 R3 Zoning District Update

1. Of the 1775 parcels, how likely is any existing property going to be torn down?

This will depend on the ultimate R3 standards adopted in each ‘sub-area’; market conditions; and any replacement unit requirements. The focus now is to create development standards that reflect the desired types of forms and character within the R3 zone over a long-term development horizon.

2. What is the City trying to achieve by making R-3 areas more flexible? Is it for adding units for unit’s sake?

Initial analysis indicates that the R3 zoning standards are not responsive enough to address the many different contexts and lot sizes within R3. To accomplish the Council’s goal of incentivizing more

development in R3, we propose a ‘sub area’ approach to R3 development standards that addresses the different R3 contexts and lot sizes.

3. By allowing more flexibility, how will the city maintain its reputation for high quality building projects?

The proposed form-based code approach (and companion Multi-Family Design Handbook) will present clear standards for the types of high-quality development expected in the R3 zone.

4. Page 5 – How was the feasibility study determined?

Staff worked with the consultant team to determine what physical and financial factors influenced project feasibility and compared what the existing R3 standards allow with potential envelopes that projects would need to achieve market feasibility.

5. Of the 12000 units, are these all new units?

Yes, these would be new units. Staff notes that this an initial very high level assumption. A more refined number can be determined later once new R3 sub-area standards are developed.

6. Is there any loss of units?

The R3 zoning update project focuses on increasing and not reducing densities. Therefore, it would not result in a net loss of units. However, redevelopment of sites would result in a loss of existing units through demolition. The Displacement Response project is exploring the feasibility of requiring replacement units which could help address this issue.

7. What input could we provide that would be the most helpful for staff?

This item is intended as a ‘check in’ with Council to present initial findings on the R3 zone standards. At this early stage, staff wanted to present this information and our plan for community outreach, including information on Form Based Codes, so Council is aware of our recommended approach moving forward. Staff is interested in hearing if Council agrees with this approach or if Council has any other comments.

8. Why are there separate Lot Coverage and On-site Open Space development standards? What problem does the Lot Coverage standard solve that is not solved by the On-site Open Space standard?

Lot coverage refers to how much of a lot is covered by buildings. Open space standards refer to landscaped open space areas, but also can include decks and balconies within buildings. Both standards (in addition to a maximum 20% auto paving requirement) work together to ensure that new development has enough open area relative to building coverage to create a quality site plan.

9. How were the standards for the R3 District selected? Are there other standards that we could use that would more effectively help us achieve our goals?

The R3 standards are the minimum requirements or rules needed to guide new development, and were created many years ago. However, sometimes when applied these minimum requirements don’t always produce the best outcome. The R3 project includes a form-based code approach that provides clearer expectations---not just numeric requirements-- for how new development should fit on parcels and also address the street.

10. Page 6 of the staff report indicates that the update “could result in the creation of up to 12,000 new units over time.” Would this help us achieve our RHNA goals?

Yes. The City is expecting a much higher RHNA allocation, and new residential development in Precise Plan areas such as North Bayshore and East Whisman, in addition to any new R3 development, will create additional capacity to help the City achieve its RHNA obligations.

11. Can we also use this opportunity to encourage mixed-use development in appropriate areas?

The focus of the R3 work is primarily on standards for multi-family residential development and the project scope does not currently include allowing major mixed-use developments in this zone. However, there may be some opportunities to explore inclusion of limited ground floor retail or services on sites along major corridors or key corners. New larger scale mixed use development in the City is intended within Precise Plan areas; ‘village center’ areas; and General Plan mixed use designations (i.e. neighborhood shopping center areas).

12. Will input from community workshop 1 be factored into community workshop 2?

Yes. Input from workshop #1 will first be reported out to participants in workshop #2 and also presented later to EPC and Council. The R3 team will be developing materials for the workshops which will result in participant input, and how that input can be presented within options that will later be presented to EPC and Council.

13. Is Livable Mountain View and all of the Neighborhood Associations on the list of community groups to contact? The two cited in the staff report are two of the smaller community groups.

The two organizations listed in the staff report contacted staff to request more information on this project, and have also signed up on the City’s website to receive R3 project notifications. The City is also sending out workshop notices to all R3 property owners and tenants, in addition to property owners and tenants within 750’ of R3 zones. Staff will add the groups above to our postcard mailings/notices as well.

14. The online survey tools used in the past by the city cannot limit participation to residents, and do not prevent respondents from responding more than one time. How will the web-based survey address these issues?

Staff can consider these issues in designing online surveys; however, there may be technical limitations to using these tools (for example, it may not be possible to limit individuals from responding from multiple computers).

15. I fear that this R-3 topic is rather arcane and that interested people may not know they are interested. What can we do to broaden the outreach and humanize the topic?

Staff is sending out a large number of postcards publicizing the upcoming workshops, which will hopefully garner interest and participation. In addition, the workshop and web materials will be in part educational (Form Based Code, Missing Middle, etc.) which will hopefully put the topic and key issues in more understandable terms.

16. I imagine Opticos has done R3 Design Handbooks for other cities. Could we have links to some of those?

Opticos has examples of both Design Guidelines and Form-Based Codes guiding the design of multifamily environments, but something specific to MV's needs will be developed. This will include design guidance but also will promote the kind of development MV would like to see in R-3. Staff can follow up with Opticos on links to materials that could be of interest to Council.

17. The R3 team intends to solicit input on some of the content for this handbook through a web-based survey. Will the web survey be the only community input or will there be other input through Zoom meetings, or other venues?

A web-based survey will be used to gain feedback. In addition, feedback can be provided via the city's website and from EPC and Council meetings once the Draft Handbook materials are presented".

18. One advantage of form-based zoning is that the city can get more density (more units) tucked into a pre-approved form. A disadvantage might be that this would incentivize smaller units (say more studios and one-bedrooms) when our city has a scarcity of family-sized units and a plethora of studios and one-bedrooms, especially as the pandemic has allowed remote work. How can we make sure that we're incentivizing the kinds of units that our community needs and will need in the future?

The City can study some potential unit mix requirements to ensure we have a variety of unit sizes and reflect that direction in the updated R3 standards. Such requirements need to be coordinated with the development standards so that the mix of units is incentivized and does not represent a new obstacle to producing housing.