

CITY OF MOUNTAIN VIEW
RESOLUTION NO.
SERIES 2014

A RESOLUTION TO AMEND THE BELOW-MARKET-RATE (BMR)
ADMINISTRATIVE GUIDELINES FOR NEW RESIDENTIAL OWNERSHIP
DEVELOPMENT, TO INCREASE THE BMR IN-LIEU FEE FROM
THREE PERCENT OF THE SALES PRICE ON NEW OWNERSHIP
HOUSING UNITS TO FOUR PERCENT OF THE SALES PRICE

WHEREAS, the City Council adopts a Master Fee Schedule as a part of its annual budget, fixing and establishing fees, rates, and charges for goods and services provided by the City of Mountain View; and

WHEREAS, on January 12, 1999, the City Council approved Ordinance No. 1.99, amending Chapter 36, Article X, of the Mountain View City Code to establish a Below-Market-Rate (BMR) Housing Program that became effective on March 15, 1999, and adopted Below-Market-Rate Housing Program Administrative Guidelines on January 26, 1999 by Resolution No. 16316, Series 1999, that established a BMR In-Lieu Fee for new ownership housing developments, and incorporated that fee into the City of Mountain View's Master Fee Schedule; and

WHEREAS, the BMR In-Lieu Fee may be updated or adjusted upon Council approval of a resolution; and

WHEREAS, on October 14, 2014, the City Council adopted the Housing Element of the General Plan in compliance with State law, which includes the goal of encouraging the development of affordable housing to meet the City's assigned share of the regional housing need and, to implement that goal, includes policies to collect BMR In-Lieu fees to provide housing units that are affordable to households with extremely low, very low, and low incomes; and

WHEREAS, the lack of affordable housing in Mountain View forces many residents to pay a very high percentage of their income for housing or to commute considerable distances, adding to air pollution and traffic congestion in Mountain View and adjacent communities; and

WHEREAS, the lack of affordable housing has made it more difficult for businesses in Mountain View to recruit workers from out of the area, especially workers in lower-paying jobs, potentially affecting the economic vitality of the community; and

WHEREAS, housing units affordable to households with extremely low, very low, and low incomes are in very short supply in Mountain View and other available housing subsidies are inadequate to meet the need created by new nonresidential development; and

WHEREAS, the City Council has considered the “Nexus-Based Affordable Housing Fee Analysis,” dated September 29, 2011, and the memorandum entitled “Draft Technical Memorandum,” dated November 29, 2012, and prepared by Economic and Planning Systems, Inc. (together the “Nexus Study”), which demonstrated that to fully mitigate the impacts of new ownership housing development on the need for affordable housing, a BMR In-Lieu Fee equivalent to 7.7 percent to 12.5 percent of the contract sales price of new market-rate ownership units would be needed; and

WHEREAS, the Nexus Study demonstrates that a reasonable relationship exists between the need for affordable housing and the deleterious impacts of new market-rate ownership housing development within the City. A reasonable relationship also exists between the fee’s use and the impacts of new market-rate ownership housing development. Development of new ownership housing results in more residents living in the City. The residents who move into new ownership housing developments will increase the demand for services provided by the public and private sectors. Some of the public and private sector employees needed to meet the needs of the new City residents earn incomes that only allow these employees to afford housing for moderate-, low-, very low-, and extremely low-income housing. This type of affordable housing is in very short supply within Mountain View, and other available housing subsidies are inadequate to meet the need created by new ownership housing developments. The BMR In-Lieu Fee will be used to help increase the supply of affordable housing in the City to meet the increased need generated by new ownership housing developments; and

WHEREAS, to implement the affordable housing goals, policies, and objectives of the Housing Element, the City Council has determined that it is necessary to increase the existing BMR In-Lieu Fee to more fully mitigate the impact of new ownership housing development on the need for affordable housing in Mountain View; and

WHEREAS, to ensure that ownership housing projects remain economically feasible, the adopted Housing Impact fees are lower than the amount needed to fully mitigate the impacts for ownership housing development, as shown in the Nexus Study; and

WHEREAS, the use of the Housing Impact fees will be restricted to mitigating the affordable housing impacts of ownership housing developments and will be deposited into the City’s Affordable Housing Fund to be used for affordable housing programs and projects for low-, very low-, and extremely low-income households; and

WHEREAS, the City Council has held a Study Session on November 13, 2012 and two public hearings – one on June 5, 2012 and another on December 11, 2012 – and has considered information in Council reports on adjustments to the Housing Impact fees, dated December 11, 2012; November 13, 2012; and June 5, 2012; and

WHEREAS, the City Council has considered Council reports on the BMR In-Lieu Fee dated December 9, 2014 and October 14, 2014; held a Study Session on October 14, 2014; and held a public hearing on December 9, 2014 to consider an increase to the BMR In-Lieu Fee; and

WHEREAS, at least 10 days prior to the date this resolution is to be considered, data was made available to the public indicating the amount of cost, or estimated cost, required to provide the affordable housing for which the impact fee is levied and the revenue sources anticipated to provide the affordable housing, including General Fund revenues in accordance with Government Code Section 66019; and

WHEREAS, notice of the hearing on the proposed Housing Impact fees was published twice in the manner set forth in Government Code Section 6062(a) as required by Government Code Section 66018;

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Mountain View:

1. **Adoption of Amended Below-Market-Rate Fee Schedule.** The Below-Market-Rate Fee Schedule for the Community Development Department is hereby amended as shown in Exhibit A.
2. **Adoption of Amended Below-Market-Rate Housing Program Administrative Guidelines.** The Below-Market-Rate Housing Program Administrative Guidelines are hereby amended as shown in Exhibit B.
3. **Effective Date.** The effective date of this resolution is February 7, 2015.

LL/7/RESO
860-12-09-14r-E

FEE SCHEDULE – COMMUNITY DEVELOPMENT DEPARTMENT

State Code § (if any)	MVCC §§	Title of Fee	Current Fee	Proposed Fee	Fee Basis	Effective Date
	§A36.80.030	Below-Market-Rate	3% of Unit Sales Price	4% of Unit Sales Price	(See Code Section)	02/07/15

**Amendment to the City of Mountain View
Below-Market-Rate Housing Program Administrative Guidelines**

Section C of the General Requirements of the Below-Market-Rate Housing Program Administrative Guidelines is hereby amended as follow;

“C. In-Lieu Fees

The BMR In-Lieu Fee which is prescribed under Section 36.82 9(c) of the City Code may be paid under two circumstances. First, when the BMR obligation results in a fraction of a unit (i.e., less than one unit). Secondly, when the price of the homes in the development is too expensive to be practical for a BMR unit.

- For ownership units, the developer/owner will, upon close of escrow on the sale of each of the units in the subdivision, make an in-lieu payment to the City calculated as ~~three percent (3)~~ four percent (4) of the actual sale price of that unit.
- The in-lieu fee for a BMR rental unit will be three percent (3%) of the appraised value of all the rental units in developments with nine (9) or more units. The in-lieu fee will be one-and-one-half percent (1-1/2%) of appraised value for rental developments with five (5) to eight (8) units. The appraisal of rental properties subject to the in-lieu fee will be paid for by the developer and performed by an appraiser selected by and at the direction of the City.
- Developments with ten (10) or more homes, where the projected sale price is more than \$400,000, will be allowed to pay the in-lieu fee. The Community Development Director or designee will meet with applicants prior to the issuance of a building permit to make a determination of whether the development is required to pay an in-lieu fee or produce the units. The \$400,000 sale price ceiling will be adjusted annually to reflect changes in the costs of housing prices.”