



**DATE:** March 23, 2021

**CATEGORY:** Consent

**DEPT.:** Community Development

**TITLE:** **2020 Housing Element Annual Progress Report**

### **RECOMMENDATION**

Review and accept the 2020 Annual Housing Element Progress Report (Attachment 1 to the Council report).

### **BACKGROUND**

#### **Housing Element and Annual Progress Reports**

Government Code Section 65400 requires cities to prepare an Annual Progress Report on Housing Element implementation using forms and definitions adopted by the California Department of Housing and Community Development (HCD). The report includes information on all levels of housing development activity, including application submittals for entitlement, building permit activity, certificate of occupancy, overall progress in meeting the City's Regional Housing Needs Assessment (RHNA), and the status of the Housing Element program implementation during the January 1 to December 31, 2020 reporting period. This is the fifth report for the 2015-23 Housing Element.

These items are information-only. The City Council will have multiple opportunities to modify implementation of the current Housing Element through:

- Goal-setting and prioritization of work plans;
- Development review; and
- Direction on specific housing, transportation, and land use actions.

In addition, the City recently started work on the 2023-31 Housing Element.

## **Environmental Planning Commission**

The 2020 Housing Element Annual Progress Report was presented to the Environmental Planning Commission (EPC) for review on March 3, 2021 (Attachment 2). EPC discussion included the following:

- Support for the City's progress towards RHNA housing units;
- Interest to learn about best practices and what other cities are doing to be innovative and increase affordable housing production;
- Acknowledgement that the R3 update will provide an opportunity to make changes to incentivize more housing units. Other zoning actions, like new Precise Plans, may also proactively facilitate housing; and
- Identify and pursue grants and other funding based on housing production.

## **ANALYSIS**

### **Housing Element Annual Progress Report Overview**

#### 1. **RHNA Overview and Progress to Date**

The Association of Bay Area Governments (ABAG) is responsible for assigning the Bay Area's RHNA to each city and county in the nine-county Bay Area. The RHNA allocation methodology assigns units by income category, specifically units serving very low-, low-, moderate-, and above-moderate-income households. Households are categorized in these income groups based on household size and percentage of the area median income (AMI). The City of Mountain View's RHNA allocation for the 2015-23 Housing Element period is shown in Table 1 below.

**Table 1: City of Mountain View RHNA Allocation Numbers  
 for the 2015-23 Housing Element Period**

<b>Affordability by Household Income</b>	<b>Units</b>
Very Low 0%-50% AMI	814
Low 51%-80% AMI	492
Moderate 81%-120% AMI	527
Above Moderate 120%+ AMI	1,093
<b>Total</b>	<b>2,926</b>

As noted above, the 2020 Annual Progress Report includes information on the City's yearly development activity between January 1 and December 31, 2020 for net new housing units. In 2020, construction began on approximately 1,489 net new residential units, including 42 new very low-income, 45 low-income, and 18 moderate-income units (see Table 2 and Attachment 1, Tables A2 and B).

**Table 2: Building Permits Issued for New Residential Units  
 Between 2015 and 2020**

<b>Affordability by Household Income</b>	<b>2015 to 2019</b>	<b>2020</b>	<b>Total Units to Date</b>	<b>% of RHNA Allocation</b>
Very Low 0%-50% AMI	176	42	218	26.8%
Low 51%-80% AMI	167	45	212	43%
Moderate 81%-120% AMI	0	18	18	3.4%
Above Moderate 121%+ AMI	2,387	1,384	3,771	345%
<b>Total</b>	<b>2,730</b>	<b>1,489</b>	<b>4,219</b>	<b>52.6%</b>

Staff also notes that the City continues to experience a very high level of residential development activity. Currently, there are 1,639 net new residential units under construction.

In addition, 2,145 net new residential units were recently approved but have not yet received building permits, and 1,714 net new units are under planning entitlement review, not including the East Whisman and North Bayshore Master Plans recently submitted by Google, which include over 8,000 units. Table 3 shows the number of units that were recently approved or are under planning entitlement review, illustrating likely future progress towards meeting the 2015-23 RHNA targets (though it should be noted that the timing, completion, and composition of future projects are uncertain, and additional projects may apply). A number of these projects (e.g., Google Master Plans) are likely to address our future RHNA targets due to the expected timing of the entitlements and building permits.

**Table 3: Future Building Permits for New Residential Units**

Affordability by Household Income	Total Units to Date (Building Permits)	Approved, Permits Not Issued	Under Planning Review	Total Units	RHNA Allocation	% of RHNA Allocation
Very-Low 0%-50% AMI	218	7	146	371	814	45.6%
Low 51%-80% AMI	212	58	102	372	492	75.6%
Moderate 81%-120% AMI	18	200	35	253	527	48%
Above-Moderate 121%+ AMI	3,771	1,880	1,431	7,082	1,093	647.9%
<b>Total</b>	<b>4,219</b>	<b>2,145</b>	<b>1,714</b>	<b>8,078</b>	<b>2,926</b>	<b>71.4%</b>

2. No Net Loss

Senate Bill 166, also known as the No Net Loss Law, was codified on January 1, 2018 and, among other provisions, requires local jurisdictions to maintain an inventory of sites zoned to accommodate their share of the region’s housing needs at all income levels. In other words, if a site is developed with fewer units at the specified income level than identified in the Housing Element, the jurisdiction must identify (and rezone, if necessary) additional sites to make up for the shortfall.

The 2015-23 Housing Element (Housing Element) identified 18 sites to provide low-income units and five sites to provide moderate-income units. While nine of these sites were developed with fewer than the targeted Below-Market-Rate (BMR) units, other project sites provided additional BMR units. For example, 676 West Dana

Street, a site identified for low-income units in the Housing Element, was approved in 2020 without any low-income units. Meanwhile, three developments were also approved in 2020 (355 East Middlefield Road, 2645 Fayette Drive, and 1001 North Shoreline Boulevard) with new low-income units.

However, even with the additional BMR units, the combination of developed projects and the capacity of remaining Housing Element sites result in 47 fewer low-income units and 257 fewer moderate-income units than the RHNA (see Attachment 3). Consistent with the Government Code Section 65863, No Net Loss Law, the City has zoned additional sites for affordable housing since the Housing Element was adopted, which more than makes up for the shortfall. The amended North Bayshore Precise Plan was adopted in December 2017 and identified three residential neighborhoods with capacity for 9,850 units, including 1,970 BMR units. The East Whisman Precise Plan was adopted in November 2019 and identified residential neighborhoods with capacity for 5,000 units, including 1,000 BMR units. The available sites provided in these Precise Plan areas are significantly more than the City's RHNA shortfall noted above, bringing the City into compliance with the No Net Loss Law.

### 3. Housing Policies and Programs

The Annual Progress Report also includes an update on the City's implementation of the City's Housing Element policies and programs. These policies and programs address various housing priorities, including adding to the diversity, supply, and affordability of housing opportunities in Mountain View. The 2020 Annual Progress Report includes an update on these policies and programs, including:

- Utilization of City housing funds to support affordable housing developments through the Notice of Funding Availability (NOFA) process;
- Providing support for affordable housing developers;
- Amending the City's Tenant Relocation Assistance Ordinance to increase the amount of assistance required of developers and make more households eligible for assistance;
- Updating the City's Accessory Dwelling Unit Ordinance to conform with State law and reduce development standard restrictions;

- Partnering with the agency LifeMoves to build interim housing for up to 100 households for people experiencing homelessness with Project Homekey; and
- Implementation of the Community Stabilization and Fair Rent Act.

### **2023-31 RHNA**

ABAG adopted the Draft RHNA methodology for the 2023-31 period on January 21, 2021. ABAG was assigned a regional total from the State, which was the basis for the draft allocation. The regional total for the next cycle is 441,176 units. This is much greater than the previous regional total (2015-23) of 187,990 units.

Mountain View's Draft RHNA allocation at 11,135 units is about 3.8 times its last allocation (shown in Table 4) and amounts to approximately 32 percent of the City's current households. While the City has already zoned for this amount and more, City staff will continue to work with ABAG staff to understand ABAG's assumptions and determine if there were inaccuracies in assumptions for Mountain View within any of the RHNA inputs. The RHNA appeals process is expected to take place in summer 2021. The City may be able to pursue an appeal if technical or factual issues with ABAG's assumptions are identified. The Final RHNA allocation is expected to be adopted by ABAG at the end of 2021.

Cities have about one year to complete their Housing Elements, which are due by January 2023. This includes a review of the draft by HCD, which takes time. In order to ensure there is adequate time for analysis and community input, staff has already begun work on the Housing Element, which is the process by which the City identifies zoning capacity for the RHNA.

**Table 4: Draft 2023-31 RHNA**

<b>Affordability by Household Income</b>	<b>Units</b>
Very Low 0%-50% AMI	2,773
Low 51%-80% AMI	1,597
Moderate 81%-120% AMI	1,885
Above Moderate 120%+ AMI	4,880
<b>Total</b>	<b>11,135</b>

**ENVIRONMENTAL REVIEW**

This is an informational report on the Housing Element implementation which is not a project under the California Environmental Quality Act and does not require environmental review.

**FISCAL IMPACT** – None.

**NEXT STEPS**

Staff will submit the Annual Housing Progress Report to the HCD and the Governor's Office of Planning and Research on April 1, 2021 and will continue to implement the Housing Element.

**PUBLIC NOTICING** – Agenda posting.

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- Attachments:
1. Housing Element Annual Progress Report
  2. [Environmental Planning Commission Housing Element Staff Report Dated March 3, 2021](#)
  3. Housing Element Sites for RHNA Requirement