

**Analysis of ROEM Proposal in Context of
NOFA Goals and Housing Priorities**

Project Goals

1. *Housing units will remain affordable for at least 55 years.*

ROEM has stated that they are committed to keeping the development affordable for 55 years as required by the City of Mountain View.

2. *The project's management plan promotes a healthy living environment for tenants and a compatible relationship with neighbors.*

ROEM has stated that the "apartments will be energy efficient and will target LEED Gold Certification." The green building/sustainable development standards are aimed at improving the overall healthy living environment for the tenants. The building will be compatible with surrounding residential uses in Sunnyvale and will not impede the existing mini-storage and gas station uses.

3. *The project is consistent with the goals and objectives of the City's Housing Element and General Plan.*

The project will be consistent with the goals of the City Housing Element to provide additional affordable units in the City of Mountain View. As mentioned earlier, the site will need a General Plan Amendment to change the land use from Industrial to Residential, a rezoning to amend or remove the Sylvan-Dale Precise Plan and replace it with R-3 (Multiple-Family Residential) zoning.

4. *The project has reasonable costs, is structured to compete well in securing competitive funding sources, and is soundly underwritten.*

To complete the construction of the proposed development, ROEM is requesting \$15.5 million from the City of Mountain View in the form of a deferred low-interest loan. In addition to the \$15.5 million subsidy being requested from the City, ROEM intends to apply for 9 percent competitive tax credits and funding from Citigroup. ROEM has stated they believe their proposal will compete effectively for the 9 percent tax credits. For the Option Two scenario, the ROEM would need \$22,500,000 from the City. Under this scenario, ROEM would apply for 4 percent competitive tax credits and funding from Citigroup.

Land and construction costs factor into the cost to develop affordable units. Per-unit construction costs are generally going to vary based on the land and development costs, which are specific to each project, and the size and number of

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units. The table below shows a comparison of overall construction costs for the three most recent affordable developments and ROEM’s NOFA proposal. The high construction cost is attributed to higher construction costs with the revitalized economy, the higher cost of land and the City’s new prevailing wage policy will add an estimated additional 10 percent to the construction costs.

Project	No. of Units/ No. of Bedrooms	Project Cost	Project Cost Per Unit	City Subsidy Cost	City Subsidy Per Unit
Franklin Street Apartments	4 one-bedroom units 32 two-bedroom units 15 three-bedroom units	\$23,849,641	\$467,640	\$12,547,000	\$246,000
819 North Rengstorff Avenue	48 Workforce Studios 1 one-bedroom unit	\$17,396,762	\$355,035	\$9,000,000	\$183,673
1585 Studios Project	26 Studios 1 one-bedroom unit	\$10,468,465	\$387,721	\$4,652,000	\$172,296
Option One ROEM NOFA 779 East Evelyn Avenue	4 Studios 26 one-bedroom units 26 two-bedroom units 24 three-bedroom units 1 manager unit	\$44,278,325	\$546,646	\$15,500,000	\$191,358
Option Two ROEM NOFA 779 East Evelyn Avenue	6 Studios 40 one-bedroom units 34 two-bedroom units 35 three-bedroom units 1 manager unit	\$57,640,561	\$496,901	\$22,500,000	\$193,966

5. *The project will allow the City to spend housing funds expeditiously.*

Currently, the City has accrued nearly \$23.0 million in affordable housing funds that could be used in the development of affordable housing. Should the City Council reserve funding for this project, most of the affordable housing funds could be encumbered and spent within a two-year period.

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6. *The project site is near transit and services and is convenient for the target population.*

The site is not ideally located within close proximity to transit and other services. Although the Evelyn Light Rail Station is currently slated for closure to make way for a second track across Central Expressway and into downtown Mountain View, there are still other public transit options within a mile of the proposed development. A bus stop for the No. 53 line is less than a 0.5 mile away at the corner of South Bernardo Avenue and Washington Avenue and the No. 32 bus line, a high frequency bus line where buses arrive every twenty minutes, is less than a mile away at the corner of Central Expressway and Mary Avenue in Sunnyvale. Finally, the Caltrain station would be approximately 1.5 miles from the proposed development.

Most services are located within a mile from the development. A Safeway is located on South Bernardo Avenue and El Camino Real and a 7-Eleven convenience market is located at the corner of East Evelyn and Mary Avenues, both located within one mile from the proposed development.

7. *The project site would allow for a development to achieve maximum density.*

Option One will achieve the maximum density through application of the State Density Bonus Ordinance and the General Plan and Zoning Amendment. Option Two will not achieve the maximum density under the R4 zoning, which allows up

8. *The building design/construction will incorporate "green" building practices and material.*

ROEM has stated that the "apartments will be energy efficient and will target LEED Gold Certification."

9. *The project is compatible with the zoning and neighborhood setting.*

As mentioned earlier, both options would require a General Plan Amendment and rezoning to accommodate the residential use. However, the site is adjacent to apartments along the southern boundary and is not far from the Shea Homes development to the west on Evelyn Avenue.

10. *The project incorporates appropriate community spaces, amenities, and services for the target population.*

The development will have a tot lot and community clubhouse located in the center courtyard with a fitness room also being provided. Should this proposal receive a reservation of funding, staff will work with the developer to ensure support services for the residents through the property management company.

11. *The development team has demonstrated experience with successful affordable housing projects and the capacity to work cooperatively with the community in the design and development of the project.*

ROEM has demonstrated through the development of the Franklin Street Apartments and 819 North Rengstorff Studios that it is an experienced affordable housing developer that has the capacity to work cooperatively with the community and be responsive to community comments.

12. *The development team has a demonstrated ability to work cooperatively and effectively with City staff during the initial evaluation and subsequent entitlement process.*

ROEM has acquired considerable experience working with City staff through its two previous development projects. Staff anticipated that ROEM will be able to build on the experience and work cooperatively with City staff through the entitlement and financing process.

Housing Priorities

The following two priorities have been listed in the NOFA as part of the NOFA selection criteria. Below is the evaluation of how the proposal has addressed each priority.

1. *Housing targeted to households earning less than 80 percent area median income (AMI), with preference to projects serving very low- and extremely low-income households.*

The proposed affordable units (including a manager unit) will be targeted at households at 60 percent AMI or less with a majority of the units being targeted at households at or below 50 percent AMI. The table below shows the affordability breakdown of the units for both options.

	Option One	Option Two
Affordability Level	Number of Units	Number of Units
60 Percent AMI	15	102
50 Percent AMI	35	12
45 Percent AMI	21	0
30 Percent AMI	9	0
Manager Unit	1	2
TOTAL	81	116

- 2. *Housing providing the dual benefit of developing affordable housing and creating a substantial improvement of a blighted property and/or neighborhood.*

Although the proposed site is not considered blighted and the neighborhood is a compatible mix of industrial and residential uses, the proposed residential use on this site will continue the transition to residential started by Mondrian by Shea Homes site. This will also allow for a smooth future transition from the industrial uses in Sunnyvale to the residential uses on Evelyn Avenue in Mountain View.