



DATE: April 30, 2019

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **950 West El Camino Real – Affordable Housing Project**

RECOMMENDATION

1. Adopt a Resolution Conditionally Approving a Planned Community Permit and Development Review Permit for a Five-Story, 71-Unit Affordable Studio Apartment Development (Including One 2-Bedroom Manager's Unit) and a Density Bonus Request With Waivers, a Provisional Use Permit for Rooftop Amenities Above the Third Floor and Residential Accessory Uses Utilizing the Ground-Floor Commercial Setback, and a Heritage Tree Removal Permit to Remove Eight Heritage Trees at 950 West El Camino Real, to be read in title only, further reading waived (Attachment 1 to the Council report).
2. Appropriate \$21,072,844 in Below-Market-Rate (BMR) funds for Palo Alto Housing's 71-unit affordable housing development located at 950 West El Camino Real. (Five votes required).
3. Authorize the City Manager or his designee to negotiate the loan and agreement terms, and execute a funding commitment letter, loan agreement, and related loan documents.

BACKGROUND

Project Site

The approximately 0.6-acre project site is located on the north side of West El Camino Real, between Oak Street and Castro Street. The project site is currently developed with a 2,200 square foot Taco Bell restaurant. A one-story, strip center commercial building is located to the east of the site, a two-story hotel is located to the west of the site, and a two-story multi-family residential building is located to the north of the site.



Location Map

project is located on El Camino Real, near the intersection of Castro Street, so there is a variety of retail within a short walking distance or accessible by bus.

Project Description

The applicant, Palo Alto Housing (PAH), is proposing to redevelop the project site with a new five-story, 71-unit affordable studio apartment development (including one 2-bedroom manager’s unit) with ground-level parking. Of the 70 studio units, 42 units will be affordable to households with incomes at or below 50 percent Area Median Income (AMI), and 28 units will be affordable to households with incomes at or below 70 percent AMI; the remaining two-bedroom unit would be for the property manager. The current funding proposal targets 15 of the 50 percent AMI units (21 percent of total units) for adults with developmental disabilities, with the remaining units available to the eligible general population (see Attachment 2 – Project Plans).

As part of the project, PAH is also requesting a Density Bonus with waivers from development standards for building height, side setback, and common usable open area, as permitted under the State Density Bonus Law.

Proximity to Services

Transportation is easily accessible from the site with six Valley Transportation Agency (VTA) bus routes within a one-half mile radius. Bus Lines 522, 22, 52, and 81 are within one-quarter mile while Bus Lines 34 and 35 are within a one-half mile distance. The Mountain View Community Shuttle is also located within one-quarter mile of the project site. The Mountain View Transit Center is located under one mile of walking distance from the project site for convenient access to VTA light rail or Caltrain regional rail service.

The project site is less than one-quarter mile to McKelvey and Eagle Parks. The

Previous Meetings and Public Hearings

NOFA Funding Reservation

In February 2014, the City of Mountain View released a Notice of Funding Availability (NOFA) for affordable housing developments. On May 15, 2018, as part of the NOFA process, PAH requested \$22,772,844 in funding, of which \$1.7 million would be reserved for use on predevelopment activities. The City Council chose not to reserve the full funding, but instead appropriate \$1.7 million for predevelopment activities in the 2018-19 budget approved in June 2018. The City and PAH are currently negotiating the predevelopment agreement with a goal to have the agreement in place prior to the new fiscal year.

Neighborhood Meetings

Two neighborhood meetings were held to solicit public input on the project on May 9, 2018 and on December 13, 2018. A total of 16 neighbors and interested parties attended the meetings. Most of the attendees supported the development, and overall feedback was positive. A few attendees at the May 2018 meeting expressed concern regarding privacy prior to seeing the site design, as well as concern over the trees along the rear property line causing a nuisance to the adjacent properties. Both City staff and the developer were able to respond and ease concerns by explaining the building envelope will be closer to El Camino Real, allowing an adequate setback to ensure privacy. As for the trees, PAH has begun irrigating the trees, at the advice of a certified arborist, to reduce the dropping of needles on the neighboring properties. Summaries for both neighborhood meetings are attached for reference (See Attachment 3 – Neighborhood Meeting Notes).

Development Review Committee

The project was reviewed by the Development Review Committee (DRC) on August 1, 2018 and on December 5, 2018. The DRC have recommended approval of the project with design conditions (see Attachment 2). The conditions are to ensure the use of high-quality materials and good articulation on all facades.

Environmental Planning Commission Public Hearing (EPC)

The El Camino Real Precise Plan requires that projects requesting Tier 1 benefits, such as this proposal, be heard at an EPC meeting for a recommendation to City Council. On February 20, 2019, the EPC reviewed and recommended approval (6-0) of the project, including all development permits and the CEQA determination. Although supportive

of the project, the EPC expressed concern that the tower feature (which includes the stairway extension to the roof) on the western portion of the project felt too much like six stories and recommended that an additional condition of approval be placed on the project for staff to work with the developer on reducing the massing (see Attachment 4 – EPC Public Hearing Report, February 20, 2019). Design changes to the project have not been made yet in the plans submitted to Council.

ANALYSIS

Project Overview

PAH proposes to construct a new five-story, 71-unit affordable studio development (including one 2-bedroom manager’s unit) with ground-level parking. The majority of the studio units average approximately 380 square feet in size. The proposed building includes a large community room, lounges on each floor, a library, outdoor amenity space, a laundry room, individual storage units, and additional management and service offices.



Site Plan

The project fronts El Camino Real and includes a lobby entry and plaza along the street frontage. Vehicle access is provided on the eastern side of the site as a pass-through under the proposed building. Three parking spaces are also provided under the building along the entry drive, and the other 29 spaces are provided in a surface parking lot behind the building on the rear half of the property. The project open space and community gathering areas are distributed throughout the site and building, and include: a rooftop deck accessible from the fifth floor, a programmed front plaza along the El Camino Real frontage, a community room on the first floor, and resident lounges on each of the second through fifth levels of the building.

Project Design

The building employs a contemporary architectural style, including a mix of four main colors/materials, window recesses and architectural projections, and taller wall areas to create a striking building. The western portion of the building includes an angular tower corner feature, and the eastern portion is more horizontal in design with a curved, airfoil-like facade that is reminiscent of midcentury modernism. Tying these two areas together is a recessed plaza and lobby area with artful colored glass as well as an orange-colored elevator tower projection that provides visual “pop.”



Elevation from El Camino Real

Along the El Camino Real frontage, the design achieves a distinct bottom, middle, and top, with active uses like the entry lobby and community room situated on the ground floor; openings in the stair tower and common decks on each level above the entry plaza also reinforce efforts for an engaging public frontage. The sidewalk along El

Camino Real is widened and landscaping between the sidewalk and building further enhance the pedestrian experience. The fifth floor is stepped back from lower levels along a majority of the building face.

The parking lot provides 32 stalls plus two motorcycle spaces; a secure bicycle parking room is provided indoors for all residents. Twenty-nine (29) of the parking stalls are completely behind the building and three parking stalls are under the building and behind an artful screening wall to deemphasize its appearance. The main parking lot in the rear of the building features landscaped areas and special paving to enhance the aesthetics. The parking lot also acts as a buffer between the project and the existing multi-family residential complex to the north. Additionally, eight mature redwood trees are proposed to be preserved along the rear property line to provide a significant landscape buffer between the new development and the adjacent residential complex, limiting any visual or noise disturbances.

General Plan Designation

The project site is located in the Mixed-Use Corridor General Plan Land Use Designation, which allows a broad range of uses, including high-density, multi-family residential development. The proposal advances several important General Plan policies such as:

- **LUD 3.5: Diversity.** Encourage residential developments serving a range of diverse households and incomes.
- **LUD 6.3: Street presence.** Encourage building facades and frontages that create a presence at the street and along interior pedestrian paseos or pathways.
- **LUD 20.4: Residential design transitions.** Require sensitive design transitions between El Camino Real development and surrounding residential neighborhoods.
- **LUD 20.5: Landscaped pedestrian amenities.** Encourage development to provide landscaped pedestrian amenities and gathering places.

Zoning Designation

The project site is located in the Castro/Miramonte Area of the El Camino Real Precise Plan. This Precise Plan Area is broken into two subareas, with this project located in Subarea 1. The development standards for this subarea support a more downtown-like character with a smaller maximum El Camino Real setback and smaller side setbacks.

Projects in this subarea that contribute a public benefit may be awarded Tier 1 intensity of 1.85 FAR and a height of 4 stories and 55'. Since this project provides 100 percent affordable housing, it is deemed a public benefit in itself and allowed to proceed as a Tier 1 project without additional public benefit requirements.

The five-story project has a 1.95 FAR and is requesting several waivers or reductions of development standards through the State Density Bonus Law. These waivers and others are discussed in a following section and, pursuant to State Density Bonus Law, the project is considered consistent with the General Plan and Precise Plan even though the FAR and height exceed what is allowed for the site.

Although waivers from certain development standards are proposed as part of the density bonus, the project implements key streetscape design standards and attempts to meet the intent of the development standards for which waivers are requested. The project also meets several key “guiding principles” of the Precise Plan, including, but not limited to:

- **Create a more livable and beautiful corridor.** The development will expand sidewalk areas and improve streetscape landscaping while providing new housing units in an attractively designed building.
- **Promote diversity and flexibility.** The project will provide a variety of new, affordable housing units, including housing for the developmentally disabled.
- **The new affordable and senior housing will support the City’s diversity and livability.** The development locates new affordable housing near commercial services, public parks, and transit options.

Recent Design Changes

Continuing increases in construction and material costs since the original project design was conceived have recently led the applicant to consider minor changes to reduce costs. Possible changes include:

- Lowering of the photovoltaic (PV) canopies on the roof deck, reducing the massing but also reducing open space from 6,724 square feet to 5,841 square feet. The EPC reviewed the project with 6,724 square feet of open space. This decrease of 883 square feet in open space would be a further reduction to open space which is already receiving a Density Bonus waiver.

- In order to maintain as much open space on the roof as possible, the applicant is proposing to place PVs over the western tower element. The applicant believes that lowering the PV canopies on the central and eastern portions of the roof reduces the overall massing of the project, even though the western tower element would remain open but still have a solid roof overhead.
- Changes in parapet material from glass and steel to a solid fiber cement material that is harmonious with the existing facade materials.
- Reducing the amount of metal siding in the rear elevation of the building in favor of a fiber cement material that is compatible with the existing facade.

Staff will continue to work with the applicant through the plan check phase to maintain the aesthetic and material quality of the building as approved by Council.

Density Bonus Request

The State Density Bonus Law has been in effect since 1979 and was enacted to aid the development of affordable housing in California by providing incentives/concessions or waivers/reductions of development standards for the construction of affordable or senior housing units in residential projects. The law has been amended over time to further enhance its application and reduce barriers to implementation. The intent of the law is to address the shortage of affordable housing by making its development more financially feasible for developers while also reducing regulatory barriers within local jurisdictions. The law applies to both rental and ownership housing developments with greater than five units and is separate from the City's affordable housing programs.

The Density Bonus Law provides a sliding scale for additional/bonus density (up to a maximum increase of 35 percent), based upon the percentage of units set aside for seniors, low-, very low-, or moderate-income households within a proposed development project. The higher the percentage of affordable units proposed, the higher the allowed density increase for the project. The density bonus is calculated based on the maximum allowable density under the applicable zoning designation for the project site. Because the proposed development is a 100 percent affordable project, it is eligible for the maximum 35 percent density bonus.

Depending on the percentage of units and level of affordability proposed, the developer can request one or more concessions (or incentives), which result in identifiable cost reductions enabling the affordable housing provision. Density bonus projects may also request waiver or reduction in applicable development standards and design

requirements (i.e., reduction in setbacks, extra height, etc.) that would otherwise prohibit the development of the project.

The Density Bonus Law parking standard was recently updated, specifically for transit-oriented affordable developments, and allows a maximum parking ratio of 0.5 parking space per unit. The project requests a parking ratio of 0.45 space based on a parking study analyzing expected demand based on comparable projects, rather than using special parking standards incorporated into the Density Bonus Law.

The project is requesting a 5 percent density bonus based on the provisions allowed by State law by providing affordable housing units on this site. Because the El Camino Real Precise Plan regulates development based on FAR, a building intensity versus residential density metric, the proposed 5 percent density bonus is calculated on top of allowed FAR versus dwelling units per acre (a typical residential density metric). The project proposes 1.95 FAR versus the 1.85 FAR maximum allowed for Tier 1 projects in Medium-Intensity Corridor locations in the El Camino Real Precise Plan. The density bonus is requested in exchange for providing 100 percent of the units at low- or very low-income levels.

PAH is also requesting waivers from development standards. Under the State Density Bonus Law, the following development standards cannot be applied by the City if they would have the effect of physically precluding the construction of the density bonus project:

Waiver 1: Building Height

The El Camino Real Precise Plan limits the maximum height to four stories and 55'. Limited height projections are allowed (up to an additional 10') for architectural features and for access to rooftop amenities (rooftop amenities above the third floor require a Provisional Use Permit).

A waiver to allow the fifth floor is required. The fifth floor provides an additional 17 units of affordable housing. Without the fifth-floor waiver, the density bonus units could not be constructed.

The proposed building generally conforms to the maximum height since its roof plate is 55' in height. However, a roof deck gathering space for residents is being proposed, so architectural projections such as the elevator and shade features extend beyond the 55' and by more than the 10' allowed in the Precise Plan for architectural projections. The maximum height of the building is 71', reached only by the elevator shaft, so it is a minimal area of exceedance. Without the height waiver, the roof deck amenity space

for residents could not be constructed. Roof access is not needed for the economic viability of the project but, given the open space constraints on the project, the roof provides residents with a significant amount of quality outdoor gathering space.

Waiver 2: Side Setbacks

The El Camino Real Precise Plan requires side setbacks of 5' for projects in the Castro/Miramonte Area of the Plan. A waiver is requested to allow the building to have a side setback of 4' to the western property line, and a 1.5' ground floor side setback to the eastern property line and a 0' side setback on the upper floors. The waiver applies to a limited portion of the building as the bulk of the building conforms to the 5' setback requirement. Only approximately 10' of the western building facade is at a 4' setback, and 20' of the eastern building facade is within the 5' setback (ranging from 0' to 4' because it is angled). The setback reduction is necessary to achieve the number of units on-site and maintaining the amount of parking in the rear of the site and providing landscaping in the front setback that adds to the pedestrian experience.

Waiver 3: Common Usable Open Area (Residential)

A waiver is requested to allow approximately 95 square feet of common usable open area per unit rather than the El Camino Real Precise Plan-required 175 square feet of common open area per unit. Approximately 5,841 square feet of usable open area is provided instead of the required 12,425 square feet.

The lot is fairly small, so there is limited site area available for usable open areas. Moreover, the density bonus units increase the required open area while reducing available space for open areas to be constructed to meet the Precise Plan standard. Proposed open areas are well distributed throughout the building and site. The development has a range of interior lounges and supportive service rooms providing additional amenities; and there are other landscaped setback areas available for passive enjoyment. The density bonus project could not be constructed without this waiver, and the waiver cannot be reduced without losing units.

Waiver 4: Open Area (Site)

A waiver is requested to allow the site to have 32 percent open area while the El Camino Precise Plan requires a minimum of 40 percent of the site be open area. The project is providing 8,505 square feet of open space when 10,612 square feet are required. A roof deck is provided as a larger outdoor gathering space for residents, in addition to the smaller common balconies on the second through fifth levels as well as landscaped and plaza areas on the ground floor. In order to make the project

financially feasible, underground parking was not a viable option on this site, so the provision of surface parking also limits the availability of amenity areas to meet open space requirements.

Waiver 5: Automobile Pavement Coverage

The project is requesting a waiver for automobile-oriented paving on the site. The El Camino Precise Plan allows up to 20 percent automobile-oriented pavement coverage (equaling 5,306 square feet minimum on the site) while the project proposes 42 percent pavement coverage (11,027 square feet). This waiver is necessary to sufficiently park the project. The parking lot also provides a significant buffer to existing residential abutting the rear of the site, and parking cannot be placed underground as previously discussed. The parking area incorporates special paving, incorporates attractive landscaping, and is predominantly placed behind the building to improve the appearance and limit impacts from the waiver.

Provisional Use Permit

The El Camino Real Precise Plan requires a Provisional Use Permit for rooftop amenities above the third floor and residential accessory uses utilizing ground-floor commercial setbacks on El Camino Real.

- *Roof Deck:* The Provisional Use Permit process allows for careful review of proposed rooftop amenities to ensure they are suitable for the development and limit/avoid off-site impacts to neighboring properties. Staff and the DRC reviewed the proposal and worked with the applicant to orient views away from the adjacent residential complex, through a combination of roof deck location, railing/landscape screening, and space planning so usable area is buffered from the rear-facing portion of the roof deck.
- *El Camino Real Setback:* The project is designed to comply with the El Camino Real ground-floor commercial setback requirements. The El Camino Precise Plan identifies locations where ground-floor commercial uses are specifically required, but other locations may be proposed and residential accessory uses may use the ground-floor commercial setbacks through a Provisional Use Permit process. The proposal includes provisionally allowed residential accessory uses on the ground-floor frontage, substantially incorporates El Camino Real Precise Plan design guidance intended to ensure the building design engages the street, and is located in a commercial area where this setback is contextually appropriate.

Staff and the DRC have reviewed and support the design of the features which require a Provisional Use Permit.

Traffic and Parking

A vehicle trip generation and trip distribution study was requested by staff to determine whether the project generated enough traffic to impact nearby intersections along El Camino Real. This study was performed by RKH Engineering in December 2018 and submitted to the City for review. If the project generated more than 10 new vehicle trips per lane during peak traffic hours, it would warrant further study. The study determined that the project would generate 32 peak-hour trips, below the City threshold for requiring further study or mitigation measures.

The project proposes 32 parking spaces at a ratio of 0.45 space per dwelling unit plus two motorcycle spaces. A conventional apartment building in the El Camino Precise Plan area would require 71 parking spaces, with one space per unit as the standard parking ratio. Since the project is 100 percent affordable, the State of California mandates that required parking per dwelling unit shall not exceed 0.5 space per dwelling unit (see Attachment 5 – Parking and Traffic Study).

Additionally, a report provided to the Mountain View City Council on March 22, 2016, recommended that a parking ratio of 0.45 space per dwelling unit be applied to an affordable housing project (1701-1707 West El Camino Real) based on a study by traffic consultant CDM Smith. That City-commissioned report by CDM Smith based the recommended 0.45 ratio on nearby studies of similar developments.

The parking consultant hired by the City for this project, RKH Engineering, determined that the findings from the 1701-1707 West El Camino Real project should apply to this project given the same 100 percent affordable units, a similar location along El Camino Real, and that the proposed project is in even greater proximity to high-quality public transit services. Given these findings, a parking ratio of 0.45 space per dwelling unit is appropriate for this development, is in line with the requirements of AB 744, and is supported by staff.

Heritage Trees and Landscaping

The project proposes to remove eight Heritage Trees: five Raywood ash trees, one Mexican fan palm, one Blackwood acacia, and one crape myrtle. The City arborist has reviewed the arborist report and supports removal of these trees. Six of the eight trees were found to be in declining health with low suitability for preservation and two are within the proposed building footprint and are also not suitable for preservation.

Sixteen (16) new 24” box and 36” box trees are proposed to be planted on-site at a tree replacement ratio of 2:1. Four new street trees (scarlet oaks) are also proposed along the project frontage. The existing tree canopy coverage is 23 percent of the site. The canopy coverage at the time of planting is projected to be 19 percent, the 10-year projection is 24 percent, and the canopy projection at maturity is 40 percent.

Public Benefits

The El Camino Precise Plan allows two tiers of development floor area (FAR) in Medium-Intensity Corridor locations – BASE and Tier 1. BASE projects (up to 1.35 FAR) are not required to prepare a public benefits program. Tier 1 projects (between 1.35 FAR and 1.85 FAR) are required to provide a public benefits program. Council provided direction in 2016 that 100 percent affordable projects would themselves be considered a community benefit for Tier 1 projects and no additional community benefit is required.

NOFA Process

Financing for affordable housing is very complex and influenced by factors not found in market-rate developments. Successfully securing full funding for affordable developments requires a strategic approach in a highly competitive environment of changing funding sources. The following sections provide additional information on anticipated project funding sources. The table below identifies the amount each funding source would contribute to the overall development cost based on PAH’s pro forma (See Attachment 6 – Project Financing Summary (Pro Forma)).

Project Funding Sources

PERMANENT SOURCES	AMOUNT
Bank Loan	\$5,445,683
Mountain View City Loan	\$22,772,844
County Loan	\$1,500,000
Tax Credit Equity	\$16,390,871
CDBG/HOME	\$470,153
GP Contribution	\$2,618,097
TOTAL	\$49,197,648

Currently, the federally funded 4 percent and 9 percent tax credit programs are two of the primary outside funding sources for affordable housing projects. Both tax credit

programs are administered at the State level by the California Tax Credit Allocation Committee. The 4 percent tax credit program is not competitive, but usually requires additional local funding since the equity created by selling the tax credits to investors is far less than the equity generated in the 9 percent tax credit program. The end result is a larger funding gap for a 4 percent tax credit project that must either be filled by City funds or other outside funding sources, which are scarce. Typically, there are two application opportunities a year for the 9 percent tax credit program – one in March and a second in late June/early July. Applications for the 4 percent tax credits are accepted more often – about six times a year – and 9 percent projects compete under the following categories: Large Family, Special Needs, Senior, or At-Risk Projects. This development does not meet the minimum requirements for three- and two-bedroom units to meet the Large Family Project application requirements and will not fall into the other categories either. For this reason, it makes more sense for the developer to apply for 4 percent tax credits.

The following table provides comparative data for the last five affordable developments and PAH's 950 West El Camino Real development.

Comparison of Affordable Housing Development Costs

Project	No. of Units/ No. of Bedrooms	Project Cost	Project Cost Per Unit	City Subsidy Cost	City Subsidy Per Unit
Studio 819	48 workforce studios <u>1 one-bedroom manager unit</u> 49 units total	\$17,396,762	\$355,036	\$9,000,000	\$183,673
1585 Studios	26 studios <u>1 one-bedroom manager unit</u> 27 units total	\$10,468,465	\$387,721	\$3,616,500 (BMR and HOME Funds)	\$133,946
779 East Evelyn Avenue	11 studios 45 one-bedroom units 44 two-bedroom units 15 three-bedroom units <u>1 manager unit</u> 116 units total	\$62,405,964	\$537,982	\$21,700,000	\$187,069
PAH Project 1701 West El Camino Real	62 studios 4 one-bedroom units <u>1 one-bedroom manager unit</u> 67 units total	\$28,408,189	\$424,002	\$8,000,000	\$119,403
Shorebreeze Expansion Project	21 studios 20 one-bedroom units 8 two-bedroom units 12 three-bedroom units <u>1 one-bedroom manager unit</u> 62 units total	\$37,715,299	\$608,311	\$7,902,691 (Housing Impact, HOME and CDBG)	\$127,463
PAH Project 950 West El Camino Real	70 studios <u>1 two-bedroom manager unit</u> 71 units total	\$ 49,197,648	\$692,925	\$23,242,997	\$327,366

City Loan

The City Council appropriated \$1.7 million for PAH to use for predevelopment activities as part of the Fiscal Year 2018-19 budget (see Attachment 6). The source of the BMR funds is recommended to be Prometheus Real Estate Group’s prefunding of its BMR obligations for the Flower Mart site located at 525, 555, and 769 East Evelyn Avenue if the project is approved by the City Council (also on the April 30, 2019 agenda).

Property Management

PAH will be required to prepare a Management Plan describing how the property will be managed and the plan will be subject to City staff approval before beginning the tenant selection process. The Management Plan will include the tenant selection and leasing process, oversight of residential services, resident rules, policies for record keeping, and other administrative guidelines.

Tenant Selection

Where allowed by funding sources, a preference for tenancy will be given to households already living or working in Mountain View. As with all affordable developments, City staff will monitor the tenant selection process and verify that the property is being managed and maintained properly. As with other affordable housing developments, prospective tenants will be thoroughly screened. This includes a credit history check, criminal background review, rental history review, and reference checks.

Resident Services

PAH has 50 years' experience in property management and owns and manages 23 affordable multi-family rental properties throughout Santa Clara and San Mateo Counties. PAH will manage the project after construction and the property will have an on-site resident manager who coordinates on-site support services. On-site amenities will include a community room with kitchen, lounges, a library, laundry facilities, and a rooftop deck.

Project Schedule

If the City Council approves this project, the following are the next steps anticipated to move forward with the development:

- 4 Percent Tax Credit Application May 2019
- Construction Start September 2019
- Project Completion September 2021

ENVIRONMENTAL REVIEW

The project qualifies as exempt under the California Environmental Quality Act (CEQA) Section 15194 ("Affordable Housing Exemption"). This exemption is targeted

to smaller affordable developments (less than 100 units and 5 acres) in urbanized areas, which can be served by existing utilities; are in areas where a community-level environmental review has occurred (e.g., General Plan or Precise Plan); and satisfy a long list of other criteria to ensure the site is free of contamination and the project would not impact the environment.

The project has also incorporated mitigation measures required by the El Camino Real Precise Plan Mitigation Monitoring and Reporting Program (MMRP), and provisions are included in the project as conditions of approval.

FISCAL IMPACT

There is no fiscal impact to the General Fund. The funding for the project will come from the City's BMR fund (from Prometheus' contribution, if the project is approved). The fund currently has a balance of approximately \$51 million in uncommitted funds.

The City Council is being asked to appropriate \$21,072,844 in BMR funds for the NOFA proposal. Including the \$1.7 million in predevelopment funds that have already been appropriated, the total amount from the BMR Fund is \$22,772,844. Palo Alto Housing will be a managing and general partner in the ownership structure. Due to Palo Alto Housing's nonprofit status, the development will be exempt from paying property taxes. The property currently contributes approximately \$13,500 in annual property tax revenues to the City.

The City will not collect park land dedication in-lieu fees from this project due to the Park Land Acquisition Policy and Chapter 41 of the City Code (October 2015), which exempts projects from collection of park land fees in proportion to the number of affordable units provided at the very-low and low-income levels. Since the project is providing all units within these affordability levels, it is exempt from the park land dedication fee payment.

CONCLUSION

The proposed development will create new affordable housing for diverse populations within Mountain View. The proposed building employs an attractive design and high-quality amenities. The project has been reviewed by the Development Review Committee and Environmental Planning Commission at public meetings, with both bodies recommending project approval. If Council approves the project and tax credit funding is awarded, construction could be completed in 2021.

ALTERNATIVES

Project Alternatives

1. Approve the project with modified conditions of approval.
2. Refer the project back to EPC or DRC for further consideration and recommendations.
3. Provide other direction.

Funding Alternatives

1. Appropriate a different amount.
2. Choose not to appropriate additional funding for this project.
3. Provide other direction.

PUBLIC NOTICING

The Council's agenda is advertised on Channel 26, and the agenda and this report appear on the City's website. All property owners and tenants within a 750' radius were notified of this meeting as well as interested stakeholders.

Prepared by:

Matthew VanOosten
Senior Planner

Vera Gil
Project Manager – Affordable Housing

Stephanie Williams
Planning Manager/
Zoning Administrator

Approved by:

Aarti Shrivastava
Assistant City Manager/
Community Development Director

Daniel H. Rich
City Manager

MVO-VG-SW/2/CAM
835-04-30-19CR
18703

- Attachments:
1. Resolution for a Planned Community Permit, Development Review, Provisional Use Permit, and a Heritage Tree Removal Permit with Conditions of Approval
 2. Project Plans
 3. Neighborhood Meeting Notes
 4. [EPC Public Hearing Report, February 20, 2019](#)
 5. Parking and Traffic Study
 6. Project Financing Summary (Pro Forma)
 7. [NOFA Proposal: City Council Meeting May 15, 2018, Item 7.2](#)