DATE: March 13, 2025

TO: Honorable Mayor and City Council

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VIA: Kimbra McCarthy, City Manager

TITLE: **Housing Element Programs 1.4 and 2.6—Incentives for Affordable Housing on Religious Sites and Other Sites South of the El Camino Real Precise Plan**

City of Mountain View

STUDY SESSION MEMO

PURPOSE

Review and provide direction on potential Zoning Code amendments and other incentives for affordable housing south of the El Camino Real Precise Plan, to implement Housing Element Program 1.4, Religious and Community Assembly Sites for Housing, and Program 2.6, Affirmatively Furthering Fair Housing.

BACKGROUND

The Housing Element is one of the seven mandated General Plan elements for the City of Mountain View and the only element subject to mandatory review by a state agency, the California Department of Housing and Community Development (HCD). The Housing Element must be updated every eight years and serves to examine the housing needs of residents; create, update, and guide housing policies; and identify locations to accommodate the City's Regional Housing Need Allocation (RHNA). The Housing Element also includes implementation programs to be carried out during the eight-year cycle.

On April 11, 2023, the City Council adopted the Sixth-Cycle Housing Element, which covers the eight-year planning period of 2023 to 2031, and was subsequently accepted by the HCD on May 26, 2023. This adoption was the culmination of almost two years of work devoted to preparing the update.

The objective of this project is to implement Housing Element Program 1.4 (Religious and Community Assembly Sites for Housing) and Program 2.6 (Affirmatively Further Fair Housing), which are intended to create more affordable housing in the City's highest-opportunity neighborhoods. The two projects are closely related in that they both affect the area south of the El Camino Real Precise Plan (ECRPP), and they both can be addressed through local ordinance modifications, such as density increases for affordable housing. For this reason, the two projects will be carried out concurrently. The implementation of these programs is not necessary to meet

the City's RHNA requirements but instead goes beyond the sites inventory requirement in the interest of providing housing opportunities in the City's highest-opportunity neighborhoods.

The following sections of this report describe the objectives of Housing Element Programs 1.4 and 2.6, survey existing provisions in state law and the City Code that may help to achieve the objectives, outline staff's efforts to engage with relevant individuals and groups to understand more about the potential for housing development under these programs, summarize experiences of other jurisdictions pursuing similar efforts, and provide options to inform EPC and City Council policy direction to staff.

Housing Element Program 1.4—Religious and Community Assembly Sites for Housing

The following is the Housing Element language for Program 1.4:

> "Religious and community assembly sites are typically larger sites and are located throughout the City, with several in the City's highest-opportunity neighborhoods. This program would allow affordable multi-family housing on some or all of these sites.
>
> Objectives and Metrics:
>
> - Create more affordable housing in the City's highest-opportunity neighborhoods by allowing deed-restricted affordable multi-family housing on non-Historic, nonprofit, religious, and community assembly sites in R zones south of El Camino Real. Typical densities will be based on an analysis of viable affordable housing prototypes.
>
> - Goal of at least 65 units proposed on religious/institutional sites south of El Camino Real by 2027.
>
> - Incentivize such development through ongoing actions, such as outreach, funding, and promotional materials.
>
> Milestone and Time Frame:
>
> - Complete zoning amendments by December 31, 2024, including a density analysis for viable affordable housing projects, outreach to affordable housing developers, nonprofit and advocacy organizations, and religious and community assembly properties; development of standards and incentives; and creation of ongoing monitoring and promotional materials.
>
> - If the goal of 65 units is not met, or if those units do not proceed, the City will conduct further outreach to these sites and affordable housing developers to determine policies that would better encourage these projects and address

> government constraints. The City will either adopt these policies or other policies that reduce constraints on affordable housing south of the El Camino Real Precise Plan."

There is already one tool available in state law to facilitate construction of affordable housing specifically on property owned by religious institutions. Senate Bill (SB) 4 establishes a ministerial review process (i.e., approval without a discretionary review or public hearing) for qualifying projects on such properties.

Senate Bill 4

Senate Bill 4, which is codified in Government Code Section 65913.16, went into effect on January 1, 2024 (after the Housing Element was approved) and allows affordable housing by right (i.e., ministerial approval) on religious sites without having to comply with local zoning restrictions, provided the housing meets affordability criteria. SB 4 applies to all religious institutions in the City and, unlike Program 1.4, is not geographically focused on the high-resource area south of El Camino Real but, nevertheless, provides a means to develop affordable housing that aligns with the objectives in the program.

Key elements of the legislation are outlined below. Other provisions may apply, but these are the most likely to affect a project in Mountain View, south of the ECRPP.

- **Affordable units.** All units, except managers' units, must be affordable. Up to 20% may be affordable to moderate-income households[1] and up to 5% may be for staff of the religious or educational institution, but the remainder shall be affordable to lower-income households.

- **Maximum density.** The greater of 30 units per acre or density allowed on that parcel or any adjoining parcel.[2]

- **Deed restriction.** All units (except for managers' units) are subject to a recorded deed restriction of at least 55 years for rental units, unless superseded by local ordinance or terms of funding agreement, or 45 years for owner-occupied units.

- **Density Bonus.** Eligible for application of State Density Bonus Law (SDBL), including waivers of development standards and parking ratios, and incentives/concessions. The affordability requirements in SDBL would qualify SB 4 projects for up to at least 80% density bonus.

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[1] The California Department of Housing and Community Development (HCD) defines moderate-income households as earning an annual income between 80% and 120% of the area median income (AMI), as adjusted for household size.

[2] The statute does not state whether this should be calculated on net area, excluding existing religious buildings, or gross area, including those buildings. For the purpose of this analysis, this report conservatively assumes net area.

- **Building height.** The greater of one story above the maximum height otherwise allowed on that parcel or the maximum height allowed on any adjoining parcel could further apply for waivers and concessions under SDBL.

- **Development standards.** The development must comply with all objective development standards that are not in conflict with the statute or otherwise rendered inapplicable by SDBL.

- **Parking.** One off-street parking space per unit, unless local ordinance provides for a lower standard. No parking requirements if located within one-half-mile walking distance of public transit or within one block of a car-share vehicle. Parking for the religious use may also be reduced to accommodate housing units and could further apply for waivers and concessions under density bonus law.

- **Environmental protections.** Cannot result in demolition of buildings on a local, state, or national historic register, in addition to other environmental protection and public safety provisions. Otherwise exempt from the California Environmental Quality Act (CEQA).

- **Ancillary uses.** Projects may include ground-floor recreation, social, or education facilities operated by community-based organizations or ground-floor child care.

- **Prevailing wage.** Projects with more than 10 units are subject to prevailing wages with additional labor requirements for projects with 50 or more units.

Zoning for Affordable Housing on Religious Sites Elsewhere in the State

While SB 4 applies to all jurisdictions in California, staff is not aware of any municipalities that have adopted local zoning for religious properties since the passage of the legislation.

However, staff is aware of three municipalities that adopted zoning to allow housing on religious properties prior to the passage of SB 4. Pasadena adopted an ordinance in 2022 as part of a larger Zoning Code update; Sierra Madre adopted an ordinance in 2022 as part of the implementation of its Housing Element; and Antioch adopted an ordinance in 2023 to allow "cottage communities" on religious properties. Refer to Exhibit 1 for a summary of key components of each ordinance.

The City of San Jose had also considered proposing changes to its General Plan and the Zoning Ordinance that would allow sites located on land designated as Public/Quasi-Public (PQP) to develop 100% deed-restricted affordable housing, with public outreach beginning in 2021. However, with the passage of SB 4, the City determined that the legislation met its goals and is no longer pursuing these changes.

Examples of Affordable Housing Projects on Religious Sites in the State

Few examples of affordable housing projects built on religious sites were found through staff research and outreach efforts. All of the following projects were completed before SB 4 went into effect:

- **St. Paul's Commons, Walnut Creek**—44 apartments built on an approximately two-thirds-acre portion of a two-acre site, completed in 2020. Four-story building with a net density of approximately 70 units per acre.

- **Santa Angelina, Placentia**—65 apartments built on approximately two acres of a four-acre site, completed in 2024. Two-story buildings with a net density of approximately 32 units per acre.

- **Legacy Square, Santa Ana**—95 apartments built on approximately 1.75 acres, completed in 2023. Two- to four-story buildings with a net density of approximately 50 units per acre.

There are relatively few examples of new purpose-built housing built on religious properties in California, and those that have been completed were initiated prior to the passage of SB 4 (other SB 4 projects approved but not yet completed are discussed later in this report). However, the examples can be instructive as case studies and for understanding the residential densities that have been viable for these projects.

Housing Element Program 2.6—Affirmatively Further Fair Housing

Similar to the approach to creating affordable housing on religious properties, Housing Element Program 2.6 calls for evaluating opportunities to create affordable housing on commercial properties south of El Camino Real. Building upon this strategy, the City will also focus on ensuring equitable access to housing opportunities.

The following is relevant text from the Housing Element Program 2.6. Implementation of Housing Element Program 2.6 as it relates to this Study Session includes the action items with a December 31, 2024 deadline—specifically the bolded text below:

> "Continue to prepare and update the City's Assessment of Fair Housing and implement actions as necessary to remove barriers to fair housing choice, as required by HUD and State Housing Element law."
>
> Objectives and Metrics:
>
> - Remove impediments to fair housing and provide equitable access to housing and opportunity.

- Improve access to affordable housing in the City's high-opportunity neighborhoods[3] through implementation of Programs 1.3, 1.4, 1.5, 1.6, 1.7, 1.11, 2.2, and 4.5.

- **In addition to 65 units through Program 1.4, and 120 units (based on half the City's R1 properties) expected south of El Camino Real Precise Plan through Program 1.7, the City will develop and adopt incentives and zoning to facilitate property owners south of the El Camino Real Precise Plan (other than churches) to dedicate land to affordable housing developers or build affordable housing. The incentives and zoning will target the development, in expectation, of at least 100 additional affordable units.**

Milestone and Time Frame:

- Update Assessment of Fair Housing as required by HUD with the first update completed in 2023, and subsequent updates based on HUD guidance.

- Implement necessary actions continuously as needed.

- **Develop and adopt incentives and zoning changes by December 31, 2024. If 40 units are not proposed by December 31, 2027, or if those units do not proceed, the City will conduct further outreach to determine policies that would better encourage these projects and address government constraints. The City will either adopt these policies or other policies that reduce constraints on affordable housing south of the El Camino Real Precise Plan by December 31, 2028.**"

Several other opportunities to affirmatively further fair housing are presented by existing provisions of state law or the Mountain View City Code, as further detailed below.

Senate Bill 35 and Assembly Bill 2011

Several recent state laws, including Senate Bill (SB) 35 and Assembly Bill (AB) 2011, allow residential development by right, subject to affordability and other requirements. Both may provide streamlining opportunities for affordable housing south of the ECRPP, along with zoning opportunities that already exist or may soon exist in the area. Like SB 4, these statutes apply to a broad geographic area, while the focus of Program 2.6 is on the high resource area south of El Camino Real.

- **Senate Bill 35**, which went into effect on January 1, 2018 and is codified in Government Code Section 65913.4, requires, among other provisions, jurisdictions to approve

[3] The Housing Element defines this as south of El Camino Real and near downtown.

affordable housing projects through a streamlined by-right process if they have not met certain RHNA housing production targets. The projects must comply with local objective standards, though projects are also eligible for SDBL. These provisions expire in 2036 (which is after the end of the Housing Element Sixth Cycle).

- **Assembly Bill 2011**, which went into effect on July 1, 2023 and is codified in Government Code Section 65912.100 *et seq*., is intended, in part, to permit affordable housing through a streamlined by-right process on sites currently zoned and designated for retail and/or office uses.[4] Applicable projects must be at least 30 dwelling units per acre and must comply with the objective development standards from the zone allowing the greater density between the existing zoning designation of the parcel or the zoning designation for the closest parcel that allows residential use at 30 dwelling units per acre or more. Projects are also eligible for SDBL. These provisions expire in 2033 (which is after the end of the Housing Element Sixth Cycle).

More information about the currently allowed densities in the area south of the ECRPP is provided later in the report.

December 12, 2023 Study Session—Below-Market-Rate Program Review

Anticipated revisions to the City's Below-Market-Rate (BMR) Housing Program may create new opportunities for the creation of affordable housing on sites south of El Camino Real. On December 12, 2023, the City Council held a Study Session regarding the BMR Housing Program. This program determines the requirements for provision of BMR affordable units in residential projects.

Council selected three preferred alternatives to providing BMR affordable units: property acquisition/preservation, off-site delivery of units, and land dedication. These alternative mitigations would be offered by right. For the off-site delivery of units, Council provided direction that the location of these units be within one-half mile of the primary market-rate project site, south of El Camino Real, or within a "highest resource area." For example, a large development in the northern part of the City could work with affordable housing developers and one or more property owners south of the ECRPP to fulfill their BMR affordable unit requirements in the locations identified in the Housing Element. This would then have the potential to partially satisfy the requirements of Programs 1.4 and 2.6. The proposed revisions to the BMR Housing Program are anticipated to be presented to the City Council in May 2025 and the final recommended changes will be presented to the EPC and City Council in Q3 2025.

[4] The statute also includes provisions for mixed-income housing on commercial corridors, which would apply to sites on Castro Street, Miramonte Avenue, Cuesta Drive, Grant Road, and Phyllis Avenue that allow office, retail, or parking as permitted uses. However, since that provision is not limited to 100% affordable developments, it is not the focus of this report.

On December 4, 2024, the Environmental Planning Commission (EPC) held a Study Session on this topic and provided a recommendation for City Council consideration. No public comments were received on this item. Specific EPC recommendations for both the programs are included later in the report with the discussion of various approaches to consider in implementing zoning amendments.

DISCUSSION

As described above, the objective of the Housing Element Programs is to facilitate the development of at least 165 affordable units south of the ECRPP (at least 65 units on religious sites and at least 100 units on other sites). Most affordable housing is constructed in medium-to-large developments on medium-to-large sites (usually at least approximately one-half acre). There are relatively few lots of that size in private ownership south of the ECRPP, and those that exist may have other constraints, such as existing viable businesses or religious institutions. These factors contribute to the limitations on viable production of affordable housing, or even market-rate multi-family housing, in the area south of the ECRPP.

In part to help overcome these barriers, the Housing Element stipulates that the City establish zoning and incentives to support additional opportunities for affordable housing in this area. As described above, the state has also acted to preempt local zoning in ways that also support and incentivize affordable housing in this area. The analysis below is intended to convey the effect of the existing zoning capacity and what is allowed by state law in creating new opportunities for affordable housing. The analysis will also show whether those opportunities support the development of the required number of units described in the Housing Element Programs. This analysis is performed on a subset of sites in the area and, therefore, illustrates a conservative estimate of the capacity generated by these laws and existing zoning.

This report focuses on two initial key steps: density analysis and outreach efforts for Housing Element Programs 1.4 and 2.6. The guidance received at the EPC and City Council Study Sessions will shape the framework and implementation of the next steps related to developing standards and exploring variations in density as well as creating ongoing monitoring and promotional materials.

Following the analysis for each of the two programs, the report presents different zoning approaches which, if enacted, would serve to implement these programs and meet the objectives of the Housing Element followed by a summary and questions for the EPC.

Part 1: Program 1.4—Religious and Community Assembly Sites for Housing

Step 1: Outreach

a. Outreach to Property Owners

Initial outreach consisted of sending emails to property owners in July 2024. Four out of the seven institutions replied, each indicating that they were not interested in developing housing on their properties at this time. Subsequently, all property owners were invited to an informational Zoom meeting on August 27, 2024, but staff did not have any attendees.

b. Outreach to Affordable Housing Developers

In addition to reaching out to the property owners of religious sites, staff conducted interviews with two local affordable housing developers that have experience developing projects in Mountain View.

The developers reported that their financing typically requires at least 50 units for a development project to be viable for operations. They expressed that the ability to reach this unit count was more important to some developers than the ability to reach a given density, though land acquisition costs could affect their target density.

Developers also indicated that a larger number of units would be required for projects utilizing Low-Income Housing Tax Credit (LIHTC) financing that covers a lower percentage of project costs (e.g., 4% tax credits).[5] Affordable housing developers confirmed it is becoming increasingly difficult to secure LIHTC funding due to high competition and limited supply of tax credits available.

One of the developers mentioned it would be useful if the City could identify a list of sites where affordable housing would be feasible considering the minimum dwelling unit yield and ensuring sites are pre-zoned for such development.

In addition, developers noted that funding is often contingent on locational aspects of the project. For example, points are scored higher for sites near transit and amenities such as grocery stores, senior centers, or service organizations. The areas south of El Camino Real generally have lower-quality transit and a lower density of key services, though there are

[5] 9% tax credits require about 50 to 55 units, and 4% tax credits require about 80 to 90 units—9% tax credits cover around 70% of eligible low-income unit costs, while 4% tax credits cover 30% of costs (additional costs are typically filled through grants)—85% of the state credits are integrated into 9% tax credit projects, while 15% of the state credits are reserved for 4% tax credit projects. Applicants compete for these two types of state credits in separate competitions.

several grocery stores and a major hospital. In addition, churches themselves may provide some of the services their residents need.

c. Outreach to Nonprofits

As part of the outreach efforts, staff also reached out to the Non-Profit Housing Association of Northern California (NPH), which is a membership-based group of affordable housing developers, advocates, community leaders, and businesses working to secure resources, promote good policy, educate the public, and support affordable housing development in Northern California. Based on the discussion with NPH, staff concluded that only one SB 4 project has been approved in the Bay Area—a small, five-unit "micro-home" project on an undeveloped yard space at the Bethel Community Presbyterian Church, located in the City of San Leandro. However, a 60- to 70-unit SB 4 development is anticipated in Berkeley, and a five-unit micro-home project has been submitted and is under review in San Jose.

Staff also interviewed Reverend Penny Nixon, the Faith Director at the Housing Leadership Council of San Mateo County, who confirmed that not many SB 4 projects have come up in the region except for an active planning application of a small five-unit affordable housing project in the City of San Mateo. That particular project's units are to be reserved for five young adults aging out of the foster care system.

Challenges Identified During Outreach

The following challenges were identified by staff, affordable housing developers, and nonprofits during their outreach and development efforts related to religious sites:

- Identifying the appropriate decision-makers for each religious institution;
- The relatively small size of many of the religious properties located south of El Camino Real, especially if the institution wishes to continue to operate at the location;
- The lack of unused, buildable space on the properties; and
- The expertise and funding capabilities of some institutions to develop housing.

The challenges can be summarized as follows: (1) establishing property owner interest and willingness to pursue affordable housing development; (2) physical constraints of potential affordable housing development sites; and (3) the need for technical assistance and partnerships with affordable housing developers.

Step 2: Density Analysis—Existing Provisions in State Law

Study Sites

Figure 1 below shows religious sites located south of El Camino Real in the City. The religious sites range from 0.75 acre to 7.64 acres and are predominantly zoned R1 (Single-Family Residential). Considering existing religious use buildings on-site, the unused potentially "buildable" portion of sites conservatively range from approximately 0.15 acre to 2.5 acres.[6]

[6] This rough calculation does not take into consideration opportunities to relocate or modify existing on-site buildings, which may expand the buildable area on the site.

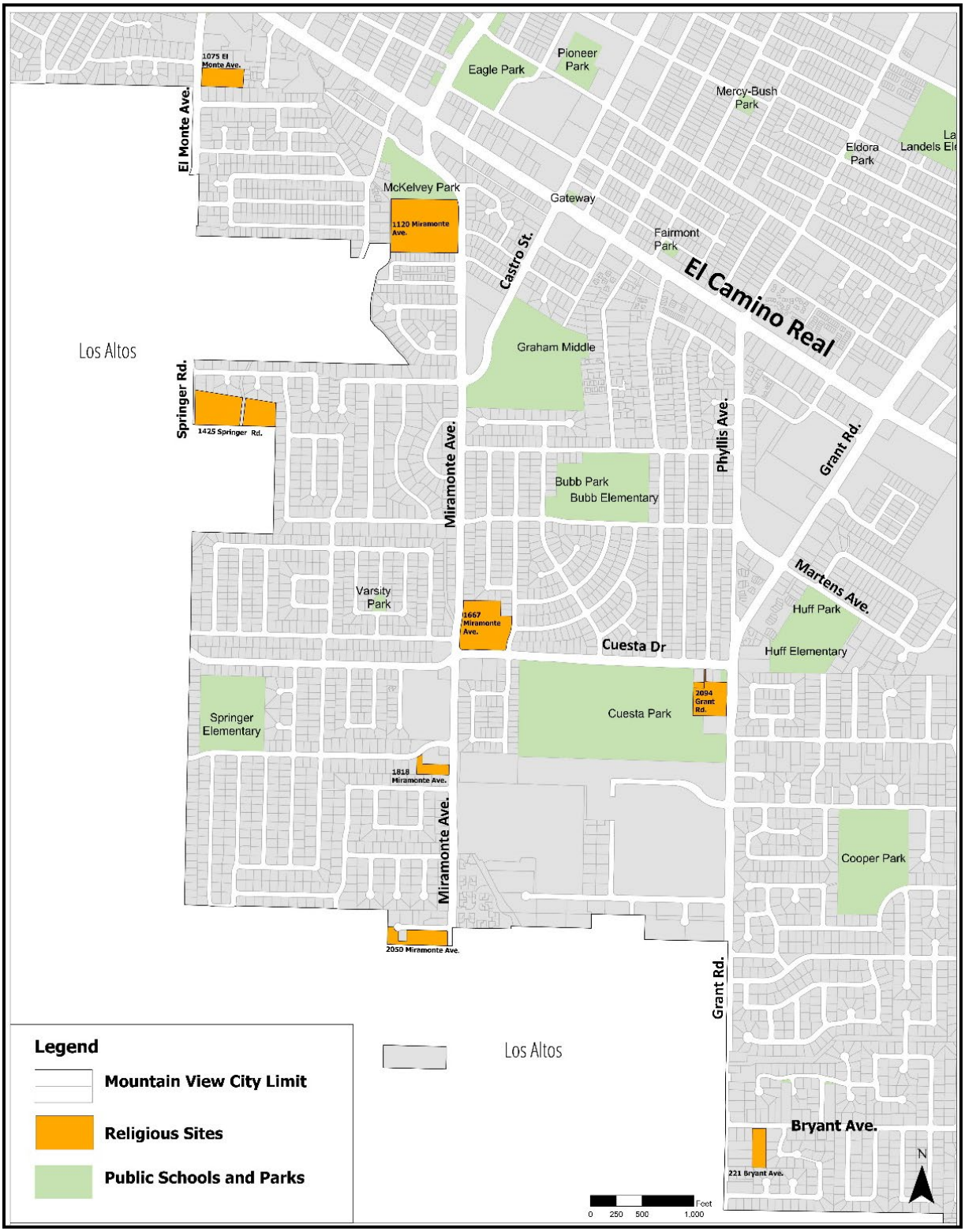

Figure 1: Religious Sites South of El Camino Real

Development Prototypes

Exhibit 2 shows examples of how residential development with at least 50 dwelling units could be accommodated on two hypothetical religious sites reflecting site conditions typical in Mountain View. The examples in Exhibit 2 utilize SB 4 and SDBL to demonstrate affordable housing development potential using existing tools in state law. So as to not single out a local site that may not be interested in development, the prototypical sites are in other comparable Bay Area jurisdictions with similar characteristics to the area of Mountain View south of El Camino Real. The analysis includes one small site and one large site and assumes each would only develop a portion of the property for housing with religious use of the site continuing in its current form.

Accommodation of 65 Units on Religious Sites

Based on the estimate of buildable area, there are **two** religious sites south of El Camino Real that could accommodate at least 65 units at the densities prescribed under SB 4 (30 du/ac, plus density bonus). These are listed in Table 1. Each of these sites would accommodate the housing on portions of the site with parking or open area that is underutilized. See Exhibit 3 for further details of the identified sites.

The remaining sites have fewer than one-half acre available on portions of the site not occupied by existing buildings. As staff has not received any indication from any of the sites that they would be interested in completely redeveloping their property or otherwise ceasing religious use of the sites, areas this small would be unlikely to cost-effectively achieve the density necessary to reach 65 dwelling units without utilizing extremely small unit sizes and/or height allowances over five stories. Therefore, the analysis in this report is based on an assumption for partial site redevelopment only. Additional housing opportunity would be available with full site redevelopment.

Table 1: Religious Sites that Can Accommodate 65 Units at SB 4 Densities with State Density Bonus Law

APN	Address	Site Area (acres)		Unit Yeild	
		Total Site	Partial Site Development	Partial Site Development at SB 4 Density (30 DU/Ac)	With 80% Density Bonus
18903025	1120 Miramonte Ave. (St. Joseph Mountain View)	7.64	2.5	75	135
18926064 18926060	1425 Springer Rd. (Mountain View Central Seventh-day Adventist Church)	4.9	1.25*	37.5	68

* Only the portion east of Hale Creek.

Additionally, pursuant to City Code Section 36.48.80 (Density bonus) and Section 65915(n) of the SDBL, 100% affordable housing developments that receive authorization (and reservation of funding allocation) through the Notice of Funding Availability (NOFA) process are eligible for density increases greater than those prescribed by SDBL if they meet the requirements thereof. This means that in districts that allow residential, there is effectively no maximum density standard for affordable housing developments authorized through the NOFA process. However, as noted earlier, the scale of such development (particularly in terms of height) may not be compatible with surrounding lower-density residential development. Furthermore, given the constrained sites identified south of El Camino Real, the greater building height required to accommodate higher densities could result in higher construction costs that could, in turn, affect project feasibility/affordability.

Part 2: Program 2.6—Affirmatively Further Fair Housing

Step 1: Outreach

Outreach to Property Owners

For the nonreligious sites (mostly commercial), individual property owners were first contacted by mail introducing the project and project team in July 2024, but no response was received. Subsequently, an informational Zoom meeting was conducted on September 10, 2024, in which one property owner attended. That property owner expressed interest in redevelopment but not with affordable housing.

Outreach to Affordable Housing Developers and Nonprofits

Input from affordable housing developers was similar to that described under the religious site's discussion above. Key findings were:

- At least 50 units for viable development;
- Unit count more important than density on a given site;
- A larger number of units required when using lower LIHTC percentage funding; and
- Suggestion for the City to provide a list of feasible sites that have zoning already in place.

Challenges Identified During Outreach

The following challenges were identified by staff, affordable housing developers, and nonprofits during their outreach and development efforts related to commercial and other nonreligious sites:

- Property owners do not have readily available contact information, so letters have to be sent to the address of record from the Assessor's database;

- The lack of unused, buildable space on the properties, if existing development remains; and

- Current uses on the properties, which may already be considered viable. Owners may not feel a need to make changes.

The challenges can be summarized as follows: (1) establishing property owner interest and willingness to pursue affordable housing development; (2) physical constraints of potential affordable housing development sites; and (3) integrating affordable housing development with existing viable commercial uses.

Step 2: Density Analysis

Study Sites

Figure 2 below shows Housing Element inventory sites, which are a subset of the nonreligious sites and were determined in the Housing Element process to have the fewest constraints on new development. These sites have various zoning designations, shown in the table in the figure. The religious sites range from 0.32 acre to 5.62 acres and are predominantly zoned P (Planned Community). Considering existing commercial uses on-site, the unused potentially "buildable" portion of sites conservatively ranges from approximately 0.32 acre to 0.8 acre.

The development prototype analysis identified in the previous section and illustrated in Exhibit 2 also applies to these sites.

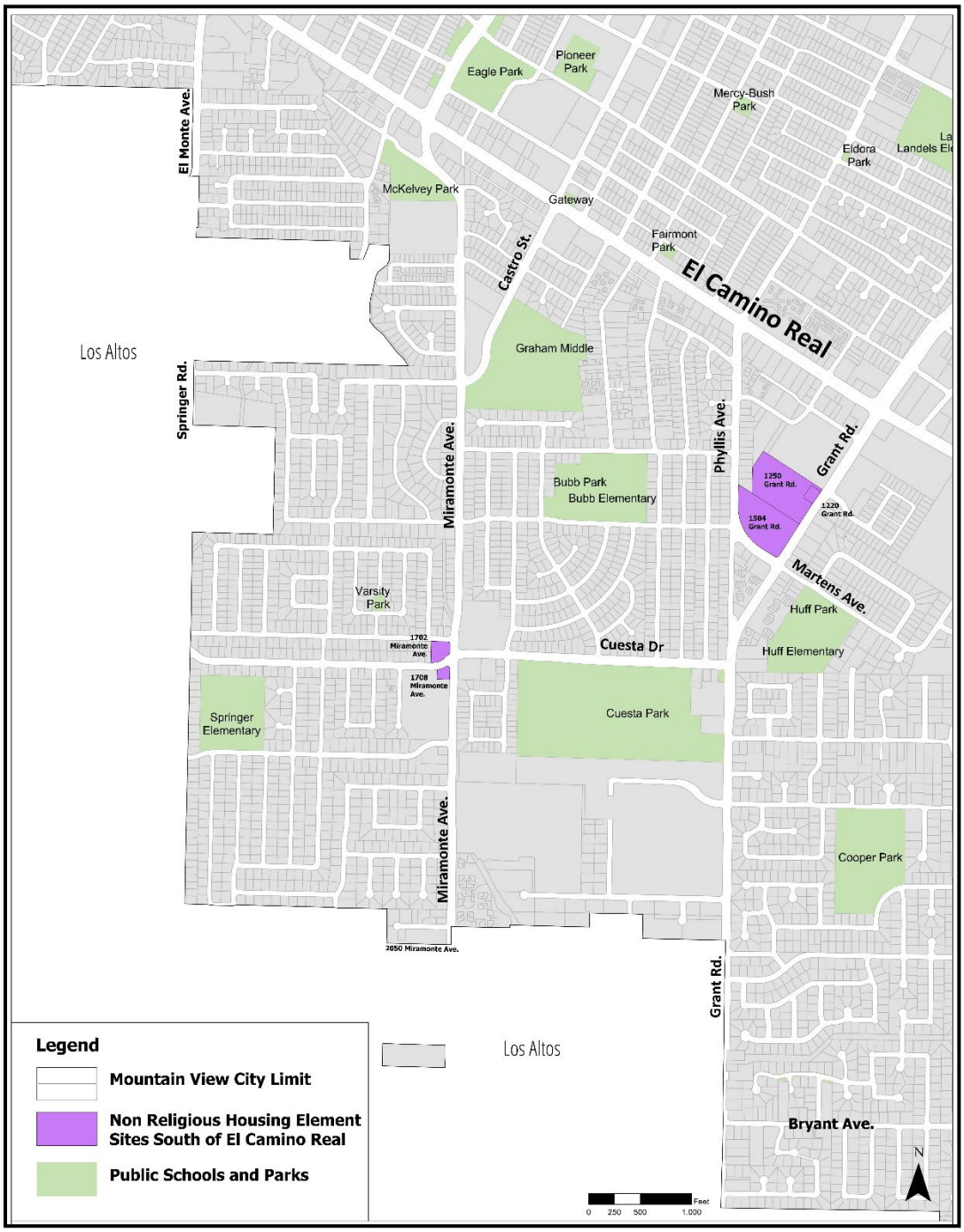

Figure 2: Nonreligious Housing Element Sites South of El Camino Real

Accommodating 40 to 100 Units on Nonreligious Sites

Program 2.6 states that the overall target is 100 units, but only 40 units are targeted by the end of 2027. Therefore, this analysis focuses on the capacity of sites to fit at least 50 units, based on

the minimum needed for a viable affordable housing project according to discussions with affordable housing developers.

Based on the estimate of buildable area, there are two nonreligious sites south of El Camino Real that could accommodate at least 50 units at the densities allowed under current zoning (approximately 72 dwelling units per acre, plus density bonus, for both sites). These are listed in Table 2. Each of these sites would accommodate the housing on portions of the site with parking that is underutilized. See Exhibit 3 for further details of the identified sites.

Table 2: Nonreligious Sites that Can Accommodate 50 Units at Existing Densities with State Density Bonus

APN	Address	Site Area (acres)		Unit Yeild		
		Total Site	Partial Site Development	Partial Site Development at Housing Element Density (72 DU/Ac)	With 16% Density Bonus	With 80% Density Bonus
193-12-001	1504 Grant Rd. (99 Ranch Shopping Center)	5.08	0.8	58	67	104
193-14-012	1250 Grant Rd. (Nob Hill Foods Market)	5.62	0.6	43	50	78

Additionally, pursuant to City Code Section 36.48.80 (Density bonus) and Section 65915(n) of SDBL, 100% affordable developments that receive authorization (and reservation of funding allocation) through the NOFA process are eligible for density increases greater than those prescribed by SDBL, if they meet the requirements thereof. This means that in districts that allow residential, there is effectively no maximum density standard for affordable housing developments authorized through the NOFA process. Yet, as noted under the religious sites analysis, development that requires height above five stories may significantly increase construction costs, potentially affecting project feasibility and unit affordability.

Summary and Conclusion from Analysis in Part 1 and Part 2

In sum, application of existing state law and City Code provisions to religious and nonreligious sites would accommodate the number of units prescribed in the Housing Element for Programs 1.4 and 2.6. With the application of these provisions, density and other factors related to zoning capacity do not appear to be the primary constraints on affordable housing development in these areas and on these sites.

However, the EPC and City Council may wish to take additional steps to allow more affordable housing in this area and to ensure the Housing Element program goal is achieved. The following section describes various approaches to zoning that this project can pursue.

Part 3: Approaches to Consider in Implementing Zoning Amendments

This section summarizes three options for updating the densities, standards, and procedures for sites south of the ECRPP to provide additional approaches to achieving the objectives of these Housing Element programs beyond existing state law and City Code provisions. In addition to updating densities, standards, and procedures, the City is moving forward on a program that would allow off-site mitigation of a project's BMR units, if the BMR units would be built south of El Camino Real, as described under the Background section of this report. This is a key incentive that could create additional opportunities for affordable housing in this area. In addition, the City can continue to take other nonzoning approaches to facilitating and supporting such development, such as additional outreach and preparation of promotional materials.

Approach 1—Existing Density Approach

There is adequate zoning capacity south of the ECRPP to accommodate the number of units prescribed by Housing Element Programs 1.4 and 2.6 through existing zoning and state law due in large part to SB 4 and AB 2011, which were adopted by the state after the City adopted its Housing Element and effectively satisfies much of the intent of Program 1.4. If the EPC and City Council wish to rely on existing zoning and state law to meet the densities, standards, and procedures prescribed by Programs 1.4 and 2.6, the following "Existing Density" approach may be appropriate.

This approach aims at implementing the state-mandated (SB 4) density standards and relying on existing zoning at nonreligious sites. The City would adopt standards pursuant to state laws. By-right streamlining would apply to projects through SB 4, SB 35, AB 2011, or other measures. These standards would be applied broadly to affected religious sites and would not focus on specific opportunity sites. This approach would require the fewest zoning amendments to implement which, based on lack of interest from property owners and site constraints, would allow the City to focus on other projects with greater potential to lead to affordable housing production, such as the Downtown Precise Plan Update, R3 Zoning District Update, and others.

Outreach: Under this approach, outreach efforts are assumed to be limited to an educational approach following the EPC and City Council direction at the Study Sessions as these state laws are already in effect. Outreach will be to key stakeholders and neighborhood associations near the subject sites.

Approaches 2 and 3—Higher-Density Approaches

The EPC and City Council may wish to take additional steps to encourage more affordable housing in areas south of El Camino Real. The following section summarizes some potential approaches for meeting the requirements of Programs 1.4 and 2.6, including going beyond the City's current zoning and existing state laws.

Since only a limited number of sites can accommodate the 165-unit yield goal under state-mandated densities, the City could explore alternative zoning approaches to make more sites viable and achieve the program goal. Staff has identified two potential alternative zoning strategies for consideration in implementing Programs 1.4 and 2.6, as outlined below.

A. **Approach 2: Existing Density "Plus" Approach.** This approach will implement the state-mandated density and existing density standards but would explore other ways to relax some of the objective development standards to incentivize housing further. For example, the City could allow a more flexible mix of affordability levels, additional height, or other reduced standards. In addition, this approach could also look at small increases in density. These standards would also be applied broadly and would not focus on specific opportunity sites. This approach would require additional staff resources beyond the earlier approach relying primarily on existing state law.

   Outreach: Under this approach, the outreach will be to key stakeholders and neighborhood associations near the subject sites to gather feedback on various standards considered for further relaxation based on EPC and City Council direction at the Study Sessions.

B. **Approach 3: Site-Based Approach.** This approach aims to achieve higher intensity and density on specific sites, above the state-mandated thresholds, to incentivize housing development above and beyond the targets in these Housing Element programs. This approach will focus on a few sites which have a higher potential of development based on the lot size and existing settings (surrounding developments, proximity to amenities, and ownership, etc.). For the other religious sites not targeted for higher potential, development opportunities relying on existing state law would apply. This approach would require the greatest amount of staff resources compared to the other approaches identified.

   Outreach: Under this approach, outreach will be to key stakeholders and neighborhood associations near the subject sites to gather feedback on various density options, development standards, and the review process and City discretion based on EPC and City Council direction at the Study Sessions. Educational outreach to key stakeholders and impacted neighborhood associations will be conducted in relation to other sites where state density will be allowed.

Table 3 below provides a comparison summary of the proposed three zoning approaches.

Table 3 : Zoning Approach Comparison

	Approach 1 **Existing Density Approach**	**Approach 2** **Existing Density "Plus" Approach**	**Approach 3** **Site-Based Approach**
Scope of Affected Sites	Applies broadly to all religious and commercial/ nonreligious sites	Applies broadly to all religious and commercial/ nonreligious sites	Targets densities and standards to specific sites
Density	30 du/ac or existing zoning	30 du/ac or existing zoning, with possible small increases	Higher than 30 du/ac or existing zoning
Unit Yield	Meet Housing Element goal	Meet Housing Element goal	Above and beyond Housing Element goal
Implementation Timeline	Approximately six months	Approximately eight to 12 months	Approximately 12 to 24 months
Discretion	No discretion on projects per state-mandated standards (SB 4/AB 2011/ SB 35/SDBL)	No discretion on projects per state-mandated standards (SB 4/AB 2011/ SB 35/SDBL)	Create alternate pathway with City-crafted standards
Impacts	Projects may have impacts, but City would have limited discretion to avoid	Potential for additional impacts over "Existing Density Approach"	Individual projects may have additional impacts over other approaches, but they may be mitigated through City-created standards and site selection
Outreach	Educational only to key stakeholders and impacted neighborhood associations	Needed to gather input from key stakeholders and impacted neighborhood associations on changes to standards and additional density	Needed to gather input from key stakeholders and impacted neighborhood associations on site selection, changes to standards, additional density, and review process (e.g., discretionary or ministerial review)
Staff Resources Required	Least	Moderate	Greatest

EPC Recommendation

Program 1.4 (Church sites): The EPC recommended Approach 2—Existing Density "Plus" Approach (implementing state and local density standards, while exploring other ways to relax standards to further incentivize housing), with a focus on identifying adjustments to standards

(e.g., minimum parking, reduced setbacks, etc.) that would facilitate smaller developments across a broader range of sites. Density should not be the focus of the exercise.

Program 2.6 (Other sites): The EPC recommended Approach 2—Existing Density "Plus" Approach. The EPC emphasized the importance of existing grocery stores to the community such as 99 Ranch and Nob Hill Foods stores, and recommended an approach that would support their protection. Further, they recommended additional site-testing for the properties in the shopping center along Grant Road when crafting the more flexible standards, due to the opportunities and highest densities allowed on these sites.

ANALYSIS SUMMARY AND COUNCIL QUESTIONS

There is adequate zoning capacity south of the ECRPP to accommodate the number of units prescribed by Housing Element Programs 1.4 and 2.6 through existing zoning and state laws alone. This is due in large part to SB 4, which was adopted by the state after the City adopted its Housing Element. SB 4 effectively satisfies much of the intent of Program 1.4. In addition, the streamlining provisions provided by various state laws also reduce barriers to the development of affordable housing.

However, the City Council may wish to take additional steps to allow more affordable housing in this area while refining the provisions in state law to best meet the needs in Mountain View. Therefore, staff is seeking direction from the City Council on the following questions:

Question No. 1: For Program 1.4 (Religious and Community Assembly Sites), which approach does Council prefer: the Existing Density Approach (Approach 1), the Existing Density "Plus" Approach (Approach 2), or the Site-Based Approach (Approach 3)?

Question No. 2: For Program 2.6 (Affirmatively Furthering Fair Housing), which approach does Council prefer: the Existing Density Approach (Approach 1), the Existing Density "Plus" Approach (Approach 2), or the Site-Based Approach (Approach 3)?

Question No. 3: Does the Council have additional feedback on/modifications to its preferred approaches for Program 1.4 and/or Program 2.6 implementation?

NEXT STEPS

After this Study Session, key next steps in the process include additional technical analysis by staff, community outreach efforts, and preparing draft ordinance modifications based on the approach chosen by the Council.

The Housing Element deadline for Programs 1.4 and 2.6 was December 31, 2024. Due to the complexities of these programs and the lack of interest from property owners in informing the

outcome, staff requires direction from Council prior to preparing the specific policies that will be presented to EPC and Council for adoption.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a "license, permit, or other entitlement for use" if the official has received a campaign contribution exceeding $500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

EXEMPT FROM THE LEVINE ACT
☒ General policy and legislative actions

CONCLUSION

The analysis presented in this report concludes that there is adequate zoning capacity south of the ECRPP to accommodate the number of units prescribed by Housing Element Programs 1.4 and 2.6 through existing zoning and state laws alone. Due to limited property owner interest identified during staff's outreach activities, staff needs Council to determine whether a commitment of additional staff resources and further delaying completion of these programs is warranted under the circumstances when those staff resources could be directed to other ongoing efforts that may have greater potential to result in affordable housing development. However, staff is seeking further direction from City Council to confirm the zoning approaches desired for the implementation of these programs.

PUBLIC NOTICING

The Council agenda is advertised on Channel 26, and the agenda and this Council report appear on the City's website. All interested stakeholders were notified of this meeting.

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Attachments:
1. Benchmark Ordinance Comparison
2. Site Development Prototypes
3. South of El Camino Real Site Details