



**DATE:** March 22, 2022

**CATEGORY:** Consent

**DEPT.:** Community Development

**TITLE:** **2021 Housing Element Annual Progress Report**

### **RECOMMENDATION**

Review and accept the 2021 Housing Element Annual Progress Report (Attachment 1 to the Council report).

### **BACKGROUND**

#### **Housing Element and Annual Progress Report**

The Housing Element is one of the seven mandated General Plan elements. It is the only General Plan element subject to mandatory review by a State agency, the California Department of Housing and Community Development (HCD). The Housing Element's purpose is to examine the housing needs of residents; create and guide City housing policy and programs; and identify locations to accommodate the City's Regional Housing Need Allocation (RHNA). Upon review and certification of a Housing Element by HCD, local jurisdictions qualify for State and Federal housing aid and grants.

Government Code Section 65400 requires cities to prepare an annual progress report on Housing Element implementation using forms and definitions adopted by HCD. These reports are submitted to HCD and the Governor's Office of Planning and Research. They provide data on annual building permit activity, overall progress in meeting the City's RHNA, and status of Housing Element program implementation.

#### **Regional Housing Needs Allocation (RHNA)**

State law requires local jurisdictions to provide for their fair share of regional housing needs. Per Government Code Section 65584, HCD is mandated to determine the Statewide housing needs and provides this data to the Association of Bay Area Governments (ABAG). ABAG is the Bay Area's metropolitan planning organization and is responsible for assigning the Bay Area's RHNA to each city and county in the nine-county Bay Area. Housing Element law acknowledges that, in order for the private market to adequately address the housing needs of California, local

governments must adopt plans and regulatory systems that provide opportunities for (and do not unduly constrain) housing development. The local jurisdictions are, therefore, required to zone adequate developable land to build these units and to implement other Housing Element requirements to facilitate housing production across incomes.

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 percentages of the Area Median Income (AMI). These income limits are established annually by HCD. The 2021 AMI for Santa Clara County for a household of four was \$151,300 (see Attachment 1). The City's current RHNA allocation for 2015-2023 is shown in Table 1 below:

**Table 1: RHNA Allocation**

<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>

### **Environmental Planning Commission Review**

The 2021 Housing Element Annual Progress Report was presented to the Environmental Planning Commission (EPC) for review on March 2, 2022. The EPC recommended that the City Council accept the 2021 Annual Progress Report, with the correction of a minor typo on Table A (which has been corrected in Attachment 1). Additionally, the EPC requested further discussion of additional actions to support affordable housing development at future Housing Element Update Study Sessions (which are scheduled for May and June 2022).

### **ANALYSIS**

As noted above, the annual progress report provides the State with information on the City's yearly building permit activity, between January 1, 2021 and December 31, 2021, for net new housing units (see Table 2, below, and Attachment 2—Table A2). The Progress Report also

includes Housing Element policy and program implementation status (see Attachment 2—Table D).

Several Housing Element implementation items are summarized below.

**1. Residential Building Permit Activity and RHNA Allocation**

In 2021, the City issued building permits for 51 net new residential units, all of which are above moderate-income units (see Table 2 and Attachment 2—Tables A2 and B).

**Table 2: Building Permits Issued for New Residential Units Between 2015 and 2021**

<b>Affordability by Household Income</b>	<b>2015 Through 2020</b>	<b>2021</b>	<b>Total Units to Date</b>	<b>Percent of RHNA Allocation</b>
Very Low 0%-50% AMI	218	0	218	26.8%
Low 51%-80% AMI	212	0	212	43.0%
Moderate 81%-120% AMI	18	0	18	3.4%
Above Moderate 121%+ AMI	3,771	51	3,882	355.0%
<b>Total</b>	<b>4,219</b>	<b>51</b>	<b>4,270</b>	<b>52.6%</b>

The City of Mountain View has continued to experience a very high level of residential development activity. Currently, there are 1,596 net new residential units under construction; approximately 2,712 net new residential units have recently been approved but are not yet under construction; and 2,072 net new units are under entitlement review. In addition, there are 8,000 to 9,000 units in the proposed North Bayshore and Middlefield Park Master Plans.

**2. No Net Loss**

Senate Bill 166, also known as the No Net Loss Law, was codified on January 1, 2018. Among other provisions, the law 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. No development projects were approved in 2021 on fifth-cycle Housing Element sites, so the City does not need to address "No Net Loss."

### 3. **Housing Policies and Programs**

The Housing Element addresses several key community housing issues, including the lack of affordable housing and loss of older affordable units to redevelopment. The City has been proactive in addressing these issues through adoption of increased affordable housing fees, the creation of and updates to the Tenant Relocation Assistance Ordinance, creating partnerships with affordable housing developers, implementation of the Community Stabilization and Fair Rent Act, and other activities discussed in Attachment 2 and below.

- Affordable Housing Production
  - *Notice of Funding Availability (NOFA) Projects:* The City Council has continued to utilize City housing funds to support 100% affordable housing developments through the NOFA process. This included the following affordable housing developments:
    - i. In 2021, the City approved the La Avenida Apartments project and appropriated the \$15 million funds previously reserved. The project is located in the North Bayshore Precise Plan Area and will include 98 units, affordable to low-income households, and two management units.
    - ii. In 2021, the City reserved \$16 million for an 85-unit affordable multi-family rental housing project at 1265 Montecito Avenue. The project proposes 84 affordable units for households with incomes at or below 60% area median income (AMI) and a manager's unit.
    - iii. The City's initial \$1 million reserved for the City-owned Lot 12 affordable housing project was increased to \$12.25 million in 2021.
  - *Measure A Funding:* Staff continues to work with the County and affordable housing developers to access Measure A funding. Staff has been working with the County to set aside \$80 million for current and pipeline projects in the City. These projects would provide a total of 200 supportive-housing units.

- *Other Funding:* The City's funding leveraged other funding sources, primarily tax credits and bond financing. It is likely that these funding sources will continue to be used to produce subsidized rental units to help meet RHNA requirements.
  - i. The City also leverages State Homekey funds for the LiveMoves-Mountain View Homekey interim housing project to serve unsheltered persons. It was completed in April 2021 and includes City funding for operations.
  - ii. In 2021, the City Council reserved \$3.7 million in Community Development Block Grant and HOME funds to support the conversion of the Crestview Hotel into multi-family affordable housing serving largely families and individuals at risk of homelessness or experiencing homelessness. The City also supported the County's application for State funds for this project. The hotel conversion will make it possible to make units available more quickly and affordably.
  - iii. The City executed a ground lease at 87 East Evelyn Avenue to support a future affordable housing development.
- *Other Developments:* The City applies BMR requirements on market-rate development. In 2021, the City worked with the developer of 400 Logue Avenue to include 62 BMR units.
- *Density Bonus:* The Density Bonus Law allows an increase of up to 50% greater density for projects that include either a percentage of units for affordable housing, donate an acre of land for affordable housing, or are a certain type of housing specified in the law, including a senior citizen housing development or a mobile home park for seniors. Between 2013 and 2021, 11 projects, totaling 338 affordable units, were approved utilizing the State's Density Bonus Law. Most recently:
  - i. 1919-1933 Gamel Way (DeNardi)—a 121-unit condominium development, including a 50% density bonus in exchange for nine very low-income and 20 low-income units.
  - ii. 1100 La Avenida (Eden Housing)—a 100-unit affordable apartment development, including a 96% State Density Bonus that will accommodate 98 low-income and two moderate-income units.
- Homebuyer Assistance Program—The City continues to support the Housing Trust Fund's homebuyer program, and in 2021, staff started work on a collaborative effort with Housing Trust and HouseKeys to develop a more accessible homebuyer program

to provide additional housing options. The program is designed for displaced tenants seeking to use “right of first refusal” rights to buy below-market-rate condominiums.

- Mobile Home Rent Stabilization Program—In 2021, the City Council approved a Mobile Home Rent Stabilization program to regulate rent increases in mobile home parks. The program limits rent increases and protects mobile home tenants with “Just Cause” eviction protections.
- Updated Zoning Regulations—In 2021, the City updated the Density Bonus requirements in the Zoning Ordinance to address a range of current density standards and updated submittal requirements to make them clearer and more predictable. Staff is currently updating the Zoning Code to include provisions that would result in the potential for up to four units on eligible R1-zone properties to be consistent with SB 9. The Environmental Planning Commission-recommended approval of the amendments, and the City Council will make the final determination, scheduled for March 22, 2022.
- Other Programs—The City provides services and/or funding to support a variety of programs targeting rehabilitation and maintenance of existing affordable housing complexes, home-buying assistance, outreach to residents/workers who may be eligible for subsidized housing and programs, emergency resources, and mediation and fair-housing services through Project Sentinel.

### **2023 Through 2031 RHNA**

The Association of Bay Area Governments (ABAG) was assigned a regional total from the State totaling 441,176 units for the Sixth-Cycle Housing Element. This is much greater than the previous regional total (2015 through 2023) of 187,990 units. On December 16, 2021, ABAG adopted the Final RHNA Plan for the 2023 through 2031 period, and Mountain View’s Final RHNA allocation is 11,135 units. The City’s Sixth-Cycle RHNA allocation is about 3.8 times its last allocation (shown in Table 3) and amounts to approximately 32% of the City’s

current households. The Housing Element Update for the Sixth Cycle is under way. More information is available at [www.mvhousingelement.org](http://www.mvhousingelement.org).

**Table 3—Draft 2023-2031 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>

**FISCAL IMPACT**—None.

**PUBLIC NOTICING**—Agenda posting.

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- Attachments:
1. 2021 AMI for Santa Clara County
  2. 2021 Housing Element Annual Progress Report