



**DATE:** June 25, 2019

**CATEGORY:** Consent

**DEPT.:** Community Development

**TITLE:** **Below-Market-Rate Housing Program Phase 2 Modifications (Second Reading)**

### **RECOMMENDATION**

1. Adopt an Ordinance Amending Article XIV of Chapter 36 of the Mountain View City Code, Sections 36.40 to 36.40.70, Regarding the Below-Market-Rate Housing Program, to be read in title only, further reading waived (Attachment 1 to the Council report). (First reading: 7-0)
2. Adopt a Resolution Amending the Below-Market-Rate Housing Program Administrative Guidelines Associated with the Ordinance Amending the Below-Market-Rate Housing Program, Mountain View City Code, Sections 36.40 to 36.40.70 (Attachment 2 to the Council report).
3. Adopt a Resolution Amending the City of Mountain View Master Fee Schedule to Modify the Below-Market-Rate Housing Program In-Lieu Fees, to be read in title only, further reading waived (Attachment 3 to the Council report).

### **SUMMARY**

On June 18, 2019, the City Council held a first reading of the ordinance that modifies the City's Below-Market-Rate Housing Program and considered adoption of a resolution amending the associated Administrative Guidelines. These modifications are part of the second phase ("Phase 2") of a two-phase process. Phase 1 was completed in February 2018 and went into effect April 2018. Phase 2 involves an overall update of the BMR Program, including the various modifications identified by the City Council at previous Study Sessions that were not included as part of Phase 1, such as increasing the BMR ownership requirement to at least 15 percent, amending requirements for the Moderate-Income category, modifying the in-lieu fee methodology and amount, facilitating the achievement of BMR units instead of receiving fees, and updating other related program design elements to have overall internal consistency.

At the June 18 public hearing, Council approved the proposed BMR Program amendments and the Administrative Guidelines, with two modifications. First, Council established the on-site BMR requirement for rowhouse/townhouse products at 25 percent—composed of 15 percent at a 100 percent AMI weighted average and a range of 80 percent to 120 percent AMI, and 10 percent at a 135 percent AMI weighted average and a range of 120 percent to 150 percent AMI—and to establish the in-lieu fee level equivalent to this requirement. These modifications have been made in the Ordinance and Administrative Guidelines attached to this report.

Second, Council directed the first review of the BMR Program to occur in three years.

This agenda item is the second reading of the BMR Ordinance (Attachment 1). In addition, the associated Administrative Guidelines (Attachment 2) have been updated per Council direction. The agenda also includes adoption of a resolution amending the Master Fee Schedule (Attachment 3) with the approved BMR in-lieu fee levels to capture the amendments.

### **FISCAL IMPACT**

Phase 2 BMR modifications include increasing the in-lieu fee levels for market-rate rental and ownership residential developments based on equivalency to building the BMR units on-site. Payment of in-lieu fees instead of providing BMR on-site units must be an alternative mitigation request. If such a request is approved by Council, the fees shall be placed into the BMR Housing Fund to fund affordable housing projects. There is no impact to the General Fund.

**PUBLIC NOTICING**

Agenda posting. The ordinance was published at least two days prior to adoption in accordance with City Charter Section 522.

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- Attachments:
1. BMR Ordinance – Second Reading
  2. Resolution to Adopt Administrative Guidelines Amendments
  3. Resolution for Master Fee Schedule