



DATE: March 1, 2016

CATEGORY: Public Hearing

DEPT.: Community Development

TITLE: **779 East Evelyn Avenue Affordable Family Housing Project and Funding Appropriation**

RECOMMENDATION

1. Adopt a Mitigated Negative Declaration for the 779 East Evelyn Avenue family housing project in accordance with the California Environmental Quality Act (Attachment 1 to the Council report).
2. Introduce an Ordinance Amending the Zoning Map of the City of Mountain View for the property located at 779 East Evelyn Avenue from the P-30 (Sylvan-Dale) Precise Plan to the R4 (High-Density Residential) Zoning District, to be read in title only, further reading waived, and set second reading for March 22, 2016 (Attachment 2 to the Council report).
3. Adopt a Resolution Approving a General Plan Land Use Map Amendment to Change the Property at 779 East Evelyn Avenue from General Industrial to High-Density Residential Land Use Designation, to be read in title only, further reading waived (Attachment 3 to the Council report).
4. Adopt a Resolution Conditionally Approving a Development Review Permit for a Four-Story, 116-Unit Residential Affordable Apartment Building with Two Manager Units and One Level of Underground Parking and a Heritage Tree Removal Permit for the Removal of Six Heritage Trees at 779 East Evelyn Avenue, to be read in title only, further reading waived (Attachment 4 to the Council report).
5. Appropriate \$15.7 million in City Below-Market-Rate (BMR) and \$6.0 million in Housing Impact funds for ROEM Development Corporation's proposed project which includes an additional \$200,000 in BMR funding to be used for the installation of a second elevator. For the \$1.12 million of predevelopment funds previously appropriated for the project, authorize any unspent funds to be rolled over into the construction phase of the project.

6. Authorize the City Manager or his designee to negotiate the loan terms, and execute a funding commitment letter, loan agreement, and related loan documents for the BMR and Housing Impact funds.

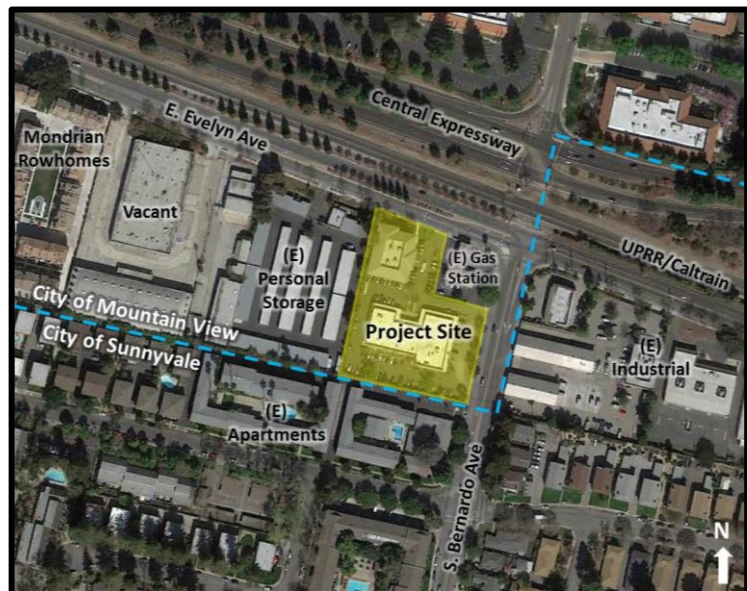
BACKGROUND

In February 2014, the City of Mountain View released a Notice of Funding Availability (NOFA) for affordable housing developments. As part of the NOFA process, the City Council reserved \$21.5 million in BMR funding and authorized a Gatekeeper request to review General Plan Map and Zoning Map Amendments for the proposed 116-unit affordable rental project (Attachment 5—[City Council Report—December 16, 2014, Item 7.3](#)). The project targets the workforce population with incomes at or below 60 percent of the Average Median Income (AMI) in Santa Clara County. Rents for the units will range from approximately \$903 per month for a studio to \$1,604 per month for a 3-bedroom unit, depending on household size and income. Households typically qualifying for these rental rates have a maximum annual income of \$37,250 for a one-person household to \$63,780 for a four-person household.

Through the NOFA and Gatekeeper authorization process, City Councilmembers and members of the public voiced concerns about the site location and distance to public transit, schools, and neighborhood amenities. Council suggested the applicant consider “gap measures” to improve access for residents through encouraging bicycling, providing a shuttle to schools, and coordinating with the Mountain View Community Shuttle. The applicant has proposed a series of alternative transportation measures for residents of the project, which are discussed in greater detail later in this report.

Project Site

The L-shaped, 1.93-acre project site is located at the southwest corner of East Evelyn Avenue and South Bernardo Avenue at the City limit border. The site is currently occupied by a two-story office building and a single-story office building with a convenience store and shares two driveways with the existing gas service station located at the



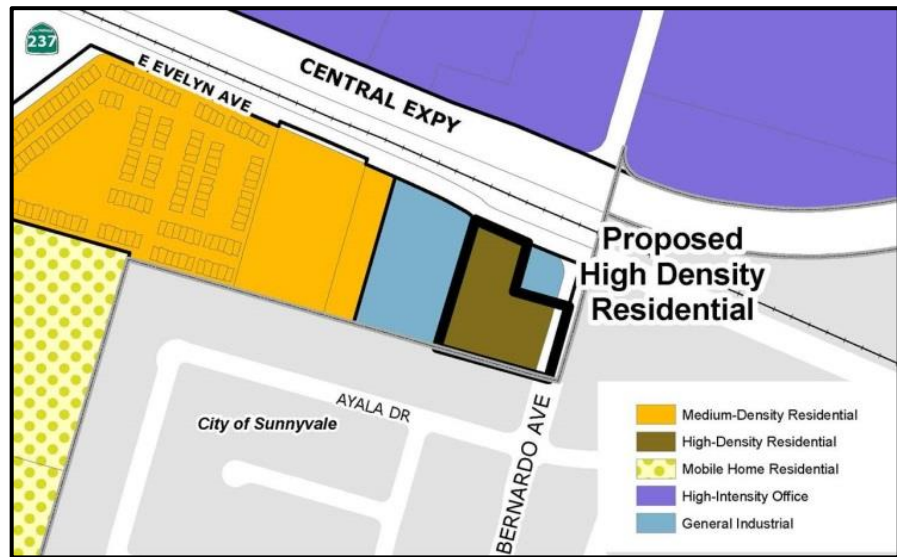
immediate corner, which will be retained. The shared driveways will be reconstructed as part of this project to access the gas station only.

A personal storage facility is located west of the project site, a gas service station and the UPRR/Caltrain railroad tracks are located to the north, industrial uses are located to the east (a metalworking/machine shop), and a two-story apartment complex is located to the south. The project site abuts the City of Sunnyvale to the east and south.

General Plan

Per the General Plan Map, the project site is currently designated General Industrial. A large portion of this segment of Evelyn Avenue, between SR-237 and the City limit border, has transitioned to Medium-Density Residential with approval and construction of the Mondrian residential community, located at the corner of Moorpark Way and East Evelyn Avenue.

To construct a residential project, the applicant is proposing a General Plan Map Amendment from General Industrial to High-Density Residential. The High-Density Residential land use is intended for multi-family residential housing with a density of up to 80 units per acre and a height of up to five

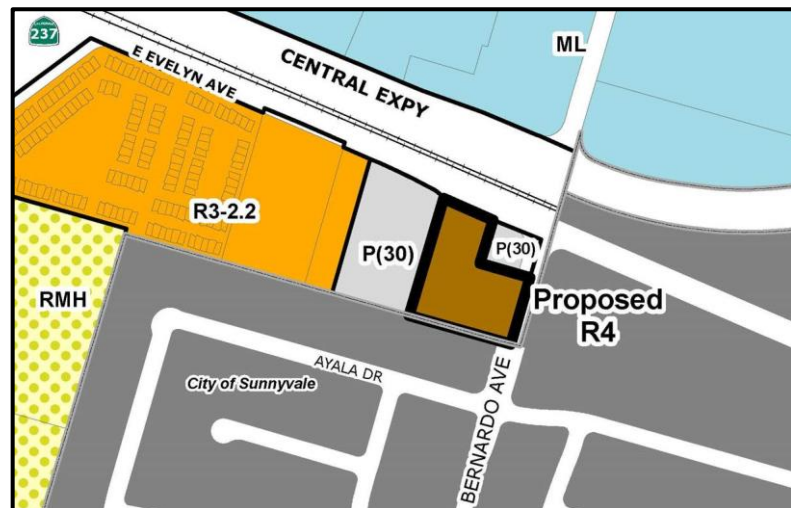


stories. The proposed project is within these guidelines at 60 units per acre and four stories in height (Attachment 3 – Resolution for General Plan Map Amendment).

Zoning

The project site is currently located in the P-30 (Sylvan-Dale) Precise Plan, a neighborhood plan adopted in 1974 which covers the Sylvan Park Neighborhood. This plan differs from other City Precise Plans as it has no development standards traditionally found within Precise Plans. As a result, very few properties remain within the Precise Plan boundaries. Currently, the project site is identified as industrial.

To redevelop, the applicant is proposing to rezone the property to the R4 (High-Density Residential) Zoning District, removing it from the P-30 Precise Plan. By rezoning to an established zoning district, the site can be developed in accordance with the R4 District design and development standards (Attachment 2—Ordinance for Rezoning).



Industrial-to-Residential Conversion

The City has policies regarding the conversion of land uses from industrial to residential which provide guidance on consideration of such applications. The Evelyn Avenue corridor between Moorpark Way and the City limit, where the project site is located, is within an area that may be considered for conversion on a case-by-case basis. The majority of this segment of Evelyn Avenue is residentially zoned with an established residential neighborhood to the west and south of the project site.

For this project, staff believes the conversion to residential land uses is appropriate based on the project maximizing the number of housing units achievable, being contiguous with an existing residential neighborhood, being appropriately designed so as not to impact adjacent business operations, and the conversion will not result in a land use island which is incompatible with adjacent land uses. It should be noted that the site is slightly under the desired 2-acre minimum for conversions (at 1.93 acres) established by the Industrial Conversion Policy. However, the project meets the intent of the site size criteria by achieving the highest unit count achievable while maintaining compatibility with adjacent development in scale, massing, and height.

Project Description

ROEM, the applicant, is proposing to demolish the existing two-story, 14,800 square foot office building and the existing single-story, 29,600 square foot office building and convenience store to construct a four-story, 116-unit affordable apartment complex with two levels of parking (one below grade level and one at grade level). The 116 units, 2 of which are for on-site managers, will be comprised of the following unit mix: 11 studios, 45 one-bedrooms, 45 two-bedrooms, and 15 three-bedrooms.

The project is oriented along two street frontages—Evelyn and Bernardo Avenues—with vehicle access on Bernardo Avenue, adjacent to the main leasing office/lobby and a small surface parking lot with a designated truck loading area. A secondary lobby entrance is located on Evelyn Avenue for residents, along with four ground-floor units which have direct access to the street. The proposed building amenities include a bike storage room, a computer/homework room, a fitness center, personal storage lockers, and a central courtyard area with landscaping, barbecue facilities, dining areas, and a play structure. Please note, Sheet A0-0 is the proposed project site plan with an outdoor amenity area adjacent to the rear parking lot and vehicle entrance (as shown above), which is not consistently shown throughout the plan set (Attachment 4—Resolution for Project Conditions of Approval and Attachment 6—Project Plans).



In addition to the proposed on-site improvements, the project includes street improvements, such as new separated sidewalks along both project frontages, a new

center vehicle turn lane on Bernardo Avenue, and bicycle lane improvements on Bernardo and Evelyn Avenues, all of which will be discussed later in this report.

Public Meetings/Hearings

There has been extensive public outreach and neighborhood input on the proposed project, including:

- A NOFA Review Committee meeting;
- Two City Council meetings;
- Two Development Review Committee (DRC) meetings;
- An Environmental Planning Commission (EPC) public hearing; and
- Two neighborhood meetings.

NOFA Review Committee

During the NOFA process, an 81-unit proposal for 779 East Evelyn Avenue was reviewed by the NOFA Review Committee in October 2014. The NOFA Review Committee, at that time comprised of two City Councilmembers, the City Manager, Community Development Director, and Administrative and Neighborhood Services Manager, expressed concern that the site was not an ideal location for affordable housing. Of particular concern was lack of proximity to public transportation, services, and schools. Some Committee members expressed that ideal residential sites were difficult to find in the real estate market, especially for affordable housing developers who are more constrained by funding limits.

In the end, the Committee voted to move the project forward to Council for a reservation of funding. They requested that the developer explore a higher-density option and transportation options from the development to nearby Edith Landels Elementary School. In December 2014, the City Council reserved funding for the higher-density option as a result of the NOFA Review Committee's recommendation. The composition of the NOFA Review Committee was also changed and is now comprised of three City Councilmembers appointed by the Mayor.

City Council Meeting on Parking Demand

Following the reservation of funding and Gatekeeper authorization hearing in December 2014, City staff presented a parking study to the City Council in May 2015. The parking study supports a lower parking ratio for the project than required by the City's Zoning Ordinance for multi-family residential projects. Per the City's Zoning Ordinance, reduced parking requirements may be considered when a parking study indicates that a lower parking ratio will be adequate for the project's parking demand. For affordable housing projects, parking demands are significantly lower than market-rate projects because lower-income households typically have fewer cars and often use alternative transportation options (Attachment 7 – City Council Report – May 26, 2015).

The parking study included a comparative analysis of three existing affordable housing projects in the cities of Sunnyvale and San Jose with similar unit mixes, distances to major transit services, and access to neighborhood commercial services/amenities. While the parking study suggested a ratio of 1.68 spaces per unit, staff recommended a higher ratio at 1.75 spaces per unit, based on the highest sample collected. Council authorized the project to proceed with a parking ratio of 1.75 spaces per unit (totaling 203 spaces) and the proposed project meets this standard.

Development Review Committee

The project was reviewed by the DRC on April 15, 2015 and November 4, 2015, where they recommended conditional approval of the project design. Comments provided by the DRC and incorporated into the project design include:

- Establishing a 15' setback around the side property lines to allow adequate space for trees and landscaping;
- Recessing the windows along street frontages to add depth;
- Highlighting the main entrance by projecting out the entry on Evelyn Avenue, adding a taller/grander awning, and widening the staircase to the street;
- Adding vertical and horizontal breaks/relief in the building elevations at key elements;
- Applying some of the same horizontal detailing proposed on the exterior facade to the interior courtyard facade; and

- Converting a portion of the rear parking lot to landscaping for outdoor amenity space.

Neighborhood Meetings

The City and ROEM hosted two neighborhood meetings at Edith Landels Elementary School. The first meeting was held on November 18, 2014 and was attended by five members of the public. This meeting was held prior to the City Council public hearing on the Gatekeeper request and reservation of funding for the project. Concerns expressed at this meeting were primarily regarding the lack of public transit options and difficulties for children to walk to the local elementary school from the project site. One participant suggested the community shuttle be extended into this area of the City. Additionally, questions were raised regarding construction and development impacts of the potential project to surrounding neighbors and properties (Attachment 8—November 18, 2014 Meeting Notes).

The second meeting was held on November 12, 2015, where approximately 20 members of the public were present. Those in attendance included a mix of neighbors, business and property owners, and those interested in living in the project. Most of the comments received from the public included questions about the project design, types of units, rental rates, amenities, and procedures on applying as a resident. Additionally, there were concerns raised as to why the existing convenience store could not be relocated into the project, about impacts to schools with the addition of more children from future residents of the project, and about dust and other construction impacts on adjacent properties nearest the project site (Attachment 9—November 12, 2015 Meeting Notes).

Environmental Planning Commission

On February 17, 2016, the project was reviewed at an EPC public hearing, where Commissioners recommended approval (7-0) of the project, map amendments, street improvements, and Initial Study/Mitigated Negative Declaration (IS/MND) (Attachment 10—EPC Staff Report dated February 17, 2016).

Commissioners applauded the high-quality project design and amenities, supported the mix of affordable units, and felt the project contributed toward improving the job-housing ratio within the City. They were particularly impressed with the alternative transportation program proposed for residents of the project. Additionally, they felt this project was a good example of a strong partnership and coordination between the

City and ROEM. Some additional comments and direction to the applicant on the project from Commissioners included:

- Encouraging the applicant to target as high of a sustainable certification level as feasible, such as LEED Platinum levels achieved on other ROEM projects within the City;
- Requesting the applicant to look at horizontal bike storage, instead of vertical bike storage, and relocating the bike storage area closer to a building entrance for easier access by residents; and
- Providing more information on the proposed bike-share program, such as number of bikes or partnerships with outside organizations.

One member of the public was in attendance at the meeting and spoke in support of the project on behalf of the Greenbelt Alliance. Staff also received four public comments on the project prior to the EPC hearing, all of which support the project (Attachment 11 – Public Comments Received for EPC).

ANALYSIS

Project Design



ROEM is proposing a contemporary architectural style, with stone and stucco, a combination of flat and sloped roofs, dark bronze-framed windows, and various accent materials. The design includes a series of complementary paint colors to highlight various projections, floor levels, and articulations on the building exterior. The lobby

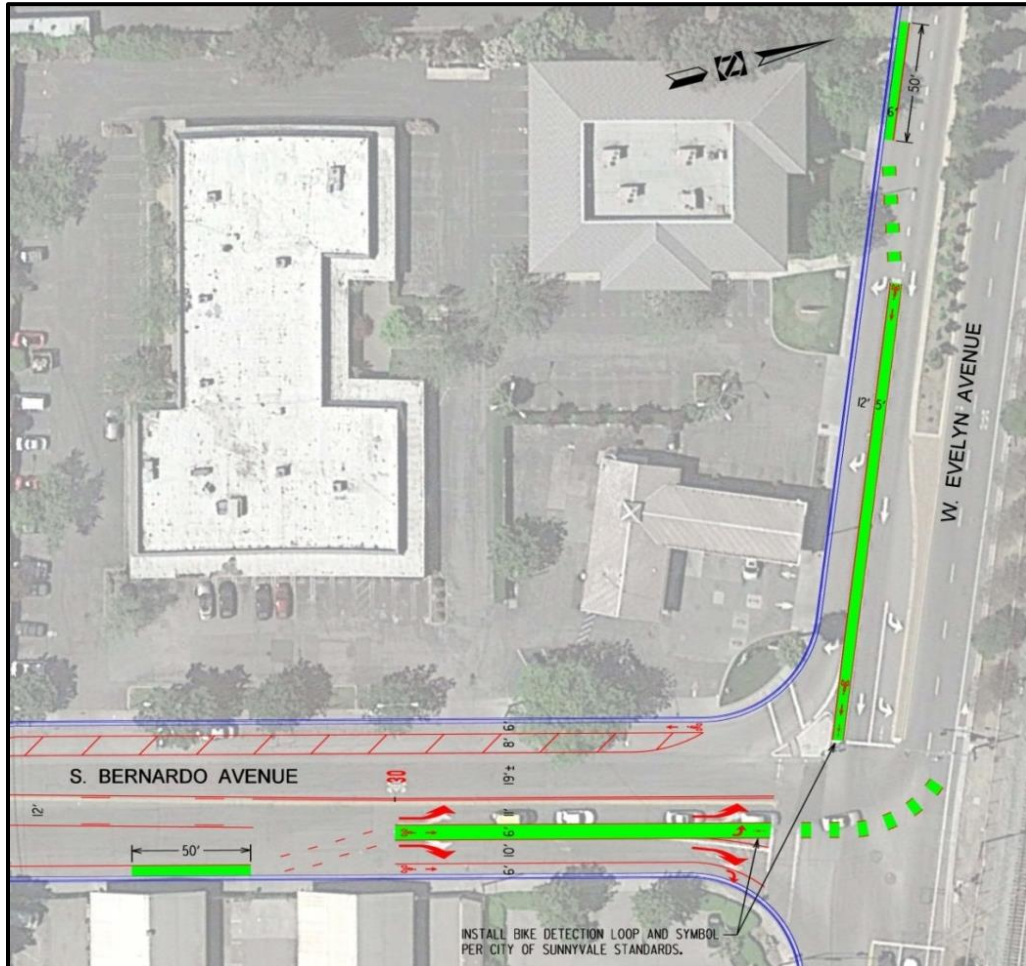
and leasing office entries will have taller glass storefronts with metal awnings, highlighting them as main entrances.

The building includes balconies for each unit, excluding three ground-floor units where balconies are not feasible due to the streetscape design or building entries. The units range in size from approximately 530 square feet for studios, 650 square feet for one-bedroom units, 870 square feet for two-bedroom units, and 1,175 square feet for three-bedroom units.

Dense landscaping is proposed along the side property lines, within the 15' building setback, to buffer the personal storage facility and gas service station from the project, and along the rear property line, within the 51' building setback, to add visual screening from the adjacent one- and two-story residential apartments to the south. The building is proposed to be four stories with a total height of 57'6", within the maximum permitted height of 60'. The building is proposed to be designed to meet LEED Gold.

To construct the project, the applicant proposes removing 41 of the 46 trees on-site, of which 6 are Heritage trees, including 4 pear trees, 1 privet tree, and 1 Mexican fan palm tree. The applicant is proposing to retain 4 existing street trees on Bernardo Avenue, which are in good health, and 1 pear tree on Evelyn Avenue near the street.

Proposed Street Improvements



As part of the project, the applicant is proposing street improvements to increase vehicle and bicycle safety in the area (Attachment 12 – Proposed Street Improvements). The street improvements include:

- A new center turn lane on South Bernardo Avenue which will allow cars to turn into and out of the project driveway in the northbound direction without impacting vehicle queuing in the existing lane;
- Remove street parking on the west side of South Bernardo Avenue, from the intersection of Evelyn Avenue to the City limit, to increase safety for bicyclists and reduce conflicts with the gas station driveways. Street parking is currently not permitted on the east side of Bernardo Avenue;

- Install new bike lanes, including green striping, on both sides of Bernardo Avenue, with a new left-turn bike lane added on the northbound Bernardo Avenue approach onto westbound Evelyn Avenue;
- Install green striping on existing bike lanes on Evelyn Avenue, approaching the Bernardo Avenue intersection; and
- Install bike traffic light sensors at the Evelyn Avenue and Bernardo Avenue intersection, as well as appropriate directional signage for bicyclists.

The proposed bike lane improvements are from the City's Bicycle Transportation Plan Update, adopted in November 2015, where the Evelyn Avenue/Bernardo Avenue intersection was identified for improvement. Evelyn Avenue is a major bicycle corridor within the City with approximately 70 peak-hour a.m. and p.m. bike trips traveling through the intersection. These bike lane improvements offer a good alternative for residents from the project to access the Mountain View Transit Center, downtown, or other amenities within the City. Because this intersection is shared with the City of Sunnyvale, City staff has reviewed these preliminary plans with Sunnyvale city staff, who are supportive of the improvements.

Alternative Transportation Program

In addition to incorporating bicycle facilities and improvements into the project, City staff has worked with the applicant on developing an alternative transportation program and to aid residents of the project in accessing school and work. The proposed program includes:

- A private shuttle bus to local Mountain View public schools (elementary and middle schools) in the a.m. and p.m. hours to drop off and pick up students who are residents of the project. The shuttle will also travel to the Mountain View Transit Center during peak commute hours to drop off and pick up residents. The private shuttle is an alternative to the Mountain View Community Shuttle, which has an existing station stop at Sylvan Park (approximately 0.5 mile from the project site), as it will allow more flexibility in transporting residents of the project to specific locations at specific times;
- Provide Santa Clara Valley Transportation Authority (VTA) Eco Passes, or an equivalent transit pass option, to all residents for the life of the project at no cost;

- One dedicated car-sharing space on-site for residents to utilize on an as-needed basis, particularly for those who may not be able to afford car ownership;
- An on-site bike-sharing program for residents to “sign out” bicycles, at no cost, on an as-needed basis. Following the EPC hearing, staff and ROEM had further discussions regarding the bike-share program and ROEM agreed to provide and maintain up to 12 on-site bicycles (at 10 percent of the required bicycle parking for the project) within the parking garage. ROEM intends to partner with an outside organization to fund the bike-share equipment and maintenance. Project Condition No. 54 on Page 8 of Exhibit A to Attachment 4 (Resolution for Project Conditions of Approval) has been modified to clarify this transit benefit; and
- An on-site commute coordinator to assist residents in managing and monitoring the community alternative program, including transit options and bicycle routes within the City.

Environmental Review

An Initial Study/Mitigated Negative Declaration (IS/MND) was prepared for the project, which analyzed potential environmental impacts of the project and identified mitigation measures for significant impacts related to air quality, hazardous materials, noise, and utilities on the project site. With incorporation of mitigation measures, these impacts can be reduced to less than significant.

Staff received and responded to one public comment on the IS, which is located in the Response to Comments Section of the IS/MND. The comment was from the VTA, who supported the project’s streetscape design.

Relocation Assistance

There are three existing businesses located on the project site—a Shop ‘n Save convenience store and two software companies, Skyfire and Matrixx Software, Inc. Under California Government Code Section 7260, “California Relocation Assistance Law,” any business or residence displaced by an activity funded by a public entity is entitled to receive relocation assistance. Since the displacement affects less than 10 businesses, California Government Code does not require a formal relocation plan be adopted by the City Council. Instead, the California Government Code will be used to define fair and reasonable relocation expenses and payments. To assist with the relocation services for the three commercial/office tenants, Associated Right of Way Services (ARWS) has been retained by ROEM. ARWS will continue to work with all

three businesses to ensure the requirements of the California Relocation Assistance Law are met.

Project Financing

Financing for affordable housing developments 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 dwindling and changing funding sources. On December 16, 2014, the City Council reserved \$21.5 million in affordable housing funds for this project, including \$1.12 million in BMR In-Lieu fees for predevelopment expenses. It is recommended that predevelopment funds that are not spent be rolled over into the construction funding at the execution of loan documents.

At this time, two of the primary sources of outside funding for affordable housing projects are the 4 percent and 9 percent tax credit programs. Both tax credit programs are Federally funded programs administered at the State level by the California Tax Credit Allocation (CTCAC). 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.

Prior to requesting a reservation of funding from the City Council in December 2014, staff compared funding the 116-unit option with the highly competitive 9 percent tax credit and the noncompetitive 4 percent tax credit program. Typically, the 4 percent tax credits will require substantially more City funding; however, due to the number of units and project density, there is a much smaller difference for this project. Although the 4 percent tax credit scenario requires an additional \$1.5 million subsidy, it is essentially guaranteed through a noncompetitive process. Applications can be made six times a year, unlike the 9 percent credits, which are highly competitive and can take years to secure. Since the 4 percent credit expedites and ensures funding for the project, it was considered the most viable financing scenario for the 116-unit option presented to Council (Attachment 13 – Project Pro Forma).

Table 1 below compares the last four affordable developments to ROEM's proposed project. The table demonstrates that the proposed project is in line with past affordable

developments in terms of City subsidy per unit. The project cost per unit is higher than past projects, but this is a reflection of escalating land and construction costs in Santa Clara County.

Table 1. 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
San Antonio Place	120 studio units	\$21,207,266	\$176,727	\$5,465,265	\$45,544
Franklin Street Apartments	4 one-bedroom units 32 two-bedroom units <u>15 three-bedroom units</u> 51 units total	\$23,849,641	\$467,640	\$12,547,000	\$246,020
819 North Rengstorff Avenue	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 Project	26 studios <u>1 one-bedroom manager unit</u> 27 units total	\$10,468,465	\$387,721	\$4,652,000	\$172,296
ROEM NOFA 779 East Evelyn Avenue	7 studios 39 one-bedroom units 36 two-bedroom units 33 three-bedroom units <u>1 manager unit</u> 116 units total	\$62,405,964	\$537,982	\$21,700,000	\$187,069

In addition to the City contribution and the tax credit funding discussed earlier, ROEM will also apply for funding from Citi Community Capital. The figures in Table 2 below are from ROEM's project pro forma and show the amount required from each funding source for the proposed development.

Table 2: Project Sources

PERMANENT SOURCES	AMOUNT
Tax Credit Investor Capital	\$16,527,645
City of Mountain View – NOFA	\$21,700,000
Permanent Loan	\$16,982,000
Citi Community Capital	\$2,900,000
Lease-Up Income	\$666,247
Section 8 PBV Program	\$550,000
Deferred Interest and Fee Waivers	\$3,080,072
TOTAL	\$62,405,964

The total cost of the project has increased from \$57,404,997 to \$62,405,964 since December 2014 when ROEM received a reservation of funding. ROEM attributes the increase to rising construction costs and a decrease in funding from Citi Community Capital. According to ROEM, construction costs have risen between 14-20 percent between December 2014 and today. To address the increased costs, ROEM has deferred a larger portion of its developer fee and will be applying for the Department of Housing and Urban Development (HUD) Section 8 Project Based Voucher (PBV) program. ROEM also will be renegotiating with Citi Community Capital to increase the contribution to its previous level.

HUD Section 8 Project-Based Vouchers (PBVs)

When ROEM applies to the Housing Authority of the County of Santa Clara they will be requesting PBVs for 25 percent or less of the total 116 units. With PBVs, the tenant pays a maximum of 30 percent of their income and the remainder of the rent is covered by HUD. Since the PBVs are associated with the rental unit and not with the tenant, ROEM is able to have a guaranteed rental income for the PBV units for at least 15 years. This guaranteed rental income allows the development to support a larger permanent loan.

With PBVs, ROEM would not be able to reserve the 29 units for persons who live or work in Mountain View. However, the City’s live-or-work preference could still be applied to all other units not receiving the HUD Section 8 subsidy. If the City Council prefers that the live-or-work preference be applied to all the units, then ROEM would need to continue to find additional funding from other sources.

Value Engineering

Value engineering refers to the efforts made by a project designer and owner to lower estimated construction costs. Value engineering attempts to identify alternate building materials and systems that are less expensive to purchase and/or install than ones originally proposed, without compromising the intended usability, function, or long-term performance. ROEM will continue to make efforts to reduce costs during construction through value engineering.

In an effort to mitigate costs, ROEM has approached the City regarding the elimination of a second elevator. However, with 116 units in the building, staff is recommending that the second elevator remain. The inclusion of the second elevator improves the quality of life for the residents and allows for an alternate elevator if maintenance is required on one of the elevators. To retain the second elevator, an additional \$200,000 in funding by the City is being recommended by staff to cover this cost.

City Loan

City funding would be provided in the form of a deferred payment loan with 3 percent simple interest and a 55-year term. Structuring the financing as a loan allows the project to qualify for more tax credit proceeds and enable the City to eventually recoup the funding, which can then be used for other affordable housing developments. Loan repayments are usually made from "residual receipts," which is defined as the excess cash available after all reasonable and typical project operating expenses are paid. The rate of loan repayments will depend on the availability of excess project revenue. The full loan amount is repaid at maturity of the loan in 55 years. This is a typical loan structure for most affordable housing developments.

The City loan, secured by a deed of trust and promissory note, is subordinate to any bank financing on the property. In addition to the deed of trust and promissory note, a loan agreement is prepared for each City source of funding. Finally, a regulatory agreement is also prepared which includes the City's requirements for the operation and management and sets the terms of affordability of the property.

Property Management

Management Plan

ROEM 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 a

tenant selection process. The Management Plan will include the resident rules, tenant selection and leasing process, oversight of resident services, policies for record keeping, and other administrative guidelines.

Tenant Selection

Where allowed by funding sources, a preference for tenancy will be given to households living or working in Mountain View, per Council policy. 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. As with all affordable developments, City staff will monitor the tenant selection process and verify that the property is being managed and maintained properly. City staff will also assist in outreach in multiple languages to inform residents about available units.

Resident Services

FPI Management will manage this property after construction. FPI has over 40 years experience in property management and manages affordable as well as market-rate properties. They currently manage over 95,157 units in seven states. Of the 95,157 units in FPI's management portfolio, over 34,464 units are affordable. Since the proposed project contains over 100 units, two full-time managers will live on-site and another full-time staff person will act as a service coordinator. Services offered help promote self sufficiency and are tailored to the needs and interests of the tenants. Typically, computer, English as a second language (ESL), and personal finance classes are offered to adults. Homework assistance and game nights are offered to the children residing in the development.

Project Schedule

If the City Council approves this project on March 1, the following are the next steps moving forward with the development schedule:

- 4 Percent Tax Credit Application March 21, 2016
- Tax Credit Award Notification May 18, 2016
- Construction Start June/July 2016
- Project Completion May/June 2018

FISCAL IMPACT

Funding of the project will have no impact on the General Fund. The City loan to this project would be a total of \$21.7 million and would come from the BMR and Housing Impact funds. The total City funding includes the \$1.2 million in predevelopment funds that have already been appropriated and would be rolled into this loan.

The project ownership and management will be a partnership between ROEM and Pacific Housing, Inc., a nonprofit organization. Due to Pacific Housing's nonprofit status, the development will be exempt from paying property taxes. The property currently contributes \$13,700 in annual property tax revenues to the City.

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

CONCLUSION

The proposed project will create new affordable workforce housing for a diverse mix of households within Mountain View. It incorporates high-quality design, amenities, and transit benefits for future residents within the project and its immediate surroundings, with street and bicycle lane improvements. The project has been through an extensive public participation and development review process that has resulted in an improved project, which highlights alternative transportation and sustainability features.

Construction and other development costs have escalated since this project received a funding reservation in December 2014. In order to keep a second elevator in the building, staff is recommending an additional \$200,000 in funding to cover the costs. ROEM intends to apply for 4 percent tax credits in March 2016 and, if successful, could be under construction as early as June 2016. Construction is estimated to be completed and ready for occupancy by June/July 2018.

ALTERNATIVES

Project Options

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

Funding Options

1. Appropriate the \$21.5 million that was reserved in December 2014 and not fund the second elevator for the building.
2. Appropriate \$21.7 million, which includes an additional \$200,000 to install a second elevator for the building.
3. Appropriate an additional \$550,000 to eliminate the need for Section 8 funding to ensure that households living or working in Mountain View will have preference for all units.
4. Choose not to appropriate funding for this project.
5. Provide other direction.

PUBLIC NOTICING

Public noticing included posting of the agenda and publishing public hearing notices. Notices were mailed to all property owners and tenants within a quarter mile of the project site and interested persons. The meeting agenda is advertised on Channel 26 and the agenda and Council report are available on the City website. The City of Sunnyvale has been notified as well. The ordinance was published two days prior to adoption in accordance with City Charter Section 522.

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LH-VG-LL-TB/7/CAM/894-03-01-16CR-E

- Attachments:
1. Mitigated Negative Declaration
 2. Ordinance for Rezoning
 3. Resolution for General Plan Map Amendment
 4. Resolution for Project Conditions of Approval
 5. [City Council Report – December 16, 2014, Item 7.3](#)
 6. Project Plans
 7. [City Council Report – May 26, 2015, Item 7.3](#)
 8. November 18, 2014 Neighborhood Meeting Notes
 9. November 12, 2015 Neighborhood Meeting Notes
 10. EPC Staff Report Dated February 17, 2016
 11. Public Comments Received for EPC
 12. Proposed Street Improvements
 13. Project Pro Forma