



DATE: February 27, 2018

CATEGORY: Consent

DEPT.: Community Development

TITLE: **Modifications to the BMR Affordable Housing Program (Second Reading)**

RECOMMENDATION

1. Adopt an Ordinance Amending the Below-Market-Rate Housing Program, Mountain View City Code Sections 36.40.10 through 36.40.25. (First reading: 7-0)

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 36.40.10 Through 36.40.25.

SUMMARY

On February 13, 2018, the City Council held a first reading of the ordinance that modifies the City's Below-Market-Rate affordable housing program. These modifications are part of the first phase of a two-phase modification process. The City Council approved increasing the affordable housing requirement for rental developments to 15% but kept the current 10 percent requirement for ownership developments until the second phase of the BMR modification process. The Council also approved the \$34.57 per square foot rental in-lieu fee and providing flexible alternative mitigations.

Staff also recommends a modification to the BMR Guidelines regarding the effective date of the new 15% requirement to clarify that non-Gatekeepers must have a complete formal application submitted *and determined complete* by the effective date of the ordinance to be exempt. See Attachment 2 for this clarification.

FISCAL IMPACT

This first step of the modification process could reduce the revenues received through the City's housing programs while resulting in the construction of more affordable units by developers. The City Council approved rescinding the Rental Housing Impact Fee, and the BMR Rental In-Lieu Fee amount is only for fractional rental units and not as an alternative to building the required affordable housing units. However, these changes are intended to facilitate the actual production of affordable housing, which aligns with the Council's desire to see units built rather than fees paid.

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 for BMR Guidelines
Exhibit A. BMR Guidelines