From: Brian Griggs
Sent: Tuesday, November 4, 2025 8:53 AM
To: City Council
Cc: , City Clerk
Subject: Agenda Item 7.1 Public Comment
Attachments: 11425 Comment on 11425 Agenda Item 7.1.pdf

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Please see the attached public comment on agenda item 7.1 for tonight's City Council meeting.

Brian Griggs
Griggs Resource Group

MEMORANDUM

Date: November 4, 2025

To: Mountain View City Council

From: Brian Griggs –

Re: Council Review of Below-Market-Rate (BMR) For-Sale / Ownership Guidelines

As part of tonight's City Council discussion on Agenda Item 7.1, it would seem prudent to consider modifications of certain provisions in City's currently adopted BMR Administrative Guidelines (City BMR Guidelines) as they relate to BMR ownership homes. While the Council Report presents many items for discussion which may consume the majority of the discussion, these comments focus solely on the BMR Ownership considerations.

Background and Context

Mountain View currently has only 14 total BMR ownership units citywide, and only one has become available for sale since the 2019 modification to the for-sale BMR requirements. These 14 units represent approximately 0.001% of the City's roughly 14,000 owner-occupied homes. City Housing Staff indicated there are 3,960 people on the City's waiting list to purchase a BMR ownership unit as of October 28, 2025, and the single BMR unit sold in the past six years received over 250 formal applications.

Given the extremely limited production and turnover of BMR ownership units, several provisions of the City's BMR Guidelines may warrant re-evaluation.

Specific Current City BMR Guideline Provisions

The attached, highlighted pages are provisions in the City BMR Guidelines where the City Council may consider modifications to current BMR ownership provisions. The brief summary of each item is below:

Page 7 – 25% On-Site BMR Requirement: The current requirement for 25% on-site BMR units is out of alignment with benchmark programs in comparable jurisdictions. The table below from the December 12, 2023 Staff Report illustrates this inconsistency.

Table 2: Benchmarking BMR Programs in Other Cities

Component	Mountain View	Cupertino	Palo Alto	San Jose	Santa Clara	Sunnyvale	Redwood City	San Mateo
Program Date	6/25/2019 (Phase 2)	5/20/2020 (Revised)	4/17/2017 (Revised)	3/9/2021 (Revised)	1/13/2018 (Revised)	9/25/ 2019 (Adopted)	9/27/2021 (Revised)	1/3/2020 (Revised)
% Required (Rental)	15%	15%	Not applicable*	15% or 10%	15%	15%	20%	15%
AMI Levels (Rental)	50%-120% AMI and weighted average ≤ 65% AMI	6% up to 80% AMI; 9% of Units at up to 50% AMI	Not applicable*	Depends on % reqmt. 30%-120% or 0%-30% AMI	50%-120% AMI and weighted average ≤100% AMI	30%-80% AMI	VLI to Moderate Income	50%-70% AMI
% Required (Ownership)	15% (25% for rowhomes)	20%	15%-20%	15%	15%	15%	15%	15%

• Page 9 – Asset and Down Payment Restrictions: The $150,000 maximum asset limit has not been revised since 1999 and should be updated. Further, the current limits on down payments—30% maximum, prohibition of all-cash purchases, requirement that at least 50% of down payment be buyer funds, and 50% cap on gifts are overly restrictive and hinder qualified buyers

Page 19 – Resale Cap: The current resale cap of a BMR unit (one-third of the CPI increase) severely limits appreciation for BMR homeowners. Because the City retains the first right of purchase, this structure benefits the City rather than the homeowner upon resale as the City can then resell the unit at “then market” BMR capped prices which historically have appreciated much more rapidly than one-third of the CPI increase.

I would encourage the Council to direct City Housing Staff to look into benchmarking for these items above to ensure that the City’s BMR Guidelines are commensurate with other peer cities.

Feasibility and Benchmarking for the 25% BMR Requirement

The 2019 EPS Feasibility Report, on which the 25% BMR requirement for rowhouses and townhouses was based, contains outdated assumptions, including a 20% down payment and 35% of a buyer’s income being used toward housing costs. Both of these differing assumptions from the City’s adopted calculations (see Page 10 attached) artificially indicate a higher sales price than currently established by the City and falsely increase feasibility. The feasibility analysis from the EPS report should be updated given changes in construction costs and financing conditions, as well as the report should use the established City calculations for establishing sales prices. Notably, the 2019 report analyzed only a 20% inclusionary requirement, not 25%.

Conclusion

Balancing the goal of increasing affordable homeownership opportunities with the need to ensure feasible project development is challenging. Revisiting and updating the provisions outlined above can help achieve a more effective and sustainable BMR ownership program in Mountain View.

CITY OF MOUNTAIN VIEW
BELOW-MARKET-RATE HOUSING PROGRAM

ADMINISTRATIVE GUIDELINES

ADOPTED BY THE MOUNTAIN
VIEW CITY COUNCIL ON
JANUARY 26, 1999

REVISED: MAY 14, 1999
REVISED: FEBRUARY 27, 2018
REVISED: JUNE 25, 2019

b. Ownership: All nonexempt ownership residential developments other than rowhouses and townhouses (as defined in Article IV of Chapter 36 of the City Code) shall include at least 15 percent of the total number of ownership dwelling units within the development as units affordable to Moderate-Income households making between 80 percent and 120 percent AMI as required by the Program and Guidelines. The affordable ownership units must be provided at a minimum of two income levels, with a resulting income level equal to a weighted average of 100 percent of the AMI when considering all of the affordable ownership units cumulatively. Rowhouses and townhouses in residential ownership developments shall be subject to a 25 percent on-site BMR requirement, with 15 percent at a weighted average of 100 percent with a range of 80 percent and 120 percent AMI; AND a 10 percent on-site BMR requirement at a weighted average of 135 percent AMI with a range of 120 percent and 150 percent AMI.

The City does not allow BMR ownership units set at an income level lower than 80 percent AMI to count toward a for-sale project's BMR requirements, unless a reserve is established that can be utilized by lower-income owners to fully pay for future expenses related to increases in homeowners association (HOA) fees or other assessments, such that the overall housing cost of homeownership is maintained at an affordable level.

The calculation of weighted average is as follows for all ownership projects and shall also apply to rowhouse/townhouse projects for the 135 percent AMI weighted average requirement applicable to that product type:

$$\frac{\text{(AMI A)(\# of units @ AMI A)}}{\text{Total \# of affordable Units}} + \frac{\text{(AMI B)(\# of units @ AMI B)}}{\text{Total \# of affordable Units}} + \text{etc.} = \text{100 percent AMI weighted}$$

c. The BMR units at the various income levels shall be proportionately distributed among and representative of the various unit types within the overall development.

d. The weighted average methodology provides flexibility to developers in the various income levels that they may choose. However, the determination of income levels shall meaningfully incorporate City input on desired income levels depending on the housing goals and priorities at the time, including, but not limited to, progress toward meeting the City's regional housing needs allocation (RHNA).

projects could allow a household income up to 150 percent AMI if applicable per Section D.4.b. The City or its designee will maintain a waiting list of qualified persons.

b. In addition to income limits, BMR ownership units are subject to asset limits. The assets of an owner of a BMR unit cannot exceed 30 percent of the purchase price of the BMR unit or $150,000, whichever is lower, excluding funds dedicated to Federally recognized retirement programs. The maximum allowable down payment is 30 percent of the purchase price of the unit. All-cash purchases are not allowed. A 5 percent minimum down payment based on the purchase price is required; a minimum of 50 percent of the down payment must be the applicant's own funds; and a maximum of 50 percent of the down payment may be gifts. Income and assets of applicants will be verified by the City or its designee.

c. BMR units shall be rented or sold based on income limits for a household size using the "bedrooms + 1" formula, and the minimum occupancy level shall be one person per bedroom, as follows:

- Studios:
  - Housing cost based on 1-person household
  - Minimum occupancy is 1-person household
- 1 bedroom:
  - Housing cost based on 2-person household
  - Minimum occupancy is 1-person household
- 2 bedrooms:
  - Housing cost based on 3-person household
  - Minimum occupancy is 2-person household
- 3 bedrooms:
  - Housing cost based on 4-person household
  - Minimum occupancy is 3-person household
- 4 bedrooms:
  - Housing cost based on 5-person household
  - Minimum occupancy is 4-person household

An exception to the minimum occupancy standards shall be made if a reasonable accommodation is required.

residence, defined as occupancy for a minimum of 10 months in a calendar year. The household has the burden of proof to demonstrate that the BMR unit is the primary place of residence.

4. **Subletting of BMR Units Prohibited and Hardship Provision**

BMR units or rooms within a BMR unit, including BMR rental and ownership units, shall not be sublet for any duration of time. However, if the BMR tenant/owner experiences and can demonstrate a financial hardship, the unit or rooms within a unit may be rented or sublet at an "up-to" amount with prior approval from the Community Development Director or designee. Prior approval from the property owner/management representative to sublet a BMR rental unit shall also be required. In no event shall the hardship exemption exceed six months unless it can be demonstrated that the financial hardship is longer-term, nor shall subletting allow the BMR tenant/owner to earn a profit on the BMR unit by collecting rent that exceeds the affordable rent or affordable housing cost or that exceeds the balance of the affordable rent or affordable housing cost that the BMR tenant/owner is unable to pay after taking the financial hardship into account. Failure to comply with this provision shall subject the tenant/owner to penalties under Section G.7 of these Guidelines.

5. **City's Option, Resale Provisions, and Deed Restrictions**

All BMR units shall be subject to deed restrictions, covenants, resale restrictions, and other applicable conditions and documentation to ensure compliance with the Program, and which includes an option that entitles the City or its designee the first right to purchase a BMR ownership unit at the lower of: (1) market value; (2) the purchase price paid by the seller, plus one-third of the increase (during the period of seller's ownership) in a CPI, All Urban Consumers, San Francisco-Oakland-San Jose, published by the U.S. Department of Labor, Bureau of Labor Statistics; or (3) an amount equal to the price affordable to household earning the income level specific to the BMR unit. To qualify for an exception to the City-imposed restriction that the BMR unit be sold to a City-approved BMR household, the requesting party must demonstrate an inability to obtain a qualified buyer within a 180-day period and the City has determined not to exercise its option. If an exception is granted, the seller will be entitled to receive the lowest of sales prices as described in Items 1 through 3 above. The balance of the proceeds shall be paid to the City of Mountain View to be deposited in the City's BMR Housing Fund. The deed restrictions will prohibit sales or transfers of the property except with the written consent of the City and at a price computed as above.

d. Preference is given to eligible applicants for a BMR unit if they live or work in the City of Mountain View, to the extent permitted by State or Federal law or other fair housing laws.

8. **Determination of Rents for Rental Units**

A residential development's BMR rental units shall have rents affordable to Very Low-, Low-, and Moderate-Income households (approximately between 50 percent and 120 percent AMI), with a cumulative weighted average of 65 percent AMI, and shall be based on the income level of the presumed household size that corresponds with the various unit sizes as stipulated in Section D.7.c.

The monthly rents are based on rental levels that do not exceed 30 percent of the selected income level for that unit and the presumed household size that corresponds with the various unit sizes as stipulated in Section D.7.c of the Guidelines, and a utility allowance shall be factored into the total housing cost. The eligible household income range may be adjusted annually to reflect adjustments in income categories published periodically by the State Department of Housing and Community Development for Santa Clara County.

9. **Determination of Sale Prices for Ownership BMR Units**

The purchase price of a residential development's BMR ownership units shall be affordable to Moderate-Income households (approximately between 80 percent and 120 percent AMI, except units in rowhouse/townhouse projects could go up to 150 percent AMI as applicable based on Section D.4.b), with a cumulative weighted average of 100 percent AMI (except rowhouse/townhouse projects shall comply with the weighted average requirements as applicable based on Section D.4.b), and shall be based on the selected income level for that unit and the presumed household size that corresponds with the various unit sizes as stipulated in Section D.7.c of these Guidelines. The eligible household income range may be adjusted annually to reflect adjustments in the median household income published periodically by the State Department of Housing and Community Development for Santa Clara County. The total monthly payment that shall not exceed 30 percent of the selected income level for that unit adjusted by unit size and presumed household size, and includes mortgage, taxes, utilities, HOA dues, insurance, and private mortgage insurance and the sales price shall be set accordingly. The monthly housing cost assumes a 5 percent down payment.

The developer shall set aside a reserve for households in BMR units sold for less than 80 percent AMI, and the reserve shall be described in the CC&Rs to cover future special assessments and increases in HOA dues for those households, such that the total housing cost will not exceed 30 percent of the household's selected

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DRAFT MEMORANDUM

To: Wayne Chen, City of Mountain View

From: Darin Smith, Michelle Chung, and Claire Desser

Subject: Economic Analysis of Inclusionary Requirements and In-Lieu Fees for Mountain View's BMR Housing Program; EPS #181102

Date: June 17, 2019

The City of Mountain View's Below Market Rate (BMR) Housing Program was established by an ordinance adopted on January 12, 1999 and stipulates affordable housing obligations for both for-sale and rental market-rate residential developments. In late 2017, the City Council recommended that the BMR program be modified in a two-phase process to further facilitate achieving the City's various affordable housing goals. The first phase concluded in February 2018, and included increasing the affordable housing requirement for market-rate rental developments from 10 percent to 15 percent.

Economic & Planning Systems, Inc. (EPS) was retained by the City to review and update the BMR program as part of the second phase of modifications. As directed by the City Council, these modifications include adding the Moderate-Income category for rental housing and achieving a range of incomes within the Low-Income and Moderate-Income categories, expanding the Moderate-Income category for ownership housing from 80 to 100 percent of Area Median Income (AMI) to 80 to 120 percent AMI, increasing the amount and threshold for ownership in-lieu fees, and exploring changing the in-lieu fee methodology for ownership housing from 3 percent of closing price to a per-square-foot amount.

The study summarized in this memorandum evaluates the economics of the potential changes to the City's affordable housing fee programs to inform the optimal fee levels that may be supported with minimal adverse impact on new development. The analysis examines and compares inclusionary requirements and in-lieu fee levels and evaluates the effect that different requirements and fee levels could have on new development activity in Mountain View. Ultimately, this memorandum is designed to help the City's decision-makers understand the impact of potential changes to the City's affordable housing requirements to support appropriate policy formation.

Key Findings

1) **Market conditions in Mountain View indicate very strong demand for additional housing, including higher-density product types.** Mountain View has proportionately more multifamily and rental units than the County overall, but also has significantly higher incomes and housing prices, and has added proportionately less housing than the County overall since 2000. A significant development pipeline exists with the potential to add thousands of new residential units in the next few years.

2) **The City's current and potential inclusionary housing requirements fall well within the range of comparable jurisdictions.** Cities in Santa Clara and San Mateo Counties typically require about 15 percent of units in new developments to be offered at BMR prices, with rental projects typically providing low-income units and for-sale project providing moderate-income units. The City's intention to increase the current for-sale housing requirement from 10 to 15 percent will place Mountain View's policies in line with the bulk of its neighboring communities. Some cities do require 20 or even 22.25 percent of units to be BMRs, but the median among the cities is 15 percent.

3) **The current economics of development appear to yield stronger profit margins for ownership rather than rental product, and also for lower density rather than higher density construction.** Rapid escalation of construction costs and continuing strong demand for both labor and materials present major challenges for new construction. While both rental and for-sale housing is commanding very high price points in and around Mountain View, the values of rental projects—while very strong—appear to produce only marginally feasible profit margins under current projections, particularly for the highest density prototypes with podium parking and/or steel and concrete framing. Values for ownership units appear to be higher while costs are similar. The lower-density for-sale rowhouse prototype is by far the most profitable development type compared to the higher density "stacked" prototypes, even after accounting for higher per-unit land costs.

4) **It may be possible for the City to require for-sale rowhouse projects to meet a higher BMR standard than rental projects or multifamily ownership projects.** Rowhouse development occurs at much lower densities than multifamily development, and as such may be considered to underutilize residential land in a city that clearly has high demand for housing. If the City wishes to require higher BMR standards for rowhouse development, EPS does project that requiring 20 percent rather than 15 percent would still yield an attractive project margin for a typical rowhouse development.

5) **If the City allows the payment of in-lieu fees as an alternative to providing on-site units, such fees calculated based on current development economics would be among the highest in the Silicon Valley and Peninsula markets.** EPS has estimated the level of in-lieu fees that would result in developers being economically "indifferent" to paying the fees versus providing the units on-site, because profit margins would be roughly equivalent. EPS estimates that rental projects may have in-lieu fees of roughly $96.00 per unit square foot, while ownership multifamily projects may be roughly $54.50. The in-lieu fees for rowhouses are estimated at $79.00 per square foot if it is reflecting a 15 percent BMR standard, and $109.00 if reflecting a 20 percent BMR standard.

Survey of Comparable Jurisdictions

In late 2018 and early 2019, EPS surveyed inclusionary requirements and in-lieu fee alternatives in comparable jurisdictions. The following are the key findings of that survey:

1. ***Most of the inclusionary requirements in the surveyed jurisdictions range from 10 to 20 percent, with the median falling at 15 percent.***

   The City's current inclusionary requirement, at 15 percent for rental and 10 percent for for-sale (ownership) housing, falls within this focal range. Under the City's current inclusionary program, ownership housing only has a 10 percent inclusionary requirement, with units affordable up to 100 percent of AMI. At City Council's direction, City staff indicated a preference to test a 15 percent requirement with units affordable up to 100 percent of AMI in this study. This option would remain within the range of comparable cities.

2. ***Most jurisdictions prioritize low- and moderate-income inclusionary units in ownership projects, and very-low to low income units in rental projects.***

   Mountain View's current policy is consistent with these general practices.

3. ***Mountain View's current in-lieu fees are higher than average among the surveyed jurisdictions.***

   Mountain View's rental housing impact fee is $34.57 per square foot, whereas the ownership housing fee is 3 percent of unit sales price which EPS estimates to equal roughly $30 per square foot. The City's current rental housing fee is about 61 percent higher than the median fee level, and is actually the highest among all jurisdictions surveyed for rental housing. Assuming the City's median home sales price is about $1,000 per square foot, the City's current in-lieu fee for ownership units translates to a fee of $30 per square foot. With these assumptions, Mountain View's ownership fee is 20 percent above the median level among comparable jurisdictions and on the higher end of the range but still less than half of the $75.00 fee in its neighboring city, Palo Alto.

Inclusionary Requirements

Inclusionary requirements adopted by jurisdictions in San Mateo County and Santa Clara County vary based on local policy preferences, including factors such as the number of units in the development or the type of housing (i.e., rental, condo, townhome, or single family). The household income level to which the requirement applies also differs. In looking at the inclusionary requirements across all of the surveyed jurisdictions (**Table 8**), the lowest total BMR requirement is 10 percent, while the highest requires up to 22.5 percent. In some jurisdictions, different options are allowed, such as San Mateo allowing either 10 percent very-low or 15 percent low-income units for rental projects.

The median inclusionary requirement is 15 percent, which is on par with Mountain View's rental inclusionary requirement but 5 percent higher than the City's current ownership requirement. The jurisdictions varied in the income level requirements; the percentage requirements tend to be lower in the very-low income category and higher in the moderate-income category.

Table 8 Inclusionary Requirement Comparison

Jurisdiction	Minimum Inclusionary Requirement: Very Low Income	Minimum Inclusionary Requirement: Low Income	Minimum Inclusionary Requirement: Moderate Income	Total Inclusionary Requirement
Mountain View [1]				
Ownership	**-**	**-**	**10.0%**	**10.0%**
Rental	**-**	**15.0%**	**-**	**15.0%**
San Mateo County				
Colma [2]	4.0%	4.0%	12.0%	20.0%
Daly City [3]				
Ownership	-	-	20.0%	20.0%
Rental	-	10.0%	-	10.0%
Foster City	6.7%	6.7%	6.7%	20.0%
Half Moon Bay [4]	6.0%	7.0%	7.0%	20.0%
Menlo Park [5]	5.0%	5.0%	5.0%	15.0%
Pacifica [6]	6.0%	4.5%	4.5%	15.0%
Redwood City				
Ownership	-	-	15.0%	15.0%
Rental	5.0%	5.0%	10.0%	20.0%
San Bruno [7]	-	7.5%	7.5%	15.0%
San Mateo [8]				
Ownership Option 1	-	-	15.0%	15.0%
Ownership Option 2	-	10.0%	-	10.0%
Rental Option 1	-	15.0%	-	15.0%
Rental Option 2	10.0%	-	-	10.0%
South San Francisco [9]	-	10.0%	10.0%	20.0%
Santa Clara County				
Campbell [10]	-	7.5%	7.5%	15.0%
Cupertino [11]				
Ownership	-	-	15.0%	15.0%
Rental	7.5%	7.5%	-	15.0%
Los Altos	In process of updating inclusionary requirement			
Los Altos Hills	-	-	-	-
Los Gatos [12]	-	-	10.0% - 22.5%	10.0% - 22.5%
Milpitas [13]				
Ownership	-	7.5%	7.5%	15.0%
Rental	7.5%	7.5%	-	15.0%
Palo Alto [14]				
Ownership Option 1 (<5 acres)	-	10.0%	5.0%	15.0%
Ownership Option 2 (>5 acres)	-	15.0%	5.0%	20.0%
Rental	In process of updating inclusionary requirement			
San Jose [15]				
Ownership	-	-	15.0%	15.0%
Rental	6.0%	-	9.0%	15.0%
Santa Clara [16]	-	-	15.0%	15.0%
Sunnyvale [17]	-	-	12.5%	12.5%
Low Requirement	4.0%	4.0%	4.5%	0.0%
High Requirement	10.0%	15.0%	22.5%	22.5%
Median Requirement	**6.0%**	**7.5%**	**10.0%**	**15.0%**

**Footnotes on next page.*

**Footnotes for Table Above:*

Note: Of the selected jurisdictions surveyed, Atherton, Belmont, Brisbane, Burlingame, East Palo Alto, Hillsborough, Millbrae, Portola Valley, Redwood City, San Carlos, Woodside, Gilroy, Los Altos Hills, Monte Sereno, Morgan Hill, and Saratoga do not have an inclusionary requirement.

[1] Mountain View: Ownership inclusionary requirement applies to developments with 3 or more units. Rental requirement applies to developments with 5 or more units.
[2] Colma: Applies to developments with 5 or more units. No inclusionary requirement for rental units--housing impact fee applies.
[3] Daly City: Developments with fewer than 20 rental units or 15 ownership units pay the in-lieu fee instead.
[4] Half Moon Bay: Applies to developments with 10 units or more.
[5] Menlo Park: Applies to developments of 20 or more units. Developments with 5 or more units have a 10% inclusionary requirement or can pay in-lieu fee. Special zoning areas have up to a 30% inclusionary requirement.
[6] Pacifica: Applies to developments with 8 or more units.
[7] San Bruno: Inclusionary requirement is only applied to ownership developments.
[8] San Mateo: Applies to developments with 11 or more units.
[9] South San Francisco: Applies to ownership projects with 4 or more units.
[10] Campbell: Applies to developments with 10 or more units.
[11] Cupertino: Projects of six ownership units or fewer can either build one below market rate (BMR) unit or pay the Housing Mitigation fee. Minimum affordability of ownership BMR units is 50% at median income and 50% at moderate income.
[12] Los Gatos: Applies to developments with 5 or more units. Developments with 5-19 units have a 10% inclusionary requirement. Developments with 20-100 units have an inclusionary requirement proportional to number of units based on a calculation of 0.225 x total number of market rate units (e.g. a 100-market rate unit development would be required to include 22 units (rounded down). Developments with 101 or more units have a 20% requirement.
[13] Milpitas: Applies to developments with 10 or more units.
[14] Palo Alto: Applies to developments with 3 or more units that are less than 5 acres. Projects with five or more acres of land must provide 20% developed as BMR units and different affordability levels apply. Projects that cause the loss of existing rental housing may need to provide a 25% BMR component.
[15] San Jose: The off-site inclusionary requirement for ownership developments increases to 20% at moderate income; the off-site requirement for rental is 12% low-income and 8% very low-income.
[16] Santa Clara: Applies to developments with 10 or more units.
[17] Sunnyvale: Only applies to ownership developments. In process of updating inclusionary requirement for rental developments.

Sources: Select City websites, fee schedule documents, and interviews with staff; and Economic & Planning Systems, Inc.

Table 15 Estimated Affordability Gap by Type for Rowhouse Prototype

Item				Rowhouse					
	Market Rate	***Moderate Income*** (120% of AMI)	***Moderate Income*** (110% of AMI)	***Median Income*** (100% of AMI)	***Low Income*** (80% of AMI)	***Low Income*** (65% of AMI)	***Low Income*** (60% of AMI)	***Very Low Income*** (50% of AMI)	***Extremely Low Income*** (30% of AMI)
Apartment Unit									
Income Limit [1]	N/A	$150,250	$137,720	$125,200	$94,450	$80,475	$79,800	$66,500	$39,900
Monthly Rent [2]	$5,000	$3,756	$3,443	$3,130	$2,361	$2,012	$1,995	$1,663	$998
Annual Rent	$60,000	$45,075	$41,316	$37,560	$28,335	$24,143	$23,940	$19,950	$11,970
Utility Costs/Year [3]	N/A	$1,872	$1,872	$1,872	$1,872	$1,872	$1,872	$1,872	$1,872
Operating Expenses per Unit/Year [4]	$15,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000	$11,000
Vacancy	5.0%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Net Operating Income	$42,750	$31,398	$27,733	$24,071	$15,076	$10,989	$10,791	$6,901	$0
Capitalization Rate	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Apartment Unit Value	**$950,000**	**$697,732**	**$616,287**	**$534,907**	**$335,032**	**$244,194**	**$239,807**	**$153,357**	**$0**
Development Cost of Affordable Unit		**$1,117,980**	**$1,117,980**	**$1,117,980**	**$1,117,980**	**$1,117,980**	**$1,117,980**	**$1,117,980**	**$1,117,980**
Affordability Gap [5]		***$420,248***	***$501,693***	***$583,073***	***$782,948***	***$873,786***	***$878,173***	***$964,623***	***$1,117,980***
Condominium Unit									
Household Income [1]	N/A	$150,250	$137,720	$125,200	$94,450	$80,475	$79,800	$66,500	$39,900
Income Available for Housing Costs/Year [2]	N/A	$52,588	$48,202	$43,820	$33,058	$28,166	$27,930	$23,275	$13,965
Less Annual HOA Fees and Insurance [7]	$6,615	$6,615	$6,615	$6,615	$6,615	$6,615	$6,615	$6,615	$6,615
Less Property Taxes (1.12%) [8]	$18,480	$8,537	$7,723	$6,909	$4,910	$4,002	$3,958	$3,094	$1,365
Income Available for Mortgage	N/A	$37,436	$33,864	$30,296	$21,532	$17,549	$17,357	$13,566	$5,985
Mortgage Interest Rate [9]	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%	4.5%
Mortgage Repayment Period (years)	30	30	30	30	30	30	30	30	30
Down Payment [10]	$330,000	$152,446	$137,903	$123,373	$87,684	$71,464	$70,681	$55,245	$24,373
Condominium Unit Value [6]	**$1,650,000**	**$762,229**	**$689,517**	**$616,863**	**$438,420**	**$357,322**	**$353,405**	**$276,225**	**$121,864**
Development Cost of Affordable Unit		**$1,146,015**	**$1,146,015**	**$1,146,015**	**$1,146,015**	**$1,146,015**	**$1,146,015**	**$1,146,015**	**$1,146,015**
Affordability Gap [5]		***$383,786***	***$456,498***	***$529,152***	***$707,595***	***$788,693***	***$792,610***	***$869,790***	***$1,024,151***

[1] BMR unit rents informed by 2018 income limits for Santa Clara County.
[2] Assumes 30% of income for BMR rental units and 35% of income for BMR for-sale units. Market rate based on comparable units found on Zillow.
[3] 2018 utility allowance schedule for Santa Clara County. Assumes natural gas heating and cooking.
[4] Operating expenses assume 25% of rental income for market rate and a per-unit estimate from a 2018 CTCAC application for a proposed development in a nearby jurisdiction for BMR.
[5] Affordability gap equals the amount of subsidy required to construct this type of unit and offer it at the prescribed affordable price.
[6] Redfin, survey of listed and sold for-sale homes under 1,250 square feet built 2015-2018 in Mountain View.
[7] Assumes HOA dues of $400 per month.
[8] Includes special assessment districts in addition to the base tax rate of 1.00%, and is applied to the effective cost per unit (respective of the income available for housing costs).
[9] Based on Freddie Mac primary mortgage market survey of conventional, conforming 30-year fixed rate mortgages over the last 10 years.
[10] Assumes a traditional 20% down payment.

Sources: CoStar; Redfin; Economic & Planning Systems, Inc.

From: David F Watson
Sent: Monday, November 3, 2025 9:44 PM
To: Kamei, Ellen; Clark, Chris; McAlister, John; Ramirez, Lucas; Hicks, Alison; Showalter, Pat; Ramos, Emily Ann
Cc: City Council; McCarthy, Kimbra
Subject: 2025.11.04 Item 7.1 BMR Amendments
Attachments: 2025.11.04 Item 7.1 BMR Amendments.pdf

Dear Mayor Kamei and City Councilmembers,

We support the changes that align the BMR program with current economic conditions and past project experiences, such as removing the ownership “equal to 100% AMI” requirement that many projects used a density bonus concession to waive due to technical infeasibility.
We are happy to see the proposed BMR graduated fee schedule, given anecdotes of how much the fees as-is have impacted small unit development. We would like to see this graduated fee schedule extend to projects at least up to 10 units. There have been various state laws that have streamlined small unit developments that use 10 units as their cutoff (SB 684/1123, SB 10, SB 478). In doing so our city would further facilitate these gentle-density projects led mainly by our residents, rather than large institutional development. SB684 and SB1123, in particular, were meant to encourage more ownership opportunities.
We would like to see greater transparency on the land-dedication cost-recovery contribution for staff time and negotiation of the land-dedication alternative, and on how the in-lieu fee was updated. A contribution of nearly $1 million in the land-dedication example appears very high, and we would like to understand the assumptions behind it and whether the City’s economic models are reasonable.

Best Regards,
David Watson

On behalf of Mountain View YIMBY