

CITY OF MOUNTAIN VIEW

ENVIRONMENTAL PLANNING COMMISSION

STAFF REPORT

WEDNESDAY, MARCH 18, 2015

6. NEW BUSINESS

6.2 Annual Housing Element Progress Report (2007-2014 Housing Element)

RECOMMENDATION

That the Environmental Planning Commission (EPC) review and comment on the 2014 Annual Housing Element Progress Report.

PUBLIC NOTIFICATION

The Commission's agenda is advertised on Channel 26, and the agenda and this report appear on the City's Internet web page. Interested stakeholders were also notified.

ENVIRONMENTAL REVIEW

This is an informational report on Housing Element implementation, which is not a project under CEQA and does not require environmental review.

PURPOSE

The purpose of this meeting is to provide information to the EPC on Housing Element implementation for the City's prior 2007-2014 Housing Element. The City recently adopted its new 2015-2022 Housing Element.

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 aids 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.

RHNA

State law requires 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 provide 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. The local jurisdiction is not required to construct these units; they are only mandated to provide opportunities for the development of these units.

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 Medium Income (AMI). These income limits are established annually by HCD. The City's current RHNA allocation (for 2014-2022) is 2,926 units. The City's RHNA for this progress report (covering 2007-2014) was 2,599 units.

ANALYSIS

As noted above, the annual progress report provides the State with information on the City's yearly building permit activity for housing development (see Exhibit 1, Tables A and B). The progress report also provides Housing Element policy and program status information (see Exhibit 1, Table C).

The adopted 2015-2022 Housing Element included a similar progress report, which the EPC saw last year in draft form. The attached 2014 Progress Report is the last report for the 2007-2014 Housing Element reporting period, and contains minor updates to the information provided in the 2015-2022 Housing Element. Some key information is summarized below.

1. Residential Building Permit Activity & RHNA Allocation

In 2014, the City saw construction begin on approximately 700 residential units, which is the most of any reporting year for the 2007–2014 Housing Element (see Exhibit 1, Tables A and B). The majority of these units occurred in market-rate developments, but the City was also successful in working with developers to voluntarily include limited numbers of affordable units within these market-rate apartment projects.

For the 2007–2014 reporting period, housing construction in the City exceeded the overall RHNA allocation. However, the majority of these units were affordable for “above moderate” income levels. When compared to the City’s RHNA allocation, residential construction produced double the amount of above moderate-income units, but fell short on production of very low- to moderate-income units (see Table 1).

Table 1: City of Mountain View 2007-2014 RHNA

Income Group	AMI	RHNA	New Units (Building Permits)
Very Low Income	0% to 50%	571	229
Lower Income	51% to 80	388	38
Moderate Income	81% to 120%	488	4
Above Moderate Income	120%+	1,152	2,432
Total		2,599	2,703

2. 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 and updates to the Tenant Relocation Assistance Ordinance, developing partnerships with affordable housing developers, and other activities discussed in Exhibit A and below.

- Affordable Housing Production
 - *Housing Impact Fees:* The City Council increased the Rental Housing Impact Fee from \$10 to \$17 per habitable square foot.

Council also increased the Housing Impact Fee (commercial/retail/entertainment/hotel) from \$10 to \$25 per square foot. These fees, in addition to Below-Market-Rate (BMR) In-Lieu fees, provide direct funding for affordable housing developments in the City.

- *Notice of Funding Availability (NOFA) Projects:* The City Council has continued to utilize City housing funds to support affordable housing developments through the NOFA process. In 2014, construction occurred on two City-supported developments totaling 76 units (1581-1585 West El Camino Real and 819 North Rengstorff Avenue). More recently, the City reserved over \$20 million for a 116-unit workforce housing development on East Evelyn Avenue. In the next year, the City will consider funding opportunities for two other NOFA projects. For this reporting period, the City typically provided close to half the needed funding for affordable developments.
- *BMR Units:* In addition to collecting housing fees to support affordable housing development, the City has also worked with developers to include BMR units (in numbers equivalent to the Rental Housing Impact Fee) in recent market-rate rental projects.
- *City Support for Affordable Housing Development:* Between 2005 and 2015, the City utilized \$35 million in housing funds on five projects with 351 units serving very low- and extremely low-income families, seniors, and special needs households. This included the following affordable housing developments, four of which occurred within the 2007–2014 reporting period:
 - 1581-1585 West El Camino Real (First Community Housing), 27 units for developmentally disabled, under construction.
 - 819 North Rengstorff Avenue, 49 workforce studio units, under construction.
 - Franklin Street Apartments, 51 family units, completed 2013.
 - Paulson Park Senior Community, 104 units, completed 2008.
 - San Antonio Place Efficiency Studios, 120 units, completed 2006.

The City's funding leveraged \$61 million in 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 that satisfy the RHNA requirements.

While these programs provide significant resources to produce affordable housing units, they did not provide enough to meet the 2007–2014 RHNA goals. However, these programs help the City meet many of the Housing Element goals and are an important part of the City's housing policy. The City Council has also leased two City-owned properties to provide sites for two of these affordable housing developments.

- Tenant Relocation Assistance—In 2014, the City Council amended the City's Tenant Relocation Ordinance to increase the amount of tenant relocation assistance required of developers and made more households eligible for assistance. Households with an income of less than 80 percent of AMI are now eligible for the cash equivalent of three months median market-rate rent plus \$3,000 for special circumstances households.
- Updated Zoning Regulations—In 2014, the City Council adopted three new Precise Plans to implement the 2030 General Plan. This includes two Precise Plans that allow higher-intensity residential/mixed use development. These areas will provide increased opportunities for residential development in close proximity to commercial services and transit.
- 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.

NEXT STEPS

Staff will forward the 2014 Housing Element Progress Report to HCD and the Office of Planning and Research before the April 1 annual deadline.

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RS/7/CDD
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Exhibit: 1. 2014 (Annual) Housing Element Progress Report