

**CITY OF MOUNTAIN VIEW****ENVIRONMENTAL PLANNING COMMISSION****STAFF REPORT****WEDNESDAY, APRIL 5, 2017****5. NEW BUSINESS****5.1 Annual Housing Element Progress Report (2015-2023 Housing Element)****RECOMMENDATION**

That the Environmental Planning Commission (EPC) review and comment on the 2016 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 website.

**PURPOSE**

The purpose of this item is to provide a status update to the EPC on implementation of the City's 2015-2023 Housing Element during the January 1 through December 31, 2016 reporting period.

**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 provides 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 Median Income (AMI). These income limits are established annually by HCD. The City's current RHNA allocation (for 2014-2022) is shown in **Table 1** below:

**Table 1 – RHNA Allocation Numbers**

<b>Affordability by Household Income</b>	<b>Units</b>
Very Low 0-50% AMI	814
Low 51-80% AMI	492
Moderate 81-120% AMI	527
Above Moderate 120%+ AMI	1,093
<b>Total</b>	<b>2,926</b>

## **ANALYSIS**

As noted above, the annual progress report provides the State with information on the City's yearly building permit activity between January 1, 2016 and December 31, 2016 for housing units (see Table 2 and Exhibit 1, Tables A and B). The

progress report also provides Housing Element policy and program implementation status (see Exhibit 1, Table C).

Several Housing Element implementation items are summarized below, including key items completed near the end of the previous 2007-2014 Housing Element period.

## 1. Residential Building Permit Activity and RHNA Allocation

In 2016, construction began on 502 new residential units (see Table 2 and Exhibit 1, Tables A and B).

**Table 2 – Building Permits Issued for  
New Residential Units Between 2015 and 2016**

<b>Affordability by Household Income</b>	<b>2015 Units Provided</b>	<b>2016 Units Provided</b>	<b>Total Units to Date</b>	<b>% of RHNA Allocation for 2014-2022*</b>
Very-Low 0-50% AMI	0	17	17	2.1%
Low 51-80% AMI	9	109	118	24%
Moderate 81-120% AMI	0	0	0	0%
Above-Moderate 121%+ AMI	278	376	654	59.8%
<b>Total</b>	<b>287</b>	<b>502</b>	<b>789</b>	<b>27%</b>

\* Running percentage of affordable units provided by the City between 2015 and 2016 for the RHNA Allocation period from 2014 to 2022.

Recently, the City of Mountain View has continued to experience a very high level of residential development activity. Between January 1, 2012 and December 31, 2016, construction began on a total of approximately 2,572 new residential units. In addition, approximately 1,357 net new residential units were recently approved but are not yet under construction.

## 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 \$10.26 to \$17 per habitable square foot and the Housing Impact Fee (commercial/retail/entertainment/hotel) from \$10.26 to \$25 per square foot on December 9, 2014. 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 2016, the City committed \$36 million in housing funds to three projects with 233 units serving very low- and extremely low-income families, veterans, and special-needs households. This included the following affordable housing developments:
  - 779 East Evelyn Avenue (ROEM Development Corporation) – the City has reserved \$21.7 million for 116 units of family housing targeting very low- and low-income households. The project is anticipated to complete construction in summer 2018.
  - 1701 West El Camino Real (Palo Alto Housing) – the City has reserved \$8 million for 67 studio units affordable to extremely low- and very low-income households. Forty-one (41) of the units will be targeting chronically homeless or formerly homeless veterans. The project is anticipated to complete construction in fall 2018.
  - 460 North Shoreline Boulevard (MidPen Housing) – the City has reserved \$6.3 million for MidPen Housing to construct 50 new apartments at the existing Shorebreeze Apartments. These units will be targeting low- and very low-income

households. The addition is expected to receive entitlements in fall 2017.

- *BMR Units:* In addition to collecting housing fees to support affordable housing development, the City has worked with developers to include 5 BMR units (in numbers equivalent to the Rental Housing Impact Fee) in a recent market-rate rental project at 801 West El Camino Real and 5 BMR ownership units at 1101 West El Camino Real.
- *Density Bonus:* Between 2013 and 2016, the following four projects, totaling 121 affordable units, were approved with the State's Density Bonus Law:
  - 1101 West El Camino Real (Regis Homes Bay Area)—a 52-unit condominium development, including a 35 percent State Density Bonus in exchange for 5 very low-income units.
  - 1998 Montecito Avenue (Stuart Welte)—a 17-unit residential development, including a 2-unit State Density Bonus in exchange for 1 very low-income unit.
  - 1701 West El Camino Real (Palo Alto Housing)—a 67-unit affordable studio apartment development, including a 25 percent State Density Bonus that will accommodate 49 very low-income units, 17 low-income units, and 1 low-income manager unit.
  - 400 San Antonio Road (Prometheus Real Estate Group)—a 583-unit mixed-use development, including a 35 percent State Density Bonus in exchange for 48 very low-income units.

The City's funding leveraged nearly \$100 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 to help meet RHNA requirements.

Throughout the 2015-2023 planning period, the City will continue to consider opportunities and provide financial support to local subsidized housing developments using local funds such as BMR In-Lieu fees, and Housing Impact fees.

- 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. During the 2016 planning period, the City received applications for assistance from 53 tenants associated with six different development projects.
- 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. In 2015, the City began an update to the North Bayshore Precise Plan which will study up to 9,850 housing units. In 2016, the City began drafting the East Whisman Precise Plan, and is currently studying the addition of new residential uses to this area. In 2016, the City also updated the Companion Unit Ordinance to reduce development standard restrictions, lower fees to encourage the development of second dwelling units, and increase housing opportunities within the City. Since this was adopted, four new companion units have been built in the City, where previously the City averaged one new companion unit a year.
- 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.

## ENVIRONMENTAL REVIEW

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

## **NEXT STEPS**

Staff will forward the 2016 Housing Element Progress Report to the City Council, HCD, and Office of Planning and Research.

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Exhibit: 1. 2016 (Annual) Housing Element Progress Report