



November 16, 2017

Eric Anderson  
Planner  
City of Mountain View  
500 Castro Street  
Mountain View, CA 94041

Re: Community Benefits – 1696, 1698, 1700 and 1734 Villa Street

Dear Mr. Anderson,

As part of the entitlements for our proposed Villa Street development we are recommending to the City Council that we provide all of the Community Benefits dollars to a third party non-profit affordable housing developer.

These funds would be combined with other funds from us to help build several new 100% affordable housing developments in Mountain View. We propose that each of the new affordable housing units created off-site would be credited against the City's requirement for us to set aside 15% of our on-site apartments as below market rates.

The affordable housing developer we are working with has been very active in the past and has several developments in their current pipeline in Mountain View but cannot fund them all with only their equity and 4% tax credits. Since they cannot reasonably rely on a steady flow of County Measure A or City funds to help them produce affordable housing units that fulfill the City's goals and the developer's stated mission, we have offered to help. Our proposal is to step in and take the place of the County and/or the City in the funding process so these important developments can be completed with more to follow. Our goal is to create a long-term partnership that would efficiently provide affordable housing financing on an ongoing basis throughout the City. We see several benefits to this arrangement as follows:

#### Benefits

- ✓ **More Affordable Housing and More Market Rate Housing Units**
  - Net more newly constructed housing units would be brought to the Mountain View Housing market. Currently there aren't enough funds to build everything that our affordable housing partner has under its control without our proposed funding. In addition our market rate housing units would also be completed.
- ✓ **Faster Delivery of Affordable Housing**

- Our affordable housing partner is able to entitle their sites faster than us since the City gives them top priority and faster reviews. Their developments are typically smaller and take less time to build than ours. So dedicated off-site affordable housing units would be occupied much sooner than any units we could create on site and set aside as BMRs.
- ✓ **Deeper Affordability**
  - Deeper affordability at 60% AMI rents or below for the new units created off-site by the affordable housing developer than the rents we could provide on-site through the City's ordinance at 65% - 120% AMI.
- ✓ **Affordable Longer**
  - The City's affordable housing ordinance would result in a binding agreement with us that expires in 55 years. At the end of that time the housing would return to market rate, not affordable. With our solution the affordable housing developer could extend the affordable housing designation well after the 55 years through re-syndication or other means.
- ✓ **Finance Savings**
  - The affordable housing developer would save substantial finance costs with our funding which would translate into more affordable housing funds used to build.
- ✓ **Pre-Funding**
  - The affordable housing developer would get the funds they need from us now to continue their mission and goal of providing housing, even though we would still be going through the entitlement process. Units we would fund now would be credited against future units we would need to provide in the City at a future date.
- ✓ **Better Service**
  - The affordable housing developer specializes in providing services tailored to the families and individuals that occupy their affordable properties, such as early-childhood school readiness, after-school youth programs, computer learning opportunities, workforce development, financial literacy and homeownership preparation.

We realize this program is new to the City and we are still finalizing the details of how it will work. We feel strongly that this would be an ideal use of the Community Benefit fees generated by our proposed Villa Street development. Thank you for your consideration and we look forward to working with you to refine the details of this proposal. Please feel free to contact me should you have any questions.

Sincerely,



Michael Ducote  
Development Director  
Prometheus Real Estate Group, Inc.