

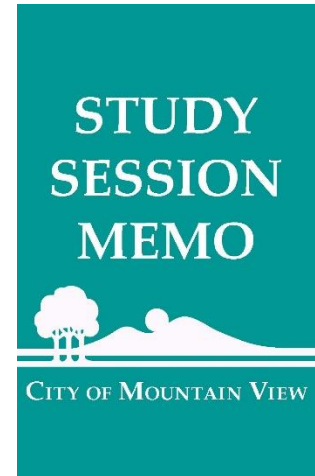
DATE: November 16, 2021

TO: Honorable Mayor and City Council

FROM: Ellen Yau, Senior Planner
Eric Anderson, Principal Planner
Aarti Shrivastava, Assistant City Manager/
Community Development Director

VIA: Kimbra McCarthy, City Manager

TITLE: **Housing Element Update**



PURPOSE

The purpose of this Study Session is for staff to brief the City Council on the Housing Element requirements and for the City Council to discuss and provide input on initial Housing Element program and policy direction.

OVERVIEW

This report includes a Background section that provides an overview of 2023-31 Housing Element requirements and the City's progress in implementing its current 2015-23 Housing Element. It also includes background information on the City's Regional Housing Needs Allocation (RHNA), which is the number of housing units the City must plan during this eight-year Housing Element period.

The Analysis section of the report includes summaries of key City housing and demographic data; Housing Element requirements and challenges; potential Housing Element policy topics; the community outreach conducted thus far; and the policy recommendations from the Environmental Planning Commission (EPC). These summaries are intended to provide the City Council with a high-level review of the components of the Housing Element Update and an initial set of policy topics that will be further analyzed during the Housing Element update process.

The City Council is encouraged to review these topics and the summary of recent Housing Element workshops and meetings and provide staff with initial questions or comments to help inform the Housing Element update process. **The City's Housing Element must be certified by the State's Department of Housing and Community Development (HCD) by January 31, 2023.**

BACKGROUND

2023-31 Housing Element Overview

The City is currently preparing for the Sixth Cycle Housing Element update, which covers the eight-year planning period of 2023 to 2031. The Housing Element is one of seven State-mandated General Plan elements and is the only General Plan element subject to mandatory review by a State agency (HCD). The purpose of the Housing Element is to analyze the housing needs of a community's current and future residents across various income categories; create, update, and guide housing policy in the City; and identify locations to accommodate the City's RHNA.

The Housing Element, as a key chapter of the General Plan, includes the City's overall policy direction to housing issues in Mountain View. State law mandates that Housing Elements include the following components:

- Housing needs to evaluate the existing, projected, and special housing needs, such as planning for new housing units and specific policies and programs to serve special-needs populations.
- Site inventory and analysis to identify the number of adequate housing sites with appropriate zoning and development standards and access to services and facilities to facilitate and encourage the development of a variety of housing across income categories and to satisfy the RHNA.
- Barriers to address housing needs/constraints analysis to evaluate market/nongovernmental, governmental, infrastructure, and environmental factors that may constrain the development of housing.
- Program requirements to review the existing 2015-23 Housing Element, including recommendations for the addition, continuation, modification, and/or removal of objectives, policies, and programs to meet City housing goals and State requirements.
- Affirmatively Furthering Fair Housing (AFFH) to address any discrimination and segregation patterns or trends in housing.
- Environmental justice to reduce health risks and address the needs of disadvantaged communities who may be subject to greater exposure to environmental contamination or risk.

HCD's Housing Element Checklist¹ outlines additional information on these requirements.

Accountability and Enforcement

This Housing Element Update is influenced by more significant factors as compared to prior Housing Element Cycles. HCD continues to strengthen its efforts on increasing housing accountability through a holistic strategy of enforcement of and support for jurisdictions. Assembly Bill (AB) 72 grants HCD the authority to review any action or failure to act by a local government that HCD determines is inconsistent with an adopted Housing Element or Housing Element Law. In addition to local Housing Element implementation, HCD's enforcement authority includes the Housing Accountability Act, No Net Loss Law, Density Bonus Law, Land Use Discrimination Law, Accessory Dwelling Unit laws, Affordable Housing Preservation Noticing Law, Surplus Land Act, Affirmatively Furthering Fair Housing Law, the Housing Crisis Act of 2019 (SB 330), Streamlined Ministerial Permit Processes (SB 35), By-Right Supportive Housing, By-Right Low Barrier Navigation Centers (temporary shelters for homeless persons), and other State laws.

Building upon the legislative authority, as part of the 2021-22 State budget, HCD received additional funding and staff to grow its enforcement and accountability efforts and formed the Housing Accountability Unit, which holds local jurisdictions accountable for their Housing Element commitments and implementation of State laws. Jurisdictions that fail to update their Housing Element in compliance with State regulations, fail to implement programs outlined in an adopted Housing Element, or fail to comply with any of the State laws that HCD enforces open themselves to consequences, such as revocation of Housing Element certification, loss of permitting authority to issue building permits, financial penalties, increased streamlined ministerial approval process, and lawsuits from the State, developers, third parties, and individuals.

Moreover, this month, State Attorney General Rob Bonta announced the creation of a Housing Strike Force within the Department of Justice focused on legal compliance and enforcement of State housing and development laws as well as tenant rights and consumer protections. Conversely, jurisdictions with compliant and HCD-certified Housing Elements are eligible for a suite of State and regional grants and other funding sources as well as educational and technical assistance.

¹ HCD's Housing Element Completeness Checklist is available at: <https://hcd.ca.gov/community-development/housing-element/docs/housing%20element%20completeness%20checklist.pdf>.

2023-31 RHNA Overview

Per Government Code Section 65584, the HCD is mandated to determine the Statewide need for new housing based on an analysis of population and employment trends. In 2020, the HCD provided its determination for the next RHNA cycle to the Association of Bay Area Governments (ABAG), which is responsible for assigning the RHNA for each local jurisdiction in the nine-county San Francisco Bay Area. HCD’s determination was 441,176 units, a 135% increase from the previous cycle of 187,990 units.² Working with local governments, ABAG developed an allocation methodology for assigning units by income category to each city and county in the Bay Area.³

RHNA is the number of additional dwelling units that the City must plan for over the next eight years. **The City’s draft RHNA is 11,135 units, shown in Table 1.** This is a substantial increase in the number of units from Mountain View’s previous RHNA period of 2,926 units. Many cities throughout the Bay Area received a substantial increase in RHNA-required units, which reflects the overall trend and planning focus on increasing the regional supply of housing. This pattern is based on various factors, such as employment growth, location, and proximity to transit, resources, and infrastructure.

Table 1: City of Mountain View 2023-31 RHNA

Income Group	Area Median Income %	Units	% of 2023-31 Total
Very Low	0-50%	2,773	26%
Low	51%-80%	1,597	15%
Moderate	81%-120%	1,885	17%
Above Moderate	120%+	4,880	42%
Total		11,135	100%

ABAG completed its review of RHNA appeals in October and will make final allocation adjustments this month. The ABAG Executive Board will adopt a Final RHNA Plan in December 2021. The City of Mountain View did not appeal the draft RHNA since appeals could only be based on specific factors, such as ABAG’s failure to adequately consider information provided to them, or major changes in circumstances. However, a letter was submitted noting several concerns and challenges the City will be faced with in planning for this additional housing (see Attachment 1 to this Study Session memorandum).

² HCD’s Final Regional Housing Need Determination letter is available at: [https://hcd.ca.gov/community-development/housing-element/docs/abagrhna-final060920\(r\).pdf](https://hcd.ca.gov/community-development/housing-element/docs/abagrhna-final060920(r).pdf).

³ ABAG’s Final Regional Housing Needs Allocation (RHNA) Methodology and Draft Allocations is available at: https://abag.ca.gov/sites/default/files/documents/2021-05/ABAG_2023-2031_Draft_RHNA_Plan.pdf.

The RHNA is divided into four income categories: Very Low, Low, Moderate, and Above Moderate. Each category is based on a percentage of the Area Median Income (AMI) of the County as established annually by the HCD and adjusted by household size. The current AMI for a four-person household in Santa Clara County is \$151,300 (see Table 2).

Table 2: Santa Clara County 2021 Income Limits

Number of Persons in Household		1	2	3	4
Income Category	Area Median Income %				
Very Low	0-50%	\$58,000	\$66,300	\$74,600	\$82,850
Low	51%-80%	\$82,450	\$94,200	\$106,000	\$117,750
Moderate	81%-120%	\$105,900	\$121,050	\$136,150	\$151,300
Above Moderate	120%+	\$127,100	\$145,250	\$163,400	\$181,550

The RHNA requirement is satisfied through a site inventory, which identifies and analyzes adequate land available and suitable for the required number and affordability of the units. The identification of sites must meet criteria set by the State (see Figure 1), such as the following:

- The site is zoned for residential use, at least 20 dwelling units per acre for lower-income sites;
- The site has access to adequate utilities and infrastructure; and
- The site is likely to be developed within the planning period.

Additionally, the HCD provides guidance on factors used to select sites to accommodate for lower-income units in the RHNA, such as percentage of affordable units:

- Should not be clustered together;
- Should have equitable access to high-resource areas (high-performing schools and jobs);
- Should have equitable access to amenities (parks, health-care facilities, grocery stores); and
- Should not require environmental mitigations.

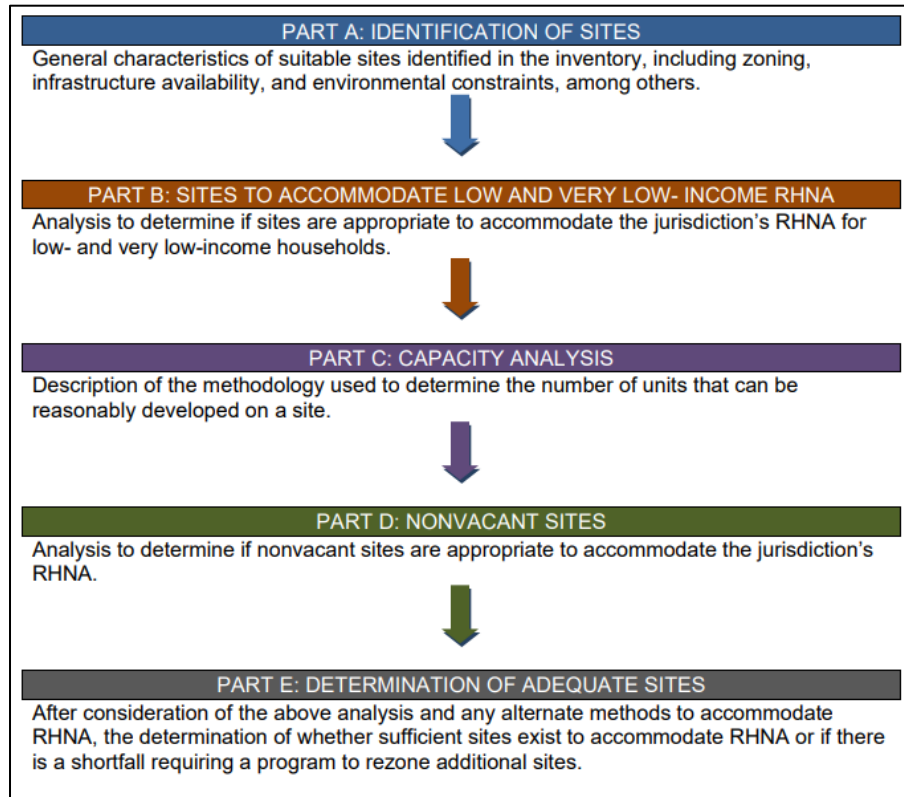


Figure 1: HCD's Site Inventory Guidebook Framework⁴

Existing Housing Element 2015-2023

The Housing Element includes several goals under which specific policies and programs that support the broad goals are defined. Together, the goals, policies, and programs make up the Housing Plan for the City for the eight-year planning period. The following definitions are used in the Housing Element:

- Goal: Main purpose of an effort that is general in nature and often abstract and immeasurable.
- Policy: Specific statement guiding action and implying clear commitment.
- Program: Specific details that carry out the policy. A program typically lists the responsible party for carrying out the action; an estimated period or deadline for completion of the action; funding sources; and objectives in carrying out the program.

⁴ HCD's Site Inventory Guidebook is available at: https://www.hcd.ca.gov/community-development/housing-element/docs/sites_inventory_memo_final06102020.pdf.

The City adopted its existing Housing Element in 2012.⁵ It includes seven goals that inform a broad range of policies. The goals are:

- Goal 1: Support the production of new housing units serving a broad range of household types and incomes.
- Goal 2: Provide assistance to households at different income levels to address their housing needs.
- Goal 3: Conserve and improve Mountain View's housing stock.
- Goal 4: Address, remove, or mitigate constraints to housing production.
- Goal 5: Support fair and equal housing opportunities for all segments of the community.
- Goal 6: Promote environmentally sensitive and energy-efficient residential development, remodeling, and rehabilitation.
- Goal 7: Maintain an updated Housing Element that is monitored, reviewed, and effectively implemented.

The goals and policies inform a number of Housing Element programs. The following is a selection of last cycle's accomplishments that were based on Housing Element programs:

- The City continued its financial support for subsidized housing through the Notice of Funding Availability (NOFA) Program, which directly supported over 400 affordable units;
- The City adopted major Precise Plans, allowing thousands of new units in East Whisman and North Bayshore, and approved Zoning Ordinance amendments, expanding allowance of Accessory Dwelling Units;
- In 2016, voters approved the Community Stabilization and Fair Rent Act to regulate rent increases and provide just-cause eviction provisions;

⁵ Mountain View's 2015-2023 Housing Element is available at: <https://www.mountainview.gov/depts/comdev/planning/regulations/general.asp>

- The Tenant Relocation Assistance Ordinance (TRAO) has been implemented, maintained, and updated, providing resources to displaced residents; and
- The City has been a regional leader in the response to homelessness, including the support and operation of local transitional housing (Life Moves Mountain View), the development of new emergency housing, and COVID-19 rent relief funding.

Since 2015, the City has issued more building permits than the RHNA requirement of 2,926 units for the current RHNA cycle (2014-22) (see Table 3), although most have been above-moderate income housing due to the response of market-rate developers to this segment’s demand and purchasing power. There continues to be a significant deficit in the construction of very low-, low-, and moderate-income housing due in large part to insufficient/lack of funding for these lower-income units and increasing construction costs. This trend is typical across most Santa Clara County jurisdictions, except for unincorporated Santa Clara County.

Table 3: Building Permits Issued for New Residential Units in Mountain View between 2015 and 2020

Affordability by Household Income	2015-2019	2020	Total Units to Date	Percent of RHNA Allocation	RHNA 2014-2022
Very Low 0%-50% AMI	176	42	218	26.7%	814
Low 51%-80% AMI	167	45	212	43.0%	492
Moderate 81%-120% AMI	-0-	18	18	3.4%	527
Above Moderate 121%+ AMI	2,387	1,384	3,771	345.0%	1,093
Total	2,730	1,588	4,318	52.7%*	2,926

* The 52.7% is not a summation of the individual percentages but a calculation based on the ratio of completion at all income levels utilizing 100% completion for Above Moderate.

DISCUSSION

Housing Needs Data

Below are several key demographic and economic trends over the last two decades (see Attachment 2 for graphs).⁶ This information can help inform the City's Housing Element policy options.

Population

According to the 2020 Census, Mountain View's population is 82,376, an increase of 21% since 1990. From 1990 to 2000, the population increased by 5%; from 2000 to 2010, it increased by 4.7%; and in the most recent decade, it increased by 11.1%, significantly surpassing the previous decades' rate of growth. These trends are similar to many cities in the region that have seen substantial growth in jobs and population, but the City's rate is above the region as a whole. (POPEMP-01: Population Growth Trends, 1990-2020.)

Of the housing units built over the last decade, most were in multi-family developments with more than five units, which is indicative of the trend toward building more multi-family housing units (i.e., apartments, rowhouses, and condominiums). (HSG-04: Housing Units by Year Structure Built and HSG-01: Housing Type Trends)

Job Growth

The City is a jobs-rich jurisdiction, which means there are more jobs than there are employed residents. This translates to a high jobs-to-household ratio as the City imports more workers than its resident population. Additionally, the City's jobs-household ratio has continued to increase from 1.68 jobs per household in 2002 to 2.74 jobs per household in 2018. (POPEMP-13: Jobs-Household Ratio.) In a metropolitan area such as the Bay Area, residents who travel across city borders for employment is commonplace, and such movement can be an indication of unconstrained job growth leading to higher housing and transportation costs. This can also indicate regional imbalances where at the individual or household level, a larger portion of incomes is dedicated to housing and transportation costs. (POPEMP-10: Workers by Earnings, by Jurisdiction as Place of Work and Place of Residence)

⁶ ABAG-MTC's Housing Needs Data Packets are available at: <https://abag.ca.gov/our-work/housing/regional-housing-technical-assistance/tools-and-resources>

Housing Cost Burden by Income

In Mountain View, 14% of households make less than 30% AMI (less than \$49,700 annually for a four-person household), and, of those households, 66.9% are severely cost-burdened (spending 50% or more of their income on housing). Of those households that make 31% to 50% AMI (\$49,700 and \$82,850 annually for a four-person household), 43.4% are severely cost-burdened. However, for households that make above AMI, less than 1% are severely cost-burdened.

Residents making less than 30% AMI are often renters who are typically more cost-burdened due to variable housing costs compared to homeowners who have mortgages with fixed rates. Additionally, low-income residents bear more impact to even small increases in cost as a ratio to their income than high-income earners. (OVER-05: Cost Burden by Income Level.) Furthermore, in the City, Hispanic or Latinx residents are the most cost-burdened, with 26.6% spending 30% to 50% of their income on housing, and another 26% spending more than 50% of their income on housing. (OVER-08: Cost Burden by Race.)

Housing Units by Number of Bedrooms

In Mountain View, household sizes are typically small, as more than 60% of households are comprised of one to two people. This is a larger percentage than the Santa Clara County number of similar-sized households (51% of households). (LGFEM-02: Households by Household Size; HSG-05: Housing Units by Number of Bedrooms; and OVER-04: Overcrowding by Income Level and Severity.)

New Key Housing Element Requirements and Challenges

There are several new key requirements and challenges affecting this Housing Element cycle, as summarized below. The project team is working to address these requirements as part of the Housing Element update by reviewing recently adopted Housing Elements in other regions, meeting with HCD staff, and identifying best practices from technical resources (ABAG, Santa Clara County Collaborative, and HCD). The following requirements are also opportunities to evaluate current City approaches with new policy perspectives and to craft a Housing Element that best addresses the City's housing goals and needs.

1. No Net Loss Provisions (Government Code Section 65863). Senate Bill (SB) 166 (2017) enacted new "no net loss" provisions that require cities and counties to maintain adequate sites to accommodate the unmet RHNA by income category throughout the entire planning period. If a site in the site inventory is developed

with nonresidential uses, fewer residential units, or fewer units in a particular affordability category than shown in the site inventory, the City will need to determine if the remaining sites in the site inventory continue to provide enough capacity to meet the RHNA. If not, the City is required to take immediate steps to correct the shortfall, either by identifying previously unidentified sites or by rezoning sites to create the additional capacity needed to accommodate the unmet RHNA. If a rezoning is needed, the City is required to complete the rezone within 180 days from the approval of the project that triggered the no net loss provision. However, a jurisdiction cannot deny approvals for a housing project on the basis that approval would trigger the no net loss provisions. SB 166 also prohibits the City from taking any actions that would reduce the density on a parcel in the site inventory unless the remaining sites in the inventory provide enough capacity to address the unmet RHNA. Throughout the planning period, the City must maintain a database of all Housing Element sites and account for approved housing by income level on each site to determine if the no net loss provisions apply. To reduce the chances of triggering the no net loss provisions, HCD recommends that the site inventory include a buffer of at least 15% to 30% more capacity than required to accommodate the RHNA.

Staff anticipates including a buffer in the Housing Element site inventory that is at least as large as the buffer that HCD recommends. Staff will continually monitor the site inventory throughout the sixth-cycle planning period to identify any potential issues related to the no net loss provisions.

2. Increase in RHNA Numbers. As noted, cities and counties throughout the State have been allocated increased RHNAs from the previous Housing Element cycle. **The City's RHNA has increased from 2,926 to 11,135 units.** These units can be split into two broad categories:

- The above-moderate portion of these units (**4,880**) will be fairly easy to accommodate given known development projects, including under review, unbuilt approved, and other foreseeable developments. A portion of the North Bayshore and Middlefield Park Master Plans may also accommodate this number.
- Approximately half of the remainder (**6,255 moderate-, low- and very low-income units**) can be accommodated with known sites, including projects under review, anticipated site dedications, and other foreseeable programs and opportunities, which leaves about **3,000 to 3,500 units**. This remainder must be accommodated by identifying additional developable sites.

The new “no net loss” law complicates the process of identifying these sites since any of these sites may ultimately be built with something other than deed-restricted units, including market-rate units. If that happens, the City must identify additional developable sites for deed-restricted units. This has two effects on the City’s RHNA framework:

- **The City should identify sites for roughly 30% more units than required, approximately 4,500 units.**
- **The market-rate units in Master Plans proposed for North Bayshore and East Whisman, approximately 7,150 of the proposed 8,900 units,⁷ should not be used to accommodate these units. This is because as soon as they are approved, the City would be forced to identify additional sites.**

The City has multiple opportunities for sites to accommodate the 4,500 units. Since the adoption of the 2030 General Plan, the City has planned for new higher densities and residential capacity in the following mixed-use Precise Plan areas: North Bayshore, East Whisman, San Antonio, and El Camino Real. The City has approved a significant number of new housing units in these areas since that time, as shown below in Table 4.

Table 4: Approved Residential Units in Major New Precise Plans

Precise Plan	Approved Units
El Camino Real	843
East Whisman	871
North Bayshore	635
San Antonio	1,395

⁷ The proposed affordable units on dedicated sites in these Master Plans, approximately 1,400 units, are included in the “anticipated site dedications” in the previous paragraph. Whether these units are actually built by 2031 is dependent on the Master Plans’ timing and phasing, but it is very unlikely that they will be redeveloped with anything else. The remaining ~350 affordable units are proposed for inclusion in market-rate buildings in North Bayshore, and the project team is currently studying how or whether the City can count them.

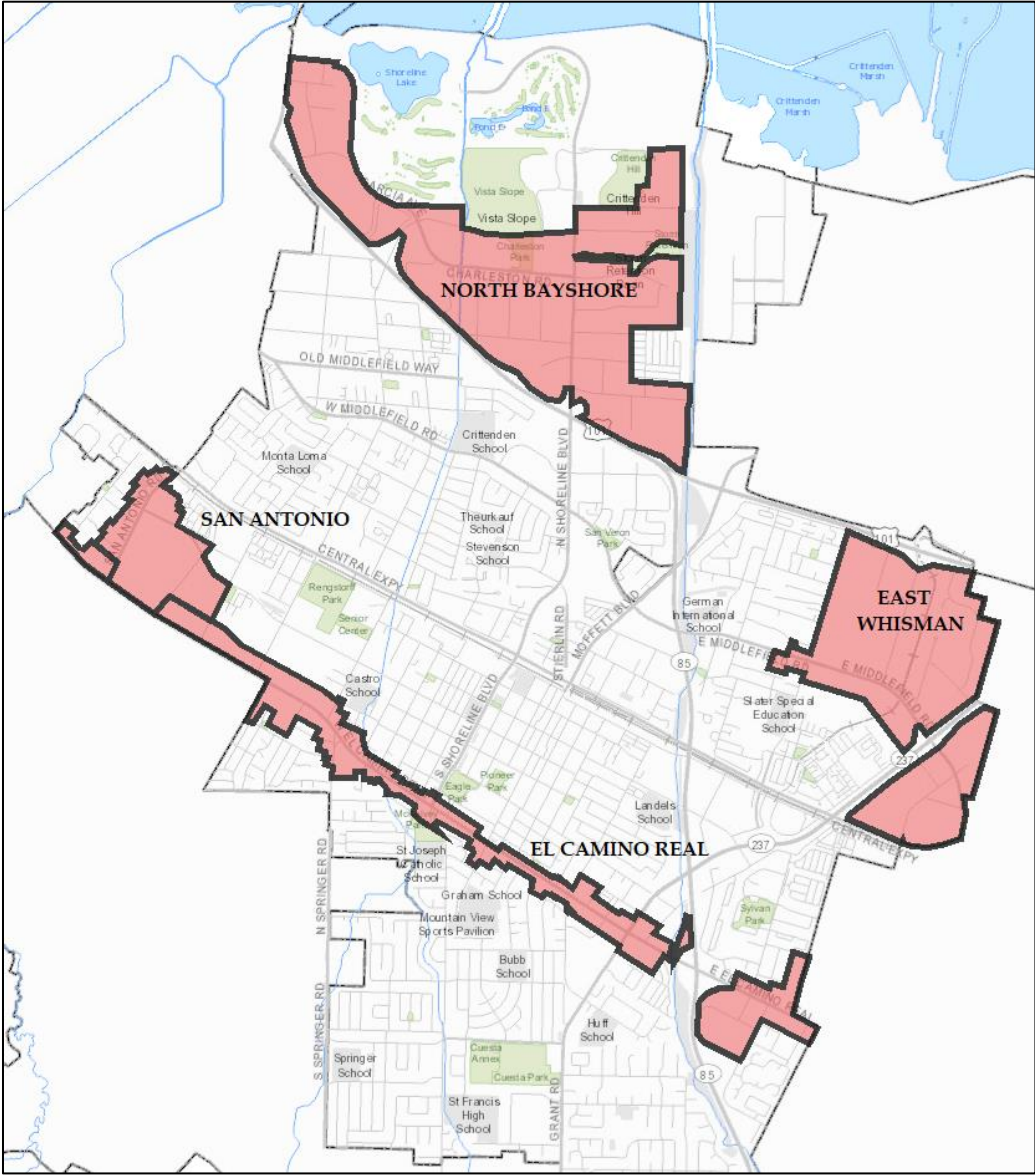


Figure 2: Map of Change Areas to Accommodate RHNA Sites

While the City has zoned for more than 4,500 units in these areas, other sites may need to be identified. This is because HCD will review sites for their likelihood of redeveloping during the entire eight-year Housing Element period. Factors that may limit a site’s ability to redevelop include: viable existing uses (such as office); costs and market feasibility; and the City’s discretionary Bonus Floor Area Ratio review process.

In case there is not enough capacity in areas noted above, the City will need to identify additional sites to meet RHNA. These additional sites may be in other

opportunity areas that do not require rezoning, such as underutilized sites, commercial or industrial areas, or additional areas that the City could consider rezoning to create additional capacity. Staff will analyze areas within the City in greater detail following further discussions with HCD. Staff will then return to the EPC and City Council with information on the overall zoning capacity and will present a recommended housing sites strategy.

The City is updating development standards for the R3 Zoning Update, which is expected for approval in 2023. While this project may increase the amount of residential capacity within the R3 District, **staff does not recommend assuming R3 Update densities in the site inventory**. There are several reasons for this:

- The timing of the R3 Update project (which will be completed after the Housing Element deadline);
- The uncertainty of future densities; and
- Many R3 sites would not result in very many *net new* units and could have displacement effects that act counter to the City's affordable housing and equity goals, so any R3 site identified should be limited to a very small number of existing units.

Though the R3 Update will not be assumed in the site inventory, some R3 sites may still need to be identified for upzoning in the inventory if not enough units are accommodated through already-zoned sites.

3. AB 686 – Affirmatively Further Fair Housing. In 2018, AB 686 was passed by the State Legislature, expanding the role of the Housing Element in addressing local governments' obligation to affirmatively further fair housing under State law. Under State law, affirmatively furthering fair housing means "taking meaningful actions, in addition to combatting discrimination, that overcome patterns of segregation and foster inclusive communities free from barriers that restrict access to opportunity based on protected characteristics." Key provisions of AB 686 that affect Housing Elements adopted on or after January 21, 2021 include:

- Housing Elements must include a public participation process that incorporates meaningful efforts to include all community stakeholders.
- Housing Elements must include an Assessment of Fair Housing (AFH) that is consistent with the core elements of the Federal Affirmatively Furthering Fair Housing (AFFH) Final Rule from July 2015 and HCD guidance. The AFH

- includes, but is not limited to, a summary of fair housing issues; an assessment of fair housing enforcement and outreach capacity; and an analysis of patterns of integration and segregation, disparities in access to opportunity, disproportionate housing needs, and displacement risk.
- The site inventory portion of the Housing Element must be evaluated to address the extent to which the identified sites will affirmatively further fair housing. This generally means that the Housing Element should avoid concentrating affordable housing in areas with high proportions of lower-income residents or in racially or ethnically concentrated areas of poverty and should ensure that affordable housing sites are located in high-resource areas. High-resource areas are those that have characteristics that have been shown to improve economic, educational, and health outcomes for lower-income residents, which links the AFFH requirements to environmental justice considerations. Mountain View has many high-resources areas.
 - The goals, policies, and programs in the Housing Element must respond to the findings from the AFH and the site inventory to include programs that address fair housing issues and affirmatively further fair housing.

The Housing Element Update will include a comprehensive response to the AFFH requirements by incorporating an assessment of fair housing into the needs assessment chapter to determine where needs and disparities currently exist and the factors that contribute to these needs and disparities. The Housing Element will also evaluate the site inventory through the AFFH lens and incorporate policies to affirmatively further fair housing. In addition, staff is considering additional strategies to ensure meaningful outreach to all segments of the community.

4. Mountain View Whisman School District Community Facilities District. Housing sites identified in the Housing Element must meet the criterion that they are likely to be redeveloped within the eight-year planning period specified by State law. Additionally, the Housing Element must identify and analyze potential governmental constraints to the maintenance, improvement, or development of housing for all income levels, such as local development standards, permitting procedures and fees, and special taxes imposed by governments which serve the area. The analysis must also demonstrate local efforts to remove constraints that

hinder a jurisdiction from meeting its housing needs. As housing sites are selected and reviewed for these constraints, the City may have to adopt strategies to either:

- Reduce constraints to a level where redevelopment is likely, such as by modifying government fees, permitting procedures, and/or development standards; and
- Select sites less subject to such barriers to development or redevelopment.

It should also be noted that, pursuant to AB 686, sites must be identified throughout the community in a manner that affirmatively furthers fair housing opportunities. This means that sites identified to accommodate the lower-income need should not be concentrated in low-resourced areas or areas of segregation and/or concentrations of poverty. Instead, sites identified to accommodate the lower-income RHNA must be distributed throughout the community in a manner that affirmatively furthers fair housing.

At its August 12, 2021 meeting, the Mountain View Whisman School District (School District) Board of Trustees directed School District staff to explore the establishment of a Community Facilities District (CFD). The purpose of the CFD would be to support the siting and construction of new schools to serve the anticipated population growth. CFDs fund such facilities through parcel taxes, which could be enacted through a two-thirds vote of the residents in the affected area.

The August 12, 2021 staff presentation to the School District Board indicates the School District's intention to apply the CFD to the areas of the City that are north of Central Expressway, which would include much of the City's R3-zoned areas, in which apartments and other multi-family units are located, as well as areas in North Bayshore and East Whisman zoned for new housing development. The tax would apply to both existing and newly developed housing units. It would be based on the number of units on a parcel and would levy a significantly higher tax on new units than on existing ones.

In October 2021, the School District began polling a sample of registered voters in the affected area about the creation of a CFD and sought feedback about housing development in the City, among other topics. It is unknown whether the School District will ultimately decide to place a CFD on the ballot in 2022 and whether two-thirds of the voters would approve it.

A CFD parcel tax as proposed to the School District Board of Trustees in August would likely reduce housing production, especially affordable housing production,

in the City because it would raise the cost of home ownership and/or depress developers' incentive to build for-sale housing and apartments and other rental housing. As a result, it would be considered a constraint on housing development, which could preclude the City's use of those areas for the site inventory used to satisfy the City's obligation under the State's RHNA. If the area north of Central Expressway in the site inventory were made a less hospitable area for housing, areas south of Central Expressway would need to be identified to meet a greater share of the City's RHNA need.

Before the October 20, 2021 EPC meeting, the School District sent a letter to the City requesting a collaborative approach (Attachment 3). The City has and continues to work collaboratively with all school districts in Mountain View. In June 2020, the City Council adopted the School Strategy as a collaborative measure to partner with the Mountain View Whisman and Mountain View Los Altos Union High School Districts. The School Strategy also recognizes State laws prohibiting cities from requiring school fees in excess of those already authorized by State statute.

The School Strategy, therefore, incorporates a **three-part collaborative approach to address school capacity needs** that includes:

- The City's role in a land strategy that includes a program for transfer of development rights, if school districts wish to purchase land for a school, and creating incentives to encourage but not require developers to dedicate land for schools;
- The School Districts' cost-share options, which acknowledge the range of resources available to school districts, including grants, bonds, and redevelopment of existing school district properties; and
- The shared understanding of the financial gap and communicating it to developers who may volunteer contributions to an identified community need to ensure their developments are well-served and, therefore, appealing in the real estate market.

On November 4, 2021, the School District further discussed its projected future funding needs to increase school capacity, based on the School District's assumptions about housing development and potential enrollment. The School District Board provided feedback to its staff to pursue all options for additional funding and reiterated its interest in the creation of a CFD in the areas north of Central Expressway.

5. Additional Requirements for RHNA Sites. In 2017, the State Legislature passed AB 1397, which implemented new requirements for sites identified in the site inventory portion of the Housing Element. Key changes included a requirement that cities and counties conduct additional analysis for nonvacant sites, small sites (less than one-half acre), and large sites (more than 10 acres) that are included in the site inventory to demonstrate that these sites are reasonably likely to be developed as shown in the site inventory. In addition, in order to reuse sites that were listed in the site inventory from the prior Housing Element (for nonvacant sites) or the prior two Housing Elements (for vacant sites), cities and counties must rezone these sites to allow residential use by right for housing developments in which at least 20% of units are affordable to lower-income households. Exceptions apply if the reused site has been rezoned to a higher density since the adoption of the last Housing Element.

The site inventory is currently in progress and will continue over the next few months. The Housing Element team is taking all new considerations related to site identification into account as part of this process. Despite the new requirements, staff anticipates that the site inventory will be able to identify enough sites to meet the City's RHNA requirements.

Question 1: Does the City Council have any comments regarding new key Housing Element requirements?

Preliminary Policy Topics

City Council Strategic Roadmap

The City Council adopted the City's Strategic Roadmap in June 2021, replacing the previous Council Goals process that happened every two years. The Strategic Roadmap includes Strategic Priorities, two of which are "Community for All" and "Intentional Development and Housing Options," which includes the following descriptions, respectively: "Support Mountain view's socioeconomic and cultural diversity. Engage and protect vulnerable populations through policies that promote access to housing, transportation and other programs and services" and "Support an increase in the quantity and diversity of housing options, including assistance for the unhoused. Provide opportunities for affordable housing as well as home ownership. Plan for neighborhoods with nearby transit, jobs and amenities that balance density with livable, green, mixed-use development." The Strategic Roadmap also includes City actions over the next two years. These actions may inform or be identified as Housing Element implementation programs and may also inform key policy topics.

This City Council policy direction will be included within the Draft Housing Element goals, policies, and programs.

- Displacement Response Strategy. Hold a Study Session on a displacement response strategy and net loss; develop a work plan for any desired follow-up actions.
- R3 Zone. Review and propose revisions to the R3 Zone standards that consider form-based zoning, incentivizing stacked flats, and updated rowhouse guidelines.
- Partnership with School District for Affordable Housing. Work with the Mountain View Los Altos Union High School District (LAUHSD) to explore the possibility of the LAUHSD acquiring the Shenandoah property and the opportunity for shared uses and affordable housing on the site.
- Homelessness Response Strategy. Develop a Citywide strategy to respond to homelessness, including facilitating the development of various housing types to meet the wide range of housing needs for the unsheltered population and those at risk of homelessness.
- Middle-Income Housing. Develop strategies for middle-income persons to afford different housing types.
- VTA Lot – Evelyn Avenue. Facilitate the development of affordable housing at the Santa Clara Valley Transportation Authority (VTA) Evelyn Avenue site.
- Lot 12. Facilitate the planning/entitlement and building permit process for Lot 12.
- Housing Densities. Conduct a review of parcels with existing units that exceed the density currently allowed by the Zoning Ordinance/General Plan and hold a Council Study Session to discuss a recommended approach.
- County Partnership. Partner with the County to explore the potential conversion of the Crestview Hotel to housing for people who are unstably housed.

Potential Housing Policy Topics

Staff is seeking guidance from the City Council on whether the following potential preliminary policy topics should be prioritized and whether there are other topics that should be addressed in the Housing Element Update. Based on EPC and City Council

direction, staff will further refine and analyze these topics, consolidate them into crafted goals and policies, and use them to inform additional programs.

- Displacement. There is a tradeoff between the development of new units in residential areas and displacement of existing tenants. New policies can help navigate this tradeoff.
- Affordable Housing Production. The City requires affordable units from market-rate developments and supports new affordable developments. However, the RHNA and no net loss provisions increase the stakes of generating affordable units.
- Funding, Capacity, and Partnerships. The need for affordable housing exceeds the funding and capacity available to build the units. New funding, capacity-building, and developing partnerships can increase the available resources to help meet the need. This could also include legislative advocacy efforts to create the resources and systems needed to meet the affordable housing requirements.
- Large-Unit Production. The majority of units in recent developments have been one-bedroom apartments with a few studios and two-bedroom units. Three-bedroom units have not been consistently produced.
- Entry-Level Ownership Production. The price of existing housing and units in new ownership projects is out of reach for most people without family sources of wealth.
- Diversity, Equity, and Inclusion. Housing can affect different populations in different ways. The Housing Element can include policies and programs that ensure Mountain View maintains and welcomes diversity.
- Preservation and Improvement of Naturally Affordable Stock. Many of the apartments in Mountain View are over 50 years old and approaching the end of their useful lives. These units can be naturally affordable places to live, but they may need maintenance and upgrades to ensure all residents have access to the City's minimum quality of life.
- Acquisition. Affordable housing developers have to compete with market-rate developers for land. There may be opportunities, such as land trusts or other funding strategies that can increase the opportunity for these acquisitions.
- Sustainability. Housing is a major source of greenhouse gas emissions, and programs can help incentivize increased efficiency of new buildings and efficiency upgrades in existing buildings.

- Impacts to Infrastructure and City Facilities. The effects of the City’s growth on facilities and infrastructure are regularly assessed through California Environmental Quality Act (CEQA) documents, department studies, and other processes.
- Development Review Process. There may be opportunities to improve efficiency and reduce uncertainty with targeted changes to the development review process.
- Development Standards and Fees. Development regulations can be a major source of government constraints on housing production. Targeted changes to standards and fees may enable some new housing development opportunities.
- Notice of Availability Process Review. In 2014, the City implemented an “over-the-counter” NOFA process to make City housing funds available on a continuous basis to 100% affordable housing projects. Since that time, many things have changed, such as new State legislation affecting housing requirements and timelines, new policy issues, the increased cost of development, and the increase in the City’s project pipeline. Staff recommends reviewing the NOFA process and best practices to identify potential modifications that may improve the process based on current development conditions and requirements.
- Targeted Populations. Affordable housing could target seniors, disabled individuals, specific income levels (e.g., extremely low-income or moderate-income), families, community-serving or local employees, homeless, or other specific populations.
- Engagement and Education. Throughout the Housing Element process, the City will engage residents and other stakeholders on the key topics the Housing Element may address. In addition, ongoing outreach efforts can ensure programs and policies are effectively implemented.
- Data Efficiency. The City can look to acquire tools and software that will improve development review, monitoring of housing supply, management of funding, and other processes involved in housing development.

Question 2: Does the City Council support the initial list of Draft Housing Element policy topics? Are there other policy topics that should be included?

Public Outreach

The Housing Element process includes two main phases of public outreach. The first phase has been in progress since spring 2021 and will continue through the rest of the year. This input can help guide the development of potential Housing Element goals, policies, and programs. The outreach efforts so far include creating an educational webpage,⁸ hosting stakeholder interviews, community workshops, attending farmer's markets, and creating a community input survey. The second phase will occur in early spring 2022 and will focus on receiving feedback on the Draft Housing Element.

Summaries of community outreach meetings to date are included in Attachment 4.

EPC Study Session October 20, 2021

Staff received letters prior to the meeting and heard from 23 public speakers. Please refer to Attachment 5 for public correspondence. Generally, the public comments covered the following topics:

- Support for affordable housing construction.
- Support for the policies identified in EPC staff report.
- Consider affordable housing opportunities Citywide, such as in neighborhoods around downtown or other commercial areas (e.g., CN, CO Zones).
- Concerns about using R3 Zoning Update to meet RHNA due to:
 - Development standards inconsistent with neighborhood scale;
 - Increase of affordable versus market-rate housing imbalance; and
 - Increase of displaced residents and loss of CSFRA-covered units.
- Focus RHNA sites in precise plan areas.
- Reexamine fees (e.g., park fees).

⁸ Mountain View's Housing Element Update webpage is available at www.MVHousingElement.org.

- Encourage preservation of naturally affordable housing (possibly through R3 Zoning Update).
- Consider sites near amenities like parks and transit.
- Support streamlined process to provide predictability, to shorten timelines, and to reduce the overall costs for both developers and residents.
- Conduct more outreach to Mountain View residents from different segments of the community to get meaningful input.
- Reduce parking requirements.
- Focus on a strategic approach to funding affordable housing.
- Enhance the ADU program with design, permitting, and financing assistance.
- Consider unique programs for longer leases on transitional/supportive housing.

Environmental Planning Commissioners generally expressed concern about the low number of affordable units generated as a ratio to overall units built. Most Commissioners expressed the need to prioritize nature and park access with housing development, and several Commissioners were interested in housing development outside of the North Bayshore and East Whisman Precise Plan areas and directed staff to present additional site options at a future Study Session. Other comments included:

- Find partnerships to collaborate on funding or land for housing development;
- Build infrastructure and public services near housing;
- Consider other Precise Plan areas for sites to meet RHNA or ensure R3 Update considers neighborhood scale and transitions before including in the sites inventory;
- Preserve and improve existing naturally affordable housing stock rather than solely focused on redevelopment; and
- Evaluate data to determine process improvements to facilitate development or program implementation (i.e., streamlining review, staffing needs, etc.).

RECOMMENDATION

That the City Council discuss and provide on input on initial Housing Element program and policy direction by responding to the following questions:

1. *Does the City Council have any comments regarding new key Housing Element requirements?*
2. *Does the City Council support the initial list of Draft Housing Element policy topics? Are there other policy topics that should be included?*

NEXT STEPS

Following the Study Session with the City Council, the project team will conduct additional outreach, continue the RHNA site inventory, and begin the required CEQA analysis and work. Staff will return for another round of Study Sessions with the EPC and City Council with progress on the draft policies and programs and sites inventory in early spring 2022.

PUBLIC NOTICING

The City Council agenda is advertised on Channel 26, and the agenda and this report appear on the City's website. A meeting reminder was emailed to approximately 380 people on the Housing Element mailing list. A calendar of events advertising all Housing Element events, including this City Council Study Session, is posted on the City's website, and is available at City facilities (City Hall, Library, Senior Center, and Community Center) and was also sent to 46 stakeholders and organizations to post at various sites.

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- Attachments:
1. Letter to ABAG—July 2, 2021
 2. Data Graphs
 3. Letter from Mountain View Whisman School District—October 20, 2021
 4. Outreach Summary and Outcomes
 5. Public Comments