



COUNCIL REPORT

DATE: March 25, 2025

CATEGORY: Consent

DEPT.: Community Development

TITLE: **Housing Element Annual Progress Report (2023-2031 Housing Element)**

RECOMMENDATION

Accept the 2024 Annual Progress Report on the 2023-2031 Housing Element and direct staff to submit the report to the California Department of Housing and Community Development and the Governor’s Office of Planning and Research (Attachment 1 to the Council report).

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 a jurisdiction’s housing needs; create, update, and guide housing policies; and identify locations to accommodate the City’s Regional Housing Need Allocation (RHNA).

On April 11, 2023, the City Council adopted the Sixth Cycle Housing Element, which covers the eight-year planning period of 2023 to 2031. This adoption was the culmination of almost two years of work devoted to preparing the update.

Government Code Section 65400 requires cities to prepare an Annual Progress Report (APR) 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. There was a key change to unit reporting that staff implemented for the Annual Progress Reports (APRs) in the Sixth Cycle Housing Element cycle. In the previous Housing Element cycle, the City reported net new units (proposed units minus demolished units) for RHNA; but, per HCD direction, all new units will be reported for RHNA. There is only one minor change to the APR form from the previous year—all instances of SB 35 have been updated to SB 423, which went into effect January 1, 2024, and extends the sunset provision for and makes other substantive changes to SB 35.

Regional Housing Need Allocation

State law requires local 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 an allocation of housing units to councils of government (COGs) across the state. In the Bay Area, the housing unit allocation is provided 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. Housing Element law acknowledges that in order for the private market to adequately address the housing needs of California, local governments must adopt plans and regulatory systems that provide opportunities for (and do not unduly constrain) housing development. The local jurisdictions are, therefore, required to zone adequate developable land to build these units and to take other actions to facilitate housing production across incomes.

The City’s Current RHNA allocation for 2023-2031 is 11,135 units, which is a substantial increase in the number of units from the Fifth Cycle allocation of 2,926 units. This reflects the increasing need for housing units statewide. 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 2024 AMI for Santa Clara County for a household of four was \$184,300 (see Attachment 2).

Table 1: City of Mountain View Sixth Cycle RHNA

Income Group	Area Median Income %	Units
Very Low	0-50%	2,773
Low	51%-80%	1,597
Moderate	81%-120%	1,885
Above Moderate	120%+	4,880
TOTAL		11,135

Environmental Planning Commission Recommendation

The 2024 Housing Element APR was presented to the Environmental Planning Commission (EPC) for review on February 19, 2025. At the meeting, the EPC unanimously recommended that the City Council accept the 2024 APR. Several Commissioners voiced concerns and raised questions related to the rate of progress towards achieving the City’s RHNA numbers.

Annual Progress Report

As noted above, the annual progress report provides the state with information on the City's yearly building permit activity between January 1, 2024 and December 31, 2024 for new housing units (see Table 2 below and Attachment 1, Table A2). The progress report also includes Housing Element policy and program implementation status (see Attachment 1, Table D).

Several Housing Element implementation items are summarized below, including any items completed in the reporting year. Given that this is the second year of the Sixth Cycle Housing Element, many programs are still in progress or have not yet begun.

1. Residential Building Permit Activity and RHNA Allocation

In 2024, the City issued building permits for 217 new residential units,¹ 101 of which are very-low-income units; 17 are low-income units; 18 are moderate-income units; and 81 are above-moderate-income units (see Table 2 and Attachment 1, Tables A2 and B).

Table 2: Sixth Cycle (2023-2031) RHNA Progress—Building Permits Finalized

Affordability by Household Income	2023 ²	2024	Total Units to Date	Percent of RHNA Allocation
Very Low 0%-50% AMI	142	101	243	8.7%
Low 51%-80% AMI	95	17	112	7.0%
Moderate 81%-120% AMI	147	18	165	8.8%
Above Moderate 121%+ AMI	878	81	959	19.7%
TOTAL	1,262	217	1,479	13.3%

The City of Mountain View continues to experience a high level of residential development activity. Currently, there are 1,646 residential units (1,245 net new residential units) under construction; approximately 2,360 residential units (2,309 net new residential units) approved but not yet under construction; and 3,982 residential units (3,923 net new units)

¹ Units are reported based on total project new units, while demolished units are listed separately. This direction was provided in the 2022 and 2023 Annual Progress Report Instructions, and the change was implemented by staff in the 2023 APR.

² Includes the period from June 30, 2022 through December 31, 2023.

under entitlement review, including 3,527 residential units (3,473 net new units) with applications deemed complete.³

2. No Net Loss

Senate Bill (SB) 166, also known as the No Net Loss Law (codified at Government Code Section 65863), among other provisions, requires local jurisdictions to maintain an inventory of sites zoned to accommodate their share of the region's housing needs at all income levels. In other words, if a site is developed with fewer units at the specified income level than identified in the Housing Element, the jurisdiction must identify (and rezone, if necessary) additional sites to make up for the shortfall.

Program 1.11 of the Housing Element includes instructions for monitoring no net loss, including the preparation of a "provisional inventory" that will give the City advance notice of impending approvals that would reduce the inventory below the RHNA at any income level.⁴ In addition, the program requires the City to account separately for lower-income capacity in the highest-opportunity areas of the City—south of El Camino Real and the area around downtown (bounded by El Camino Real, Mariposa Avenue, Central Expressway, and the State Routes 85 and 237).

The Official and Provisional Inventories are shown in Table 3. No individual income level is below 5% in either the official or provisional inventories; therefore, it is not currently necessary to identify additional opportunity sites or rezonings to meet the City's RHNA requirements. The current inventory, updated as of January 1, 2025, can be found on the City's Housing Element webpage.⁵

³ Table A of the APR form does not report on all residential projects currently under entitlement review. "Application submitted" per the Department of Housing and Community Development's guidance means an application submittal that has been determined complete by the jurisdiction. The remaining units have submitted applications but had not yet been deemed complete as of January 1, 2025.

⁴ The program stipulates that lower-income sites in the inventory can be converted to moderate-income sites. Therefore, the identification of new sites to address no net loss is only begun when the lower-income inventory is below 5% after reallocating sites to the moderate-income category.

⁵ <https://www.mountainview.gov/our-city/departments/community-development/planning/regulations/housing-element>

Table 3: No Net Loss, Official, and Provisional Inventories

Affordability by Household Income	RHNA	2024 Inventory* ⁶ (Official/ Provisional)	2024 Project Updates (Official/ Provisional)	Inventory on January 1, 2025 (Official/ Provisional)	Percent Buffer (Official/ Provisional)
Lower (0% to 80% AMI)	4,370	4,927 5,292	62 -97	4,989 5,195	14.2% 18.9%
Lower, South of El Camino Real and Downtown Area	830	1,049 1,066	0 4	1,049 1,070	26.4% 28.9%
Moderate	1,885	2,128 2,028	46 134	2,174 2,162	15.3% 14.7%
Above Moderate	4,880	8,827 9,705	208 153	9,035 9,858	85.1% 102.0%

3. Housing Policies and Programs

The Housing Element includes policies and programs that are intended to remove constraints to housing production, produce housing for all income levels, provide housing assistance, address displacement and homelessness, and create solutions for housing through partnerships and other means. Table D in Attachment 1 summarizes current measures that have been completed in calendar year 2024 to support the Housing Element’s goals with recent efforts summarized below.

Goal 1: An increase in the quantity and diversity of housing options, focusing on active nodes, and walkable neighborhoods with amenities and services.

- a. Updated Zoning Regulations—In March 2024, the City updated the Zoning Ordinance and amended the El Camino Real Precise Plan to allow emergency shelters by right to complete Housing Element Program 1.1(f). In November 2024, the City updated the Zoning Ordinance and certain Precise Plans to eliminate minimum parking standards for residential uses to complete Housing Element Program 1.2(b).
- b. Gatekeeper Process—The Gatekeeper process is an authorization process to permit legislative amendments (Zoning/Precise Plan or General Plan amendments) that could result in private development projects that support the City’s housing priorities. In June 2024, staff accepted Gatekeeper applications, which completed Housing Element Program 1.3(g). On September 10, 2024, the City held an authorization hearing for these

⁶ Inventory counts do not include Accessory Dwelling Units.

applications, where the City Council authorized two projects to proceed with formal applications (one mixed-use commercial/residential project and one commercial-only project).

- c. Monitor and Promote Accessory Dwelling Units, Junior Accessory Dwelling Units and SB 9 Developments—An ADU monitoring survey to collect data from project applicants to understand ADU occupancy was created and distributed on December 13, 2024. This action completes work towards the implementation of Housing Element Programs 1.7(a)-(c).

Goal 2: An inclusive and equitable community with available and accessible housing assistance.

- a. Reasonable Accommodation—An informational handout was posted to the [Development Permits website](#) in June 2024 consistent with Housing Element Program 2.3.
- b. Mediation and Fair Housing Programs—Staff continues to implement Program 2.5 by hosting ongoing outreach/education events of housing programs to tenants, local property owners, and managers on a biweekly basis. These events utilize multilingual services.

Goal 3: A comprehensive suite of housing opportunities and services to prevent, respond to, and address displacement and homelessness.

- a. Homelessness Prevention and Services for the Unhoused—The City implements Program 3.1 as it provides annual support to Community Services Agency (CSA), LifeMoves, and other partner agencies. In 2024, the City provided funding to CSA for housing-related services and outreach to individuals living in vehicles. Additionally, a \$1,000,000 capital funding agreement to CSA for capital improvements to current and future facilities was authorized.
- b. Displacement Prevention and Mitigation—The City has developed funding strategies for affordable housing preservation by establishing an acquisition/preservation fund and evaluated the efficacy of the Tenant Relocation Assistance Ordinance (TRAO) by conducting two stakeholder meetings and holding a Council Study Session on December 17, 2024. These items complete two milestones in Program 3.2.

Goal 4: A City that is an effective steward of housing solutions through funding, advocacy, partnerships, and community outreach and engagement.

- a. Development Streamlining and Processing Revisions—Multiple items were identified to streamline review of affordable housing development per Program 4.1(a). In June 2024, the Council NOFA Review Committee discussed the NOFA process and provided feedback to streamline the process, such as engaging with relevant consultants, improving application accessibility, analyzing different funding methods, and providing training

opportunities to key staff. These are now being implemented. City departments have continued to collaborate to implement the 2021 Development Review Assessment (“Matrix Study”). An online permitting system was launched in April 2023 for building permit applications. Planning and Public Works permits were added in July 2024. This new portal allows for a standardized development permit-related comment letter, another Matrix Study recommendation in the program.

- b. Funding for Affordable Housing Units—The City evaluated funding sources for subsidized housing consistent with Housing Element Program 4.3. The City has secured grants or funding from the state’s Local Housing Trust Fund (LHTF) grant, the state’s Permanent Local Housing Allocation (PLHA) grant, federal HOME Investment Partnerships American Rescue Plan Program (HOME-ARP) funding, and federal Community Project Funding (CPF). Other funding options include a developer loan for units in the affordable housing pipeline and investment in the BMR Downpayment Assistance Pilot Program. Through the County Collaborative, an update to the Housing Impact Fee is ongoing. The funding sources begin work on Housing Element Program 4.4 to secure funding for pipeline projects. The City continues its work to secure additional funding, including discussions with nonprofits and foundations to evaluate potential funding partnerships.

ENVIRONMENTAL REVIEW

Annual Progress Report

The California Environmental Quality Act (CEQA) applies only to projects that have the potential for causing a significant effect on the environment. This action is not a project pursuant to Public Resources Code Section 21065 and CEQA Guidelines Section 15378.

NEXT STEPS

Following consideration by the City Council, staff will forward the 2024 Housing Element APR to HCD and the Governor’s Office of Planning and Research (OPR).

Housing Element Actions Anticipated in 2025

The Housing Element establishes a multi-year program of implementation actions. Programs anticipated to be in process in the upcoming year are summarized in Table 4 below:

Table 4: 2025 Programs in Progress

Program	Description	Status/Timeline
<p><i>Program 1.1—Ensure Zoning and General Plan for all sites is consistent with the Housing Element Site inventory and pipeline projects</i></p>	<p>Rezone areas to allow residential or allow at higher densities, including small commercial areas, the Transit Center, and Moffett Boulevard.</p>	<p>Moffett Boulevard Precise Plan: In progress.</p> <p>Other Areas: New Business item presented to EPC and City Council in Q1 2025. Adoption hearings are tentatively scheduled for Q3/Q4 2025.</p> <p>Housing Element Deadline: December 31, 2025</p>
<p><i>Program 1.2 and 1.3.d—Eliminate Minimum Parking /Review and Update Ordinance and Precise Plan</i></p>	<p>Adopt a transportation demand management (TDM) ordinance and an enhanced TDM criteria.</p>	<p>The TDM framework has been developed and will be reviewed at Bicycle/Pedestrian Advisory Committee, EPC, Council Transportation Committee, and Council in Q1/Q2 2025. Adoption hearings are tentatively scheduled for Q4 2025.</p> <p>Housing Element Deadline: December 31, 2026</p>
<p><i>Programs 1.4 and 2.6—Religious and Church Assembly Sites for Housing/Affirmatively Further Fair Housing</i></p>	<p>Both programs aim to increase affordable housing units in areas south of El Camino Real, which are considered the City’s highest opportunity neighborhoods.</p>	<p>Outreach and site analysis completed during the 2024 reporting period. Study Sessions at EPC and City Council (after 2024 reporting period) to discuss program implementation and the density approach have been completed.</p> <p>Housing Element Deadline: December 31, 2024</p>

Program	Description	Status/Timeline
<i>Program 1.8—Park Land Ordinance Update</i>	Complete Phase 2 of the Park Land Dedication Ordinance update and adoption of Parks and Recreation Strategic Plan.	Draft plan in progress. Draft plan anticipated to be reviewed by the Parks and Recreation Commission in Q2 2025 and a Council Study Session in Q3 2025. Adoption hearings are tentatively scheduled for Q4 2025. Housing Element Deadline: December 31, 2024
<i>Program 1.8—Park Land Ordinance Update</i>	Adopt the nexus study, reduced fees, alternate mitigations and/or other programs to reduce costs on residential development.	Item is in progress and anticipated to be completed prior to the Housing Element deadline. Housing Element Deadline: December 31, 2025
<i>Program 3.1—Homelessness Prevention and Services for the Unhoused</i>	Develop Homelessness Prevention and Services for Unhoused Strategy	Draft Homeless Response Strategy with implementation and expenditure plan is complete and was reviewed at a City Council Study Session in Q1 2025. Adoption hearings are tentatively scheduled for Q2 2025. Housing Element Deadline: December 31, 2024
<i>Program 3.2—Displacement Prevention and Mitigation</i>	Study amendments to the Mobile Home Rent Stabilization Ordinance (MHRSO).	MHRSO review is complete. While after 2024 reporting period, Council introduced the MHRSO (first reading) on March 13, 2025, and adoption (second reading) is scheduled for March 25, 2025. Housing Element Deadline: March 31, 2025
<i>Program 3.2—Displacement Prevention and Mitigation</i>	Develop community ownership action plan (COAP).	COAP consultant was selected in September 2024 and will continue developing the plan in 2025. Housing Element Deadline: June 30, 2025
<i>Program 4.3—Financial Support for Subsidized Housing</i>	Complete evaluation of new funding sources for subsidized housing, including increasing housing impact fees.	A regional Nexus Study is underway to study housing and commercial linkage fee requirements. Adoption hearings are tentatively scheduled in Q3 2025.

FISCAL IMPACT

There is no fiscal impact associated with accepting the 2024 APR for the 2023-2031 Housing Element.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a “license, permit, or other entitlement for use” if the official has received a campaign contribution exceeding \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

EXEMPT FROM THE LEVINE ACT

- General policy and legislative actions

PUBLIC NOTICING

The City Council’s agenda is advertised on Channel 26, and the agenda and this report appear on the City’s website. Electronic notices were sent to those who signed up on the Housing Element website to receive information regarding updates for Housing Element program implementation. A newspaper notice has been circulated for this meeting.

Prepared by:

Madelyn Faul
Assistant Planner

Krishna Penollar
Senior Planner

Eric Anderson
Advanced Planning Manager

Approved by:

Christian Murdock
Community Development Director

Audrey Seymour Ramberg
Assistant City Manager

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- Attachments:
1. Annual Progress Report
 2. 2024 AMI for Santa Clara County