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September 12, 2017

Mayor Ken Rosenberg and Members of the City Council
City of Mountain View
500 Castro Street
Mountain View 94041

Dear Mayor Rosenberg and Members of the City Council:

**Re: Agenda Item 8.1-Affordable Housing Strategies,
September 12, 2017 Study Session**

As the voice for affordable housing in Santa Clara County, SV@Home advocates for policy solutions to provide #HousingForAll – from workers employed by our leading industry leaders, to those employed in the retail and service sectors, to households living on fixed incomes and the homeless.

We commend and appreciate the thorough and well-conceived staff report on the City's Affordable Housing Priorities and Strategic Framework which reflects many solutions that SV@Home supports. Many of the ideas identified in the staff report deserve thoughtful consideration and we hope that the Council provides future opportunities to discuss and weigh each in detail.

We strongly support Mountain View's efforts to identify new and innovative ways to house middle-income households and provide opportunities for homeownership WITHOUT detracting from public resources and efforts directed towards housing the most vulnerable in this community, namely households that earn 80 percent of the area median income or less.

To that end and on behalf of our members, SV@Home recommends the following strategies and guiding principles:

- The City should continue to direct public funds to the creation of homes affordable to households earning 60 percent of the Area Median Income or below.
- As befitting its status as a regional leader, the City should re-assess its current suite of tools and strategies - such as impact fees, BMR practices, and its inclusionary ordinance to name a few - and identify necessary and feasible changes to make them more impactful and effective.

- The City should identify innovative land use and regulatory strategies that make naturally affordable housing allowable, more feasible, and quicker to create. Approaches include increased density along key corridors such as El Camino Real and targeted zoning designations (e.g R3), additional reductions to parking requirements, and streamlined permitting.
- The City should utilize the NBPP framework as a template for existing and planned Precise Plans within the City.

The attached table reflects our recommendations and feedback to questions posed by staff to the City Council.

We thank you for your leadership and the opportunity to provide feedback.

Sincerely,



Pilar Lorenzana
Deputy Director



Attachment 1: SV@Home Recommendations in Response to Staff Questions to Council

Staff Questions to Council	SV@Home Response
<p>Question 1: Does the City Council support the proposed investment plan for the projected funding for the four-year period from Fiscal Year 2017-18 to Fiscal Year 2021-22?</p>	<p>We support staff recommendations to create up to 400 new homes affordable to households earning 60 percent of the area median income and below and up to 250 units of permanent supportive housing and/or rapid re-housing units. Further, we recommend that the City prioritize these uses on land owned by the City or other public agency.</p>
<p>Question 2: Does the City Council have any additional feedback on how to achieve a diverse affordable housing pipeline under Investment Strategy 1, taking into consideration the background information on the City’s existing housing portfolio, the trade-offs that may come with funding different types of affordable housing (e.g., larger units may mean less units and vice versa), and the funding available?</p>	<p>No comment</p>
<p>Question 3: In order to facilitate middle-income rental housing, does the City Council support the addition of the Moderate-Income category when units are built on-site in market-rate developments in lieu of paying the Rental Housing Impact Fee? If so, does the Council support Strategy No. 3a (establishing a range of income levels) or 3b (equivalency methodology)?</p>	<p>No comment</p>
<p>Question 4: Does the Council support the other strategies identified in Table 9 to enhance the City’s affordable rental housing program? Are there other tools or mechanisms that the Council recommends that staff explore?</p>	<p>We strongly recommend that the City undertake the following actions:</p> <p>Increase the affordable housing requirement under the BMR program, currently set at 10 percent. As indicated in the memo, there are many cities, including Palo Alto, that have required 15 percent BMR units for many years without discouraging development. Further, we recommend adopting a per square foot in-lieu requirement instead of the current practice of a 3 percent in-lieu fee (which is also much lower than fees in neighboring jurisdictions);</p> <p>Increase the per square foot Rental Housing Impact Fee and Commercial Impact Fee. Thanks, in part, to the City’s leadership, many neighboring jurisdictions have adopted these tools. Nexus studies recently completed for neighboring communities provide justification for higher fees. We recommend that the City take steps to determine the feasibility of increasing these impact fees, critical tools for achieving the Council’s affordable housing goals.</p>

<p>Question 5a: Does the Council wish to continue to prioritize the preservation of the affordable ownership unit through strict resell restrictions (but still allow the homeowner to keep all of the equity gained by paying down the mortgage) or would the Council wish to modify the BMR program to allow homeowners to benefit from housing appreciation?</p> <p>Question 5b: If the Council wishes to allow a BMR unit to be sold at a higher price and for the homeowners to benefit from appreciation, does the Council wish to preserve the affordability of the unit by using City funds to subsidize the unit?</p> <p>Question 5c: Does the Council support the other strategies identified in Tables 10 and 11 in order to support the City Council’s goal to facilitate homeownership?</p> <p>Are there other tools or mechanisms that the Council recommends that staff explore?</p>	<p>We offer the following feedback and recommendations:</p> <p>We support expanding the moderate-income household range from 80 percent to 100 percent to 80 percent to 120 percent of the area median income;</p> <p>We support expanding the BMR program to include low-income homeownership Opportunities; and</p> <p>We support modifying the City’s BMR program to allow homeowners to benefit from housing appreciation.</p>
<p>Question 6: Does the Council wish to consider using the NBPP as a template for Precise Plans that will be developed (such as East Whisman and Shenandoah), for existing Precise Plans (such as El Camino Real and San Antonio), or both future and existing Precise Plans, taking into consideration the uniqueness of each Precise Plan and the appropriateness of the various NBPP elements?</p>	<p>Like many of our partners, SV@Home has long supported the NBPP Master Plan for both its inclusion of 9,850 housing units, as well as its goal of making 20% of these units affordable. We recommend utilizing the NBPP template for all Precise Plans undertaken within the City.</p>