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Transmitted via email

April 19, 2016

Honorable Mayor Showalter and Members of the City Council
City of Mountain View
500 Castro Street
Mountain View, CA 94041

Dear Mayor Showalter, Vice-Mayor Rosenberg, and Councilmembers Clark, Inks, Kasperzak, McAlister, and Siegel.

Re: Study Session on Development of Lot 12, Bryant Street Between California Street and Mercy Street – Agenda Item 8.1

On behalf of our members, we request that the Council direct staff to draft a Request for Proposals for Lot 12 that fully complies with the State Surplus Land Act (SLA).

The staff report published for today's study session on Lot 12 was silent on the State Surplus Land Act and its requirement to prioritize affordable housing when selling or leasing of publicly-owned land. I write today to ensure that you are aware of the revisions to the long-standing SLA that went into effect on January 2015 and strengthened the Right of First Refusal (ROFR) for housing developers when local agencies sell or lease publicly-owned land.

Who is subject to the SLA? Local agencies including counties, both charter and general law cities, and special districts, such as school districts and transit agencies, are subject to the SLA. (§ 54221.a)

When does the SLA apply? Local agencies are required to prioritize affordable housing prior to selling or leasing publicly-owned land. (§ 54220.a and § 54222)

What does the SLA require of jurisdictions? The key provisions of the SLA are as follows:

Notification: Local jurisdictions must notify affordable housing sponsors before the property is offered more widely. Local agencies must solicit interest from affordable housing developers (preferred entities) and negotiate for a period of up to 90 days. (§ 54222 (a) and § 54223)

Affordable Housing Requirement: A preferred entity must agree to include at least 25% of the units as affordable to households at 70 percent of median income or below. (§ 54222.5)

Inclusionary Requirement: A market rate developer must meet a 15 percent inclusionary requirement if a local entity is unable to reach agreement with a preferred entity.
(§ 54233)

Length of Affordability: Rental units must remain affordable for 55 years and ownership units are subject to an equity share agreement. (§ 54233)

Since the passage of AB 2135, some local agencies have moved forward to implement the law while others have taken steps to avoid the long-standing requirements as well as the recent changes. This includes agencies that have suggested that leases are not applicable, that charter cities aren't required to follow the law, or that land is not being officially declared surplus so it doesn't count. None of these positions is consistent with the SLA, which has long held that leases are covered, charter cities are covered, and that any land no longer needed for the public purpose that created the entity is covered.

Mountain View is located in the heart of Silicon Valley and is home to many thriving technology companies. The City is also positioned squarely in the middle of the housing crisis, with average rents for two-bedroom apartments exceeding \$3,100 per month (source: Rent Jungle). Over the first quarter of 2016, median rent for all properties in Mountain View, including all unit sizes, was a staggering \$4,200 a month (source: Trulia)

With these high housing prices, even tech employees, with an average income of \$113,300, must pay more than 30% of income toward rent. And, it is much harder for other workers, both those working in the tech industry and those working in other fields, to afford these high rents. Recent data produced by Working Partnerships shows that white-collar contract industry workers' earnings averaged \$53,200, and blue-collar contract industry workers' earnings averaged \$19,000. At a 30% of income standard, these households could afford rents of \$1,330, and \$475 respectively.

Land is a finite commodity in Santa Clara County. The sale or lease of surplus lands is a simple way to facilitate affordable housing development in the post-redevelopment environment and can be another tool that Mountain View employs to create more affordable housing within its community. We urge you to undertake a review of your public land disposition process in light of these revisions to the SLA and to undertake necessary steps to ensure full compliance with the SLA.

We appreciate the opportunity to provide feedback and thank you all, in advance, for your consideration.

Sincerely,

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SV@Home is the voice of affordable housing in Silicon Valley, representing a broad range of interests, from leading employers who are driving the Bay Area economy to labor and service organizations, to nonprofit and for-profit developers who provide housing and services to those most in need.