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May 15, 2017

Honorable Mayor Ken Rosenberg and members of the City Council  
500 Castro Street  
Mountain View, CA 94041

**Re: Draft North Bayshore Affordable Housing Administrative Guidelines (Item 8.1)**

Dear Mayor Rosenberg, Vice Mayor Siegel, and Members of the City Council.

On behalf of our members, we thank you for ongoing efforts to establish a framework for the development of affordable, sustainable, and equitable neighborhoods through the North Bayshore Precise Plan. SV@Home has long supported allowing up to 9,850 new homes in North Bayshore as well as the 20 percent affordability goal, which will yield close to 2,000 affordable homes in the planning area.

We write today to commend staff and offer feedback on components of the Plan's Draft Affordable Housing Administrative Guidelines (Draft Guidelines).

The Draft Guidelines provide a great starting point for discussion on how to ensure that the Plan's 20 percent affordable housing goal is met. However, we are concerned that aspects of the Draft Guidelines highlighted below may create challenges to meeting the Plan's goals. We propose the following revisions:

**A. Affordability Mix**

***Averaging across an income group.*** While we support the desire to have a range of units within an income category, we recommend against the practice of averaging within an income group (e.g. LI units averaged at 65% AMI or lower). This could result in a scenario where projects that are proposed closer to build out will be saddled with a larger share of the lower-band of the affordability requirement (e.g., predominantly 31% AMI for VLI or 51% AMI for VL projects). Instead of this practice, we recommend the City simply require that units be created within the following HUD prescribed income guidelines for very low-, low-, and moderate-income households.

**Required mix (rental and ownership).** We support the City’s affordability goals for rental units intended for lower-income and moderate-income households. We also support providing affordable homeownership opportunities within North Bayshore. However, providing homeownership opportunities for lower-income households in a mixed-income development poses challenges, especially without an option to fee out. We recommend the following affordability mix for homeownership:

- Ownership, Tier 1
  - 10% of units between 77% AMI and 100% AMI (“lower mod”) **and**
  - 5% of units between 101% AMI and 120% AMI (“upper mod”)
- Ownership, Tier 2
  - 10% of units between 77% AMI and 100% AMI (“lower mod”) **and**
  - 10% of units between 101% AMI and 120% AMI (“upper mod”)

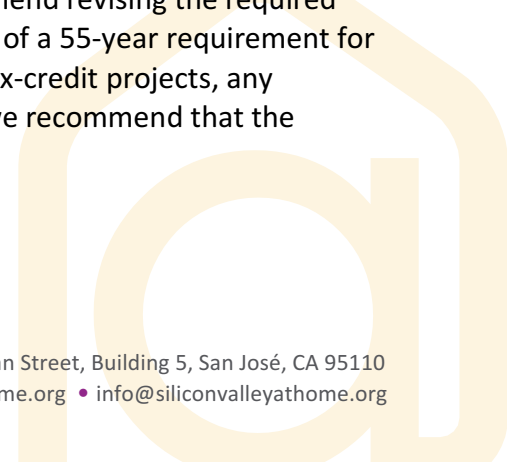
**Additional policy, homeownership.** We recommended that the guidelines include an additional policy to consider the Habitat for Humanity model of homeownership as a way to reach lower-mod households. Recent transit-oriented Habitat Developments granted lower-parking requirements achieved densities of 35 dwelling units per acre.

**C. Qualifying households.** We do not support the practice of allowing for an income cushion. We recommend adhering to HUD’s income guidelines.

**D. Bedroom mix.** We recommend that the guidelines provide as much flexibility as possible, while still adhering to Council priorities for a range of unit types across North Bayshore. In order for the program to be successful, the bedroom mix guidelines should be applied across the planning area as opposed to on a per project basis, allowing for projects that target seniors, other special needs groups, or innovative housing types like microunits. Rather than a strict percentage of units in each category, we recommend that the City adopt goals for a range of bedrooms. Additionally, the City might consider adopting a preference for family developments that propose larger units and/or award additional points.

**E. Duration of Housing Affordability**

We share the City’s goal of long-term affordability but are concerned that there are no mechanisms to practically support this goal. Are there other models where affordability has been successfully preserved in perpetuity? At present, we recommend revising the required affordability duration period to conform with the current practice of a 55-year requirement for rental units and a 40-year requirement for ownership units. For tax-credit projects, any timeframe longer than 55 years creates problems. Additionally, we recommend that the ownership units have an equity-share provision.



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In closing, we would like to thank staff for all their work on these Draft Guidelines and their continued focus on the Plan. As we look toward the final adoption of the Plan and the Draft Guidelines, we remain supportive of your commitment to ensuring that North Bayshore can be a place where individuals and families of all income levels and backgrounds can live, work, play, and contribute to the overall health of their community.

Thank you for the opportunity to provide feedback on these Draft Guidelines.

Sincerely,



Pilar Lorenzana  
Deputy Director  
SV@Home

Cc

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