



**LEAGUE OF WOMEN VOTERS
of the Los Altos-Mountain View Area**

May 13, 2019

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

Re: Council Study Session, May 14, Agenda Item 8.1 – Below-Market-Rate Housing Program Phase 2 Mods

Dear Mayor Matchak and Members of the Council:

As we wrote to the EPC, the LWV commends the Staff for a comprehensive analysis of proposed changes to the below-market-rate (BMR) policies. Staff's recommendations respond to the Council's direction prioritizing development of affordable units instead of receiving fees, increasing the affordable housing requirement from 10% to 15% for both rental and ownership housing, increasing the amount and threshold for ownership in-lieu fees, as well as the other goals prescribed by Council.

The EPC almost unanimously supported following Staff recommendations with a few suggested considerations, especially with respect to at what point projects should be exempted/grandfathered. Based upon the EPC discussion and the responses to their questions by Staff, we support the Staff recommendations.

We were impressed by the economic analysis done by EPS showing that the proposed modifications fall within the range of what is working in other nearby jurisdictions. In fact, as the Staff Report points out, increasing the ownership requirement to 15% would put Mountain View on a par with other cities, but most target their ownership units to those in lower-income categories, thus making Mountain View's proposed 15% less onerous for developers. Increasing the percentage to 25% for rowhouses/townhouses was supported by 6 of the 7 EPC members and was substantiated by Staff and EPS as feasible.

We applaud Staff for its innovative proposal to allow for flexibility and a range of incomes to be targeted. By allowing developers to provide some rental units at up to 120% area median income (AMI), some renters in the "missing middle" may find BMR units at their income levels. By keeping the average at 65%, the City would then be serving some households at lower incomes. We like this approach better than targeting all the units at 65% AMI. Targeting the ownership program to a weighted average of 100% AMI offers similar flexibility.

Also, we urge the City to require BMR units to be kept affordable in perpetuity. The recent example of the BMRs at Avalon demonstrate the importance of preservation of affordable units.

Regarding alternative mitigation, we support Staff's recommendation that development of affordable units off-site should be more onerous than building them on-site. And we strongly support Staff's recommendation that the in-lieu fee amount should be greater than the cost of developing the affordable housing on-site. The fees in the past have been extremely low. We are pleased to see EPS establish what the equivalent fees would be. EPS was also clear as to why the fees are lower in other jurisdictions; as a result, we support Mountain View establishing a fee that is at least equivalent to the cost of building the BMR units.

Building the units as BMRs not only makes for a healthy socio-economic mix in developments, but it means that the units are delivered sooner. Often, when fees are collected, it is many years before these fees are actually spent for an all-affordable project. Making the alternative mitigation difficult to receive, and, in addition, making the fees at least equivalent to the cost of building the BMRs on site will encourage building the BMRs as part of the development.

We also support Staff's proposed two-tiered approach for ongoing tenant eligibility. This is one of the basic principles of the low-income housing tax credit program and it has been in place for many years. The concept is that a tenant may move in at 65% AMI and it doesn't seem fair to ask them to leave if his income goes up only a small amount. The hope is that with a bit of time to transition, the household may be able to save and move into a rental that is not a BMR.

Thank you for considering our input.

Donna Yobs
Co-Chair, Housing Committee
LWV of the Los Altos/Mountain View Area

cc: Wayne Chen

Dan Rich

Aarti Shrivastava