



CITY OF MOUNTAIN VIEW

Office of the Mayor and City Council • 500 Castro Street • Post Office Box 7540 • Mountain View, California 94039-7540
650-903-6305 • FAX 650-903-6039

March 16, 2022

Honorable Theodore C. Zayner
Presiding Judge
Santa Clara County Superior Court
191 North First Street
San Jose, CA 95113

(ENDORSED)
FILED
MAR 16 2022
Clerk of the Court
Superior Court of CA County of Santa Clara
BY Britney Huelbig DEPUTY

Dear Judge Zayner:

The City of Mountain View is in receipt of the 2021 Santa Clara County Civil Grand Jury's final report, *Affordable Housing: A Tale of Two Cities*, dated December 16, 2021.

Our City Council concurs that it is critical to expedite and fund affordable housing development. We appreciate the report's recognition of the accomplishments of the City of Mountain View in developing housing for low-income households. The City will or has already implemented the findings and recommendations of the Civil Grand Jury.

In accordance with California Penal Code Sections 933.05(a) and 933.05(b), enclosed is the City of Mountain View's response to the findings and recommendations contained in the Grand Jury's final report. The City of Mountain View appreciates the opportunity to respond to the Grand Jury's final report and the work of the Grand Jury members.

Sincerely,

A handwritten signature in blue ink, appearing to read "Lucas Ramirez".

Lucas Ramirez
Mayor

LR/MHT/1/CDD
001-03-16-22L

**CITY OF MOUNTAIN VIEW RESPONSE TO SANTA CLARA COUNTY
CIVIL GRAND JURY REPORT'S FINDINGS AND RECOMMENDATIONS**

FINDING 7

“Mountain View Planning Division’s summary memo to the Mountain View City Council provides a clear, concise update on progress toward Housing Element goals. The City of Mountain View is commended for the clarity and conciseness of its Annual Housing Element Progress Update to the Mountain View City Council. However, the Annual Housing Element Progress Updates with cover memos to the Mountain View City Council cannot be found easily by the public on the City’s website.”

City Response—Agree. City staff provided a clear and concise update on the progress toward Housing Element goals, and the City can also improve the accessibility of its Annual Housing Element Progress Updates and associated Council reports.

RECOMMENDATION 7

“The City of Mountain View should publish its Annual Housing Element Updates and the summaries (in an appropriate form) on the City’s website by June 30, 2022.”

City Response—Have already implemented. Based on the Civil Grand Jury’s Report, previous Annual Housing Element Updates have already been added to the City’s “General Plan and Housing Element” webpage, found here: <https://www.mountainview.gov/generalplan>. The City will add future Annual Housing Element Updates to that page.

FINDING 10

“Developers (both for-profit and nonprofit) find it very useful to work with a designated individual who is responsible for the affordable housing target and coordinates all activities across developers, funding sources, city council, planning departments, and other stakeholders to enable progress on projects.”

City Response—Agree. As further described below, the City’s Housing and Neighborhood Services Division, and in particular the Senior Housing Officer role, serves as a point of contact for affordable housing developers, helping them navigate City funding, planning, and building approval processes.

RECOMMENDATION 10b

“The City of Mountain View should identify an Affordable Housing Manager who can be responsible for the affordable housing target and ensure coordination among stakeholders by

June 30, 2022. This role should be the primary focus of this individual and should have the support of Mountain View's City Council."

City Response—Have already implemented. The City's Housing and Neighborhood Services Division is housed in the City's Community Development Department (CDD), along with the Planning and Building Divisions. The Assistant Community Development Director and the Housing and Neighborhood Services Manager oversee the Housing Division and progress towards advancing the City's affordable housing goals. The Housing Division already includes a Senior Housing Officer (a management-level position) who is the day-to-day staff managing the City's affordable housing projects specifically. This includes helping affordable housing developers navigate the City's processes, including their requests for City funding, as well as for planning and building permit submittals and approvals.

When an affordable housing developer first contacts the City to discuss a potential development opportunity, they could, and do already, speak with the Senior Housing Officer, Housing Manager, and/or Assistant Community Development Director. Regardless of whom they talk to first, information is shared among Housing staff and any subsequent meetings always involves the Senior Housing Officer. Should an opportunity move forward, the Senior Housing Officer collaborates frequently and arranges preliminary meetings with other City staff to identify Planning, Building, and Public Works requirements that the developer should account for at the outset. The Senior Housing Officer leads the interdepartmental coordination throughout the process, as well as facilitates community meetings and brings the project through the City's Notice of Funding Availability (NOFA) process to be considered for City funding allocations.

Due to workloads, the City's extensive project pipeline, or other circumstances, the Housing Manager and/or Assistant Community Development Director may be the lead for specific affordable housing projects. In such a case, they would provide the same level of project management and internal/external coordination described above for the Senior Housing Officer.

In summary, the Housing Division has a clear staffing structure and associated responsibilities, an internal/external coordination process, and some built-in flexibility to manage workload. In all cases, developers are always clear who their lead Housing staff is, as well as the key interdepartmental City staff for any particular project.

FINDING 11

"In the past decade, the City of Mountain View has created substantial affordable housing funding derived both from City revenues (fees, charges to developers, etc.) and from external funding. However, the City of Mountain View's fund is diminishing and needs to be built up."

City Response—Agree. While the City currently has unreserved housing funds available for the next set of upcoming projects, its total project pipeline is extensive and significantly exceeds

current and projected resources. Additionally, the total pipeline is expected to grow further in order to meet the City's RHNA goals as part of the next Housing Element cycle.

RECOMMENDATION 11

"The City of Mountain View should develop a specific affordable housing funding plan to cover its needs for the next five years by July 30, 2022."

City Response—Recommendation requires further analysis. The City already monitors its funding pipeline, but a more robust funding plan is needed to solve for likely funding gaps. The City was recently selected to receive a highly competitive [Breakthrough Grant](#) as part of the Partnership for the Bay's Future, which will provide a dedicated Fellow to help with the City's efforts to create affordable housing policies, including helping to develop an affordable housing funding strategy. Due to the significant need for affordable housing, as well as the growing cost of affordable housing development generally, covering the City's affordable housing needs will require establishing new sources of funding. Development/adoption of a funding plan will require additional evaluation as well as Council direction and action. In the first half of this year, staff will conduct initial analysis of the funding needs and potential strategies to address the City's housing needs. Staff is scheduled to bring an Affordable Housing Study Session to the City Council later this year as part of the overall funding plan development process.

The funding strategy will aim to evaluate and address the following issues:

- **Significant—and growing—project pipeline for new units.** In order to reach the City Council's strategic priority of a "Community for All" and to address the City's RHNA goals, the affordable housing pipeline will necessarily need to increase over previous years. There are currently four affordable housing developments approved for funding, three undergoing preliminary efforts that will likely apply for NOFA funds, two sites that have been identified for affordable housing that will begin planning processes shortly, and several more identified affordable housing sites that will be developed in the years to come. The City also expects that developers will continue to identify affordable housing opportunities and seek City funds. This robust pipeline significantly exceeds that of previous years and will continue to grow. Therefore, it is critical to develop/seek additional funding sources to achieve the City's affordable housing goals.
- **Funding acquisition/preservation of existing units and other housing efforts.** In addition to new construction, the City also has City Council direction to pursue homelessness preservation, a strategy to serve the unhoused, and preserving naturally affordable units. These efforts will also require additional sources of funding to supplement the City's existing resources.
- **Local revenue options.** The City will research options for increasing local revenues to fund affordable housing as described by the Grand Jury's report, including studying a local revenue measure, evaluating fee levels for existing housing programs, identifying potential

options for new fee programs, studying tax increment financing, etc. The City will also advocate to regional, State, and Federal agencies for increased funding for affordable housing, especially for direct allocation to the City.

- **Partnerships.** To fully fund its affordable housing needs, Mountain View, like any city, will need partners to augment local funding. Therefore, the City will continue to seek partnerships with public agencies, the private sector, and philanthropy to secure additional funding or create programs to help meet the City’s affordable housing needs. The City has successfully partnered with the County of Santa Clara to secure Measure A funds for a number of housing developments, has been awarded State Homekey and CDBG-Homekey funds for the Leghorn LifeMoves interim housing development, and additional State funds for the City’s Lot 12 affordable housing development in downtown Mountain View. Other partnerships will be critical for filling funding gaps in future affordable housing developments.

FINDING 14

“Relying on commercial development to fund affordable housing has the unintended consequence of increasing the need for affordable housing.”

City Response—Agree. As with other land uses, commercial development does increase the need for affordable housing. Effective commercial linkage-fee programs and planning for “complete communities” can facilitate more balanced communities and address the housing needs that commercial development may generate.

RECOMMENDATION 14

“By July 30, 2022, both the City of Palo Alto and the City of Mountain View should require a Housing Impact Study in the approval process for new commercial development that informs decision-makers about how the proposed project affects the job-to-housing ratio.”

City Response—Have already implemented. Rather than require reports, the City has several policies intended to materially address the jobs-to-housing ratio when considering commercial development, including:

- All commercial development applications must submit information regarding square footage developed, which is used to determine a commercial linkage fee for affordable housing. In certain Precise Plan areas, commercial developers must also state ways in which their development will facilitate or be timed to be completed with residential development. Commercial Linkage Fees will be studied as part of the financing strategy referenced in response to Recommendation 11.
- A “complete communities” approach to planning that takes into account entire Precise Plan areas, instead of more narrowly focusing just on individual projects, allows plans to be

made to account for effects on the jobs-housing imbalance. This process allows infrastructure needs that are required to support housing to be accounted for in advance of development. Additionally, the “complete communities” approach creates a policy framework that establishes housing goals and requirements proportionate to, and in parallel with, commercial development. As noted in the Grand Jury report, this advanced planning also facilitates community understanding and support for affordable housing development.

- This “complete communities” approach is manifested in several existing Precise Plans, where significant commercial development is expected, including:
 - The East Whisman Precise Plan includes a Jobs-Housing Linkage Program, which meters the growth of new office development with new housing development, with inclusionary affordable housing. Commercial developers must demonstrate commensurate residential development, timed with their own development, in order to proceed.
 - The North Bayshore Precise Plan calls for “complete communities” with housing included alongside commercial development. The Bonus FAR allocation process for new office development requires developers to demonstrate commensurate residential development. Developments in this area are incentivized to make 20% of housing units affordable (which is greater than the typical 15% inclusionary requirement).

Most of the new commercial development in the City will occur in the Precise Plan areas mentioned above. The City is also pursuing affordable housing development, as well as market-rate residential development, elsewhere in the City where less commercial development is expected, which will help the City-wide jobs-to-housing ratio.

It should be noted that the jobs-housing imbalance is not the only metric that illustrates the housing crisis. The number of people displaced annually, the number of unhoused community members, and the number of community members living in overcrowded or unstable housing are also illustrative and are unlikely to be addressed only by addressing the jobs-housing imbalance. The requirements listed above help prevent the exacerbation of the jobs-housing imbalance, but funding strategic investments in housing preservation and supportive housing are also critical to address housing inequities that are fueled by factors that go beyond the jobs-housing imbalance.