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6.2 PURPOSE OF CHAPTER

This chapter is an executive summary of the Draft Housing Needs and Constraints Report (“Needs and Constraints”) completed in April 2009 by Bay Area Economics (BAE) as part of the City’s Housing Element Update. This chapter highlights some of the key draft issues and findings relevant to the City’s Housing Element Update.

The following sections of the Housing Chapter:

- Discuss Housing Element requirements; and
- List key draft issues and findings regarding the City’s housing stock, housing market, affordability, special needs populations, housing needs, and governmental and non-governmental constraints.

The full Draft Housing Needs and Constraints Report is available from the Community Development Department and provides a more detailed discussion and analysis of community housing information.

6.3 HOUSING ELEMENT REQUIREMENTS AND SCHEDULE

The Housing Element establishes a comprehensive, long-term plan to address the housing needs of the City of Mountain View. Along with six other mandated elements, the State requires that a Housing Element be a part of the City's General Plan. Updated every five to seven years, the Housing Element is Mountain View's primary policy document regarding the development, rehabilitation and preservation of housing for all economic segments of the population. Per State Housing Element law, the document must:

- Outline a community's housing production objectives;
- List policies and implementation programs to achieve local housing goals;
- Examine the need for housing resources in a community, focusing in particular on special needs populations;
- Identify adequate sites for the production of housing serving various income levels;
- Analyze the potential constraints to production; and
- Evaluate the Housing Element for consistency with other components of the General Plan

Additional public meetings regarding the Housing Element Update will be scheduled in 2009 and 2010 and will be coordinated with the City's General Plan Update schedule.

6.4 HOUSING STOCK

Condition

Although Mountain View has a predominantly older housing stock, the City's homes generally remain in good condition. Approximately 53 percent of homes in the City are 40 years old or older. However, according to the 2000 Census, less than one percent of housing units lack complete plumbing or kitchen facilities. Although there are scattered examples of units that have fallen into disrepair, overall the housing stock in Mountain View is in good condition. Due in part to a strong housing market and increased demand for housing, owners have invested in and maintained their properties over time.

There are a moderate number of soft-story buildings in the City, which can be particularly vulnerable to collapse and failure during earthquakes. These are low-rise, multi-story, wood frame structures, with an open wall condition on the first floor, leading to seismic weakness. Approximately 19 percent of multi-family buildings in Mountain View are soft-story buildings.

Housing Characteristics

Compared to Santa Clara County and the Bay Area, Mountain View has a higher proportion of units in large multi-family buildings and a smaller percentage of detached single family homes. Approximately 49 percent of the City's housing units are in large multi-family and 28 percent are single family detached units. Overall, there were 33,475 housing units in Mountain View in 2008, an increase of three percent since 2000.

Between 2000 and 2008, 54 percent or 753 of the residential building permits issued by the City were for single family units. Another 637 permits were issued for units in large multi-family buildings with five or more units during this time period.

6.5 HOUSING MARKET AND AFFORDABILITY

The Mountain View Housing Market

Home sales price and rent trends in Mountain View are indicative of the City's strong residential market. Home values have increased significantly since 2000, with the median sales price for a single family home increasing by 52 percent to \$969,500 in 2008. Condominium prices also grew rapidly, increasing by 37 percent to \$596,000 in 2008. While many other markets in California and across the country have seen home values fall during the current economic downturn, sales prices in Mountain View remained relatively strong through the end of 2008. As of December 2008, the median sales price had only declined by four percent on a year-to-year basis. In comparison, Santa Clara County as a whole saw a 35 percent decline.

Market rents in Mountain View have increased by 15 percent between 2006 and 2008, an indicator of a robust rental market. Potential homebuyers have continued to rent given the ongoing uncertainty in the economy. The average monthly rent for all unit types was \$1,730 in Mountain View for the fourth quarter of 2008.¹ Additional discussion of the City's residential market can be found in Chapter 5 Demographics and Economics.

Affordability

Due to Mountain View's high sales prices and monthly rents, housing remains largely unaffordable for many very low-, low- and moderate-income households. Assuming that households spend 30 percent of gross income on mortgage payments, taxes, and insurance, the maximum affordable sales price that a moderate-income, four-person household could afford is \$524,400. Only six percent of single family homes sold between July 1, 2008 and January 20, 2009 fell within this price range. While condominiums and average market rents are more affordable for moderate-income households, they remain out of reach for very low- and low-income households. These lower-income renters must pay in excess of 30 percent of their incomes to compete in the current market.

High housing costs can force households to overpay for housing or live in overcrowded situations. In 2000, 32 percent of renters and 29 percent of homeowners were overpaying for housing in the City. The housing cost burden was particularly pronounced for extremely low- and very low-income households in Mountain View. Seventeen percent of renter households and four percent of owner households were overcrowded in the City. Overall, Santa Clara County households experienced overpayment and overcrowding at a higher rate than Mountain View households.

¹ Based on quarterly survey of complexes with 50 or more units by RealFacts.

6.6 SPECIAL NEEDS POPULATIONS

Seniors

Seniors in Mountain View have a significantly greater homeownership rate than residents under 65 years, but also report lower household incomes. In Mountain View, 69 percent of senior households owned their homes in 2000, compared to only 37 percent of non-senior households. However, Mountain View senior households have lower homeownership rates than their counterparts throughout Santa Clara County, of which 78 percent own their homes.

At the same time, over 57 percent of elderly households in Mountain View earned less than 80 percent of the median family income in 2000. These findings suggest that many senior households purchased their homes well before the most recent housing market boom, and are currently living on fixed-incomes while still paying down any outstanding mortgage balance.

Elderly renters were more likely to be lower-income than their owner counterparts; almost 74 percent of elderly renters earned less than 80 percent of median family income, compared to just 49 percent of elderly owners.

Very-low income elderly renters have the highest incidence of housing cost burden. Approximately 73 percent overpaid for housing and 43 percent severely overpaid for housing in 2000.

There is a need for affordable senior housing for both independent and assisted living facilities. While there are a number of subsidized independent senior housing projects, affordable assisted living in Mountain View is virtually nonexistent.

Persons with Disabilities

According to the U.S. Census, approximately 15 percent of Mountain View civilian, non-institutionalized residents, age five and older, report some kind of disability. This compares to 16 percent of residents throughout Santa Clara County. Mountain View has four licensed community care facilities with a total capacity of 33 residents that serve individuals with disabilities.

Household Sizes and Characteristics

Mountain View has a relatively small proportion of large households. In 2000, eight percent of renter households and six percent of owner household in the City had five or more persons. Large renter households in Mountain View are more likely to have lower-incomes than owner households. While there are more large renter households than owner households in Mountain View, the City's housing stock includes more large owner-occupied units than renter-occupied units, suggesting a possible mismatch between supply and demand for large rental units.

The City has a slightly lower proportion of single-parent, female-headed households than Santa Clara County. In 2008, single-mother households made up three percent of all Mountain View households, compared to five percent countywide. This constitutes just over 1,000 households in the City.

Homeless Populations

According to the January 2007 Santa Clara County Survey, 122 homeless individuals identified themselves as Mountain View residents. As of January 2007, Santa Clara County Homeless Survey reported a point-in-time count of 7,202 homeless people on the streets and in emergency shelters, transitional housing, and domestic violence shelters throughout the County. This included the noted 122 homeless individuals in Mountain View, approximately half of which were unsheltered. By comparison, 71 percent of homeless individuals counted in Santa Clara County as a whole were unsheltered. Organizations such as the Community Services Agency of Mountain View (CSA) and InnVision provide valuable support to these individuals and families.

Mountain View currently does not have an emergency homeless shelter. California Senate Bill SB 2 now requires cities to identify a zoning district that permits by right a homeless shelter within one year of the adoption of the Housing Element.

Farmworkers

The City of Mountain View does not have a large population of farmworkers. According to the California Employment Development Department, there were 24 individuals working in the agriculture, forestry, fishing, and hunting industry in Mountain View in the first quarter of 2008.

6.7 PROJECTED HOUSING NEEDS

Mountain View's Regional Housing Needs Allocation (RHNA) for the 2007-2014 planning period is 2,599 units. This includes 571 units for very low-income households, 388 units for low-income households, 488 unit for moderate-income households, and 1,152 units for above moderate-income households.

Since January 1, 2007, 476 residential building permits have been issued. These units satisfy a portion of the City's need for the 2007-2014 planning period, resulting in a remaining need of 2,123 units.

Extremely low-income households may require special housing solutions such as supportive housing or efficiency studios. The City has a projected need of 234 units for extremely low-income households over the 2007-1014 planning period (50 percent of the City's 467 very low-income RHNA).

6.8 GOVERNMENTAL CONSTRAINTS

Zoning Ordinance

Mountain View's Zoning Ordinance generally does not act as a constraint to new housing production. The development standards and parking requirements for the six zoning districts that permit residential development are reasonable. When appropriate, the Zoning Administrator may also offer a conditional use permit to reduce requirements such as parking ratios for smaller units.

Companion units are allowed in the R1 zoning district. However, they are allowed only when the site exceeds the minimum lot size required by 35 percent. In addition, the City assesses park fees for companion units, which typically range from \$15,000 to \$25,000 a unit. These requirements may act as constraints to the production of companion units.

Mountain View's Zoning Ordinance establishes a limit on the number of new efficiency studio units built in the City. A maximum of 180 efficiency studios may be brought into service after December 24, 1992. A total of 118 units have been built since the limit was established, resulting in 62 units remaining under the cap. This may constrain the development of new efficiency projects in Mountain View.

Mountain View's Zoning Ordinance does not offer a procedure for processing reasonable accommodations requests for people with physical disabilities. Federal and state fair housing laws require jurisdictions to make reasonable accommodations to their zoning and land use policies when such accommodations are necessary to provide equal access to housing for persons with disabilities. The City's Zoning Ordinance (Sec. A36.56.060) currently states that "variances are not available for personal, family, medical, and financial hardships."

The City must identify a zoning district where permanent emergency shelters are allowed by right. Temporary emergency shelters are allowed in residential zoning districts with a Temporary Use Permit while permanent emergency shelters require a Conditional Use Permit. In order to comply with state law, Mountain View must identify a zoning district that allows permanent emergency shelters as a permitted use without any discretionary permits.

Inclusionary Housing Ordinance

Mountain View's Inclusionary Housing Ordinance offers sufficient flexibility to developers and does not pose a constraint to production. Mountain View's Inclusionary Housing Ordinance requires projects of a certain size to provide at least 10 percent of the total number of dwelling units as below-market rate or pay an in-lieu fee. The in-lieu fee option provides developers with greater flexibility in satisfying their inclusionary housing requirements, and helps mitigate potential constraints to production.

Development Fees

The City's development impact fees and exactions appear reasonable and comparable to those of other jurisdictions. The park land dedication in-lieu fee is comparable to fees in Palo Alto, Sunnyvale and San José. Overall, development fees and exactions total approximately \$69,600 for a single family home, \$55,700 for a townhouse, and \$35,900

for an apartment unit. The City can consider strategies to discount or defer particular fees for affordable housing developments.

Mountain View's Planning Process

Mountain View's unique planning process for approving new residential developments can help facilitate the entitlement process. The City's Development Review Committee (DRC) reviews the architectural and site design of all new projects and approves smaller projects. For larger projects, the Zoning Administrator or City Council makes final approval decisions after receiving recommendations from the DRC. Having project decisions made by the DRC or Zoning Administrator can simplify the entitlement process. However, local developers have indicated that the design review process with the DRC can occasionally be time-consuming and labor-intensive. The City is considering strategies to streamline this process.

6.9 NON-GOVERNMENTAL CONSTRAINTS

The decline in the housing market and the current economic downturn represent a constraint to new housing production. Local developers report that far fewer housing units will be produced over the next few years due to the lack of available financing resulting from tightening credit markets. Developers suggest that lenders are currently offering loans up to 50 percent of the building value, compared to 70 to 90 percent historically.

Land costs in Mountain View are generally high due to the high demand and limited supply of available land. Although land costs are slowly adjusting during this economic downturn, developers generally reported that the market can be slow to respond to changes in home values. Land costs can be a particular constraint to the production of affordable housing in Mountain View.

In recent months, key construction costs have fallen nationally in conjunction with the residential real estate market. However, while land costs and construction costs have waned, developers report that they have not declined enough to offset falling sales prices.

Public opinion, particularly community concern over higher-density development, may constrain housing production in Mountain View. Projects in many jurisdictions, including Mountain View, often encounter some form of resistance from neighbors and residents. Engagement with local neighborhood associations and other community involvement processes can help to mitigate concern over new residential development.