



# COUNCIL REPORT

**DATE:** February 13, 2024

**CATEGORY:** Consent

**DEPT.:** Housing

**TITLE:** **Modification of Negotiation Period  
Between the City and Affirmed Housing  
for the Development of Affordable  
Housing at 87 East Evelyn Avenue**

## **RECOMMENDATION**

Adopt a Resolution of the City Council of the City of Mountain View Authorizing Modification of the Terms of the Exclusive Negotiating Agreement (“ENA”) with Affirmed Housing for an Affordable Housing Development at 87 East Evelyn Avenue (APN 160-65-008) to Increase the Initial Negotiating Period to 210 Days and the Optional Extension Period to 180 Days and Authorizing the City Manager or Designee to Execute the Modified ENA, to be read in title only, further reading waived (Attachment 1 to the Council report).

## **BACKGROUND**

On September 26, 2023, Council selected Affirmed Housing (Affirmed) as the preferred developer to redevelop the City-owned site at 87 East Evelyn Avenue into a 100% affordable housing project, concluding the Request for Proposals process for the site (see Attachment 2). Council directed staff to enter into an Exclusive Negotiating Agreement (ENA) with Affirmed and commence the negotiation process for the lease, disposition, development, and loan agreement (LDDLA) for the site.

The staff report for the developer selection Council item included recommendations for the length of the negotiation period between the City and Affirmed to execute the LDDLA, as well as a timeline that outlined the key milestones for the project, including:

- Q2/Q3 2024—Completion of the master site plan process between Affirmed and Charities Housing for the City’s site and Charities’ adjacent site at 57-67 East Evelyn Avenue.
- Q3/Q4—Council approval of key deal terms with Affirmed.
- Q1 2025—Execution of the LDDLA between the City and Affirmed.

However, the recommended LDDLA negotiation period (which Council approved) includes an initial term of 90 days from the execution of the ENA, with the option for a 90-day extension for

a total of 180 days. The 180-day negotiation period was an inadvertent oversight as it does not provide sufficient time to reach the Q1 2025 LDDLA execution milestone.

### **ANALYSIS**

Staff recommends that the 180-day negotiation period be modified as follows:

- Initial term of 210 days (instead of 90 days).
- Option to extend for an additional 180 days (instead of 90 days).

The revised ENA term would allow sufficient time for the master site plan process to complete, for Council to consider the key deal terms in the fall, followed by the LDDLA execution in Q1 2025.

If Council approves the recommendation to modify the LDDLA negotiation period, the ENA will be executed shortly after this Council meeting. Upon execution of the ENA, Affirmed will submit a \$50,000 good-faith deposit to cover costs associated with developing the LDDLA. If the process extends beyond 210 days, a 180-day extension may be considered with an additional \$25,000 deposit if there is positive progress in the negotiations. Any further extensions will require Council approval.

### **FISCAL IMPACT**

There is no fiscal impact associated with extending the LDDLA negotiation period.

### **ALTERNATIVES**

1. Do not authorize modification of the LDDLA negotiation period.
2. Provide direction on alternative terms.
3. Provide other direction.

**PUBLIC NOTICING**

The meeting agenda and Council report have been posted on the City's website and announced on Channel 26 cable television.

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- Attachments:   1.   Resolution  
                  2.   Council Report Dated September 26, 2023