



COUNCIL REPORT

DATE: December 17, 2024

CATEGORY: Consent

DEPT.: Housing

TITLE: **87 East Evelyn Avenue Lease, Disposition, Development, and Loan Agreement**

RECOMMENDATION

1. Approve negotiated lease, disposition, development, and loan agreement terms between the City and the developer, Affirmed Housing, for the development of 87 East Evelyn Avenue.
2. Authorize the City Manager or designee to negotiate and execute the Lease, Disposition, Development, and Loan Agreement (LDDLA) with Affirmed Housing for the development of affordable housing at 87 East Evelyn Avenue, and related documents necessary for City financing for the development.
3. Appropriate \$8 million in Housing Impact funds for the Affirmed Housing 268-unit affordable housing development located at 87 East Evelyn Avenue. (Five votes required)

BACKGROUND

City Acquisition of Evelyn Lot

The City of Mountain View and the Santa Clara Valley Transportation Authority (VTA) have worked together over the course of several years to advance affordable housing on VTA's former park-and-ride lot located at 87 East Evelyn Avenue (the "Evelyn lot"). On [May 7, 2019](#), Council authorized the City Manager to negotiate and execute with VTA a long-term ground lease with an option to purchase the VTA property located at the southwest corner of East Evelyn Avenue and Pioneer Way for use as future affordable housing. On September 19, 2021, the City and VTA executed a lease agreement with an option for the City to purchase the Evelyn lot for \$13 million. In early 2023, the City exercised the purchase option, and the property was conveyed to the City on June 16, 2023. The lot has been the site of a safe parking program since April 2020.

Selection of Developer for the Evelyn Lot

On [May 10, 2022](#), the City Council held a Study Session to establish project principles and development priorities for affordable housing on the Evelyn lot, which were incorporated into the

[Request for Proposals](#) (RFP) to select the preferred development team for the site. The City issued the RFP on January 27, 2023. Five proposals were received by the closing date on April 27, 2023. On [September 26, 2023](#), the City Council selected Affirmed Housing (Affirmed) as the preferred development team, concluding the RFP process. Affirmed’s proposal included a two-phased affordable housing project, consisting of an estimated 268 affordable housing units, a child-care center, and several community-serving spaces.

At the September 2023 Council meeting, Council authorized staff to enter into an Exclusive Negotiating Agreement (ENA) with Affirmed and to commence the negotiation process for the Lease, Disposition, Development, and Loan Agreement (LDDLA) for the site. The ENA was executed on March 1, 2024 and was set to expire in November 2024. On September 27, 2024, prior to the ENA expiration, the City and Affirmed executed the first extension and amendment to the ENA, which will now expire on March 26, 2025, or upon execution of the LDDLA.

During the ENA term, Affirmed completed its due diligence activities. This included undergoing a coordinated site planning process with Charities Housing (Charities), the neighboring landowner of the “Charities Lot” at 57-67 East Evelyn Avenue (Figure 1 below) also being developed as affordable housing. The coordinated site planning process was an RFP requirement and is discussed further below. Affirmed also conducted a community outreach meeting with Charities Housing and submitted their informal SB 35 planning application to the City.



Figure 1: Evelyn Avenue Developments

Since the developer selection, the details of Affirmed’s development plan have remained consistent with their original proposal submitted in response to the RFP. There have been no substantial changes to the scope or components of the project. The proposed development

continues to align with the City Council’s established project principles and priorities, as discussed later in the report.

ANALYSIS

This section of the report will provide the following:

1. Project Overview;
2. Project Site Plan and Other Elements;
3. Summary of Lease, Disposition, Development, and Loan Agreement (LDDLA) Terms; and
4. Development Schedule and Next Steps.

1. **Project Overview**

The 87 East Evelyn Avenue development will provide high-quality, high-density affordable housing in the newly rezoned area along Pioneer Way, with a focus on mixed-use and transit-oriented design. The project will complement the nearby affordable housing development by Charities.

This development will be constructed in two phases, with 161 units constructed in Phase 1 (the West building) and 107 units constructed in Phase 2 (the East building). In total, the development will include significant public and private amenities, enhanced street frontage, stepped building designs, active ground-floor spaces, and open areas at street level, podium level, and on roof decks. The second phase will also feature a taller building, increasing both density and financial feasibility.

A key part of the development is the strong connection to the Charities site, with a public plaza and daycare located next to it. Both sites will share access for vehicles, emergency services, and waste collection from Pioneer Way. The project will prioritize sustainability, exploring options like mass timber construction, carbon reduction, on-site energy generation, water conservation, stormwater management, and GreenPoint Rated certification, aiming for a minimum Gold rating and targeting Platinum.

Affordability Mix

The project will include a total of 268 units, consisting of 266 affordable housing units with rents set between 30% and 60% of the area median income (AMI), as well as two unrestricted units designated for on-site managers in each phase (see Table 1). All of the extremely low-income units, serving households up to 30% AMI to be built in Phase 1, will be reserved for Rapid Rehousing (RRH) or a similar County-led program. Similarly, 12 of the total 51 extremely low-income units in Phase 2 will be allocated for RRH, contingent upon securing funding from the County of Santa Clara. The RRH Program targets households that have

experienced short-term homelessness. This program has shown that, with appropriate support and services, these households can successfully transition to long-term stability in affordable housing communities.

Table 1: Distribution of Affordability Levels

AMI Levels	Phase 1 # of Units	Phase 2 # of Units	Total
Extremely Low-Income Units (15-30% AMI)	30	51	81
Very Low-Income Units (30-50% AMI)	50	8	58
Low-Income Units (50-60% AMI) ¹	79	46	125
Manager's Units	2	2	4
TOTAL	161	107	268

The average affordability for Phase 1 is 48% AMI, while Phase 2 has an average affordability of 44% AMI. The deep affordability levels are achieved primarily due to the 81 extremely low-income (30% AMI) units proposed by Affirmed. While extremely low-ELI units are the most challenging to finance because the rents are the lowest, such units are critically needed and are identified as a priority in the City's 2022-27 Affordable Housing Strategic Plan. With approximately 60 ELI units in the City's existing affordable housing supply, the need significantly exceeds the supply, especially to serve households at risk of or experiencing homelessness. Once developed, this Project would more than double the ELI housing supply in the City.

Unit Mix

The Project includes a diverse range of unit sizes with more than one-half of the units being two- and three-bedroom units for larger households (See Table 2). Facilitating the development of larger affordable units is also an identified priority in the 2022-27 Affordable Housing Strategic Plan.

¹ The low-income category is 50% to 80%. However, the developer proposes to have rents no higher than 60%.

Table 2: Distribution of Unit Sizes

Bedroom Size	Phase 1	Phase 2	Total
Studio	27	11	38
One-Bedroom	50	39	89
Two-Bedroom	42	29	71
Three-Bedroom	42	28	70
TOTAL	161	107	268

Design

The Affirmed project design was informed and refined through the collaborative site plan process and elements. As shown in Figure 2 below, the West building (Phase 1) is seven stories and creates a distinctive presence along East Evelyn Avenue. The East building (Phase 2) is proposed to be 12 stories. The site plan features open pedestrian paths between the two proposed buildings and connecting to a corner plaza along the Phase 2 building frontage. The Phase 1 building entrance is also situated toward East Evelyn Avenue with a public plaza between the Affirmed and adjacent Charities site. Interior community/flex spaces are oriented towards different open space and street frontages.



Figure 2: Affirmed Proposal—Design

2. **Project Site Plan and Other Elements**

The Affirmed site plan was developed through a coordinated planning process with Charities. Therefore, this subsection discusses the Project’s site plan and other elements in the context of the coordinated process. A separate item related to the Notice of Funding Availability award to the Charities project is before Council for consideration on this same agenda.

- Coordinated Affirmed and Charities Housing Planning Effort

As noted above, following the selection of Affirmed as the preferred development team for the Evelyn lot, both Affirmed and Charities participated in a coordinated planning effort with the City facilitating the process. The coordinated planning effort began in December 2023 and included City staff and the development and design teams from both Charities and Affirmed. The meetings were held on a biweekly basis and concluded in August 2024. The coordinated site planning process has enabled both developers to work with City staff and make progress on various planning elements, resulting in the projects being further along than projects typically are at this stage. Both development teams have demonstrated a collaborative spirit and made good-faith efforts throughout the process to be responsive to City feedback. Overall, the coordinated planning resulted in the following design and planning elements:

- Landscape and Streetscape

Throughout the site planning process, the architecture, landscape, and engineering teams for both developers proactively collaborated on the layout and design of open space areas, tree preservation, and public streetscape improvements. To ensure cohesion in their efforts, the development teams hired the same arborist and landscape architects for their tree preservation and landscape design work. They worked extensively together on the public streetscape design, focusing on the interfaces between the projects and the street frontages.

As a result, Affirmed will coordinate with Charities to create a shared plaza and green space that connects the pedestrian entrances of both projects. Additionally, the teams are discussing a potential art piece to be placed in the shared plaza. Both teams are designing the public streetscapes—such as sidewalks and planter strips—in collaboration with each other and the Public Works Department. Their primary goals in designing and site planning were to preserve Heritage trees along the public street frontages, to widen sidewalks, and to provide planter strips where feasible, taking into account tree preservation and the proposed housing program, as discussed further in the next subsection.

- Trees

Both Charities and Affirmed engaged HortScience/Bartlett Consulting to assess and survey the trees on both sites, guiding decisions on retention and removal based on factors such as tree health, survival prospects if transplanted, retention costs, and overall impact on the development plans.

The existing tree conditions on the Affirmed site presented challenges for preservation as most of the on-site trees were located within the development area, making them difficult to retain. Despite these constraints, Affirmed made efforts to preserve as many trees as possible. Those that could not be preserved will be replaced in accordance with City codes and requirements. The City arborist, staff, development teams, and their consultant worked extensively to refine the site plan, including the placement of buildings, access roads, parking, and utilities, to minimize impacts on the existing tree population. The Affirmed Housing tree strategy, outlined in Table 3, includes preserving existing trees, planting new trees, and incorporating green infrastructure in common areas.

**Table 3: Affirmed Housing (87 Evelyn Avenue)
 Proposed On-Site Tree Preservation and Replacement Plan**

Existing On-Site Trees	No.	Trees to Be Preserved	Trees to Be Transplanted	Trees to Be Removed	Proposed Replacement Trees
Heritage Trees	27	7	5	15	30 (2:1 Ratio)
Non-Heritage Trees	13	0	0	13	13 (1:1 Ratio)
TOTAL	40	7	5	28	43

- Parking/Circulation

The site planning for the 87 East Evelyn Avenue development emphasizes safe and convenient pedestrian circulation across both proposed developments along Evelyn Avenue.

Affirmed plans to orient the primary pedestrian entrance of the Phase 1 development toward a shared open space located between their development and the neighboring Charities development. Additionally, the design team has coordinated with Charities to provide a shared vehicular access point off Pioneer Way (as shown in Figure 3 below). This shared access will accommodate vehicular movement while minimizing conflicts

with pedestrian and bicycle pathways along Evelyn Avenue, as well as preserving green space and a shared paseo.

The development will provide a total of 140 parking spaces across both phases, located in the West building (Phase 1). This parking arrangement offers flexibility in space allocation and allows for a smaller footprint for the East building. The design also includes a dedicated bike storage room. The rear drive off of Pioneer Way will serve multiple purposes, supporting pedestrian and bicycle circulation, active recreation areas, and access for emergency and service vehicles. For convenience, limited surface parking will be provided for child-care center pick-up and drop-off. In line with the City's sustainability goals, the development will encourage alternative modes of transportation by offering on-site bicycle storage, a designated ride-share vehicle space for residents, and one free VTA SmartPass per household.

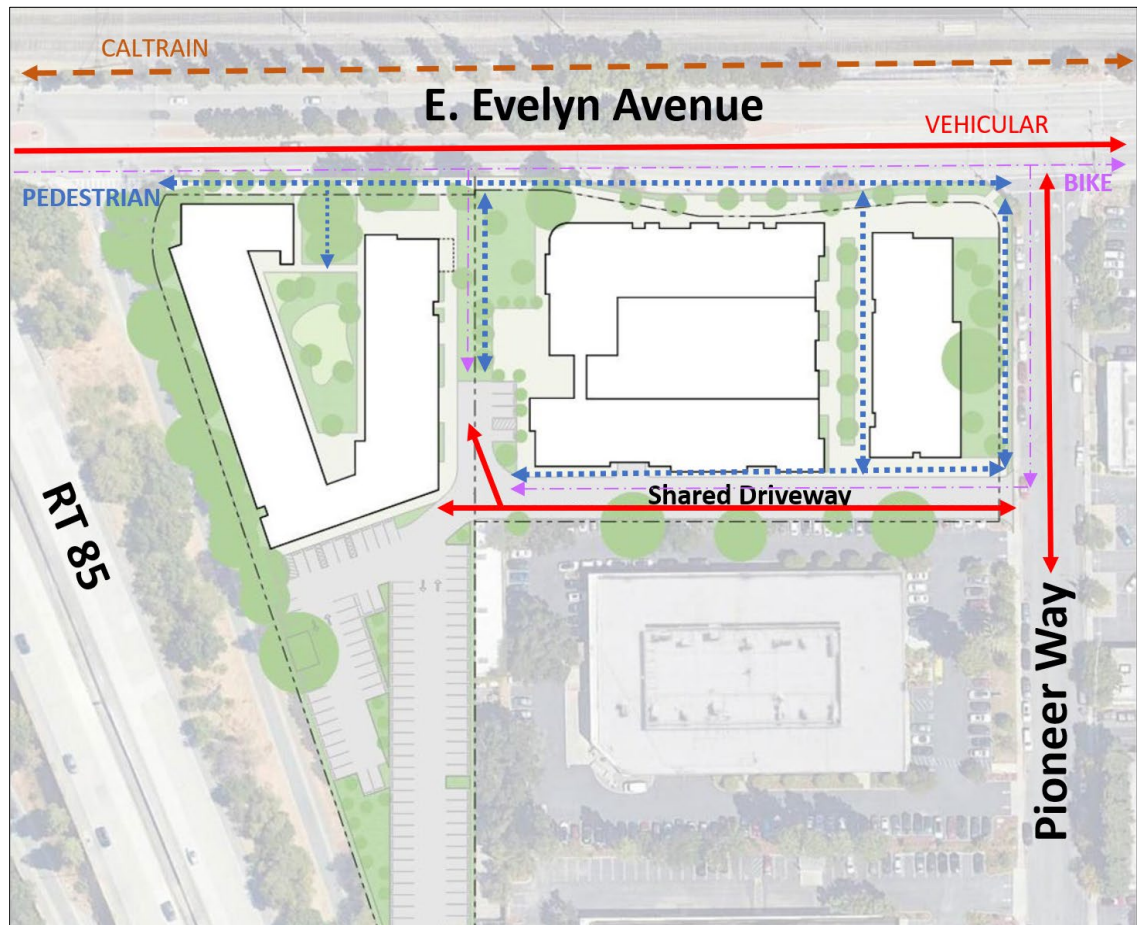


Figure 3: Site Plan Parking/Circulation

- Joint On-Site Utilities and Fire/Service Vehicle Access

The teams have contracted with the same civil engineer and utility consultant to plan for shared on-site utility corridors and fire/service vehicle access locations. In addition, Affirmed will work with Charities to establish shared on-site utilities wherever possible. Once each individual project site plan has progressed beyond site schematics, further coordination may be required.

The development teams are also planning for joint utility corridors that connect to the public infrastructure on Pioneer Way and run under the shared access driveway. A utility corridor is a designated pathway or area within a development where various utility lines, such as water, sewer, electricity, gas, and telecommunications, are installed and managed. Sharing utility corridors between projects can make the projects more efficient by reducing the overall costs associated with trenching, installation, and maintenance of utility lines.

- Amenities and Community Space

The development will include two community service spaces (total) in Phase 1 and Phase 2 of the development, as shown in Figure 4 (below). Currently, Affirmed plans to proceed with the following use(s)/strategy for these spaces:

Child-Care Center: Affirmed will partner with Kids-Konnect to provide a child-care center serving approximately 50 children, up to five years old. Kids-Konnect will use a grant of up to \$2 million from the Low-Income Investment Fund, a nonprofit community development financial institution, to pay for the tenant improvements with no additional funds needed from the developer or City. While child-care tuition fees will be determined in the future, the space will be leased to Kids-Konnect for \$1 per year so that the cost to families is kept as low as possible. The center will implement child-care acceptance preferences in the following order:

- Households in the Affirmed development;
- Households in the Charities development; and
- Remaining spaces will be available to the public.

Community Services Agency: Affirmed is partnering with the Community Services Agency (CSA) to host the CSA Food and Nutrition Program/Pantry, along with several of CSA's administrative offices, in their Phase 2 building. The pantry, located in Community Space 1 (see Figure 4 below), will be open three days per week to provide nutritious food to individuals and families in the community, helping to address food insecurity. In addition to food distribution, CSA will offer nutrition education, healthy eating tips,

and guidance on positive shopping habits through workshops, informational flyers, and recipes. This initiative is designed to be a valuable resource for local residents in need.

Additional Community Space: City staff is working with Affirmed to explore feasible uses for the community-serving space in Phase 1. The community-serving space, shown in Figure 4 as Community Space 2, may include a low-cost incubator or nonprofit space. Affirmed is collaborating with staff and will engage in public outreach to gather feedback from the community on how best to program the space.



Figure 4: Amenities and Community Space

- Resident Services

Both projects will share a resident services provider, Catholic Charities. Catholic Charities operates under the same umbrella organization with Charities Housing; however, Catholic Charities specializes in managing resident services and property management.

Catholic Charities will assign a Resident Services Coordinator responsible for connecting residents of both developments to community resources, organizing community-building events, and developing educational programs on topics, such as health,

nutrition, and financial skills. These services will be provided at no cost to residents, with programs, classes, and workshops rotating between the development sites. Resident services will be promoted both during initial lease-up and on an ongoing basis, with schedules and information posted in common areas and emailed to residents.

- **Community Outreach**

Affirmed conducted a joint community meeting with Charities to seek input from the public on the coordinated site plan elements. The community meeting was held on March 28, 2024 at Landels Elementary School. Notices were mailed to property owners and residents within a 750 square foot radius. Flyers were placed on each Safe Parking vehicle that occupies a space at the Evelyn lot. Interpretation services were available at the meeting for those who required language assistance.

A total of 18 individuals participated in the public meeting, all of whom were Safe Parking participants. City staff from the Planning Division (Community Development Department), Urban Forest Division (Community Services Department), and Housing Department were on hand to assist with questions from the community. Questions were primarily related to current Safe Parking program operations, and County staff responded to the questions.

3. **Summary of Lease, Disposition, Development and Loan (LDDLA) Terms**

The LDDLA is the legal contract between the City and Affirmed which outlines the terms under which the City will lease the land to the developer for the purpose of developing affordable housing in accordance with RFP priorities. It also establishes the expectations, responsibilities, timeline for construction, financial terms, design standards, and affordability requirements.

As noted above, the terms of the LDDLA have been negotiated with and agreed to by Affirmed. The following sections provide an overview of the major provisions of the LDDLA.

Summary of Lease Terms

The following lease terms establish the framework for the long-term lease between the City and the developer, ensuring that the property is used for its intended purpose while maintaining oversight and control over key operational aspects. Any assignment or transfer of the lease requires prior written consent by the City, which ensures that the development is aligned with the City's goals. Additionally, the City retains approval rights over property management and resident services plans, which must be submitted by the developer for review. These terms provide a clear structure to ensure effective long-term stewardship of the property, including provisions for City oversight.

Table 4: Summary of Lease Terms

Term	Description
Annual Rent/Lease Term	Initial ground lease term: 65 years Maximum term with extensions: 99 years Lease amount: \$1/year, with an option to prepay full lease term of \$65.
Property Condition	The property is leased “AS IS, WHERE IS” condition.
Assignment	The agreement cannot be assigned to other parties without City approval.
City Approval for Property Management and Resident Services	Developer must prepare a property management and resident services budget, resident services plan, comprehensive property management plan, affirmative marketing plan, lease agreement, and related documents for City review and approval.
Maintenance of the Project	Lessee is responsible for all maintenance to structures, property, and adjacent public improvements.
Subordination	City will not subordinate regulatory agreements, except to the bond regulatory agreement and California Tax Credit Allocation Committee (CTCAC) regulatory agreement, and City will not permit encumbrance of its fee interest. City may permit subordination of its deed of trust under specific conditions.
Transfer Restrictions	The Lessee may not transfer, assign, or sublet their interest in the property without the prior written consent of the City.

Summary of Development Terms

The development terms outlined in Table 5 below are designed to facilitate the creation of a transformative, long-term affordable housing project that will address critical housing needs in Mountain View while also providing essential community services.

The project includes a two-phased affordable housing development with a total of 268 units, alongside key amenities such as a child-care center, community-serving spaces, and supportive services. The agreement is structured to ensure that the units are affordable to low- and extremely low-income households. Additionally, the development will be subject to, and will pay, prevailing wages, and the provision of community spaces intended to serve both residents and the broader community. By prioritizing local residents and workers and offering below-market rates for child-care and commercial spaces, these terms aim to create

a mixed-use, inclusive, and sustainable community that provides long-term housing stability, supports families, and fosters neighborhood connectivity.

Table 5: Summary of Development Terms

Term	Description
Project Scope	<p>Scope: Two-phased affordable housing project with 268 units, including four unrestricted manager units.</p> <p>Phase One: 161 units, child-care center for 50 children, and a community-serving space.</p> <p>Phase Two: 107 units, community-serving space of 3,500 sq. ft. minimum (intended for Community Services Agency).</p> <p>Parking: Includes 131 residential parking spaces and 10 nonresidential spaces.</p>
Resident Population	<p>All units will be affordable to households earning up to 80% of Areawide Median Income (“AMI”) based on 30% of income inclusive of tenant utility allowance and adjusted for household size based on the California Tax Credit Allocation Committee (CTCAC) occupancy and income standards (with average affordability at a maximum of 60% AMI) for at least 55 years with preference for longer term or permanent affordability.</p> <p>At least 30% of the total units developed at the site reserved for households of extremely low income, typically earning 30% AMI or below. These units should include supportive units for families or individuals who are unhoused or at-risk of becoming unhoused.</p> <p>50% or more of units will be two- and three-bedroom units.</p>
Preferences	<p>The Developer will provide a preference for applicants who can demonstrate that they currently live and/or work in Mountain View and will prioritize participants of City Safe Parking lots, where legally feasible and in accordance with fair housing laws.</p>
On-site Child-Care Center	<p>Developer to construct and lease space to a licensed child-care provider. Child-care center rent will be offered at below market rate by developer. Affirmed will work with the Child-Care Provider to ensure subsidized child-care rates are offered, to the extent possible. Prioritization for child care in the following order: (1) Project Residents; (2) the Charities neighboring development residents; (3) City of Mountain View residents; and (4) Other households.</p>

Term	Description
Community-Serving Space (Phase 1)	The development incorporates community-serving commercial space and publicly accessible community/flex space in addition to the child-care center. The lease will be below market, unless otherwise approved.
Community-Serving Space (Phase 2)	The development will incorporate additional community-serving commercial space and publicly accessible areas, with the intent for this space to be designated as the Community Services Agency space. The lease will be below market unless approved otherwise.
Construction Schedule	<p>Phase 1 construction must begin within 90 days of construction loan closing and be completed within 28 months.</p> <p>Phase 2 construction timing to follow.</p> <p>The proposed construction schedules above do not take into consideration the impacts to timelines generated by off-site improvements that may be completed in coordination with the neighboring property owner, Charities, PG&E-related improvements, or bicycle and pedestrian improvements along Evelyn Avenue.</p>
Development Standards	Compliance with High Density Residential (R4) zoning, City sustainability policies, adopted Building and REACH codes, and robust Transit Demand Management strategies, including car-share spaces, transit passes, and potentially ride-share credits.
Prevailing Wage	The Developer will be obligated to pay state prevailing wages and comply with state prevailing wage law. If federal funds are used, they will adhere to federal wage requirements.
Term of Entitlement	Entitlements pursuant to SB 35 approval shall not expire so long as the project remains fully affordable to households making below 80% of the area median income.
Payment and Performance Bonds	Developer must provide payment and performance bonds to ensure project completion and public improvements.

Funding Sources and Summary of City Loan Terms

During the RFP process, Affirmed requested a City subsidy of \$4 million for each phase of the project, with a total request of \$8 million. Upon selection of Affirmed as the preferred developer for the site, the City Council indicated they were supportive of the requested subsidy while emphasizing the importance of keeping the subsidy request as close to the original amount as possible. However, Council also recognized the impact of rising

construction costs and provided some flexibility to accommodate these increases. Housing staff conducted due diligence to assess the project's financing plan and viability. This involved meeting with Affirmed, collaborating and providing feedback with the City's affordable housing economic consultants, and coordinating the review of the project with various City departments to ensure the project could be feasibly developed.

The total City contribution for the 87 East Evelyn project is anticipated to be \$21 million, consisting of \$8 million in City funding (based on Affirmed's proposal as discussed during the September 26, 2023 Council meeting to select the preferred developer) as well as contributing the full value of the land (\$13 million), resulting in a total contribution of approximately \$79,000 per unit. This per-unit subsidy amount is significantly lower than in prior projects (See Attachment 1).

As shown in Table 6 below, the project's proposed funding structure includes the "4%" federal and state tax credits, construction and permanent (i.e., long-term) debt financing (in the form of a bank loan), State HCD Affordable Housing and Sustainable Communities (AHSC) grant funding, City funds, and Santa Clara County funds. These funding sources will cover predevelopment, development, and operations of the 87 East Evelyn Avenue site in two phases. Additionally, the project has secured a \$2 million permanent financing Letter of Intent from Low Income Investment Fund to support the construction of the child-care facility.

Table 6: Overall Proposed Project Funding Sources

Funding Sources	Funding Amount
Federal and State Tax Credits	\$137,522,782
Bank Loan	\$36,157,784
State of CA HCD Grant Funding (AHSC ²)	\$30,500,000
City of Mountain View	\$8,000,000
County of Santa Clara	\$8,000,000
Other Sources	\$4,127,000
TOTAL	\$224,307,566

The loan terms outlined in Table 7 below are designed to provide critical financing support for the phased development of the affordable housing project while ensuring the long-term financial sustainability and compliance with the City's affordability goals. A Regulatory Agreement will be executed to ensure the developer meets the City's affordable housing and compliance standards, with ongoing monitoring by the City. These terms aim to balance

² AHSC is the state's Affordable Housing and Sustainable Communities program.

financial support with strict oversight to ensure the successful completion and long-term affordability of the project.

Table 7: Summary of Key Loan Terms

Term	Description
City Loan	City to provide \$8 million in predevelopment and construction/permanent financing in total between Phase 1 and Phase 2.
City Loan Interest Rate and Term	0% interest during predevelopment period. Construction and permanent loan interest rate is 3% annual simple interest rate. Interest will begin accruing on the outstanding principal balance commencing on construction loan closing.
Loan Payments	No payments are due on predevelopment loan until the maturity date when the entire balance is payable in full unless it is rolled over into a City-approved construction/permanent loan.
Project Financing	<p>Phase 1: All financing to be secured prior to issuance of first building permit.</p> <p>Phase 2: Within 90 days of issuance of first building permit for Phase One, developer will submit a financing plan for Phase Two to the City for review.</p>
Regulatory Agreement	Developer agrees to enter into a Regulatory Agreement with the City and will be subject to a monitoring fee as stipulated in the agreement.

4. **Development Schedule and Next Steps**

Affirmed intends to submit their project utilizing Senate Bill 35 (SB 35), which allows for streamlined review of their project. Pursuant to SB 35, the Project will be reviewed, processed, and approved ministerially; is not subject to environmental review pursuant to the California Environmental Quality Act (CEQA); and will include the state-mandated tribal consultation process for SB 35 projects. Affirmed intends to submit its SB 35 application following execution of the LDDLA. The timing of their submission allows the project to proceed with its review and secure approvals in time for state and federal funding applications. Table 8 below outlines the projected development schedule for the project.

Table 8: Affirmed Housing—Projected Schedule

Development Schedule	Tentative Timeline
City Council Meeting—Consideration and Approval of LDDLA	December 17, 2024
SB 35 Application Submittal	January 2025
Tentative SB 35 Application Approval	April 2025
Phase 1	
Building Permit/Construction Loan Closing	December 2026
Construction Start	January 2027
Construction Completion	July 2029
Phase 2	
Building Permit/Construction Loan Closing	December 2029
Construction Start	January 2030
Construction Completion	July 2032

FISCAL IMPACT

Staff is requesting the appropriation of \$8 million from the Housing Impact Funds for the development. The funding would be provided in the form of a deferred low-interest residual receipt loan. The loan payments would begin once the development begins producing excess revenue. The Housing Impact Fund has a sufficient balance to support this project. There is no fiscal impact to the General Fund.

LEVINE ACT

California Government Code Section 84308 (also known as the Levine Act) prohibits city officials from participating in any proceeding involving a “license, permit, or other entitlement for use” if the official has received a campaign contribution exceeding \$250 from a party, participant, or agent of a party or participant in the proceeding within the last 12 months. A city official is similarly prohibited from accepting, soliciting, or directing a campaign contribution exceeding \$250 from a party, participant, or agent of a party or participant to any proceeding involving a license, permit, or other entitlement for use for 12 months after a final decision is rendered in said proceeding.

Please refer to the “X” in the checklist below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

SUBJECT TO THE LEVINE ACT

- Land development entitlements
- Other permit, license, or entitlement for use
- Contract or franchise

EXEMPT FROM THE LEVINE ACT

- Competitively bid contract
- Labor or personal employment contract
- General policy and legislative actions

For more information about the Levine Act, please see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html.

CONCLUSION

The proposed 87 East Evelyn Avenue development is a key project in the City’s efforts to facilitate affordable housing in a strategic, transit-oriented location. Council approved Affirmed as the project developer following an RFP process. The project will create 268 units of affordable housing of which half the total units will be family sized units, alongside essential community-serving amenities such as a child-care center and public spaces. Staff recommends that the City Council approve the negotiated terms for the lease, disposition, development, and loan agreements with Affirmed, authorize the City Manager to execute the necessary documents, and appropriate \$8 million in Housing Impact Funds to support the project. This development aligns with the City’s long-term housing goals, supports community needs, and enhances the vibrancy of the East Evelyn Avenue area, ensuring a lasting, positive impact on the community.

ALTERNATIVES

1. Do not approve the negotiation and execution of the Lease, Disposition, Development, and Loan Agreement with Affirmed.
2. Provide a funding recommendation of a different City contribution amount and/or funding source.
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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DT-JB/4/CAM
845-12-17-24CR-1
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Attachment: 1. Cost Analysis Comparisons for NOFA and City-Owned Projects