



COUNCIL REPORT

DATE: March 24, 2026

CATEGORY: Consent

DEPT.: Housing

TITLE: **Application for State Funding –
Prohousing Incentive Program, Round 4**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View Authorizing the City Manager or Designee to Submit an Application for an Award of Prohousing Incentive Program Funds in an Amount Not to Exceed \$890,000; to Execute and Deliver on Behalf of the City Any and All Documents, Including Amendments, Necessary to Receive an Award of Prohousing Incentive Program Funds; and Certifying to the California Department of Housing and Community Development Compliance with the Prohousing Incentive Program Requirements, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

In 2019, Assembly Bill (AB) 101 (as codified in relevant part at California Government Code section 65589.9) established the Prohousing Designation Program (Prohousing Designation) administered by the California Department of Housing and Community Development (HCD). The Prohousing Designation recognizes jurisdictions that have enacted or proposed policies to accelerate housing development and align with broader state goals. One key benefit of receiving this designation is eligibility for state affordable housing grant programs available only to Prohousing communities. The Prohousing Incentive Program (PIP) is one such grant program.

Prohousing Designation

At the City Council meeting on [February 14, 2023](#), the Council adopted Resolution No. 18763, which authorized the City to submit an application to the Prohousing Designation Program. In March 2023, the City submitted its application.

On January 31, 2024, HCD announced that the City of Mountain View was awarded the Prohousing Designation. As of January 1, 2026, there are 61 cities and counties in California that have received the designation. In addition to exclusive access to grant programs such as PIP, the designation also provides the City with an advantage for certain competitive state grant funding programs. This is crucial given the City's considerable affordable housing pipeline, projected funding gap, and the need to attain external funding to advance the pipeline.

Prohousing Incentive Program

PIP is a state investment from the Building Homes and Jobs Trust Fund created through Senate Bill 2 in 2017 (as codified in relevant part at California Health and Safety Code section 50470) to increase the supply of affordable housing. HCD released the first round of PIP funding in 2023. At that time, the City had not yet received the Prohousing Designation and was, therefore, not eligible to apply.

In 2024, the City submitted an application for PIP Round 2 funding, and was awarded \$870,000 by HCD, which was allocated to the Alta Housing affordable housing project located at 1020 Terra Bella Avenue. In late 2024, the City applied for PIP Round 3 funding but was unable to receive an award due to the State not having sufficient funding.

On September 30, 2025, HCD released a NOFA for the fourth round of PIP funding totaling an estimated \$8 million. The PIP Round 4 application is due by March 31, 2026, with award announcements anticipated in June 2026. If awarded, the funds must be expended by June 30, 2029.

ANALYSIS

The City meets all of the eligibility criteria to apply for PIP Round 4 funding, including having a State-certified Housing Element. HCD's formula states that based on its population size, Mountain View is eligible for a base award of \$500,000. The City is eligible to receive an additional \$390,000 for the 39 points (\$10,000 bonus per point) it received for achieving the Prohousing Designation. This means that the City can request a maximum of \$890,000 in PIP Round 3 funds, of which up to 5% (or \$43,500) of the award is allowed for administrative costs.¹

Key eligible uses of the fund include:

1. Predevelopment, development, acquisition, rehabilitation, and preservation of multi-family, residential live-work, rental housing that is affordable to extremely low, very low, low-, and moderate-income households, including necessary operating subsidies.
2. Workforce/moderate-income housing.
3. Matching portions of funds placed into local or regional housing trust funds.

¹ The City initially received 37 points when the Prohousing Designation was awarded. In its PIP Round 2 application, the City was, therefore, eligible to apply for \$870,000. Subsequently, HCD updated the City's score to 39 points. Therefore, the increased amount of PIP Round 3 funds that the City can now apply for is \$890,000.

4. Services connected to the creation of new permanent supportive housing.
5. Assisting persons who are experiencing or at-risk of homelessness.
6. Accessibility modifications.
7. Homeownership opportunities.

Recommendation to Apply for Eligible Use No. 1

If awarded, staff recommends that the PIP Round 4 funding be allocated for necessary predevelopment activities (eligible use No. 1 above) in Phase 2 of Affirmed Housing's affordable project at 87 East Evelyn Avenue (Affirmed Project). Advancing the City's affordable housing pipeline is a top priority, and the timing and characteristics of the Affirmed Project best align with the PIP funding requirements.

The Affirmed Project consists of two phases that will provide 264 units of affordable housing, and 4 manager's units. The following is a summary of key milestones for the Affirmed Project:

- On [September 26, 2023](#), the City Council selected Affirmed Housing (Affirmed) as the preferred development team, and on March 1, 2024, the City entered into an Exclusive Negotiating Agreement with Affirmed.
- On [December 17, 2024](#), the City Council authorized the City Manager to negotiate and execute the Lease, Disposition, Development, and Loan Agreement (LDDLA), and appropriated \$8 million in Housing Impact funds to the project. The LDDLA for the Affirmed Project was executed on May 23, 2025.
- The overall project received entitlement approval in January 2026. The project will be developed in two phases. Based on the current project development schedule for the Affirmed Project, construction on Phase 1 is estimated to begin in January 2027.
- Within 90 days of issuance of first building permit for Phase 1, Affirmed will submit a financing plan for Phase 2 to the City for review.
- Based on the current project development schedule, construction on Phase 2 is targeted to begin in January 2030.

In addition to the \$8 million in City Housing Impact funds for Phase 1, mentioned above, the City is contributing the land through a long-term ground lease which will benefit both phases. If awarded, the PIP Round 4 funds will be allocated for necessary predevelopment activities in Phase 2 of the Affirmed Project.

The PIP Round 4 application is due by March 31, 2026, with award announcements anticipated in June 2026. If Council authorizes submittal of an application for PIP Round 4, staff will submit the application by the deadline.

FISCAL IMPACT

The recommended action has no financial impact on the General Fund. If approved, the City would be eligible to apply for up to \$890,000 of Prohousing Incentive Program Round 4 grant funds. Should the grant be awarded, staff will return to the City Council to request acceptance of the award and appropriate the PIP funding to the Affirmed Project.

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 \$500 from a party, participant, or agent of a party or participant within the last 12 months. The Levine Act is intended to prevent financial influence on decisions that affect specific, identifiable persons or participants. For more information see the Fair Political Practices Commission website: www.fppc.ca.gov/learn/pay-to-play-limits-and-prohibitions.html

Please see below for information about whether the recommended action for this agenda item is subject to or exempt from the Levine Act.

EXEMPT FROM THE LEVINE ACT

Contract between two or more state or local government agencies

ALTERNATIVES

1. Do not adopt a resolution authorizing the City to apply for, and receive, Prohousing Incentive Program Round 4 Funds, which results in no application being submitted and would forego the opportunity to secure external funding sources to help fill the City’s affordable housing funding gap.
2. Provide other direction to staff.

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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Attachment: 1. Resolution Authorizing Application to the Prohousing Incentive Program