



COUNCIL REPORT

DATE: October 28, 2025

CATEGORY: Consent

DEPT.: Housing

TITLE: **Amendment of 777 W. Middlefield
Below Market Rate Housing Agreement**

RECOMMENDATION

Adopt a Resolution of the City Council of the City of Mountain View authorizing the City Manager or Designee to Amend the Below-Market-Rate Regulatory Agreement between the City of Mountain View, Mountain View Owner, LLC, and Mountain View Whisman School District to add Foothill-DeAnza Community College District as a Party to the Agreement and to make other Conforming Amendments, to be read in title only, further reading waived (Attachment 1 to the Council report).

BACKGROUND

On [May 21, 2019](#), the City Council approved the residential Gatekeeper project located at 777 West Middlefield Road (now called "The Sevens"). The overall project comprises 716 units, along with an alternative mitigation plan that provides 20% of the units as Below-Market-Rate (BMR) units (144 units) in a separate, stand-alone building.

As an alternative mitigation project, the Developer (then Fort Bay, now Miramar Capital) partnered with the Mountain View Whisman School District (MVWSD) to finance and deliver the BMR units. The partnership and financing structure and terms were negotiated directly between the Developer and MVWSD as is typical with such alternative mitigations. The City was not involved in the negotiations (nor was the City asked to be involved) and is not a party to the Developer/MVWSD partnership. However, there is a BMR Regulatory Agreement between the City and MVWSD to ensure that the units meet project requirements. Of the 144 BMR units, 123 units are for MVWSD employees, 20 units are for City employees, and there is one manager's unit.

The project was completed at the beginning of 2025, and tenants began moving into the BMR units in February 2025. The BMR units included low-income units (up to 80% of Area Median Income (AMI) and moderate-income units (80% AMI to 120% AMI). The lease-up rate for the moderate-income units was very low, which would impact the economic viability of the project if the high vacancy rate were to continue. In response, both the Developer and MVWSD

requested that the City modify the BMR agreement to allow the qualifying income limit to be increased from 120% AMI to 150% AMI.

On [June 24, 2025](#), Council adopted Resolution No. 19010 1) amending the project's Condition of Approval and 2) amending the BMR Regulatory Agreement to increase the income eligibility for moderate-income housing units to 150% AMI for qualifying MVWSD and City employees and extending the amount of time employees have to vacate a BMR unit after exceeding the income limit from one year to three years, which had also been requested by MVWSD.

On September 9, 2025, MVWSD and the Foothill-De Anza Community College District (FHDA) entered into a purchase and sale agreement ("PSA") pursuant to which MVWSD intends to sell to FHDA, and FHDA intends to buy from MVWSD, a thirty-five percent (35%) interest in the BMR project that includes the purchase and sale of fifty (50) MVWSD Units to FHDA ("FHDA Ownership Interest") and a Co-Tenancy Agreement.

ANALYSIS

MVWSD is interested in selling a 35% interest in the BMR project to FHDA to strengthen the economic viability of the project. Council's action in June to increase the income eligibility to 150% expands the number households that could qualify for a moderate-income unit. FHDA's purchase of a portion of the MVWSD's units further expands the eligible pool of households by making the units available to FHDA teachers and staff. This expanded pool is expected to help with lease-up of the moderate-income units, reduce the vacancy rate, and generate sufficient rents to keep the project economically viable.

Additionally, as noted in the June 2025 memo, teacher housing provides an opportunity to strengthen connections between educators and the communities they serve, reduces commutes and traffic congestion, and increases the ability for school districts to attract and retain employees, some of whom may be in positions that are difficult to fill. These benefits would extend to FHDA, their educators, and their community once FHDA completes the purchase of the 50 units.

By owning a share of the BMR project, the provisions of the BMR Regulatory Agreement would need to apply to FHDA. Therefore, staff recommends that Council approve the recommendation to authorize the City Manager or designee to amend the BMR Regulatory Agreement to add FHDA as a party to the agreement and make conforming changes.

FISCAL IMPACT

This item has no impact on the City's 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 \$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.

SUBJECT TO THE LEVINE ACT

☒ Material contract modification or amendment

ALTERNATIVES

1. Do not adopt a resolution amending the BMR Agreement to add FHDA as a signatory.
2. Provide other direction.

PUBLIC NOTICING

Agenda posting.

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Attachments: 1. Resolution