



COUNCIL REPORT

DATE: June 23, 2026

CATEGORY: Consent

DEPT.: Public Works, Housing

TITLE: **Affordable Housing and Sustainable Communities Program Resolution– Various Actions**

RECOMMENDATION

1. Adopt a Resolution of the City Council of the City of Mountain View Declaring that the City is Authorized to Accept and Incur an Obligation of the Affordable Housing and Sustainable Communities Grant Funds and Enter into and Execute Standard Agreement(s) 213 with the California Department of Housing and Community Development, to be read in title only, further reading waived (Attachment 1).
2. Appropriate \$5,170,000 in Affordable Housing and Sustainable Communities Grant Funding to Middlefield Complete Streets, Project 22-01. (Five votes required)
3. Approve a mid-year Capital Improvement Program project, Bus Shelter Improvements.
4. Appropriate \$330,000 of Affordable Housing and Sustainable Communities Grant Funding and \$45,000 of Conveyance Tax funds to Bus Shelter Improvements. (Five votes required)
5. Authorize the City Manager, or designee, to execute all documents and agreements and take all necessary actions related to the grant funding.

BACKGROUND

Affordable Housing and Sustainable Communities Grant Funding

The California Affordable Housing and Sustainable Communities Grant Funding (AHSC) Program Round 9 allocated approximately \$775 million for projects ranging from \$10 million to \$50 million that align with program goals. The program received 47 applications, of which 46 met threshold requirements after review. Of those eligible projects, in late 2025, AHSC staff recommended awarding 21 projects, totaling \$835,318,208 in funding.

On March 25, 2025, the California Department of Housing and Community Development (HCD) and the Strategic Growth Council (SGC) issued a call for projects for the AHSC Round 9. The AHSC

program provides state Cap and Trade funds for projects that integrate multiple agencies to provide a combination of affordable housing, transit operations, bus stops, and pedestrian and bicycle improvements within a mile of the affordable housing development. The AHSC must be submitted as a collaboration between three entities:

- An affordable housing developer or sponsor;
- A transit agency/operator; and
- A local agency, such as a city.

An application cannot move forward to receive affordable housing funding without all three elements, and therefore, few projects meet the eligibility requirements to apply for this competitive grant.

To position the project to be competitive under the AHSC Program and advance the City's affordable housing goals for the site, the City partnered with Affirmed Housing as the affordable housing developer and lead applicant for the residential component of the application.

Affirmed Housing Affordable Housing Development at 87 East Evelyn Avenue

On [May 7, 2019](#), Council authorized negotiations with the Santa Clara Valley Transportation Authority (VTA) for a long-term lease and options to purchase and extend the lease for the former VTA property at 87 East Evelyn Avenue. The ground lease was executed on September 19, 2021 and the City exercised its purchase option on June 16, 2023 to acquire the property with the intent to develop affordable housing on the site.

On [September 26, 2023](#), Council selected Affirmed Housing as the preferred development team for the 87 East Evelyn Avenue affordable housing residential development and authorized staff to enter into an Exclusive Negotiating Agreement (ENA) with Affirmed. The ENA was executed on March 1, 2024, with an initial term of 210 days and was amended on September 27, 2024 to extend the agreement by 180 days, with an expiration date of March 26, 2025. A second amendment to the ENA was subsequently approved by the City Council on [March 25, 2025](#).

The first phase of the overall 268-unit project includes a 7-story development with 161 apartments affordable to households earning between 30% and 60% of the Area Median Income (AMI). Half of the units consist of two- and three-bedroom layouts, addressing the need for family housing in Mountain View. Community-focused amenities include a childcare center, shared green spaces, community rooms, a teen study room, a tot lot, and ample bike storage—creating a welcoming, inclusive environment.

AHSC Grant Application

Affirmed Housing assembled a project team consisting of the three required entities and submitted an AHSC application in May 2025 for the 87 E Evelyn Phase I project (Project). The application team included:

- Affirmed Housing as the affordable housing developer and sponsor;
- Peninsula Corridor Joint Powers Board as the transit agency/operator of Caltrain, and
- The City of Mountain View as the local agency responsible for pedestrian, bicycle, and bus stop improvements.

Pedestrian, bicycle, and bus stop improvements (Sustainable Transportation Infrastructure) are required to be within 1 mile of the project site. Staff worked with VTA and Affirmed Housing to identify qualified and competitive city projects and bus stops within 1 mile of the project site for the grant application. The application included the following elements:

Table 1: AHSC Application Project Elements

Project Element	Element Details
Affordable Housing Development (AHD)	Development of affordable housing at 87 E Evelyn Avenue.
Sustainable Transportation Infrastructure (STI)	<ul style="list-style-type: none"> • STI # 1: Improve safety for active transportation modes along Middlefield Road including VTA bus route #21 as well as the Mountain View Community Shuttle. The component will fund the design and construction of Class IV protected bikeways on Middlefield Road between Moffett Boulevard and Bernardo Avenue, a multi-use facility over the State Route 85 overpass, and pedestrian and bicycle improvements at four intersections (Moffett Boulevard, Easy Street, Tyrella Avenue, and North Whisman Road). • STI # 2: Install 10 new bus shelters. • STI # 3: Improve the Caltrain rail service between San Francisco and San Jose with the purchase of two train cars.
Program Costs (PGM)	<ul style="list-style-type: none"> • PGM # 1: Provide VTA SmartPass for every resident of the Project over the age of five for three years.

	<ul style="list-style-type: none"> • PGM # 2: Provide all residents of the Project with free high-speed internet for three years. • PGM # 3: Provide rental assistance by Community Services Agency (CSA). Clients will need to bring proof of residence in Mountain View or Los Altos and demonstrate a need. CSA will pay the owed rent directly to their landlord to prevent eviction and displacement. ¹ • PGM # 4: Provide workforce development by Center for Employment Training (CET). The program will provide training and hire low-income community members participating in CET's workforce training program. CET will connect members to the Project's general contractor, which will provide them with the training needed to enter the workforce as a skilled tradesperson.
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In March 2025, the Project received a point score of 82.5 out of 100, placing the Project 10th out of 47 applications. The Project received one additional point in the application, due to the City's Prohousing Designation status.

AHSC Award

In December 2025, the Project received a Conditional Award of \$49,736,790, 70% of which supports the 87 E Evelyn Affordable Housing Development, 29% of which is for transportation infrastructure, 1% of which is for program costs as shown below in Table 2.

¹ In order to garner points for the AHSC application, the project must provide subsidies to anti-displacement activities and job training. These activities do not have to exclusively serve the project and may be of benefit to the wider Mountain View community.

Table 2 below provides the breakdown of AHSC grant amounts for the Project elements.

Table 2: AHSC Award Amounts by Element

Project Element	Eligible Projects/Programs	Amount
Affordable Housing Development (AHD)	<ul style="list-style-type: none"> AHD - 87 E Evelyn Phase I (161 New Affordable Housing Units) 	Total - \$ 35,000,000
Sustainable Transportation Infrastructure (STI)	<ul style="list-style-type: none"> STI # 1 – Middlefield Road bikeways STI # 2 – 10 new bus shelters STI # 3 – New Caltrain Cars 	\$5,170,000
		\$330,000
		\$8,878,790
		Total - \$14,378,790
Program Costs (PGM)	<ul style="list-style-type: none"> PGM # 1 – VTA SmartPass for residents PGM # 2 – free high-speed internet for three years for residents PGM # 3 – rental assistance by Community Services Agency (CSA) PGM # 4 – workforce development by CET 	\$153,000
		\$30,000
		\$150,000
		\$25,000
		Total - \$358,000

The Conditional Award comprises a Loan Award and a Grant Award (see Table 3).

Table 3: AHSC Program Award Components

AHSC Program Award Component	Award Amount
Loan Award	\$35,000,000
Grant Award	\$14,736,790
Total	\$49,736,790

AHSC Loan Award

The Affordable Housing Development is funded as a loan rather than a grant through the AHSC program. The project was awarded \$35,000,000 which will be issued directly to Affirmed Housing by HCD.

AHSC Transportation Infrastructure Grant Award

Of the \$14,736,790 of grant funding awarded, the City is accepting \$5,500,000 and is obligated to deliver the transportation elements within STI #1 (Middlefield Road bikeways) and STI #2 (bus shelters) by December 10, 2030. STI #1 will be delivered via the City's Middlefield Road Complete Streets, Project 22-01, and a future separate active transportation project for the multi-use facility over the State Route 85 overpass. This future project will come to Council in Fiscal Year 2026-27 and staff will identify the recommended funding sources at that time. STI #2 will be delivered via the new City project: Bus Shelter Improvements. The grant award has no local match requirements.

Delivery and implementation of STI #3 will be the responsibility of the Peninsula Corridor Joint Powers Board.

ANALYSIS

To receive the AHSC grant funding, the City Council, as the Public Entity, must adopt a resolution to accept and incur the City's obligations under the AHSC program using HCD's resolution wording (Attachment 1). The resolution includes many recitals, the most of which include:

- The City authorizes accepting and incurring an obligation to deliver STI #1 and STI #2 for the Program Award.
- The City will enter into one or more STD 213 Standard Agreements for a sum not to exceed the full amount of the AHSC Program Award, and any and all other documents and amendments required or deemed necessary or appropriate to secure the AHSC Program Award.
- Acknowledgment and agreement that Program Award funds are to be expended only on the eligible uses and activities identified in the relevant STD 213, Standard Agreement.

The AHSC grant will provide \$5,170,000 to the Middlefield Road Complete Streets, Project 22-01, for bikeways on Middlefield Road, and \$330,000 to the new City project, Bus Shelter Improvements, for ten new bus shelters in the City within a one-mile radius of 87 E Evelyn Avenue. Additional City funding in the amount of \$45,000 for Bus Shelter Improvements is needed to provide for administrative costs and contingency.

To secure the AHSC grant, the Affirmed Housing Partners must secure all permanent financing, including tax credits and bond allocations, within 24 months of the date of the first HCD funding award to the Project, consistent with the HCD's Disencumbrance Policy. Affirmed Housing secured their tax credit and bond allocation reservation on May 12, 2026, and will commence construction on the housing component of the project by mid-December 2026.

FISCAL IMPACT

An appropriation of \$5,545,000 is requested to fund the projects as outlined in the AHSC grant award. Staff recommends appropriating grant and City funding for Middlefield Complete Streets, Project 22-01, and Bus Shelter Improvements as follows:

Table 4: Recommended Appropriations

<u>Funding Source</u>	<u>Project 22-01</u>	<u>Bus Shelter Improvements</u>
AHSC Grant	\$5,170,000	\$330,000
Conveyance Tax Fund	_____	<u>45,000</u>
TOTAL:	<u>\$5,170,000</u>	<u>\$375,000</u>

There are sufficient funds in the Conveyance Tax Fund for the recommended actions.

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

CONCLUSION

In support of the 87 East Evelyn Avenue affordable housing development, Affirmed Housing, Peninsula Corridor Joint Powers Board, and the City were conditionally approved for a State AHSC Program Award in the amount of \$49,736,790. The grant includes \$35,000,000 in the form of an AHSC Program Loan for the housing development, and \$14,736,790 in the form of an AHSC Program Grant for transportation infrastructure. The grant will help fund the Middlefield Complete Streets, Project 22-01, for the installation of pedestrian and bicycle improvements

along the Middlefield Corridor between Moffett Boulevard and Bernardo Avenue, and the installation of bus shelters in the vicinity of the affordable housing site. Council adoption of the resolution will allow the City to accept and incur obligations under the AHSC Program and authorize staff to execute agreements with the State.

ALTERNATIVES

1. Do not adopt the resolution required for the grant funding and direct staff to decline the grant funding.
2. Do not appropriate \$45,000 of Conveyance Tax funds to Bus Shelter Improvements and direct staff to utilize a different funding source.
3. Provide other direction.

PUBLIC NOTICING— Agenda Posting

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Attachment: 1. Resolution