



COUNCIL REPORT

DATE: September 9, 2025

CATEGORY: Consent

DEPT.: Housing

TITLE: **Appropriation of CDBG Funds for Paulson Park I and Monte Vista Terrace Affordable Housing Projects**

RECOMMENDATION

Adopt A Resolution of the City Council of the City of Mountain View (1) Appropriating \$968,476 from the Community Development Block Grant (CDBG) Subfund to the Paulson Park I Roof Replacement Project; (2) Appropriating \$1,364,324 from the CDBG Subfund to the Monte Vista Terrace Roof Replacement and Elevator Modernization Project; and (3) Authorizing the City Manager or Designee to Negotiate and Execute the Loan Agreement(s), Affordable Housing Regulatory Agreement(s), and Related Documents with MidPen Housing; and (4) Authorizing the City Manager or Designee to Negotiate and Execute Amendments to these Agreements without Returning to Council, to be read in title only, further reading waived (Attachment 1 to Council Report).

BACKGROUND

Each fiscal year, the City, as a federal “entitlement jurisdiction,” directly receives CDBG funds from the U.S. Department of Housing and Urban Development (HUD) to invest in qualifying projects in Mountain View. In addition to these annual allocations, unexpended funds from prior years may be available to fund activities and projects. These prior year funds can result from project delays, cost savings, or changes in scope that result in previously allocated CDBG funds not being fully spent within the expected timeframe, as well as program income received through loan repayments from previously funded affordable housing projects,

CDBG-funded projects must align with the goals and priorities identified in the City’s federally required five-year Consolidated Plan. The current Consolidated Plan is for the Fiscal Year 2025-30 period, was adopted by Council on [May 13, 2025](#) and has been submitted for HUD review and approval). The Consolidated Plan includes an assessment of housing and community development needs for low- and moderate-income households and identifies the City’s priorities and goals to address those needs. The City identified five priority needs in its Fiscal Year 2025-30 Consolidated Plan, one of which was to promote affordable housing through the development of new units and the rehabilitation of existing units.

The City is also required to develop and submit an Annual Action Plan to HUD that identifies specific projects that will be funded with CDBG funds. The City's Fiscal Year 2025-26 Annual Action Plan (also adopted in May 2025 along with the Consolidated Plan) includes an allocation of \$2,369,572 in CDBG funding to promote affordable housing including rehabilitation projects.

ANALYSIS

Housing staff conducted extensive outreach to identify potential projects that would assist with the expenditure of CDBG funds, including email outreach and meetings with staff, local nonprofit partners and affordable housing developers. Through this process, Housing staff have identified two rehabilitation projects that meet the Consolidated Plan, Annual Action Plan, and CDBG requirements: Paulson Park I and Monte Vista Terrace both of which are existing affordable housing developments located in the City that are owned and operated by MidPen Housing (MidPen). Paulson Park I was built in 1973 and was purchased by MidPen in 1998. Monte Vista Terrace was built in 1980 and purchased by MidPen in 2005. Given their age, both properties need rehabilitation to preserve their condition and continued livability for residents.

MidPen has proposed two rehabilitation projects at these properties:

1. Paulson Park I – Roof Replacement
2. Monte Vista Terrace – Roof Replacement and Elevator Modernization

These developments provide affordable housing opportunities to low-income seniors ages 62 and older. Between the two developments, a number of services are offered, including health, wellness, and social programs, a weekly food program, ESL (English as a Second Language) classes, art classes, computer training, and connections to community resources. Amenities for residents include private patios, community gardens, a computer lab, fitness center, library, and several recreation and gathering rooms.

The City has previously supported MidPen with CDBG funding for rehabilitation projects at other affordable housing developments in Mountain View, helping to preserve the City's affordable housing stock.

Paulson Park I – Roof Replacement Project

Paulson Park I is located at 111 Montebello Avenue and has a total of 149 units spread across 13 buildings. The table below shows a breakdown of the units by income restriction based on the Area Median Income (AMI) and number of bedrooms.

Table 1: Paulson Park I Unit Breakdown

Income Restriction	1-Bedroom	2-Bedroom	Total Units
50% AMI	119	0	119
60% AMI	29	0	29
Manager's Unit	0	1	1
Total	148	1	149

Staff recommends providing CDBG funding to MidPen to support a roof replacement for the 13 residential buildings at Paulson Park I. The scope of work includes the installation of new shingles, flashing, gutters, gutter screens, and downspouts, as well as minor structural repairs as needed. The current roofing is aged and starting to show signs of damage. Addressing this issue will maintain the structural integrity of the buildings and enable continued safety and livability for the residents.

Staff proposes providing \$968,476 in CDBG funding to this project through a 0% interest forgivable loan with a term of 25 years. It is anticipated that this project will begin in December 2025 and be completed in April 2026.

Monte Vista Terrace – Roof Replacement and Elevator Modernization Project

Monte Vista Terrace is located at 1101 Grant Road and has a total of 150 units. The table below shows a breakdown of the units by income restriction and number of bedrooms.

Table 2: Monte Vista Terrace Unit Breakdown

Income Restriction	Studio	1-Bedroom	2-Bedroom	Total Units
30% AMI	73	75	0	148
50% AMI	1	0	0	1
Manager's Unit	0	0	1	1
Total	74	75	1	150

Staff recommends providing CDBG funding to MidPen to facilitate two projects at Monte Vista Terrace:

- Project 1 - Roof replacement, including new gutters and downspouts.
- Project 2 - Modernization of one aging elevator at Monte Vista Terrace to improve safety, reliability, and code compliance. The scope of work includes upgrading elevator control systems, mechanical components, and signal fixtures. Additional consulting and design services will ensure a well-coordinated installation with minimal disruption to residents. These improvements will modernize the elevator to enhance safety, maintain accessibility,

reduce maintenance-related downtime, and support independent living for the low-income seniors who reside at Monte Vista Terrace.

Staff recommends providing \$1,364,324 in CDBG funding to this project through a 0% interest forgivable loan with a term of 25 years. This loan covers estimated costs for the roof replacement, and the modernization of one elevator. It is anticipated that the two projects will begin in December 2025 and be completed in December 2026.

CDBG Expenditure Timeliness Test

HUD's CDBG regulations set forth specific requirements governing the use of funds, including eligible activities and expenditure timelines. To monitor compliance with these expenditure timelines, HUD conducts an annual "timeliness test" on May 2 to assess whether entitlement jurisdictions are spending their CDBG funds quickly enough. If an entitlement jurisdiction fails to meet the test two years in a row, it may face the risk of losing CDBG funds.

For Fiscal Year 2024–25, the City did not meet the timeliness requirement because the City has received relatively large amounts of unanticipated CDBG loan repayments in recent years, but without identified projects to fund. This creates a common challenge among entitlement jurisdictions like Mountain View to pass the timeliness test. To pass the next timeliness test on May 2, 2026, the City must expend at least \$2,178,453 in CDBG funds. The total recommended funding for Paulson Park I and Monte Vista Terrace is \$2,332,800, which will allow the City to meet the Consolidated Plan priority to promote affordable housing while also allowing the City to meet the timeliness test.

FISCAL IMPACT

Approval of the appropriation of CDBG funding for these projects will not impact the General Fund. There is sufficient CDBG funding available in the CDBG subfund as noted above and in the Fiscal Year 2025-26 Annual Action Plan.

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

☒ Contract or franchise agreement

ALTERNATIVES

1. Do not approve the appropriation of CDBG funding for the Paulson Park I Roof Replacement project and/or the Monte Vista Roof Replacement and Elevator Modernization project, and direct staff to identify other potential eligible projects to fund.
2. 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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Attachment: 1. Resolution