

ECONOMIC DEVELOPMENT SUBSIDY REPORT
PURSUANT TO GOVERNMENT CODE SECTION 53083 FOR
DEVELOPMENT OF THE HOPE STREET LOT 4 HOTEL
BY AND BETWEEN THE
CITY OF MOUNTAIN VIEW AND THE ROBERT GREEN COMPANY

Pursuant to Government Code Section 53083, the City Council of the City of Mountain View must hold a noticed public hearing and, prior to the public hearing, provide all of the following information in written form and available to the public and through the City's website, regarding an economic development subsidy to be provided by the City pursuant to an Amended and Restated Disposition and Development Agreement (DDA) and Ground Leases (Lots 4 and 8) for development of the Hope Street lots by and between the City of Mountain View and The Robert Green Company (RGC). The public notice was published in the local newspaper for a public hearing to be held on March 24, 2026.

The purpose of this report is to provide the information required pursuant to Government Code Section 53083 in regard to the Amended DDA and Ground Leases. This report shall remain available to the public and posted on the City's website until the end date of the economic development subsidy, as further described below in Question No. 2.

1. The name and address of all corporations or any other business entities, except for sole proprietorships, that are the beneficiary of the economic development subsidy.

The City will execute the Amended DDA and Ground Leases with RGC Mountain View I, LLC. The City of Mountain View, the community, and RGC and its subsidiaries are the beneficiaries of the economic development subsidy.

City of Mountain View
City Hall
P.O. Box 7540
500 Castro Street
Mountain View, CA 94039-7540

RGC Mountain View I, LLC
c/o The Robert Green Company
343 4th Avenue
San Diego, CA 92101

2. The start and end dates and schedule, if applicable, for the economic development subsidy.

If the City Council authorizes the City Manager to execute the Amended and Restated DDA and Ground Leases (Lots 4 and 8) for the development of the Hope Street Lots, and should the City Council subsequently approve the hotel project, the start date of the economic development subsidy would be upon Certificate of Occupancy for the hotel, which is anticipated to occur in Fiscal Year 2029-30. The City will provide a hotel Transient Occupancy Tax (TOT) rebate that could extend through the first fifteen (15) years of hotel operations and temporary reduction in hotel ground rent through the first twenty (20) years of hotel operations. The end date of the subsidy is anticipated to occur during or after Fiscal Year 2049-50. A further breakdown of the subsidy can be found below in Question No. 3.

3. A description of the economic development subsidy, including the estimated total amount of the expenditure of public funds by, or of revenue lost to, the local agency as a result of the economic development subsidy.

The economic development subsidy or City's Financial Participation for the Hope Street Lots project is associated with the hotel development and is estimated to equal \$47.5 million based on the hotel TOT rebate and reductions in the Hotel ground rent:

- Transient Occupancy Tax (TOT) rebate value is projected at \$40.1 million in nominal dollars based on the hotel ground lease provisions that provide for a TOT rebate that expires after 15 years of hotel operations or upon reaching \$20.8 million in net present value using a ten percent (10%) discount rate, whichever comes first. (Of note, if the City raises the TOT rate above 10%, the City will keep the TOT revenues above 10%.)
- A reduction in the annual hotel ground rent rate of 4% of gross revenues in lockstep with reductions in the minimum base rent for the first twenty years, which is estimated to reduce ground rent paid by \$20.9 million in nominal dollars. This is partially offset by increasing the percentage rent to a 4.5% rent rate starting in Operating Year 31 that is projected to generate an additional \$13.5 million above the rent that would otherwise be due through the initial 55-year lease term. Thus, the net hotel ground rent reduction is \$7.4 million in nominal dollars over the initial 55-year term of the lease.

4. A statement of the public purposes for the economic development subsidy.

At a January 20, 2015 City Council Study Session and subsequent Council meeting on March 31, 2015, Council directed staff to market the Hope Street Lots for development through ground lease focused on a mixed-use development with a hotel and office on these parking lots. RGC was selected on January 12, 2016 as the best qualified developer, and the City entered into a Disposition and Development Agreement and ground leases dated May 25, 2017.

The City is now proposing to enter into Amended and Restated Disposition and Development Agreement (DDA) and Ground Leases (Lots 4 and 8) for these parking lots. The City has no capital outlay for the hotel, which would generate long-term and ongoing revenues as projected below to support and enhance City services.

The hotel will also provide substantial economic and financial benefits to the City and its Downtown. Hotels play a pivotal role in supporting local economic vitality by generating employment opportunities, attracting visitors, supporting small businesses, and contributing to local tax revenues. Economic benefits include:

- **Employment Generation & Local Spending** - Hotels create a wide range of jobs from hospitality staff and maintenance to management and event services. Additionally, they boost local supply chains by sourcing goods and services from nearby vendors. The proposed hotel is estimated to directly generate approximately 350 construction jobs and 89 full-time and 27 part-time permanent hotel jobs upon completion. Hotel spending on goods and services and from hotel guests at local businesses would also stimulate job generation in other local businesses.
- **Support for Local Businesses** - Hotel guests contribute directly to the economic health of downtown by patronizing restaurants, retail shops, and entertainment venues. Hotels also serve as venues for conferences, weddings, and special events, further increasing local spending. The hotel is projected to host more than 57,000 guests annually by the fourth year of operations. Based on recent retail trade area analysis, this increase in visitation is equivalent to a one-third increase in the number of available customers within a three-mile radius of Downtown Mountain View.

5. The projected tax revenue to the local agency as a result of the economic development subsidy.

The net tax revenues to be received by the City over the initial 55-year term of the hotel lease are projected to total \$267.8 million in nominal dollars as indicated below:

Operating Years ¹	Projected Tax Revenues to City (In Millions of Dollars)			
	TOT ²	Sales Tax	Possessory Interest Tax	Total for 5-Year Period
1 - 5	\$0.0	\$0.5	\$1.0	\$1.5
6-10	\$0.0	\$0.6	\$1.1	\$1.7
11-15	\$0.0	\$0.7	\$1.2	\$1.9
16-20	\$18.2	\$0.8	\$1.3	\$20.4
21-25	\$21.2	\$1.0	\$1.5	\$23.6
26-30	\$24.5	\$1.1	\$1.6	\$27.2
30-35	\$28.4	\$1.3	\$1.8	\$31.5
36-40	\$33.0	\$1.5	\$2.0	\$36.4
41-45	\$38.2	\$1.7	\$2.2	\$42.1
46-50	\$44.3	\$2.0	\$2.4	\$48.7
51-53	\$29.9	\$1.3	\$1.6	\$32.8
Total for 55-Year Lease Term (assuming lease ends in Operating Year 53)				\$267.8

Note: Some totals may not precisely add up as the result of rounding to the nearest \$100,000.

- (1) Operating Years reflect years of hotel operations. The lease is 55 years, and the first operating year is assumed to start in lease year 3.
- (2) TOT estimates are net of TOT Rebates in Years 1 to 15 and are based on current TOT rate of 10% of gross room revenues. Revenue to City will be higher if the TOT rate is increased above 10%.

In addition to these tax revenues, the City is projected to receive ground rent revenues of \$165.8 million resulting in \$433.6 million in projected revenues to the City.

6. The estimated number of jobs created by the economic development subsidy, broken down by full-time, part-time, and temporary positions.

The Hope Street Lots hotel project will include employment opportunities through construction, hotel, and parking operations. The estimated jobs for the hotel development that would be stimulated with the economic development subsidy are presented below:

Construction Jobs

- Full-Time Employees—350 estimated
- Part-Time Employees—0
- Temporary Employees—0

Hotel Jobs

- Full-Time Employees—86 estimated
- Part-Time Employees—15 estimated
- Temporary Employees—0

Parking Jobs

- Full-Time Employees—3 estimated
- Part-Time Employees—12 estimated
- Temporary Employees—0