



COUNCIL REPORT

DATE: September 23, 2025

CATEGORY: Consent

DEPT.: Housing Department

TITLE: **Modification of Funding for the Linda Vista and Lot 12 Affordable Housing Projects**

RECOMMENDATION

1. Adopt a Resolution of the City Council of the City of Mountain View Rescinding Appropriation of \$6,800,000 From the City's Below-Market-Rate In-Lieu Fees Fund and \$3,200,000 from the City's Local Housing Trust Fund to the 1012 Linda Vista Affordable Housing Project, Less Any Eligible Expenses Incurred to Date, and Returning All Remaining Funds to their Originating Account, to be read in title only, further reading waived (Attachment 1 to Council Report).
2. Adopt a Resolution of the City Council of the City of Mountain View: 1) Reducing the Appropriation of \$6,300,000 from the City's Below-Market-Rate In-Lieu Fees Fund to the Lot 12 Affordable Housing Project by \$3,200,000; 2) Reducing the Appropriation of \$5,950,000 from the City's Housing Impact Fees Fund to the Lot 12 Affordable Housing Project by \$2,643,327; and 3) Appropriating \$3,200,000 from the City's Local Housing Trust Fund, \$1,862,056 in Home Investment Partnership Program Grant Funds, and \$781,271 in Home-American Rescue Plan Program Grant Funds to the Lot 12 Affordable Housing Project to be read in title only, further reading waived (Attachment 2 to Council Report).

BACKGROUND

The City has a robust pipeline of affordable housing projects and invests its housing funds – including the BMR In-Lieu Funds, Housing Impact Funds, and its federal allocation of HOME Investment Partnership Grants (HOME) – to advance these projects. Because more funding is needed to move projects forward in this challenging funding environment for much-needed affordable housing, the City also actively pursues State and other federal grant funding opportunities as part of implementing the 2022-2027 Affordable Housing Strategy. This includes recent successful grant awards from the State's Local Housing Trust Fund (LHTF) program and the HOME-ARP federal grant program (different than the standard HOME program above)

implemented by the Department of Housing and Urban Development (HUD) during the COVID-19 pandemic; both grants are for the construction of new affordable housing units.

Linda Vista Project Update and Grant Fund Reallocation

The City has currently committed BMR In-Lieu and LHTF Funds to the affordable housing project at 1012 Linda Vista. However, earlier in the year, Alta Housing (Alta) notified staff that one of its two projects in the City's pipeline – 1012 Linda Vista – is not feasible in the current environment and is evaluating a smaller 53-unit project rather than the originally proposed 70-unit project. This reduction in unit count significantly modifies the project's timing and ability to utilize LHTF funds, which will need to be shifted to another project.

In addition, the City must allocate its federal HOME and HOME-ARP grant funds to an eligible affordable housing project to ensure timely use of these resources. Among projects in the City's pipeline, Lot 12 is best positioned to receive these federal funds as well as LHTF funds.

The Analysis section below provides additional detail on the status of 1012 Linda Vista and Lot 12, the associated funding changes, and staff's recommendation to reallocate LHTF, HOME, and HOME-ARP funds to Lot 12 as part of its overall financing strategy.

ANALYSIS

Changes to 1012 Linda Vista Avenue (Developer - Alta Housing)

Alta Housing originally submitted an application through the City's Notice of Funding Availability (NOFA), proposing a 70-unit affordable housing project at 1012 Linda Vista Avenue. On [February 6, 2023](#), the NOFA Committee recommended that the City Council appropriate \$10 million in BMR In-Lieu Funds to the project. On [February 14, 2023](#), City Council approved the NOFA Committee's recommendation and appropriated \$10 million towards the project. Subsequently, the City was awarded LHTF funding, of which \$3.2 million was appropriated to this project which replaced a portion of the BMR In Lieu funds.

In August 2025, Alta submitted an SB 35 application for a project that now includes 53 units instead of 70 units. This change has significant impacts on the project's financing and timeline. With these substantial revisions, the project is no longer on track to meet expenditure deadlines associated with the State's LHTF requirements. Staff and Alta agree that the updated proposal will need to be submitted through the City's NOFA process to determine City funding levels.

As a result, staff recommends returning the approximately \$6.8 million BMR In-Lieu and \$3.2 million in LHTF funds that have already been appropriated for the project, and redirecting the \$3.2 million in LHTF funds to the Lot 12 project, which can meet the expenditure deadlines. The BMR In-Lieu Funds will no longer be encumbered and can be allocated to a project in the future,

including a potential new allocation to the 53-unit Linda Vista project pending Alta's re-submittal of a NOFA application.

Reallocation of Funds to Lot 12 (Developer – Alta Housing/Related California)

Lot 12 is a high-priority, shovel-ready affordable housing development on the City-owned parcel bounded by Mercy, Bryant, and California streets. This joint venture between Alta Housing and Related California will deliver a fully affordable housing development totaling 120 rental units, including deeply affordable homes for extremely low- and low-income households, permanent supportive housing, rapid rehousing units, specialized housing for individuals with developmental disabilities, and one manager's unit.

The project was awarded federal Low-Income Housing Tax Credits on August 5, 2025, and has secured all financing necessary to close its loans and begin construction, with a targeted start in January 2026. To ensure the City meets expenditure deadlines, staff recommend redirecting the LHTF funds originally committed to 1012 Linda Vista toward the Lot 12 project. Without this reallocation, the City risks losing the Local Housing Trust Fund (LHTF) dollars. In addition, the City has unallocated HOME funds that must be spent in a timely manner, and HOME-ARP funds that carry commitment deadlines.

Because Lot 12 is shovel-ready, it is the most appropriate project to receive these funds. Staff have confirmed with the development team that they can incorporate the redirected resources, which include \$3.2 million in LHTF from Linda Vista, \$1,862,056 million in HOME, and \$781,271 in HOME-ARP. This reallocation will allow the City to meet upcoming expenditure deadlines and maximize use of federal and state resources. Lot 12 is uniquely positioned to receive HOME and HOME-ARP funds because it has secured federal project-based Section 8 vouchers, which align with HOME and HOME-ARP program affordability and compliance requirements. The development team is prepared to use the funds and meet the compliance requirements.

This updated funding approach does not increase the City's overall commitment of \$23.45 million to the Lot 12 project. Instead, it shifts the mix of sources- adding state and federal grant funds while reducing the need for \$3.2 million in BMR In-Lieu Funds and \$2.64 million in Housing Impact Funds, as shown in Table 1 below. While the total City commitment remains \$23.45 million, this adjustment maximizes the use of outside resources and preserves local funds for future projects in the pipeline.

Table 1: Summary of Funding Changes for Lot 12

Fund Source	Original Amount	Change	Final Amount
BMR Funds	\$6,300,000	↓ \$3,200,000	\$3,100,000
Housing Impact Fund	\$5,950,000	↓ \$2,643,327	\$3,306,673
Successor Agency Funds	\$1,000,000	—	\$1,000,000
SB 129 Grant Award	\$8,000,000	—	\$8,000,000
Rental Housing Impact Fund	\$2,200,000	—	\$2,200,000
Local Housing Trust Fund	—	+ \$3,200,000	\$3,200,000
HOME Funds	—	+ \$1,862,056	\$1,862,056
HOME ARP Funds	—	+ \$781,271	\$781,271
Total	\$23,450,000	—	\$23,450,000

FISCAL IMPACT

These actions have no impact on the City's General Fund. If Council approves the recommendations:

- **Linda Vista Project:** The action would return previously appropriated LHTF funds and \$6.8 million in BMR In-Lieu funds to the original funding source.
- **Lot 12 Project:** The revised funding mix reduces the share of local City funds while incorporating additional State and Federal funds. The City's overall funding commitment remains unchanged at \$23.45 million.

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

☒ General policy and legislative actions

ALTERNATIVES

1. Do not authorize appropriation of LHTF, HOME, and HOME-ARP funds to the Lot 12 project, leaving the current Lot 12 funding sources unchanged.
2. Direct staff to explore alternative funding options.
3. Provide other direction to staff.

PUBLIC NOTICING – Agenda Posting

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Attachments: 1. Resolution - 1012 Linda Vista
 2. Resolution - Lot 12