



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow

SUBJECT: See Below

DATE: February 2, 2026

Approved

Date:

2/11/26

COUNCIL DISTRICTS: 3, 4, 5, 7, 8

SUBJECT: Funding Agreement with Affirmed Housing for Round 8 Affordable Housing and Sustainable Communities Grant Funds

RECOMMENDATION

- (a) Adopt a resolution authorizing the City Manager, or her designee, to:
 - (1) Implement transportation improvements along King Road as identified in the Round 8 Affordable Housing and Sustainable Communities grant awarded to Affirmed Housing; and
 - (2) Negotiate and execute required funding agreements with Affirmed Housing and related documents and agreements with Strategic Growth Council, and the California Department of Housing and Community Development to accept up to \$9,000,000 in Round 8 Affordable Housing and Sustainable Communities grant funding.
- (b) Adopt a "Public Entity Resolution" which indicates the City is authorized to accept and incur an obligation of the Affordable Housing and Sustainable Grant funds and enter into and execute the Standard Agreement 213 with the California Department of Housing and Sustainable Communities.

SUMMARY AND OUTCOME

The authorization to negotiate and execute a Transportation Funding Agreement allows the developer, Affirmed Housing, to proceed with entering into required funding agreements with the California Strategic Growth Council and the California Department of Housing and Community Development to obtain the Round 8 Affordable Housing and Sustainable Communities (AHSC) grant awarded to Affirmed Housing. Execution of the Transportation Funding Agreement with Affirmed Housing will allow the Department of Transportation (DOT) to deliver the transportation improvements along King Road

included in the AHSC grant application and receive reimbursement of up to \$9,000,000 in AHSC grant funding administered by the Strategic Growth Council and the California Department of Housing and Community Development.

BACKGROUND

DOT actively pursues grant funds and partnerships to support City and departmental goals. The City has routinely partnered with developers who pursue AHSC grant funding, which is administered by the Strategic Growth Council and implemented by the California Department of Housing and Community Development. In March 2024, Affirmed Housing, in coordination with DOT, submitted an AHSC grant application for a 195-unit affordable housing development at 1565 Mabury Road in San José, which included transportation improvements along King Road, between Berryessa Road and Capitol Expressway. In September 2023, the California Department of Housing and Community Development and the Strategic Growth Council awarded Affirmed Housing the AHSC grant, which included \$9,000,000 for DOT to implement bicycle, pedestrian, and transit system improvements along King Road.

ANALYSIS

The AHSC program provides loans and grants to local agencies, developers, public housing authorities, transit agencies, and transit operators. The AHSC program furthers the goals of Assembly Bill 32 (Chapter 488, Statutes of 2006), Senate Bill 375 (Chapter 728, Statutes of 2008), and Senate Bill 32 (Chapter 249, Statutes of 2016) by investing in projects that reduce greenhouse gas emissions by implementing land use, housing, transportation, and agricultural land preservation practices to support infill and compact development, while supporting related and coordinated public policy objectives. Funding for the AHSC program is provided by the Greenhouse Gas Reduction Fund, an account established to receive proceeds from cap-and-trade auctions. The AHSC program is part of California Climate Investments, a statewide initiative funded through the Greenhouse Gas Reduction Fund with the goals of reducing greenhouse gas emissions, strengthening the economy, and improving public health and the environment.

The AHSC Round 8 award to Affirmed Housing to build a 195-unit affordable housing property at 1565 Mabury Road includes \$9,000,000 for transportation system improvements along King Road, which DOT will deliver.

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Upon City Council approval of the recommendations, the City will finalize efforts to enter into the required agreements with Affirmed Housing to receive AHSC grant funds administered through the California Strategic Growth Council, and the California Department of Housing and Community Development.

Climate Smart San José Analysis

The recommendation in this memorandum aligns with one or more of Climate Smart San José energy, water, or mobility goals. The development is within walking distance of the regional Berryessa Center, served by BART and several Valley Transportation Authority bus lines. The AHSC-funded improvements will increase green trips and reduce vehicle miles traveled and associated greenhouse gas emissions.

EVALUATION AND FOLLOW-UP

Upon execution of the grant agreements, staff will bring forward recommendations for City Council consideration to recognize and appropriate the grant funding and local match as part of a future budget process.

COST SUMMARY/IMPLICATIONS

The transportation improvement elements will be funded through \$9,000,000 in state grant funds administered by the California Strategic Growth Council and the California Department of Housing and Community Development. The grant award has no local match requirement.

Pending the execution of the agreements with Affirmed Housing, the Strategic Growth Council, and/or the California Department of Housing and Community Development, these funds will be recommended for inclusion in a future budget process, subject to the appropriation of funds.

Notably, this project is expected to incur ongoing operating and maintenance costs for traffic control devices such as flexible bollards; however, as the project is still in its conceptual design phase, the quantity and replacement schedule of said devices are unknown. All future ongoing operating and maintenance costs will be funded from the General Fund which are estimated to be in the annual range of \$40,000 to \$45,000 for staff time and material costs related to the ongoing maintenance and replacement of plastic bollards.

Estimated Expenditures and Revenues by Fiscal Year

Expenses	FY 2027-2028	FY 2028-2029	FY 2029-2030	Total
Staffing	\$250,000	\$250,000	\$250,000	\$750,000
Contract	\$250,000	\$250,000	\$7,750,000	\$8,250,000
Grant Subtotal	\$500,000	\$500,000	\$8,000,000	\$9,000,000
Project Total	\$500,000	\$500,000	\$8,000,000	\$9,000,000
Total Reimbursable Revenue	\$500,000	\$500,000	\$8,000,000	\$9,000,000

COORDINATION

This memorandum has been coordinated with the City Attorney's Office, the City Manager's Budget Office, and the Planning, Building, and Code Enforcement Department.

PUBLIC OUTREACH

This memorandum will be posted on the City's Council Agenda website for the February 24, 2026 City Council meeting.

COMMISSION RECOMMENDATION AND INPUT

No commission recommendation or input is associated with this action.

CEQA

Categorically Exempt, File No. ER24-313, CEQA Guideline Section 15301(c) Existing Facilities.

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PUBLIC SUBSIDY REPORTING

This item does not include a public subsidy as defined in section 53083 or 53083.1 of the California Government Code or the City's Open Government Resolution.

/s/

JOHN RISTOW

Director of Transportation

For questions, please contact Devin Gianchandani, Senior Transportation Specialist, Transportation Department, at devin.gianchandani@sanjoseca.gov.