



Memorandum

TO: HONORABLE MAYOR
AND CITY COUNCIL

FROM: John Ristow

SUBJECT: See Below

DATE: August 18, 2025

Approved

Date:

8/26/2025

COUNCIL DISTRICTS: 2, 3, 7

SUBJECT: Transportation Development Fund Agreement with Resources for Community Development for Affordable Housing and Sustainable Communities Grant Funding

RECOMMENDATION

Adopt a resolution:

- (a) Authorizing the City of San José to accept and expend Cycle 7 Affordable Housing and Sustainable Communities grant funding awarded to Resources for Community Development to implement transportation improvements as described in the Affordable Housing and Sustainable Communities grant application; and
- (b) Authorizing the City Manager, or her designee, to negotiate and execute a Transportation Development Fund Agreement and related documents and agreements with Resources for Community Development up to \$9,000,000 in Cycle 7 Affordable Housing and Sustainable Communities grant funding.

SUMMARY AND OUTCOME

The authorization to negotiate and execute the Transportation Development Fund Agreement will enable the developer, Resources for Community Development (RCD), to proceed with entering into required funding agreements with the California Strategic Growth Council and/or the California Department of Housing and Community Development (HCD) to obtain a Cycle 7 Affordable Housing and Sustainable Communities (AHSC) grant awarded to RCD. Execution of the Transportation Development Fund Agreement with RCD will allow the Department of Transportation (Department) to deliver the transportation improvements included in the AHSC grant

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application and receive reimbursement for up to \$9,000,000 in AHSC grant funding administered by the Strategic Growth Council, and the California Strategic Growth Council, and/or the HCD.

BACKGROUND

The Department actively pursues grant funds and partnerships to support the City of San José (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 HCD. In April 2023, RCD, in coordination with the Department, submitted an AHSC grant application for a 99-unit affordable housing development at 797 S. Almaden Avenue in San José, which included transportation improvements along Monterey Road. In September 2023, the HCD and the Strategic Growth Council awarded RCD the AHSC grant, which included \$9,000,000 in funding for the Department to implement bicycle, pedestrian, and transit transportation system improvements along Monterey 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 GHG emissions, strengthening the economy, and improving public health and the environment.

The AHSC award made to RCD to build a 99-unit affordable housing property at 797 S. Almaden Avenue included \$9,000,000 to implement transportation system improvements along Monterey Road, which the Department would deliver.

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Upon City Council approval of the recommendations, the City will finalize efforts to enter into the required agreements with RCD to receive AHSC grant funds administered through the California Strategic Growth Council, and/or the HCD.

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 to the Valley Transportation Authority West Virginia Light Rail station and several frequently operated 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, along with a local match requirement of \$575,445 from the Building and Structure Construction Grant Reserve. The City maintains the flexibility to find alternative grant funding sources to offset its local match requirement.

Pending the execution of the agreements with RCD, the Strategic Growth Council, and/or the HCD, these funds will be recommended for inclusion in the City's Fiscal Year 2025-2026 Mid-Year Budget process or other future budget process, subject to the appropriation of funds.

Notably, this project is expected to incur ongoing operating and maintenance costs for bollards; however, as the project is still in its conceptual design phase, the quantity and replacement schedule of bollards is unknown.

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Expenditures and Revenues by Fiscal Year

Expenses	Fiscal Year 2025-2026	Fiscal Year 2026-2027	Fiscal Year 2027-2028	Total
Staffing	\$0	\$0	\$0	\$0
Contract	\$1,000,000	\$2,000,000	\$6,000,000	\$9,000,000
Grant Subtotal	\$1,000,000	\$2,000,000	\$6,000,000	\$9,000,000
Local Match	\$275,000	\$300,000		\$575,445
Project Total	\$1,275,000	\$2,300,000	\$6,000,000	\$9,575,445
Total Reimbursable Revenue	\$1,000,000	\$2,000,000	\$6,000,000	\$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 September 9, 2025 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 Guidelines 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, Department of Transportation

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