



MEMORANDUM

DATE: September 13, 2021

TO: Planning Commission

FROM: Pierce Macdonald-Powell, Senior Planner

SUBJECT: Recommendation of Ad Hoc Subcommittee of the
Planning Commission on Measure A-1 Bond Funding

AGENDA ITEM NUMBER 5

RECOMMENDATION:

Recommend that the City Council direct staff to apply to Alameda County to use Piedmont's Measure A-1 allocation to: 1) Establish a City of Piedmont affordable housing fund; 2) Preserve \$2.2 million in funding in the form of a low-interest loan for the development of an affordable housing development of up to 40 housing units on an acre of land; and 3) Launch, as the first program of Piedmont's affordable housing fund, a low-interest loan program for the construction of rent-restricted Accessory Dwelling Units (ADUs and Junior ADUs).

EXECUTIVE SUMMARY:

Upon a recommendation by the City Council, the Planning Commission formed an Ad Hoc Subcommittee on the Alameda County Measure A-1 Bond (Subcommittee) to carry out research and advise the Planning Commission and City Council on opportunities for the use of the City's \$2.2 million share of 2016 Alameda County Measure A-1 Bond funding. The Subcommittee has met seven times and conferred with local municipal finance and affordable housing finance experts to formulate the recommendation above.

DISCUSSION:

Current Affordable Housing Programs

The Piedmont Housing Element, adopted in 2015, encourages coordination with Alameda County, as well as the production of ADUs, in order to meet the housing needs of the community, such as the needs of low-income seniors who wish to age in place. Piedmont offers affordable housing programs in conjunction with Alameda County, including the County's Minor Home Repair Program, Continuum of Care homeless crisis services, tenant-landlord counseling, Hello Housing emergency rental assistance, free or low-cost eviction legal aid, and Measure A-1 Bond programs available to all Alameda County residents. In addition, Piedmont contributes a pro rata share to countywide initiatives such as EveryoneHome homelessness prevention and intervention programs.

Piedmont's low-income residents and employees are eligible to participate in Measure A-1 Bond programs that directly serve all residents of Alameda County. These include the AC Boost programs, offered through the County for first-time homebuyers, emergency responders, and educators, as well as the AC Renew home repair and ADU program for eligible residents. The AC

Boost and AC Renew brochures are posted to the City housing programs webpage at <https://piedmont.ca.gov/cms/one.aspx?portalId=13659823&pageId=16745183>

In addition, the eviction moratorium, enacted by the Alameda County Board of Supervisors in response to the COVID emergency, applies to tenants and property owners in Piedmont.

Measure A-1 Subcommittee

In 2016, Alameda County residents voted to adopt Measure A-1, a \$580 million property tax revenue bond for affordable housing. The City of Piedmont was first allocated \$2.4 million in Measure A-1 funds for development of affordable rental housing in Piedmont. However, this allocation was reduced by \$200,000 to \$2.2 million, in order to aid nine affordable housing projects in Oakland and to cover County administrative costs.

The City of Piedmont's Measure A-1 allocation is \$2.2 million in a low-interest (3%) loan program administered by the Alameda County Department of Housing and Community Development (County HCD). Loans must adhere to the County's Measure A-1 Implementing Guidelines. Piedmont's Measure A-1 allocation must be used for the development of affordable rental housing or site acquisition. Measure A-1 funds typically come into an affordable housing development scheme after all funding sources, entitlements, etc., have been obtained (at construction loan closing) and must be secured. County HCD staff usually record a deed of trust and regulatory agreement against the property to secure the Measure A-1 loan.

On February 1, 2021, the City Council recommended that the Planning Commission establish an Ad Hoc Subcommittee on the Alameda County A-1 Bond Measure to advise the City Council on opportunities for allocating the City's \$2.2 million share of the funding. The Commission formed the Subcommittee on February 8, 2021 and appointed Commissioner Ramsey and Commissioner Duransoy as members. Planning & Building Director Kevin Jackson and Senior Planner Pierce Macdonald-Powell served as staff for the body.

The Subcommittee met on the following dates with the outside experts listed below:

- February 24, 2021 Kick-off meeting
- March 17, 2021 Alameda HCD staff / Supervisor Carson's staff
- March 31, 2021 Habitat for Humanity Silicon Valley/East Bay
- April 7, 2021 Local affordable housing experts
- April 28, 2021 Regional community land trust
- May 26, 2021 Local affordable housing experts
- July 14, 2021

The Subcommittee provided verbal updates to the Planning Commission and members of the public at its regular meetings on June 14, July 12, and August 9, 2021. At each meeting, the Planning Commission took public testimony and heard different perspectives on the appropriate use of the funding in Piedmont.

While the Subcommittee's work is informed by the current 2015 Housing Element and the ongoing discussions in the Community about the 2023 Housing Element Update goals and opportunities, Measure A-1 itself is a distinct program.

Measure A-1 Timeline

The City's Measure A-1 base allocation (\$2.2 million) housing application must be approved by the County of Alameda by December 31, 2022, and then the funds must be spent within 5 years after the application is approved. The City's application must identify the project scope, schedule, and any partners in order to receive Measure A-1 funding. The application process is non-competitive, and applications are reviewed for conformance to the Measure A-1 Implementation Guidelines.

Options Considered by Subcommittee on Measure A-1

At its final meeting on July 14, 2021, the Subcommittee recommended an approach for using Measure A-1 funding along with a proposed timeline to achieve the recommended approach. The Subcommittee examined the advantages of a traditional, non-profit-led affordable housing development and the advantages of a City low-interest loan program to spur the development of income-restricted ADUs. The two concepts considered by the Subcommittee were:

1) Traditional Affordable Housing Development (TAHD). The TAHD approach would use the Measure A-1 funding to leverage local, state, and federal affordable housing funding. State of California affordable housing funding prioritizes development of new affordable housing in high resource areas, like Piedmont, which could give a development proposal in Piedmont an advantage for competitive affordable housing grants, tax credits, and other funding. Coupled with several possible zoning ordinance changes, it is likely that the TAHD approach could result in up to 40 housing units that are affordable to low- and very low-income households, including seniors, disabled persons, single-parents, low-income families, and people requiring supportive services, on ½ to 1 acre of land. Programs to assist these households, encourage desegregation, and prevent over-crowding and homelessness will be required in the 2023 Housing Element Update. TAHD housing units must remain affordable for 55 years or longer.

The Piedmont 2015 Housing Element identifies an approximately 8,000-square-foot site on Grand Avenue as a housing opportunity site (see Attachment B, Housing Opportunity Sites Map). This site is too small to be used for a TAHD, based on information presented to the Subcommittee. No sites in Piedmont are zoned to allow the residential density required for an affordable housing development to be economically feasible.

Over the course of its meetings, the Subcommittee considered developing publically owned land, such as a City park, for affordable housing. Parkland is very limited in Piedmont, representing 3.8% of all land in Piedmont. Land owned by the City of Piedmont is designated zone B (Public Facilities Zone) and designated in the General Plan Land Use Diagram as either "Public Facilities" or "Parks, Recreation, and Open Space." General Plan Land Use Goal 3 reads, "Public, Institutional and Open Space Lands - Manage public and institutional land in a way that meets the educational, civic, and recreational needs of Piedmont residents, while preserving the city's open spaces and natural resources."

General Plan policies for Parks, Recreation, and Open Space include Land Use Policy 3.5, as follows "Protection of Open Space - Protect environmentally sensitive open space in Piedmont from development to the greatest extent feasible. Recognize open space as an important aesthetic and ecological resource in the city, and a defining element of Piedmont's character."

Action 3.B of the Land Use Element, directs the City to consider creation of a new zoning district (Zone F) specifically for Piedmont's parks and public open spaces. As envisioned in Action 3.B, the development standards and use restrictions in this new zone would "emphasize park and resource conservation activities rather than public facilities or residential uses."

Land Use Element Policy 4.2 states, "Retain the EBMUD Piedmont Reservoir as open space, consistent with previous General Plans for Piedmont," and Policy 4.3 states, "Retain open space and recreation as the primary uses in Moraga Canyon, including Blair Park, Coaches Field, and the Mountain View Cemetery Association property." Lastly, the General Plan Design and Preservation Element states that certain open space in Piedmont should be evaluated for potential environmental impacts to Native American cultural resources.

These General Plan goals and policies do not direct the City to consider the development of affordable housing on City-owned land. Importantly, the General Plan directs the City to carefully evaluate potential environmental impacts of development on sensitive resources, such as cultural resources, natural and ecological resources, community aesthetics, and municipal services, to name a few.

Although the Subcommittee did not identify a site for a future affordable housing development, the 6th Cycle Housing Element Update, with anticipated amendments to the General Plan Land Use Element, is currently underway. The Housing Element Update is being undertaken by City staff and Lisa Wise Consulting (LWC). The Update will include consideration of new sites to accommodate the City's growth during the time period of 2023 to 2031, and will carefully evaluate the potential environmental impacts of any development envisioned in the updated Housing Element.

The Subcommittee chose not to identify a site for future affordable housing so that the Community could take full advantage of the planning, public engagement, and environmental review in the Housing Element Update process to determine appropriate sites for growth and for the use of affordable housing funding like Measure A-1.

2) ADU Loan Program (ADULP). This potential program would allow the City to fund an affordable housing program, modeled on a County Housing and Community Development Department's Measure A-1 program with Habitat for Humanity Silicon Valley/East Bay called AC Renew. The ADULP option would be administered by a non-profit affordable housing developer, such as Habitat for Humanity, to make low-interest loans (4% interest rate) available to low or moderate-income property owners (up to \$135,650 for a household of three people), such as retired seniors, teachers, people with disabilities, and working professionals. The value of the home and any irrevocable trusts would not be included in the consideration of loan eligibility.

Loans would be made available for the construction of new ADUs and Junior ADUs with occupancy restricted to very-low income (31% to 50% AMI) and extremely-low income (30% or less of AMI) residents for a period of 15 years. Pursuant to the Measure A-1 Bond, 20% of the funding would be reserved for restricted units affordable to households earning 20% or less AMI. In the future, the program could be extended to property owners with above moderate incomes with additional funding sources, such as fund-raising efforts, philanthropic contributions, or grant funding.

The loan agreement would be between the City and the property owner, with the process managed by Habitat for Humanity. Loans would be paid back to the City of Piedmont with interest upon the sale or transfer of the property or in 5 years, whichever comes first. Before the end of the 5-year term, property owners could refinance and include income from the ADU to qualify for a new loan from a retail bank or other lender.

The ADULP would be a pilot program and is expected to generate approximately 11 new income-restricted ADUs and Junior ADUs (JADUs) in its first phase, consisting of \$150,000 (maximum) loans to low- and moderate-income homeowners.

In addition to the possible ADULP, property owners may benefit from the City's proposed SB 2 housing programs, including pre-approved architectural plans for ADUs and JADUs and increased size and height allowances for low-income rent restricted ADUs and JADUs. These SB 2 city programs, expected to be adopted and implemented by the rollout of an ADU loan program, could represent a value of \$20,000 or more to Piedmont homeowners.

Comparison of Measure A-1 Approaches

The following table compares the two options described in the previous section:

	General Plan Amendment Required?	Zoning Ordinance Amendment?	Time Frame to Implement	Cost per Housing Unit	Affordability Restriction	Consistent with County Guidelines	On-going Operational Subsidy?
1. TAHD	Yes	Yes	5 years	\$700,000+ (40 apartments)	55 years	Yes	Yes
2. ADULP	No	No	Immediate	\$150,000 (11 ADUs and JADUs)	15 years	TBD	No

As shown in the table above, the TAHD option will require amendments to the Piedmont General Plan and zoning ordinance because there are no sites in Piedmont that are zoned to the densities of 40 to 80 housing units per acre and General Plan policies discourage the development of publically owned sites. Other amendments to the Piedmont zoning ordinance may also be required for this type of affordable housing to be feasible, such as higher permitted building heights, larger structure coverage, and fewer setbacks. The required zoning amendments would be reviewed by the City Attorney for conformance with the City Charter and other legal requirements.

Information provided by the affordable housing finance experts interviewed by the Subcommittee included a pro forma of the different costs that must be considered in the feasibility analysis of a non-profit affordable housing development. Even with the use of the \$2.2 million in funding, most affordable housing developments for multi-family units would be infeasible unless the land for the affordable housing development were donated from public or private sources.

Considering the steps of amendments to the General Plan and zoning ordinance, the identification of an appropriate site, and the procurement of an affordable housing developer, the City anticipates a 5-year process before a Measure A-1 project application could be assembled and submitted. The deadline for a Measure A-1 application is December 2022.

Secondly, subsidized housing like the TAHD option require on-going operational subsidies to service the repayment of construction loans and/or manage and maintain the buildings, as well as provide services to residents. Larger cities have local sources of funding, such as housing authorities and/or successor agencies to former redevelopment agencies, to support affordable housing development, as well as federal sources of funding such as CDBG funding to entitlement cities and HUD project-based Section 8 vouchers.

According to the Council of Development Finance Agencies, current best practices for affordable housing include partnering the construction of a market-rate housing development with an adjacent publically subsidized affordable housing development so that there is net operating income (NOI) to support the on-going costs associated with the subsidized affordable housing. For example, the recent housing constructed on public land at the MacArthur BART Station includes both a luxury apartment building and a separate, high-density below-market-rate apartment building. A mix of income levels may be necessary to generate NOI because the City of Piedmont does not have a housing authority and Piedmont is not a CDBG entitlement city to provide on-going subsidies to an affordable housing development.

Lastly, the ADULP option would not require amendments to the General Plan or zoning ordinance. It is consistent with existing goals, policies, and programs of the Piedmont 2015 Housing Element. For these reasons, this program could be launched within the December 2022 deadline of the Measure A-1 program. Habitat for Humanity has expressed interest in providing the management services for the program. Other organizations have offered their services to Piedmont to help vet tenants and match low-income tenants with Piedmont homeowners, supporting the inclusive marketing of a possible ADULP program. City staff are in discussions to develop an online portal to track and match ADU owners with possible tenants. No on-going operational subsidy would be required by the Measure A-1 ADULP option.

The ADULP option will require the Board of Supervisors to consider a temporary waiver of the 55-year income restriction for Piedmont's small pilot loan program. In 2019, City staff met with Habitat for Humanity Silicon Valley/East Bay representatives and County HCD staff regarding a low-interest loan program for the construction of ADUs with a 15-year rent restriction. County HCD staff outlined the process for requesting a waiver of the Board of Supervisors' Measure A-1 guidelines, particularly a waiver of the 55-year affordability restriction, for Piedmont's ADU loan pilot program. City staff will pursue a request for a temporary waiver if City Council directs staff to explore an ADU low interest loan program and other options.

Ad Hoc Subcommittee on Measure A-1 Recommendation

The Subcommittee determined that its recommended approach would be the establishment of a Piedmont affordable housing fund, administered by the Piedmont Finance Director, to enact both the TAHD option in the long term and the ADULP option in the short term. The Subcommittee directed staff to determine appropriate mechanisms to use the City's base allocation of Measure A-1 funding (\$2.2 million) for both options.

The concept of the recommended approach is that if the ADULP program is paid back to the City in 5 years, then the Measure A-1 funding will be returned to the City and then be available to fund a traditional multi-family affordable housing development in 5 years. The loan repayments would likely occur at the same time that the City completes the Housing Element Update, amends the related elements of the General Plan, such as the Land Use Element, amends the zoning and

subdivision ordinances, identifies appropriate sites for increased density to occur, and completes environmental review. The City would then issue a Request for Proposals (RFP) to affordable housing developers asking them to submit plans to build a development using Measure A-1 funding and other funding, in Piedmont. Once the proposals were submitted, the City Council could choose a non-profit affordable housing developer to receive the Measure A-1 funding.

CONCLUSION:

A sequential approach for the use of Measure A-1 bond funding, like the one described above, helps to remove obstacles that could stymie or prevent the approval of a financially feasible multi-family affordable housing development. It eliminates having to go through General Plan amendments and zoning ordinance revisions twice, once for the site of a development project and again for the Housing Element Update. These processes could add months of delay to a possible Measure A-1 project application to County HCD.

Additionally, the CEQA-required environmental review for the Housing Element Update is for maximum potential buildout, which should reduce the cost of CEQA review and create greater certainty for a multi-family development project that complies with the updated Housing Element and zoning regulations. The zoning amendments are expected to include objective design standards for multi-family housing developments, thereby streamlining the review process and increasing project feasibility.

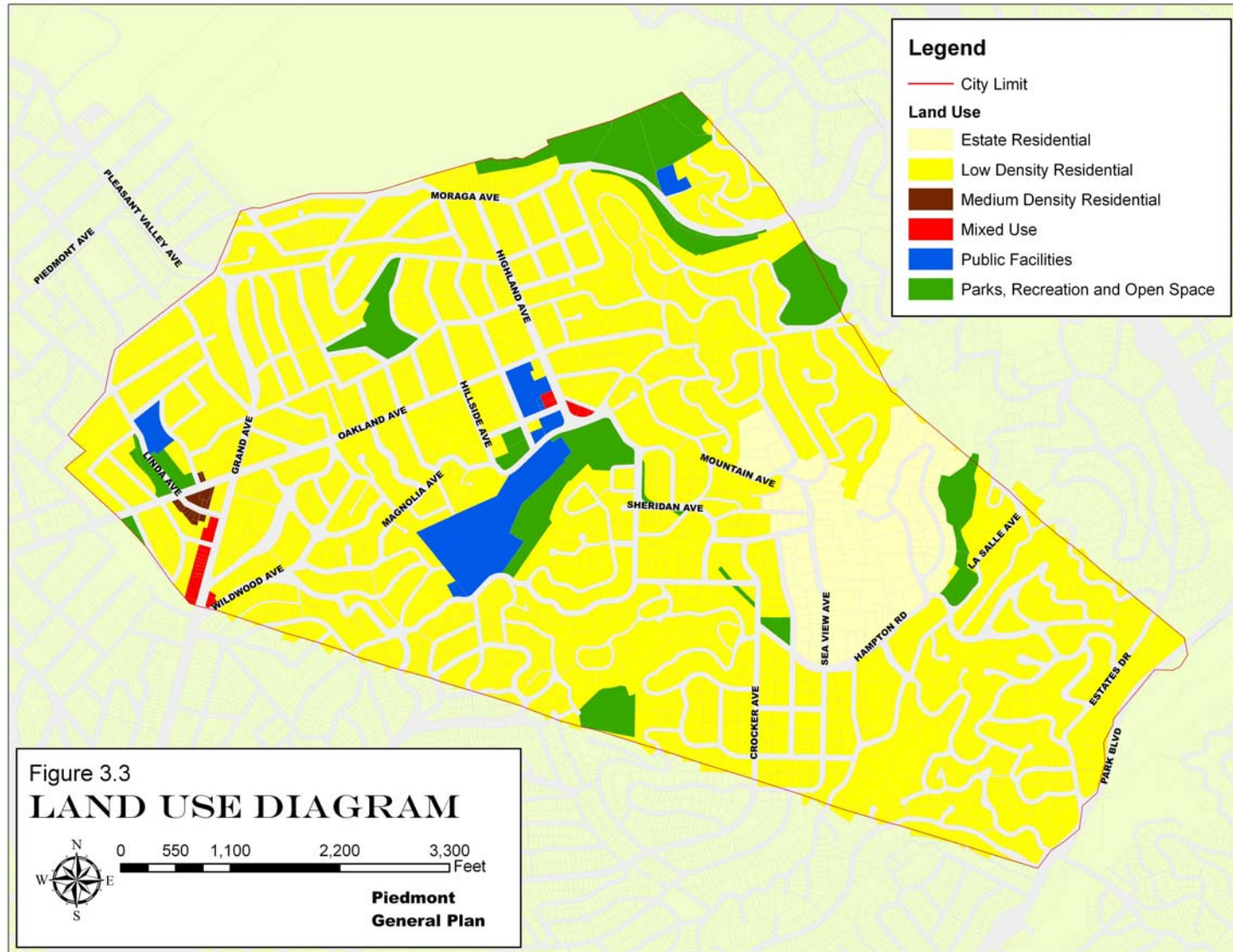
The recommended sequential approach will help the City leverage the Measure A-1 Bond funding in both the near-term, under current 2015-2023 Housing Element goals and policies, and long-term, achieving the likely goals and policies of the next Housing Element Update for 2023 - 2031.

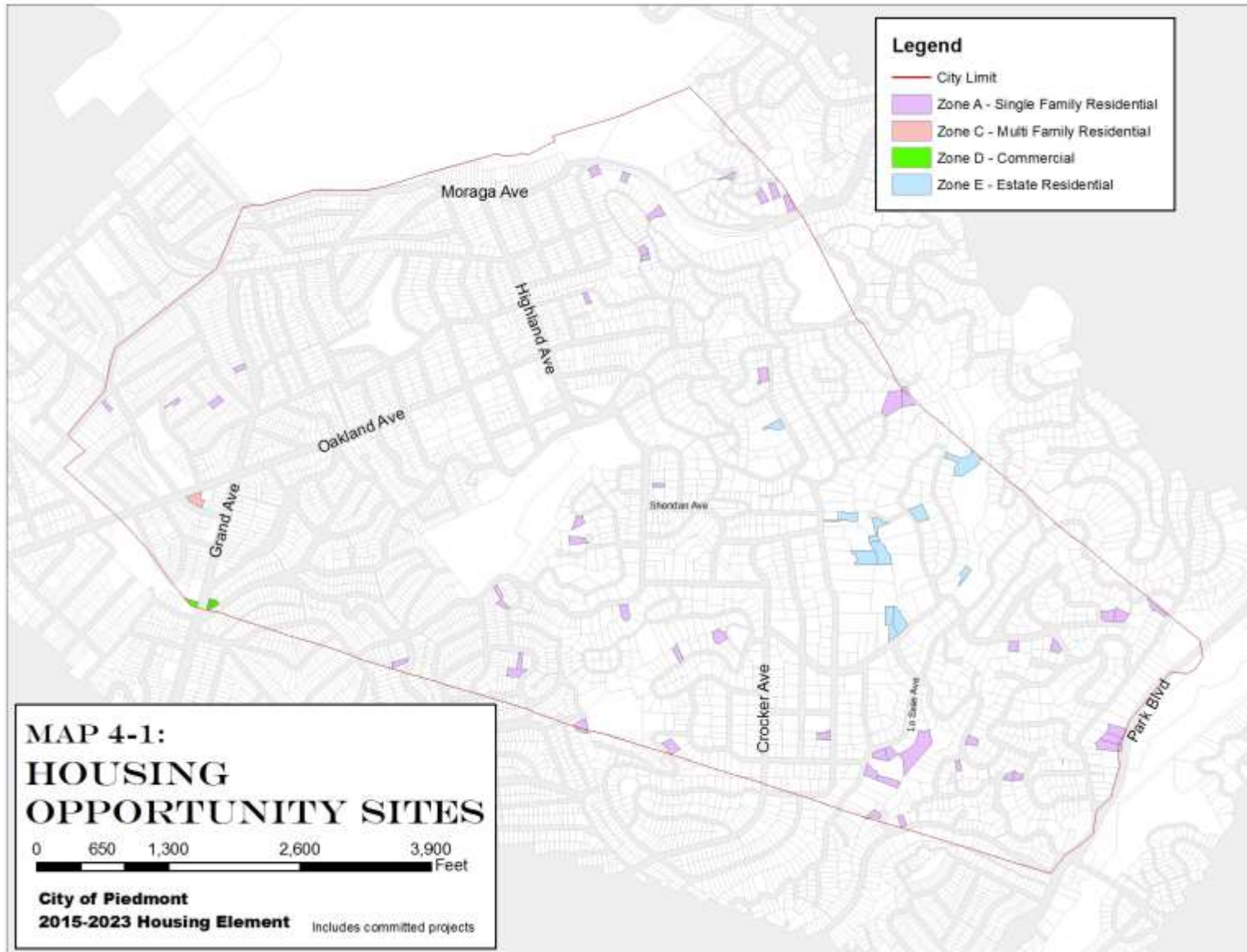
In sum, there are multiple benefits to a sequential approach that starts with a more ready affordable ADU loan program that transitions to funding for affordable multi-family development once the Housing Element, General Plan and zoning ordinance are updated.

Should the City Council follow the Subcommittee's recommended approach, staff will pursue Board of Supervisors' approval of a temporary waiver of the 55-year income restriction requirement and any other necessary amendments. In doing so, City staff will engage with the Piedmont community seeking public comment on, and support of, a Council-approved approach to use Measure A-1 Bond funding.

ATTACHMENTS:

- A Page 8 General Plan Land Use Diagram
- B Page 9 Housing Opportunity Sites
- C Pages 10 to 36 Measure A-1 Rental Development Policies
- D *Online* City of Piedmont General Plan is available online at:
<https://piedmont.ca.gov/cms/one.aspx?portalId=13659823&pageId=14120542>
- E *Online* SB 2 and Measure A-1 City Council staff report is available at:
<https://piedmont.ca.gov/common/pages/DisplayFile.aspx?itemId=17393149>







Measure A1 Implementation Policies

Rental Housing Development Fund & Innovation and Opportunity Fund

Adopted on November 7, 2017

On June 28, 2016, the Alameda County Board of Supervisors placed Measure A1 on the November ballot for \$580 million in general obligation bonds designated for affordable housing, and adopted a program summary outlining basic parameters of programs to be funded. The residents of Alameda County voted to support the Measure A1 Bond by 73% in favor on November 8, 2016. Alameda County's Housing and Community Development Department (HCD) is implementing the programs under the Bond.

Of the Bond's five programs, two are intended to increase the affordable rental housing inventory in Alameda County. Implementation-level policies have been developed within the framework of the program parameters approved by the Board in June 2016 to guide the use of the funds allocated to the Rental Housing Programs.

Adopted Program Summary Framework

When the Alameda County Board of Supervisors placed Measure A1 on the ballot, they adopted a program summary that framed each of the programs to be funded by the Bond.

- To create and preserve affordable rental housing for the County's most vulnerable current and displaced households, including low-income workforce households.
- The rental housing allocation includes funding for a Rental Housing Development Fund as well as for a Rental Housing Innovation and Opportunity Fund.
 - a. The Rental Housing Development Funds will be distributed throughout the county by formula in two different ways: Creation of four regional pools (North/Mid/South/East) and "Base City Allocations" for financing projects in each jurisdiction.
 - b. The Rental Housing Innovation and Opportunity Fund will be available countywide with no geographic distribution by formula.

The adopted Program Summary provides the overarching framework for these programs. These implementation policies, once adopted by the Board, will provide more detail for how the programs will operate while still providing flexibility to implement the programs. In addition, HCD will continue to use its existing Administrative Loan Terms (see Exhibit A) and detailed Housing Development Policies and Procedures, as applicable to Bond programs (see <http://www.acgov.org/cda/hcd/rhd/requirements.htm>) for specific project requirements. Measure A1 policies for the **Rental Housing Development Fund** and the **Innovation and Opportunity**

Fund that are different or more restrictive than the administrative policies and procedures listed above are outlined under Sections I and II below. Projects that received early commitments of Measure A1 Base City Allocation financing in Spring 2017 will not be subject to new or conflicting provisions in these policies. However, those projects will be subject to any Measure A1 Bond or other legal requirements as determined necessary by Bond Counsel.

It is anticipated that some of these initial Implementation Policies will evolve over time. HCD will track and report on implementation on an annual basis, including recommendations for modifications to policies to ensure achievement of Measure A1 goals or for legal compliance.

Note that for the purposes of these policies, unless explicitly stated otherwise, use of the term “city” shall include the Unincorporated County. For example, the Unincorporated County has an allocation as a city under the Base City Allocations of Rental Housing Development Program funding.

RENTAL HOUSING DEVELOPMENT FUND POLICIES

Measure A1 Specific Policies for Rental Housing Development Fund – Applies to Both Base City Allocations and Regional Pools

- I. **Income Levels**
- A. The majority of the housing units are expected to serve very low-income households with incomes between 30% and 60% of Area Median Income (AMI).
 - B. A portion of the funds may be allowed to subsidize units for households at or below 80% of AMI to create affordable housing for a mix of lower-income levels within developments.
 - C. At least 20% of the units funded by this program will have an income cap at and serve extremely low-income households at or below 20% of AMI.
 - D. The maximum amount of funding allowed to be spent on units at 80% of AMI is 5% of each funding Base City Allocation and each Regional Pool.
 - E. Each city must restrict at least 20% of the units financed by its base city allocation to 20% of AMI and at least 20% of the units financed by each regional pool must be restricted at 20% AMI. HCD’s goal will be to meet this requirement with each funding allocation round of the Regional Pools.
 - F. Any unit with a project-based voucher shall be counted towards meeting the 20% unit requirement, so long as the unit has a preference for households at 20% of AMI, even if the voucher specifies that it can serve households with incomes up to 50% of AMI.

Note: HCD will work to identify and coordinate with sources that can provide operating subsidies in coordination with capital funding provided by Measure A1. Measure A1 funds cannot pay for operating subsidies or services, capitalized operating reserves, services, or services reserves.

II. **Eligible Types of Projects:**

This component of the Bond program will assist in the creation and preservation of affordable rental housing for vulnerable populations; including:

- A. New construction
- B. Acquisition/rehabilitation
- C. Acquisition only
- D. Rehabilitation of existing affordable housing with extended affordability.
- E. Permanent Housing, with the exception of a portion of the Base City Allocation allowed to be spent on Emergency or Transitional Housing (see policies below specific to Base City Allocations).
- F. Projects must meet all Measure A1 Rental Housing Development Fund policies and requirements.
- G. **Project Size:** While it is anticipated that most projects will be multi-family projects of 5 or more units, scattered site single-family homes, accessory dwelling units (ADUs), properties zoned as commercial or industrial which will be legally converted to residential, small houses and shared housing may also be eligible, provided they are financially feasible, they meet all the Measure A1 Rental Housing Development Fund requirements, and they do not place an undue burden on the County to monitor for compliance.
- H. **Market Rate Housing:** Market rate housing is not eligible for Measure A1 funds.
 - 1. Measure A1 funds may not be used for development of units that are built to comply with local requirements such as density bonus, inclusionary zoning, or on site alternatives to payment of impact fees, unless the Measure A1 funding will result in units with a deeper level of affordability than otherwise required, with corresponding lower rents. These units will be part of a larger market rate development and physically integrated into that development.

2. Units that are built on land donated to satisfy local inclusionary requirements and are part of a stand-alone multi-family affordable project (such as a tax credit project or other project serving very low- and low-income households) would be eligible for Measure A1 funding as long as they meet all other requirements of the A1 program.

III. **Project Criteria:**

- A. **Affordability Term:** Projects must remain affordable for a minimum of 55 years.
- B. **Local Support & Contribution:** Proposed affordable developments must have the support of the city in which they are located, including a financial contribution. (See Match section below for more details.)
- C. **Target Population Priority:** Priorities for one or more of the following target populations, within the income limits described above:
 1. Homeless people, including individuals and families, chronically homeless people with disabilities and other homeless populations
 2. Seniors
 3. Veterans
 4. People with disabilities, including physical and developmental disabilities and mental illness
 5. Re-entry
 6. Transition-age youth aging out of foster care
 7. Lower-income workforce
- D. **Resident/Workforce Priority:** Alameda County residents and workforce will be given priority for these housing units.
- E. **Fair Housing:** The Board of Supervisors has adopted findings which support the need and public purposes of supporting the creation of affordable housing for the target populations and resident and workforce housing. To the extent possible and permissible under law, staff will implement restrictions and priorities for populations listed above using, where possible, regulatory agreements, marketing and rent up policies, and points in competitive funding selection processes for projects that include the target populations and resident and workforce goals.
 1. Alameda County HCD will track units dedicated to each of the target populations. Annually, the target populations of the projects funded and units produced will be reviewed and such review may impact priorities for future projects to ensure a spread of units serving these target populations.

2. Projects funded from the Base City Allocations must include units targeting one or more of the above target populations.
3. Applications for funding will require specificity regarding which target population(s) and income level(s) will be served.
4. Projects funded under Measure A1 must report on the number of tenant applicants denied/accepted for tenancy for households with a member with criminal convictions, along with the basis of denials. HCD may expand this policy at a later date as needed to serve target populations.
5. Sub-regional live/work goals: To prevent displacement and to encourage residential proximity to workplace, should a city wish to implement a sub-regional live/work preference policy for a portion of the units in a project, the city must meet certain criteria and be approved by the County. Criteria will include but not be limited to:
 - a) Completion of a study and making one or more findings which demonstrate city-level residential displacement is occurring and/or is at high risk of occurring and a need for a sub-regional live/work preference is needed to respond to or prevent displacement; and,
 - b) Enter into an agreement obligating the city to defend and indemnify the County against any claims or litigation that may arise from such a restriction.

F. Affirmative Fair Marketing Plans: HCD will require a Fair Marketing Plan for each project to ensure that the target populations, countywide and local resident and workforce populations will be aware of the housing opportunities to the greatest extent possible and that the leasing of the project units will be conducted in such a manner as to provide fair and equal access under the law.

1. Affirmative Fair Marketing/Rent-up Plans will be reviewed and evaluated by HCD.
2. All marketing efforts to include, at minimum, listing the unit openings with Eden I&R's 211 system, notifying parties on an HCD-established "Housing Opportunities" email list service, and broadly advertising to community- and faith-based organizations, service providers, all members of the Board of Supervisors, and others that register to receive such information.
3. The Marketing Plan must include notification to and active engagement with neighborhood-based organizations in the neighborhood in which the housing is or will be located.
4. All marketing and outreach materials must be provided in the core languages as specified in each city's Language Access Plan.

G. Selection Process:

1. Points in competitive project selection processes may be awarded to incentivize units for specific target populations, additional units for the target populations, and/or specific income levels, as well as for developers that have met or exceeded workforce goals in past projects and can demonstrate that achievement

2. Points in competitive selection processes will be awarded to incentivize partnerships with local and neighborhood nonprofit community and faith based organizations that contribute assets to the proposed development.
- H. **Tenant Screening:** To the greatest extent feasible, property owners and managers will use tenant screening tools that screen these vulnerable target populations into the projects rather than rejecting them for tenancy due to conditions associated with their target population status (such as homelessness, disability, re-entry, etc.). An example of a ‘screen in’ tenant screening tool is the Everyone Home tenant screening tool. Other examples or tools may be developed or authorized by the County. HCD will monitor and track the basis of rejections of applications for tenancy by target populations, such as homelessness and/or criminal justice involved households.
- I. **Immigration Status:** All Measure A1 Bond-financed projects shall comply with California law prohibiting landlords from requiring any tenant to state, certify, or represent immigration status to a landlord, unless required by applicable Federal law.
- J. **Application and Waitlist:** Should a unified core tenancy application or single wait list or point of entry be created for Bond-financed and/or other subsidized housing units in the county, all Bond-funded units will utilize and participate in that application, list or entry point.
- K. **Coordinated Entry:** Referrals to all Permanent Supportive Housing will be made through the homeless Coordinated Entry System.
- L. **Tenant Rights and Responsibilities:** All projects must provide to residents and post in a public location in each building funded with Bond proceeds a Tenant Rights and Responsibilities document (to be developed by HCD based on the HUD Tenants Rights and Responsibilities document).
- M. **Anti-Displacement:** To prevent displacement while allowing Measure A1 funds to be used for acquisition of existing rental housing, for an Acquisition project to be eligible at least 85% of the existing tenant households must be income eligible under Measure A1 requirements. The existing “over income” households (households whose incomes exceed Measure A1 limits) will be allowed to remain and the units will be eligible for Measure A1 financing, as needed for project feasibility. Rent for the over income household will be set based on 30% of actual income or market rate, whichever is less. Upon unit turnover, the “over income” unit must be filled by a Measure A1 income-qualified household. Alternatively, Measure A1 funds may be used to finance less than 100% of the units in a building, excluding all or some of the units occupied by existing “over income” tenants. For example, in a 50 unit building in which 25 of the households have incomes at or below Measure A1 limits (50% of units), Measure A1 funds might only be used to subsidize the 25 units. Alternatively, Measure A1 funds could subsidize 35 units, with the requirement that upon turnover the 10 over-income units be rented to

tenants who meet specified Measure A1 income limits.

- N. **Relocation:** Should a project need to temporarily relocate residents (for example to allow units to be rehabilitated), the existing low-income residents shall have the first right of refusal to return to their previous or comparable unit at comparable or lower rents after the rehabilitation of the project is complete. Relocation benefits must be provided, utilizing State of California standards.
- O. **Administrative Loan Terms:** All projects must meet the Alameda County Housing and Community Development Department Administrative Loan Terms and underwriting requirements, as modified by these adopted Measure A1 Implementation Policies. In situations where additional public funding requirements are more restrictive than Alameda County's requirements, the more restrictive requirements shall prevail. See Exhibit A for summary details or the HCD website for the full document.

IV. **Eligible Uses of the Funds**

Uses of funds will be flexible, within the parameters of eligibility for use of general obligation bond proceeds, which include costs associated with land acquisition and capital improvements, as defined by the Internal Revenue Service (IRS).

- A. **Predevelopment period costs:** Subject to securing a deed of trust and regulatory agreement, acquisition of real property and standard soft costs are eligible.
- B. **Construction period costs:** New construction and rehabilitation to preserve affordability are eligible.
- C. **Permanent Financing:** Take-out of construction financing is eligible so long as the uses paid with construction financing meet the Measure A1 requirements.
- D. **Acquisition Costs:** Acquisition of land and buildings are an eligible use of bond proceeds, including tax defaulted properties, provided that a project is developed in a reasonable period of time. "Reasonable" is defined as having a financing plan in place within two years from acquisition and starting construction within three years from acquisition. An extension of one additional year for commencement of construction may be granted by the Housing Director, as long as the project is making significant progress towards construction start.
- E. **Rehabilitation Standards:** For Acquisition/Rehabilitation or Rehabilitation only projects, after completion of rehabilitation the project must meet applicable codes of the jurisdiction in which it is located, as evidenced by signoff approval by the local code official.
- F. **Relocation Costs:** Temporary Relocation costs are an allowable project cost, as part of the normal costs of development, and may upon approval of the County (and County's

Bond Counsel), be an eligible cost for Measure A1 funding.

G. Land Banking: Long-term land banking will not be eligible for funding under the Rental Housing Development Fund program. Additional time may be granted to projects under section D above should a project not move ahead, and not be considered a “Land Banking” project.

H. Operating & Services Costs: General obligation bond proceeds may not be used to fund services or operations costs, including capitalized operating or services reserves.

V. Amount of Measure A1 Investment per Project

The goals associated with the Measure A1 investment into affordable housing projects are to produce the largest number of units possible and to maximize leverage of other funding sources. In addition, the County will select feasible projects which will compete well for state and federal funding opportunities. The County intends to fund projects at a level that ensures viability for the life of the regulatory period.

- A. The Measure A1 Bond funds must fill a gap and not supplant other funding.
- B. Subject to the availability of funds in an applicable Base City Allocation or any Regional Pool, the maximum amount of Measure A1 funds per project shall be based on a percentage of the Total Project Costs (TPC). The number of units restricted by Measure A1 funds will be calculated using the State of California HCD maximum loan subsidy limit in place at the time of application, except as modified under items 3-5 below:
 1. For 9% Low Income Housing Tax Credit projects, a maximum of 30% of the TPC, and the State 9% subsidy limit per unit size (See Exhibit B) will be used to size the number of County restricted units, as determined by the Housing Director based on financial feasibility and as approved by the Board of Supervisors;
 2. For 4% Low Income Housing Tax Credit projects, a maximum of 40% of the TPC, and the State’s non 9% subsidy limit per unit size (See Exhibit B) will be used to size the number of County restricted units, as determined by the Housing Director based on financial feasibility and as approved by the Board of Supervisors;
 3. For small projects, defined as 20 units or less, or Special Needs projects (i.e. Extremely Low Income, Homeless, or Supportive Housing), up to an additional 10% increase in Bond fund subsidy may be allowed should the project demonstrate a financial need for additional funds to be feasible after other leveraged funds from other financing sources have been sought (i.e. from 30% of TPC to 40% of TPC in a 9% TCAC project or from 40% of TPC to 50% of TPC in a 4% TCAC project);
 4. If a project is subject to a Project Labor Agreement (PLA) (see Section X below), or a project voluntarily opts into a PLA, up to an additional 5% increase to the Measure A1 loan limits may be allowed to cover additional costs associated with the Project Labor Agreement, should the project demonstrate the need for the

additional funds to be feasible. This policy will be evaluated on the same timeframe as the evaluation of the Measure A1 Project Labor Agreement policies and may be subsequently modified by the Board of Supervisors

5. Minor changes to these maximum amounts, associated with a small funding gap in a previously approved project, may be approved at the discretion of the Board of Supervisors.

C. The maximum Measure A1 subsidy levels are a combined total of any Base City Allocation and any Regional Pool funds in a project.

D. The maximum Measure A1 subsidy levels will be reviewed at least annually to determine if modifications are needed for Measure A1 funded projects to compete successfully for Low Income Housing Tax Credits or other competitive State or Federal funding.

VI. Match Requirements

A. **Match:** All projects funded by Measure A1 Bond proceeds must include match from the city in which the project is located.

B. **Eligible Type:** Match must have a determinable financial value, including, but not limited to, any combination of such things as:

1. Cash, including HOME, CDBG and other federal or State funds that flow through the jurisdiction and are funding sources on which the jurisdiction relies;
2. The value of land which has been donated or the value of a reduction in cost of land from market value;
3. Waived planning, building or impact fees;
4. Cash or land donated by developer as a result of a negotiated deal with the city or due to a city policy;
5. The additional loan amount leveraged by a local housing authority's commitment of project based vouchers (including, but not limited to, Section 8, Veterans Administration Supportive Housing, and Local programs).

C. **Ineligible Type:** The following are not eligible sources of match:

1. City staff or consultant time;
2. Use of Base City Allocation.

D. **Commitment:**

1. The formal Match Commitment must occur in advance of construction loan closing, but the city will be allowed to administratively determine the amount of proposed match at the time of application in order for a project to qualify for Measure A1 funding.
2. A City Council-approved "future commitment" of match funds not yet available (e.g., inclusionary housing fees or ongoing revenue generated by the city) is allowable, so long as they are backed by its commitment that will replace this "future commitment" should the identified original funding source not become available.

- E. **Amount:** The minimum amount of match must equal the city planning and building fees, not including impact fees, for the city in which the project is located. Additional amounts are encouraged.
- F. **Base City vs. Regional Pools:** The minimum amount of required match is the same for projects funded by the Base City Allocations and projects funded by a Regional Pool.

VII. **Leverage Requirements**

- A. HCD seeks to leverage other sources of affordable housing financing including State, Federal and other local subsidy sources to the maximum extent possible.
- B. Additional points may be awarded in competitive project selection processes to incentivize leveraging of Measure A1 funds.

VIII. **Wage Levels and Employment Opportunities**

- A. **Wage Rates:** If a project funded under Measure A1 is, independent of such funding, subject to federal or state prevailing wage laws, those federal or state mandates will control. If a project funded under Measure A1 is not otherwise subject to federal or state prevailing wage laws, it will be required to pay wage rates equivalent to California prevailing wage. The project will be required to report on these wages and HCD will monitor compliance.
- B. **Employment of Local Residents:**
 - 1. Local Hire Goal: 30% of all construction project hours worked under an affordable housing development project funded by Measure A1 shall be by Alameda County residents.
 - 2. Targeted Disadvantaged Hire Goal: 5% of all construction project hours worked shall be by Targeted Disadvantaged Workers. Targeted Disadvantaged Workers are residents of Alameda County with incomes below 80% of Area Median Income, and who may also meet any of the following:
 - a. Are apprentices in any construction trade with two years or less participation;
 - b. Are current or past participants in Apprenticeship Readiness Programs serving Alameda County residents, including but not limited to Cypress Mandela Training Center and Rising Sun Energy Center;
 - c. Are current or past participants in Pre-Apprenticeship Programs serving Alameda County residents, including but not limited to Youth Employment Partnership, or construction training programs at the community college level;
 - d. Are recipients of public assistance;
 - e. Belong to any of the target populations in Alameda County identified in the Measure A1 program, including:
 - i. Re-entry individuals;
 - ii. Homeless or formerly homeless individuals living in homeless housing;

- iii. Veterans;
- iv. People with disabilities;
- v. Seniors; and
- vi. Transition-age foster youth.

C. **Career Pathway Programs:** Should the County establish or designate Job Training and Career Pathway programs for certification of local or disadvantaged workers, projects funded subsequent to establishment or designation of the program with Measure A1 Bond shall meet the requirements, as applicable.

D. **Outreach Requirements & Good Faith Efforts:** Projects are required to conduct outreach to make a good faith effort to meet all of the goals in this section. Evidence of this outreach will be submitted to HCD before subcontractors are offered subcontracts, or at the time of application for Measure A1 funding. HCD may require additional outreach if evidence submitted shows inadequate outreach to meet the local hire or disadvantaged worker requirements.

1. Evidence of outreach attempts through at least 3 venues to recruit local and targeted disadvantaged workers must be submitted for construction-related subcontracts.
2. Progress on all goals in Section VIII and documentation of good faith efforts towards these goals shall be reported quarterly to HCD prior to construction start, and shall be coordinated with weekly certified payroll reporting during construction. Final goal attainment will also be reported at the end of the project period.
3. A list of good faith efforts and acceptable forms of documentation of these efforts will be provided to bidders in bid documents by the developer.

E. **Preference Points:** A project may receive points in a competitive selection process if:

1. The applicant submits evidence of meeting local/targeted hiring goals in at least three previous affordable housing developments in the past ten years.
2. The applicant submits evidence of an existing partnership or plans to partner with a construction workforce training organization that will place local workers onto its A1 Bond-financed project.

F. **Pilot Period:** After a period of fifteen (15) months from the date of approval of these policies by the Board of Supervisors, Alameda County Housing and Community Development (“HCD”) staff will evaluate these policies and they will either be extended or amended and re-approved.

IX. Contracting with local Businesses

A. **Local Contracting Goal:** An amount equal to 25% of the amount of the Measure A1 contract shall be paid to Alameda County-based businesses. These businesses may include but are not limited to professional service sub-contracts, the prime general contractor and/or any of the construction related subcontractors.

- B. Small Local Contracting Goal:** An amount equal to 20% of the amount of the Measure A1 Contract, shall be paid to certified small Alameda County-based businesses. This goal may overlap with the local contracting goal. State Small Business Enterprise (SBE) certification and Alameda County Small, Emerging and Local Business (SLEB) certification are both acceptable as verification of “small” status of local businesses.
- C. Minority-owned and Women-owned Business Enterprises (MBE/WBE):** Projects shall track and report on the hiring of Minority-Owned Businesses (MBE) and Woman-Owned Businesses (WBE).
- D. Outreach Requirements & Good Faith Efforts:** Projects are required to conduct outreach to make a good faith effort to meet all of the goals in this section. Evidence of this outreach will be submitted to HCD before subcontractors are offered subcontracts, or at the time of application for Measure A1 funding. HCD may require additional outreach if evidence submitted shows inadequate outreach.
1. Evidence of outreach attempts through at least 3 venues to recruit local and local and small businesses.
 2. Progress on all goals in Section IX and documentation of good faith efforts towards these goals shall be reported quarterly to HCD prior to construction start, and shall be coordinated with weekly certified payroll reporting during construction. Final goal attainment will also be reported at the end of the project period.
 3. A list of good faith efforts and acceptable forms of documentation of these efforts will be provided to bidders in bid documents by the developer.
- E. Preference Points:** A project may receive extra points in a competitive selection process if:
1. The applicant submits evidence of meeting local/small local contracting goals in at least three previous affordable housing developments in the past ten years.
- F. Pilot Period:** After a period of fifteen (15) months from the date of approval of these policies by the Board of Supervisors, Alameda County Housing and Community Development (“HCD”) staff will evaluate these policies and they will either be extended or amended and re-approved.

X. Private Project Labor Agreements

With authorization from the voters, the County of Alameda is expanding its role as a participant in the market to develop affordable housing. The provision of affordable housing is an important means of protecting the health, safety and welfare of our citizens. The County also has a desire to advance the County’s proprietary interests in avoiding labor disputes on County funded projects. It is imperative that affordable housing projects funded by the County with Measure A1 Bond proceeds are completed promptly and efficiently.

- A. In order to promote labor peace, to secure the availability of an adequate skilled labor pool, and to ensure that these construction projects are completed on time and on schedule for the benefit of residents and County taxpayers, all new construction of affordable housing projects funded by Measure A1 bond proceeds allocated to the Rental Housing Program that are 80 units or larger (a “Covered Project”) shall have a Project Labor Agreement (“PLA”) signed by the private developer (“Developer”), the Building and Construction Trades Council of Alameda County (“Trades”), and affiliated construction trades unions. The County will not be a party to these private PLAs.
- B. The eleven (11) affordable housing projects previously approved by the Board of Supervisors to receive Measure A1 Bond Rental Housing Program permanent financing loans¹ are not Covered Projects and are not required to enter into a private PLA, but their developers are encouraged to do so.
- C. After a period of fifteen (15) months from the date of approval of these policies by the Board of Supervisors, Alameda County Housing and Community Development (“HCD”) staff, with support of representatives from the Non Profit Housing Association of Northern California (“NPH”), the East Bay Housing Organizations (“EBHO”), the Minority Contractors Association, Bay Area Community Benefits Organization, the Trades, and any other appropriate stakeholders, shall initiate an evaluation of the impact of the PLA on the Covered Projects and the Rental Housing Program to determine if the minimum threshold of 80 units can be feasibly adjusted, with the intent of lowering the unit threshold to include more Measure A1 Bond Rental Housing Program funded affordable housing projects under the PLA requirement, if feasible. HCD will present its recommendation to the Board of Supervisors for the final determination.
- D. The PLA, to be compliant with this policy, will include the terms set forth below. The NPH and Trades are expected to negotiate a compliant template PLA within 90 days after Board adoption of this policy and should submit the proposed template to HCD for verification of compliance. Developers receiving Measure A1 Bond Rental Housing Program affordable housing funds for Covered Projects may elect to use (sign on to) the pre-approved template PLA, or negotiate an alternate compliant PLA that includes the

¹ The eleven projects are: (1) Fruitvale BART Affordable Rental Housing Project (94 units) developed by EBALDC and Unity Council; (2) Kottinger Gardens II Affordable Rental Housing Project (54 units) developed by MidPen Housing; (3) Camino 23 Affordable Rental Housing Project (39 units) developed by Satellite Affordable Housing Associates (SAHA); (4) EMBARK Affordable Housing Project (70 units) developed by Resources for Community Development; (5) Grayson Street Affordable Rental Housing Project (23 units) developed by SAHA; (6) 3706 San Pablo Avenue Affordable Rental Housing Project (87 units) developed by EAH; (7) Everett and Eagle Affordable Rental Housing Project (19 units) developed by Housing Authority of the City of Alameda (HACA); (8) San Leandro Senior Apartments Affordable Rental Housing Project (85 units) developed by Bridge Housing Corporation; (9) Mission Court Senior Apartments Affordable Rental Housing Project (90 units) developed by Eden Housing; (10) Coliseum Connections Affordable Rental Housing Project (110 units) developed by UrbanCore Development Partners, LLC; and (11) Redwood Hill Townhomes Affordable Rental Housing Project (28 units) developed by SAHA.

terms below and any other terms to which the parties agree.

- E. To avoid potentially inconsistent obligations, the County will not require compliance with these Measure A1 PLA requirements if another funding source for the Covered Project has imposed a PLA requirement for the Covered Project or if a PLA is prohibited by State or Federal law, regulations or funding conditions.
- F. The required components of a compliant PLA for Measure A1 Covered Projects include:
1. **No Strike/No Lockout.** The PLA will contain guarantees against work stoppages, strikes, lock-outs, and similar disruptions on the Covered Project.
 2. **Participation by Non-Union Contractors.** All qualified contractors, both union and non-union, will be allowed to bid on and be awarded work on the Covered Projects without regard to whether they are otherwise parties to collective bargaining agreements.
 3. **Rule of Three.** If the general contractor receives bids from subcontractors that result in the Covered Project exceeding the 125% Tax Credit Allocation Committee (“TCAC”) 9% cost basis limit, then, for those subcontracts with fewer than three “Qualified Contractor” bidders the Trades will be granted a ten-day “re-bid” period to identify and encourage additional bidders on those subcontracts. If, after the re-bid period there are still fewer than three bidders for those subcontracts, then the general contractor may re-bid those subcontracts without PLA coverage (i.e., not Covered Work). The term “Qualified Contractor” means a licensed, financially qualified contractor with experience in the type of work required and that is capable of meeting the job schedule, has submitted a commercially reasonable bid, is bondable, carries appropriate insurance, including Workers’ Compensation insurance (or participates in a State recognized Workers’ Compensation Alternative Dispute Resolution (“ADR”) Program), and is otherwise capable of satisfying all requirements of the bid specifications. Developer and Trades can negotiate a different cost control approach in a specific case.
 4. **Non-union contractors: ability to use “core workers.”** Nonunion contractors must make first hires from the union hall; then can retain a “Core Worker” (registered with the hall); additional hires shall alternate 1:1 until a maximum of five (5) Core Workers have been hired; all future hires are from the hiring hall. A Core Worker is defined as an employee who was on active payroll for 60 out of the prior 140 days, and possesses all required credentials and licenses and the skill to safely perform the work.
 5. **Wages and Benefits funds.** All contractors working under the PLA will pay into benefits funds as set forth in applicable Master Agreements, and pay wages consistent with the applicable Master Agreement.
 6. **New Apprentices.** One new apprentice shall be hired for each \$5 million in Covered Project cost.

7. **Process for compliance with Targeted Hire Requirements.** When a public entity or jurisdiction providing funding for the Covered Project (“Funding Jurisdiction”) imposes a local/targeted hiring requirement as a condition of funding, contractors may comply with any other recruitment or hiring procedures required by any Funding Jurisdiction. Unions agree to refer local/targeted workers to contractors on a priority basis as needed for contractors to satisfy the requirement; and if the hiring halls do not have local/targeted workers available, they will allow contractors to obtain those workers from other non-union sources.
8. **Compliance with Small/Local Business Entity (“S/LBE”) Contracting Requirements.** If, after the Developer receives bids from subcontractors, there is not sufficient S/LBE participation to achieve S/LBE requirements imposed on the Covered Project by Funding Jurisdictions while not exceeding 125% of the TCAC 9% cost basis limit, and the Developer (or prime contractor) has identified an S/LBE contractor who would have bid under different PLA terms, then the parties obligation to meet and confer is triggered (with opportunity for discussion of terms for re-bid). At the end of a ten-day meet and confer period, one or more subcontracts may be re-bid competitively if necessary to meet the S/LBE participation requirement, either with agreed-to revised terms or without application of the PLA requirements to the subcontract in question.
9. **Assignment of work.** Jurisdictional assignments will be based on the Trades’ system.
10. **Off-site work.** Off-site manufacture of modular housing or structural components will not covered work under the PLA; off-site manufacture of sheet metal and plumbing components will be covered work within PLA if such work is covered by Sheet Metal or U.A. Master Agreements.
11. **Dispute Resolution.** A binding dispute resolution procedure shall apply for alleged violations of the PLA that allows for resolution of grievances through unanimous agreement of Developer and Trades or, if no unanimous agreement, through arbitration. PLA lists five arbitrators empowered to resolve grievances; parties strike names on an alternate basis. A separate binding dispute resolution procedure shall apply to jurisdictional disputes and to no-strike/no-lockout disputes.
12. **Sole Proprietors.** A Sole Proprietor self-performing work shall not be required to use a worker from the union hiring hall. However, if during the term of the PLA, the Sole Proprietor later hires employees, the Sole Proprietor will be treated as a Core Worker and any subsequent employee(s) will be dispatched from the hiring hall. Sole Proprietors in the trucking industry will be treated as Core Workers, but must nevertheless be dispatched from the hiring hall and will be exempt from trust fund obligations, but must pay representational fees. "Sole Proprietor" means a licensed contractor with no employees and exempted by the California Contractor's State License Board from the requirement to obtain and maintain workers' compensation insurance.
13. **Project Management.** Developer and prime contractor, through the bid documents, may establish a uniform work schedule across crafts of up to 8 hours

per day, with consistent start and stop times. Overtime for hours performed within that schedule shall be paid if required by applicable prevailing wage laws.

- 14. **Taxpayer Protection Provisions.** The PLA will contain all of the taxpayer protection provisions listed in Public Contract Code section 2500(a), including prohibiting discrimination based on race, national origin, religion, sexual orientation, political affiliation, or membership in a labor organization in hiring or dispatching workers for the Covered Project and an agreed-upon protocol concerning drug testing for workers who will be employed on the Covered Project.

XI. **Single Core Tenancy Application/Posting Unit Openings**

Goal: HCD desires to create a robust and easy to access method for low-income households seeking subsidized housing to locate and be informed of unit availability, as well as a universal core tenancy application system to streamline the application process for low-income households to apply for tenancy to these projects.

- A. Should HCD develop such a system, all projects funded by Measure A1 will be required to utilize the system.

XII. **Geographic Distribution of Funding**

- A. Regional Pools - \$200,000,000 will be divided into four regional pools which can be used to finance projects located in these regions, as follows:

HALF OF FUNDS TO REGIONAL POOLS		
Regional Pools Allocations by:	% of Total	Need-Blend of Poverty and RHNA LI & VLI
North County	44.7%	\$89,325,065
Mid County	24.9%	\$49,803,134
East County	13.7%	\$27,332,372
South County	16.8%	\$33,539,429
ALAMEDA COUNTY TOTAL	100.0%	\$200,000,000

North County Region: Albany, Berkeley, Emeryville, Oakland and Piedmont.

Mid County Region: Alameda, Hayward, San Leandro, and Unincorporated County.

South County Region: Fremont, Newark and Union City.

East County Region: Dublin, Livermore, and Pleasanton.



- B. Base City Allocation - \$225,000,000 will be divided by formula into base amounts for use in each city and the unincorporated county as follows:

HALF OF FUNDS TO BASE CITY ALLOCATIONS	
City Base Allocations by:	Total Population
City of Alameda	\$10,370,727
City of Albany	\$2,588,918
City of Berkeley	\$15,796,369
City of Dublin	\$8,831,465
City of Emeryville	\$2,799,109
City of Fremont	\$33,264,459
City of Hayward	\$20,298,294
City of Livermore	\$12,722,700
City of Newark	\$6,029,275
City of Oakland	\$54,803,565
City of Piedmont	\$2,431,300
City of Pleasanton	\$13,720,684
City of San Leandro	\$11,907,775
Unincorporated County	\$19,671,892
City of Union City	\$9,763,468
ALAMEDA COUNTY TOTAL	\$225,000,000

Measure A1 Specific Policies for Base City Allocations

(Note that for the purposes of these policies, unless explicitly stated otherwise, use of the term “city” shall include the Unincorporated County. For example, the Unincorporated County has an allocation as a city under the Base City Allocations of Rental Housing Development Program funding)

XIII. Procurement Process

- A. Cities will follow their own procurement processes to preliminarily select projects to be funded and to propose the amount of Base City Allocation to be awarded to each project, subject to the Measure A1 maximum subsidy limits.
- B. Cities must submit an application for each selected project to HCD. HCD will review the application for compliance with Measure A1 bond program requirements and HCD’s Rental Housing Development Policies and underwriting requirements.
- C. HCD will accept applications in an over-the-counter process, with specific deadlines established for proposed projects to be included in bond issuances as needed.

- D. Alternatively, a city may request that HCD administer the project selection process for all or a portion of the city's Base City Allocation, in which case HCD will run the city's selection process concurrently with the regional pool competitive RFP process, with the city approval of the Measure A1 eligible project(s) to be funded from its Base City Allocation.
- E. Initially, 10% of the Base City Allocations shall be reserved to cover the County's bond issuance and program delivery/administration costs. This percentage may be adjusted and any amounts not needed or projected to be needed for this purpose shall be released back into Base City Allocations.

XIV. **Types of Projects**

- A. In addition to the types of projects listed above, cities may use a portion of their Base City Allocations to finance the development of interim, crisis, or transitional housing for homeless households, provided the city has identified funding for operations and services.
- B. If a city uses a portion of its Base City Allocation for crisis, interim, or transitional housing, the city must identify funding sources for associated operations and services prior to HCD approval of use of Measure A1 funds.
- C. The "portion" of the Base City Allocation that may be used for crisis, interim, or transitional housing is defined as up to 10% for cities with Base City Allocations over \$15 million, up to 15% for cities with Base City Allocations under \$15 million and over \$10 million, and up to 20% for cities with Base City Allocations under \$10 million.
- D. A city may, at its discretion, use a portion of its Base City Allocation to finance a regional-serving project located in another jurisdiction.

XV. **Loan Administration**

- A. HCD will administer the Measure A1 funding, including negotiating deal terms and executing County loan documents.
- B. HCD will collect sufficient information to ensure that the projects meet Measure A1 policies and requirements.

XVI. **Commitment Deadline**

- A. Cities will have up to 4 years (until December 31, 2021) to commit funds to specific projects, with the possibility of a reasonable extension of this period should a feasible project be identified.
- B. "Commitment" is defined as a City Council action to allocate funds to a project.

- C. Funds not committed by the city within the deadline will be moved into the Regional Pool in which the city is located on January 1, 2022, unless an extension has been granted by the Housing Director, in which case the funds will be moved into the Regional Pool on the first day following the extension period.
- D. Once funds are committed, a project will have up to 3 years to start construction, and up to five years to expend funds.

Measure A1 Specific Policies for Regional Pools

XVII.

Procurement

- A. Developments financed with Bond funds must have the support and approval of the cities in which they are located, including financial support [as defined under the Match section of these policies].
- B. HCD will use a competitive Request for Proposals (RFP) process to select projects.
- C. It is a goal to use the Regional Pool funds to finance projects in various locations disbursed around each region, not only in one jurisdiction. In the competitive process, regional geographic spread will be considered.
- D. Initially, 10% of each Regional Pool shall be reserved to cover the County's bond issuance and program delivery/administration costs. This percentage may be adjusted and any amounts not needed or projected to be needed for this purpose shall be released back into the Regional Pools.

XVIII.

Commitment Deadline

- A. HCD will use its best efforts to commit all funds in each Regional Pool within 6 years (by December 31, 2023).
- B. Once funds are committed, a project will have up to 3 years to start construction, and up to five years to expend funds.
- C. Should a Regional Pool not have eligible, feasible projects requesting funding, after December 31, 2023, the funds in such a Regional Pool may be moved to one or more other Regional Pools which have eligible, feasible projects requesting funds that exceed the Pools' available balance.
- D. If uncommitted funds remain in any Regional Pool after January 1, 2024 those funds will be made available countywide through a competitive RFP process.

RENTAL HOUSING INNOVATION AND OPPORTUNITY FUND POLICIES

I. Use of Funds:

- A. The goal of this component of the Measure A1 Bond program is to support the ability of affordable housing developers to respond quickly to opportunities that arise in the market (i.e. properties that are for sale), to preserve and expand affordable rental housing and prevent displacement of current low-income Households.
- B. Eligible properties can include vacant land, existing apartment buildings and motels, tax defaulted properties, or other buildings to be converted into eligible housing. It is not intended to pay off mortgages of owned properties.
- C. All funds under this program shall be fully amortizing or fully repaid. This is not an equity program.
- D. HCD shall create the Acquisition and Opportunity Fund to provide loans for the acquisition of property for the development of long-term affordable rental housing:
1. Eligible properties for acquisition can include commercial or industrial properties so long as the intent is to convert them to residential use and there is a reasonable expectation of the ability to do so;
 2. Acquisition of land or buildings, including tax defaulted properties, and related project soft costs are eligible uses of funds;
 3. Land trusts, which may result in rental or ownership affordable housing, are eligible projects under this category;
 4. Funds will be provided in the form of short-term loans, with an initial maximum loan term of three years;
 5. Repayments to this fund will be used to provide financing for additional projects over time; and
 6. HCD may administer this program internally or propose the use of a contracted Program Administrator to implement the program, with approval by the Board of Supervisors.
 7. Five percent (5%) of this fund shall be designated for development partnerships that include local nonprofit community-based or faith-based organizations and a Tier 1 developer.
- E. In addition to the Acquisition and Opportunity Fund described in D above, HCD will develop an Innovation Fund to support innovations in addressing the need for affordable rental housing for the household income levels and target populations of the Measure A1 Rental Housing Development Fund and will bring a program description and implementing policies to the Board of Supervisors for review and consideration.

- II. **Criteria:**
The housing developed under the Innovation and Opportunity Fund must meet the requirements of the Rental Housing Development Fund.
- III. **Geographic Distribution:**
The Acquisition and Opportunity Fund is available countywide for eligible projects.
- IV. **Procurement:**
- A. HCD will issue a Request for Qualifications (RFQ) to establish a pool of pre-qualified Tier 1 Developers, or partnerships which include a Tier 1 Developer, which will then be able to apply over-the-counter for loans from the Innovation and Opportunity Fund.
 - B. Requirements for developers: To be considered for the Acquisition and Opportunity Fund, developers must meet HCD's Tier One Developer requirements.
 - C. Should the County select a Program Administrator to administer the Acquisition and Opportunity Fund, HCD will work with the Program Administrator to conduct the selection process for pre-qualified developers.
- V. **Leveraging**
Encourage developers to leverage funds to the greatest degree possible.
- VI. **Maximum or Minimum Loan Amounts:**
HCD will work with community-based lenders to establish minimum and maximum Measure A1 loan amounts, in order to combine Measure A1 funds in this program component with other, leveraged funds to the maximum extent possible.
- VII. **Loan Terms:**
- A. These funds will be provided in the form of short-term loans. It is expected that the initial loan term will be a maximum of three years; however this term may be modified if necessary to leverage other financing. It is expected that the maximum term will not exceed five years.
 - B. The loans must be documented with a full set of loan documents, including a recorded deed of trust, regulatory agreement, signed promissory note and loan agreement.
 - C. Regular reporting on project progress will be required.
- VIII. **Match Requirements:**
- A. Formal Commitment of city matching funds is not required at this stage of development as a prerequisite for award of Acquisition and Opportunity Fund loans.
 - B. City support and approval of the project is required at the time of the loan.

Exhibit A

Alameda County Housing and Community Development Department Administrative Loan Terms

Alameda County Housing and Community Development Department (HCD) maintains a set of Administrative Loan Terms and Housing Development Policies and Procedures used to implement its Affordable Housing Development Program. These policies are updated periodically, as changes occur in the affordable housing finance field, including programmatic changes at the State (CalHFA, California State Housing and Community Development, California Tax Credit Allocation Committee and California Debt Limit Allocation Committee) and Federal (Housing and Urban Development) levels.

The below is a very high level overview of HCD policies and do not represent all requirements of HCD funding. For additional details, see HCD's Affordable Housing Development Policies and Procedures, an annual Request for Proposals document, and HCD's Loan Documents, available on HCD's website. For the Measure A1 Bond program, also see specific Measure A1 policies and requirements, available on HCD's website.

A. Loan Documents:

It is anticipated that regardless of how funds are initially used, they will roll into permanent financing secured by long-term debt against the real estate secured by a Deed of Trust and Regulatory Agreement. In addition, borrowers must sign a Promissory Note and Loan Agreement documenting the County's investment. HCD's existing affordable housing development program policies as of the date of the contract will govern loan terms and HCD-imposed requirements.

1. Contract for funding, approved by the Board of Supervisors
2. Loan Agreement
3. Regulatory Agreement
4. Promissory Note
5. Deed of Trust
6. Subordination Agreement(s) (as applicable)

B. Term

In general, a 59-year loan term and regulatory period is required for affordable housing projects funded by HCD. This term has, on occasion, been reduced with the Housing Director's approval to 55 years in tax credit projects, when borrower's counsel justifies the reduction due to tax credit requirements. The term begins as of the date of initial occupancy, which can be set by either the Certificate of Occupancy or by the first occupancy of the building as reported in the closeout report.

C. Interest Rate

3% simple interest, owed as of the date of disbursement unless the Promissory Note indicates otherwise.

D. Payments

1. HCD loan may be amortized over a 59-year period, with equal payments throughout the term (amortized loan); or
2. In special needs projects that serve Extremely Low Income Households, payments may be deferred, at the Housing Director's discretion in order to make the project financially feasible; or
3. HCD loan may be repaid through a proportionate share of residual receipts. HCD may allow the General Partner of the borrower partnership to retain up to 50% of the residual receipts as an "Incentive Management Fee", but may restrict this to only 25% if there are soft lenders in addition to HCD sharing repayment from residual receipts. Should the Partnership Agreement not allow the GP to keep the full amount of the Incentive Management Fee, HCD will require that the amount of the soft lender share of residual receipts be increased to capture those funds.

E. Security

Deed of trust recorded against fee title or leasehold interest.

F. Regulatory Agreement

The HCD Regulatory Agreement must be recorded against the fee title interest on the property and in senior lien position to bank loan documents. In leasehold transactions, the Regulatory Agreement must be on the fee title. HCD's Regulatory Agreement includes a prohibition against discrimination based on the source of a tenant's income and requires acceptance of rental assistance programs like Shelter Plus Care and Section 8 Vouchers.

G. Income Restrictions

See the Measure A1 Specific Policies for Income Restrictions.

H. Rent Increases

Rent increases are subject to the requirements of the funding source(s) invested in the project. Rent may be increased by not more than 5% annually (unless approved in writing by the Housing Director in advance of the increase based on feasibility of the project). HCD will consider allowing rents to "Float Up" if a project based voucher contract is not renewed.

I. 4% MFMR Bond Projects

In any project funded by Alameda County Housing and Community Development, HCD will be the issuer of the Bonds, subject to the Housing Director, and approval by the Board of Supervisors.

J. Replacement Reserve

0.6% of the replacement cost of the structure annually, up to \$600 per unit for family developments and \$500 per unit for senior developments. These amounts may change annually as part of the RFP process to reflect updates or changes to State HCD program requirements.

K. Operating Reserve

Three months of operating expenses must be capitalized at conversion. Developers must make payments in schedule approved by the County until the reserve reaches 6 months of operating expenses. A larger deposit is encouraged.

L. Developer Fees

Developer fees will be set to be in conformance with the State Tax Credit program. At the time of this publication, for 9% Tax Credit projects, the maximum allowed by TCAC will generally be equal to \$2.2 Million. In 4% Tax Credit Projects, the maximum amount the Developer may take out of the Development Costs is equivalent to a 9% deal, however additional fee to increase basis is allowable if matched general partner capital contribution or taken out of the Borrower's share of cash flow over the tax credit compliance period. For non Tax Credit projects, the maximum developer fee is 10% of TPC, subject to the Housing Director's approval.

M. Retention

\$50,000 of HCD's loan funds must be allocated toward the developer fee and held as a performance retention, to be paid upon completion of construction and delivery of close out items. This amount can be adjusted for smaller projects, at the Housing Director's discretion.

N. Asset/Partnership Management Fees

Combined \$25,000 limit with no escalator; unpaid fees do not accrue; any fees above this amount or escalators must come from borrower's 50% Incentive Management Fee. State HCD is currently proposing new limits, but has not yet adopted them. The Housing Director may revise this policy to be in conformance with any new State policies on this issue.

O. Loan Fees

HCD may charge a loan closing fee.

P. Monitoring Fees

HCD will charge a monitoring fee for each HCD-restricted unit. The current fee is \$300 per restricted unit per year.

Q. Insurance Minimums

1. Workers Compensation: to the extent required by law, including Employer's Liability coverage, at least \$1,000,000 each accident
2. Commercial General Liability: \$2,000,000 per occurrence
3. Commercial Automobile Liability: \$1,000,000 per occurrence
4. Builder's Risk/Property: 100% of property replacement value
5. Commercial Crime: covering all officers and employees, for loss of HCD loan proceeds caused by dishonesty
6. Borrower must ensure that any general contractor or subcontractors maintain the insurance in #1-3 in the amount of \$1,000,000 each.
7. Commercial General Liability and Automobile Liability insurance policies must be endorsed to name as an additional insured HCD, and its officers, agents, employees and members of the County Board of Supervisors.

R. Records Retention

Records related to Alameda County bonds or loans used to fund construction or rehabilitation of low-income housing, including individual homeowner loans through large affordable housing developments, must be kept for the length of time the property is restricted plus 6 years.

S. Reports

1. Quarterly progress reports required during construction and with any invoice;
2. Quarterly reports required during the first year of operations, starting from certificate of occupancy;
3. Annual Reports required (within 180 days of the end of the fiscal year) after the first year and for the term of the loan.

T. Change Orders

For construction period loans, construction change orders are subject to HCD's approval.

U. Subcontracts

1. Contractor must submit proof that subcontractors are not debarred prior to construction loan closing.
2. HCD requires competitive bidding for all subcontractors.

V. Construction Contingency

1. **New Construction:** 10% required at initial application, but can drop down to 5% remaining after construction bids are known.
2. **Rehab:** 15% construction contingency required.

W. Jobs/Hiring

See the Measure A1 Specific Policies for Job/Hiring requirements.

X. Subordination

HCD will not accept standstill provisions or enter into a standstill agreement requested by senior lenders that prohibits HCD from exercising remedies during a specified period after a default

Y. Developer Criteria

HCD awards funds to Tier One developers. In order to be considered for funding under the Tier One criteria, a developer must demonstrate experience and capacity to complete the project. Experience includes the successful development and completion of three projects of a similar size and scope by the developer.

Capacity includes having staff on board and assigned to the project who have worked on similar projects and whose resume's demonstrate their ability to guide the project through all stages of the development process.

For developers that do not meet these requirements, a partnership with a Tier One developer is required.

Long term ownership entity must include a Tier One developer and its capacity to oversee the asset management of the building over the term of the regulatory agreement.

Z. HCD's Costs

Borrower (or Project) to pay for required 3rd party environmental review (NEPA/CEQA), HCD's legal costs associated with development and execution of project legal documents, wage monitoring associated with the project, and construction management costs associated with overseeing the progress of construction.

These administrative loan requirements are updated regularly in connection with the annual Request for Proposals process and in connection with changes at the State and Federal level to standard affordable housing finance policy, and subsequently approved by the Housing Director. HCD's objective is funding affordable housing that is financially viable over the long term loan and regulatory period as well as meets the County's fiduciary responsibilities in relationship to funding sources.

Exhibit B – Per Unit Subsidy Limit

Projects without 9% Tax Credits State HCD Loan Limits for Alameda County 2016**

Alameda County	Efficiency	1 BR	2 BR	3 BR	4+ BR
Income Limit					
80% AMI	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
60% AMI	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
55% AMI	\$137,244	\$138,252	\$140,845	\$143,294	\$145,311
50% AMI	\$149,632	\$151,361	\$156,690	\$161,588	\$165,765
45% AMI	\$161,876	\$164,613	\$172,536	\$179,882	\$186,076
40% AMI	\$174,120	\$177,721	\$188,237	\$198,032	\$206,387
35% AMI	\$186,508	\$190,830	\$204,082	\$216,326	\$226,841
30% AMI	\$198,752	\$204,082	\$219,927	\$234,620	\$247,152
25% AMI	\$211,140	\$217,190	\$235,772	\$252,914	\$267,607
20% AMI	\$223,384	\$230,443	\$251,474	\$271,064	\$287,918
15% AMI	\$235,628	\$243,551	\$267,319	\$289,358	\$308,228

*80% AMI has been calculated by HCD

**Note: Maximum loan limits are adjusted annually.

Projects with 9% Tax Credits State HCD Loan Limits for Alameda County 2016**

Alameda County	Efficiency	1 BR	2 BR	3 BR	4+ BR
Income Limit					
80% AMI	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
60% AMI	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
55% AMI	\$57,244	\$58,252	\$60,845	\$63,294	\$65,311
50% AMI	\$69,632	\$71,361	\$76,690	\$81,588	\$85,765
45% AMI	\$81,876	\$84,613	\$92,536	\$99,882	\$106,076
40% AMI	\$94,120	\$97,721	\$108,237	\$118,032	\$126,387
35% AMI	\$106,508	\$110,830	\$124,082	\$136,326	\$146,841
30% AMI	\$118,752	\$124,082	\$139,927	\$154,620	\$167,152
25% AMI	\$131,140	\$137,190	\$155,772	\$172,914	\$187,607
20% AMI	\$143,384	\$150,443	\$171,474	\$191,064	\$207,918
15% AMI	\$155,628	\$163,551	\$187,319	\$209,358	\$228,228

*80% AMI has been calculated by HCD

**Note: Maximum loan limits are adjusted annually.