

**CITY COUNCIL MEETING
TUESDAY, SEPTEMBER 10, 2019**

**DOCUMENTS RECEIVED
AFTER PUBLISHED AGENDA**

AGENDA QUESTIONS & ANSWERS

Item 1

AGENDA QUESTIONS & ANSWERS
MEETING DATE: September 10, 2019

Item #1: [APPT 19-007](#) Appointments and Reappointments to the Community Services Commission, Keep Hayward Clean and Green Task Force, Library Commission, Personnel Commission and Planning Commission (Report from City Clerk Lens)

Regarding our Commission Waitlist, why does it need to be a two-step process?

From the staff report, a resignation is accepted, and a council member pulls that item from the consent agenda and nominates someone from the waitlist.

Could it be that the resignation is accepted and the first person from the waitlist is recommended for appointment? Council can still pull the item and discuss.

The second step would allow the City Clerk to contact applicants and confirm their continuing interest/availability to serve on the commission or Keep Hayward Clean and Green Task Force. The waitlist is not considered similar to a hiring list. The Council has not created a formal order or ranking of applicants who were not selected. The waitlist was concluded to be a flexible response to the July 23 referral, especially given it was not announced during the recruitment process. In summer, 2020, the Council could review the process and either abandon it or formalize it.

ITEM #2

**MIN 19-105 REVISION MEMO TO
MINUTES OF THE SPECIAL CITY COUNCIL
MEETING ON JULY 9, 2019**



DATE: September 10, 2019
TO: Mayor and City Council
FROM: City Clerk
SUBJECT Special City Council Minutes of July 9, 2019

We have received a request to clarify the minutes of the Special City Council meeting on July 9, 2019.

First paragraph of page ten currently reads:

“Council Member Lamnin recommended that staff ask the developer to work on addressing the need to construct new vehicular access to the development and consider putting all the responsibility for the riparian and other protected areas on the new set of homes.”

Proposed to read:

“Council Member Lamnin recommended that staff ask the developer to work on addressing the need to construct new vehicular access to the development and was concerned about putting all the responsibility for the riparian and other protected areas on the new set of homes and thought it should be a shared burden.”

With the change noted above, I respectfully request approval of the minutes.

ITEM #8

**CONSIDER AN ITEM FOR DISCUSSION
ON A FUTURE CITY COUNCIL
AGENDA REGARDING CORRECTIVE
ACTIONS WITH RELIANT REGARDING
MASS DISPLACEMENT OF LEISURE
TERRACE TENANTS**

**EAST BAY HOUSING ORGANIZATIONS
EMAIL AND LETTER**

From: Dolores Tejada < >

Sent: Tuesday, September 10, 2019 5:06 PM

To: List-Mayor-Council <List-Mayor-Council@hayward-ca.gov>; Sara Lamnin <Sara.Lamnin@hayward-ca.gov>

Cc: Alicia Lawrence < >; Gloria Bruce < >; Jeffrey Levin < >

Subject: Displacement of Tenants at Leisure Terrace Apartments

CAUTION:This is an external email. Do not click on links or open attachments unless you know the content is safe.

Dolores Tejada

Lead Organizer

East Bay Housing Organizations

538 9th Street

Suite 200

Oakland CA 94607

Phone:

Cell/Text:

Pronouns: She/Her/They/Them

Join us at our [Interfaith Breakfast](#), a day of spiritual renewal, community building and inspiration. This year's theme is *The Journey Home*. [Tickets](#) and [Sponsorships](#) are available.



East Bay Housing Organizations

September 10, 2019

City Council
City of Hayward
777 B Street
Hayward CA 94541

Dear Mayor Halliday and City Council Members:

I am writing on behalf of East Bay Housing Organizations (EBHO) to urge you to step in and prevent the low-income residents of the Leisure Terrace Apartments from being displaced. EBHO is a 35 year old membership organization committed to creating, preserving and protecting affordable housing opportunities for low-income residents of the East Bay. Many of our members live and/or work in the City of Hayward.

It is our understanding that the property was purchased by a for-profit developer in part using community funds intended to create more affordable housing. The intent of using public funds should be to keep people in place, not to displace people who are low-income in order to make way for people who are lower-income. However, many of the residents are being evicted and given the reasoning that their income does not qualify them to remain in their homes.

There needs to be much more scrutiny of deals like this, and a preference for non-profit mission-driven organizations that understand the importance of stability, and are experienced with these types of conversions and their impact on existing tenants. A situation like this one not only impacts people's lives, but also damages the credibility of the Low-Income Housing Tax Credit program in California, which is a critical program that has helped house hundreds of thousands of people affordably over the long term. We have to be responsible stewards of these funds and put tenants first, as we keep building more affordable homes for those most in need and strengthen tenant protections.

Tax credit regulations are complicated and may need some reform, but in the absence of protections for tenants, it is the responsibility of the developer - and local jurisdictions - to ensure that proper notice and relocation assistance is given to tenants if eviction is somehow unavoidable and it should be avoidable in most cases.

The consequences of eviction are serious, even for tenants with the ability to pay rent. The UC Berkeley Urban Displacement project has shown that in today's housing market, 40% of displaced tenants in Alameda County end up having to leave the county altogether, and *still* end up paying more rent, often for less desirable housing -

(https://www.urbandisplacement.org/sites/default/files/images/alameda_final.pdf)

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East Bay Housing Organizations

We urge you to step in and protect the long time Hayward residents from being displaced.

Sincerely,

Gloria Bruce
Executive Director

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LETTER FROM BAY AREA LEGAL AID



September 9, 2019

To Ms. Wahab, and the Hayward City Council:

On behalf of Bay Area Legal Aid, I write in support of the tenants at Leisure Terrace Apartments.

Reliant acquired Leisure Terrace Apartments in late 2018 with the stated goal of converting it into low-income housing. As part of the process, it promised the state of California and the city of Hayward that no tenants would be economically displaced.

We estimate that since Reliant's acquisition of Leisure Terrace, 56 families from the 68 units in the complex have been displaced. When tenants would not leave voluntarily, Reliant's management has attempted to harass and intimidate them. Several of those remaining are currently facing an eviction lawsuit in an attempt to force them out; others have received eviction notices. Still others have received rental increases beyond their ability to pay.

Reliant has offered, under duress, a maximum of \$1,000 in relocation assistance to a limited pool of these tenants if and only if they waived all legal rights and remedies. This was unreasonable – tenants should not be expected to give up all their rights to receive relocation benefits, and \$1,000 is grossly inadequate and will not pay for one month's rent on even a studio apartment at market rate.

Meanwhile, Reliant continues to mismanage the application and leasing process. As a manager, Reliant has allowed the property to fall into disrepair, failed to provide reasonable notice of entry or of maintenance, taken away amenities without proper notice and failed to provide interpretation when communicating with Spanish-speaking tenants.

We support the Tenants' Association in asking for a stop to unfair evictions, full and proper relocation benefits for those who have been displaced, and adherence to basic landlord-tenant laws regarding communication and maintenance of the property.

Emma Dinkelspiel
Staff Attorney, Bay Area Legal Aid
1735 Telegraph Avenue
Oakland, CA 94612

ITEM #8

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LETTER FROM RELIANT GROUP MANAGEMENT

RELIANT GROUP MANAGEMENT

Mayor Barbara Halliday
City of Hayward
777 B Street
Hayward, CA 95814

Dear Mayor Halliday:

I know you are deeply involved and aware of the dire need for more affordable housing in the Bay Area. It's leadership like yours that has made the Low-income Housing Tax Credit (LIHTC) the most successful affordable housing production program in our nation's history. It's important that we continue to work jointly to protect this region's most vulnerable residents who may have very few or no housing options.

Today, I'm writing in response to the referral memorandum offered by City Council Member Aisha Wahab related to the conversion of Leisure Terrace from market rate apartments to long-term rent restricted affordable housing. I will attend today's meeting to explain the benefits of the extensive renovation currently underway and correct the false narrative that has been presented regarding the conversion of this community to long-term affordable housing. To be clear, the City of Hayward should be proud of its support for this project and the many benefits it will bring to the community, as we continue to work together to reduce the effects of this region's very real housing crisis.

We are grateful for the positive feedback we have received from residents and community members for creating 68 units of affordable housing in Hayward. Aside from providing additional affordable housing units that will be protected from substantial rent increases for 55 years, there are many benefits from this project that warrant a meaningful discussion. Before we get into more details of the program, I wanted to address one key inaccuracy that has been shared by the National Housing Law Project. They allege that Reliant has or will evict up to 1000 tenants across the Bay Area. That is not true. There has been a total of eight evictions in the portfolio of 264 units (Antioch, Hayward and Hercules), of which five are still pending. Three of the evictions pending are at Leisure Terrace. In every circumstance, we'd prefer to work with a tenant to qualify them, rather than to evict them. Furthermore, these properties are now fully occupied with qualified tenants and we do not anticipate any other evictions.

Some of the key components of our affordable housing program include:

Extensive Capital Renovation:

The renovation of both the interior and exterior of the community is currently underway at a cost of nearly \$50,000 per unit. The renovation includes a seismic retrofit to the "soft story" parking, the creation of six fully accessible ADA units, elimination of barriers for handicapped residents, energy efficiency improvements including photovoltaic solar panels, and extensive upgrades to unit interiors. Residents will receive new energy efficient appliances, new cabinets in kitchens and bathrooms, new flooring, new lights, energy efficiency upgrades (new windows, weather stripping, new roofs meeting current energy ratings, programable thermostats) as well as community improvements, including rehabilitating the common areas and pool. These renovations were made possible by the allocation of Low-Income Housing Tax Credits that were sold to private investors. No public dollars were used to make these improvements possible.

Long Term Rent Restricted Affordable Housing:

As part of the LIHTC program, Leisure Terrace will be restricted to occupancy by residents earning less than 60% of Area Median Income (AMI) for the next 55 years. In addition, 10% of the units will be restricted to residents earning less than 50% of AMI. These restrictions are included in two separate recorded Regulatory Agreements, ensuring that Leisure Terrace is available as much needed housing for low income residents for the long term.

Resident Services:

A service enriched housing environment will be provided by Rainbow Housing Assistance Corporation. A needs survey will be conducted upon completion of the community renovation and programs will be designed to meet the specific needs of the residents at Leisure Terrace. These programs may include after school learning programs, vocational training, resume writing, dress for success, youth mentoring, computer learning classes, health and nutrition classes, joint ventures with the YMCA, YWCA, Boy Scouts and Girl Scouts, to name only a few.

We are very sympathetic to the over-income residents who have been required to vacate as a result of the conversion to the LIHTC program. We didn't create the program and are simply operating under the long-established Federal guidelines which require that all units under the program are occupied by qualifying residents. We regret that much of the attention has been focused on the over-income residents, rather than the overall community benefit of preserving 68 homes for the most economically vulnerable residents of Hayward.

We have done our very best, as experienced owner/operators of over 50 tax credit properties, to treat all tenants humanely and compassionately. We are aware that no one likes to live through construction and certainly, no one wants to be forced to move from their home. We held community meetings to explain the upcoming renovations and income qualification process. Our team of compliance officers worked extended hours to accommodate tenants' schedules, working one-on-one with tenants to navigate the complicated certification process. Due to the complex certification process, we extended the time frames to provide the necessary financial information and review leases. For those who do not qualify, relocation assistance was offered, which included free rent for a month, and financial assistance from the City for those earning less than 120% of area median income. We also offered an opportunity to move to other Reliant-owned properties in other market rate communities in the East Bay. We remain committed to providing additional support and communication to tenants who are trying to navigate through this process.

We have prepared "story boards" of the renovations so that tenants know what to expect in their new homes. We have created furnished hospitality units, with cable television, internet and snacks, for residents to use while renovations occur in their units. The new homes have been embraced by the community members very quickly, with the property now 96% occupied, (3 units held vacant to accommodate hospitality needs during renovation).

The unfortunate reality is that very few new units of affordable housing have been created in the state of California in the last seven years since the elimination of local housing agencies and soft money financing. It is very difficult to create new affordable housing, and any conversion of market rate housing to affordable housing will require over-income residents to relocate as a prerequisite to qualify for the LIHTC funding sources.

Information provided to the City and media by the National Housing Law Project has created a false narrative about Reliant, the LIHTC program and the impacts of the LIHTC conversion at Leisure Terrace and the other communities in our portfolio.

The true facts outlined in Councilwoman Wahab's referral memorandum and various media reports are set forth below:

- It has been alleged that Reliant has evicted between 900-1000 tenants. A total of 8 evictions were required across all the 264 units in three communities that were converted to tax credit.
- Council Members were advised, before the TEFRA hearing, by a joint memo from Reliant and the Hayward's Housing Division Manager, that "Based on the limited information currently available to Reliant, it is anticipated that a little over half of the residents will qualify as low or very low income under the LIHTC program. Tenants that are over income and not eligible under the LIHTC program will be displaced."
- We cannot quantify the exact number of tenants that have been displaced due to the conversion. The national turnover rate is 54% for apartment dwellers, according to the National Apartment Association. Tenants leave rental properties for a variety of reasons: to take new jobs, to grow their families, for better schools, for shorter commutes, better access to transportation, to be near family members, for health reasons, etc., but to conclude, as National Housing Law Project wrote to Councilmember Wahab, that 106 tenants were displaced in Hayward isn't supportable.
- We are not aware of any residents who qualified for the LIHTC program who were required to vacate. We requested on August 6th that National Housing Law Group provide specific examples of any such situations so they could be remedied, and we have not received any response.
- The allegation that "incorrect notices were provided to tenants and translation of legal documents were not provide to monolingual tenants" is false. We similarly requested additional information about these allegations from the National Housing Law Group on August 6th and have not received any response.
- The typical renovation of a home interior is scheduled to be completed in five days or less. ADA unit renovations will take longer, and residents of those units will be temporarily relocated within the property, or to a hotel if they prefer. Reliant will pay moving expenses. We have completed similar renovations at dozens of other LIHTC properties. During the day, tenants have access to furnished hospitality units and at night, they can return to their units. Of course, any renovation today must address asbestos and there is an abatement plan in place for the work. Asbestos abatement is being completed by a Certified Abatement Contractor pursuant to Bay Area Air Quality Management District (BAAQMD) requirements and once the work is complete in each individual unit, a separate third-party inspector provides an air clearance report.
- There was no public money involved in any of the property purchases, which were acquired with bank debt and Reliant private equity. When the properties were converted to LIHTC, months after the acquisition, they were financed with bonds and tax credits. The bonds were sold to private investors and backed only by the projects; no credit, loans, subsidies, grants, financing or guarantees of any public bodies are involved. Similarly, the tax credits were sold to private parties and there are no subsidies, credit, loans, grants or public funds involved. Reliant does not and will not use any public money in these projects.

The Reliant Group has been creating thousands of units of affordable housing for over two decades. Through our non-profit partner, Rainbow Housing Assistance Corporation, we provide a wide range of resident services to benefit the low-income residents at our LIHTC communities.

Reliant Group is consistently ranked in the top 50 owners and developers of affordable housing nationwide. All our LIHTC properties have enjoyed partnerships with nonprofit providers of social services. We are committed to providing a service enriched housing environment for our tenants. As

you investigate the housing issues raised by your council members, I'm sure you can appreciate the complexities around the conversion process, but ultimately cities are making a tradeoff between the current impact on existing tenants and long-term creation and preservation of affordable housing. We are proud to create and preserve 264 units of affordable housing in these communities, and upon completion of the renovations, we welcome you to visit.

Joseph L. Sherman



President

The Reliant Group

Cc Francisco Zemeno
AL Mendall
Sara Lamnin
Elisa Marquez
Mark Salinas
Aisha Wahab