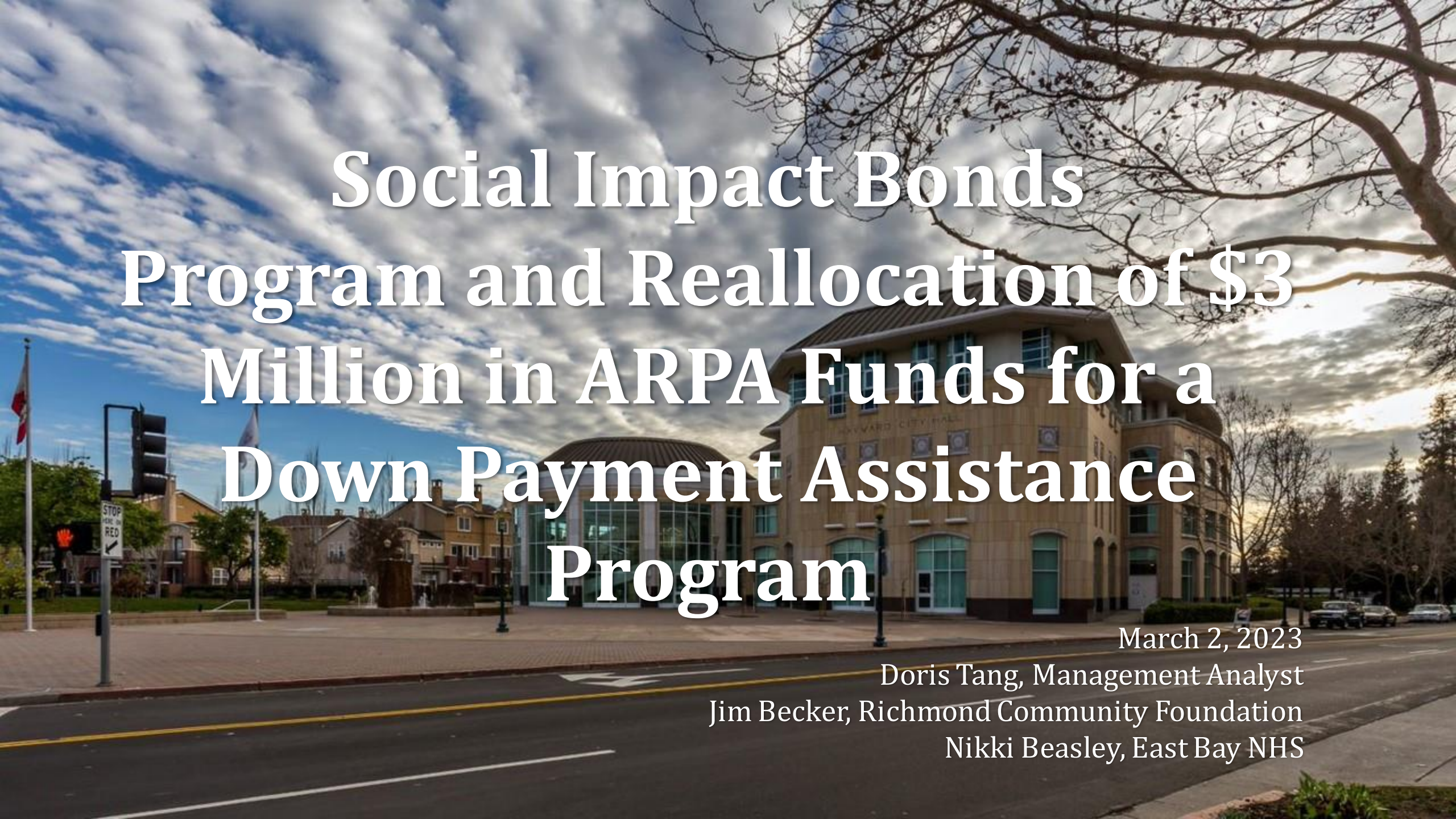


ITEM #2

Social Impact Bonds Program and Proposal to Reallocate \$3 Million of American Rescue Plan Act of 2021 (ARPA) Funding from the Wealth Building and Tax-Defaulted Property Acquisition Assistance Programs to the Social Impact Bonds Program for Down Payment Assistance



Social Impact Bonds Program and Reallocation of \$3 Million in ARPA Funds for a Down Payment Assistance Program

March 2, 2023

Doris Tang, Management Analyst
Jim Becker, Richmond Community Foundation
Nikki Beasley, East Bay NHS

Agenda

- 1 Background
- 2 Originally Proposed Use of ARPA Funds
- 3 New Proposed Used of ARPA Funds
- 4 RCF Social Impact Bonds Program Presentation
- 5 Summary & Questions

Background

- **April 27, 2021** – City Council adopted resolution authorizing acceptance of \$38 million in ARPA funds
- **July 13, 2021** – City Council approves Hayward Federal Stimulus Expenditure Plan, including \$4.25 million for housing programs
 - Implemented: Foreclosure Prevention Program; Relocation Assistance Program
 - Not Yet Implemented: Wealth Building Program; Tax-Defaulted Property Acquisition Program

Originally Proposed Use of \$3 Million ARPA Funds

Wealth Building Program: promote home ownership and wealth building by providing down payment assistance, home revitalization grants, other housing stabilization grants, commercial assistance grants or education assistance grants.

Tax-Defaulted Property Acquisition Program: assist community members and/or mission driven organizations such as Community Land Trusts or non-profit organizations acquire tax-defaulted for foreclosed properties

New Proposed Use of ARPA Funds

- **May 2022** – Richmond Community Foundation (RCF) and Neighborhood Housing Services of the East Bay (East Bay NHS) reached out to staff to present a Social Impact Bonds Program (SIB Program)
- Acquire and rehabilitate foreclosed, vacant, and/or derelict properties using bond proceeds from the sale of municipal bonds in order to create affordable housing opportunities from underutilized properties
- Reallocate \$3 million in ARPA funds for a down payment assistance program to be used in conjunction with the SIB Program
- The SIB program will accomplish the same goals as the proposed ARPA funded projects and application of downpayment assistance will create ownership opportunities for lower income households.
- The program was successfully implemented in City of Richmond
- RCF and East Bay NHS are here to describe how the project worked in Richmond.

RICHMOND COMMUNITY FOUNDATION



Mobilizing the power of
connection to build healthy,
thriving communities.



EQUITY STATEMENT

RCF Connects defines equity as the opportunity for all communities, and each of their members, to achieve and attain their maximum power and potential – irrespective of their racial identities and socioeconomic status. Equity embodies qualities of fairness, justice, and freedom from bias and discrimination in all of its forms.

As its core mission, RCF Connects seeks systematic change that eliminates biased policies, practices, and attitudes that are root causes of inequity.

THE CHALLENGE

- There were over 200 blighted, abandoned single family homes in the City of Richmond.
- Average annual City costs of \$7,000 per house to maintain.
- Depressed property values.
- Unpaid property taxes and bonds.
- Health and safety violations.



THE GOALS

- Reduce the incidence of vacant and blighted single-family houses.
- Promote homeownership for low/moderate income first time homebuyers.
- Finance the program using social impact bonds (SIBs) as a funding source and recycle funding to maximize number of housing units in the program.



ACQUISITION PRIORITIES

| | | | | | |
|--|---|--|---|---|-------------------------------------|
| Proximity to Schools | 1 – within a mile of a school | 2 – within half mile of a school | 3 – within a quarter mile of a school | 4- within 1,000 feet of a school | 5 – Adjacent to a school |
| Proximity to Parks | 1 – within a mile of a park | 2 – within half mile of a park | 3 – within a quarter mile of a park | 4- within 1,000 feet of a park | 5 – Adjacent to a park |
| Proximity to Properties Already Acquired by Program | 1 – within a mile of a property | 2 – within half mile of a property | 3 – within a quarter mile of a property | 4- Within the same neighborhood of a property | 5 – Within 1,000 feet of a property |
| Number of Years Vacant | 1 – one year vacant | 2 – two to three years vacant | 3 – four to five years vacant | 4 – five to ten years vacant | 5 – more than ten years vacant |
| Code Violations | 1 – one violation | 2 – two violations | 3 – three violations | 4 – four violations | 5 – five or more violations |
| Ease of Acquisition | 1 – no clear acquisition strategy/ no owner identified | 2 – acquisition strategy unclear but owner identified | 3 – tax sale or negotiated sale | 4 - probate | 5 – chapter 8 sale |



MISSION IMPACT



- **19 Properties Impacted**
 - 17 properties acquired.
 - 2 properties probated and acquired by others.
- **First Time Homebuyers**
 - Local First Time Homebuyers purchased all but one of completed properties



FINANCIAL IMPACT FOR RICHMOND



- \$6.5 million in local spending
- \$123,485 in permit fees
- \$205,583 in NSP city property acquisitions
- \$799,350 repaid in code enforcement liens and property taxes
- \$350,000 reduction in Code Enforcement costs

Total Impact: \$7,978,418



ADDITIONAL IMPACTS



- \$99,615 in yearly property tax revenue (CCC Treasurer)
- Homeowners bring \$697,000 per year to local economy
 - \$41,000 per household (NAHB)

Total Annual Impact: \$796,615.00



BLACK WEALTH BUILDERS FUND



**BLACK
WEALTH
MATTERS**



CREATION OF THE BLACK WEALTH BUILDERS FUND

- Homeownership is a key way to build and transfer wealth.
- Address the inequities caused by racist policies like Redlining.
- Established by donors at Arlington Community Church as a component fund at RCF Connects.
- [Black Wealth Builder's Fund Fundraising Campaign for Richmond Community Foundation \(richmondcf.org\)](https://richmondcf.org)



FUND OPERATIONS

- Create a zero-percent-interest loan fund, to be paid back only when the home is refinanced or sold.
- First Time Homebuyers can receive up to \$20,000.00
- Work with Black-serving local organizations to identify potential Black homebuyers who are on the journey to homeownership but who lack sufficient down payment or closing costs.



FIRST PARTNER SELECTED

- Neighborhood Housing Services of the East Bay
 - HUD Certified First Time Homebuyer Program
 - Pre-Purchase Homebuyer workshops
 - Access to matched savings programs and other first time homebuyer resources



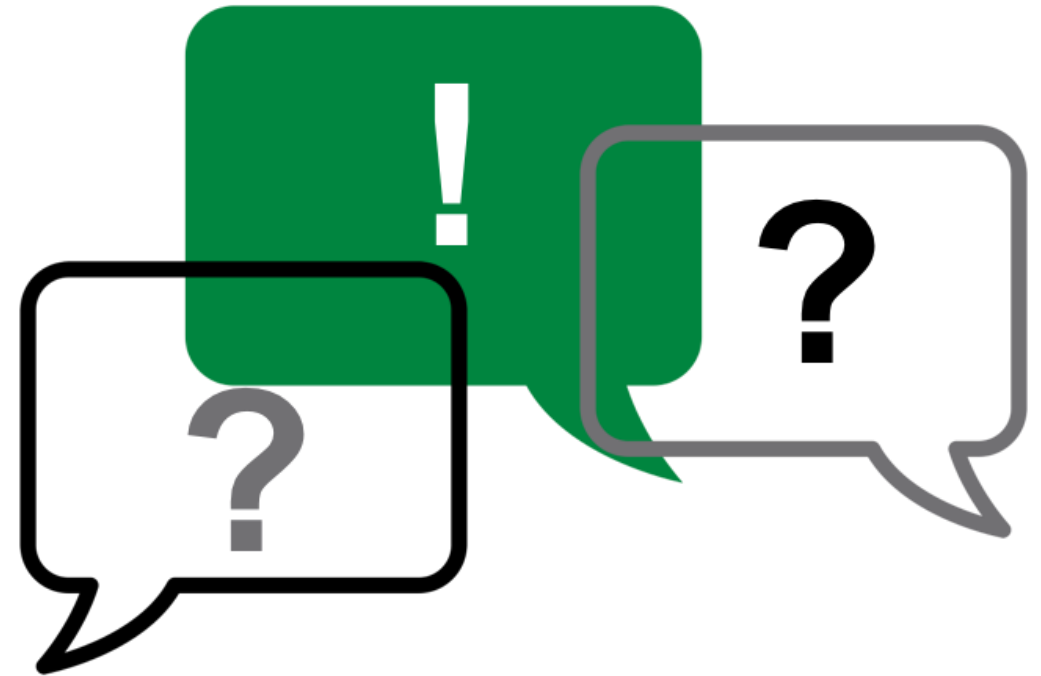
FOR MORE INFORMATION

Richmond Community Foundation
3260 Blume Drive, Suite 110
Richmond, CA 94806
(510) 234-1200
www.richmondcf.org





Summary & Questions



Summary

New proposed program would meet the same objectives of both originally proposed programs and promote objectives supported by City Council:

- Promote wealth building through homeownership
- Promote social equity initiatives – equitable development initiative
- Create affordable housing opportunities
- Rehabilitate vacant, blighted, or tax-defaulted properties

Summary of Recommendations

- 1 Receive and provide comments on a presentation from the Richmond Community Foundation (RCF) on a proposed Social Impact Bonds Program; and
- 2 Provide comments on a proposal to reallocate \$3 million American Rescue Plan Act of 2021 (ARPA) funding from the Wealth Building and Tax-Defaulted Property Acquisition Assistance Programs to the Social Impact Bonds Program for down payment assistance.

Questions

Do you support:

- 1 That staff further develop the proposed Social Impact Bonds Program
- 2 Reallocating \$3 million ARPA funding for a down payment assistance program to be used in conjunction with the Social Impact Bonds Program to meet stated goals

ITEM #3

Informational Report on Rent Stabilization Administration Fee Increase



Informational Report on Rent Stabilization Administration Fee Increase

March 2, 2023 | Homelessness-Housing Task Force
Amy Cole-Bloom, Management Analyst
Christina Morales, Housing Division Manager

Presentation Outline



Summary of Rent Stabilization Legislation in Hayward

RRSO Fee Increase Analysis

Next Steps

Rent Stabilization in Hayward

The RRSO stabilizes rents for Covered Rental Units and provides tenant protections for almost all units

Hayward's Residential Rent Stabilization and Tenant Protection Ordinance (RRSO):

- Provides rent increase relief to tenants as allowed under State law
- Establishes a mediation and arbitration program enforce requirements and to reduce displacement
- Discourages harassment and retaliatory evictions
- Encourages investment in new residential rental property
- Assures landlords receive a fair return on their property and sufficient rental income to cover operational costs

Approximately 54% of all rental units are Covered Rental Units

- For Covered Rental Units, rent increases:
 - Can only be imposed once every 12 months
 - Can be no more than 5% of the existing monthly rent absent other justifications allowable under the RRSO.
 - Are subject to the RRSO's rent dispute resolution process if they exceed 5%, meaning that tenants can petition a rent increase more than 5% to initiate a review of the increase
- There are additional circumstances in which higher rent increases for covered units are allowed

State law provides some additional protections to renters in Hayward not covered by the RRSO

- The Tenant Protection Act (AB 1482) creates a rent cap of no more than 5% + local CPI or 10%, whichever is lower
- AB 1482 covers almost all rental units except:
 - Units constructed in the last 15 years, on a rolling basis
 - Units otherwise regulated to be affordable
 - A two-unit property if the second unit is owner-occupied
 - Single-family homes owned by a real estate trust, corporation, or LLC
- The RRSO includes just cause protections that supersede state law

The MRSO stabilizes rents and provides protections for mobilehome space renters

Hayward's Mobilehome Space Rent Stabilization Ordinance (MRSO):

- Establishes a space rent increase limit for mobile home park residents without long-term leases
- Provides a mediation and arbitration program to enforce requirements and to reduce displacement
- Prevents retaliatory evictions
- Has maintained consistent levels of service since 2019, so the current administration fee of \$5 per space continues to cover implementation costs

In 2020, Council adopted the Tenant Relocation Assistance Ordinance to protect displaced tenants under certain conditions

- Adopted in July 2020 to match new State law and provide protections for temporarily displaced tenants
- Requires that landlords pay relocation assistance under certain circumstances when a tenant becomes displaced from their unit
- Does not include imposition of additional administrative fees
- Since adoption, there have been 29 relocation cases and 22 (76%) of them have been due to a Code Enforcement Notice of Violation

The costs of administering the RRSO are reimbursed through the rent stabilization fee

- Section 12-1.17(b):
 - “The costs of administration of this ordinance shall be reimbursed in full to the Rental Housing Program Fund by imposition of a Rent stabilization administration fee chargeable against all Rental Units, including Covered Rental Units.”

RRSO Administration Fee Increase Analysis

The RRSO administration fee has not been increased since it was established in July 2019

Initial calculation assumptions:

- Proportional distribution of expenses for all units based on the proportion of Covered Rental Units (43%) and Rental Units (57%) at the time
- Expenses directly related to administering the Rent Review Program for Covered Rental Units were distributed 95% to Covered Rental Units and 5% to Rental Units

| | FY 19-20 Rates |
|------------------------------------|----------------|
| Annual Fee per Covered Rental Unit | \$40 |
| Annual Fee per Rental Unit | \$19 |

After 3.5 years, implementation costs consistently exceed revenues, and a fee increase is necessary to continue meeting the requirements of the RRSO

- No earlier fee increases due to increased economic constraints experienced by tenants and property owners during the peak of the COVID-19 pandemic
- Other funds were used to offset RRSO and TRAO administrative costs
- Expenses are rising across all Housing Division funds and other non-restricted fund balances are depleted
- Consistent with the requirements of the RRSO, staff recommends increasing fee to achieve full cost recovery

Hayward's proposed fee falls within the range of fees assessed by comparable jurisdictions that implement renter protections

- On average, other jurisdictions increased fees by approximately 30% but have higher overall fees
- In cities with tiered structures like Hayward, Covered Rental Unit fees range from \$226-\$250 and Rental Unit fees range from \$37-\$127
- In cities with one fee for all units, the fees range from \$12 to \$101

The proposed fee increase accounts for actual implementation expenses

- Proposed fee increase reflects:
 - Staffing allocation from 2.75 FTE to 4.0 FTE
 - Increase consultant capacity to account for almost 50% increase in petition volume and to continue service provision as required by the RRSO
 - Enhanced marketing efforts to improve accessibility, awareness, and compliance
- Proposed increase uses the same proportional allocation methodology as the original calculation and increases the fee proportionally based on percent increase of the budget

Proposed fee increase will cover estimated expenses

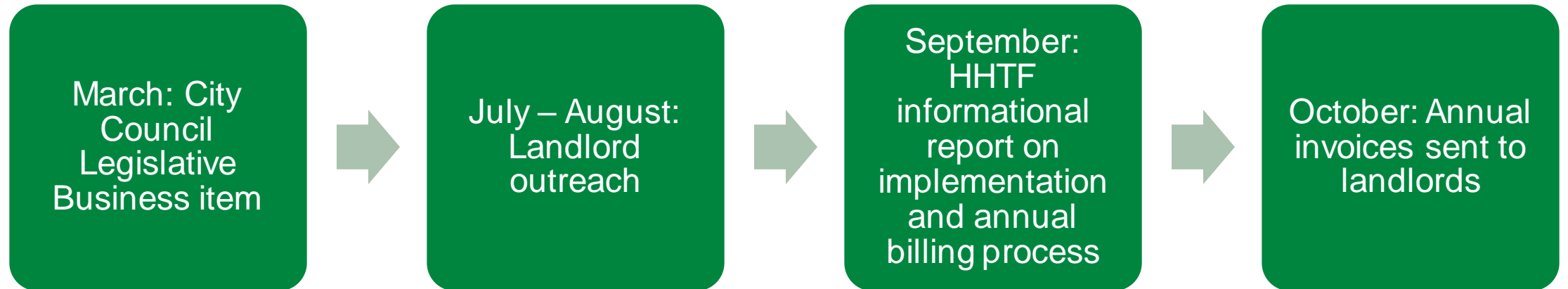
| | Proposed Fee Increase | | |
|---|-----------------------|------|------|
| | MH | RU | CRU |
| Fee per unit | \$5 | \$32 | \$66 |
| Increase from FY 19 fee | \$0 | \$13 | \$26 |
| Percent increase from FY 19 fee | 0% | 68% | 65% |
| <i>Total projected revenue</i> | \$1,034,823 | | |
| Legend: MH = Mobile Home Unit; RU = Rental Unit; CRU = Covered Rental Unit | | | |

The RRSO provides opportunities for cost recovery for landlords

- Owners of Covered Rental Units may pass through half the cost of the fee to the tenants.
- Owners of Rental Units are not restricted by the City's RRSO on increases that may cover the cost of the fee, though they may be subject to a State rent increase threshold.
- RRSO guarantees owners a fair return, so property owners whose net operating income does not exceed the increase in CPI during a specific period may file a fair return petition

Next Steps

Staff will outreach to landlords to notify them of fee increase before next annual billing





Questions