



DATE: June 4, 2024

TO: Mayor and City Council
Housing Authority Board

FROM: Development Services Director

SUBJECT: Downpayment Assistance Program: Adopt a Resolution Authorizing an Affordable Housing Funding Agreement Between the Housing Authority of the City of Hayward and the City of Hayward Granting \$2 Million in ARPA-SLFRF Funds to the Housing Authority of the City of Hayward for the Down Payment Assistance Program

RECOMMENDATION

That the City Council adopt a resolution authorizing the City Manager to negotiate and execute an affordable housing funding agreement between the Housing Authority of the City of Hayward and the City of Hayward granting \$2 million of APRA-SLFRF funds to the Housing Authority of the City of Hayward; and

That the Housing Authority Board adopt a resolution authorizing the Executive Director to: (1) negotiate and execute an affordable housing funding agreement between the Housing Authority of the City of Hayward and the City of Hayward granting \$2 million of APRA-SLFRF funds to the Housing Authority of the City of Hayward; and (2) execute loan documents, administer the loans and subordinate, extend or modify repayment terms to implement affordable housing activities under ARPA-SLFRF rules.

SUMMARY

On June 6, 2023, the City Council approved the reallocation of \$2 million in American Rescue Plan Act 2021 Coronavirus State and Local Fiscal Recovery Funds ("ARPA-SLFRF") allocated for housing programs to establish a down payment assistance program and revolving loan fund to assist both current and future low-income homebuyers. Additionally, staff anticipated pairing the down payment assistance program with the social impact bonds ("SIB") program to make units more accessible to low-income purchasers which has delayed implementation of the down payment assistance program while the feasibility of the SIB program is determined. The purpose of this report is to request authorization for the Housing Authority of the City of Hayward ("Authority") and the City of Hayward ("City") to enter into an affordable housing funding agreement to grant the \$2 million in ARPA-SLFRF for the down payment assistance

program to the Authority to obligate the funds by the December 31, 2024 ARPA-SLFRF program deadline and authorize the Authority to administer the down payment assistance program.

BACKGROUND

On May 31, 1946, City Council approved Resolution No. 1669 N.S. establishing the Housing Authority of the City of Hayward to provide decent, safe and sanitary housing in the City of Hayward.

On April 27, 2021, the City Council adopted a resolution authorizing the acceptance of \$38 million in federal stimulus allocation under the American Rescue Plan of 2021 Coronavirus State and Local Fiscal Recovery Funds (“ARPA-SLFRF”) program.¹ On July 13, 2021, City Council approved the Hayward Federal Stimulus Expenditure Plan which included \$4.25 million for housing programs.² On June 6, 2023, the City Council approved the reallocation of \$2 million in ARPA-SLFRF allocated for housing programs to establish a down payment assistance program and revolving loan fund to assist both current and future low-income homebuyers.³ In that same meeting, City Council expressed support for pairing the down payment assistance program with a social impact bonds (“SIB”) program or making the down payment assistance program a standalone program if the SIB program was not feasible. Staff are still working with non-profit partners and consultants to determine the feasibility of the SIB program which has delayed the implementation of the down payment assistance program.

DISCUSSION

To meet the December 31, 2024 deadline to obligate ARPA-SLFRF, staff recommends obligating \$2 million in ARPA-SLFRF to the Authority to administer the down payment assistance program. Down payment assistance is one tool to address barriers to homeownership and to help mitigate the racial wealth divide. The down payment assistance would be provided in the form of a shared appreciation loan in an amount not-to-exceed \$300,000. To be eligible, borrowers must be low-income, first-time homebuyers, and preference will be given to applicants that either live or work in the City of Hayward. Additionally, to ensure that the down payment assistance program will also assist future households, a revolving loan fund will be established to provide down payment assistance loans to future eligible households from loan proceeds.

Subject to finalizing the SIB program before the end of the calendar year, staff intends to pair the down payment assistance program with a SIB program. The SIB program would use bond

¹ April 27, 2021, City Council Meeting Agenda and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4923169&GUID=F3B939CF-3D97-4F0A-A5AE-8F3A12255314>

² July 13, 2021, City Council Meeting Agenda and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=5028015&GUID=E0215022-6A47-486F-81C4-9BFB2583AE10>

³ June 6, 2023, City Council Meeting Agenda and Materials:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=6247761&GUID=2860D9DD-94D3-4CE6-94D4-551B137106B4>

proceeds to acquire vacant or blighted properties and rehabilitate them for resale at affordable prices to eligible first-time homebuyers. Staff are still working with non-profit partners and consultants to determine the feasibility of such a program which has delayed the implementation of the down payment assistance program. If staff determines that the SIB program will not have properties available in a timely manner, the Authority would provide down payment assistance to assist eligible community members purchase market rate properties.

To obligate \$2 million in ARPA-SLFRF funds for the purpose of establishing a down payment assistance program, staff recommend that the Authority and the City enter into an affordable housing funding agreement. The primary terms of the affordable housing funding agreement include:

- City to provide Authority with grant of \$2 million in ARPA-SLFRF funds;
- The Authority will provide affordable housing program activities in compliance with ARPA-SLFRF regulations and rules;
- Authority to expend all funds by December 31, 2026.

A term sheet has been provided as Attachment IV with additional details about the terms of the affordable housing funding agreement.

ECONOMIC IMPACT

There is no immediate economic impact with the consideration of this report.

FISCAL IMPACT

This item has no impact on the City's General Fund. The down payment assistance program is funded by ARPA-SLFRF designated for housing programs in the FY 2024 budget.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of Preserve, Protect & Produce Housing. The purpose of the Preserve, Protect & Produce Housing Initiative is to house and support people experiencing homelessness, incentivize housing production for all and protect the affordability of existing housing. This item supports the following goals and objectives:

Goal: Protect the Affordability of Existing Housing

Objective H16: Provide creative financing like down payment assistance to help more buyers get unrestricted deed properties.

If paired with the SIB program, this item would also support the following goal and objective:

Goal: Incentivize Housing Production for All

Objective H7: Explore Social Impact Bond Program to convert tax-defaulted or vacant and blighted properties into wealth building ownership opportunities.

PUBLIC CONTACT

Staff received a public comment in support of the down payment assistance program at the April 25, 2023 City Council meeting.

NEXT STEPS

Staff will work with City Attorney's Office to draft the affordable housing funding agreement. Staff will implement the down payment assistance program either in conjunction with the SIB program or independent of it with sufficient time to meet the December 31, 2026 expenditure deadline.

Prepared by: Doris Tang, Management Analyst

Recommended by: Christina Morales, Development Services Deputy Director
Sara Buizer, AICP, Development Services Director

Approved by:



Dusting Claussen, Interim City Manager