



DATE: October 2, 2018

TO: Mayor and City Council

FROM: City Manager

SUBJECT Appropriation and Allocation of \$28.6 Million of the City of Hayward's Affordable Housing Funds and Measure A1 Base Allocation to Support the Development of 259 Units of Affordable Housing.

RECOMMENDATION

That the City Council:

1. Adopts a Resolution Authorizing the Finance Department to Amend the FY 2019 Housing Division Budget by Appropriating Four Million Nine Hundred Thousand Dollars (\$4,900,000) From Fund Balance in the Inclusionary Housing Trust Fund to Fund Affordable Housing Development Loans. (Attachment II); and
2. Adopts a Resolution Authorizing the Finance Department to Amend the FY 2019 Housing Division Budget by Appropriating One Hundred Fifty-Five Thousand One Hundred Twenty-Four Dollars (\$155,124) to the HOME Fund consistent with the 2018 Subrecipient Agreement with the County of Alameda. (Attachment III); and
3. Adopts a Resolution Authorizing the City Manager to Negotiate and Execute Loan Documents between the City of Hayward and EAH, Inc. (EAH), in an Amount not to Exceed Two Million Dollars (\$2,000,000), for Matsya Family Villas located at 22648 2nd Street to Build Approximately Fifty-Seven Units of Affordable Housing (Attachment IV); and
4. Adopts a Resolution Authorizing the City Manager to Negotiate and Execute Loan Documents Between the City of Hayward and EAH, Inc., in an Amount not to Exceed Two Million Five Hundred Thousand Dollars (\$2,500,000), for Mission Senior Paradise located at 28000 Mission Boulevard Street to Build Approximately Seventy-Six Units of Affordable Housing (Attachment V); and
5. Adopts a Resolution Authorizing the City Manager to: 1) Negotiate and Execute Loan Documents Between the City of Hayward and Allied Housing, Inc., in an Amount Not to Exceed One Million Six Hundred Ten Thousand Dollars (\$1,610,000); and 2) Commit up to Eighteen Million Three Hundred Thousand Dollars (\$18,300,000) of the Base City Allocation for the 2595 Depot Road Project Located at 2595 Depot Road to Build Approximately 126 Units of Affordable Housing.

That the Housing Authority of the City of Hayward:

1. Adopts a Resolution Authorizing the Finance Department to Amend the FY 2019 Housing Division Budget by Appropriating Four Million Two Hundred Thousand Dollars (\$4,200,000) from Fund Balance in the Hayward Housing Authority Fund to Fund Affordable Housing Development Loans (Attachment VII); and
2. Adopts a Resolution Authorizing the City Manager to Negotiate and Execute Loan Documents Between the Housing Authority of the City of Hayward and Allied Housing, Inc., in an Amount not to Exceed Four Million Two Hundred Thousand Dollars (\$4,200,000), for the 2595 Depot Road Project located at 2595 Depot Road to Build Approximately 126 Units of Affordable Housing (Attachment VIII)

SUMMARY

This staff report recommends the appropriation and allocation of \$28.6 million of the City of Hayward's affordable housing funds, including \$10.3 million of City housing funds ("City Housing Funds") and authorization of the use of \$18.3 million of the City's Measure A1 base allocation to support the development of 259 units of affordable housing that will provide housing for extremely low- to low-income households including seniors, veterans, homeless, and people with mental health disabilities. The appropriation of the \$10.3 million of local housing funds will be used to leverage \$18.3 million in the City's base allocation of Measure A1 County bond funds ("Measure A1 Funds") and potentially up to an additional \$10 million in Measure A1 Funds from the County's discretionary pool of funds.

The City solicited applications for project funding on a competitive project basis. The results of the City's Notice of Affordable Housing Funding Availability (NOFA) for New Construction of Affordable Housing are described in this report. Staff recommends awarding funds to maximize the total number of units developed, prioritize the most vulnerable residents and project readiness, and provide a diverse mix of unit types. Recommended actions include:

1. Authorization of a loan to EAH for Matsya Family Villas, in an amount not to exceed \$2 million from Inclusionary Housing Trust funds to build 57 units of affordable family housing located at 22648 2nd Street;
2. Authorization of a loan to EAH for Mission Senior Paradise, in an amount not to exceed \$2.5 million, including \$800,000 from Community Development Block Grant (CDBG) Funds for acquisition costs, and \$415,280 for HOME Investment Partnership (HOME) funds, and up to \$1.3 million from Inclusionary Housing Trust funds for development costs to build 76 units of affordable senior housing located at 28000 Mission Boulevard;
3. Authorization of a loan and allocation of Measure A1 Funds to Allied Housing for the 2595 Depot Road project, in an amount not to exceed \$24.1 million, including \$4.2 million for Housing Authority funds, \$1.61 million from the City's Inclusionary Housing Trust funds, and allocation of \$18.3 million in Measure A1 Funds from the City's base allocation to build 126 units of affordable housing at 2595 Depot Road; and

4. Appropriation of nearly \$10.1 million of available City Housing Funds, including \$4.2 million of Hayward Housing Authority Funds, \$4.9 Affordable Housing Trust Funds, and \$155,124 in HOME funds.

By authorizing these funding amounts, these affordable housing developers can proceed with the next steps in the development process, which will include community engagement and any necessary land use applications and subsequent public hearings with the Planning Commission and City Council for those projects that have not already gone through that process.

BACKGROUND

In November 2016, voters passed Measure A1, the Alameda County General Obligation Bond for Housing. The Alameda County Board of Supervisors authorized a \$580 million Countywide housing bond program to fund development of affordable rental housing, down payment assistance loans, homeownership housing development, and home ownership preservation loans, which included \$20.3 million of bond funds set aside for projects within the City of Hayward less ten percent retained by the county for project delivery and bond issuance costs (“Hayward Base Allocation”). As a result, there is a total of \$18.3 million available from the Hayward Base Allocation. The County requires that all projects receive local matching funds in order to be eligible for Measure A1 Funds, and that the local jurisdiction approve and support the projects that will receive Measure A1 Funds from the jurisdiction’s base allocation. Additionally, projects that receive matching funds from City resources can apply to the County directly for Measure A1 regional pool funds (“Regional Pool Funds”). The County has set aside \$45 million for affordable housing projects in the Mid-County, including in the City of Hayward.

On January 31, 2017¹, the City Council convened a work session to review housing affordability strategies and resources in Hayward and Alameda County. Council explored four major areas in depth and directed staff to pursue five specific strategies for further Council review and potential implementation. One of these strategies included the issuance of a NOFA for affordable rental housing development projects.

On December 12, 2017², after the Alameda County Board of Supervisors approved the rental housing development policies, Council held a work session to provide preliminary direction on the NOFA for affordable housing projects.

On March 20, 2018³, Council adopted a resolution authorizing the City Manager to issue a NOFA for new construction of affordable rental housing. The NOFA was issued on April 30,

¹ January 31, 2017 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=2947412&GUID=7B833FA7-2B44-404D-86D2-031C37926B34>

² December 12, 2017 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3289809&GUID=D2B546CE-3068-4409-82DE-EE2AA5CEB3FB>

2018 and applications were received on June 29, 2018.

DISCUSSION

Overview of NOFA Applications

City staff issued a NOFA for the construction of affordable rental housing on April 30, 2018 and four applications were received on June 29, 2018. Funding requests totaled \$8.71 million for City Housing Funds and nearly \$44.7 million for the Hayward Base Allocation, which exceeds the amount of available funds. The City has identified \$10.8 million in City Housing Funds and has \$18.3 million available from Hayward Base Allocation. Applications were reviewed for completeness and to determine whether the City's minimum standards for the project and the qualifications for the developer had been met. The eligible applications have been ranked per prepared criteria outlined in the NOFA solicitations. Table 1 below lists the projects in order of their ranking. Attachment IX provides the project scoring detail.

TABLE 1. SUMMARY OF ALL FUNDING REQUESTS RECEIVED AND PROJECT RANKING

Total Funds Available							\$10.8M	\$18.3M	\$29.1M
RANK	PROJECT/DEVELOPER	PROJECT TYPE	TOTAL UNITS	ELI UNITS ¹	SPECIAL NEEDS UNITS	HOME-LESS UNITS	CITY FUNDING REQUESTED	A1 FUNDING REQUESTED	TOTAL FUNDING REQUESTED
1	Matsya Family Villa (EAH)	Family	57	11	0	11	\$2.0M	\$4.7M	\$6.7M
2	Hayward Mission Apartments (META)	Family	121	30	26	0	\$1.2M	\$13.3M	\$14.5M
3	Mission Senior Paradise (EAH)	Senior	76	15	0	15	\$2.5M	\$5.6M	\$8.1M
4	2595 Depot Road (Allied Housing-Abode)	Micro Units	126	48	31	31	\$3.0M	\$21.1M	\$24.1M
Totals			380	106	57	57	\$8.7M	\$44.7M	\$53.4M
Remaining Funds							\$2.1M	\$(26.4)M	\$(24.3)M

¹Extremely Low Income Units (30% AMI and below)

³ March 20, 2018 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=3379212&GUID=406C1BF4-61A3-4A8B-9A2D-0F08ACE3012A>

When evaluated as a group, all of the projects serve the diverse needs of Hayward residents including extremely low-income households, homeless or at-risk homeless households, developmentally disabled households, mentally disabled households, seniors and rent burdened low-income households. All projects submitted under the NOFA are 100 percent affordable. Affordability ranges between 20% Area Median Income (AMI) and 80% AMI. There are two family projects, one senior project, and a micro unit project that will house individuals. Project development innovations include factory-built micro units and stacking units that provides construction cost and time savings and acquisition of entitled projects to expedite predevelopment. Project amenity innovations include ongoing cost savings through energy efficient features, electric vehicle charging stations, on-site car sharing, car service pick-up zones, roof top garden, movie wall, basketball court, education centers designed to meet the needs of the target population, computer rooms or access to laptops, wireless connectivity, and technology plans that supports residents with technology as it evolves. All projects will have a resident services coordinator to provide resource referral and educational activities, and case managers to provide supportive services. All projects exceed green building and energy codes. Attachment X provides a description of each of the projects. Attachment XI provides a cross comparison of project summary details.

Availability of Measure A1 Funding

Alameda County has significantly changed the process for awarding Measure A1 Funds because only \$79 million remains from the first issuance of the bond. The County will release a request for proposals (RFP) for Measure A1 Funds in October 2018. All projects seeking base allocation funds from a local jurisdiction or regional pool will have to apply through this competitive process due to the limited remaining funds in this bond issuance. All projects are required to have discretionary land use approvals by December 31, 2018 to apply. Matsya Family Villa and Mission Senior Paradise are the only two projects that will meet this criterion. To compete for the Regional Pool Funds, both projects will need matching funds from the City in an amount equal to the planning and permit fees. If the City does not position projects to compete for the Regional Pool Funds, it may lose the opportunity to apply for this resource to support affordable housing development in Hayward. Additionally, even if all the mid-county regional pool funds are not committed this round, the second bond issuance is not anticipated until 2020 which will delay the project schedules by over a year.

Funding Recommendation: Strategy to Prioritize Vulnerable Residents and Project Readiness

Staff recommends funding projects that will provide a diverse mix of units, prioritizes housing for Hayward's most vulnerable residents, and are "project ready," which makes them eligible to compete for Measure A1 Funds this fall, thus securing Measure A1 Funds for Hayward residents as soon as possible. Staff recommends providing matching funds to Matsya Family Villa and Mission Senior Paradise in an amount not to exceed \$2 million and \$2.5 million, respectively, to enable the projects to compete for Regional Pool Funds and to provide housing to low and extremely-low income households including families, seniors and homeless veterans.

Staff recommends committing the remaining Hayward funds and the Hayward Base Allocation to 2595 Depot Road because it will provide housing to Hayward’s most vulnerable populations and help address homelessness in the City. The 2595 Depot Road project will develop 126 units, including 48 units for extremely low-income households and will develop 31 units for the homeless and 31 units for people with mental health disabilities. Table 2 summarizes the funding awards as described above and the target populations served.

TABLE 2. RECOMMENDED PROJECTS FOR FUNDING: DIVERSE UNIT MIX PRIORITIZING THE HOMELESS AND PROJECT READINESS

							Total Funds Available	\$10.8M	\$18.3M	\$29.1M
RANK	PROJECT/DEVELOPER	PROJECT TYPE	TOTAL UNITS	ELI UNITS ¹	SPECIAL NEEDS UNITS	HOME-LESS UNITS	CITY FUNDING PROPOSED	A1 FUNDING PROPOSED	TOTAL FUNDING PROPOSED	
1	Matsya Family Villa (EAH)	Family	57	11	0	11	\$2.0M	Apply to regional pool	\$2.0M	
3	Mission Senior Paradise (EAH)	Senior	76	15	0	15	\$2.5M	Apply to regional Pool	\$2.5M	
4	2595 Depot Road (Allied Housing-Abode)	Micro Units	126	48	31	31	\$5.8M	\$18.3 M (Hayward Base Allocation)	\$24.1M	
Totals			259	74	31	57	\$10.3M	\$18.3M	\$28.6M	
Remaining Funds							\$500,000	\$0	\$500,000	

This funding scenario prioritizes targeting a diverse population including families, seniors, and individuals that are low-income, very-low income, and extremely low-income with additional set-asides for homeless, homeless veterans, and individuals with mental health disabilities. The developer for the Depot Road project has requested \$24.1 million from the City including \$21.1 million of Measure A1 bond funds and \$3 million from City Housing Funds. The developer anticipated applying for A1 regional pool funds for a portion of the Measure A1 funds. However, under the County’s new guidelines the project is ineligible to apply under the RFP this fall. To expedite the construction of this project, staff recommends using all \$18.3 of the Hayward Base Allocation and filling the funding gap by providing \$2.8 million more than the \$3 million requested from City Housing Funds for a total loan from the City in the amount of \$5.8 million. This funding proposal maintains the total amount requested of \$24.1 million but shifts the amounts awarded between the two funding sources.

While this funding scenario does not precisely follow the ranking under the NOFA, it prioritizes the most vulnerable Hayward residents and positions Hayward projects to more competitively compete for Regional Pool Funds. While the NOFA established a system to rank and score projects to assist staff in evaluating and recommending projects for City Council approval, as stated in the NOFA, City Council will make the final determination regarding which projects are awarded funds.

Hayward Mission Apartments ranked higher in the City's scoring system than both Mission Senior Paradise and the 2595 Depot Road project. Funding Mission Senior Paradise enables two Hayward Projects to compete for Regional Pool Funds since it has already obtained entitlements and will be able to compete for Regional Pool Funds this fall. Since Hayward Mission Apartments does not have discretionary land use approvals at this time, it will not be eligible to apply for Regional Pool Funds. Additionally, while Hayward Mission Apartments and the 2595 Depot Road project both provide a substantial number of units, the 2595 Depot Road project targets extremely low-income and homeless individuals. Considering the extent of the housing crisis and the increasing number of homeless individuals in our community, staff recommends supporting as many units for the homeless as possible. While Hayward Mission Apartments scored higher than the 2595 Depot Road project, the main distinction between the two projects is the project financing. META Housing, the developer of Hayward Mission Apartments, demonstrated project readiness by securing a funding commitment from a construction lender, and two commitments from service providers. Additionally, since the project targets higher income households, it can leverage other private financing based on the rental revenue. This enabled the developer to only request the amount necessary to make the project eligible for Measure A1 Funds and increasing its score over other projects.

City staff determined that prioritizing funding commitments and leveraged funds in the NOFA disadvantaged the 2595 Depot Road project because it is serving lower income households and is providing extensive supportive services, which requires greater subsidies and makes it more difficult to obtain private financing. Because of the distinct difference in the target populations served and the feasibility of securing private financing, the 2595 Depot Road project and Hayward Mission Apartments are not comparable projects and, as such, the scoring system does not provide an accurate comparable assessment of the two projects. In sum, because the rental revenue for the 2595 Depot Road project is so low, it requires substantial government development subsidy and is not likely to secure private financing; however, it will help address homelessness in the City, one of the Hayward community's most pressing issues. The recommended award to the 2595 Depot Road project will result in a fully funded project and allow it to move towards construction and provide much-needed homeless housing expeditiously.

Alternate Funding Recommendation: Strategy to Prioritize Workforce Housing

Alternatively, the Council could choose to award funds to Hayward Mission Apartments along with Matsya Family Villas and Mission Senior Paradise instead of the 2595 Depot Road project. Hayward Mission Apartments will provide a substantial number of workforce housing units. Seventy-three of the 120 units will provide workforce housing to low-income households, 10 units will be set-aside for very low-income households and 37 units will be

set-aside for extremely low-income households. City staff is recommending the 2595 Depot Road project over the Hayward Mission Apartments project because it serves a higher number of vulnerable Hayward residents. The 2595 Depot Road project will provide 31 units for the homeless, 31 units for individuals with mental health disabilities, an additional 5 special needs units, and 18 more units for extremely low-income individuals. Table 3 summarizes the funding awards as described above and the target populations served. Based on this alternative funding scenario, \$10 million would be remaining to award to another project at a later date.

TABLE 3. ALTERNATIVE FUNDING SCENARIO: PRIORITIZING WORKFORCE HOUSING

Total Funds Available							\$10.8M	\$18.3M	\$29.1M
RANK	PROJECT/DEVELOPER	PROJECT TYPE	TOTAL UNITS	ELI UNITS ¹	SPECIAL NEEDS UNITS	HOME-LESS UNITS	CITY FUNDING PROPOSED	A1 FUNDING PROPOSED	TOTAL FUNDING PROPOSED
1	Matsya Family Villa (EAH)	Family	57	11	0	11	\$2.0M	Apply to regional pool	\$2M
2	Hayward Mission Apartments (META)	Family	121	30	26	0	\$1.2M	\$13.3M (Hayward Base Allocation)	\$14.5M
3	Mission Senior Paradise (EAH)	Senior	76	15	0	15	\$2.5M	Apply to regional pool	\$2.5M
Totals			254	58	26	26	\$5.7M	\$13.31M	\$19.0M
Remaining Funds							\$5.1M	\$5.0M	\$10.1M

While it is possible to fund all three top ranked projects, staff recommends fully funding the 2595 Depot Road project instead in order to expedite the development of much needed housing for homeless individuals and individuals with mental health disabilities.

ECONOMIC IMPACT

Social research indicates that access to affordable housing can improve educational outcomes, increase health and wellbeing, boost economic activity, and lower the costs for state and local governments to provide emergency housing, mental health crisis services, emergency medical care, and other services to assist the homeless or families and individuals with a housing crisis. Additionally, there are some direct economic benefits of affordable housing including:

One-Time and Ongoing Job Creation and Spending

Affordable housing creates both long-term and short-term employment.⁴ Short term employment includes jobs for construction workers, designers, project managers, architects, engineers, attorneys, and a variety of consultants from environmental consultants to financing consultants. The long-term employment opportunities include jobs for property managers, compliance managers, maintenance workers, social workers, resident coordinators, and asset managers. The developers have estimated that their projects will create a total of 402 short-term jobs and 22 long-term jobs. Table 4 provides an estimate of job creation by project.

TABLE 4. POTENTIAL JOB CREATION BY PROJECT

PROJECT	SHORT-TERM JOBS	LONG-TERM JOBS
Matsya Family Villa	120	4
Hayward Mission Apartments	40-60	3-6
Mission Senior Paradise	172	4
2595 Depot Road	50-70	8

Increasing the Buying Power of Residents

Approximately 57% of Hayward renters are cost burdened by their rent. In other words, they spend over 30% of their household income on rent. Affordable housing increases the disposable income available to low income households. Many low-income households must make difficult trade-offs to meet their basic needs.⁵ The increase in disposable income for low-income residents provides them with additional resources to spend on other basic needs such as food and clothing, which benefits local business.¹

Improving Worker and Employer Attraction and Retention

Lack of affordable housing makes recruitment and retention of employees costlier to local employers.¹ Table 5 provides 2017 wages for a sampling of occupations in the Oakland-Hayward-Berkeley Metropolitan Area from the 2017 Employment and Wages from Occupational Employment Statistics (OES) survey conducted by the Bureau of Labor and Statistics. Per rentjungle.com and zumper.com, asking rents in 2017 for a 1-bedroom apartment averaged \$2,000 per month in Hayward which exceeds the rent payment capacity of low-income households. The lack of affordable housing could impact employment in these industries as individuals seek less costly housing further away from their employment.

⁴ Cohen, R., & Wardrip, K. (2011). The Economic and Fiscal Benefits of Affordable Housing. *Planning Commissioners Journal*(83), 1-4. Retrieved from <http://plannersweb.com/wp-content/uploads/2012/07/501.pdf>

⁵ Enterprise. (2014). *Impacts of Affordable Housing on Families and Communities*. Retrieved from <https://www.enterprisecommunity.org/resources/impact-affordable-housing-families-and-communities-review-evidence-base-13210>

However, the projects proposed under the NOFA will provide much needed affordable housing for individuals who work in lower paying occupations.

TABLE 5. 2017 WAGES BY OCCUPATION FOR OAKLAND-HAYWARD BERKELEY METROPOLITAN AREA AND IN RELATION TO INCOME LEVELS

OCCUPATION	ANNUAL MEAN WAGE	INCOME LEVEL 1-PERSON HOUSEHOLD	INCOME LEVEL 4-PERSON HOUSEHOLD
Food Preparation and Serving	\$29,660	Very low-income	Extremely-low Income
Personal Care and Service	\$30,350	Very low- Income	Extremely-low income
Building and Grounds Cleaning and Maintenance	\$37,630	Very low- Income	Very-low Income
Healthcare Support	\$39,600	Very low- Income	Very-low Income
Sales and Related	\$47,360	Low-income	Very-low Income
Office and Administrative Support	\$45,580	Low-income	Very-low Income
Installation, Maintenance, and Repair	\$58,820	Low- Income	Very-low Income
Production	\$43,270	Low- income	Very-low income
Transportation and Material Moving	\$43,420	Low- income	Very-Low income
Community and Social Services	\$57,870	Low- income	Very-Low income
Education, Training and Library	\$62,125	Low-income	Very-low Income
Construction and Extraction	\$68,180	Low-income	Low Income

Increased Investment in Hayward

Hayward’s investment in affordable housing projects leverages additional local, state, and private resources that improves the quality of housing in Hayward. Projects have requested from 2 to 10 percent of their total development costs from the City of Hayward, which means that 90 to 98 percent of the costs will be secured from other resources. If the recommend projects are approved, over \$131 million will be invested in Hayward.

Fiscal Impacts for Local Governments

A report by the California Legislative Analyst’s Office determined that there is limited fiscal incentive to approve housing because compared to commercial development, housing development creates increased demands for public services and infrastructure while tax revenue is insufficient to cover the costs.⁶ Additionally, many non-profit affordable housing

⁶ Legislative Analyst's Office. (2015). *California's High Housing Costs: Causes and Consequences*. Retrieved from <https://lao.ca.gov/reports/2015/finance/housing-costs/housing-costs.pdf>

developments qualify for property tax welfare exemptions, which substantially reduces their property tax liability and revenue to the cities to cover the costs of public services. While there is concern that affordable housing produces insufficient tax revenue to support the demands for City services, it will cover its cost for all fee based and usage services such as planning, permit, and utility fees. Also, because affordable housing provides safe, stable housing and, in some cases, supportive services, affordable housing may reduce the need for emergency services provided because of unsafe living conditions. Studies have indicated that safe, stable and affordable housing improves certain health and education outcomes⁷. While affordable housing may not produce substantial tax revenue relative to commercial development or other housing, considering the benefits of job creation, employer attraction, increased buying power, leveraged investments, and the social benefits of stabilizing housing for Hayward residents, it provides other economic benefits and social benefits that will improve the quality of life for Hayward residents.

FISCAL IMPACT

There is \$10.3 million available in City Housing Funds for the projects recommended for approval. Table 6 provides a summary of the total City Housing Funds available by fund and the additional appropriation needed to award funding to these projects. This does not include the \$18.3 million in Hayward Base Allocation, which is allocated by the City, but appropriated by the County.

TABLE 6. CITY HOUSING FUNDS

FUND	BUDGET ALLOCATION	AVAILABLE CASH BALANCE	APPROPRIATION /SPENDING AUTHORITY NEEDED	RECOMMENDED TOTAL
Housing Authority Fund	\$0	\$4,634,000	\$4,200,000	\$4,200,000
Inclusionary Housing Trust Fund	\$0	\$4,955,000	\$4,900,000	\$4,900,000
HOME Funds	\$275,165	\$0	\$140,115	\$415,280
CDBG	\$800,000	\$0	\$0	\$800,000
Total	\$1,075,165	\$9,589,000	\$9,240,115	\$10,315,280

Housing Authority Fund

While the \$4.6 million in Housing Authority Funds was contemplated in the NOFA approved by the City Council and there are sufficient funds in the Housing Authority Fund, the FY 2019 operating budget did not include these funds and needs to be amended to appropriate the

⁷ Enterprise. (2014). *Impacts of Affordable Housing on Families and Communities*. Retrieved from <https://www.enterprisecommunity.org/resources/impact-affordable-housing-families-and-communities-review-evidence-base-13210>

proposed amounts. The action requires an additional appropriation in the amount of \$4.2 million to the Housing Authority Fund budget.

Inclusionary Housing Trust Fund

While the \$4.6 million in Inclusionary Housing Trust Funds was contemplated in the NOFA approved by the City Council and there are sufficient funds in the Inclusionary Housing Trust Fund, the FY 2019 operating budget did not include these funds and needs to be amended to appropriate the proposed amounts. The action requires an additional appropriation in the amount of \$4.9 million to the Inclusionary Housing Trust Fund budget.

HOME funds

On September 12, 2017, the City entered into a cooperation agreement with the County of Alameda to form a consortia for the purpose of receiving and administering HOME funds. On July 1, 2018, following the adoption of the FY 2019 budget, the City entered into a subrecipient agreement with the County of Alameda allocating \$440,444 to the City of Hayward for eligible project costs and cost related to administration of the project. \$415,280 of the HOME funds must be awarded to an eligible HOME project and \$25,165 can be retained by the City to cover the cost of administering the program. New construction of affordable housing is an eligible project under the HOME program and was added as a source of funding for the NOFA. The current budget allocation assumed that the HOME grant allocation would be the same as last year; however, Hayward received a higher allocation than in previous years. The 2019 operating budget includes \$275,165 for eligible projects and \$14,156 for administration. To expend the funds available under the subrecipient agreement with the County, the HOME fund appropriation will need to be increased by \$11,009 for administration and \$140,115 for eligible project-related funding.

CDBG

There are sufficient funds budgeted in the FY 2019 operating budget to cover the costs associated with the proposed affordable housing loans. The total fiscal impact is less than the amount budgeted, and there is no additional impact to the CDBG fund.

STRATEGIC INITIATIVES

The identification of potential projects for Measure A1 Funds supports the Complete Communities strategic initiative. The purpose of the Complete Communities initiative is to create and support structures, services, and amenities to provide inclusive and equitable access with the goal of becoming a thriving and promising place to live, work, and play for all. This item supports the following goal and objectives:

Goal 2: Provide a mix of housing stock for all Hayward residents and community members, including the expansion of affordable housing opportunities and resources.

- Objective 1: Centralize and expand housing services.
- Objective 2: Facilitate the development of diverse housing types that serve the needs of all populations.

- Objective 4: Increase the supply of affordable, safe and resilient housing in Hayward.

SUSTAINABILITY FEATURES

All projects are required to meet green building and energy codes. Table 7 identifies project elements that exceed code requirements.

TABLE 7. SUSTAINABILITY FEATURES THAT EXCEED GREEN BUILDING AND ENERGY CODES

	MATSYA FAMILY VILLAS	HAYWARD MISSION APARTMENTS	MISSION SENIOR PARADISE	2595 DEPOT ROAD
Certification Targeting	LEED Gold	LEED Gold	LEED Gold	Committed to LEED Silver trying for gold
Energy	Solar PV System projected to generate 100% demand		Solar PV System projected to generate 100% demand	Solar PV System
Appliances	Energy Star	Energy Star	Energy Star	Energy efficient appliances
Transportation	Electric vehicle charging station		Electric vehicle charging station	

PUBLIC CONTACT

A NOFA pre-application meeting was held on May 14, 2018 to explain the NOFA application process. Staff was available to answer any NOFA-related questions. There were 11 participants who attended the meeting.

Applicants for the NOFA are required to hold at least two meetings with neighborhood residents prior to submitting a funding application. Additionally, applicants have prepared community outreach plans in order to continue to involve the community as the project develops.

NEXT STEPS

Projects that will apply for Regional Pool Funds this fall, will need to review County guidelines and priorities to ensure that their project will be competitive for regional pool funds. Staff will provide technical assistance to developers to ensure that both the City’s priorities and the County’s priorities are being met.

Projects that are awarded funds under this NOFA that do not meet the requirements for the County's regional pool RFP will continue to pursue discretionary land use approvals and other sources of funding in preparation for the second issuance of the Measure A1 Funds.

After the projects have been awarded Measure A1 Funds, they will apply for Low Income Housing Tax Credits. Once all the project financing has been secure and permits have been pulled, construction will begin. Construction completion dates range from December 2020 to June 2021. See Attachment IV for anticipated construction completion dates for each project. However, these anticipated timelines are likely to change based on the availability of Measure A1 bond funds.

Prepared by: Christina Morales, Housing Division Manager

Recommended by: Jennifer Ott, Deputy City Manager

Approved by:



Kelly McAdoo, City Manager