



DATE: August 9, 2022

TO: Mayor and City Council

FROM: Acting Assistant City Manager

SUBJECT: Adopt a Resolution Authorizing the City Manager to: (1) Execute a Standard Agreement or Other Executing Documents and Any Subsequent Amendments, Modifications, or Documents Thereto with the California State Department of Housing and Community Development or Other State Agency; (2) Accept and Appropriate Funds Awarded by the California State Legislature under Assembly Bill 178 in an Amount up to \$5.7 Million for Mission Paradise; and (3) Allocate Funds Totaling up to \$5.7 Million to EAH's Mission Paradise Project to Develop 76 Units of Affordable Senior Housing as Included in Assembly Bill 178

RECOMMENDATION

That the Council adopts a resolution (Attachment II) authorizing the City Manager to: (1) execute an standard agreement or other executing documents and any subsequent amendments, modifications, or documents thereto with the California State Department of Housing and Community Development (HCD) or other State agency; (2) accept and appropriate funds awarded by the California State Legislature under Assembly Bill (AB) 178 in an amount up to \$5.7 million for Mission Paradise; and (3) allocate funds up to \$5.7 million to EAH's Mission Paradise project to develop 76 units of affordable senior housing as included in AB 178.

SUMMARY

On June 30, 2022, the Governor approved AB 178, the Budget Act of 2022. The bill included an award to the City of Hayward in the amount of \$5.7 million for the Mission Paradise Project. Since the award was made to the City to fund Mission Paradise, the City must enter into an agreement with HCD or other State agency in order to receive the funds and allocate them to the project. Following these actions, the project will be fully funded and anticipates starting construction in the fall of 2022. Staff recommends that City Council adopt the resolution authorizing the City Manager to enter into an agreement with HCD or other State agency for up to \$5.7M in funds awarded through AB 178 for Mission Paradise; accept and appropriate the funds; and allocate up to \$5.7 million in funds included in AB 178 for the Mission Paradise project.

BACKGROUND

On October 2, 2018, Council approved a \$2.5 million loan to EAH to build Mission Paradise, which will provide 76 units of affordable senior housing located at Mission Boulevard and Webster and Hancock Streets. Subsequently, on May 4, 2021, the Council authorized the City Manager to award additional funding of up to \$4.9 million from the City's Inclusionary Housing Trust Fund to four existing affordable housing projects, of which the City allocated \$2.48 million to Mission Paradise to in order to address existing financing gaps and improve competitiveness for state funding. The City leveraged these funds to apply for and be awarded \$1.15 million for the project under the State's Local Housing Trust Fund Program.

On June 30, 2022, the Governor approved AB 178, the Budget Act of 2022. The bill included an award to the City of Hayward in the amount of \$5.7 million for Mission Paradise. AB 178 includes a "Budget Bill Junior," which lists all member priority projects, award amounts, and state agencies responsible for administering the funds. This component of AB 178 is currently pending the Governor's approval and staff anticipate approval by the end of August. Since the award will be made to the City, the City must agree to accept the funds and then allocate the funds to the EAH.

DISCUSSION

Acceptance of the \$5.7 million approved under AB 178 and allocation of the funds to Mission Paradise fills the project's financing gap, which will allow the project to start construction in the fall of 2022. In addition to the funds provided by the City discussed above, Mission Paradise has been awarded almost \$4.6 million from Alameda County under the Measure A1 Bond Regional Pool, awarded \$13.5 million from state and federal programs, received a commitment for 25 project-based vouchers from the Housing Authority of the County of Alameda (HACA), and awarded \$35.5 million from HCD's Housing Accelerator program.

Staff recommends that City Council adopt the attached resolution doing the following:

- Authorizing the City Manager to enter into a standard agreement or other executing documents with HCD or other State agency for up to \$5.7 million awarded through AB 178 for Mission Paradise,
- Accepting and appropriating up to \$5.7 million awarded through AB 178, and
- Allocating up to \$5.7 million to the Mission Paradise project so that the project can close the funding gap.

Contingent on the Governor adopting the Budget Junior Bill for AB 178, the City will enter into a standard agreement with the designated state agency and will then pass the funds through to EAH for Mission Paradise. Following receipt of funds, EAH anticipates starting construction in the fall of 2022.

ECONOMIC IMPACT

The proposed 76 affordable units support housing stability and will reduce the housing cost burden for very low- and low-income Hayward residents.

FISCAL IMPACT

The anticipated \$5.7 million in AB 178 funds does not require a matching contribution. Acceptance and appropriation of the funds will contribute to financing the development of the Mission Paradise Project. There is no fiscal impact to the Affordable Housing Fund.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of Preserve, Protect & Produce Housing. Specifically, this item supports the implementation of the following project(s):

Project 8, Part 8b: Apply for state housing funding to support strategic partnerships and Council Priorities.

PUBLIC CONTACT

Staff engaged different community stakeholders through both the displacement study and the Let's House Hayward! Strategic Plan process. Feedback demonstrated that community members broadly favored efforts to prevent displacement and to increase affordable housing development for the City's most vulnerable residents.

Additionally, staff received extensive feedback from current tenants and property owners during the 2018 Residential Rent Stabilization and Tenant Protection Ordinance outreach process. Tenant feedback focused on housing affordability and safety, while landlords and realtors discussed the needs to increase supply of affordable and market rate housing in Hayward.

In accordance with entitlement requirements, notices for Mission Paradise were sent out to all property owners within a 300-foot radius of the project site. Additionally, as a requirement of the 2018 NOFA, EAH held public outreach meetings to introduce the organization and the proposed project to the community, and to solicit input from the community.

NEXT STEPS

If authorized, the City will enter into a standard agreement and other necessary documents with HCD.

Prepared by: Christina Morales, Housing Manager
Jane Kim, Housing Development Specialist

Recommended by: Dustin Claussen, Acting Assistant City Manager

Approved by:

A handwritten signature in black ink, appearing to read 'McAdoo', with a long horizontal stroke extending to the right.

Kelly McAdoo, City Manager