DATE: June 13, 2017

TO: Mayor and City Council

FROM: Director of Library and Community Services

SUBJECT Execution of Cooperation Agreement for FYs 18-20 Between the City of Hayward and the County of Alameda to Participate in the Alameda County HOME Consortium

RECOMMENDATION

That the City Council:

1) Adopts the attached resolution (Attachment II) authorizing the City Manager to execute the Cooperation Agreement (the Agreement) and all other implementing documents to enable the City of Hayward to participate in the Alameda County HOME Consortium.

BACKGROUND

Since 1991, the City of Hayward has been part of the Alameda County HOME Consortium (the Consortium), which includes Unincorporated Alameda County and the cities of Alameda, Fremont, Livermore, Pleasanton, San Leandro, and Union City. Hayward's participation in the Consortium has assured the City a total allocation of approximately $11.4 million of federal HOME Investment Partnership funds since FY 1992.

HOME funds must be used for HOME-eligible housing assistance activities, including acquiring, rehabilitating, and constructing housing affordable to low-income households, as well as providing homebuyer and tenant-based rental assistance. HOME program regulations require that 100% of HOME funds be used to assist households with incomes at or below eighty percent (80%) of the area median income (AMI) adjusted for household size. The current Alameda County eighty percent of AMI income limit for a family of four is $75,150.

DISCUSSION

The City's participation in the Consortium assures the City an annual allocation of HOME funds and alleviates the administrative burden of the funds. As the representative of the

Consortium, the County of Alameda acts as the lead member for administrative and federal reporting purposes and coordinates the production of the Consolidated Annual Performance and Evaluation Report (CAPER) required by the Department of Housing and Urban Development (HUD). Several other reporting activities are also carried out in a joint effort by the participating jurisdictions.

The overall objective of the program is to provide high-quality, sustainable affordable housing. In previous years, HOME funds were used to help finance the construction of the Glenn Berry and Sara Conner Court Apartments, the rehabilitation of Huntwood Commons and Tennyson Gardens Apartments, the acquisition and rehabilitation of Leidig Court Apartments, and the acquisition of Cypress Glen Apartments. Most recent HOME funding commitments include a $775,000 loan for the Weinreb Place (aka Hayward Senior Housing II) affordable senior complex completed early in 2015, and a $900,000 loan for the Alta Mira Affordable Family and Senior Apartments (aka the South Hayward BART affordable housing project) which opened in the fall of 2016. For almost nine years, funds have also been set aside to pay for rental subsidies for participants of Project Independence, a program that provides services and rental subsidies to emancipated youth (youth from 18 to 24 who have aged out of the foster care system).

Staff recommends that the City Council approve the continued participation in the Alameda County HOME Consortium for the next three federal fiscal years – October 1, 2017 through September 30, 2020. Future individual project funding commitments will come to the Council for approval.

ECONOMIC IMPACT

By making sure that its residents have access to decent, safe and sanitary housing, the City helps prevent homelessness and housing crises. These conditions are not only damaging to the physical, mental, and economic health of individuals and families, but have serious costs to the community as well. The costs to the community include the costs of providing emergency housing, mental health crisis services, emergency medical care, etc. Therefore, providing for affordable housing opportunities is an important part of an overall strategy to prevent homelessness and a goal of the City's Housing Element. Despite recent significant reductions by the federal government[1], HOME funding continues to be critical to further this goal to the extent that it must be used to acquire, rehabilitate, and construct affordable housing. This is especially important given the reduction or elimination of other sources of funding for affordable housing such as Redevelopment.

FISCAL IMPACT

Hayward's participation in the Consortium allows the City to receive an annual allocation of HOME program funds from HUD. The City's FY 2017 (federal fiscal year October 1st, 2016 to

1 During the first part of the 2000's, Hayward's annual allocations averaged approximately $550,000. Towards the later part of the 2000's, that average was almost $500,000. Starting in 2010, the City's annual allocations have been reduced to about half that amount, as illustrated by the 2017 allocation noted in the Fiscal Impact section of this report.

September 30, 2017) allocation for project implementation is $266,894. Ten percent (approximately $27,000 in FY 2017) of the total allocation may be used to fund administrative expenses associated with the HOME program. Of the funds that may be used for administrative costs, 50% or approximately $13,500 are retained by the County. The County acts as the lead administrative agency for the Consortium, providing administration and reporting on its behalf. The remainder of the HOME administrative fund allocation is used by the City to pay for a portion of the costs associated with the City's administration of ongoing and implementation of new HOME program activities.

SUSTAINABILITY FEATURES

To be competitive for the major sources of funding, affordable housing development proposals must be located near transit and include energy-efficient and sustainable features that exceed the applicable standards. These two are major criteria in the Low-Income Housing Tax Credit Program, for example.

The requirement to include energy-efficient and sustainable features is intended to guarantee that affordable developments are financially viable for the long term. Energy-related savings are essential to achieve that long-term viability – besides guaranteeing that the housing expenses of tenants are low or minimal.

Additionally, as housing becomes increasingly unaffordable, many households are forced to move out of their communities and, as they move farther away, they have to spend a larger part of their incomes on transportation while adding further pressure to the already congested system of roads and freeways. Thus, the requirement to be located near transit helps reduce traffic congestion and frees up income of very low and extremely low income households to pay for other expenses such as education, childcare, and food. Therefore, to the extent that HOME and other local moneys will help Hayward affordable housing projects or program proposals compete for and/or leverage other sources of funding, this would help: a) reduce area traffic impacts, and b) achieve other local sustainability goals.

PUBLIC CONTACT

This is a standard three-year Agreement, purely administrative in nature, allowing the City to participate in the Alameda County HOME Consortium. This contract does not commit any funding to projects. Neither HUD nor the County requires a public hearing or other public contact for this Agreement. Therefore, this Council resolution comprises the first and only required public contact for this Agreement.

NEXT STEPS

Project-related funds will be used for HOME-eligible housing-assistance activities. Future commitments and appropriation of those funds for such activities will require Council approval. Staff will later return to Council to recommend the allocation of HOME funds to eligible housing projects or programs when they are identified. No projects or programs have been identified for this Agreement term.

Upon execution by the City Manager, the Agreement will be sent to the County for execution. The County will forward the signed Agreement to HUD's headquarters.

Prepared by: Omar Cortez, Housing Development Specialist

Recommended by: Sean Reinhart, Director of Library and Community Services

Approved by:



Kelly McAdoo, City Manager