



CITY OF HAYWARD

Hayward City Hall
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Cover Memo

File #: WS 20-006, **Version:** 1

DATE: February 25, 2020

TO: Mayor and City Council

FROM: City Manager

SUBJECT

Affordable Housing: Review of a Potential Financing Model that Supports the Development of Middle-Income Housing

RECOMMENDATION

That Council reviews a financing model to fund the acquisition and/or development of affordable housing for middle income households that will require the City to:

- 1) Become a member of the California Community Housing Agency (CalCHA);
- 2) Support CalCHA's issuance of tax-exempt bonds for the production, preservation, and protection of essential middle-income rental housing; and
- 3) Authorize the City Manager to execute purchase option agreements with CalCHA to acquire (or assign to a non-profit affordable housing provider) the middle-income rental housing as a public benefit.

SUMMARY

Moderate income housing is the most difficult type of housing to produce due to the high cost of development and the lack of development subsidies for this income category. The City's progress towards meeting the Regional Housing Needs Allocation (RHNA) goals is lowest in the moderate-income category. Catalyst Housing (Catalyst) has developed a scalable and unsubsidized capital structure to create affordable housing for essential middle-income workforce. Catalyst proposes using Workforce Housing Revenue Bonds issued by CalCHA to finance the acquisition or development of essential middle-income housing deed restricted for low-income and moderate-income households in the City of Hayward without having to assemble multiple local, state, or federal funding sources. To satisfy the public purposes for which the bonds will be authorized to be issued, the owner, CalCHA, commits, through the execution of a 30-year term regulatory agreement, to support, preserve, and provide low-income, median-income, and moderate-income multifamily rental housing as well as grants of all surplus project revenues to the City. Additionally, Catalyst will not displace existing tenants including over-income residents. Staff recommends review, consideration, and support for this financing model to address the need for stable middle-income housing. If supported by the Council, staff will return with a resolution (Attachment II) that will authorize the City to:

- Become a member of CalCHA;

- Support and approve CalCHA's issuance of tax-exempt bonds for the acquisition of existing rental properties as a means towards the preservation and protection of essential middle-income rental housing within City limits; and
- Enter into a Purchase Option Agreement with CalCHA.

ATTACHMENTS

Attachment I	Staff Report
Attachment II	Resolution
Attachment III	Joint Exercise of Powers Agreement