



# Housing Authority of the City of Alameda

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701 Atlantic Avenue • Alameda, California 94501-2161

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## **AGENDA**

### **REGULAR MEETING OF THE BOARD OF COMMISSIONERS ALAMEDA AFFORDABLE HOUSING CORPORATION MEETING**

#### **DATE & TIME**

**Wednesday, July 21, 2021**  
**Regular Meeting of the Board of Commissioners– 7:00 p.m.**  
**Alameda Affordable Housing Corporation Meeting– 7:01 p.m.**

#### **LOCATION**

Pursuant to Executive Order Numbers N-29-20 and N-35-20 signed by Governor Gavin Newsom and guidance provided by legal counsel, a local legislative body, such as the Board of Commissioners is authorized to hold public meetings via teleconferencing and to make public meetings accessible telephonically or otherwise electronically to all members of the public seeking to observe and to address the local legislative body. All requirements in the Brown Act expressly or impliedly requiring the physical presence of members, the clerk or other personnel of the body, or the public as a condition of participation in or a quorum for a public meeting have been waived.

#### **PUBLIC PARTICIPATION**

Public access to this meeting is available as follows:

##### **Join Zoom Meeting:**

<https://zoom.us/j/94439172029?pwd=dklKOTRTSszQ3RlhHb1o3SIEexamIDdz09>

Meeting ID: 944 3917 2029

Passcode: 446100

One tap mobile

1-669-900-9128, 94439172029#, \*446100# US (San Jose)

1-346-248-7799, 94439172029#, \*446100# US (Houston)

Find your local number: <https://zoom.us/u/axstPTlmh>

Persons wishing to address the Board of Commissioners are asked to submit comments for the public speaking portion of the Agenda as follows:

- Send an email with your comment(s) to [jpolar@alamedahsg.org](mailto:jpolar@alamedahsg.org) and [vcooper@alamedahsg.org](mailto:vcooper@alamedahsg.org) prior to or during the Board of Commissioners meeting
- Call and leave a message at (510) 871-7435.

When addressing the Board, on agenda items or business introduced by Commissioners, members of the public may speak for a maximum of three minutes per agenda item when the subject is before the Board.



Persons in need of special assistance to participate in the meetings of the Housing Authority of the City of Alameda Board of Commissioners, please contact (510) 747-4325 (voice), TTY/TRS: 711, or [jpolar@alamedahsg.org](mailto:jpolar@alamedahsg.org). Notification 48 hours prior to the meeting will enable the Housing Authority of the City of Alameda Board of Commissioners to make reasonable arrangements to ensure accessibility.

## PLEDGE OF ALLEGIANCE

1. Regular Meeting of the Board of Commissioners
2. ROLL CALL - Board of Commissioners
3. Public Comment (Non-Agenda)
4. CONSENT CALENDAR
  - Consent Calendar items are considered routine and will be approved or accepted by one motion unless a request for removal for discussion or explanation is received from the Board of Commissioners or a member of the public.
- 4-A. Approve Minutes of the Board of Commissioners Meeting held June 24, 2021 – **Page 1**
5. AGENDA
- 5-A. Discuss and Seek Feedback on Creation of a Local Housing Trust Fund– **Page 10**
- 5-B. Authorize the Executive Director to Negotiate and Approve a Five-Year Service Agreement between the Housing Authority and the AAHC, to Administer the Alameda Housing Trust Fund, if established – **Page 13**
- 5-C. Adopt a Resolution to Grant funds to the Alameda Housing Trust Fund for purposes of the Fund, including overhead costs; Authorize the Executive Director, or her designee, to Execute a Contract to Grant Funds to the Alameda Housing Trust Fund – **Page 22 (SM)**
6. ORAL COMMUNICATIONS, Non-Agenda (Public Comment)
7. COMMISSIONER COMMUNICATIONS, (Communications from the Commissioners)
8. ADJOURNMENT
9. Alameda Affordable Housing Corporation (AAHC) Meeting  
Open Alameda Affordable Housing Corporation Meeting (The Board of Commissioners of the Housing Authority of the City of Alameda serving in their capacity as Board of Directors of the Alameda Affordable Housing Corporation)
10. ROLL CALL - Board of Commissioners
11. Public Comment (Non-Agenda)



12. AAHC AGENDA

- 12-A. Establish the Alameda Housing Trust Fund, Authorize the Executive Director to Negotiate and Approve a Five-Year Service Agreement between the Housing Authority and the AAHC to Administer the Alameda Housing Trust Fund; Receive Grant Funds from the Housing Authority of the City of Alameda, and Approve the Initial Guidelines – **Page 26**
- 12-B. Approve a Contingent Loan Commitment of \$6,666,666M to Island City Development with \$3.3M for each of the two North Housing Permanent Supportive Housing Development Projects: PSH Phase I and PSH Phase II and Authorize President to Negotiate and Execute Loan Documents - **Page 51**
- 12-C. Authorize AAHC to apply for Local Housing Trust Fund funds for an amount not to exceed \$3,333,333; Authorize AAHC to issue and enter a Letter of Intent with Island City Development for the conditional commitment of an amount not to exceed \$6,666,667 in Alameda Affordable Housing Trust Funds and \$3,333,333 in Local Housing Trust Fund funds to be split between North Housing PSH Phase I and PSH Phase II developments - **Page 56**

13. ADJOURNMENT

\* \* \* Note \* \* \*

- Documents related to this agenda are available on-line at:  
<http://www.alamedahsg.org/cms/One.aspx?portalId=3723405&pageId=5912638>
- Know Your RIGHTS Under The Ralph M. Brown Act: Government's duty is to serve the public, reaching its decisions in full view of the public. The Board of Commissioners exists to conduct the business of its constituents. Deliberations are conducted before the people and are open for the people's review. In order to assist the Housing Authority's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the Housing Authority accommodate these individuals.



**DRAFT MINUTES**

**SPECIAL MEETING OF THE BOARD OF COMMISSIONERS  
THURSDAY, JUNE 24, 2021  
and  
ALAMEDA AFFORDABLE HOUSING CORPORATION MEETING  
THURSDAY, JUNE 24, 2021**

PLEDGE OF ALLEGIANCE

1. ROLL CALL - Board of Commissioners

Present: Chair Tamaoki, Vice-Chair Grob, Commissioner Hadid,  
Commissioner Kay; Commissioner Rickard,  
Commissioner Sidelnikov

Absent: None

2. Public Comment (Non-Agenda)

NONE

3. CONSENT CALENDAR

■ Consent Calendar items are considered routine and will be approved or accepted by one motion unless a request for removal for discussion or explanation is received from the Board of Commissioners or a member of the public.

- \*3-A. Approve Minutes of the Board of Commissioners and AAHC Meetings held May 19, 2021, and the Special Board of Commissioner Meeting held June 2, 2021
- \*3-B. Accept the Monthly Overview Report for Executive Department
- \*3-C. Accept the Monthly Overview Report for the Housing Programs Department
- \*3-D. Accept the Monthly Overview Report for the Alameda Rent Program
- \*3-E. Accept the Monthly Overview Report for Property Operations
- \*3-F. Approve AHA Property Write-Offs for 2020-21
- \*3-G. Approve the Video Camera Policy
- \*3-H. Accept a memo regarding installing cameras at Esperanza Plaza
- \*3-I. Accept the Monthly Overview Report for Housing Development
- \*3-J. Accept the Monthly Development Report for North Housing
- \*3-K. Accept the Monthly Development Report for Rosefield Village
- \*3-L. Accept the Monthly Procurement Report
- \*3-M. Accept the Fiscal Year to Date Financial Report through the Month of April 2021



- \*3-N. Accept an Update of the Housing Authority’s current Strategic Plan through June 1, 2021 and the Goals for 2021-22
- \*3-O. Authorize the Executive Director to negotiate and approve an increase in the contract amount between the Alameda Housing Authority and Goldfarb & Lipman LLP in the amount of Two Hundred Thousand Dollars and Zero cents (\$200,000.00) up to a total not to exceed amount of Seven Hundred Thousand dollars and Zero cents (\$700,000.00) and Extend the contract for an additional year through October 23, 2022
- \*3-P. Approve June 19 – Juneteenth - as a one day additional paid holiday for AHA employees effective January 1, 2022, and authorize the Executive Director or designee to provide one additional floating holiday day for current AHA employees in recognition of the 2021 federal Juneteenth holiday

**Items accepted or adopted are indicated by an asterisk.**

Commissioner Sidelnikov moved to accept the Consent Calendar items and Commissioner Kay seconded the motion. This meeting took place via Zoom, so a roll call vote was taken, and the motion passed unanimously.

Yes	6	Chair Tamaoki, Vice-Chair Grob, Commissioner Hadid, Commissioner Kay, Commissioner Rickard, and Commissioner Sidelnikov
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4. AGENDA

4-A. Conduct Public Hearing Regarding Cohort #4 Landlord Incentives

Tonya Schuler-Cummins, Senior Management Analyst informed the Board that HUD amended the application deadline date, for Cohort #4 of the MTW Program, with the new deadline being in October. As previously reported AHA intends to submit the application, for Cohort #4, and present the respective Resolution to the Board, for approval, in August. Therefore, a Public Hearing must be conducted in order to receive public comments on AHA’s intention to submit the application.

Chair Tamaoki opened the Public Hearing at 7:09 p.m. Hearing none, Chair Tamaoki closed the Public Hearing at 7:09 p.m.

4-B. Ratify the Executive Director’s Acceptance of Emergency Housing Vouchers and Authorize the Executive Director to Sign a Memorandum of Understanding for Emergency Housing Vouchers, and using a HUD waiver to Increase the Payment Standards for EHV to 120% of FMR and to adopt a revised Administrative Plan chapter relating to EHV

Vanessa Cooper, Executive Director stated that, in an effort to begin dispersing the 57 Emergency Housing Vouchers out to the public in July, staff is requesting Board pre-approvals in order to expedite the signing of the joint Memorandum of Understanding (MOU), between the four housing authorities in Alameda County and the County of Alameda, by June 30, 2021, and using a HUD waiver to Increase the Payment Standards for EHV to 120% of FMR, and to adopt a revised Administrative Plan chapter relating to EHV, which would be ratified in the month of August.



Ms. Schuler-Cummins stated that, as a result of today's (6/24/21) meeting with the additional three housing authorities in this County, the Draft Administrative Plan included in the Board packet, for this meeting, will change.

In response, to Commissioner Hadid, Officer Pete Larsen, Alameda Police Department (APD), confirmed that APD is very familiar with the un-housed individual, who resides by the Bay Farm Island Bridge, and multiple attempts, through several non-profit partners, have been made to provide him with services. However, he has been very resistant and refused these services. Ms. Cooper stated, as a County Coordinated Entry System has been established for the EHV, AHA is referring individuals to call 2-1-1 in order to obtain application information. Once completed, the Board Commissioners will be provided with a copy of the AHA flyer that will contain information on how to apply for an EHV.

Commissioner Grob expressed gratitude for AHA's immediate response to the availability of these vouchers and their work on implementing the joint MOU.

In response to Chair Tamaoki, Ms. Cooper stated that the EHV's are designed for people who fall in the category of "literally homeless" or those who are currently housed in hotels/motels because those are not considered permanent residency as no lease is associated with these types of residences. As allowed by HUD, the "at risk of homelessness" families were included in the MOU. However, the County coordinated entry system will choose which individuals are referred to AHA in order to receive an EHV. Ms. Cooper also stated that, in an effort to encourage landlord participation, the County is considering assigning a Landlord Liaison to serve as a point of contact for landlords interested in the program, and once the AHA administrative procedures are closer to final, AHA will be marketing to landlords within Alameda. As is stands, AHA has begun conversations with the affordable owners, and evaluation of AHA vacant units, so there can be quick referrals. The Oakland Housing Authority has indicated that it is willing to share their landlord marketing strategy.

In response to Commissioner Kay, Ms. Cooper stated that applicants for the EHV's are not allowed to bump individuals who are already on a Project Based Voucher (PBV) or HOME wait list. They can apply for units that do not have an attached project-based subsidy.

Vice-Chair Grob moved to Ratify the Executive Director's Acceptance of Emergency Housing Vouchers and Authorize the Executive Director to Sign a Memorandum of Understanding for Emergency Housing Vouchers, and using a HUD waiver to Increase the Payment Standards for EHV to 120% of FMR and to adopt a revised Administrative Plan chapter relating to EHV and Commissioner Hadid seconded the motion. This meeting took place via Zoom, so a roll call vote was taken, and the motion passed unanimously.

Yes	6	Chair Tamaoki, Vice-Chair Grob, Commissioner Hadid, Commissioner Kay, Commissioner Rickard, and Commissioner Sidelnikov
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- 4-C. Adopt the Resolution to Approve the Housing Authority's One-Year Budget for Fiscal Year July 1, 2021 to June 30, 2022 including approval of Summary of the FY2021-22 Budget and related income and expenses, Housing Assistance Payment (HAP) Budget and related expenditure of HUD-held HAP reserves, Capital Improvement Project (CIP) Budget and related use of property and agency reserves and any surplus operating cash from Fiscal Year 2021-22 to cover these expenses and Transfer by the Executive Director of up to \$1,897,814.04 in this budget year, as needed, from AHA property reserves to cover losses in the Housing Programs Department administrative operating budget

Louie So, Director of Finance, provided a presentation of the summarized Budget for Fiscal Year Ending 2021-2022; highlighting the engagement team, engagement scope, and audit status.

In response to Chair Tamaoki, Mr. So stated that a minor shortfall was anticipated based on the projection of the Housing Programs Department. In an effort to close the gap before the end of fiscal year, AHA requested \$186k from HUD which will be dispersed in the next few days. From a cash perspective, this is covered shortfall, and could be a finding from a HUD perspective. Ms. Cooper explained that this is a request from AHA's HUD held reserves and that AHA is not in "Shortfall" again.

In response to the Board, Mr. So explained that the net loss expected for the Housing Program department in the budget is a result of HUD not providing a sufficient administrative fee income, to AHA, to support the expenses of operating the Housing Programs Department. These expenses include time allocated from administration, and the salaries of staff assigned, to the Section 8 program.

In response to Commissioner Hadid, Ms. Cooper explained that the reflected increase, of approximated \$80k, in the net loss expected for FY 2021-22, is primarily due to the Cost-of-Living Adjustment (COLA) on salaries, which include a 3% escalator on costs.

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In response to Chair Tamaoki, Ms. Cooper explained that while HUD's estimate of operation costs for the Section 8 program considers a general cost of living, it does not factor in the cost of living that is specific to living in the Bay Area. Recognizing that AHA will need to make some efficiencies, in order to help off-set the expected net loss, unlike many housing authorities, AHA will not hire additional staff to administer the EHVs and is not planning to bring in additional technological advances, such as those that were needed during this past year. After reopening to the public and re-stabilizing to "normal" operating procedures, AHA can begin to consider additional cost saving measures.

In response to Commissioner Hadid, Ms. Cooper stated that the California Association of Housing Authorities (CAHA) agrees that the issue of too little administrative funds being provided by HUD needs to continue to be brought to the forefront.



Chair Tamaoki commented that, given the fact that HUD is not providing sufficient administrative funds, it is imperative that AHA profits from new developments in order to secure funds needed to support the Section 8 program.

Commissioner Hadid moved to adopt the Resolution to Approve the Housing Authority’s One-Year Budget for Fiscal Year July 1, 2021 to June 30, 2022 including approval of Summary of the FY2021-22 Budget and related income and expenses, Housing Assistance Payment (HAP) Budget and related expenditure of HUD-held HAP reserves, Capital Improvement Project (CIP) Budget and related use of property and agency reserves and any surplus operating cash from Fiscal Year 2021-22 to cover these expenses and Transfer by the Executive Director of up to \$1,897,814.04 in this budget year, as needed, from AHA property reserves to cover losses in the Housing Programs Department administrative operating budget and Commissioner Rickard seconded the motion. This meeting took place via Zoom, so a roll call vote was taken, and the motion passed unanimously.

Yes            6            Chair Tamaoki, Vice-Chair Grob, Commissioner Hadid,  
Commissioner Kay, Commissioner Rickard, and  
Commissioner Sidelnikov

4-D. Approve the Schedule of Authorized Positions and Adopt the Corresponding Resolution to Adopt a Revised Pay Schedule

Janet Basta, Director of Human Resources and Operations stated that the Schedule of Authorized Positions and Pay Schedule are considered as part of the annual budgeting process. For FY 2021-2022, staff is requesting approval for an FTE count of 55, which is up slightly from last year. Included in this request is the proposal to: (1) Increase the hours of the Resident Manager at Independence Plaza to a full-time position, rather than part-time, (2) add an Administrative Manager who will assist with a wide range of functions including Reasonable Accommodation Requests, and tasks related to Diversity and Inclusion, and (3) add a full time Construction Manager in the Housing Development Department (from half time position). Staff is also requesting additional funding to use in the event that there is promotion of a Housing Programs Supervisor to the level of Assistant Director. The proposed Salary Schedule includes all of the proposed positions, as well as the request to increase to the salaries of the 2 full time Resident Manager positions.

In response to Commissioner Hadid, Ms. Basta confirmed that a number of job postings are now in the recruitment process.

Commissioner Hadid moved to approve the Schedule of Authorized Positions and Adopt the Corresponding Resolution to Adopt a Revised Pay Schedule and Vice-Chair Grob seconded the motion. This meeting took place via Zoom, so a roll call vote was taken, and the motion passed unanimously.

Yes            6            Chair Tamaoki, Vice-Chair Grob, Commissioner Hadid,  
Commissioner Kay, Commissioner Rickard, and  
Commissioner Sidelnikov





## 4-E. Accept the Ombudsman Program Presentation

Joshua Altieri, Community Relations Manager provided a provided a presentation of the Ombudsman Program, highlighting the goals of the program.

In response to Commissioner Kay, Mr. Altieri stated that, where possible, he resolves reported issues. As the Ombudsman does not circumvent AHA processes, he will refer customers to the appropriate staff/department for issues that are beyond his purview. Contact information for the Ombudsman will be included in the AHA Summer Newsletter.

In response to Commissioner Rickard, Ms. Cooper stated that AHA could reclassify goal #3 of the Ombudsman Program to an “outcome,” rather than a goal.

In response to the Board and Officer Larsen, Mr. Altieri explained that the Ombudsman serves as a “liaison”, between all AHA tenants and staff. In an effort to ensure that issues are resolved, the Ombudsman assigns case numbers to each customer issue, utilizes a spreadsheet to track all communications, meets regularly with management to review all cases, and follows up with customers to ensure that their issue(s) is resolved in accordance with AHA policies. AHA is composing a survey that will be used as a tool to quantify customer satisfaction.

The Board expressed gratitude for the work being done to assist tenants. The Ombudsman position helps tenants to feel that AHA is making an effort to help them to understand processes and procedures.

4-F. Verbal update on the Agency’s Reopening Plan – **Page N/A**

Ms. Cooper provided a presentation of the AHA Reopening Plan, highlighting that the planned reopening date is Monday, July 12, 2021, and it is expected that in-person Board Meetings will begin after October 1, 2021.

In response to the Board, Ms. Cooper confirmed that after the reopening date tenants will be allowed to book the Community Rooms for use. In anticipation of the return to in-person Board Meetings, AHA is working to establish a hybrid system to allow tenants and the public to attend meetings in-person or remotely.

## 4-G Find that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to CEQA Guidelines Section 15301 Existing Facilities Exemption and Section 15061(b)(3) General Rule or “Common Sense” Exemption; Conduct a Public Hearing pursuant to Health and Safety Code Section 34312.3; Adopt Resolution Authorizing and Approving the Easement on Real Property located in the City of Alameda, County of Alameda, CA, to Alameda Affordable Housing Corporation; Approve the attached form of Easement Agreement between the Housing Authority of the City of Alameda (Housing Authority) and Alameda Affordable Housing Corporation; and Authorize the Executive Director, or designee, to execute an Easement Agreement and any other documents, on behalf of the Housing Authority, conforming in form and substance to the attached form of Easement, and administer all actions



necessary to implement, and complete and memorialize the transactions contemplated in the easement, subject to approval by General Counsel

Sylvia Martinez, Director of Housing Development provided a presentation on the Easement at Esperanza, noting that this item directly relates to AAHC item 9-A.

In response to Chair Tamaoki, Ms. Martinez confirmed that there is no loan on the property owned by AHA which is depicted by the yellow outline on the Parcel 2 drawing. The lenders do not want to include this parcel as collateral to the loan, but prefer to make it a simple assumption, so that tenants can continue utilizing this space as a parking lot. The easement does not cover the driveways adjacent to the land owned by AHA.

Following discussion regarding liability concerns, Chair Tamaoki directed staff to verify whether the AAHC easement covers all of land up to where the City easement begins.

Chair Tamaoki opened the public hearing at 9:08 p.m. Hearing none, Chair Tamaoki closed the Public Hearing at 9:09 p.m.

Commissioner Hadid moved to adopt Resolution Authorizing and Approving the Easement on Real Property located in the City of Alameda, County of Alameda, CA, to Alameda Affordable Housing Corporation; Approve the attached form of Easement Agreement between the Housing Authority of the City of Alameda (Housing Authority) and Alameda Affordable Housing Corporation; and Authorize the Executive Director, or designee, to execute an Easement Agreement and any other documents, on behalf of the Housing Authority, conforming in form and substance to the attached form of Easement, and administer all actions necessary to implement, and complete and memorialize the transactions contemplated in the easement, subject to approval by General Counsel and Commissioner Sidelnikov seconded the motion. This meeting took place via Zoom, so a roll call vote was taken, and the motion passed unanimously.

Yes	6	Chair Tamaoki, Vice-Chair Grob, Commissioner Hadid, Commissioner Kay, Commissioner Rickard, and Commissioner Sidelnikov
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5. ORAL COMMUNICATIONS, Non-Agenda (Public Comment)

In response to Mr Tan, a former participant of the HCV Program, Ms. Cooper requested that Mr. Tan contact her via email to schedule the requested appointment.

Chair Tamaoki also referred Mr. Tan to the Ombudsman for possible assistance.

6. COMMISSIONER COMMUNICATIONS, (Communications from the Commissioners)

In response to questions by Commissioner Hadid, referring to the land described in item 4-G, Ms. Cooper stated that, to differentiate the land that is owned by AHA and



the land that is not, after the easement issue is resolved and cameras are installed, fencing and/or gating could be considered.

Chair Tamaoki adjourned the meeting at 9:17 p.m.

7. Alameda Affordable Housing Corporation (AAHC) Meeting

Open Alameda Affordable Housing Corporation Meeting (The Board of Commissioners of the Housing Authority of the City of Alameda serving in their capacity as Board of Directors of the Alameda Affordable Housing Corporation)

This is the annual meeting of AHHC for the purpose of organization, election of officers and the transaction of other business.

At the request of Chair Tamaoki, Ms. Cooper called Roll.

Present: Chair Tamaoki, Vice-Chair Grob, Commissioner Hadid, Commissioner Kay; Commissioner Rickard, Commissioner Sidelnikov

Absent: None

8. Public Comment (Non-Agenda)

None.

9. AAHC AGENDA

9-A. Public hearing and report for Esperanza easement for the parking

Ms. Martinez, provided a presentation on the Easement at Esperanza, noting that this item directly relates to AHA item 4-G.

Chair Tamaoki opened the public hearing at 9:21 p.m. Hearing none, Chair Tamaoki closed the Public Hearing at 9:21 p.m.

Board Member Grob moved to adopt Resolution Authorizing and Approving the Easement on Real Property located in the City of Alameda, County of Alameda, CA, to Alameda Affordable Housing Corporation; Approve the attached form of Easement Agreement between the Housing Authority of the City of Alameda (Housing Authority) and Alameda Affordable Housing Corporation; and Authorize the Executive Director, or designee, to execute an Easement Agreement and any other documents, on behalf of the Housing Authority, conforming in form and substance to the attached form of Easement, and administer all actions necessary to implement, and complete and memorialize the transactions contemplated in the easement, subject to approval by General Counsel and Board Member Hadid seconded the motion. This meeting took place via Zoom, so a roll call vote was taken, and the motion passed unanimously.

Yes            6            Board Member Tamaoki, Board Member Grob,  
Board Member Hadid, Board Member Kay,  
Board Member Rickard, and Board Member Sidelnikov



- 9-B. Approve the AAHC One-Year Operating and Capital Budget for Fiscal Year July 1, 2021 to June 30, 2022.

Mr. So, provided a presentation of the summarized AAHC Budget for Fiscal Year 2021-2022, highlighting the Net Operating Income of \$4.5 M, and the transfer of the Esperanza, Eagle Village, and Parrot Village properties.

In response to Board Member Tamaoki, Mr. So stated that when a property is transferred from AHA to AAHC, any residual receipts from the respective seller note are swept back to AHA and there is a 3% simple interest rate on these notes.

Board Member Grob moved to approve the AAHC One-Year Operating and Capital Budget for Fiscal Year July 1, 2021 to June 30, 2022 and Board Member Hadid seconded the motion. This meeting took place via Zoom, so a roll call vote was taken, and the motion passed unanimously.

Yes            6            Board Member Tamaoki, Board Member Grob,  
Board Member Hadid, Board Member Kay,  
Board Member Rickard, and Board Member Sidelnikov

- 9-C. Election of Officers for 2021-22

Ms. Martinez provided a presentation that summarized the Annual Tasks of the AAHC Board of Directors, highlighting that the members of the AAHC Board of Directors are the same as members of the AHA Board of Commissioners.

Board Member Hadid moved to hold an annual meeting for the purpose of organization, election of officers, and the transaction of other business and Board Member Grob seconded the motion. This meeting took place via Zoom, so a roll call vote was taken, and the motion passed unanimously.

Yes            6            Board Member Tamaoki, Board Member Grob,  
Board Member Hadid, Board Member Kay,  
Board Member Rickard, and Board Member Sidelnikov

10. ADJOURNMENT

Board Member Tamaoki adjourned the meeting at 9:29 p.m.

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Vanessa M. Cooper  
Secretary and Executive Director

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Kenji Tamaoki, Chair  
Board of Commissioners





# Housing Authority of the City of Alameda

PHONE (510) 747-4300  
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TTY/TRS 711

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701 Atlantic Avenue • Alameda, California 94501-2161

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To: Honorable Chair and Members of the Board of Commissioners

From: Sylvia Martinez, Director of Housing Development

Date: July 21, 2021

Re: Discuss and Seek Feedback on the creation of a Local Housing Trust Fund

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## **BACKGROUND**

The Local Housing Trust Fund (LHTF) Program is funded by the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) and administered by the California Department of Housing and Community Development (HCD). HCD will allocate up to \$300 million of the bond proceeds over a number of years. The purpose of the LHTF Program is to provide matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing, and emergency shelters.

A Notice of Funding Availability (NOFA) was released on May 3, 2021, for approximately \$57 million in funds from the LHTF Program with an application deadline of August 3, 2021. The program provides grants of up to \$5 million. Grants are awarded on a competitive basis using a number of criteria to rate application submittals. Amongst the other requirements, a local housing trust fund exist, or be created, by a city, 501c3 nonprofit corporation, or a group of cities. There must be a resolution authorizing the submittal of an application and the receipt of grant funds from the LHTF Program. In addition, the application must provide matching funds, identify eligible projects, and make a commitment to housing affordability. Staff recommends that the Housing Authority of the City of Alameda, in partnership with its affiliate the Alameda Affordable Housing Corporation (AAHC) meet these requirements so that an application can be made to the LHTF Program this year as a new housing trust fund to serve the City of Alameda.

## **DISCUSSION**

### Creation of a local housing trust fund for the City of Alameda

Funding for affordable housing development in the City of Alameda has been come from various sources, including the City (including inclusionary fees and pass-through federal funds such as CDBG and HOME), the Community Improvement Commission, local land trusts, regional funds such as the County of Alameda Proposition A funding, and the various resources of the Housing Authority of the City of Alameda (including land, soft loans, project-based Section 8 vouchers, and other resources). As a small city, Alameda has always relied on significant matching funds and leverage from private, County, State, and Federal resources. As such, the LHTF Program is a continuation of a long history of seeking matching funds to facilitate the production of affordable housing for lower income seniors, families, and special needs households in the City of Alameda.



The LHTF Program specifically requires that only certain entities can create a local housing trust fund, including cities and 501c3 nonprofit organizations. The Housing Authority itself is not the right kind of entity. However, the Alameda Affordable Housing Corporation (AAHC), which is an affiliate and wholly-owned 501c3 nonprofit corporation can sponsor a local housing trust fund. If approved, AAHC would contract with the Housing Authority for the local housing trust fund operations and receive a grant of Housing Authority funds to use to fulfill the required match.

### Matching Funds

The LHTF Program grants are awarded based on the source of matching funds (non-residential or general funds are the most competitive) and the amount available. The Housing Authority annual operating cash flow are considered unrestricted funds, as they are not required to be spent directly on affordable housing.

The matching funds must be granted; they cannot be loaned to the new local housing trust fund. The funds will be used as soft loans at 3% simple interest for a period of at least 55 years to eligible projects. Any repayments of principal and interest must be returned to the housing trust fund for ongoing restricted use. For application purposes, the grant must be a legally-binding commitment (by contract or a binding letter of commitment), however the Housing Authority can delay the actual deposit of funds to be made post-award. Staff is requesting that the Board authorize the Executive Director to sign a legally binding commitment in the form of a contract to provide funds to the proposed trust fund.

The funds will be used as soft loans at 3% interest for a period of at least 55 years to eligible projects. Any repayments of principal and interest must be returned to the housing trust fund for ongoing restricted use.

Although any amount of match is allowed, the most competitive amount of matching funds is 2:1 compared to the amount of funds requested from the State of California. The table below provides various options for meeting the requirements of the program. Staff is recommending Option 4, which provides maximum points.

LHTF Funding options					
Options	AHA Match	State Request	Total	Total Committed	Competitive Points
1	5,000,000	5,000,000	10,000,000	10,000,000	2.00
2	5,000,000	2,500,000	7,500,000	7,500,000	3.00
3	3,000,000	1,500,000	4,500,000	4,500,000	3.00
4	6,666,667	3,333,333	10,000,000	10,000,000	3.00
5	10,000,000	5,000,000	15,000,000	15,000,000	3.00
* A match of 2:1 provides the maximum points					

### Identify Eligible Projects

Under the LHTF Program guidelines, additional points are awarded if the both the matching and requested funds have already been awarded, or have a contingent award, to eligible projects. Eligible projects must meet both the requirements of the LHTF Program, as well as any additional requirements included in the locally-adopted guidelines of the local housing trust fund. A draft





set of guidelines for the proposed Alameda Housing Trust Fund have been developed and are attached. These mostly adhere to the requirements of the LHTF Program, with the addition of deeper affordability targets, preference for supportive housing, and preference for developments located on land owned by the Housing Authority of the City of Alameda. The first two developments that meet these requirements are North Housing PSH 1 and PSH 2, which will fulfill the 90-unit requirement of the Locally Binding Agreement between the Navy, City of Alameda, and the Housing Authority for the creation of supportive housing.

For full competitive points, the local housing trust fund (the to-be-formed Alameda Housing Trust Fund or ATHF) must commit its matching funds, plus issue a letter of intent for additional funds, contingent on receiving the State of California award. These ATHF awards are still contingent upon satisfactory project financing and necessary entitlements.

### Commit to Housing Affordability

The minimum affordability requirements of the state program are:

1. 30% of the funds committed to units at 30% of area median income (AMI);
2. No more than 20% of the funds committed to moderate or 80-120% AMI;
3. The remaining units at or below 80% AMI.

Staff recommends that the AHTF be restricted only to lower income at 60% AMI or less, while still meeting the minimum requirement of 30% of the funds committed to 30% AMI units. The North Housing master plan contains two phases of one hundred percent affordable supportive housing units that are committed to be affordable to households earning no more than 60% of area median income (AMI). At least 30% of the units and at least 30% of the program funds will be committed to use of households earning no more than 30% of AMI. None of the AHTF Program funding is proposed to be expended on assistance to moderate-income households.

### Future Use of a Local Housing Trust Fund

There is potential to obtain additional funds for the newly created housing trust fund that are eligible for LHTF Program funds in the future. Grants from the City of Alameda, private donors, donated land, and additional Housing Authority resources may be potential sources of funding. At present, the LHTF Program expects to make awards to the next few years and may also be continued in the future by new State bond financing or allocations from the State General Fund. If the local Alameda Housing Trust Fund is successful in its application, and makes good use of the award, it is eligible to re-apply for funds in the future.

## **RECOMMENDATION**

Discuss and Seek Feedback on the creation of a Local Housing Trust Fund

Respectfully submitted,

DocuSigned by:  
*Sylvia Martinez*  
88FEDACB7D8D461...

Sylvia Martinez  
Director of Housing Development





# Housing Authority of the City of Alameda

PHONE (510) 747-4300  
FAX (510) 522-7848  
TTY/TRS 711

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701 Atlantic Avenue • Alameda, California 94501-2161

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To: Honorable Chair and Members of the Board of Commissioners

From: Sylvia Martinez, Director of Housing Development

Date: July 21, 2021

Re: Authorize the Executive Director to Negotiate and Approve a Five-Year Service Agreement between the Housing Authority and the AAHC, to Administer the Alameda Housing Trust Fund, if established

---

## **BACKGROUND**

The Local Housing Trust Fund (LHTF) Program is funded by the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) and administered by the California Department of Housing and Community Development (HCD). HCD will allocate up to \$300 million of the bond proceeds over a number of years. The purpose of the LHTF Program is to provide matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing, and emergency shelters. The LHTF Program specifically requires that only certain entities can create a local housing trust fund, including cities and 501c3 nonprofit organizations.

The Alameda Affordable Housing Corporation (AAHC) which is an affiliate and wholly owned 501c3 nonprofit corporation is considering the establishment of the LHTF Program. If the AAHC does elect to move forward, the AAHC may need staffing assistance in furtherance of implementing the LHTF Program. By this agenda item, staff is recommending that the Housing Authority contract with AAHC whereby the Housing Authority will provide staffing assistance to the AAHC, if the AAHC chooses to create a local housing trust fund.

## **DISCUSSION**

The Housing Authority has over 70 years of experience operating and monitoring the use of restricted funds for various governmental and non-governmental programs. Its experience includes operation and monitoring for federal HOME and CDBG funding, operation, and monitoring as the Successor Housing Agency for the former redevelopment agency of the City of Alameda, and a contract since 2012 for housing services with the City of Alameda for development and rehabilitation of affordable housing.

In particular, the Housing Authority has an excellent track record of reporting and compliance on the use of restricted funds, tenant income certification, regulatory requirements such as labor and procurement activities, and financial reporting.

It is not expected that the operations of a local housing trust fund will be a substantial scope of work. The funds will be placed in a restricted account and included in the AAHC annual audit. Fund disbursement will be similar to the contract, construction closing, and draw processes that



Honorable Chair and  
Members of the Board of Commissioners

July 21, 2021 14  
Page 2 of 2

the Housing Authority already undertakes on many affordable development projects. Any specialized consultants such as financial reviewers, construction review, and legal will be funded directly by the loan fee paid by the affordable housing developer at construction loan close. The Housing Authority estimates that the amount of staff time will be minimal, as indicated in the proposed budget attached in the Draft Service Agreement

A draft agreement describing the scope of work is attached. The LHTF Program requires that a minimum of five years operations be demonstrated in the application, which is why a five-year contract is proposed. The requested action is contingent on the establishment of a local housing trust fund by AAHC.

**RECOMMENDATION**

Authorize the Executive Director to Negotiate and Approve a Five-Year Service Agreement between the Housing Authority and the AAHC, to Administer the Alameda Housing Trust Fund, if established

Respectfully submitted,

DocuSigned by:  
*Sylvia Martinez*  
88FEDACB7D8D461...  
Sylvia Martinez  
Director of Housing Development

Attachment(s):

- 1. Draft Service Agreement between the Housing Authority and the AAHC to Administer the Alameda Housing Trust Fund

## Attachment 1

**SERVICES AGREEMENT  
FOR YEARS 2021-2025  
BY AND BETWEEN  
ALAMEDA AFFORDABLE HOUSING COORPORATION  
AND  
HOUSING AUTHORITY OF THE CITY OF ALAMEDA**

This Services Agreement (“Agreement”) is made by and between the Alameda Affordable Housing Corporation, a California nonprofit public benefit corporation (“AAHC”) and the Housing Authority of the City of Alameda, a public body, corporate and politic (“Authority”) effective \_\_\_\_\_ (“Effective Date”).

**Recitals**

- A. On July 21, 2021, the AAHC Board of Directors authorized the formation of a local housing trust fund called the Alameda Housing Trust Fund.
- B. On July 21, 2021, the AAHC Board of Directors further approved a funding application to the Local Housing Trust Fund (“LHTF”) Program, which is funded by the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) and administered by the California Department of Housing and Community Development (“Department”).
- C. The purpose of the LHTF Program is to provide matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing, and emergency shelters.
- D. The Authority has the experienced staff and financial procedures required for the operation of the Alameda Housing Trust Fund.
- E. AAHC does not have staff, and desires to contract with the Authority for the operations of the Alameda Housing Trust Fund

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual promises and agreements set forth below, the adequacy of which is mutually acknowledged, the parties agree as follows:

**Agreement**

1. **Term of Agreement**

This Agreement commences as of the Effective Date and terminates on \_\_\_\_\_. The term may be extended after the initial five-year term in one year cycles by written agreement of both parties up to a total of ten years.

2. **Housing Services to be Provided**

In exchange for the funding provided in Exhibit A, the Authority agrees to implement the projects and programs described in Exhibits A and B on behalf of AAHC. It is understood that the Authority shall not be responsible for providing any services the cost of which exceeds the funding made available from AAHC. In the event of a significant variance in the amount of federal or local funding available during the term of this contract, the scope of services will be renegotiated and this Agreement will be amended.

3. Staffing

In order to administer the budgeted projects and programs shown in Exhibit A and related services described in Exhibit B, AAHC delegates authority to the Authority Executive Director to administer the housing programs and to approve and incur expenses related to tasks outlined in Exhibit B. AAHC agrees to reimburse the Authority on an annual basis for the actual costs of staff, plus benefits, and for certain expenses, which costs, benefits, and expenses are set forth in Exhibit B.

4. Authority Facilities, Equipment Usage, and Related Administrative Expenses

The Authority agrees to provide office space and related administration for the staff charged with administration of the housing programs. AAHC agrees to compensate Authority for such use as outlined in Exhibit B. The Authority shall invoice the AAHC on an annual basis for use of Authority facilities and equipment at the prices set forth in Exhibit B. Payment shall be remitted in full within fourteen (14) calendar days of invoice date.

5. Indemnification

AAHC shall indemnify, defend, and hold harmless Authority, its officers, employees, and agents from and against any and all claims, expenses, liabilities, or costs for personal injury, property damage, legal proceedings, or of whatsoever nature as may arise as a result of or in connection with any act, omission, or negligence of AAHC or its officers', employees', or agents' performance under this Agreement.

Authority shall indemnify, defend, and hold harmless AAHC, its officers, employees, and agents from and against any and all claims, expenses, liabilities, or costs for personal injury, property damage, legal proceedings, or of whatsoever nature as may arise as a result of or in connection with any act, omission, negligence of Authority or its officers', employees', or agents' performance under this Agreement.

6. Workers' Compensation Insurance

If needed, and in accordance with the provisions of the California Labor Code and all applicable law, AAHC shall secure at its own expense and maintain during the contract term, workers' compensation insurance coverage for its employees as necessary to protect AAHC and its employees under the Workers' Compensation Insurance and Safety Act. Such insurance shall be in a standard form and sufficient to relieve Authority for such claims and/or liability.

In accordance with the provisions of the California Labor Code and all applicable law, Authority shall secure at its own expense and maintain during the contract term, workers' compensation insurance coverage for its employees as necessary to protect Authority and its employees under the Workers' Compensation Insurance and Safety Act. Such insurance shall be in a standard form and sufficient to relieve AAHC for such claims and/or liability.

7. Liability Insurance

AAHC shall at its own expense, maintain and keep effective during the contract term, insurance and/or self-insurance to cover comprehensive public liability for bodily injury, including death, and property damage in an amount not less than \$1,000,000 for any one occurrence.

Authority shall at its own expense, maintain and keep effective during the contract term, insurance and/or self-insurance to cover comprehensive public liability for bodily injury, including death, and property damage in an amount not less than \$1,000,000 for any one occurrence.

8. Records

AAHC and Authority shall maintain complete and accurate records that relate to performance of services under this Agreement. Records shall be maintained in sufficient detail to permit an evaluation of service rendered under this Agreement. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Free access shall be provided to the representatives of each party at all proper times to audit books and records. Such records, together with supporting documents, shall be maintained for a period of six years and three months after receipt of final payment.

9. Notices

All notices, demands, requests, or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or through email, fax, or the interoffice mail delivery system. All such notices, demands, requests, or approvals shall be addressed to:

Authority: Housing Authority of the City of Alameda  
701 Atlantic Avenue  
Alameda, CA 94501  
Attention: Executive Director

AAHC: Alameda Affordable Housing Corporation  
701 Atlantic Avenue  
Alameda, CA 94501  
Attention: Executive Director



#### 10. Attorneys' Fees

In the event that legal action is brought by either party against the other in connection with this Agreement, the prevailing party in any such litigation shall be entitled to receive reimbursement from the other of its legal costs, in addition to whatever other sums may be due as a judgment or as an agreed settlement amount. Such legal costs shall include, but not be limited to, reasonable attorneys' fees, court costs, expert witness fees, and other documented expenses.

#### 11. Assignment and Delegation

Neither party shall assign nor delegate its rights and/or duties under this Agreement without first obtaining prior written consent to the assignment and/or delegation. Any assignment or delegation made by one party without prior written consent will render the Agreement voidable at the sole discretion of the other party.

#### 12. Severability

The provisions of this Agreement shall be severable to the extent that should any of its provisions or terms be declared void whole or in part by operation of law or agreement of the parties, the remainder of the provisions of terms not expressly declared void shall remain enforceable and in full effect.

#### 13. Integration and Modification

This Agreement represents the entire integrated Agreement between AAHC and Authority, supersedes all prior negotiations, representations, or agreements, either written or oral, between the parties, and may be amended only by written instrument signed by the authorized representatives of AAHC and Authority.

#### 14. Termination

Authority or AAHC may terminate this Agreement upon 180 days written notice to the other party. Upon termination of this Agreement, each party shall pay to the other party that portion of compensation specified in this Agreement that is earned and unpaid prior to the effective date of termination.

#### 15. Compliances

AAHC and Authority shall comply with all applicable State and Federal laws and regulations. In particular, the AAHC and the Authority shall manage the Alameda Housing Trust Fund in compliance with Health and Safety Code (HSC) Section 50843.5 and the approved guidelines of the Alameda Housing Trust Fund.

#### 16. Conflict of Law

This Agreement shall be interpreted under, and enforced by the laws of the State of California excepting any law or regulation required by Federal funding. The Agreement and obligations of the parties are subject to all valid laws, orders, rules and regulations of the authorities having jurisdiction over this Agreement, or the successors of those authorities.

IN WITNESS WHEREOF, the parties have caused the Services Agreement to be executed on the day and year first above named.

**HOUSING AUTHORITY  
OF THE CITY OF ALAMEDA**  
a public body, corporate and politic

By: \_\_\_\_\_  
Vanessa M. Cooper  
Executive Director

\_\_\_\_\_  
Date

**ALAMEDA AFFORDABLE  
HOUSING CORPORATION**  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Vanessa M. Cooper  
Executive Director

\_\_\_\_\_  
Date

## EXHIBIT A

## Budget

20210721

Local Housing Trust Fund 5 Year Operating Costs		7%	5
		Cost Allocation to LHTF Annual	Total Over 5 Years
9000900	OPERATING EXPENSES		
9100000	ADMINISTRATIVE		
9110010	Administrative Salaries	36,263	181,313
9110020	Temporary Help - Administrative	1,859	9,293
9120000	Auditing Fees	301	1,504
9150010	Admin Employee Benefits - Medical/Dental	8,300	41,498
9150020	Admin Employee Benefits - PERS/PARS	3,392	16,961
9150030	Admin Employee Benefits - FICA	525	2,627
9150040	Admin Employee Benefits - SUI	88	440
9150060	Admin Employee Benefits - Life/LTD	211	1,056
9150090	Admin Employee Benefit - WC	625	3,127
9160010	Office Supplies/Equipment	916	4,582
9160050	Telephone	406	2,032
9160100	Classified Ads and Public Notices/outreach material	45	226
9160110	Legal Expense	3,219	16,096
9160111	Payroll charge	59	295
9160113	Office Rent	420	2,099
9160120	Training/Conferences and Travel	691	3,457
9160130	Membership Dues and Fees	60	301
9160160	Contracts - Accounting Services	361	1,805
9160170	Contracts - Administrative Services/Consultant	232	1,159
9160180	Contracts - Application Service Provider - Yardi	135	677
9160190	Contracts - Computer/Telephone Maintenance/Email	1,216	6,082
9160220	Contracts - Human Resource Services	150	752
9160260	Contracts - Office Machine Lease	267	1,336
9160270	Contracts - Web Hosting/Maintenance/Web Ads	194	972
<b>9169000</b>	<b>TOTAL ADMINISTRATIVE</b>	<b>59,938</b>	<b>299,691</b>
9500000	GENERAL EXPENSES		
9610020	Insurance - Liability	51	255
9610040	Insurance - Vehicle	1	7
9610060	Insurance - Other	9	47
9698000	TOTAL GENERAL EXPENSES	62	309
9699000	TOTAL OPERATING EXPENSES	62	309
<b>9719000</b>	<b>TOTAL EXTRAORDINARY EXPENSES</b>	-	-
<b>9996000</b>	<b>TOTAL EXPENSES</b>	<b>60,000</b>	<b>300,000</b>

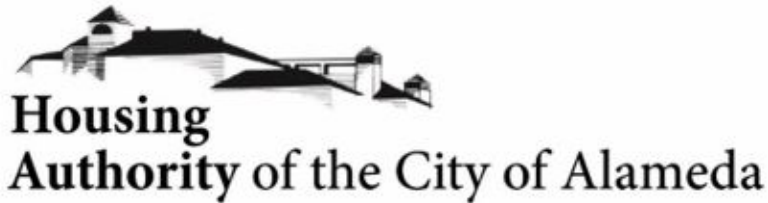
**EXHIBIT B  
HOUSING SERVICES SCOPE OF WORK**

The Authority shall:

1. Administer affordable housing funds and loans on behalf of the Alameda Affordable Housing Corporation, as defined by this agreement, in relation to the Alameda Housing Trust Fund.
2. Manage and administer the Alameda Housing Trust Fund.
3. Procure services and approve payment of invoices related to the described activities.
4. Not later than June 30 of each year, provide to AAHC an annual report, including, but not limited to, (i) a narrative summary of the LHTF activities; (ii) financial summary, including amount of program funds and documentation of matching funds; and (iii) a spreadsheet listing Eligible Projects assisted during the reporting period by unit, including the project name, type of housing, number of units, income level restricted in each unit, bedroom count of each unit, and amount of Program Funds expended per unit. Once approved by the AAHC Board of Directors, send the annual report to the California Housing and Community Development Department, no later than July 31 of each year.

The AAHC shall:

1. Delegate authority to the Authority Executive Director or designee to administer the housing programs and to approve and incur expenses related to tasks outlined above.
2. Provide reimbursement for salaries and benefits, including workers' compensation coverage, pension, medical insurance, life insurance, long-term disability insurance, dental insurance, and all other salaries and benefits for the Housing Authority employees that administer the Alameda Housing Trust Fund.
3. Compensate and reimburse Authority for all expenses for the use of Authority office space provided to administer the Department within the Authority offices, including rent and utilities, use of equipment, postage, etc. Rent and utilities are based on the proportion of office space provided to administer the housing programs and other supply and training costs are based on actual expenses.



PHONE (510) 747-4300  
 FAX (510) 522-7848  
 TTY/TRS 711

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701 Atlantic Avenue • Alameda, California 94501-2161

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To: Honorable Chair and Members of the Board of Commissioners

From: Sylvia Martinez, Director of Housing Development

Date: July 21, 2021

Re: Adopt a Resolution to Grant funds to the Alameda Housing Trust Fund for purposes of the Fund, including overhead costs; Authorize the Executive Director, or her designee, to Execute a Contract to Grant Funds to the Alameda Housing Trust Fund

---

### **BACKGROUND**

The Local Housing Trust Fund (LHTF) Program is funded by the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) and administered by the California Department of Housing and Community Development (HCD). HCD will allocate up to \$300 million of the bond proceeds over a number of years. The purpose of the LHTF Program is to provide matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing, and emergency shelters.

The Alameda Affordable Housing Corporation (AAHC), which is an affiliate and wholly owned 501c3 nonprofit corporation, is considering the submittal of an application to sponsor a local housing trust fund. AAHC, however, does not have sufficient funding to provide the required matching funds to support an application to HCD and must find another source.

### **DISCUSSION**

The LHTF Program grants are awarded based on the source of matching funds (non-residential or general funds are the most competitive) and the amount available. The Housing Authority reserves are considered unrestricted funds, as they are not required to be spent directly on affordable housing.

The matching funds must be granted; they cannot be loaned to the new local housing trust fund. The funds will be used as soft loans at 3% simple interest for a period of at least 55 years to eligible projects. Any repayments of principal and interest must be returned to the housing trust fund for ongoing restricted use.

Although any amount of match is allowed, the most competitive amount of matching funds is 2:1 compared to the amount of funds requested from the State of California. The table below provides various options for meeting the requirements of the program. Staff is recommending Option #4, for a grant of \$6,666,667, which will be eligible to receive \$3,333,333 from the State LHTF Program.

LHTF Funding options					
Options	AHA Match	State Request	Total	Total Committed	Competitive Points
1	5,000,000	5,000,000	10,000,000	10,000,000	2.00
2	5,000,000	2,500,000	7,500,000	7,500,000	3.00
3	3,000,000	1,500,000	4,500,000	4,500,000	3.00
4	6,666,667	3,333,333	10,000,000	10,000,000	3.00
5	10,000,000	5,000,000	15,000,000	15,000,000	3.00
* A match of 2:1 provides the maximum points					

The match funds, which are meant to be loaned to create affordable housing, must be awarded in a legally binding commitment prior to the application and deposited in a restricted account before the disbursement of any funds under the LHTF Program. Staff recommends that the Board provide authorization to the Executive Director to sign a legally binding contract to grant the funds to the trust fund to meet the requirements in order to assure the LHTF Program that these funds are ready and available. The award date of the LHTF program is anticipated in October 2021, and a Standard Agreement to utilize funds should be signed within 3-6 months of award.

In addition to matching funds made available to loan for the creation of affordable housing, the LHTF Program also requires that a newly created local housing trust fund identify a source of funding for operations and receive ongoing contributions equal to a minimum of annual operations for at least five years. The estimated total operations amount for the initial five years is \$300,000. It is requested that additional funds of \$60,000, be granted to the Alameda Housing Trust Fund for operations. These funds will be deposited every year on or before 9/15/21 to also meet the requirements for an ongoing revenue stream to the Housing Trust Fund. Per the Service Agreement between the Housing Authority and the AAHC for the Administration of the Alameda Housing Trust Fund, the Housing Authority will invoice AAHC on or before January 15<sup>th</sup> of every year for services rendered per the agreement. Staff also requests pre-approval of an additional five years of revenue stream equal to the \$60,000 annual operating expense, plus 10% (total of \$66,000) conditioned on a successful award from the LHTF Program.

This requested Board action is contingent on the creation of a local housing trust fund by the AAHC.

## **RECOMMENDATION**

Adopt a Resolution to Grant funds to the Alameda Housing Trust Fund for purposes of the Fund, including overhead costs; Authorize the Executive Director, or her designee, to Execute a Contract to Grant Funds to the Alameda Housing Trust Fund, if established  
Respectfully submitted,

DocuSigned by:

*Sylvia Martinez*

88FEDACB7D8D461...

Sylvia Martinez

Director of Housing Development

Attachment(s):

1. Draft Resolution to Grant funds to the Alameda Housing Trust Fund for purposes of the Fund, including overhead costs





Attachment 1

# HOUSING AUTHORITY OF THE CITY OF ALAMEDA

## Resolution No. \_\_\_\_\_

### GRANT FUNDS TO THE ALAMEDA HOUSING TRUST FUND FOR PURPOSES OF THE FUND, INCLUDING OVERHEAD COSTS

**WHEREAS**, the Alameda Affordable Housing Corporation (“AAHC”) was formed as a public benefit corporation established to operate exclusively to support the Housing Authority of the City of Alameda (“AHA”);

**WHEREAS**, the State of California (the “State”) Department of Housing and Community Development (“Department”) is authorized to provide up to \$57 million under the Local Housing Trust Fund (“LHTF”) Program from the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) (as described in Health and Safety Code section 50842.2 et seq. (Chapter 365, Statutes of 2017 (SB 3)) (“Program”); and

**WHEREAS**, the Department issued a Notice of Funding Availability (“NOFA”) dated May 03, 2021, under the LHTF Program; and

**WHEREAS**, the Alameda Affordable Housing Corporation is an eligible Local Housing Trust Fund sponsor applying to the Program to administer one or more eligible activities using Program Funds; and

**WHEREAS**, the Department may approve funding allocations for the LHTF Program, subject to the terms and conditions of Health and Safety Code Section 50842.2, the LHTF Program Guidelines, NOFA, Program requirements, the Standard Agreement, and other related contracts between the Department and LHTF award recipients; and

**WHEREAS**, the LHTF Program requires a legally binding commitment of local matching funds, preferably in an amount of 2:1 to requested funds, for purposes of supporting the creation of affordable housing, plus ongoing annual contributions equal to a minimum of the operating costs of the local housing trust fund operations for five years;

**NOW, THEREFORE, BE IT RESOLVED**, that the Board authorizes the grant of funds in the amount of \$6,666,667 as a match for the LHTF Award pursuant to Guidelines Section 104 for purposes of the creation of affordable housing in the City of Alameda; and

**BE IT FURTHER RESOLVED**, the Board hereby authorizes ongoing funding revenue from Housing Authority resources in the form of an annual grant of \$60,000, to be utilized over a five-year period, and deposited on or before September 15<sup>th</sup> of every year, starting in 2021 for support of operations of the Alameda Housing Trust Fund; and



Honorable Chair and  
Members of the Board of Commissioners

July 21, 2021 25  
Page 4 of 4

BE IT FURTHER RESOLVED, the Board hereby authorizes the grant of \$66,000 per year for five years in additional ongoing funds from the Housing Authority, to extend the ongoing revenue to the AHTF up to ten years, if the AHTF is awarded matching funds by the State.; and

**BE IT FURTHER RESOLVED**, the Board hereby authorizes Vanessa Cooper, Executive Director, or her written designee are each separate, individually, and independently hereby authorized to execute any agreements or further documentation necessary to deliver these funds.

ATTEST:

\_\_\_\_\_  
Vanessa M. Cooper  
Secretary and Executive Director

\_\_\_\_\_  
Kenji Tamaoki, Chair  
Board of Commissioners

Adopted:

\_\_\_\_\_  
Date

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**ALAMEDA AFFORDABLE HOUSING CORPORATION**

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To: Board of Directors

From: Sylvia Martinez, Director of Housing Development

Date: July 21, 2021

Re: Establish the Alameda Housing Trust Fund, Authorize the Executive Director to Negotiate and Execute a Five-Year Service Agreement between the Housing Authority and the AAHC to Administer the Alameda Housing Trust Fund; Receive Grant Funds from the Housing Authority of the City of Alameda, and Approve the Initial Guidelines

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**BACKGROUND**

The Local Housing Trust Fund (LHTF) Program is funded by the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) and administered by the California Department of Housing and Community Development (HCD). HCD will allocate up to \$300 million of the bond proceeds over a number of years. The purpose of the LHTF Program is to provide matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing, and emergency shelters.

A Notice of Funding Availability (NOFA) was released on May 3, 2021, for approximately \$57 million in funds from the LHTF Program with an application deadline of August 3, 2021. The program provides grants of up to \$5 million. Grants are awarded on a competitive basis using a number of criteria to rate application submittals. Amongst the other requirements, a local housing trust fund must exist, or be created, by a city, 501c3 nonprofit corporation, or a group of cities. There must be a resolution authorizing the submittal of an application and the receipt of grant funds from the LHTF Program. In addition, the application must provide matching funds, identify eligible projects, and make a commitment to housing affordability. In related actions on 7/21/21, the Housing Authority of the City of Alameda is discussing steps to meet these requirements so that an application can be made to the LHTF Program this year as a new housing trust fund.

The Housing Authority and AAHC share a joint interest and responsibility to obtain additional dollars to develop the North Housing site development plan, which requires the development of a significant number of permanent supportive housing units, as well as up to 586 affordable units on 12 acres. The Housing Authority is committed to the U.S. Navy to fulfill certain affordability requirements as part of the disposition of the 12 acre property into Housing Authority ownership. This major development is a primary focus of the Housing Authority and affordable housing development on the island of Alameda. This development will take considerable resources and leverage from additional state and federal programs will be a requirement. The LHTF can help fill the need for additional leverage at the permanent supportive housing units at North Housing.

In order to compete successfully for the Local Housing Trust Fund Program, the following steps must be taken:

- 1) Establishment of a new housing trust fund by an eligible entity, including a description of purpose, management, and loan guidelines,



- 2) Legally bind or deposit funds that will be matched by the LHTF. Note: a 1:1 match is required but a 2:1 match (twice as many local funds) receives additional credit.
- 3) Identify an ongoing revenue stream that will fund at a minimum the operating costs of the new housing trust fund for five years. In an abundance of caution, staff is advising that this revenue stream be renewable for an additional five years (total of 10 years) in order to fulfill the LHTF regulations.
- 4) Identify eligible projects
- 5) Make conditional commitments to the eligible projects both of the balance in the new trust fund and the potential future award of LHTF funds.
- 6) Adopt a resolution to apply to the Local Housing Trust Fund

## **DISCUSSION**

### **Creation of a local housing trust fund**

Funding for affordable housing development in the City of Alameda come from various sources, including the City (including inclusionary fees and pass-through federal funds such as CDBG and HOME), the Community Improvement Commission, local land trusts, regional funds such as the County of Alameda Proposition A funding, and the various resources of the Housing Authority of the City of Alameda (including land, soft loans, project-based Section 8 vouchers and other resources). As a small city, Alameda has always relied on significant matching funds and leverage from private, County, State, and Federal resources. As such, the LHTF Program is a continuation of a long history of seeking matching funds to facilitate the production of affordable housing for lower income seniors, families, and special needs households in the City of Alameda.

The LHTF Program specifically requires that only certain entities can create a local housing trust fund, including cities and 501c3 nonprofit organizations. An "Applicant" for the LHTF Program may include: "A nonprofit Local or Regional Housing Trust Fund incorporated under Section 501(c)(3) of the Internal Revenue Code to receive specific public, or public and private, sources of revenue to address local housing needs." A "Local Housing Trust Fund" is a public, joint public and private, or charitable nonprofit organization organized under Section 501(c)(3) of the Internal Revenue Code, which was established by legislation, ordinance, resolution (including nonprofit articles of incorporation). Based on these provisions in the Local Housing Trust Fund Program Final 2020 Guidelines, the AAHC, which is an affiliate and wholly-owned 501c3 nonprofit corporation, is an eligible applicant

If approved, the AAHC can contract with the Housing Authority for the local housing trust fund operations and receive grants and commitments of funding from the Housing Authority to use to fulfill the required match and ongoing revenue streams.

The LHTF Program states that Grantees are responsible for administering and implement the Eligible Project as proposed in their application. Further, the Grantees must continue the operation of the Local Housing Trust Fund for at least five years after the Program Funds Award date. If a Grantee ceases operations, or Ongoing Revenue cease less than five years from the date of the Program award, all unencumbered LHTF Program funds shall be disencumbered by the Department and any Program funds advanced to a Grantee shall be promptly returned to the Department, and all current and future loan repayments, interest and fees shall be remitted to the Department. These conditions only obligate the Alameda Housing Trust Fund if it is successful in receiving an award from the LHTF Program.

### Receive Grant from the Housing Authority as Matching Funds

The LHTF Program grants are awarded based on the source of matching funds (non-residential or general funds are the most competitive) and the amount available. In a related action on 7/21/21, the Housing Authority is discussing a grant of up to \$7 million dollars in reserves to AAHC to serve as the local portion of the LHTF Program matching funds. AAHC would receive up to \$7 million of these funds into a restricted account for use as part of the Alameda Housing Trust Fund. In addition, AAHC would receive an annual amount to cover operating costs of the Alameda Housing Trust Fund for the next five years from the Housing Authority of Alameda.

The \$ 7 million in matching funds must be granted; they cannot be loaned to the new local housing trust fund. The funds will be used as soft loans at 3% simple interest for a period of at least 55 years to eligible projects. Any repayments of principal and interest must be returned to the housing trust fund for ongoing restricted use. All funding received from either the Housing Authority or the LHTF Program must be used to meet the guidelines of the LHTF Program and the initial guidelines of the Alameda Housing Trust Fund.

A portion of the grant will be received on an annual basis for operating costs for the trust fund, estimated at \$60,000/year. This annual grant will fulfill two functions: providing for trust fund operating costs, and also demonstrating a dedicated funding stream into the Trust Fund from an ongoing source (Housing Authority operations). If necessary for the LHTF application, and if awarded funds by the LHTF, the Housing Authority will also commit to renew this initial five year funding stream, for one additional five-year period, with an increase of 10% over the current amount.

If awarded, the timing of the grant that the Housing Authority would need to make including: \$60,000 by September 15 for operations; an estimated \$6,666,666 (or as determined by Board action) after receipt of an award from the State of California in fall of 2021.

### Authorize the Executive Director to Negotiate and Execute a Five-Year Service Agreement between the Housing Authority and the AAHC, to Administer the Alameda Housing Trust Fund

As AAHC does not have staff, it can contract with the Housing Authority for the local housing trust fund operations. The Housing Authority has over 70 years of experience operating and monitoring the use of restricted funds for various governmental and non-governmental programs. Its experience includes operation and monitoring for federal HOME and CDBG funding, operation and monitoring as the Successor Housing Agency for the former redevelopment agency of the City of Alameda, and a contract since 2012 for housing services with the City of Alameda for development and rehabilitation of affordable housing.

It is not expected that the operations of a local housing trust fund will be a substantial scope of work. The funds will be placed in a restricted account and included in the AAHC annual audit. Fund disbursement will be similar to the contract, construction closing, and draw processes that the Housing Authority already undertakes on many affordable development projects. Any specialized consultants such as financial reviewers, construction review, and legal will be funded directly by the loan fee paid by the affordable housing developer at construction loan close. The Housing Authority estimates that the amount of staff time will be minimal, as indicated in the proposed budget attached in the Five Year Services Agreement.

A draft agreement describing the scope of work is attached. The LHTF Program requires that a minimum of five years operations be demonstrated in the application, which is why a five year contract

is proposed. If necessary for the LHTF application, and if awarded funds by the LHTF, the Housing Authority will also commit to renew this initial five year funding stream, for one additional five-year period, with an increase of 10% over the current amount.

#### Adopt the Initial Guidelines of the Alameda Housing Trust Fund

Initial guidelines have been developed to frame the establishment of the Alameda Housing Trust Fund. These guidelines mirror the requirements of the Housing Authority loan guidelines, which were revised in March 2021. The guidelines describe the ATHF statement of purpose, establishment (including source of initial grants and ongoing funding streams, management of operations, and eligible uses. The guidelines also indicate the priorities for funding, including:

1. New Construction
2. New construction development on land owned by the Housing Authority
3. New construction developments that provide a right of first refusal (ROFR) to AAHC after the initial tax credit compliance has been met
4. Developments that provide permanent supportive housing opportunities.

Additional guidelines require that the developer be experienced, and that a thorough underwriting of the transaction be reviewed both at application and before construction loan closing.

#### Commit to Housing Affordability

The minimum affordability requirements of the State LHTF program are:

1. 30% of the funds committed to units at 30% of area median income (AMI);
2. No more than 20% of the funds committed to moderate or 80-120% AMI;
3. The remaining units at or below 80% AMI.

Staff recommends that the AHTF be restricted further to lower income households at 60% AMI or less, while still meeting the minimum requirement of 30% of the funds committed to 30% AMI units. None of the AHTF Program funding is proposed to be expended on assistance to moderate-income households, in order to target resources to the communities of greatest need.

#### **RECOMMENDATION**

Establish the Alameda Housing Trust Fund, Authorize the Executive Director to Execute and Approve a Five-Year Service Agreement between the Housing Authority and the AAHC to Administer the Alameda Housing Trust Fund; Receive Grant Funds from the Housing Authority of the City of Alameda, and Approve the Initial Guidelines

Respectfully submitted,

DocuSigned by:

*Sylvia Martinez*

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Sylvia Martinez

Director of Housing Development

Attachment(s):

1. Draft AHA-AAHC Alameda Housing Trust Fund Services Agreement
2. Draft Initial Guidelines for the Alameda Housing Trust Fund





## Attachment 1

**SERVICES AGREEMENT  
FOR YEARS 2021-2025  
BY AND BETWEEN  
ALAMEDA AFFORDABLE HOUSING COORPORATION  
AND  
HOUSING AUTHORITY OF THE CITY OF ALAMEDA**

This Services Agreement (“Agreement”) is made by and between the Alameda Affordable Housing Corporation, a California nonprofit public benefit corporation (“AAHC”) and the Housing Authority of the City of Alameda, a public body, corporate and politic (“Authority”) effective \_\_\_\_\_ (“Effective Date”).

**Recitals**

- A. On July 21, 2021, the AAHC Board of Directors authorized the formation of a local housing trust fund called the Alameda Housing Trust Fund.
- B. On July 21, 2021, the AAHC Board of Directors further approved a funding application to the Local Housing Trust Fund (“LHTF”) Program, which is funded by the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) and administered by the California Department of Housing and Community Development (“Department”).
- C. The purpose of the LHTF Program is to provide matching funds to local and regional housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing, and emergency shelters.
- D. The Authority has the experienced staff and financial procedures required for the operation of the Alameda Housing Trust Fund.
- E. AAHC does not have staff, and desires to contract with the Authority for the operations of the Alameda Housing Trust Fund

NOW, THEREFORE, in consideration of the foregoing Recitals and the mutual promises and agreements set forth below, the adequacy of which is mutually acknowledged, the parties agree as follows:

**Agreement**

1. **Term of Agreement**

This Agreement commences as of the Effective Date and terminates on \_\_\_\_\_. The term may be extended after the initial five-year term in one year cycles by written agreement of both parties up to a total of ten years.

2. **Housing Services to be Provided**

In exchange for the funding provided in Exhibit A, the Authority agrees to implement the projects and programs described in Exhibits A and B on behalf of AAHC. It is understood that the Authority shall not be responsible for providing any services the cost of which exceeds the funding made available from AAHC. In the event of a significant variance in the amount of federal or local funding available during the term of this contract, the scope of services will be renegotiated and this Agreement will be amended.

3. Staffing

In order to administer the budgeted projects and programs shown in Exhibit A and related services described in Exhibit B, AAHC delegates authority to the Authority Executive Director to administer the housing programs and to approve and incur expenses related to tasks outlined in Exhibit B. AAHC agrees to reimburse the Authority on an annual basis for the actual costs of staff, plus benefits, and for certain expenses, which costs, benefits, and expenses are set forth in Exhibit B.

4. Authority Facilities, Equipment Usage, and Related Administrative Expenses

The Authority agrees to provide office space and related administration for the staff charged with administration of the housing programs. AAHC agrees to compensate Authority for such use as outlined in Exhibit B. The Authority shall invoice the AAHC on an annual basis for use of Authority facilities and equipment at the prices set forth in Exhibit B. Payment shall be remitted in full within fourteen (14) calendar days of invoice date.

5. Indemnification

AAHC shall indemnify, defend, and hold harmless Authority, its officers, employees, and agents from and against any and all claims, expenses, liabilities, or costs for personal injury, property damage, legal proceedings, or of whatsoever nature as may arise as a result of or in connection with any act, omission, or negligence of AAHC or its officers', employees', or agents' performance under this Agreement.

Authority shall indemnify, defend, and hold harmless AAHC, its officers, employees, and agents from and against any and all claims, expenses, liabilities, or costs for personal injury, property damage, legal proceedings, or of whatsoever nature as may arise as a result of or in connection with any act, omission, negligence of Authority or its officers', employees', or agents' performance under this Agreement.

6. Workers' Compensation Insurance

If needed, and in accordance with the provisions of the California Labor Code and all applicable law, AAHC shall secure at its own expense and maintain during the contract term, workers' compensation insurance coverage for its employees as necessary to protect AAHC and its employees under the Workers' Compensation Insurance and Safety Act. Such insurance shall be in a standard form and sufficient to relieve Authority for such claims and/or liability.

In accordance with the provisions of the California Labor Code and all applicable law, Authority shall secure at its own expense and maintain during the contract term, workers' compensation insurance coverage for its employees as necessary to protect Authority and its employees under the Workers' Compensation Insurance and Safety Act. Such insurance shall be in a standard form and sufficient to relieve AAHC for such claims and/or liability.

7. Liability Insurance

AAHC shall at its own expense, maintain and keep effective during the contract term, insurance and/or self-insurance to cover comprehensive public liability for bodily injury, including death, and property damage in an amount not less than \$1,000,000 for any one occurrence.

Authority shall at its own expense, maintain and keep effective during the contract term, insurance and/or self-insurance to cover comprehensive public liability for bodily injury, including death, and property damage in an amount not less than \$1,000,000 for any one occurrence.

8. Records

AAHC and Authority shall maintain complete and accurate records that relate to performance of services under this Agreement. Records shall be maintained in sufficient detail to permit an evaluation of service rendered under this Agreement. All such records shall be maintained in accordance with generally accepted accounting principles and shall be clearly identified and readily accessible. Free access shall be provided to the representatives of each party at all proper times to audit books and records. Such records, together with supporting documents, shall be maintained for a period of six years and three months after receipt of final payment.

9. Notices

All notices, demands, requests, or approvals to be given under this Agreement shall be given in writing and conclusively shall be deemed served when delivered personally or through email, fax, or the interoffice mail delivery system. All such notices, demands, requests, or approvals shall be addressed to:

Authority: Housing Authority of the City of Alameda  
701 Atlantic Avenue  
Alameda, CA 94501  
Attention: Executive Director

AAHC: Alameda Affordable Housing Corporation  
701 Atlantic Avenue  
Alameda, CA 94501  
Attention: Executive Director

#### 10. Attorneys' Fees

In the event that legal action is brought by either party against the other in connection with this Agreement, the prevailing party in any such litigation shall be entitled to receive reimbursement from the other of its legal costs, in addition to whatever other sums may be due as a judgment or as an agreed settlement amount. Such legal costs shall include, but not be limited to, reasonable attorneys' fees, court costs, expert witness fees, and other documented expenses.

#### 11. Assignment and Delegation

Neither party shall assign nor delegate its rights and/or duties under this Agreement without first obtaining prior written consent to the assignment and/or delegation. Any assignment or delegation made by one party without prior written consent will render the Agreement voidable at the sole discretion of the other party.

#### 12. Severability

The provisions of this Agreement shall be severable to the extent that should any of its provisions or terms be declared void whole or in part by operation of law or agreement of the parties, the remainder of the provisions of terms not expressly declared void shall remain enforceable and in full effect.

#### 13. Integration and Modification

This Agreement represents the entire integrated Agreement between AAHC and Authority, supersedes all prior negotiations, representations, or agreements, either written or oral, between the parties, and may be amended only by written instrument signed by the authorized representatives of AAHC and Authority.

#### 14. Termination

Authority or AAHC may terminate this Agreement upon 180 days written notice to the other party. Upon termination of this Agreement, each party shall pay to the other party that portion of compensation specified in this Agreement that is earned and unpaid prior to the effective date of termination.

#### 15. Compliances

AAHC and Authority shall comply with all applicable State and Federal laws and regulations. In particular, the AAHC and the Authority shall manage the Alameda Housing Trust Fund in compliance with Health and Safety Code (HSC) Section 50843.5 and the approved guidelines of the Alameda Housing Trust Fund.

#### 16. Conflict of Law

This Agreement shall be interpreted under, and enforced by the laws of the State of California excepting any law or regulation required by Federal funding. The Agreement and obligations of the parties are subject to all valid laws, orders, rules and regulations of the authorities having jurisdiction over this Agreement, or the successors of those authorities.

IN WITNESS WHEREOF, the parties have caused the Services Agreement to be executed on the day and year first above named.

**HOUSING AUTHORITY  
OF THE CITY OF ALAMEDA**  
a public body, corporate and politic

By: \_\_\_\_\_  
Vanessa M. Cooper  
Executive Director  
  
\_\_\_\_\_  
Date

**ALAMEDA AFFORDABLE  
HOUSING CORPORATION**  
a California nonprofit public benefit corporation

By: \_\_\_\_\_  
Vanessa M. Cooper  
Executive Director  
  
\_\_\_\_\_  
Date

## EXHIBIT A

## Budget

20210721

Local Housing Trust Fund 5 Year Operating Costs		7%	5
		Cost Allocation to LHTF Annual	Total Over 5 Years
9000900	OPERATING EXPENSES		
9100000	ADMINISTRATIVE		
9110010	Administrative Salaries	36,263	181,313
9110020	Temporary Help - Administrative	1,859	9,293
9120000	Auditing Fees	301	1,504
9150010	Admin Employee Benefits - Medical/Dental	8,300	41,498
9150020	Admin Employee Benefits - PERS/PARS	3,392	16,961
9150030	Admin Employee Benefits - FICA	525	2,627
9150040	Admin Employee Benefits - SUI	88	440
9150060	Admin Employee Benefits - Life/LTD	211	1,056
9150090	Admin Employee Benefit - WC	625	3,127
9160010	Office Supplies/Equipment	916	4,582
9160050	Telephone	406	2,032
9160100	Classified Ads and Public Notices/outreach material	45	226
9160110	Legal Expense	3,219	16,096
9160111	Payroll charge	59	295
9160113	Office Rent	420	2,099
9160120	Training/Conferences and Travel	691	3,457
9160130	Membership Dues and Fees	60	301
9160160	Contracts - Accounting Services	361	1,805
9160170	Contracts - Administrative Services/Consultant	232	1,159
9160180	Contracts - Application Service Provider - Yardi	135	677
9160190	Contracts - Computer/Telephone Maintenance/Email	1,216	6,082
9160220	Contracts - Human Resource Services	150	752
9160260	Contracts - Office Machine Lease	267	1,336
9160270	Contracts - Web Hosting/Maintenance/Web Ads	194	972
<b>9169000</b>	<b>TOTAL ADMINISTRATIVE</b>	<b>59,938</b>	<b>299,691</b>
9500000	GENERAL EXPENSES		
9610020	Insurance - Liability	51	255
9610040	Insurance - Vehicle	1	7
9610060	Insurance - Other	9	47
9698000	TOTAL GENERAL EXPENSES	62	309
9699000	TOTAL OPERATING EXPENSES	62	309
<b>9719000</b>	<b>TOTAL EXTRAORDINARY EXPENSES</b>	-	-
<b>9996000</b>	<b>TOTAL EXPENSES</b>	<b>60,000</b>	<b>300,000</b>

**EXHIBIT B  
HOUSING SERVICES SCOPE OF WORK**

The Authority shall:

1. Administer affordable housing funds and loans on behalf of the Alameda Affordable Housing Corporation, as defined by this agreement, in relation to the Alameda Housing Trust Fund.
2. Manage and administer the Alameda Housing Trust Fund.
3. Procure services and approve payment of invoices related to the described activities.
4. Not later than June 30 of each year, provide to AAHC an annual report, including, but not limited to, (i) a narrative summary of the LHTF activities; (ii) financial summary, including amount of program funds and documentation of matching funds; and (iii) a spreadsheet listing Eligible Projects assisted during the reporting period by unit, including the project name, type of housing, number of units, income level restricted in each unit, bedroom count of each unit, and amount of Program Funds expended per unit. Once approved by the AAHC Board of Directors, send the annual report to the California Housing and Community Development Department, no later than July 31 of each year.

The AAHC shall:

1. Delegate authority to the Authority Executive Director or designee to administer the housing programs and to approve and incur expenses related to tasks outlined above.
2. Provide reimbursement for salaries and benefits, including workers' compensation coverage, pension, medical insurance, life insurance, long-term disability insurance, dental insurance, and all other salaries and benefits for the Housing Authority employees that administer the Alameda Housing Trust Fund.
3. Compensate and reimburse Authority for all expenses for the use of Authority office space provided to administer the Department within the Authority offices, including rent and utilities, use of equipment, postage, etc. Rent and utilities are based on the proportion of office space provided to administer the housing programs and other supply and training costs are based on actual expenses.



Attachment 2

# **ALAMEDA AFFORDABLE HOUSING TRUST FUND**

## **Administrative Guidelines**

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**Alameda Affordable Housing Corporation**

701 Atlantic Avenue  
Alameda, CA 94501

As adopted by the Board of Directors on July 21, 2021

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# **Alameda Affordable Housing Trust Fund**

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## **Chapter 1: Statement of Purpose**

The purpose of the Alameda Affordable Housing Trust Fund, (AHTF), is to assist in the creation of affordable housing in the City of Alameda for the benefit of low-income households.

## **Chapter 2: Definitions**

1. "Area median income" or "AMI" is established for metropolitan areas or non-metropolitan counties by the U.S. Department of Housing and Urban Development (HUD), pursuant to 42 U. S. C. Chapter 1437 et seq., to establish local income classification levels. These classifications are also used in California housing law with respect to income eligibility limits.
2. "Affordable Housing" for purposes of these Guidelines shall mean rental housing that is affordable to low and/or very-low income households.
3. "Extremely low income household" shall mean a household having an income not exceeding thirty (30) percent of AMI adjusted for household size.
4. "Very low income household" shall mean a household having an income not exceeding fifty (50) percent of AMI adjusted for household size.
5. "Low income household" shall mean a household having an income not exceeding eighty (80) percent of the AMI adjusted for household size.

### **Chapter 3: Housing Trust Fund Established.**

1. On July 21, 2021, the Alameda Affordable Housing Corporation established a trust fund for a special revenue account under the name of the “Alameda Affordable Housing Trust Fund”.
2. Grants from the Housing Authority of the City of Alameda shall become AHTF property and shall be deposited directly into the AHTF. Other private and public funding may also be deposited, from time to time, for use as part of the AHTF.
3. The AHTF may accept donations from individuals or organizations. Such donations may be designated for a specific project or purpose, so long as it is not in conflict with these guidelines, or with the guidelines of the Local Housing Trust Fund Program (Housing and Safety Code (HSC) Section 50843.5, as may be updated and amended.
4. All monies remaining in the AHTF at the end of any fiscal year, whether or not expended, remain AHTF property. All repayments of principal and interest from an AHTF loan remain AHTF property.
5. Initial Grant – An initial grant shall be made through a legally binding commitment from the Housing Authority of the City of Alameda and shall be used for purposes of the AHTF to create affordable housing.
6. Dedicated ongoing funding source – On an ongoing basis, for a period of up to 5 years, the Housing Authority of the City of Alameda has committed a share of its unrestricted general funds/annual operating revenue. Estimated at \$60,000/year for a period of five years, these funds will be deposited by 9/15 of each year and used to offset costs of operating the AHTF. Conditioned on an award from the State of California Local Housing Trust Fund Program, the Housing Authority will commit to an additional 5 years of ongoing deposits, with a 10% increase, estimated at \$66,000/year.

### **Chapter 4: Management**

1. The Housing Authority of the City of Alameda shall serve as the Manager of the Affordable Housing Trust Fund. The responsibilities of the Manager shall include:
  - a. Maintaining all records of the AHTF.
  - b. Assisting prospective applicants requesting AHTF support in the preparation and presentation of their applications.
  - c. Monitoring the use of monies distributed to successful applicants for AHTF support to assure ongoing compliance with the purposes of the AHTF and the conditions under which these monies were granted or loaned.
  - d. Reporting annually to the AAHC Board of Directors regarding the operation and activity of the AHTF.

- e. Submittal of any required reports or documentation to the Local Housing Trust Fund from the California Department of Housing and Community Development Department.
2. The Manager shall be responsible for the following:
    - a. Disbursing and collecting AHTF monies.
    - b. Maintaining and managing a separate account or accounts for AHTF monies.
    - c. Maintaining financial records for the AHTF.

## Chapter 5: Distribution and Use of Housing Trust Fund Assets

1. Distributions may be made to private or public, profit or non-for-profit entities.
2. The types of investments the fund may make must be development, construction and permanent loans or other similar disbursements deemed necessary and appropriate to fulfill the purposes of the AHTF, if in compliance with Health and Safety Code (HSC) Section 50843.5.
  - a. AHTF funds used to provide construction loans and/or deferred payment permanent financing loans shall be at simple interest rates of no higher than 3 percent per annum, for payment of predevelopment costs, acquisition, or construction of Eligible Projects.
  - b. AHTF funds shall be repaid from 75% of residual receipts, or as shared with other soft lenders at the sole discretion of the AHTF.
  - c. AHTF funds shall be provided on a minimum 55 year term.
3. Organizations or individuals bestowing a gift or grant to the AHTF may specify how such a gift or grant may be used. If the gift or grant has not been used for such purpose within a reasonable amount of time, or a time period specified as a condition of the gift or grant, the gift or grant shall be returned upon the request of the donor. Such requests must be in compliance with Health and Safety Code (HSC) Section 50843.5.
4. Types of projects in which the AHTF shall invest include:
  - a. Creation of new affordable units through new construction only..
  - b. Conversion of market rate units to affordable housing units, only if the units are less than three years old.
  - c. Predevelopment loans/grants to assist non-profit and for-profit developers with project feasibility studies, site acquisition and preliminary design studies for potential affordable housing projects.
  - i. Administrative costs for the AHTF for up to 5% of the AHTF balance.
5. First priority in all disbursements shall be given to new construction developments that are on land owned by the Housing Authority of the City of Alameda and that provide a right of first refusal (ROFR) to the Alameda Affordable Housing Corporation after the initial tax credit compliance has been met.
6. Priority in all disbursements shall be given first to housing projects that guarantee a term of affordability of at least 55 years together with full repayment of the AHTF investment.
7. Priority in all disbursement shall also be given to new construction developments that provide a majority of units that are permanent supportive housing opportunities.
8. The following categories identify income groups that the AHTF will serve. The

percentages shown are minimum target amounts or maximum allowed amounts of funding that will be expended in each category. Target set aside amounts and other restrictions are as follows:

- a. Extremely low-income (at or below 30% of AMI): Minimum target is 30% of AHTF funds.
  - b. Lower-income (at or below 60% of AMI): Up to 70% of AHTF funds.
  - c. Each project and each AHTF loan must serve these affordability restrictions on its own.
9. After the initial priorities have been met (#5-7 above), projects will be evaluated with respect to criteria that are consistent with AHTF goals and policies. In addition, projects must demonstrate the following attributes:
- a. At least one other funding source, which may include a subsidized ground lease, has been identified and committed and the project has received site plan approval for the proposed development.
  - b. Rental projects which benefit the highest percentage of very low- and low-income persons, provide the lowest rents, include a greater percentage of affordable units, or will maintain longer periods of affordability.
  - c. Rental projects that use program funds as a match or leveraging tool to stimulate the use of conventional and below-market resources, including tax credits, state and federal funding programs, and/or other funding sources.
  - d. Rental projects proposed by an applicant with a successful history of project development and/or property management, as appropriate. Any development must have a general partner that can meet the minimum requirement of two affordable 100% affordable new construction developments in the City of Alameda, in full compliance with all City of Alameda or Housing Authority of the City of Alameda loans and contracts.
  - e. A Nonprofit Community or Government Organization receiving an AHTF grant and/or loan must be a legally established tax-exempt nonprofit community organization recognized by the Internal Revenue Service and the Franchise Tax Board, a public agency, or other governmental agency.
  - f. Permanent financing shall be secured by a deed of trust against the land or a security agreement against physical improvements. A promissory note may be used for pre- development costs for up to 15% of the estimated project cost.
  - g. There must be at least 10% equity in the property after completion of a project. This value may be established by AHTF staff and/or an appraiser. Exceptions may be approved by the Board of Directors.
9. Loan and Underwriting Guidelines for the AHTF are provided as an attachment to these Program Guidelines:



# ATTACHMENT I

## Alameda Housing Trust Fund Loan and Underwriting Guidelines and Procedures

### I. AHTF LOAN FEES:

The AHTF will charge a legal closing cost fee of \$25,000, and reserves the right to charge additional fees for financial review (up to \$5,000) and construction cost review (\$5,000). In addition, the AHTF will charge a loan fee of 1% of total loan proceeds, payable at construction loan closing.

### II. AHTF LOAN AND UNDERWRITING GUIDELINES:

For purposes of the Alameda Housing Trust Fund (AHTF), underwriting involves the analysis of project assumptions and risks to determine if the public investment is reasonable and the project can be expected to meet all applicable program requirements. The following are core components of the AAHC's underwriting and subsidy layering review of an AHTF project. Required actions/procedures are noted at the end of each section. It is anticipated that the guidelines and review will occur at the application stage, within 90 days of loan funding and/or at construction loan closing.

1. **Sources and Uses Statement and Pro Forma** - An examination of the sources and uses of funds for the proposed project and a determination that all project costs are reasonable. Before committing AHTF funds the AAHC shall evaluate a proposed project to ensure that funds are invested such that the project is likely to succeed over time. The AAHC may assess all of the assistance that has been, or is expected to be, made available to that project, and take into account all the factors relevant to project feasibility, which may include, but are not limited to total development costs and available funds; impacts of restrictions from AHTF and/or other sources of funding such as eligible costs, maximum subsidy limits, cost allocation, and rent/utility allowance limitations; rates of return to owners, developers, sponsors, or investors; and the long-term needs of rental projects and tenants. The following elements may be reviewed and analyzed in forecasting project success:

- a. **Sources and Uses Statement** – the sources and uses document shall include the following:

- i. **Sources** - all sources, both private and public, of funds with dollar amounts and timing of availability for each source must be identified. Commitment letters or awards for all sources must be submitted at least 90 days before disbursement.
- ii. **Required Debt Coverage ratio/Positive Cash Flow requirement** - The development should demonstrate a debt service coverage ratio for any amortizing debt of no more than 1.15 unless a greater ratio is needed to demonstrate positive cash flow through year 15 (this alternative is only available to supportive housing projects). At its sole discretion, the

Board of Directors may require that the development show positive cash flow through year 20.

- iii. **Senior Lender/Junior Lender loan types** – The development may have only one senior lender, although a Tranche A and B loan structure is available for developments with project-based Section 8 contracts. The senior lender should be an experienced affordable housing lender procured through a competitive bid process. The senior loan must have a term longer than for coterminous with the initial tax credit period. Any junior lender must be a soft lender whose loans have terms similar to the AHTF, i.e. 3% soft interest and minimum 55 year term, unless they agree to be completely subordinate to the AHTF loan. The AHTF loan may share lien priority with other soft lenders, at the sole discretion of the AHTF, and may share residual receipts *pari passu* with other soft lenders.

**ACTION TO BE TAKEN:** The Board of Directors shall determine whether funding sources are adequate and timely in their availability to cover costs at all phases of the project at least 90 days before disbursement.

- ii. **Uses** - All uses of funds (acquisition costs, site preparation and infrastructure costs, rehabilitation/or construction costs, financing costs, professional fees, developer fees and other soft costs) associated with the project and their costs. All costs must be necessary and reasonable.

**DOCUMENTATION:** The following documentation shall be required 90 days before disbursement:

- Acquisition documentation such as purchase agreement, option or closing statement and appraisal or other documentation of value.
- Construction cost must be substantiated by a construction cost review by the permanent lender, or the proposed tax credit investor. New construction projects must have no more than a 8% contingency at construction loan closing, although they may carry additional contingency during the predevelopment phase (not to exceed 12%).
- A third-party appraisal to substantiate the value of the land and the value of the property after rehabilitation or the structure being built.
- If low-income housing tax credits are utilized, documentation on the syndication costs (legal, accounting, tax opinion, etc.) from the organization/individual who will syndicate and sell the offering to ensure that the project can support the fees necessary to syndicate/fund the project.
- Project schedule.

**ACTION TO BE TAKEN:** The AAHC shall determine that that all of the proposed costs for the project are necessary and reasonable by considering costs of comparable projects in the same geographical area and costs

published by recognized industry cost index services or affordable housing development comparable benchmarks published by the California Tax Credit Allocation Committee.

**b. Operating Pro Forma**

**DOCUMENTATION:** Developer shall submit an operating pro forma (project income and expense statement) for the length of the Affordability Period pertaining to the project at least 90 days before disbursement.

**ACTION TO BE TAKEN:** The AAHC shall evaluate the pro forma for the following:

- Minimum projected operating expense will meet the published annual schedule of the California Tax Credit Allocation Committee for the project type, size and age.
- Reasonableness of the financial assumptions of the project to establish minimum total per unit operating costs.
- Sufficiency of specific line item and total operating costs.
- Determination that long-term operating projections over the Affordability Period are based on reasonable assumptions.
- Demonstration that project can cover expenses and debt service throughout the affordability period.
- Ensuring that cash flow projections are realistic in light of economic conditions.
- Determination that long-term operating projections are based on reasonable assumptions about how revenues and operating costs are expected to change over time.
- Determination that long-term operating projections over the affordability period are based on reasonable assumptions.
- Demonstration that project can cover expenses and debt service throughout the affordability period.
- Ensuring that cash flow projections are realistic in light of economic conditions.
- Determination that long-term operating projections are based on reasonable assumptions about how revenues and operating costs are expected to change over time.
- That non-residential revenue from fees/late charges, commercial income, interest, laundry/vending are projected conservatively.
- That vacancy projections reflect local market conditions and account for physical vacancies and collections loss. In general, all projects should show a 5% vacancy rate, and supportive housing and special needs developments should use a 10% vacancy rate. A blended rate is

possible for developments that have a mix of units.

- That the rate of projected growth for rental income and other revenues are appropriate and that in projects with deeply targeted rents, lower than average rate of revenue increases are used for comparison when possible.

**ACTION TO BE TAKEN:** The AAHC shall determine that Projected Income assumptions as provided in the pro forma are reasonable based on the following that:

- Non-residential revenue from fees/late charges, commercial income, interest, laundry/vending are projected conservatively.
- Vacancy projections reflect local market conditions and account for physical vacancies and collections loss.
- The rate of projected growth for rental income and other revenues are appropriate.
- For projects with deeply targeted rents, lower than average rate of revenue increases are used.
- Net operating income is sufficient to cover debt service obligations and mandatory replacement reserve funding.
- Reasonable but not excessive cash flow is generated throughout the affordability period.
- The rate of annual increase in project income is reasonable.
- The operations meet requirements for positive cash flow, as indicated above in the Sources section.

**ACTION TO BE TAKEN:** The AAHC shall determine that Projected Expenses are reasonable as provided in the pro forma submittals, including:

- Operating costs given the scope and size of the project.
- Management fees and other fees to the owner.
- Adequate replacement reserve deposits. The minimum replacement reserve deposits will align with the published reserve requirements of either the California Tax Credit Allocation Committee or California Housing and Community Development as applicable.
- Adequate replacement reserve deposits. The minimum required replacement reserve deposits will align with the published reserve requirements of either the California Tax Credit Allocation Committee or California Housing and Community Development as applicable. Reserve use in excess of \$50,000 in occurrence or per year requires prior written approval by the AHTF.
- Required capitalized operating reserve. The minimum required capitalized operating reserve will align with the published operating reserve requirements

of either the California Tax Credit Allocation Committee or California Housing and Community Development as applicable. Reserve use in excess of \$50,000 in occurrence or per year requires prior written approval by the AHTF.

## 2. Market Assessment

**DOCUMENTATION:** At least 90 days before disbursement, the Developer shall provide data that supports unit absorption rates used in the Operating Pro Forma. Data submitted to the AAHC in support of the project market assessment shall be no more than one year old.

**ACTION TO BE TAKEN:** The AAHC shall assess the current market demand in the area to confirm the need for the project and that the type and number of units in the project. Given the housing shortage in the City of Alameda, it is assumed that there will be high demand for housing in general. The goal is to encourage the projects that prioritizes current community needs for size, price, and other factors affecting the projects marketability.

- Identify recent real estate trends that indicate demand for types and sizes of units.
- Estimate the absorption period by determining how many units can be successfully leased each month and how long it will take to achieve initial occupancy of the AHTF units and stabilized occupancy for the project as a whole.

3. **Developer Capacity Assessment:** There are two elements of underwriting analysis related to the developer: 1) the experience and the capacity of the developer (including the staff and project team) to implement the project and 2) the fiscal soundness of the developer to meet its financial obligations and risks of the project. The AAHC shall use the following procedures shall determine what constitutes acceptable experience and financial capacity of the developer based on the size, scope, and complexity of the project.

### a. Experience

**DOCUMENTATION:** The Developer is required to provide information on their experience and provide references in the funding application including:

- Corporate or organizational experience of the developer.
- Experience of the staff assigned to the project and overall quality of the development team.
- Prior experience of the developer's team members compared to their roles in the proposed project.
- Skills and capacity including property management, asset management, service provision (as applicable), and financing.

- Demonstration that the developer has completed successfully a minimum of two new construction 100% affordable developments in the City of Alameda.

**ACTION TO BE TAKEN:** The AAHC shall consider prior experience and the current capacity of the developer and determine if the developer has the technical and managerial experience, knowledge, and skills to successfully complete the development.

b. **Developer Financial Capacity** – The following elements shall be analyzed to determine developer financial capacity:

**ACTION TO BE TAKEN:** The AAHC will review the following information taken from the developer's operating pro forma and information provided in the funding application (audit, references, prior projects) to determine that the developer's experience and financial capacity are adequate to implement the project and meet financial obligations and risks of the project. The following information will be analyzed for this purpose:

- Financial management systems and practices.
- Sufficient financial resources to carry the project to completion.
- Financial statements and audits to determine the developer's net worth, portfolio risk, pre-development funding, and liquidity.

#### 4. **Developer Profit and Return** –

**ACTION TO BE TAKEN:** The AAHC shall require that any profits or returns on the owner's or developer's investment are not excessive. At least 90 days before disbursement, the AAHC shall conduct an analysis that reviews profit expected to flow to the developer as operating cash flow from rental projects and any other professional fees being paid to the developer or related entities. The analysis shall focus on the following areas to determine that developer fees, cash flow, equity appreciation, and profit associated with the project are reasonable:

- a. **Developer Fee** – For LIHTC projects, the developer fee may not exceed the limits established by the awarding state or federal agencies. The developer fees must reflect the local market and shall be reviewed with respect to the following:
  - i. The scope and complexity of the project.
  - ii. The size of the project.
  - iii. The relative risk the developer is taking.
  - iv. The fees that are regularly and customarily allowed in similar programs and projects.
  - v. Other fees the project is generating for the developer and its related entities.

b. **Cash-Flow** – Reasonableness of net cash flow assumptions and distribution of same to developer/owner and lenders.

c. **Identity of Interest Roles**

i. If the developer owns a construction company that will be working on the project, the AAHC shall determine that the profit and overhead of the contractor is reasonable.

ii. If the owner of a rental property assisted with AHTF funds also operates a property management company contracted to service the property, the AAHC shall determine that the management fees are reasonable.



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**ALAMEDA AFFORDABLE HOUSING CORPORATION**

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To: Board of Directors

From: Sylvia Martinez, Director of Housing Development

Prepared By: Tony Weng, Senior Project Manager

Date: July 21, 2021

Re: Approve a Contingent Loan Commitment of \$6,666,666M to Island City Development with \$3.3M for each of the two North Housing Permanent Supportive Housing Development Projects: PSH Phase I and PSH Phase II and Authorize President to Negotiate and Execute Loan Documents

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**BACKGROUND**

The North Housing Project is the redevelopment of approximately 12 acres of land at the former Alameda Naval Air Station (NAS) at the site known as Coast Guard Housing. The Housing Authority is leading the development under a homeless accommodation conveyance, alongside partners Alameda Point Collaborative (APC) and Building Futures. On February 21, 2016, the Board authorized acceptance of the Quit Claim deed for conveyance of the property to the Housing Authority. On June 5, 2018, City Council approved the resolution for transfer of the North Housing site to the Housing Authority. North Housing successfully transferred to Housing Authority ownership on May 30, 2019. The Board approved the Agency's Vision for the North Housing site at its August 2019 meeting. The Development Plan was approved at the Special Planning Board Meeting on August 17, 2020, and the Tentative Map was approved at the City Council Meeting on September 15, 2020.

**DISCUSSION***PSH Phase I*

The PSH Phase I project will be developed by Island City Development. The overall project scope includes 45 new construction units located on 501 Mosley Avenue, Alameda, CA 94501. The 45-unit Permanent Supportive Housing (PSH) project will be a mix of studios and 1-bedroom rental apartments, and a two-bedroom manager's unit. Onsite amenities include property management offices, social service coordination offices, permanent supportive service provider offices, laundry room, enclosed bike parking, community room, and landscaped central courtyard. All new construction rental units will serve households earning up to and no more than 60% of the Area Median Income (AMI). A minimum of 30% of the units will be restricted to 30% AMI. The estimated total budget is \$40.6 million to construct this 45-unit PSH project. Please refer to attachment #1 for PSH Phase I estimated total sources and uses.

*PSH Phase II*

The PSH Phase II project will be developed by Island City Development. The overall project scope includes 47 new construction units located adjacent to 501 Mosley Avenue, Alameda, CA 94501. The exact postal address will be determined prior to placed-in service. The 47-unit Permanent Supportive Housing (PSH) project will be a mix of studios and 1-bedroom rental apartments, and a two-bedroom manager's unit. Onsite amenities include property management offices, social service coordination offices, permanent supportive service provider offices, laundry room, enclosed bike parking, community room, and landscaped central courtyard. All new construction rental units will serve households earning up to and no more than 60% of the Area Median Income (AMI). A minimum of 30% of the units will be restricted to 30% AMI. The estimated total budget is \$42.4 million to construct this 47-unit PSH project. Please refer to attachment #2 for PSH Phase II estimated total sources and uses.

### *Alameda Housing Trust Fund Allocation*

The terms of the loans for each PSH project will be as follows:

- Loan amount will be \$3.3M from Local Matching Fund through AHTF through AHTF.
- Loan term shall be 55 years.
- Three percent (3%) simple interest.
- Deferred loan with payments made from residual receipts, if any.
- Funds are provided as construction and permanent financing.
- Compliance with all AHTF underwriting requirements and loan guidelines.

### *Island City Development Experience*

Island City Development (ICD) is a California non-profit public benefit corporation developer. ICD achieves its charitable purposes by developing housing for low- and moderate-income households. ICD was incorporated in 2014.

To date, ICD has successfully completed two 100% affordable developments using Low Income Housing Tax Credits in the City of Alameda. These properties include Littlejohn Commons and Everett Commons. These properties are in compliance with all Housing Authority and City of Alameda regulations and funding requirements. Its third tax credit development, Rosefield Village, is a 92-unit property currently in construction and projected to be completed in summer 2022. Island City Development has already begun the Master Plan development of the North Housing site, including site planning, demolition, and entitlements.

## **FINANCIAL IMPACT**

Each of the \$3.3M loan fund commitments to Island City Development for the North Housing PSH Phase I and PSH Phase II projects are contingent upon the Local Housing Trust Fund Program (LHTF) award from California Department of Housing and Community Development (HCD) and final underwriting of the pro forma and approval of the legal documents by the AHTF at construction loan close.



Board of Directors

53  
July 21, 2021  
Page 3 of 3

**RECOMMENDATION**

Approve a Contingent Loan Commitment of \$6,666,666M to Island City Development with \$3.3M for each of the two North Housing Permanent Supportive Housing Development Projects: PSH Phase I and PSH Phase II and Authorize President to Negotiate and Execute Loan Documents.

Respectfully submitted,

DocuSigned by:

*Sylvia Martinez*

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Sylvia Martinez  
Director of Housing Development

Attachments:

- 1) PSH Phase I Funding Sources and Uses Budget
- 2) PSH Phase II Funding Sources and Uses Budget



Project Name: North Housing PSH Phase I  
 Location: 501 Mosley Ave, Alameda, CA 94501

**Attachment #1: PSH Phase I Funding Sources and Uses Budget**

<b>Sources</b>	<b>Uses</b>	
	<u>Amount</u>	<u>Amount</u>
Capitalized Ground Lease Loan	\$ 2,996,440	Land/Acquisition \$ 2,996,440
Accrued Deferred Interests	\$ 118,251	Land/Holding Prep Costs \$ 413,699
Developer Fee Loan	\$ 2,500,000	New Construction \$ 19,221,682
Accrued Deferred Interests	\$ 67,741	Architect \$ 1,900,000
HCD MHP Loan	\$ 11,120,534	Survey/Engineering \$ 799,480
AAHC - HCD LHTF Loan *	\$ 5,000,000	Construction Interest/Fees \$ 1,086,893
Impact Fee Waiver	\$ 675,000	Perm Financing Costs \$ 26,070
Deferred Developer Fee	\$ 1,847,999	Legal Fees \$ 175,000
Limited Partner Capital	\$ 16,119,000	Capitalized OR \$ 874,587
General Partner Capital	\$ 100	Repitalized TOR \$ 557,094
Perm Loan	\$ 107,000	Appraisal \$ 25,000
		Construction Contingency \$ 2,177,491
		Other Soft Costs \$ 5,754,430
		Developer Fee \$ 4,347,999
		Syndication Costs \$ 196,200
	<u>\$ 40,552,065</u>	<u>\$ 40,552,065</u>

\*The proforma shows a combined loan of \$3,333,333 plus \$1,666,667 totalling \$5,000,000. This is a combination of AHTF funds plus the contingent State LHTF Funds, if awarded.

Project Name: North Housing PSH Phase II  
 Location: 501 Mosley Ave, Alameda, CA 94501

**Attachment #2: PSH Phase II Funding Sources and Uses Budget**

<b>Sources</b>	<b>Uses</b>	
	<u>Amount</u>	<u>Amount</u>
Capitalized Ground Lease Loan	\$ 3,129,615	Land/Acquisition \$ 3,129,615
Accrued Deferred Interests	\$ 123,507	Land/Holding Prep Costs \$ 432,086
Developer Fee Loan	\$ 2,611,111	New Construction \$ 20,075,979
Accrued Deferred Interests	\$ 70,752	Architect \$ 1,984,444
HCD MHP Loan	\$ 11,837,002	Survey/Engineering \$ 835,012
AAHC - HCD LHTF Loan*	\$ 5,000,000	Construction Interest/Fees \$ 1,135,199
Impact Fee Waiver	\$ 705,000	Perm Financing Costs \$ 27,229
Deferred Developer Fee	\$ 1,930,132	Legal Fees \$ 182,778
Limited Partner Capital	\$ 16,835,400	Capitalized OR \$ 913,458
General Partner Capital	\$ 104	Repitalized TOR \$ 581,854
Perm Loan	\$ 111,756	Appraisal \$ 26,111
		Construction Contingency \$ 2,274,268
		Other Soft Costs \$ 6,010,182
		Developer Fee \$ 4,541,243
		Syndication Costs \$ 204,920
	<u>\$ 42,354,379</u>	<u>\$ 42,354,379</u>

\*The pro forma shows a loan of \$5,000,000, which combines the AHTF loan of \$3,333,333 with a contingent amount from the State LHTF Program of \$1,666,667.

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## **ALAMEDA AFFORDABLE HOUSING CORPORATION**

701 Atlantic Avenue, Alameda, CA 94501

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To: Board of Directors

From: Allyson Ujimori, Senior Project Manager

Date: July 21, 2021

Re: Authorize AAHC to apply for Local Housing Trust Fund funds for an amount not to exceed \$3,333,333; Authorize AAHC to issue and enter a Letter of Intent with Island City Development for the conditional commitment of an amount not to exceed \$6,666,667 in Alameda Affordable Housing Trust Funds and \$3,333,333 in Local Housing Trust Fund funds to be split between North Housing PSH Phase I and PSH Phase II developments.

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### **BACKGROUND**

The Local Housing Trust Fund (LHTF) Program is funded by the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) and administered by the California Department of Housing and Community Development (HCD). HCD will allocate up to \$300 million of the bond proceeds over several years. The purpose of the LHTF Program is to provide matching funds to local, regional, and non-profit housing trust funds dedicated to the creation, rehabilitation, or preservation of affordable housing, transitional housing, and emergency shelters.

A Notice of Funding Availability (NOFA) was released on May 3, 2021, for approximately \$57 million in funds from the LHTF Program with an application deadline of August 3, 2021. The program provides grants of up to \$5 million. Grants are awarded on a competitive basis using criteria to rate application submittals. Amongst other requirements, the Board must adopt a Resolution authorizing the AAHC to apply and receive grant funds from the LHTF Program (Attachment 1). In addition, the application must identify an eligible project or eligible projects, provide matching funds, and make a commitment to housing affordability. Staff is proposing to request a grant in an amount not to exceed Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars (\$3,333,333) as further discussed below.

### **DISCUSSION**

The LHTF Program requires a minimum one-to-one local match of funds and maximum points (15) are awarded to applications that include a conditional commitment that is three times the requested funding amount. Applicants that include a conditional commitment that is two times the requested funding amount will receive 10 points.



The commitment will be conditional upon the award from the State LHTF Program. Staff is proposing a conditional commitment that is two times the \$3.3M request. The commitment includes Alameda Housing Trust Fund funds and the LHTF Program request which are the subject of related actions on 7/21/21. As a result of the actions on 7/21/21, AAHC's Alameda Housing Trust Fund will have sufficient funds to be pledged for the match and approval to commit those funds, as well as a Letter of Intent to fund future LHTF Program funds, if received...". The committed amount is based on the project need and the opportunity to leverage the local funds to maximize the competitiveness of the application.

### **PROJECT INFORMATION**

The North Housing Project is the redevelopment of approximately 12 acres of land at the former Alameda Naval Air Station (NAS) at the site known as Coast Guard Housing. The Housing Authority is responsible for the development under a homeless accommodation conveyance, alongside partners Alameda Point Collaborative (APC) and Building Futures. In a related action on 7/21/21, the Housing Authority is discussing awarding an option to ground lease the property to Island City Development for further development of affordable housing.

The two projects subject to this resolution include North Housing PSH Phase I and PSH Phase II.

#### *PSH Phase I*

The PSH Phase I project will be developed by Island City Development on a ground lease from the Housing Authority of the City of Alameda (if approved). The overall project scope includes 45 new construction units located on 501 Mosley Avenue, Alameda, CA 94501. The 45-unit Permanent Supportive Housing (PSH) project will be a mix of studios and 1-bedroom rental apartments, and a two-bedroom manager's unit. All new construction rental units will serve households earning up to 60% of the Area Median Income (AMI). The estimated total budget is \$40.6 million to construct this 45-unit PSH project.

#### *PSH Phase II*

The PSH Phase II project will be developed by Island City Development on a ground lease from the Housing Authority of the City of Alameda (if approved). The overall project scope includes 47 new construction units located adjacent to 501 Mosley Avenue, Alameda, CA 94501. The exact postal address will be determined prior to placed-in service. The 47-unit Permanent Supportive Housing (PSH) project will be a mix of studios and 1-bedroom rental apartments, and a two-bedroom manager's unit. All new construction rental units will serve households earning up to 60% of the Area Median Income (AMI). The estimated total budget is \$42.4 million to construct this 47-unit PSH project.

*Alameda Affordable Housing Corporation Housing Trust Fund Allocation*





The terms of the loans for each PSH project will be as follows:

- Loan amount will be \$3.3M from Local Matching Fund through AHTF and \$1.7M from the California HCD LHTF (if obtained) funds through AHTF.
- Loan term shall be 55 years.
- Three percent (3%) simple interest.
- Deferred loan with payments made from residual receipts, if any.
- Funds are provided as construction and permanent financing.
- Compliance with all AHTF underwriting requirements and loan guidelines.

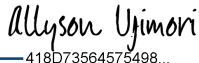
### **FISCAL IMPACT**

The net fiscal impact of these actions are limited, as receipt of the funding from the LHTF Program application must be passed through to the creation of affordable housing. Should AAHC be awarded by the LHTF Program, it will need to cover administrative and operating costs, which up to 5% of its awarded funds can cover and has been contemplated by the grant and services agreements with the Housing Authority of the City of Alameda. If AAHC is not awarded, it will still need to use any granted local funds for purposes of the Alameda Housing Trust Fund to create affordable housing unless the Board dissolves the AHTF and returns funds at that time.

### **RECOMMENDATION**

Authorize AAHC to apply for Local Housing Trust Fund funds for an amount not to exceed \$3,333,333; Authorize AAHC to issue and enter a Letter of Intent with Island City Development for the conditional commitment of an amount not to exceed \$6,666,667 in Alameda Affordable Housing Trust Funds and \$3,333,333 in Local Housing Trust Fund funds to be split between North Housing PSH Phase I and PSH Phase II developments

Respectfully submitted,

DocuSigned by:  


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Allyson Ujimori  
Senior Project Manager

Attachments:

1. Draft Resolution Authorizing that AAHC to apply for LHTF funds in an amount not to exceed \$3,333,333.
2. Draft Resolution Authorizing AAHC to issue and enter a Letter of Intent with Island City Development for the conditional commitment in the amount not to exceed \$6,666,667 in Alameda Affordable Housing Trust Funds and \$3,333,333 in Local Housing Trust Fund funds to be split between North Housing PSH Phase I and PSH Phase II developments.
3. Draft Letter of Intent outlining the AAHC's Alameda Affordable Housing Trust Fund commitment to ICD for North Housing PSH Phase I & PSH Phase II



## Attachment 1

## ALAMEDA AFFORDABLE HOUSING CORPORATION

*Authorizing Resolution No. \_\_\_\_\_*

All, or A necessary quorum and majority of the Directors of the Alameda Affordable Housing Corporation (“Applicant”) hereby consents to, adopts, and ratifies the following resolution:

WHEREAS the Department of Housing and Community Development (“Department”) is authorized to provide up to \$57 million under the Local Housing Trust Fund (“LHTF”) Program from the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) (as described in Health and Safety Code section 50842.2 et seq. (Chapter 365, Statutes of 2017 (SB 3)) (“Program”);

WHEREAS the State of California (the “State”), the Department issued a Notice of Funding Availability (“NOFA”) dated 5/3/2021 under the LHTF Program;

WHEREAS Applicant is an eligible Local or Regional Housing Trust Fund applying to the Program to administer one or more eligible activities using Program Funds;

WHEREAS the Department may approve funding allocations for the LHTF Program, subject to the terms and conditions of H&S Code Section 50842.2, the LHTF Program Guidelines, NOFA, Program requirements, the Standard Agreement and other related contracts between the Department and LHTF award recipients;

NOW THEREFORE BE IT RESOLVED THAT:

1. If Applicant receives an award of LHTF funds from the Department pursuant to the above referenced LHTF NOFA, it represents and certifies that it will use all such funds on Eligible Projects in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including, without limitation, all rules and laws regarding the LHTF Program, as well as any and all contracts Applicant may have with the Department (“Eligible Project”).
2. That the Alameda Affordable Housing Corporation is hereby authorized to act as the trustee/manager in connection with the Department’s funds to Eligible Projects pursuant to the above described Notice of Funding Availability in an amount not to exceed Three

Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars (\$3,333,333) (the "LHTF Award").

3. Applicant hereby agrees to match on a dollar-for-dollar basis the LHTF Award pursuant to Guidelines Section 104. Applicant hereby agrees to utilize matching finds on a dollar-for-dollar basis for the same Eligible Project for which Program Funds are used, as required by HSC Section 50843.5(c).
4. Pursuant to Attachment 1 and the Applicant's certification in this resolution, the LHTF funds will be expended only for Eligible Projects and consistent with all program requirements.
5. Nonprofit Housing Trust Funds and Native American Tribe Housing Trust Funds agree to use Program Funds only for Eligible Projects located in cities and counties that submitted an adopted Housing Element that was found by the Department to be in compliance and that have submitted their Housing Element Annual Progress Report (APR) for the current year or prior year by the application due date.
6. Applicant shall be subject to the terms and conditions as specified in the Standard Agreement, H&S Section 50842.2 and LHTF Program Guidelines.
7. Vanessa Cooper, Secretary, is authorized to execute the LHTF Program Application, the LHTF Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the LHTF Award to Applicant, as the Department may deem appropriate.

**[SIGNATURE PAGE FOLLOWS]**

**PASSED AND ADOPTED** at a regular meeting of the Alameda Affordable Housing Corporation's Board of Directors this 21<sup>st</sup> day of July, 2021 by the following vote:

AYES: \_\_\_\_ ABSTENTIONS: \_\_\_\_ NOES: \_\_\_\_ ABSENT: \_\_\_\_

Approving Officer: \_\_\_\_\_  
Signature of Approving Officer  
Kenji Tamaoki, President

**CERTIFICATE OF SECRETARY**

The undersigned, Vanessa Cooper does hereby attest and certify that the attached Resolution is a true, full, and correct copy of a resolution duly adopted at a meeting of the Alameda Affordable Housing Corporation, which was duly convened and held on the date state thereon, and that said document has not been amended, modified, repealed, or rescinded since its date of adoption and is in full force and effect as the date hereof.

ATTEST: \_\_\_\_\_  
Vanessa Cooper  
Secretary

Dated: July 21, 2021

## ATTACHMENT 1 – Funding Summary

The Alameda Affordable Housing Corporation’s (AAHC) Alameda Housing Trust Fund funds and awarded Local Housing Trust Fund (LHTF) funds will be committed between two proposed projects by Island City Development (ICD): North Housing Permanent Supportive (PSH) Phase I and PSH Phase II. The LHTF Funds and the Matching Funds will be split (50/50) between both projects. Both projects are in Alameda, California and will serve households earning up to 60% of the Area Median Income, with a minimum of 30% of dollars and units serving very low income (30% AMI) households.

## Attachment 2

## ALAMEDA AFFORDABLE HOUSING CORPORATION

*Authorizing Resolution No. \_\_\_\_\_*

At a duly constituted meeting of the Board of Directors (the "**Board**") of Alameda Affordable Housing Corporation, a California nonprofit public benefit corporation (the "**Corporation**"), held on July 21, 2021, the following resolutions were adopted:

WHEREAS the Department of Housing and Community Development ("Department") is authorized to provide up to \$57 million under the Local Housing Trust Fund ("LHTF") Program from the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) (as described in Health and Safety Code section 50842.2 et seq. (Chapter 365, Statutes of 2017 (SB 3)) ("Program");

WHEREAS the State of California (the "State"), the Department issued a Notice of Funding Availability ("NOFA") dated 5/3/2021 under the LHTF Program;

WHEREAS the Corporation is an eligible Local or Regional Housing Trust Fund applying to the Program to administer one or more eligible activities using Program Funds;

WHEREAS the NOFA is a competitive process that allocates points to applicants who conditionally award LHTF Program funds to specific projects, pending award from the LHTF Program;

WHEREAS the Corporation wishes to be competitive for the LHTF Program and conditionally commits Alameda Affordable Housing Trust Funds (AHTF) in an amount not to exceed Six Million Six Hundred Sixty-Six Thousand Six Hundred Sixty-Seven Dollars (\$6,666,667) and awarded LHTF funds in an amount not to exceed Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars (\$3,333,333) to be split between North Housing PSH Phase I and PSH Phase II. The amount of the commitment shall be contingent up on receipt of LHTF Program funds;

WHEREAS the Corporation will need to issue and enter a Letter of Intent outlining the terms of the conditional commitment for an amount not to exceed Ten Million Dollars.

NOW THEREFORE BE IT RESOLVED THAT:

1. The Applicant shall issue and enter a Letter of Intent with Island City Development for the conditional commitment of an amount not to exceed Six Million Six Hundred Sixty-Six Thousand Six Hundred Sixty-Seven Dollars (\$6,666,667) in AHTF funds and Three Million Three Hundred Thirty-Three Thousand Three Hundred Thirty-Three Dollars (\$3,333,333) in LHTF funds that will be split fifty-fifty between the North Housing PSH Phase I and PSH Phase II developments.
  
2. Vanessa Cooper, Secretary is authorized to execute the LHTF Program Application, the LHTF Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the LHTF Award to Applicant, as the Department may deem appropriate.

**[SIGNATURE PAGE FOLLOWS]**

**PASSED AND ADOPTED** at a regular meeting of the Alameda Affordable Housing Corporation's Board of Directors this 21<sup>st</sup> day of July, 2021 by the following vote:

AYES: \_\_\_\_ ABSTENTIONS: \_\_\_\_ NOES: \_\_\_\_ ABSENT: \_\_\_\_

Approving Officer: \_\_\_\_\_  
Signature of Approving Officer  
Kenji Tamaoki, President

**CERTIFICATE OF SECRETARY**

The undersigned, Vanessa Cooper does hereby attest and certify that the attached Resolution is a true, full, and correct copy of a resolution duly adopted at a meeting of the Alameda Affordable Housing Corporation, which was duly convened and held on the date state thereon, and that said document has not been amended, modified, repealed, or rescinded since its date of adoption and is in full force and effect as the date hereof.

ATTEST: \_\_\_\_\_  
Vanessa Cooper  
Secretary

Dated: July 21, 2021



Attachment 3

July 15, 2021

Vanessa Cooper  
President  
Island City Development, Inc.  
701 Atlantic Blvd.  
Alameda, CA 94501

RE: Letter of Intent to Commit Alameda Affordable Housing Trust Fund Funding

Dear Ms. Cooper,

This Letter of Intent is provided to Island City Development (ICD) as the Alameda Affordable Housing Corporation's (AAHC) commitment to provide funding for the development of two affordable rental housing projects located at 501 Mosley Avenue, Alameda, California. ICD has prepared a preliminary proposal to develop two phases of supportive housing at this location. The first phase (PSH Phase I) includes 45 units and is estimated to cost approximately \$40.6 million. The second phase (PSH Phase II) includes approximately 47 units and estimated costs total \$42.4 million. Both projects will serve households earning up to 60% of the Area Median Income, and a minimum of 30% of the total funding and units served must support households making 30% of Area Median Income.

AAHC intends to apply for grant funding in the amount of \$3,333,333 from the State of California Local Housing Trust Fund Program (LHTF). To ensure competitiveness of the application, AAHC will conditionally commit \$10 million. Each project shall receive \$1,666,667 million in LHTF Program funds and \$3,333,333 million in LHTF Matching Funds. Please see Attachment 1 for loan terms.

Through this Letter of Intent, AAHC is committing to the North Housing Development, contingent on AAHC being awarded LHTF Program funds and the projects securing all the necessary financing and permits to build the projects. We look forward to working with you on bringing much-needed permanent supportive housing to the City of Alameda.

Best Regards,

Kenji Tamaoki  
President

## ATTACHMENT 1 – Loan Terms

<b>Terms</b>	<b>PSH Phase I</b>	<b>PSH Phase II</b>
Maximum Loan	\$5,000,000 Includes: - \$1,666,667 in LHTF Program Funds - \$3,333,333 in AHTF Matching Funds	\$5,000,000 Includes: - \$2,666,666 in LHTF Program Funds - \$3,333,334 in AHTF Matching Funds
Interest Rate	3% Simple Interest	
Loan Term	55 years from permanent loan conversion	
Loan Pay-off	Loan payments will be deferred through permanent loan conversion. Annual payments on the loan shall be a prorated share of the project's residual cash.	
Affordability	<ul style="list-style-type: none"> <li>• 30% of units shall serve households earning no more than 30% of the Area Median Income.</li> <li>• AMI served at the proposed projects shall not exceed 60% AMI.</li> </ul>	