

Item 7. A

Accept a report on waivers and other regulatory options to facilitate future issuance of project-based vouchers and provide direction as necessary to staff.

October 21, 2026



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Background

On August 11, 2026, AHA received a formal request for 30 Project-Based Vouchers (PBV) for Stardust Gardens LP from the City of Alameda.

- Part of Rebuilding the Existing Supportive Housing at Alameda Point (RESHAP)
- AHA's Estimated cost for 30 PBV - \$1.1 to \$1.3 million in the first year of HUD funding
- Opening in 2029

The City requested that the commitment letter be provided by AHA staff by August 21, 2026.

Staff brought this issue to a special meeting of the Board on August 19, 2026.

The following relates solely to the Stardust request at this time.



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August 19 BoC Meeting

The Board did not approve the City's request for two reasons but requested staff to come back with more information:

- **Federal requirements:** Federal regulations require PBVs to be awarded through a qualifying competitive process or another HUD-authorized process. No qualifying PBV competition has been conducted. The State funding competition that the developer asked AHA to rely upon did not meet HUD's requirements for awarding PBVs as set forth in the HUD regulations and confirmed through discussions with HUD representatives.
- **Available funding:** AHA could not confirm that sufficient funding would be available for 2027 for the new vouchers, and it must protect assistance for the approximately 1,800 low-income households that it currently serves.



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September 1 City Council Meeting

The City Council of the City of Alameda approved a contingent commitment letter for Stardust Gardens for up to \$25.5M in operating subsidy over 20 years from City funds.

The City provided this commitment for consideration by the California Tax Credit Allocation Committee (TCAC) and the California Debt Limit Allocation Committee to be submitted with the Stardust Gardens' application for tax-exempt bonds and low-income housing tax credits in the upcoming competition.



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September 16 BoC Meeting

The Board gave direction to staff:

- To not open a competition for PBV or authorize funding of the previously awarded 40 PBV to Estuary II, at this time;
- To report to the Board regularly on funding projections, and whether the funding outlook has changed and would now support potential issuance of additional PBVs;
- To explore alternative options at the Board's discretion for discussion at the October meeting, including, but not limited to, pursuit of Moving to Work (MTW) activity or regulatory waiver proposals that possibly could assist the proposed RESHAP project; and
- To explore potential cost-saving initiative to avoid future funding shortfalls, and options for maximizing Housing Assistant Payment (HAP) use in 2026.



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Developments since last BoC Meeting

- Various meetings and emails with the City and RESHAP members.
- AHA requested a meeting with HUD to discuss likely waivers or MTW activities. HUD says they are in the process of scheduling. Outlines of possible waivers sent to initiate discussion.
- A letter was also sent to the City in response to their September 16 letter.
- AHA staff met with City staff and representatives from Assemblymember Bonta's office on October 7 to discuss paths forward to vouchers for Stardust Gardens. At this meeting, the City stated that it needs the \$25.5M previously committed by the Council to Stardust Gardens for other projects at the former naval base. The city stated that it needs commitment of, or a clear path to a commitment of, PBV from AHA by the first week of December.



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HUD Waivers

The goal is to seek one or more waivers from HUD for Stardust Gardens to resolve the competition and/or funding issues cited above.

A “waiver” is a HUD authorization for a public housing agency to deviate from its regulations, and/or from the U.S. Housing Act of 1937 in the case of MTW waivers.

Two types

- Regulatory
- MTW waiver/activity (4 sub types)

Status: Staff has reviewed multiple options for pursuing the vouchers through HUD waivers. Work in progress for both routes. Staff recommends pursuing both routes, unless HUD directs otherwise.



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HUD Regulatory Waivers

- **Process:** Addressed to SF field office; reviewed by other relevant HUD offices
- **Format:** No prescribed format. A letter describing the situation, the specific regulation waived and the good cause for the waiver
- **Public process:** No public process required prior to submission but related changes to the Administrative Plan, Annual Plan, and/or Five-Year Plan as a result of a waiver approval typically require a public hearing.
- **Timeline:** No prescribed timeline for HUD to respond. Prior waiver requests have taken weeks, months and, when complex, more than a year. HUD may respond with requests for additional information or clarification.
- **Other:** HUD may advise AHA to use the MTW waiver route instead.
- **Next steps:** General practice would be to discuss a waiver request with HUD staff prior to submission. Staff estimates that submission to HUD may be possible in the week of November 8, unless HUD directs otherwise, and is subject to timely receipt of information from outside parties.



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MTW Activity and Waivers

- **Regulation:** A request to waive a specific regulation and/or provision(s) of the U.S. Housing Act of 1937, as authorized by the MTW Operations Notice applicable to AHA.
- **Format:** This is more prescribed by HUD. Submitted to the MTW office as part of the AHA MTW Expansion Plan which is a supplement to the Annual Plan.
- **Process:** Requires significant public process including input from the Resident Advisory Board, publication in the press and opening of a public comment period for 45 days before the public hearing, public hearing and, if needed, an agency specific waiver public meeting, Board approval, and then submission to HUD for approval at least 75 days before July 1 Fiscal Year start. Then if approved, requires including in the Administrative Plan for Board approval.
- **Timeline:** FY28 plan is starting now with goal of submitting to HUD by March 17, 2027. HUD has until June 30, 2027, to provide comments. Otherwise, except in extraordinary circumstances or with respect to some types of proposed waivers, the plan is approved.



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Tentative MTW Timeline

ACTION ITEMS and EVENTS	DATE
Complete meetings with Directors on draft MTW Supplement	10/30/26
Public notice to newspaper (& web) for Resident Advisory Board meeting	11/11/26
Memo to City Official about Consistency with Consolidated Plan	11/16/26
Post agenda for RAB meeting	11/16/26
RAB meeting	12/02/26
Publication in newspaper for comment period - 45 days before public hearing	12/18/26
Post Plan/Notice on Website - at least 45 days before public hearing.	12/18/26
Deadline for comments	02/01/27
Public meeting for agency-specific waivers , if needed	01/27/27
Public Hearing (Meeting by AHA staff as allowed per HUD)	02/17/27
Adoption of Plan by Board (assumes <u>no min. time lapse</u> from hearing to adoption)	03/17/27
Have Chair sign Resolution	03/17/27
Submit Plan electronically to HUD (must be at least 75 days prior to FY start)	03/18/27



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Potential Waiver 1

- To allow a budget-neutral proportion of the 25 Alameda Point Collaborative (APC) PBV units to be used for rehousing of APC PBV households who agree to relocate to the newly-completed Stardust Gardens site without a PBV competition.
- Such a waiver might resolve the competition issue and some or all of the budget issue.



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Potential Waiver 2

- To allow the award of new vouchers, subject to available funding, using a prior competition or otherwise use HUD's general authorization for a potential alternative competition MTW activity.
- Such a waiver by itself would not resolve budgetary issues.



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Potential Waiver 3

- To allow the City subsidy to be used to prevent any future termination of assistance of current participants and to be renewed as HAP after the first year, or otherwise to be used to support the issuance of PBVs to Stardust Gardens while avoiding risk of shortfall/terminations.
- Such a waiver itself by would not resolve the competition issue.



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Other issues

Staff suggest taking two additional steps soon to reduce the chance of additional delay to a potential future award to Stardust Gardens:

1. **To amend the 5-Year Plan** simultaneously with the annual plan process to clarify that AHA may issue vouchers about issuance of vouchers without competition, to prevent a further delay if this is requested by HUD
2. **To start the application process** by requesting the owner to complete an application for the Stardust Gardens site. This would conform more closely to prior selection processes. The owner would be given 3 weeks to complete this form, as prior applicants in competitions have been given. This is not a competition application, and a new form would be needed if a competition is opened. **Staff requests Board feedback on this.**



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Staff Recommendations:

1. Accept a report on waivers and other regulatory options to facilitate future issuance of project-based vouchers.
2. Direct Staff to submit a final regulatory waiver letter and/or MTW waiver requests to address the RESHAP need for vouchers, without returning to the Board, unless direction from HUD indicates otherwise, and subject to timely receipt of information from outside parties.
3. Direct Staff to include any applicable MTW activities in the draft FY28 MTW Expansion Plan and to manage the process to the planned timeline.
4. Direct Staff to open a competition for new PBV, as soon as federal funding availability for 2027 can be confirmed.
5. Provide other direction as needed, including on application process.



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