Housing Authority
of the
City of Alameda

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701 Atlantic Avenue • Alameda, California 94501-2161

To: Honorable Chair and Members of the Board of Commissioners

From: Vanessa Cooper, Executive Director

Date: September 16, 2026

Re:
1. Accept a report on the agency's financial projections and the capability to conduct a competition for project-based vouchers (PBV);
2. Provide direction to staff whether to open a competition for PBV;
3. Provide direction to staff regarding funding of the previously awarded 40 PBV to Estuary II;
4. Provide direction to staff to explore alternative options at the Board's discretion for discussion at a future meeting, including, but not limited to, pursuit of Moving to Work activity or regulatory waiver proposals that possibly could assist the proposed RESHAP project;
5. Provide direction to staff to explore potential cost-saving initiatives to avoid future funding shortfalls for discussion at a future meeting.

BACKGROUND

On August 11, 2026, the Housing Authority of the City of Alameda (AHA) received a formal request for 30 Project-Based Voucher (PBV) units (16 two-bedroom units and 14 three-bedroom units) for Stardust Gardens, which is in the first phase of the City's Rebuilding the Existing Supportive Housing at Alameda Point (RESHAP). AHA estimates an annual cost of approximately $1.1M - $1.3M for these 30 PBV units. The developer's timeline proposes that these units be under contract (Agreement to Enter Into a Housing Assistance Program, or "AHAP") in May or June of 2027.

On August 19, 2026, the AHA's Board considered a request to commit 30 PBVs to Stardust Gardens by August 21, 2026. The Board could not approve the request for two reasons:

1. 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 the AHA to rely upon did not meet HUD's requirements for awarding PBVs, as set forth in the HUD regulations and confirmed by AHA staff's discussions with HUD representatives.

2. Available funding: The AHA could not confirm that sufficient funding would be available for the new vouchers whereby the AHA would not be at risk of shortfall, and it must protect assistance for the approximately 1,800 low-income households that it currently serves.

On September 1, 2026, the City Council of the City of Alameda approved a commitment letter for up to $25.5M over 20 years from City funds. The City provided this commitment for consideration by the California Tax Credit Allocation Committee and the California Debt Limit Allocation Committee in connection with the Stardust Gardens developer's application for tax-exempt bonds and low-income housing tax credits in the upcoming competition. The City's letter is attached.

DISCUSSION

The HUD budget issues showing a shortfall (deficit) for 2027 that were identified last month may have worsened because of HUD's publication of proposed 2027 Section 8 Fair Market Rents that imply a zero percent HUD Renewal Funding Inflation Factor. The attached email provided to the City Council and Commissioners on September 1, 2026, provides additional information.

Staff has updated the PBV Request for Proposal (RFP) documents to reflect legal and operational changes since the AHA last issued an RFP for PBVs in 2022. These documents are pending final review by Counsel.

Staff will provide additional information on this item at or before the Board meeting.

FISCAL IMPACT

The fiscal impact is still being evaluated in light of HUD's publication of proposed 2027 Section 8 Fair Market Rents on September 1, 2026. More information will be provided at the September 16, 2026 Board meeting.

CEQA

Not Applicable.

RECOMMENDATION

1. Accept a report on the agency's financial projections and the capability to conduct a competition for project-based vouchers (PBV);
2. Provide direction to staff whether to open a competition for PBV;
3. Provide direction to staff regarding funding of the previously awarded 40 PBV to Estuary II;
4. Provide direction to staff to explore alternative options at the Board's discretion for discussion at a future meeting, including, but not limited to, pursuit of Moving to Work activity or regulatory waiver proposals that possibly could assist the proposed RESHAP project;

5. Provide direction to staff to explore potential cost-saving initiatives to avoid future funding shortfalls for discussion at a future meeting.

ATTACHMENTS

1. 9-1-26 FMR email to Council and Commission
2. City Commitment Letter for Stardust Gardens

Respectfully submitted,

Vanessa Cooper
Vanessa Cooper, Executive Director

Vanessa Cooper

From: Vanessa Cooper
Sent: Tuesday, September 1, 2026 3:01 PM
To: Vanessa Cooper; Lara Weisiger
Subject: Item 7A - update on FMRS and AHA funding for 2027

Good afternoon, City Council Members and the Housing Authority Commissioners,

I wanted to provide some new information about the expected availability of 2027 HUD funding for AHA ahead of this evening's Council meeting. On September 1, 2026, the Housing Authority received the Fair Market Rents for 2027 which show a 2.5% - 4% decrease for the East Bay.

New Fair Market Rents (FMRs) for 2027

Bedroom Size	2027 FMR	2026 FMR
Studio	$2,088	$2,142
1-bedroom	$2,290	$2,385
2-bedroom	$2,805	$2,912
3-bedroom	$3,592	$3,724
4-bedroom	$4,250	$4,413

https://www.huduser.gov/portal/datasets/fmr.html

Renewal Funding Inflation Factor (RFIF) 2027

FMRs are a key determinate of the 2027 RFIF. RFIFs are inflation adjustment factors used by HUD to determine how much housing authorities (PHAs) will be renewed in funding for the Housing Choice Voucher (HCV) program in the next fiscal year. Unfortunately, a drop in FMRs means that the AHA will likely receive a 0% RFIF for 2027. In contrast, the RFIF for 2026 was 5.051%.

AHA Staff will return to the Board on September 16, 2026 with an updated budget analysis but a 0% RFIF would increase the possibility and potential size of a shortfall situation in 2027.

There are some limited opportunities to influence the 2027 FMRs/RFIF :

- AHA along with other local PHAs intend to submit an appeal for the 2027 FMRs by October 1, 2026. However, the funding levels for 2027 will likely remain uncertain for some time. The 2026 appeals were not decided on by HUD until May 2026.
- There is advocacy work that could be done by the City and Housing Authority and local elected officials to HUD on improving the general methodology for these RFIF numbers.
- AHA will also apply for 2027 set aside funds, if eligible. However, not all of these were funded by HUD in 2025, and it is unlikely much of this funding will be available for 2026.

AHA staff are available during the day today or at the meeting tonight to answer any questions you may have.

Thank you,

Vanessa Cooper
Executive Director

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Alameda, CA 94501
vcooper@alamedahsg.org

DRE License #01892974

My workday may look different than your workday. Please do not feel obligated to respond outside of your normal working hours.

September 8, 2026
California Tax Credit Allocation Committee
California Debt Limit Allocation Committee
901 P Street, Suite 213A
Sacramento, California 95814

Re: Stardust Gardens – City of Alameda Operating Subsidy Commitment

To Whom It May Concern:

The City of Alameda ("City") is providing this operating subsidy commitment for Stardust Gardens, the first phase of the City's RESHAP replacement housing project at Alameda Point. MP Stardust Gardens Associates, L.P., a California limited partnership ("Owner"), will develop, own, and operate Stardust Gardens pursuant to a Disposition and Development Agreement with the City.

If no other operating subsidy is found prior to operations, the City will commit to provide an operating subsidy of up to $1,000,000 in the first year, escalating by 2.5% annually, for a period of 20 years, for a total commitment of up to $25,545,000. If an alternative subsidy source with comparable funding is secured following commencement of operations, the City's subsidy will be reduced by a corresponding amount. The subsidy will be funded from Alameda Point funds (not City General Fund funds) and will commence upon completion of construction and initial occupancy of Stardust Gardens, as provided in a subsequent agreement between the City and the Owner.

On September 1, 2026, the Alameda City Council authorized this commitment and authorized City staff to provide this letter in support of the Owner's financing application for Stardust Gardens. The City and the Owner will enter into a subsequent agreement implementing the commitment and establishing the terms governing the operating subsidy, including payment procedures, eligible uses, reporting and documentation requirements, and other applicable terms and conditions. Prior to execution of the implementing agreement, the City and Owner will make best efforts to obtain an equivalent replacement for this subsidy from a third-party source that fulfills this commitment and ensures the long-term operations of Stardust Gardens.

This letter is provided for consideration by the California Tax Credit Allocation Committee and the California Debt Limit Allocation Committee in connection with the Owner's financing application for Stardust Gardens.

Please contact Abby Thorne-Lyman, Base Reuse and Economic Development Director, at athornelyman@alamedaca.gov or 510-872-2686 if additional information is required.

CITY OF ALAMEDA,
a California charter city and municipal corporation

Signed by:
By: Gerry Beaudin
38BAB630BDDF4DB...
Name: Gerry Beaudin
Title: City Manager

ATTEST:

DocuSigned by:
By: Lara Weisiger
759F6A0E8CC74DC...
Name: Lara Weisiger
Title: City Clerk

RECOMMENDED FOR APPROVAL:

Signed by:
By: Abigail Thorne-Lyman
2E1D71136B954F6...
Name: Abigail Thorne-Lyman
Title: Base Reuse and Economic Development Director

APPROVED AS TO FORM:

Signed by:
By:
5603710AC04544F...
Name: Len Aslanian
Title: Acting City Attorney