Housing Authority of the City of Alameda

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

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: Report on financial projections and potential for issuance of Project-Based Vouchers

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[1]. The developer's timeline proposes that these units be under contract (Agreement to Enter Into a Housing Assistance Payments, or "AHAP") in May or June of 2027.

On August 19, 2026, 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 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 in discussions with HUD representatives.
2) **Available funding**: AHA could not confirm that sufficient funding would be available for the new vouchers, and it must protect assistance for the approximately 1,800 low-income households that it currently serves.

At that meeting the Board directed staff to report back on September 16th regarding the agency's financial projections and the capability to conduct a competition for Project-Based Vouchers.

[1] If funded by HUD as Housing Assistance Payments (HAP) in the first year, this is generally renewed in the second year by HUD.

On September 1, 2026, the City Council of the City of Alameda approved a 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 (CTCAC) and the California Debt Limit Allocation Committee in connection with the Stardust Gardens application for tax-exempt bonds and low-income housing tax credits in the upcoming competition.

HUD is facing significant budget issues and has added stringent additional restrictions on agencies at or close to shortfall. Funding challenges relating to the issuance of PBV are not unique to Alameda but, rather, are part of a larger nationwide voucher funding issue. On February 18, 2026, HUD wrote to all housing authorities about the large number of agencies facing shortfall and HUD's possible inability to address those needs going forward. It encouraged all housing authorities to take a number of actions including "*Pause entering into new project-based voucher agreements and commitments (with the exception of public housing repositioning efforts)*".

HUD's proposed cost cutting measures were discussed in detail in the May Board meeting and the new shortfall measures were discussed in the special meeting on August 19, 2026. As a result, many housing authorities have stopped all PBV issuance including Los Angeles County and San Diego (see attached). In discussions this past week, staff has ascertained that many Bay Area housing authorities have not issued PBVs for several years and are not planning to do so in the near future. They cited facing tighter budgets because of the absorption of EHVs, and limited renewal funding for 2027, as well as their inability to pull names from the voucher waitlist for years.

DISCUSSION

Competition documents

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

Budget regulations regarding PBV issuance

Several regulations address the issuance of a request for proposals for PBV. This includes:

24 CFR 983.6(c): *PHA determination.* The PHA is responsible for determining the amount of budget authority that is available for project-based vouchers and for ensuring that the amount of assistance that is attached to units is within the amounts available under the ACC.

§ 983.58 PHA determination prior to selection. (a) *Analysis of units and budget.* A PHA must calculate the number of authorized voucher units that it is permitted to project-base in accordance with § 983.6 and determine the amount of budget authority that it has available for project-basing in accordance with § 983.5(b), before it issues a request for proposals in accordance with § 983.51(b)(1), makes a selection based on a previous competition in accordance with § 983.51(b)(2), amends an existing HAP contract to add units in accordance with § 983.207(b), or noncompetitively selects a project in accordance with § 983.51(c).

Budget Issues

The HUD budget issues that were identified last month may have worsened because of HUD's publication of proposed 2027 Section 8 Fair Market Rents (FMRs) that imply a zero percent HUD Renewal Funding Inflation Factor (RFIF)[2]. The RFIF is the percentage amount by which the HUD funding for vouchers should automatically increase in the following year, subject to available federal funding. AHA's 2027 budget authority is set by taking the 2026 eligible HAP expenses multiplied by the RFIF and then multiplied by the percentage proration factor which for 2027 is currently unknown and is set after the approval of the federal budget.[3]

For the August 19, 2026, Board meeting, out of caution, staff used AHA's lowest RFIF in the past 6 years - 2.7345%. The reduction in projected AHA funding increases the 2027 projected shortfall from the approximately $369,889 reported at the August 19 Board presentation to at least $1,500,000 at this time. In addition, the per unit cost increase for 2025-2026 was 1.5%, so this 0% renewal factor realistically means a cut to the program assuming rents continue to rise in Alameda in 2026-2027[4].

As a result, staff cannot prudently recommend opening a new PBV competition at this time. This would mean AHA should also continue to hold off on funding PBVs for the AHA-affiliated project Estuary II, which received a competitive PBV award in 2022. Although staff continue to work on alternative funding possibilities, the Board should be aware that such a delay could jeopardize other funding sources already awarded to Estuary II.

Changes to the 2026 and 2027 financial position projections

To try to improve the outlook for 2027, AHA is working with the Oakland Housing Authority on a rent study. This is a standard process which HUD allows for appealing proposed FMRs and is an attempt to try to reverse the projected FMR reduction and 0% RFIF. Based on last year, an answer on the rent study from HUD is not expected before May 2027.

The shortfall could also increase in coming months due to a number of moving pieces. The size of the projected deficit depends, in part, on lease-up timing of tenants

---

[2] For more details, please see attached email of September 1, 2026, regarding RFIF.

[3] Funding authority for 2027 for HUD remains uncertain. There is currently no federal budget approved for 2027, only a continuing resolution which funds the federal government through December 11, 2026. This year the final budget authority notification came from HUD in May 2026.

[4] Landlords may request a rent increase of up to 8.8% in 2026-2027 under AB1482.

searching for units with vouchers, success of tenants who have hearings seeking restoration to the program after a termination, and lease-up timing for vacant PBVs, which cause Housing Assistance Payment (HAP) numbers to change monthly. All vacant PBV units currently have applicants in process. In addition, these projections assume no tenant-based vouchers are issued from the waitlist[5] and that HUD will deliver on additional tenant protection vouchers for the 29 Emergency Housing Voucher (EHV) households when funds run out in May 2027[6]. Staff will continue to refine and review these numbers with the financial technical assistance consultant.

During the past month, staff and the consultant have identified several errors in HUD's forecasting tool ("Two-Year Tool") that significantly overstated the available funds for 2026 and staff are asking HUD's help to address these. This could change the numbers further to the negative for both 2026 and 2027. In addition, it is usual to have some fairly large swings in HAP usage the last few months of the year as staff works to close the year end. As a reminder, the numbers would need to show about $1.1M in the positive for 2027 to open a competition for 30 or so new PBVs. However, the Board could also instruct staff to open a competition immediately if headroom becomes available to allow for a smaller number, say 10 new PBVs. If the 2027 forecast turns positive, staff will inform the Board at its next regular meeting.

AHA has been at risk of, or in shortfall with HUD on and off since 2018. This has been disclosed to the Board and the City throughout this time. At the same time HUD has eliminated or not funded many set aside categories that AHA used before to fund new PBV. AHA staff is committed to running the budget funding numbers regularly, to monitor changes, and provide Board updates if the budget projections improve.

RESHAP

In the August 19, 2026, Board meeting, and in earlier meetings with staff, the developer (MidPen) suggested the possibility that AHA hold an open competition which could lead to a commitment letter by December 9, 2026. Since that meeting, however, the City filled that funding gap at its September 1 meeting, and this means the target population at RESHAP can be served. This measure, which the City hopes is temporary pending an award of PBV from AHA or award of other subsidies, allows for additional time to address the need for operating subsidy.

PBVs could be added later on because operating subsidy is not needed until 2029. In addition, discussions between staff and the California Department of Housing and Community Development (HCD) indicated that MidPen may request additional time to reapply for tax credits and bonds if they are not successful this fall. That said, MidPen has indicated it expects to be awarded tax credits in December 2026 based on a preliminary number from CTCAC last week.

[5] No names have been taken from the tenant-based waitlist since 2024.

[6] If AHA were eventually required to fund these 29 EHV from 2027 budget authority, this would add approximately $400,000 to the projected shortfall for 2027 as the AHA has EHV funding through May 2027. The annual cost would be above $800,000 ongoing for these families.

Potential MTW activities or regulatory waivers

Both to address the possible future shortfall and to find ways to be able to issue new PBV[7], staff is seeking the Board's approval to research a potential MTW activity or regulatory waiver options, including but not limited to those described below. This research may include discussions with HUD staff, including MTW and voucher staff, as appropriate. Staff proposes to report back in October 2026 on the feasibility of such options if so desired by the Board.

- **To allow the transfer of a budget-neutral proportion of the 25 Alameda Point Collaborative (APC) PBV units to the newly completed Stardust Gardens site without a PBV competition, and, to waive the obligation to issue tenant-based vouchers to limit the potential budget impact,** except for 1) as a reasonable accommodation 2) as required by the Violence Against Women Act (VAWA), or 3) for families who are currently eligible for a 4-bedroom unit and thus cannot transfer to Stardust Gardens. (This waiver would require APC to provide early notice of the contract termination and to not re-fill vacant units as families move out.[8]) Such a waiver might resolve the competition issue and some of the budget issue.

- **To allow the award of new vouchers subject to available funding using HCD's Multifamily Housing Program (MHP) competition or otherwise use HUD's general authorization for a potential alternative competition MTW activity**. HUD staff told AHA's Executive Director and Board Vice Chair that HUD consistently has interpreted the regulation allowing reliance on a prior competition as written, which states "[t]*he PHA may not select a housing assistance proposal using this method if the competition involved any consideration that the project would receive PBV assistance*." The waiver request, if approved, would allow AHA to use the MHP competition, which relied on the funds awarded under a different competitive process (Affordable Housing and Sustainable Communities or AHSC program) where the developer's application included PBV. AHA staff may determine other effective ways to utilize the HUD authorization for MTW agencies such as AHA to undertake alternative competitive processes, possibly in consultation with HUD staff. Such a waiver would not resolve budgetary issues.

- **To allow the City subsidy to be used to prevent any future shortfall 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**. HUD's notices generally state that if non-federal funds are used to cover HAP expenses, these funds are not eligible for renewal with HUD funds. The notices might allow for the shortfall-related possibility outlined above; however, this would be subject to

---

[7] MidPen have requested a further 120 vouchers for three future buildings in addition to the 30 currently under discussion for Stardust.

[8] Until notice of termination of the PBV contract is given by APC, AHA must assume 25 PBVs will be paying HAP until at least 2029 for APC per the current schedule or until the current contract expires in 2039. This cost is currently about $780,000 per year.

specific prior HUD approval of the City investment. Such approaches would require full advance discussion with HUD, and AHA staff or HUD may suggest other means of accomplishing the goal. Such a waiver would not resolve the competition issue.

These MTW activities or regulatory waivers, if approved by HUD, individually or in combination, could help clear some of the current hurdles to providing specific assistance to the RESHAP project. Any MTW activity would likely not be approved by HUD before next summer.

Avoiding or limiting shortfall

The Board already has reviewed and approved a broad range of HUD-recommended cost saving measures that AHA has taken over the past 4 years to avoid shortfall. (See May 2026 Board presentation.) Further steps may be needed if the projected shortfall for 2027 remains the same or worsens.

To take steps to reduce the overall agency shortfall issues further, staff could start researching these options to be able to cut the average HAP per family over the entire program using MTW flexibility:

- **Payment standard reductions**: Reduce payment standards down from 110% of FMR currently to 100% or 90% of FMR. These reductions would impact all landlords that AHA works with, including private landlords, AHA and its affiliates, and local nonprofit partners. In addition, this waiver would need to include an option to implement these changes immediately to allow for HAP savings to start in 2027 and not in 2029.
- **Occupancy changes**: Move all households to a required standard of two persons per bedroom, from the current standard of one room per head/co-head and then two per bedroom. This option was covered in the May 2026 meeting along with the impacts to families.
- **Rent changes**: Changing the tenant portion from 30% of adjusted income to 35% or 40%.
- **Rent structure**: Moving to a tiered rent structure, similar to tax credit rents, so HAP payments are reduced and not tied to individual household income.
- **Removing all deductions**: Eliminating current deductions for medical, age, disability, etc.
- **Increasing the minimum rent**: For example, an increase from $50 currently to up to $200. This option and its effects were also covered in the May 2026 meeting.
- **Imposing work imputed income**: Utilizing an imputed salary at 40 hours per week at minimum wage per working adult (not applicable for those who are disabled or elderly).

These options look at spreading HAP more thinly among current families to avoid shortfall and avoid terminations[9]. However, these actions would also directly impact currently subsidized families by increasing the amount they pay or reducing the bedroom size of the unit they receive. Some of these initiatives already have been implemented by other local housing authorities and other MTW agencies and so research would start with those examples. Staff could return with an assessment of these options at the November Board meeting.

No implementation would occur on these options at this time. All changes above, except the payment standards change, require revision of the Agency's MTW Plan documents. The Annual Plan process is about to start for FY2028, so these options could be included in the draft and removed later as directed by the Board, but the implementation date cannot be earlier than HUD's approval of the relevant MTW Plan documents, which is not expected before summer 2027.

Options to increase available HAP in future years

In discussion with AHA's consultants, staff has identified some possible one-time options under MTW where AHA may be able to increase the use of HAP in 2026. These funds then could be renewed in 2027 to provide more headroom for PBV. These options are complex and depend on available unused HAP for 2026. These options are worth exploring but are not certain to succeed. Any action on these would be taken by the Board in December when the 2026 year-end numbers would be more certain.

- Use MTW funding flexibility to use HAP funds for Section 8 administrative expenses not covered by annual administrative fee allocations from HUD. AHA has generally used non-federal funds for this purpose, but if sources are changed, the funds could become renewable and available for other uses in 2027.
- Make a commitment and pay out a development loan by December 31, 2026, to The Poplar or Estuary II as already authorized in the current MTW plan, if sufficient funds are available in December 2026. This use of funds could create renewable funds for the future to avoid shortfall or issue PBV.
- Review options and ability to do further development funding through HAP in future years including options to hold a public competition.

AHA/RESHAP collaboration

AHA has been, and remains committed to, working with the City and RESHAP to identify a lawful and financially responsible path forward for Stardust Gardens.

Since 2015, staff met with the RESHAP partners repeatedly to review the HUD required competition and budget processes for issuing PBVs. AHA has provided other assistance to RESHAP over and above the 25 units of PBV it has funded for over 20

[9] If terminations become necessary under shortfall, tenant-based voucher holders would be taken off the program first. This was last done by AHA in 2004 and led to tenant protests and extensive media coverage.

years. AHA also currently supports 18 units of Shelter Plus Care tenants at the site. In 2018 AHA made MidPen a development loan for RESHAP. AHA staff also spent weeks at the RESHAP site, registering tenants without subsidy for the voucher waitlists to increase their chances of accessing AHA subsidy. In 2024 staff met with MidPen about how to apply for the agency's housing trust fund to help increase funding to the project. In 2026, staff provided input on the state and federally required relocation processes based on lessons learned by AHA at Rosefield, and staff attended tenant relocation meetings.

Since 2015 AHA has held five PBV competitions and awarded PBVs in 2015, 2017, 2019, 2021, and 2022. RESHAP applied twice - in 2019 and 2022 – but their applications were not competitive.

AHA staff has also met at least quarterly with the City since 2014, and since 2020 with the Mayor. Staff kept the City informed about shortfall. More recently, staff offered to work on waivers with the City and MidPen and proposed to arrange a meeting with HUD.

Other options for RESHAP

The RESHAP team is to be congratulated as it has solved the problem of funding construction costs, with over $50 million in awards over the last nine months. The team now has time, nearly 3 years, to focus on funding operating costs. Given the current state and federal funding constraints, many affordable housing developments these days rely on a combination of operating and rental subsidies. These could come from different sources such as:

- Veteran's Affairs Supportive Housing vouchers, if available,
- Proposition W funding from the County of Alameda for capitalized operating support, or
- A new state agency, the Housing and Development Finance Committee (HDFC) is in place and is focusing first on projects with State funds (such as AHSC) that need gap financing to move forward. The first awards will be early next year.

FISCAL IMPACT

Legal and consulting fees incurred to date are at least $95,000 and are expected to increase if the Board approves the additional research described above.

CEQA

N/A

RECOMMENDATION

Staff recommends that the Board direct the staff:

1. Not to open a competition for PBV or authorize funding of the previously awarded 40 PBV to Estuary II, at this time.
2. To report to the Board regularly on funding projections, and whether the funding outlook has changed and now would support potential issuance of additional PBVs.
3. 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 activity or regulatory waiver proposals that possibly could assist the proposed RESHAP project.
4. To explore potential cost-saving initiatives to avoid future funding shortfalls, and options for maximizing HAP use in 2026, for discussion at a future meeting.

ATTACHMENTS

A: RFIF email dated September 1
B: Article regarding San Diego Housing Authority stopping PBV
C: July 30 letter to City from AHA.

Respectfully submitted,

Vanessa Cooper

Vanessa Cooper, Executive Director

Housing Authority
of the
City of Alameda

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

701 Atlantic Avenue • Alameda, California 94501-2161

ATTACHMENT A:

SEPTEMBER 1ST EMAIL RE RFIF TO COUNCIL AND COMMISSION

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

Housing Authority of the City of Alameda
701 Atlantic Avenue
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.

Housing Authority of the City of Alameda
PHONE: (510) 747-4300
FAX: (510) 522-7848
TTY/TRS: 711
701 Atlantic Avenue • Alameda, California 94501-2161

ATTACHMENT B:

ARTICLE ABOUT SAN DIEGO AND PBVS

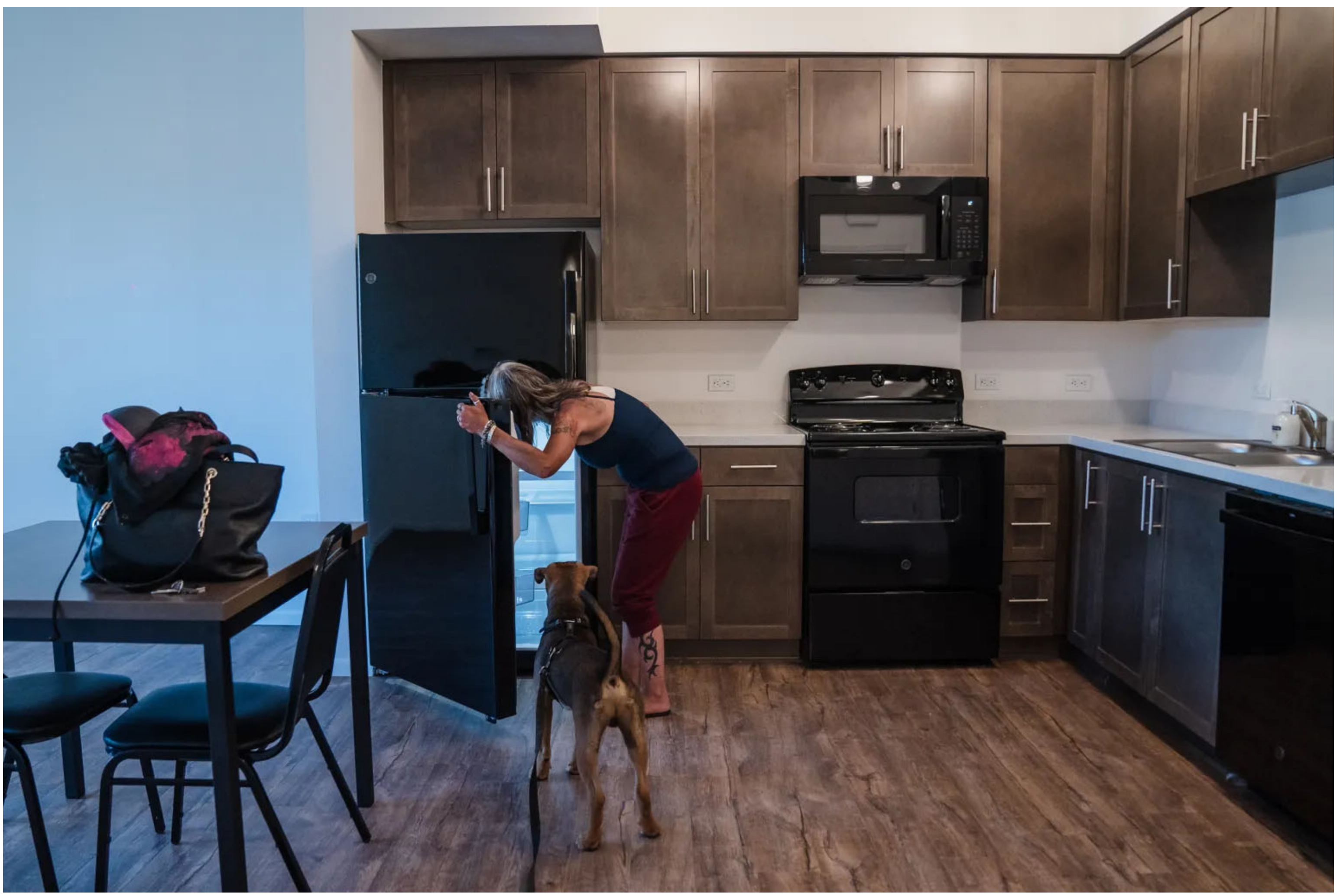
VOICE of SAN DIEGO

HOUSING

City's Housing Agency Won't Issue Vouchers for New Housing Projects

The San Diego Housing Commission has decided it no longer has the resources to dole out vouchers to specific low-income housing projects, a move expected to slow the pace of new homeless housing.

by Lisa Halverstadt
January 2, 2025



Rachel Hayes with her dog Nino in her new apartment in San Ysidro on June 20, 2023. / Photo by Ariana Drehsler

The city's housing agency has decided it must shut off a key engine it has used to help deliver thousands of homes for homeless and low-income San Diegans.

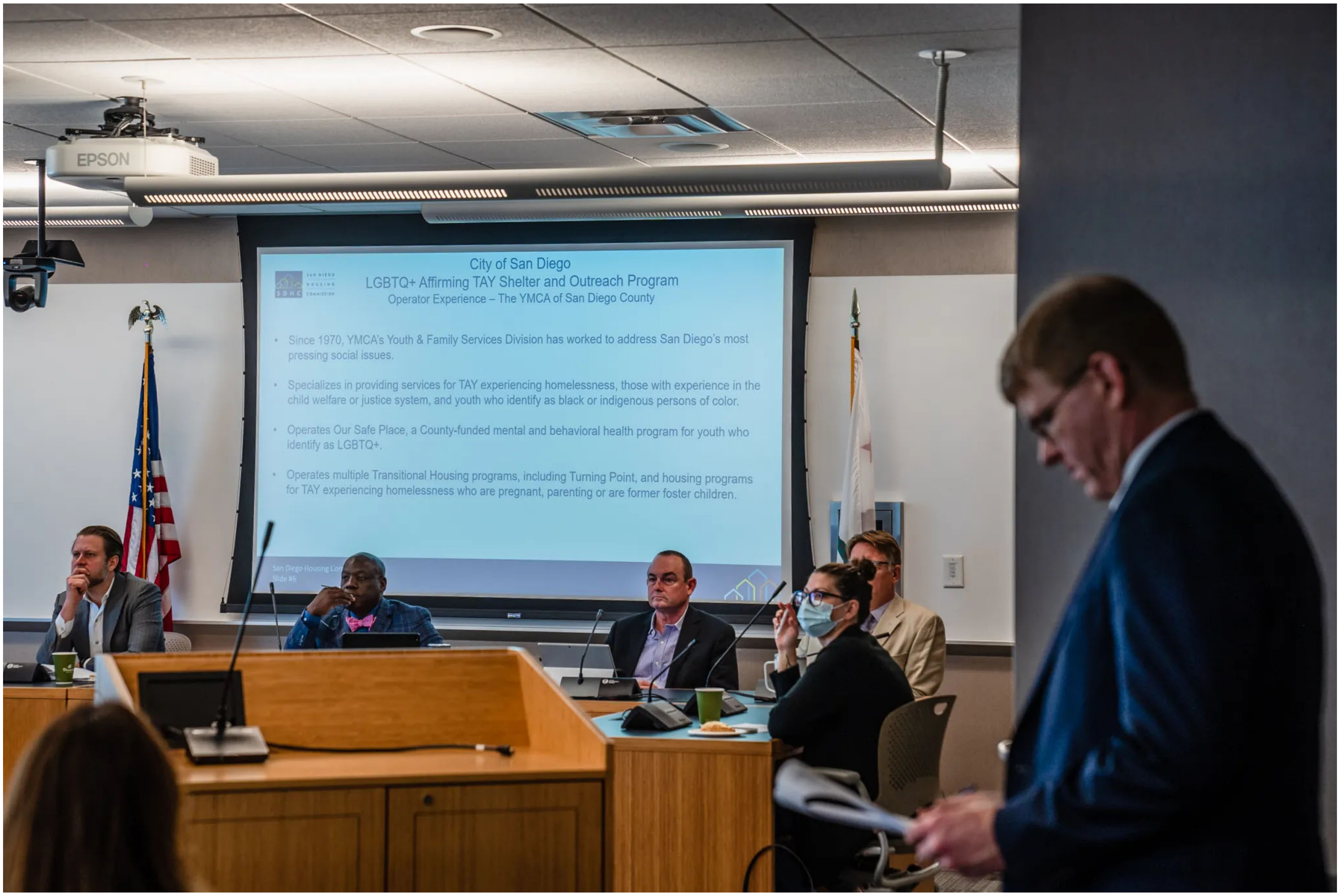
The San Diego Housing Commission's decision presents a new hurdle for developers – including those behind the Midway Rising project – who counted on access to those vouchers to build homes for the city's poorest residents. The change could have reverberations on housing production for especially vulnerable San Diegans for years to come.

For years, the Housing Commission has annually doled out dozens of Section 8 vouchers that developers attach to specific projects to subsidize rents from tenants with minimal incomes.

Now, facing insufficient federal dollars to cover existing voucher commitments and uncertainty about future resources, the housing agency has decided it can't issue project-based vouchers for several years.

"We don't have vouchers to address new needs right now," Housing Commission CEO Lisa Jones said.

The Housing Commission has seen its voucher-related costs rise along with voucher-holders' rents – and federal dollars aren't keeping up. The agency reports it received $275.4 million from the federal Department of Housing and Urban Development last fiscal year for rental assistance but spent $282.3 million covering rental bills.



A meeting at the San Diego Housing Commission in downtown on April 6, 2023. / Photo by Ariana Drehsler

That mismatch and a commitment to keep handing out project-based vouchers has meant the city's housing agency hasn't **pulled families from its tenant-based Section 8 voucher waiting list** for more than two years.

The Housing Commission isn't expecting to receive more voucher funding from HUD that could turn the dial anytime soon.

Now the Housing Commission has decided it also must pause voucher offerings that have helped more than double the city's supply of supportive housing units for formerly homeless people over the last five years.

That's difficult news for housing developers including the team behind Midway Rising, which had expected to use 200 project-based vouchers to help finance some of the planned 2,000 affordable units in the city-backed Sports Arena redevelopment.

Committed project-based vouchers subsidize the limited and sometimes nonexistent rents that formerly homeless and very low-income people can pay and allow developers to collect closer to market rents. That makes it easier for developers to pull in other financing streams for their projects and to cover costs like maintenance and onsite services for tenants.

In the past five years, the Housing Commission has doled out about 1,670 project-based vouchers and the agency reports that over a third of new families who received rental assistance during that time had project-based vouchers.

About 78 percent of the Housing Commission's more than 3,700 project-based vouchers are now reserved for formerly homeless San Diegans.

Housing Commission Vice Chair Ryan Clumpner deemed project-based vouchers the single largest financial tool that the agency has had to reduce homelessness – and said the agency ran with that strategy.

Over the last decade, agency data shows its commitments of project-based vouchers to formerly homeless residents more than quadrupled.

But Clumpner emphasized that the Housing Commission's focus on project-based vouchers has come at a cost in more recent years. Since they come from the agency's general pot of rental assistance resources, the Housing Commission's project commitments have led the agency in recent years to hand out fewer vouchers to families on its Section 8 waiting list as funding got more constrained.

It's been a zero-sum game – and it's ending.

"We're now at the point where we have exhausted that resource almost entirely," Clumpner said.

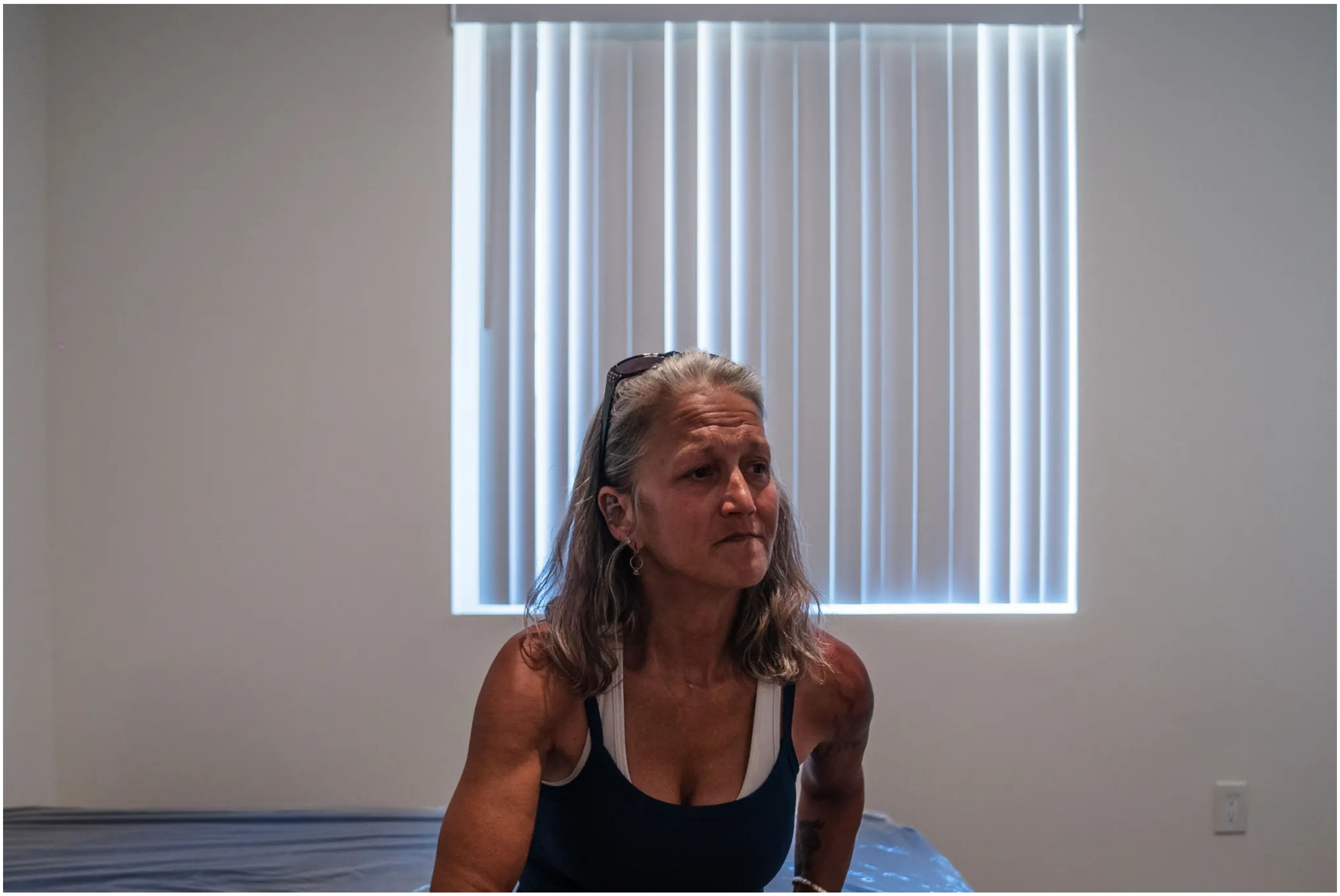
Wakeland Housing and Development Corp. CEO Rebecca Louie is concerned how the agency's decision to stop offering project-based vouchers will affect the production of housing for especially low-income San Diegans for years to come.

"It just means we're going to be building less for our very, very poor," Louie said.

Wakeland has relied on project-based vouchers in four recent low-income housing projects. Louie described those vouchers as "gamechangers" that fill financing holes and allow projects to serve more vulnerable San Diegans.

The Housing Commission reports that it has already committed project-based vouchers to nearly 1,000 housing units that are still in the pipeline.

Not doling out more of those for the foreseeable future means the region will eventually see a slowdown in new housing for those with the lowest incomes, especially people now living on the streets who desperately need homes with supportive services to stabilize.



Rachel Hayes sits in her new apartment and is overcome with emotion in San Ysidro on June 20, 2023. Hayes has not lived in a home since 2012. / Photo by Ariana Drehsler

Rachel Hayes, 57, is worried that means fewer San Diegans will get the same opportunity she did last year. Hayes **was homeless** and on the city housing agency's Section 8 waiting list for more than a decade before moving into a one-bedroom apartment in San Ysidro last June with a project-based voucher.

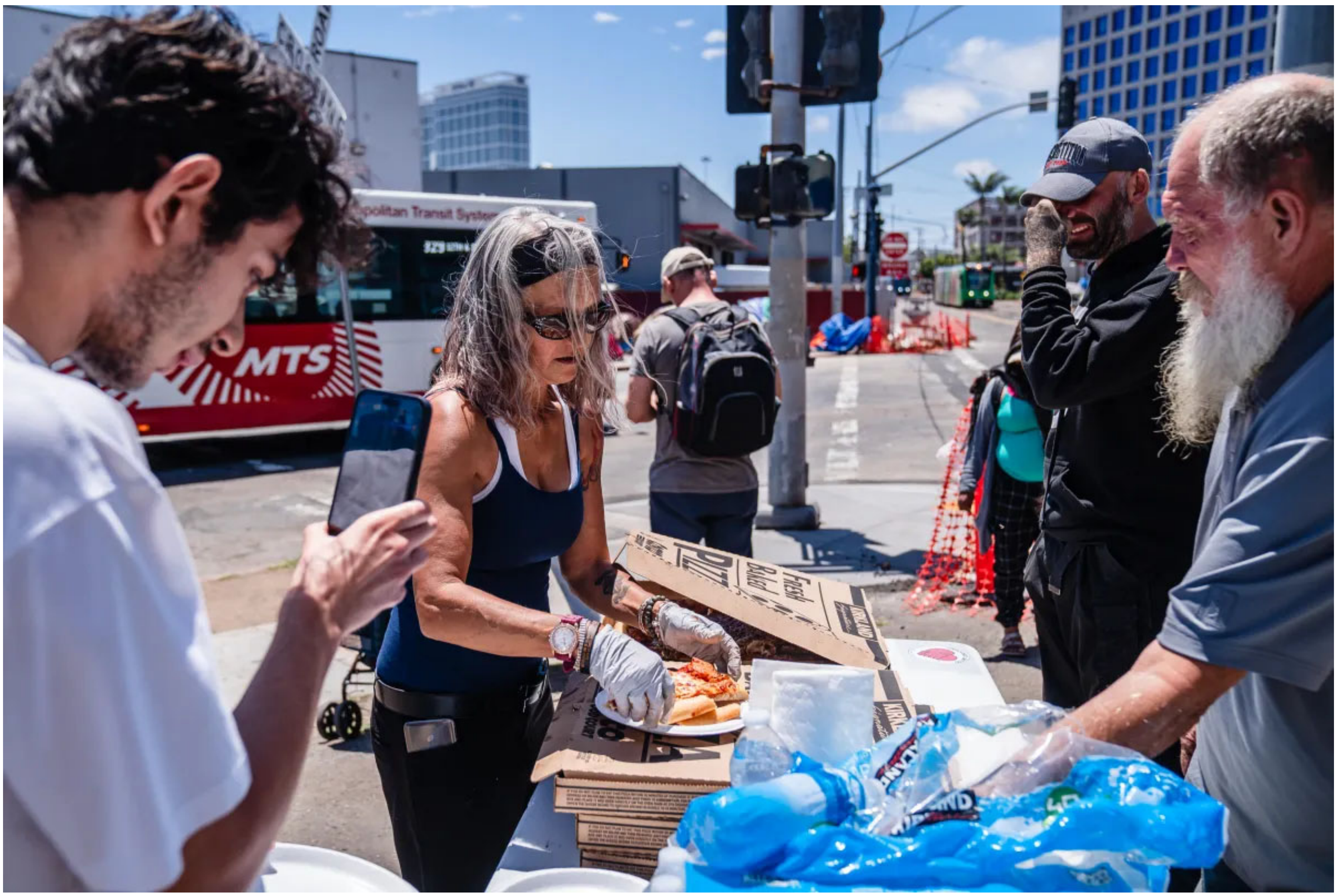
Hayes is too young to qualify for Social Security and said her past applications for disability income were repeatedly rejected – a common dilemma – despite health issues, including a stroke a few years ago. That means she doesn't have any income to pay the rent.

Now she's living at a complex that hosts regular community gatherings and offers residents access to healthcare, classes and a playground for the children who live there.

"It's given me the foundation to rebuild my life," Hayes said.

That foundation has allowed Hayes to regularly attend local government meetings to advocate for homeless San Diegans, volunteer at one of the city's inclement weather shelters and deliver food from her church's food distributions to neighbors.

Hayes is disappointed about what the Housing Commission's tough decision means for those who remain on the street.



Rachel Hayes puts pizza slices on a place for a man waiting in line in East Village in June 2023. / Photo by Ariana Drehsler

"All it's gonna do is slow down putting people in housing and that's scary," Hayes said.

Jones said the housing agency hopes to find other ways to spur supportive housing development, but its prospects are uncertain.

One potential option is to partner with the county on new **supportive housing units rental subsidies** tied to the Proposition 1 behavioral health reform measure voters approved in March.

But the commission won't be able to rely on a crucial tool it's used to facilitate past deals.

"If we can make it happen, we don't have vouchers to put towards it," Jones said.

Housing Commission Chair Mitch Mitchell said the agency warned city leaders that its stock of vouchers was drying up in fall 2022 when Midway Rising was selected to redevelop the Sports Arena area.

The Midway Rising team counted on dozens of project-based vouchers to help fund its affordable housing.

Mitchell recalled telling Gloria's office that it couldn't promise those vouchers would materialize.

"As far as a drawer full of vouchers being available for us to provide, that is just not the case," Mitchell recalled saying at the time.

Now that's a certainty – at least for the foreseeable future.

Charles Schmid, CEO of the project's affordable housing partner Chelsea Investment Corp., said he remains confident that Midway Rising can supply the promised affordable housing, especially given its roughly decade-long development window.

"Our commitment to deliver 2,000 affordable units has not changed and we are committed to delivering this number, and the availability of vouchers does not impact that commitment," Schmid wrote in an email.

Gloria's office didn't respond to questions about previous warnings from Commission officials but said it expects the Midway Rising team to find a path to proceed with the 2,000 affordable housing units it pledged.

"It's the responsibility of the project team to secure financing to deliver on their commitment of 2,000 affordable units," Gloria spokesperson Rachel Laing wrote in a statement. "They understand they cannot rely on vouchers due to scarcity and need to demonstrate a feasible plan regardless in order to execute the agreement with the city."

bob

January 2, 2025 at 11:05 am

Expand comments

Housing Authority of the City of Alameda
PHONE: (510) 747-4300
FAX: (510) 522-7848
TTY/TRS: 711
701 Atlantic Avenue • Alameda, California 94501-2161

ATTACHMENT C:

JULY 30TH LETTER FROM AHA TO CITY RE PBVS

Housing Authority
of the
City of Alameda

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

701 Atlantic Avenue • Alameda, California 94501-2161

July 30, 2026

Amy Wooldridge
Assistant City Manager
City of Alameda
2263 Santa Clara Ave., Rm. 320
Alameda, CA 94501

Sent via Email: awooldridge@alamedaca.gov

Dear Amy:

Thank you for your email and memo from Goldfarb and Lipman LLP (Goldfarb), dated July 3, 2026, regarding Project-Based Vouchers for the RESHAP Stardust Gardens LP, and for the data we requested subsequently on the project.

Below are our comments. Please feel free to call if you'd like to discuss any of this information.

Transfer of Units

With respect to the possible transfer of an existing PBV contract, discussed on page 2 of the memo, the memo references HUD Notice H-2015-03. That Notice relates to project-based rental assistance (PBRA) and not Project-Based Vouchers (PBV). Section 3.F. on page 4 of the Notice states:

> "3.F. This Notice does not apply when:
>
> 1. There is a Section 8 project-based HAP contract administered by the Office of Public and Indian Housing (i.e., a Section 8 Moderate Rehabilitation contract or a Section 8 Project-Based Voucher HAP contract) or by the Office of Community Planning and Development (i.e., a Section 8 Single-Room Occupancy Moderate Rehabilitation HAP contract)."

For this reason, HUD Notice H-2015-03 is not applicable to this project for the assisted units being administered by AHA.

The Goldfarb memo states that HUD regulations do not "explicitly allow" for transfer of PBV HAPs. That is correct and, in fact, HUD appears to rule out transfer. See regulation 24 CFR

§983.206 more explicitly. In the Preamble to the 2024 project-based voucher Final Rule (the Preamble), HUD considers and rejects partly on statutory grounds the possibility of HUD authorizing PBV transfers by regulation. The Proposed Rule dated October 8, 2020, solicited comments regarding this question:

> "*Question 42.* Under HUD's Rental Assistance Demonstration, PBV assistance may be transferred from one site to another. Should HUD establish a new regulatory provision in part 983 governing transfers of assistance from one project to another? If so, what factors should HUD take into consideration in developing such a provision?"

HUD received various comments in response to this question and responded as follows:

> "*HUD Response*: HUD has considered the comments and agrees that it is unnecessary to create a new regulatory process by which PBV assistance may be transferred from one property to another (though HUD has expanded options for termination of PBV contracts at § 983.206). Under this final rule, a PBV contract may terminate, as provided in § 983.206, with no corresponding reduction in the PHA's ACC units or HAP allocation. A PHA may, in conjunction with such termination, engage in the selection process in § 983.51 to select and place under contract a different PBV project, subject to all requirements of part 983. A PHA may give preference to families living in the former PBV project who wish to move (voluntarily) to the new PBV project, so long as such preference is consistent with the requirements of § 982.207, and subject to the provisions regarding in-place families at § 983.251(b), accessible units at § 983.251(c)(9), and excepted units at § 983.262(b)(2). This final rule therefore gives sufficient flexibility to PHAs to end PBV assistance at one project and begin PBV assistance at another.
>
> HUD has reviewed the suggestions that transfer of assistance be modeled on Project-Based Rental Assistance (PBRA) transfers and determined that parallel conditions, namely with respect to HUD oversight and funding authority, do not exist in the PBV program that would enable use of the same process. Additionally, HUD does not have the statutory authority to alter several provisions of part 983 to facilitate a transfer of PBV assistance as other commenters suggested. These provisions include environmental review, inspection, and the one-year notice of contract termination. HUD notes that, aside from this statutory limitation, these aspects of the PBV program are critical elements to the purpose and functionality of the PBV program and to ensuring PBV tenants reside in decent, safe, and sanitary housing." Federal Register / Vol. 89, No. 89 / Tuesday, May 7, 2024 / Rules and Regulations, P. 38224, 38287:

HUD appears to have ruled out the possibility of approving a regulatory waiver to allow a transfer. While it may be a possibility to request a waiver from HUD, through the San Francisco field office, this could take some time and will likely not succeed given HUD's stated position above. Even if the waiver is granted, this would not overcome any budgetary issues relating to PBV.

In addition, any proposal submitted to the Moving to Work (MTW) office to allow for a non-competitive selection of an owner other than the PHA would not fall within a Safe Harbor under the MTW Operations Notice applicable to AHA.

If you wish to proceed on the waiver route, we suggest the City or MidPen's counsel create a first draft and AHA will then review with AHA's Counsel.

Relying on a Prior Competition

Page 4 of the Goldfarb memo discusses the possibility of relying on a prior competition to select the new PBV development, acknowledges the regulatory requirement that the prior selection cannot be used "if the competition involved any consideration that the project would receive PBV assistance" (24 CFR 983.51(b)(2)), and puts forward the possibility of relying on the MHP competition. However, if the MHP competition relies on a prior competition that involved consideration that the project would receive PBV assistance, as MidPen has indicated the AHSC competition did, that would seem to rule out such a possibility.

Please note, in response to a commenter's suggestion to drop this requirement in the final rule, HUD responded in the Preamble: "HUD understands the limitations presented by the commentor because of the provision that prohibits a PHA from selecting a housing assistance proposal that included any consideration that the project would receive PBV assistance; however, this provision maintains the integrity of a competitive selection method and will not be revised in this final rule." Federal Register / Vol. 89, No. 89 / Tuesday, May 7, 2024 / Rules and Regulations, P. 38224, 38265.

Issuance of a New PBV Contract for Stardust Gardens

We agree with the Goldfarb memo that, regardless of shortfall status, AHA's Housing Choice Voucher Program budget may constrain its ability to issue commitments for PBVs. AHA is currently reviewing its funding status for 2026. AHA will not have a final answer on this at the August meeting.

It is important to clarify that, if APC gives notice to terminate the current contract, the 25 PBV households would get a tenant-based voucher. So, any new award could impact the HAP budget two-fold: (1) for the 25 tenant-based vouchers (TBV), and (2) for any new PBV vouchers, if MidPen were successful in a future competition. The 25 TBV only would be a net addition to the extent the households do not locate at the new PBV development. However, 6 of the 25 PBV families likely cannot be housed at Stardust Gardens as they have a 4-bedroom PBV and there are only 3-bedroom units available at this new property.

Budgetary concerns

Several regulations address the issuance of a request for proposals for PBV. This includes:

> 24 CFR 983.6(c): *PHA determination*. The PHA is responsible for determining the amount of budget authority that is available for project-based vouchers and for ensuring that the amount of assistance that is attached to units is within the amounts available under the ACC.
>
> § 983.58 PHA determination prior to selection. (a) *Analysis of units and budget*. A PHA must calculate the number of authorized voucher units that it is permitted to project-base in accordance with § 983.6 and determine the amount of budget authority that it has available for project-basing in accordance with § 983.5(b), before it issues a request for proposals in accordance with § 983.51(b)(1), makes a selection based on a previous competition in accordance with § 983.51(b)(2), amends an existing HAP contract to add units in accordance with § 983.207(b), or noncompetitively selects a project in accordance with § 983.51(c).

In addition, AHA may need to notify HUD before issuing a request for proposals and any intent to open an RFP would go to the Board first for approval. Please note that AHA does not meet with individual proposers once an RFP is underway and there are other previously approved commitments for PBV that are still unfunded

Need for vouchers

The Goldfarb memo indicates that MidPen needs PBV to compete for Stardust Gardens LP financing. However, AHA staff understood from the June 5, 2026, discussion with MidPen's President & CEO that the MHP application does not envision and does not need PBV vouchers to be funded. Rather, MidPen's President & CEO indicated that PBV vouchers would allow MidPen to serve a lower-income population. Please advise if AHA's understanding is incorrect. The 25 current residents under PBV could be accommodated by MidPen accepting their tenant-based vouchers, which AHA intends to issue once it receives the 12-month notice of the end of the PBV contract from APC. MidPen could encourage those families to voluntarily move to Stardust Gardens offering financial and preference-point incentives during the leasing process.

Shelter Plus Care contract

The Goldfarb memo did not discuss the other 18 project-based vouchers managed by AHA at the RESHAP site under the Shelter Plus Care Program (a HUD/Alameda County Continuum of Care program). It would seem important to resolve the relocation situation for these families before the tenant meetings on August 13, 2026, as AHA cannot issue vouchers to these tenants, but the County could. Other PHAs (including possibly Oakland, Berkeley and HACA) with subsidies at the site could be included.

While AHA has worked hard to provide as much information as possible in this letter, we strongly encourage the City to continue to seek independent legal advice on the PBV and other subsidy contracts at the site.

Please let me know if you have questions or if you'd like to schedule a call before the August meeting.

Regards,

DocuSigned by:
Vanessa Cooper
5AFA57239EC2484...

Vanessa Cooper
Executive Director

Attachment: Opinion from Goldfarb and Lipman LLP (Goldfarb), dated July 3, 2026

Cc:
Nicole Franklin nfranklin@alamedaca.gov
Abby Thorne-Lyman athornelyman@alamedaca.gov
Gerry Beaudin gbeaudin@alamedaca.gov
Sylvia Martinez smartinez@alamedahsg.org
Tonya Schuler Cummins tschuler@alamedahsg.org

goldfarb
lipman
attorneys

1300 Clay Street, Eleventh Floor
Oakland, California 94612
510 836-6336

M David Kroot
Lynn Hutchins
Karen M. Tiedemann
Dianne Jackson McLean
Isabel L. Brown
Margaret F. Jung
Heather J. Gould
William F. DiCamillo
Amy DeVaudreuil
Barbara E. Kautz
Rafael Yaquián
Celia W. Lee
Dolores Bastian Dalton
Joshua J. Mason
Jeffrey A. Streiffer
Elizabeth R. Klueck
Jhaila R. Brown
Gabrielle B. Janssens
Benjamin Funk
Matthew S. Heaton
Rebecca V. Hlebasko
Melissa H. Keyes
Aileen T. Nguyen
Katie Dahlinghaus
Brandon V. Stracener
Dori Kojima
Nazanin Salehi
Erin C. Lapeyrolerie
Annie K. Osborn
Minda Bautista Hickey
Colleen A. Wisel
Thomas J. Levendosky
Estrella M. Lucero
Vasudha Purohit

Los Angeles
213 627-6336
San Diego
619 239-6336
Hawaiʻi
808 854-6213
Goldfarb & Lipman LLP

July 3, 2026

memorandum

To

Amy Wooldridge, Assistant City Manager. City of Alameda
Abby Thorne-Lyman, Base Reuse and Economic Development Director, City of Alameda

From

Karen M. Tiedemann

RE

Stardust Gardens Project Based Vouchers

The City of Alameda has entered into a Disposition and Development Agreement with MidPen Housing ("MidPen"), Alameda Point Collaborative, Operation Dignity and Building Futures for Women and Children (collectively, the "Collaborating Partners") for the development of what is referred to as the RESHAP project which will replace 201 existing affordable housing units with newly constructed affordable housing units. The existing Collaborating Partner units were leased to the Collaborating Partners pursuant to Legally Binding Agreements entered into in furtherance of the Alameda NAS Base Reuse Plan and approved by the U. S. Department of Housing and Urban Development ("HUD") to address the needs of the homeless as required by the Base Closure, Community Redevelopment and Homeless Assistance Act ("Base Reuse Act") applicable to the closure of the Base. The existing residents of the Collaborating Partners units will be given first priority to occupy the new development.

Currently, Alameda Point Collaborative, one of the Collaborating Partners, has Housing Assistance Payment Contracts ("HAP") with the Housing Authority of the City of Alameda ("AHA") for 25 Project Based Vouchers ("PBV") which provide necessary rent subsidies for the targeted population of persons and families at risk of homelessness or who are homeless.

Pursuant to the RESHAP DDA, MidPen and the Collaborating Partners are the process of developing the first phase of the new replacement units which will consist of 80 units in a development to be called Stardust Gardens. MidPen has secured an allocation of Affordable Housing Sustainable Communities ("AHSC") funds from the California Department of Housing and Community Development ("HCD") for Stardust Gardens. MidPen has also submitted an application to HCD for MHP funds. In order to complete the financing of Stardust Gardens and submit a competitive application for Low Income

Housing Tax Credits for the project, MidPen needs to secure rental subsidies for some of the households expected to occupy the development in order to continue to serve the population targeted in the legally binding agreements and the Base Reuse Plan.

The City would like to explore the options for securing either a commitment of PBVs for Stardust Gardens or for transferring the existing PBVs to Stardust Gardens. This memo discusses options for obtaining a PBV commitment for Stardust Gardens. The path forward to obtaining the necessary PBV commitment faces some challenges but there are also some viable options that the City should collaboratively explore with AHA. It should be noted that the ability to obtain a new commitment of PBVs for Stardust Gardens depends on a variety of factors that will require additional information and consultation with AHA, including AHA's current and projected future shortfall status and importantly, AHA's budget and ability to fund PBVs. This memo is intended to initiate a process of consultation with AHA to explore and define clear options to obtaining a PBV commitment for Stardust Gardens.

Transfer of PBV Contract

There are no provisions within the HUD regulations governing PBVs that would explicitly allow the transfer of the existing PBV contract to the new development. There is authority to transfer budget authority for a PBV contract from one project to another project for Section 8 HAP contracts administered by HUD (See HUD Notice H-2015-03). That notice does not address whether there is an option to transfer the budget authority for an existing PBV HAP administered by a housing authority to a replacement project.

The issuance of the PBV HAPs for the existing Collaborating Partners furthered the goals of the Base Reuse plan and met requirements of the Base Closure Act. The Base continues to be subject to the terms of the Base Closure Act and the Base Reuse Plan, which includes the obligations to address impacts on the homeless. Transfer of the PBV HAPs would allow continued compliance with the Base Reuse Plan. Although HUD regulations do not explicitly allow for the transfer of the existing HAPs, because of the Base Reuse overlay which governs these units and their replacement, HUD may be willing to explore options for a direct transfer of the HAPs as part of continued compliance with the Base Reuse Act.

Issuance of a New PBV Contract for Stardust Gardens

AHA could issue a new PBV contract for Stardust Gardens, assuming it has sufficient budget to do so. Given that the 25 existing PBVs will be terminated by the Collaborating Partners, that termination should free up some budget capacity, but AHA's budget may have assumed other uses for that budget authority. Additionally, if AHA has to issue tenant-based vouchers to the existing PBV tenants and those tenants do not elect to move into the new PBV units, AHA's budget will be impacted by the new tenant-based vouchers. It is our understanding that the San Francisco Housing Authority is issuing commitments for new PBVs for replacement projects at Treasure Island on the assumption that the existing PBV HAPs in place will be terminated, freeing up budget allocation for the new PBVs. Depending upon the budget impact of issuing a new PBV contract for Stardust Gardens, the City and MidPen could consider partial subsidy to address the impacts, either with AHA or Alameda Point Collaborative.

Assuming that the AHA budget could accommodate the issuance of a PBV contract for Stardust Gardens, the next question is whether AHA has authority to issue any new PBV contracts.

HUD prohibits public housing authorities that are in shortfall status and seeking shortfall assistance from HUD from issuing new PBV contracts. Since AHA is not currently in shortfall, it would not be prohibited from issuing new PBV contracts, but AHA has indicated that it might be in shortfall at some point during the current fiscal year, in which case it may not be able to issue new PBV contracts. Regardless of shortfall status, AHA's budget may constrain its ability to issue commitments for PBVs.

Process for Issuance of PBV Contract.

The PBV rules require that a public housing authority's administrative plan describe the procedures for submission and selection of PBV proposals under a competitive selection process or an exception to a competitive selection process consistent with the regulations (24 C.F.R. §983.51). PBV proposals must be selected in accordance with a process set forth in the administrative plan. The options for a compliant competitive process for selection of a PBV proposal are either:

- Issuance of a request for proposal, which cannot be limited to a single site or impose restrictions that practically preclude submissions for other sites; or

- A public housing authority may select a PBV proposal without issuing an RFP, for housing that is assisted under a Federal, State, or local government assistance program that required competitive selection of proposals, provided the program's competitive selection process was within three years of the PBV proposal selection date and provided further the competition relied upon did not involve any consideration that the project would receive PBV assistance.

Section 16.II.B of AHA's Administrative Plan incorporates the above provisions into its selection process for PBV proposals. The Administrative Plan specifies that AHA will evaluate all proposals that are selected based on a competitive selection process for other funding sources on the following factors:

- Extent to which the project furthers AHA's goals of deconcentrating poverty and expanding housing and economic opportunity; and

- Extent to which the proposal complements other local activities such as the HOME program, CDBG, other development activities in a HUD-designated Enterprise Zone, Economic Community, or Renewal Community; and

- The rating factors that apply to responses to RFPs, which include project feasibility, owner experience and capability, design adequacy, site location adequacy, and social services provided onsite.

Additionally, because AHA is a Move-To-Work Housing Authority it can award PBVs to a property in which it has an ownership interest without a competitive selection process. In order to award vouchers to projects in which AHA has an ownership interest, it must conduct a subsidy layering review and have a third party conduct the housing quality standard inspections. AHA, in its MTW Supplement for fiscal year 2026-27, has included a program that would allow AHA to award PBVs to a property owned by a single-asset entity of AHA without engaging in a selection process.

MidPen applied to HCD for MHP funds in a competitive process and has represented that the application for MHP funds does not rely upon the issuance of PBVs for the project so the MHP funding process could constitute a state competitive funding process that would eliminate the need for AHA to issue a request for proposal for issuance of a new PBV HAP. While the MHP application did not show PBVs, it assumed maximum TCAC rents rather than existing tenant rents and lowered ongoing operating and services costs. This is not in line with the City's goal to rehouse existing Alameda Point residents at Stardust Gardens.

Conclusion

Direct transfer of the existing HAP contracts to the new replacement project would be the simplest path to obtaining the necessary rental subsidies for Stardust Gardens but in order to achieve that, guidance from HUD will be required.

There are also options for AHA to issue a commitment for new PBVs for Stardust Gardens, including the potential to avoid a competitive request for proposal selection process but more information on the impact of doing so on AHA's budget is necessary.

Additional Information Needed

In order to determine the best path forward, additional information is needed including:

1. Copies of the existing HAPs

2. Clarity on options to either conduct a competitive RFP process or issue PBVs utilizing the MHP competitive process, if Stardust Gardens is awarded MHP funding.

3. Additional budget information from AHA on the impact of issuance of a new PBV contract for Stardust Gardens taking into account the potential that AHA may need to issue tenant-based vouchers to some of the existing PBV tenants.

4. Options for addressing any budget impact on AHA of issuing a new PBV contract.

5. A contact at HUD to discuss the Base Closure Act impacts on the transfer of the PBV HAPs.

KMT:kmt