

Exhibit A

DRAFT Measure A1 Implementation Policies

Rental Housing Development Fund & Innovation and Opportunity Fund

On June 28, 2016, the Alameda County Board of Supervisors placed Measure A1 on the November ballot for \$580 million in general obligation bonds designated for affordable housing, and adopted a program summary outlining basic parameters of programs to be funded. The residents of Alameda County voted to support the Measure A1 Bond by 73% in favor on November 8, 2017. Alameda County's Housing and Community Development Department (HCD) is implementing this program.

Of the Bond's five programs, two are intended to increase the affordable rental housing inventory in Alameda County. Implementation-level policies have been developed within the framework of the program parameters approved by the Board in June 2016 in order to guide the use of the funds allocated to the Rental Housing Programs.

Framework

When the Alameda County Board of Supervisors placed Measure A1 on the ballot, program summaries of the programs to be funded by the Bond were adopted at the same time.

- To create and preserve affordable rental housing for the County's most vulnerable current and displaced households, including low-income workforce households.
- The rental housing allocation includes funding for a Rental Housing Development Fund as well as for a Rental Housing Innovation and Opportunity Fund.
 - a. The Rental Housing Development Funds will be distributed throughout the county by formula in two different ways: Creation of four regional pools (North/Mid/South/East) and "Base City Allocations" for financing projects in each jurisdiction.
 - b. The Rental Housing Innovation and Opportunity Fund will be available county-wide with no geographic distribution by formula.

The adopted Program Summary provides the overarching framework for these program. These implementation policies, once adopted by the Board will provide implementation-level parameters for how the programs will operate. In addition, HCD will continue to use its existing Administrative Loan Terms (see Attachment A) and detailed Housing Development Policies and Procedures for specific project requirements. Specific policies to guide implementation of the Measure A1 Rental Housing Development Fund and the Rental Housing Innovation and Opportunity Fund are outlined under Sections I and II below. Projects that received early commitments of Measure A1 Base City Allocation financing in Spring 2017 will not be subject to new or conflicting provisions in these policies. However, those projects will be subject to any A1 Bond Requirements as required by Bond Counsel.

It is anticipated that some of these initial Implementation Policies will evolve over time. HCD will track and report on implementation on an annual basis, including recommendations for any needed modifications to policies to ensure achievement of Measure A1 goals.

RENTAL HOUSING DEVELOPMENT FUND POLICIES

Measure A1 Specific Policies for Rental Housing Development Fund – Applies to Both Base City Allocations and Regional Pools

I. Income Levels

Policy Adopted June 28, 2016

- A. The majority of the housing units will serve very low-income households with incomes between 30% and 60% of Area Median Income (AMI).
- B. A portion of the funds may be allowed to subsidize units for households at or below 80% of AMI to create affordable housing for a mix of lower-income levels within developments.
- C. At least 20% of the units funded by this program will have an income cap and serve extremely low-income households at or below 20% of AMI.

Additional Proposed Policy:

- A. The maximum amount of funding allowed to be spent on units at 80% of AMI is 5% of each funding Base City Allocation and each Regional Pool.
- B. Each city must restrict at least 20% of the units financed by its base city allocation to 20% of AMI and at least 20% of the units financed by each regional pool must be restricted at 20% AMI. HCD's goal will be to meet this requirement with each funding allocation round of the Regional Pools.
- C. Any unit with a project-based voucher shall be counted towards meeting the 20% unit requirement, so long as the unit has a preference for households at 20% of AMI, even if the voucher specifies that it can serve households with incomes up to 50%.

Note: HCD will work to identify and coordinate with sources that can provide operating subsidies in coordination with capital funding provided by Measure A1. Measure A1 funds cannot pay for operating subsidies or services, capitalized operating reserves, services, or services reserves.

II. Project Selection Criteria:

Policy Adopted June 28, 2016

- A. Projects must be affordable for a minimum of 55+ years.
- B. Proposed affordable developments must include a financial contribution from the city in which they are located. (See **Match** section for more details.)

- C. Priorities for one or more of the following target populations, within the income limits described above:
 - 1. Homeless people, including individuals and families, chronically homeless people with disabilities and other homeless populations
 - 2. Seniors
 - 3. Veterans
 - 4. People with disabilities, including physical and developmental disabilities and mental illness
 - 5. Re-entry
 - 6. Transition-age youth aging out of foster care
 - 7. Lower-income workforce
- D. Alameda County residents and workforce will be given priority for these housing units.

Additional Proposed Policy: Staff has not yet completed its review and policy development in this area.

- A. The term of affordability will begin upon issuance of the Certificate of Occupancy.
- B. Alameda County HCD will track units dedicated to each of the target populations. Annually, the target populations of the projects funded and units produced will be reviewed and such review may impact future Request for Proposals (RFP) points scoring in order to ensure a spread of units serving these target populations.
- C. Projects funded from the Base City Allocation must include units targeting one or more of the above target populations.
- D. Applications for funding will require specificity regarding which target populations and income levels will be served.
- E. Additional points in competitive project selection processes may be awarded to incentivize specific target populations, additional units for the target populations and income levels, and use of tenant screening tools that screen these vulnerable populations into the projects rather than out of the projects.
Notes: Landlords are prohibited under State law from requesting information about immigration status unless required to do so by federal law.
- F. Affirmative Fair Marketing Plans are required for each project to ensure that current Alameda County households, those displaced from Alameda County, and current Alameda County workforce are aware of each housing opportunity to the greatest extent possible and the leasing of the project provides fair and equal access.
 - 1. Affirmative Fair Marketing Plans will be approved by HCD.
 - 2. All marketing efforts to include, at minimum, listing the openings with 211, notifying parties on an HCD-established “Housing Opportunities” list service, and broadly advertising to community and faith-based organizations, service providers, all members of the Board of Supervisors, and others that register to receive such information.
 - 3. All marketing and outreach materials must be provided in the core languages as specified in each jurisdiction’s Language Access Plan.

- G. Should a core application or single wait list or point of entry be created, all units will utilize such a process.
- H. Referrals to all homeless Permanent Supportive Housing will be made from the Coordinated Entry System.
- I. All financed projects must provide to residents and post a Tenant Rights and Responsibilities document (to be developed by HCD based on the HUD Tenants Rights and Responsibilities document).
- J. All projects must meet the Alameda County Housing and Community Development Department Administrative Loan Terms and underwriting requirements, as modified by the adopted Measure A1 Bond Policies. See Attachment A for summary details or the HCD website for the full document.

III.

Eligible Types of Projects:

Policy Adopted June 28, 2016: This component of the bond program will assist in the creation and preservation of **affordable rental housing** for vulnerable populations; including:

- A. New construction
- B. Acquisition/rehabilitation
- C. Acquisition only
- D. Rehabilitation of existing affordable housing with extended affordability

Additional Proposed Policy:

- A. Projects must meet all Measure A1 Rental Housing Development Fund policies and requirements.
- B. It is anticipated that most projects will be multi-family projects of 5 or more units
- C. Scattered site single-family homes, accessory dwelling units (ADU's), small houses and shared housing are eligible, provided that they are financially feasible, they meet all the requirements per A above, and they do not place an undue burden on the County to monitor compliance.
- D. Projects that will permanently displace current low or moderate income residents are ineligible for Measure A1 funding.
- E. In order to prevent displacement while allowing Measure A1 funds to be used for acquisition of existing rental housing, at least 85% of the existing households must be income eligible under Measure A1 requirements. The existing 'over income' households whose incomes exceed Measure A1 limits, will be allowed to remain. Upon unit turnover, the unit must be filled by a Measure A1 income-qualified household. Alternatively, Measure A1 funds may be used to finance less than 100% of the units in a building. For example, in a 50 unit building in which 25 of the households have incomes at or below Measure A1 limits (50% of units), Measure A1 fund would only be used to subsidize a total of 32 units (25 units plus an additional 15% of the total units or 7 units), and the remaining 18 units would not be financed with Measure A1 funds.
- F. Should a project need to temporarily relocate residents, the existing low-income residents shall have the first right of refusal to return to their previous or comparable unit at comparable or lower rents after the rehabilitation of the project is complete.

Temporary relocation benefits must be provided, utilizing State of California standards for such benefits.

- G. Measure A1 funds may not be used for development of units that are built to comply with local requirements such as density bonus, inclusionary zoning, or on site alternatives to payment of impact fees, unless the Measure A1 funding will result in units with a deeper level of affordability than otherwise required, with corresponding lower rents.

IV. **Eligible Uses of the Funds**

Policy Adopted June 28, 2016:

Uses of funds will be flexible, within the parameters of eligibility for use of general obligation bond proceeds, which include land acquisition and capital improvements, as defined by the Internal Revenue Service (IRS).

- A. Predevelopment period costs: Subject to securing a deed of trust and regulatory agreement, acquisition of real property and standard soft costs are eligible.
- B. Construction period costs: New construction and rehabilitation to preserve affordability are eligible
- C. Permanent Financing: Take-out of construction financing is eligible so long as the uses paid with construction financing meet the Measure A1 requirements.
- D. General obligation bond proceeds may not be used to fund services or operations costs, including capitalized operating or services reserves.

Additional Proposed Policy:

- A. Acquisition of land is eligible, provided that a project is developed in a reasonable period of time. "Reasonable" is defined as having a financing plan in place within two years from acquisition and starting construction within three years from acquisition. An extension of one additional year may be granted by the Housing Director, as long as the project is making significant progress towards construction start.
- B. For Acquisition/Rehabilitation or Rehabilitation only projects, only Capital Improvements, as defined by the IRS, may be funded with Measure A1 funds.
- C. For Acquisition/Rehabilitation or Rehabilitation only projects, after completion of rehabilitation the project must meet applicable building codes of the jurisdiction in which it is located.
- D. Long-term land banking is not expected to be funded under the Rental Housing Development Fund program.
- E. Temporary Relocation Costs are an allowable project cost, as part of the normal costs of development, and may, upon approval of Bond Counsel, be an eligible cost for Measure A1 funding.

V. **Amount of Measure A1 Investment per Project/Unit**

Guiding Principles:

- A. Maximize leverage and produce the largest number of units possible.
- B. Select feasible projects that can compete well for State/Federal financing.

- C. Fund projects at a level to ensure viability for the life of the regulatory period.
- D. The Measure A1 Bond proceeds must fill a gap and not supplant other funding.

Additional Proposed Policy:

- A. The maximum amount of Measure A1 funds per project shall be the lower of the State of California HCD maximum loan subsidy limit for each Measure A1 funded unit in the project or a percentage of the Total Project Costs (TPC), except as modified under items 3-4 below:
 - 1. For 9% Low Income Housing Tax Credit projects, a maximum of 25% of the TPC or the State 9% subsidy limit per unit size (See Attachment B) whichever is lower;
 - 2. For 4% Low Income Housing Tax Credit projects, a maximum of 35% of the TPC or the State's non 9% subsidy limit per unit size (See Attachment B) whichever is lower;
 - 3. For small projects, defined as 20 units or less, or Special Needs projects (i.e. Extremely Low Income, Homeless, or Supportive Housing), an additional 10% increase (i.e. from 25% of TPC to 35% of TPC or from 35% of TPC to 45% of TPC) in subsidy may be allowed should the project demonstrate a financial need in order to be feasible and leveraging from other available financing sources have been sought;
 - 4. Minor changes to these maximum amounts, associated with a small funding gap in a previously approved project, may be approved at the discretion of the Housing Director in order to ensure project feasibility and readiness to proceed
- B. The maximum Measure A1 subsidies are a combined total of any Base City Allocation and any Regional Pool funds in a project.
- C. The maximum Measure A1 subsidy levels will be reviewed at least annually to determine if modifications are needed in order for Measure A1 funded projects to compete successfully for Low Income Housing Tax Credits or other competitive State or Federal funding.

VI. **Match Requirements**

Policy Adopted June 28, 2016:

- A. All projects funded by Measure A1 Bond proceeds must include match from the city in which the project is located.

Additional Proposed Policy:

Type: Match must have a determinable financial value, including, but not limited to, any combination of such things as:

- 1. Cash, including HOME, CDBG and other federal or State funds that flow through the jurisdiction and are funding sources on which the jurisdiction relies.
- 2. Donated or cost written down land
- 3. Waived planning, building or impact fees

4. Cash or land donated by developer as a result of a negotiated deal with the city or due to a city policy
 5. The additional loan amount leveraged by a local housing authority's commitment of project based vouchers.
- A. The following are not eligible sources of match:
 1. City staff time
 2. Use of Base City Allocation
 - B. A city may make a "future commitment" of match funds not yet available (e.g., inclusionary housing fees or ongoing revenue generated by the city), so long as they are backed by a City commitment that will replace this "future commitment" should the identified original funding source not become available.
 - C. Amount: The minimum amount of match must equal the city planning and building fees, not including impact fees, for the city in which the project is located. Additional amounts are encouraged.
 - D. Base City vs. Regional Pools: The minimum amount of required match will be the same for projects funded by the Base City Allocations and projects funded by a Regional Pool.
 - E. The formal Match Commitment must occur in advance of construction loan closing, but the city must administratively determine the amount of proposed match at the time of application in order for a project to qualify for Measure A1 funding.

VII. **Leverage Requirements**

Policy Adopted June 28, 2016:

HCD seeks to leverage other sources of affordable housing financing including State, Federal and other local subsidy sources.

Additional Proposed Policy:

Additional points may be awarded in competitive processes to incentivize leverage in applications for funding.

VIII. **Wage Levels and Employment Opportunities**

Policy Adopted June 28, 2016:

Projects must meet all applicable County wage and hiring requirements.

Policy Adopted July 19, 2016:

All rental development projects funded by Measure A1 are required to pay Prevailing Wages.

Additional Proposed Policy: Staff has not yet completed its review and policy development in this area.

- A. HCD will monitor for compliance of Prevailing Wage
- B. Should HCD establish Job Training and Career Pathway programs, projects funded subsequent to establishment of the program with Measure A1 Bond shall meet the requirements, as applicable.
- C. HCD may provide additional points in an RFP for those projects that coordinate with and propose use of career pathway programs.

IX. **Single Core Tenancy Application/Posting for Unit Openings**

Goal: HCD desires to create a robust and easy to access way for low-income households seeking subsidized housing to locate and be informed of unit availability and a single core tenancy application system to streamline the application process for low income households of the county.

Additional Proposed Policy:

A. Should HCD develop such a system, all projects funded by Measure A1 will be required to utilize the system.

X. **Geographic Distribution of Funding**

Policy Adopted June 28, 2016:

A. Regional Pools - \$200,000,000 will be divided into four regional pools which can be used to finance projects located in these regions, as follows:

HALF OF FUNDS TO REGIONAL POOLS		
Regional Pools Allocations by:	% of Total	Need-Blend of Poverty and RHNA LI & VLI
North County	44.7%	\$89,325,065
Mid County	24.9%	\$49,803,134
East County	13.7%	\$27,332,372
South County	16.8%	\$33,539,429
ALAMEDA COUNTY TOTAL	100.0%	\$200,000,000

North County Region: Albany, Berkeley, Emeryville, Oakland and Piedmont.

Mid County Region: Alameda, Hayward, San Leandro, and Unincorporated County.

South County Region: Fremont, Newark and Union City.

East County Region: Dublin, Livermore, and Pleasanton.

B. Base City Allocation - \$225,000,000 will be divided by formula into base amounts for use in each city and the unincorporated county as follows:

HALF OF FUNDS TO BASE CITY ALLOCATIONS	
City Base Allocations by:	Total Population
City of Alameda	\$10,370,727
City of Albany	\$2,588,918
City of Berkeley	\$15,796,369
City of Dublin	\$8,831,465
City of Emeryville	\$2,799,109
City of Fremont	\$33,264,459
City of Hayward	\$20,298,294
City of Livermore	\$12,722,700
City of Newark	\$6,029,275
City of Oakland	\$54,803,565
City of Piedmont	\$2,431,300
City of Pleasanton	\$13,720,684
City of San Leandro	\$11,907,775
Unincorporated County	\$19,671,892
City of Union City	\$9,763,468
ALAMEDA COUNTY TOTAL	\$225,000,000

Measure A1 Specific Policies for Base City Allocations

(Note: In the policies below, the term “city” shall apply to the Unincorporated County in terms of its use of its Measure A1 Base City Allocation)

I. Procurement Process

Policy Adopted January 23, 2017:

- A. Cities will follow their own procurement processes to preliminarily select projects to be funded and to propose the amount of Base City Allocation to be awarded to each project, subject to the Measure A1 maximum subsidy limits.

Additional Proposed Policy:

- A. Cities will submit an application for each selected project to HCD. HCD will review for compliance with Measure A1 bond program requirements and HCD’s Rental Housing Development Policies and underwriting requirements.
- B. HCD will accept applications in an over the counter process, with specific deadlines established to be included in annual or biennial bond issuance pools as needed.
- C. Alternatively, a city may request that HCD administer the project selection process for all or a portion of the city’s Base City Allocation, in which case HCD will run the city’s selection process concurrently with the regional pool competitive RFP process, with the city approval of the Measure A1 eligible project(s) to be funded from its Base City Allocation.
- D.

II. **Types of Projects**

Policy Adopted June 28, 2016:

- A. In addition to the types of projects listed above, cities may use a portion of the Base City Allocation to finance the development of interim, crisis, or transitional housing for homeless households provided the city has identified funding for operating and services subsidies.

Additional Proposed Policy:

- A. If a city uses a portion of its Base City Allocation for crisis, interim, or transitional housing, the city must identify funding sources for associated operations and services prior to HCD approval of use of Measure A1 funds.
- B. The “portion” of the Base City Allocation that may be used for crisis, interim, or transitional housing is defined as up to 10% for cities with Base City Allocations over \$15 million, 15% for cities with Base City Allocations under \$15 million and over \$10 million, and up to 20% for cities with Base City Allocations under \$10 million.
- C. A city may use a portion of its Base City Allocation to finance a regional-serving project located in another jurisdiction should it choose to do so.

III. **Loan Administration**

Policy Adopted June 28, 2016:

- A. HCD will administer the Measure A1 funding, including negotiating deal terms and executing County loan documents.
- B. HCD will collect sufficient information to ensure that the projects meet Measure A1 policies and requirements.

IV. **Commitment Deadline**

Proposed Policies:

- A. Cities will have up to 3 years (until December 31, 2020) to commit funds to specific projects, with possibility of extension should a feasible project be identified.
- B. “Commitment” is defined as a City Council action to allocate funds to a project.
- C. Funds not committed by the city will be moved into the Regional Pool in which the city is located on January 1, 2021, unless an extension has been granted by the Housing Director.
- D. The Cities will have up to three years from commitment of the funds to start construction on the project and up to five years to expend the funds.

Measure A1 Specific Policies for Regional Pools

I. Procurement

Policy Adopted June 28, 2016:

A. Developments financed with bond funds must have the support and approval of the cities in which they are located, including financial support [as defined under the Match section of these policies].

Policy Adopted January 23, 2017:

A. HCD will use a competitive Request for Proposals (RFP) process to select projects.

Additional Proposed Policy:

A. It is a goal to use the Regional Pool funds to finance projects in various locations around each region, not only in one jurisdiction. In the competitive process, regional geographic spread will be considered.

II. Commitment Deadline

Proposed Policy:

A. HCD will use its best efforts to commit all funds in each Regional Pool within 4 years (by December 31, 2021).

B. Once funds are committed, a project will have up to 3 years to start construction, and up to five years to expend funds.

C. Should a Regional Pool not have eligible, feasible projects requesting funding, after December 31, 2021, the funds in such a Regional Pool may be moved to another Regional Pool which has eligible, feasible projects requesting funds which exceed that Pool's available funds.

D. If uncommitted funds remain in any Regional Pool after January 1, 2022 those funds will be made available county-wide through a competitive RFP process.

RENTAL HOUSING INNOVATION AND OPPORTUNITY FUND POLICIES

I. Use of Funds:

Policy Adopted June 28, 2016

- A. The goal of this component of the Measure A1 Bond program is to support the ability of affordable housing developers to respond quickly to opportunities that arise in the market, to preserve and expand affordable rental housing and prevent displacement of current low-income Households.
- B. Eligible properties can include vacant land, existing apartment buildings and motels, or other buildings to be converted into eligible housing.

Additional Proposed Policy:

- A. This fund is specifically meant to be used to acquire property for the development of long-term affordable rental housing. Acquisition of land and related soft costs are all eligible use of funds.
- B. Funds will be awarded for short-term loans, with an initial maximum loan term of three years. This fund is not permanent financing.
- C. Repayments to this fund will provide funding for additional projects over time.

II. Criteria:

Policy Adopted June 28, 2016

The housing developed under this program must meet the requirements of the Rental Housing Development Fund.

III. Geographic Distribution:

Policy Adopted June 28, 2016

The Innovation and Opportunity Fund is available countywide for eligible projects.

IV. Procurement:

Policy Adopted June 28, 2016:

- A. HCD will issue a Request for Qualifications (RFQ) to select and pre-qualify developers to participate in the program.
- B. Once approved for participation, selected developers will be able to submit over-the-counter applications for funding.

Proposed Policy:

- A. **Requirements for developers:** To be considered for the pool of pre-qualified developers, developers must meet HCD's Tier One Developer requirements.

V. Leveraging

Proposed Policy:

Encourage developers to leverage funds to the greatest degree possible.

VI. **Maximum or Minimum Loan Amounts:**

Proposed Policy:

HCD will work with other community-based lenders to establish minimum and maximum Measure A1 loan amounts, in order to combine Measure A1 funds in this program component with other, leveraged funds to the maximum extent possible.

VII. **Loan Terms:**

Proposed Policy:

- A. These funds will be provided in the form of short-term loans. It is expected that the initial loan term will be a maximum of three years, however this may be modified if necessary to leverage other financing. It is not expected that the maximum term will not exceed five years.
- B. The loans will be documented with a full set of loan documents, including a recorded deed of trust, regulatory agreement, signed promissory note and loan agreement.
- C. Regular reporting on the projects progress will be required.

VIII. **Match Requirements:**

Proposed Policy:

- A. Formal Commitment of City matching funds is not required at this stage of development as a prerequisite for award of Opportunity Fund loans..
- B. City support and approval of the project is required at the time of the loan.

Attachment A

Alameda County Housing and Community Development Department Administrative Loan Terms

Alameda County Housing and Community Development Department (HCD) maintains a set of Administrative Loan Terms and Housing Development Policies and Procedures used to implement its Affordable Housing Development Program. These policies are updated periodically, as changes occur in the affordable housing finance field, including programmatic changes at the State (CalHFA, California State Housing and Community Development, California Tax Credit Allocation Committee and California Debt Limit Allocation Committee) and Federal (Housing and Urban Development) levels.

The below is a very high level overview of HCD policies and do not represent all requirements of HCD funding. For additional details, see HCD's Affordable Housing Development Policies and Procedures, an annual Request for Proposals document, and HCD's Loan Documents, available on HCD's website. For the Measure A1 Bond program, also see specific Measure A1 policies and requirements, available on HCD's website.

A. Loan Documents:

It is anticipated that regardless of how funds are initially used, they will roll into permanent financing secured by long-term debt against the real estate secured by a Deed of Trust and Regulatory Agreement. In addition, borrowers will sign a Promissory Note and Loan Agreement documenting the County's investment. HCD's existing affordable housing development program policies as of the date of the contract will govern loan terms and HCD-imposed requirements.

1. Contract for funding, approved by the Board of Supervisors
2. Loan Agreement
3. Regulatory Agreement
4. Promissory Note
5. Deed of Trust
6. Subordination Agreement(s) (as applicable)

B. Term

In general, a 59-year loan term and regulatory period is required for affordable housing projects funded by HCD. This term has, on occasion, been reduced with the Housing Director's approval to 55 years in tax credit projects, when borrower's counsel justifies the reduction due to tax credit requirements. The term begins as of the date of initial occupancy, which can be set by either the Certificate of Occupancy or by the first occupancy of the building as reported in the closeout report.

C. Interest Rate

3% simple interest, owed as of the date of disbursement unless the Promissory Note indicates otherwise.

D. Payments

1. HCD loan may be amortized over a 59-year period, with equal payments throughout the term (amortized loan); or
2. In special needs projects that serve Extremely Low Income Households, payments may be deferred, at the Housing Director's discretion in order to make the project financially feasible; or
3. HCD loan may be repaid through a proportionate share of residual receipts. HCD may allow the General Partner of the borrower partnership to retain up to 50% of the residual receipts as an "Incentive Management Fee", but may restrict this to only 25% if there are soft lenders in addition to HCD sharing repayment from residual receipts. Should the Partnership Agreement not allow the GP to keep the full amount of the Incentive Management Fee, HCD will require that the amount of the soft lender share of residual receipts be increased to capture those funds.

E. Security

Deed of trust recorded against fee title or leasehold interest.

F. Regulatory Agreement

The HCD Regulatory Agreement must be recorded against the fee title interest on the property and in senior lien position to bank loan documents. In leasehold transactions, the Regulatory Agreement must be on the fee title. HCD's Regulatory Agreement includes a prohibition against discrimination based on the source of a tenant's income and requires acceptance of rental assistance programs like Shelter Plus Care and Section 8 Vouchers.

G. Income Restrictions

See the Measure A1 Specific Policies for Income Restrictions.

H. Rent Increases

Rent increases are subject to the requirements of the funding source(s) invested in the project. Rent may be increased by not more than 5% annually (unless approved in writing by the Housing Director in advance of the increase based on feasibility of the project). HCD will consider allowing rents to "Float Up" if a project based voucher contract is not renewed.

I. 4% MFMR Bond Projects

In any project funded by Alameda County Housing and Community Development, HCD will be the issuer of the Bonds, subject to the Housing Director.

J. Replacement Reserve

0.6% of the replacement cost of the structure annually, up to \$600 per unit for family developments and \$500 per unit for senior developments. These amounts may change annually as part of the RFP process to reflect updates or changes to State HCD program requirements.

K. Operating Reserve

- L. Three months of operating expenses must be capitalized at conversion. Developers must make payments in schedule approved by the County until the reserve reaches 6 months of operating expenses. A larger deposit is encouraged.

M. Developer Fees

For 9% Tax Credit projects, the maximum allowed by TCAC which will generally be equal to \$2.2 Million. In 4% Tax Credit Projects, the maximum amount the Developer may take out of the Development Costs is equivalent to a 9% deal, however additional fee to increase basis is allowable if matched general partner capital contribution or taken out of the Borrower's share of cash flow over the tax credit compliance period. For non Tax Credit projects, the maximum developer fee is 10% of TPC, subject to the Housing Director's approval.

N. Retention

\$50,000 of HCD's loan funds must be allocated toward the developer fee and held as a performance retention, to be paid upon completion of construction and delivery of close out items. This amount can be adjusted for smaller projects, at the Housing Director's discretion.

O. Asset/Partnership Management Fees

Combined \$25,000 limit with no escalator; unpaid fees do not accrue; any fees above this amount or escalators must come from borrower's 50% Incentive Management Fee. State HCD is currently proposing new limits, but has not yet adopted them. The Housing Director may revise this policy to be in conformance with any new State policies on this issue.

P. Loan Fees

HCD may charge a loan closing fee.

Q. Monitoring Fees

HCD will charge a monitoring fee for each HCD-restricted unit. The current fee is \$300 per restricted unit per year.

R. Insurance Minimums

1. Workers Compensation: to the extent required by law, including Employer's Liability coverage, at least \$1,000,000 each accident
2. Commercial General Liability: \$2,000,000 per occurrence
3. Commercial Automobile Liability: \$1,000,000 per occurrence
4. Builder's Risk/Property: 100% of property replacement value
5. Commercial Crime: covering all officers and employees, for loss of HCD loan proceeds caused by dishonesty
6. Borrower must ensure that any general contractor or subcontractors maintain the insurance in #1-3 in the amount of \$1,000,000 each.

7. Commercial General Liability and Automobile Liability insurance policies must be endorsed to name as an additional insured HCD, and its officers, agents, employees and members of the County Board of Supervisors.

S. Record Retention

Records related to Alameda County bonds or loans used to fund construction or rehabilitation of low-income housing, including individual homeowner loans through large affordable housing developments must be kept for the length of time the property is owned plus 6 years.

T. Reports

1. Quarterly progress reports required during construction and with any invoice;
2. Quarterly reports required during the first year of operations, starting from certificate of occupancy;
3. Annual Reports required (within 180 days of the end of the fiscal year) after the first year and for the term of the loan.

U. Change Orders

For construction period loans, construction change orders are subject to HCD's approval.

V. Subcontracts

1. Contractor must submit proof that subcontractors are not debarred prior to construction loan closing.
2. HCD requires competitive bidding for all subcontractors.

W. Construction Contingency

1. **New Construction:** 10% required at initial application, but can drop down to 5% remaining after construction bids are known.
2. **Rehab:** 15% construction contingency required.

X. Jobs/Hiring

See the Measure A1 Specific Policies for Job/Hiring requirements.

Y. Subordination

HCD will not accept standstill provisions or enter into a standstill agreement requested by senior lenders that prohibits HCD from exercising remedies during a specified period after a default

Z. Developer Criteria

HCD awards funds to Tier One developers. In order to be considered for funding under the Tier One criteria, a developer must demonstrate experience and capacity to complete the project. Experience includes the successful development and completion of three projects of a similar size and scope by the developer.

Capacity includes having staff on board and assigned to the project who have worked on similar projects and whose resume's demonstrate their ability to guide the project through all stages of the development process.

For developers that do not meet these requirements, a partnership with a Tier One developer is required.

Long term ownership entity must include a Tier One developer and its capacity to oversee the asset management of the building over the course of the regulatory agreement.

AA. HCD's Costs

Borrower (or Project) to pay for required 3rd party environmental review (NEPA/CEQA), HCD's legal costs associated with development and execution of project legal documents, wage monitoring associated with the project, and construction management costs associated with overseeing the progress of construction.

These administrative loan requirements are updated regularly in connection with the annual Request for Proposals process and in connection with changes at the State and Federal level to standard affordable housing finance policy, and subsequently approved by the Housing Director. HCD's objective is funding affordable housing that is financially viable over the long term loan and regulatory period as well as meets the County's fiduciary responsibilities in relationship to funding sources.

Attachment B – Maximum Loan Limits for Measure A1 Bond Funds

Proposed Measure A1 Maximum Loan Limits – Projects without 9% Tax Credits State HCD Loan Limits for Alameda County 2016**

Alameda County	Efficiency	1 BR	2 BR	3 BR	4+ BR
Income Limit					
80% AMI	\$110,000	\$110,000	\$110,000	\$110,000	\$110,000
60% AMI	\$125,000	\$125,000	\$125,000	\$125,000	\$125,000
55% AMI	\$137,244	\$138,252	\$140,845	\$143,294	\$145,311
50% AMI	\$149,632	\$151,361	\$156,690	\$161,588	\$165,765
45% AMI	\$161,876	\$164,613	\$172,536	\$179,882	\$186,076
40% AMI	\$174,120	\$177,721	\$188,237	\$198,032	\$206,387
35% AMI	\$186,508	\$190,830	\$204,082	\$216,326	\$226,841
30% AMI	\$198,752	\$204,082	\$219,927	\$234,620	\$247,152
25% AMI	\$211,140	\$217,190	\$235,772	\$252,914	\$267,607
20% AMI	\$223,384	\$230,443	\$251,474	\$271,064	\$287,918
15% AMI	\$235,628	\$243,551	\$267,319	\$289,358	\$308,228

*80% AMI has been calculated by HCD

**Note: Maximum loan limits are adjusted annually.

Proposed Measure A1 Maximum Loan Limits – Projects with 9% Tax Credits State HCD Loan Limits for Alameda County 2016**

Alameda County	Efficiency	1 BR	2 BR	3 BR	4+ BR
Income Limit					
80% AMI	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
60% AMI	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
55% AMI	\$57,244	\$58,252	\$60,845	\$63,294	\$65,311
50% AMI	\$69,632	\$71,361	\$76,690	\$81,588	\$85,765
45% AMI	\$81,876	\$84,613	\$92,536	\$99,882	\$106,076
40% AMI	\$94,120	\$97,721	\$108,237	\$118,032	\$126,387
35% AMI	\$106,508	\$110,830	\$124,082	\$136,326	\$146,841
30% AMI	\$118,752	\$124,082	\$139,927	\$154,620	\$167,152
25% AMI	\$131,140	\$137,190	\$155,772	\$172,914	\$187,607
20% AMI	\$143,384	\$150,443	\$171,474	\$191,064	\$207,918
15% AMI	\$155,628	\$163,551	\$187,319	\$209,358	\$228,228

*80% AMI has been calculated by HCD

**Note: Maximum loan limits are adjusted annually.

Attachment C – Sample Projects with Maximum Loan Amounts

Below are three projects in development within Alameda County, using the proposed loan limits for projects without 9% tax credits to test whether the projects would be feasible.

Alameda County's Measure A1 - Loan Limits Test and Per Unit Subsidies				
Projects Using State HCD's Loan Limits with 4% Tax Credits				
Family Housing - 65 units with no project-based section 8 vouchers				
# of Bedrooms	AMI	# of Units	HCD Loan Limit	Total
1	20%	2	\$230,443	\$460,886
1	50%	5	\$151,361	\$756,805
1	60%	8	\$125,000	\$1,000,000
2	20%	7	\$251,474	\$1,760,318
2	50%	14	\$156,690	\$2,193,660
2	60%	12	\$125,000	\$1,500,000
3	20%	4	\$271,064	\$1,084,256
3	50%	7	\$156,690	\$1,096,830
3	60%	6	\$125,000	\$750,000
		65	Maximum Subsidy	\$10,602,755
Total Other Public Funding Committed (non A1 Funding)				\$12,763,468
<i>Other Public Funding Per Unit</i>				<i>\$196,361</i>
<i>Other Public Funding as % of TPC</i>				<i>33%</i>
Total Tax Credit Equity				\$18,088,535
<i>Tax Credit Equity Per Unit</i>				<i>\$278,285.15</i>
<i>Tax Credit Equity as Percentage of TPC</i>				<i>47%</i>
Total County Measure A1 Bond Funding Needed for 4% Feasibility				\$7,650,000
<i>Per Unit of Measure A1</i>				<i>\$117,692</i>
<i>Measure A1 as % of Total Project Costs</i>				<i>20%</i>
Total Development Cost				\$38,502,003

Projects Using State HCD's Loan Limits with 4% Tax Credits				
Senior Housing - 71 units with 30 project-based vouchers				
# of Bedrooms	AMI	# of Units	HCD Loan Limit	Total
studio	20%	1	\$223,384	\$223,384
studio	40%	1	\$174,120	\$174,120
1	20%	13	\$230,443	\$2,995,759
1	40%	8	\$177,721	\$1,421,768
1	50%	29	\$151,361	\$4,389,469
1	60%	19	\$125,000	\$2,375,000
		71	Maximum Subsidy	\$11,579,500
Total Other Public Funding Committed (non A1 Funding)				\$11,437,292
<i>Other Public Funding Per Unit</i>				<i>\$161,089</i>
<i>Other Public Funding as % of TPC</i>				<i>29%</i>
Total Tax Credit Equity				\$18,986,748
<i>Tax Credit Equity Per Unit</i>				<i>\$267,418.99</i>
<i>Tax Credit Equity as Percentage of TPC</i>				<i>48%</i>
Total County Measure A1 Bond Funding Needed for 4% Feasibility				\$9,251,230
<i>Per Unit of Measure A1</i>				<i>\$130,299</i>
<i>Measure A1 as % of Total Project Costs</i>				<i>23%</i>
Total Development Cost				\$39,675,270

Projects Using State HCD's Loan Limits with 4% Tax Credits				
Family Housing - 80 units with 20 Project-Based Vouchers				
# of Bedrooms	AMI	# of Units	HCD Loan Limit	Total
1	20%	8	\$ 230,443	\$ 1,843,544
1	40%	8	\$ 177,721	\$ 1,421,768
1	50%	9	\$ 151,361	\$ 1,362,249
1	60%	5	\$ 125,000	\$ 625,000
2	20%	4	\$ 251,474	\$ 1,005,896
2	40%	6	\$ 188,237	\$ 1,129,422
2	50%	7	\$ 156,690	\$ 1,096,830
2	60%	8	\$ 125,000	\$ 1,000,000
3	20%	3	\$ 271,064	\$ 813,192
3	40%	6	\$ 198,032	\$ 1,188,192
3	50%	8	\$ 161,588	\$ 1,292,704
3	60%	7	\$ 125,000	\$ 875,000
		79		\$13,653,797
Total Other Public Funding Committed (non A1 Funding)				\$13,801,500
<i>Other Public Funding Per Unit</i>				<i>\$174,703</i>
<i>Other Public Funding as % of TPC</i>				<i>28%</i>
Total Tax Credit Equity				\$25,075,609
<i>Tax Credit Equity Per Unit</i>				<i>\$317,412.77</i>
<i>Tax Credit Equity as Percentage of TPC</i>				<i>51%</i>
Total County Measure A1 Bond Funding Needed for 4% Feasibility				\$9,910,632
<i>Per Unit of Measure A1</i>				<i>\$125,451</i>
<i>Measure A1 as % of Total Project Costs</i>				<i>20%</i>
Total Development Cost				\$48,787,741

Below is a project in development within Alameda County, using the proposed loan limits for projects with 9% tax credits to test whether the projects would be feasible.

Alameda County's Measure A1 - Loan Limits Test and Per Unit Subsidies				
Project Using HCD's Loan Limits with 9% Tax Credits				
Family Housing/Nonprofit Homeless Set-Aside - 89 units with 60 project-based vouchers				
# of Bedrooms	AMI	# of Units	HCD Loan Limit	Total
studio	15%	3	\$155,628	\$466,884
studio	30%	3	\$118,752	\$356,256
studio	50%	6	\$69,632	\$417,792
1	15%	5	\$163,551	\$817,755
1	20%	2	\$150,443	\$300,886
1	50%	3	\$71,361	\$214,083
2	15%	6	\$187,319	\$1,123,914
2	30%	10	\$139,927	\$1,399,270
2	50%	16	\$76,690	\$1,227,040
3	15%	6	\$209,358	\$1,256,148
3	30%	13	\$154,620	\$2,010,060
3	50%	15	\$81,588	\$1,223,820
		88		\$10,813,908
Total Other Public Funding Committed (non A1 Funding)				\$4,895,000
<i>Other Public Funding Per Unit</i>				\$55,625
<i>Other Public Funding as % of TPC</i>				10%
Total Tax Credit Equity				\$33,115,812
<i>Tax Credit Equity as Percentage of TPC</i>				71%
Total County Measure A1 Bond Funding Needed for 4% Feasibility				\$8,800,000
<i>Per Unit of Measure A1</i>				\$100,000
<i>Measure A1 as % of Total Project Costs</i>				19%
Total Development Cost				\$46,810,812