EXHIBIT C - SUMMARY OF PUBLIC COMMENT MAJOR THEMES

MEASURE A1
RENTAL HOUSING DEVELOPMENT FUND & INNOVATION AND OPPORTUNITY FUNDDRAFT IMPLEMENTATION POLICIES

This document provides a summary of the major themes of the public comments that Alameda County Housing and Community Development Department (HCD) received during the 30-day public comment period on the draft Implementation Policies for the Measure A1 Rental Housing Development Fund and Innovation and Opportunity Fund. This document does not capture every comment but instead reflects common or similar themes made by several commenters. A full compilation of the public comments is posted on HCD's website at https://www.acgov.org/cda/hcd/documents/PublicCommentsRentalFunds.pdf.

Dates of Public Comment Period:

June 8, 2017 – July 10, 2017

Volume of responses received:

HCD received comments from 38 organizations/individuals during the public comment period, specifically:

- Housing development organizations (Affirmed Housing, Allen Temple Arms, Building Futures With Women and Children, East Bay Asian Location Development Corporation, Hello Housing, Eden Housing, MidPen Housing, Resources for Community Development, Satellite Affordable Housing Association)
- Individuals (Kitty Kelly Epstein, Charlene Jimerson, Joan Miro)
- Cities (Alameda, Berkeley, Hayward, Piedmont, San Leandro, Union City)
- Advocacy and service organizations (Affirmed Housing, Alameda County Building & Construction Trades Council, Beloved Community, California Association of Real Estate Brokers, Community Economics, East Bay Housing Organization, EBHO's Resident and Community Organizing Program Committee, Enterprise, EveryOne Home, Housing and Economic Rights Advocates, National Coalition of 100 Black Women, NPH/EBHO Measure A1 Working Group, Sierra Club) **c**

BASE CITY ALLOCATION AND REGIONAL POOL POLICIES

INCOME LEVELS

- Provide clarification on what percentage of units may be assisted for households between 61% and 80% of Area Median Income (AMI), such as specifying a given percent of bond funds that may assist these income levels (perhaps 5%).

- Consider an incentive system for targeting units to 20% AMI instead of requiring a specific amount (20% of the units at 20% or less of AMI); consider providing additional ranking points if a development provides more than 20% of the units at 20% AMI.
- Tie the 20% AMI units to having committed project-based rental subsidies; otherwise these units will not maintain financial feasibility.
- Require developers to apply for all types of project-based subsidies wherever available.

PROJECT SELECTION CRITERIA

- Provide clarification on how priorities will be given for target populations identified in policies: what does "priority" mean and will projects serving multiple target populations be given greater priority than serving only one?
- The definition of seniors needs to be flexible to match state and federal funding age levels (55 years, 62 years).
- Family housing (larger units) should be considered a priority target population
- Clarification is needed on how to operationalize marketing to people displaced from and no longer living in Alameda County; perhaps define as those displaced "through no fault of their own" and if rent burdened, overcrowded or living in substandard conditions.

ELIGIBLE TYPES OF PROJECTS

- Prioritize new construction over acquisition/rehab of existing housing.
- Prioritize acquisition/rehab of existing housing with tenants at risk of displacement.
- Rehabilitation should have a minimum requirement, such as $50,000 per unit.
- Provide clarification on meaning of "Preservation of Affordable Housing" – does this include existing units that are income-restricted or naturally occurring affordable units that may present opportunity for long-term affordability?
- Scattered site and Accessory Dwelling Units should not be allowed because the 50+ year affordability term will make it financially infeasible.
- ADUs should be allowed since some communities are encouraging these as a mechanism for affordability.

ELIGIBLE USES OF THE FUNDS

- Concerns regarding possible land banking. Provide specific definition of "reasonable amount of time" for start of construction after land acquisition, such as within three years of award of A1 funds, or having a feasible development plan within two years and starting construction within four years.
- The County should consider allowing unsecured financing for predevelopment costs if there is a public agency commitment to provide publicly owned land.
- Ensure that A1 funding does not unintentionally result in displacement of existing low- or moderate-income tenants when funds are used for site acquisition, and ensure that strong tenant protections are incorporated into the policies.

AMOUNT OF A1 INVESTMENT PER PROJECT/PER UNIT

- Concern that the proposed 25% cap on A1 funds (25% of the total project costs) is too low and may preclude on-time completion of projects since it will take developments longer to obtain all needed financing.
- Possibly use a higher cap of 35-40% of total development costs.
- Any unrestricted units' costs should not be included in the calculation.
- Allow flexibility and exceptions to rule to ensure projects continue moving forward. Review the cap annually.
- If the State HCD limits are used, consider applying a boost over those limits, such as $50,000 per unit; review the cap annually.
- Don't use a per unit cap, apply the percentage of total development costs ratio instead.
- Provide clarification on how the policy will apply to Base City Allocation as well as the Regional Pool: Is the cap applicable to the total A1 investment, or treated separately for each allocation?
- A1 funding should allocate more funds to fewer projects in order to strategically be positioned as a key permanent funding source, allowing it to be coupled with non-competitive 4% tax credits and promoting quicker production of affordable units over the next several years of bond funding.
- Ensure that A1 funding is sufficiently flexible so that it can be allocated to work with both 4% and 9% tax credit projects.

MATCH REQUIREMENTS

- Concern about timing of the match contribution. Require match to be committed at the time of loan commitment instead of project application.
- Be flexible in the type of match accepted and when it is required. Instead of requiring it at time of application, accept match funding commitment that is conditional on award of Measure A1 funds, because for many sources, including tax credits, the commitment of County funding will be needed to secure other sources.
- Allow cities to be creative in reaching the match.

LEVERAGING

- The County should anticipate that the Measure A1 funds will be a major source of committed funds after City funding; thus Measure A1 will be used to leverage competitive funding from state and federal sources.

Base City Allocation should be allowed to count as leverage for the regional pool.

WAGE LEVELS AND EMPLOYMENT OPPORTUNITIES

- Requirements to comply with any future Job Training & Career programs should apply only to newly awarded projects and policies should state that the projects must comply with programs in place at time of funding award.
- The County should not impose additional requirements where local requirements for prevailing wage, local enterprise and hiring already exist.
- Ensure there is sufficient time to work out mutual labor agreements to maximize affordable housing development and sustain economic development strategy.
- Community-based and nonprofit organizations should not be exempt from SLEB or ECOP goals.
- SLEBs and Bay Area non-profit developers should be given preference in the selection process.

SINGLE CORE TENANCY APPLICATION/POSTING FOR UNIT OPENINGS

- This would streamline the application process and be ideal as a one-stop format.
- Concerns regarding how it would be operationalized, given nonprofit developers' existing property leasing and marketing processes. Developers would like to know what platform would be used to replace existing programs, and how it would work with cities' marketing requirements for new units.
- How will this system work with the coordinated entry system being developed now to provide a one-stop access for homeless individuals to housing and services.
- Developers would like to be involved in development of such a system.
- Flexibility was stressed so that other funding source requirements could be met.

BASE CITY ALLOCATION SPECIFIC POLICIES

TYPES OF PROJECTS

- Concern about allowing Accessory Dwelling Units (ADUs) and scattered site housing given the 55-year minimum affordability period.
- Good to include ADUs but to make it work need shorter affordability restrictions and other possible changes to rules.
- There should be a cap on the percentage of funds that can be used for crisis, interim or transitional housing, such as 10% of the city's base allocation, since Measure A1 was approved by voters to create permanent housing opportunities.
- Concern that some cities may apply their Base Allocation to housing in another jurisdiction to avoid developing affordable housing within their own jurisdiction.
- Desirable to allow cities to use portions of their Base City Allocations in other cities for regional serving housing developments.

LOAN ADMINISTRATION

- There should be a clearly stated cap for administrative fees for the Base City Allocation and Regional Pools.
- Loan administrative responsibilities should be outlined up-front and clarified; administration by both County and City complicates closings and could add costs.
- The County and cities should determine who will have lien priority, and determine costs of administration up front.

COMMITMENT DEADLINE

- The policy should include additional deadlines for the start of construction and expenditure of funds to ensure progress towards completion of Measure A1 units, such as a three-year expenditure deadline from the date of commitment.
- Cities should have the opportunity to reallocate their Base Funds (possibly to existing funded projects even if that would exceed per unit Measure A1 limits) before the funds are shifted to the Regional Pool.
- Provide ample time from timing of bond issuance to funding announcement for Base City Allocations to allow cities sufficient time to develop a local Notice of Funding Availability (NOFA) and select projects for funding.

REGIONAL POOL SPECIFIC POLICIES

PROCUREMENT PROCESS

- Recommend flexibility regarding the total investment from regional pools to avoid financing constraints on larger projects that may require additional funding beyond what is available in a given regional pool.
- Do not allow a full regional pool allocation to be allocated to a single city.

COMMITMENT DEADLINE

- Consider extending the commitment deadline to five years from four (to 12/31/22) to provide sufficient time to access local funds for project viability.
- Current policies allow for commitment of funds with enough flexibility to move funding towards jurisdictions with higher usage of funding.

INNOVATION AND OPPORTUNITY FUND POLICIES

- Define what “short period of time” means for term of loans, and consider this to be 3-5 years to allow for refinancing.
- Clarify the funding terms, including allowing the funds to be rolled over into permanent financing, reasonable repayment terms (3 years is recommended to mirror the length of

time a project needs to complete predevelopment), and establishing a cap on the maximum amount of funding for a project.

- Cities should be allowed to access these funds and not be subject to the RFQ process or match requirements.
- Concern that these funds could be used to purchase buildings that have tenants who are over 80% AMI; in this situation, what tenant protections will be put in place so that they are not displaced?
- The funds should be restricted to local nonprofits to ensure knowledge of local communities; set aside a percentage of funds for use by community-based organizations and faith-based organizations.
- Exceptions to the loan terms should be made through an oversight committee rather than at the sole discretion of the Housing Director.

EXHIBIT A - ALAMEDA COUNTY HOUSING AND COMMUNITY DEVELOPMENT DEPARTMENT ADMINISTRATIVE LOAN TERMS

- General Comments:
  - Certain policies (loan terms, rent increases, the County's role as issuer of 4% bonds) are recommended to be determined by an oversight committee, not be at the discretion of the Housing Director.
  - Concern that if new programs are established after a funding commitment is made, that the new program policies won't be retroactively applied to the project.
- Policy on Interest Rate should have a range and flexibility depending on needs of project and based on the determination of the Housing Director.
- Loan Payments Policy: Recommendation for more clarification on the County's residual receipts policy. A variety of comments were received, including using the 75/25 waterfall split if there are more than two soft lenders, application of residual receipts only for the Innovation Fund, and not requiring residual receipts payment for the City Base Allocation.
- Regulatory Agreement Lien Position Policy: Recommendation that the County not require that its agreement remain in senior lien position as this could cause difficulty securing financing from private lenders.
- Replacement Reserve Policy: Recommendation that the County should adjust its policy to conform to State HCD or consider adjusting to be comparable to other jurisdictions.
- Operating Reserve Policy: Request for additional clarification on this policy.
- Developer Fees Policy: A number of comments were received, including: to provide additional flexibility in the policy to allow fees over $2 million to attract more equity in tax credit projects, to provide sufficient funds for development partnerships, and to defer to California Tax Credit Allocation Committee regulations in terms of allowable amounts of developer fees.

- Asset/Partnership Management Fees Policy: A number of comments were received to recommend higher fees and inflation/escalator factors.
- Monitoring Fees Policy: A recommendation was made to remove the fee and have cities monitor the projects, while another comment was received to ensure these fees are included in ongoing A1 administrative fees.
- Insurance Policy: The loss payee clause should only be triggered at losses over $350,000.
- Developer Criteria: A recommendation was made to require that developers who have not completed five successful Bay Area projects partner with more experienced developers.
- HCD Costs Policy: Concern was raised about layering too many costs on these projects and not being duplicative, as this could negatively impact the maximum benefit of the A1 Program.

COMMENTS-GENERAL

OVERSIGHT COMMITTEE

- The Oversight Committee should have a pro-active function and not only review uses of funds annually. For example, for the Rental Housing Development Fund, the Oversight Committee could review and grant requests for certain policies to be waived or reconsidered rather than the Housing Director having that function, such as deferral of payments for special needs extremely low income projects, consideration of the per unit/project extension of commitment deadlines, or establishing loan terms and approving variances from those loan terms, and for the Innovation and Opportunity Fund, approving exceptions to the standard loan terms.

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