



City Pre-Commitment of County A-1 Funds

City Council
March 7, 2017



Recommended Approval

Approve Pre-Commitment of \$6 Million of City's Base Allocation of County A1 Funds towards:

Eagle Avenue - \$1 million

Site A Affordable Housing Projects - \$5 million



SLIDE #1

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Affordable Housing Financing Sources

- Low Income Housing Tax Credits (LIHTC) (federal)
 - 9% competitive
 - 4% non-competitive
 - Difficult Development Area (DDA) boost
- Section 8 Vouchers (federal)
- Federal Home Loan Bank Affordable Housing Program (federal)
- HOME Funds (federal)
- Cap & Trade Grants (State)
- Veterans Housing and Homelessness Prevention Program (VHHP) (State)
- Cal HFA (State)
- **Alameda County A1 Funds (local)**
 - Land Donations (local)
 - In-Lieu Fees (local)
 - Developer Contributions (local)

State of Affordable Housing Finance

- Financing of affordable housing is a complicated layering of multiple sources
- LITHC and Section 8 vouchers are primary sources of financing today
- Competitive 9% LIHTCs require commitments from all sources and gives points for leveraging other sources
- LIHTC pricing reduced significantly due to federal election and limited available vouchers
- Both projects depend on 9% LIHTC (already awarded or planned for upcoming June round) and need County A1 funds to remain feasible

Summary of County A1 Program

- Voter-approved Countywide Housing Bond Program - \$580 million
- Funding targets for very low-income HHs, including HHs earning 20% or less
- \$425 million for Rental Housing Development Fund
 - Base Allocation for each City
 - Competitive Regional Pool
- City of Alameda Base Allocation: \$10.4 million
- Board of Supervisors action on March 7th to address unanticipated changes in LIHTC pricing and potential for early commitment

City Priority Pipeline of Projects

Priority Projects in Next 1-2 Years (150 Units)

- **Eagle Avenue (20 Units)**
- **Site A Projects (130 Units)**

Pipeline Projects in Next 3-5 Years

- Rosefield Village (20 net new units)
- North Housing (Up to 90 units)
- Alameda Point Collaborative Consolidation (67 net new units)

Summary of Eagle Avenue Project

- 20 affordable units
- Approved 9% tax credits (9/16)
- Unexpected changes in tax credit pricing jeopardizes project
- Need County A1 to keep project from losing LIHTC

Sources of Capital	Amount	% of Total
Tax Credit Equity	\$7,400,000	51%
Permanent Loan	\$2,200000	15%
Housing Authority	\$2,300,000	16%
Redevelopment	\$1,400,000	10%
HOME Loan	\$150,000	1%
<u>County A1</u>	<u>\$1,000,000</u>	<u>7%</u>
TOTAL	\$14,450,000	100%

Summary of Site A Affordable Projects

- Eden Housing's/APP's affordable financing plan consistent with DDA
- Total cost of \$75 million funded with 11 different funding sources
- Excludes APP infrastructure and TDM contributions – total contribution = \$207,000 per unit
- County A1 funds help leverage 93% of the overall sources of capital
- Pre-commitment is time sensitive due to risk of losing HUD DDA boost and Site A market rate unit metering



Summary of Site A Senior Project

- 60 affordable units
- June 2017 round of 9% LIHTC
- Tax credit pricing changed feasibility
- Risk losing DDA boost in 2018
- Need County A1 to make project competitive for June LIHTC round

Sources of Capital	Amount	% of Total
Tax Credit Equity	\$10,900,000	36%
Permanent Loan (inc. vouchers)	\$5,500,000	18%
Land Donation	\$4,300,000	14%
VHHP Loan	\$1,400,000	5%
APP Contribution	\$3,000,000	9%
AHP Loan	\$600,000	2%
<u>County A1</u>	<u>\$5,000,000</u>	<u>16%</u>
TOTAL	\$30,700,000	100%

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Summary of Site A Family Project

- 70 affordable units
- 4% LIHTC
- Tax credit pricing changed feasibility
- Risk losing DDA boost in 2018
- Depends on Cap & Trade monies from State
- No County A1 funds requested

Sources of Capital	Amount	% of Total
Tax Credit Equity	\$15,500,000	35%
Permanent Loan	\$3,400000	8%
Land Donation	\$5,100,000	11%
Cap & Trade	\$14,300,000	32%
VHHP Loan	\$3,000,000	7%
Deferred Developer Fee	\$1,400,000	3%
<u>General Partner Equity</u>	<u>\$2,000,000</u>	<u>4%</u>
TOTAL	\$44,700,000	100%

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Summary of Site A Affordable Projects

- Affordable Housing and Sustainable Communities (“AHSC”, aka “Cap & Trade”) applications submitted last year not awarded because the State misunderstood master development, doubted AC Transit would provide bus service, and because senior projects were categorized as assisted living retirement communities
- Eden’s current financing approach addresses the bus rapid transit issue by including the cost of a low emissions bus in the AHSC application
- County A1 funds requested for Site A are not “gap” fillers, but are local commitments that, along with land and master developer contributions, will leverage the state and federal funds.

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