

City of Piedmont  
COUNCIL AGENDA REPORT

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DATE: October 18, 2021

TO: Mayor and Council

FROM: Sara Lillevand, City Administrator

SUBJECT: Consideration of Authorization to Request an Extension of the Application Deadline for Alameda County Measure A-1 Housing Funds

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RECOMMENDATION:

Authorize the Mayor to sign and submit a letter to the Alameda County Board of Supervisors requesting an extension of the Measure A-1 application deadline to December 31, 2023.

EXECUTIVE SUMMARY:

On September 13, 2021, the Planning Commission recommended that the City Council direct staff to continue developing affordable housing programs using Piedmont's share of Alameda County Measure A-1 Bond funding. The County's Rental Housing Development Fund Implementation Policies for distribution of the "city allocation" of Measure A-1 funds were developed by the County mainly to facilitate the development of multifamily housing. The Commission supported the three-step approach for the funds recommended by the Planning Commission's Ad-Hoc Subcommittee on Measure A-1 (Subcommittee), which is detailed in the attached Planning Commission Agenda Report (Attachment B).

In making its recommendation, the Planning Commission determined that the development of a multifamily affordable housing project on City-owned land would have a greater chance of attracting a developer and gaining entitlement once the City had completed its update to the Housing Element, the related zoning code revisions, and environmental review. That process is not expected to be completed within the constraints of the County's current timeline for receipt of Piedmont's application for the use of Measure A-1 funds, December 31, 2022. Despite Subcommittee and Planning Commission discussion in support of moving toward a traditional affordable housing development, due to this conflict with the County's timeline, the Commission's recommendation also includes the establishment of a housing fund and the development of a loan program for affordable housing. A plan to establish these programs, while not without complexity, could be submitted to the County by December 31, 2022.

Staff continues to support the Planning Commission's recommendation. However, since the Commission meeting on September 13, 2021, staff conferred with Alameda County Housing and Community Development staff (County HCD staff) about the steps to request a further extension of the application deadline to use Measure A-1 funding. As a result of that meeting, staff

recommends pursuing an extension to December 31, 2023, in order to align Measure A-1 efforts with our Housing Element update timeline. Assuming Council approval, a letter signed by Mayor King will act as the formal request that the Alameda County Board of Supervisors grant an extension of the application deadline to December 31, 2023. This new application deadline would enable the City to fully explore the feasibility of multifamily housing on City-owned land in alignment with Piedmont's 6<sup>th</sup> Cycle Housing Element.

#### BACKGROUND:

Measure A-1 is a loan program funded through a countywide parcel tax and administered by County HCD staff. In 2016, Alameda County residents voted to adopt Measure A-1, a \$580 million property tax revenue bond for affordable housing. The City of Piedmont is allocated \$2.2 million in Measure A-1 funding.

The City's Measure A-1 base allocation (\$2.2 million) housing application must be approved by the County of Alameda by December 31, 2022, and then the funds must be spent within five years after the application is approved. Staff received an extension of the initial December 31, 2021, deadline to December 31, 2022.

Because Piedmont does not contain properties that lend themselves to multifamily affordable housing development under current policies, regulations, and market conditions, staff in 2017 began working with County HCD staff and Habitat for Humanity East Bay/Silicon Valley to develop Measure A-1 programs for ADUs in Piedmont.

In 2018, staff also contacted EAH Housing, a local, non-profit affordable housing developer, regarding the feasibility of a small affordable housing development, taking advantage of state density bonus law, in Piedmont's commercial and mixed-use zone (Zone D). Under the current zoning provisions, the resulting number of units (less than 15 housing units) was too small to be feasible for EAH, who indicated a minimum size of approximately 30 to 40 units is necessary for economies of scale for both construction costs and social services.

In 2019, staff continued its efforts to develop a possible low-interest loan program for the construction of ADUs with a 10-year rent restriction. This program would allow the City to fund a program modeled on the County's AC Renew program. County HCD staff outlined the process for requesting a waiver of the Board of Supervisors' Measure A-1 guidelines (including a waiver of the 55-year affordability restriction).

In 2020 and 2021, staff met with community members with a keen interest in affordable housing about the best uses for Measure A-1 funding. At the direction of the City Council, on February 8, 2021, the Planning Commission formed an Ad Hoc Subcommittee on Measure A-1 (Subcommittee). The Subcommittee met seven times between February and September of this year, when it presented its recommendation to the Planning Commission.

The attached staff report to the Planning Commission (Attachment B) describes the seven meetings of the Subcommittee on Measure A-1, the deliberations and subject matter expertise sought by the Subcommittee, and the options considered in making the Subcommittee

recommendation. Information provided by the affordable housing finance experts interviewed by the Subcommittee included a pro forma of the different costs that must be considered in the feasibility analysis of a non-profit affordable housing development. Even with the use of the \$2.2 million in funding, most affordable housing developments for multifamily units would be infeasible unless the land for the affordable housing development were donated from public or private sources. General Plan and zoning ordinance amendments are required to develop multifamily housing on city-owned land. The Subcommittee learned that environmental review that will be performed as part of the Housing Element update work will include a programmatic environmental impact report (EIR) for maximum build-out to be allowed under the updated Housing Element, including the zoning ordinance amendments needed to implement the Housing Element.

### **Planning Commission Measure A-1 Recommendation**

On September 13, 2021, the Planning Commission held a public meeting and considered the recommendations of the Subcommittee (Attachment B). At that meeting, members of the public addressed the Planning Commission, and a majority of the speakers recommended that the City forgo the ADU loan program and proceed only with a plan to develop affordable multifamily housing. Members of the public questioned the efficacy of ADUs and the feasibility of setting up a City-administered loan program. Affordable housing professionals assured the Planning Commission that an affordable housing development in Piedmont would not be required to rely on the City of Piedmont or adjacent market-rate development to subsidize below-market rate units. Lastly, members of the public encouraged the City to request a second extension from Alameda County to allow the Measure A-1 funding to align with the timing of the City's ongoing Housing Element update work.

Commissioners expressed concerns that the loan program for ADUs and other affordable housing was problematic in that it required waivers from the County's Measure A-1 Bond Implementation Policies, may not be attractive to Piedmont property owners because of loan terms and interest rates, would encumber staff time and resources, and would likely result in less than ten new housing units.

While there was support expressed for moving directly toward a traditional affordable housing development rather than the ADU loan program, the Commission was concerned that fast-tracking a publicly-owned parcel for a multifamily affordable housing development in order to meet the December 31, 2022, County deadline, would circumvent the 6<sup>th</sup> Cycle Housing Element update process and the robust public engagement that is critical to that process, and thereby undermine public confidence in that process.

Rather than jeopardize public confidence in the Housing Element update process and the forfeiture of Piedmont's receipt of the Measure A-1 funds by failing to meet the December 31, 2022 deadline, the Commission accepted with some reservations the approach recommended by the Subcommittee. This approach included the establishment of a Piedmont affordable housing fund, administered by the Piedmont Finance Director, to enact both the traditional affordable housing development option in the long term and the ADU loan program option in the short term. Prior to the motion approving the Subcommittee's recommendation, the Planning

Commission amended the Subcommittee’s recommendation to broaden the eligible recipients of a possible loan program to include small sites affordable housing, such as shared housing and conversion of existing commercial buildings to housing, as well as ADUs.

Subsequent to the Commission’s meeting on September 13, staff met with County HCD staff to discuss a possible second extension of the Measure A-1 deadline to December 31, 2023, in order to create a viable pathway for a traditional affordable housing development in sync with Piedmont’s Housing Element update timeline. The extension request cannot be considered or granted by County HCD staff and must be reviewed by the Alameda County Board of Supervisors. A draft letter requesting an extension for consideration of the City Council is included as Attachment A.

CONCLUSION:

An extension of the Measure A-1 deadline is aligned with Part 3 of the Planning Commission recommendation made on September 13, 2021, and eliminates concerns raised with regards to the feasibility and productivity of an ADU loan program. Should the Council determine to seek a 1-year extension of the County deadline to December 31, 2023, staff will initiate preliminary assessment of City-owned properties for development of affordable housing. With the proposed extension to December 31, 2023, the timeline for this site assessment work would complement our Housing Element update.

By: Kevin Jackson, Planning & Building Director  
 Pierce Macdonald-Powell, Senior Planner

ATTACHMENTS:

Attachment A	Pages 5-8	Proposed Letter to Alameda County Board of Supervisors
Attachment B	Pages 9-44	September 13, 2021 Planning Commission Staff Report with attachments
Attachment C	Pages 45-51	September 13, 2021 Planning Commission Meeting Minutes (abridged)
Attachment D	Pages 52-67	Public Correspondence

October 19, 2021

The Honorable Keith Carson  
ALAMEDA COUNTY BOARD OF SUPERVISORS  
1221 Oak Street, Suite 536  
Oakland, California 94612

SUBJECT: 2016 Alameda County Affordable Housing Bond (Measure A1) Deadline Extension

Dear Supervisor Carson:

This letter serves as a request to extend the deadline for application for Piedmont's allocation of the Measure A-1 Bond to December 31, 2023. We seek this extension to complete our 6<sup>th</sup> Cycle Housing Element update, a step that is essential to gaining community support in identifying sites and attracting developers for an affordable housing development, as envisioned by the framers of Measure A-1.

Thank you for this opportunity to describe the City of Piedmont's plans to implement bold new programs for affordable housing in Piedmont, in response to the severe housing crisis in the East Bay and statewide.

### **Background**

The City of Piedmont has worked diligently to arrive at our current request. Unfortunately, the current landscape in Piedmont does not align well with the development pattern for which the criteria for the distribution of the city allocation funds were designed: properties of at least an acre in size, relatively flat in terrain, and under market pressure for development. The vast majority of properties in Piedmont are less than ¼ acre, are already developed with active residential or commercial uses, and are otherwise not attractive to developers of affordable multifamily housing. The small number of undeveloped properties in Piedmont typically have steeply sloping terrain. The few properties that are of sufficient size to make them attractive for such development are owned by the City, but the permitted uses for these properties do not currently include multifamily residential. These City properties are currently used as functioning facilities for City services and recreation or designated as public parks.

Despite this challenge, the City of Piedmont is determined to make use of its available Measure A-1 city allocation funds for the development of affordable housing in Piedmont. To achieve this, the city has taken the following steps:

On March 5, 2021, the City received administrative approval for a 1-year extension to December 2022.

I am immensely proud that on February 1, 2021, the Piedmont City Council established a Housing Advisory Committee (HAC) to advise Council on the development of programs to incentivize or increase the production of affordable housing, as well as advising on Piedmont's next Housing Element update. The HAC has met multiple times and these meetings are open to the public. This body serves to give the community further opportunities to provide input and learn about Piedmont's housing policy work.

At the direction of the City Council, on February 8, 2021, the Piedmont Planning Commission formed an Ad Hoc Subcommittee on Measure A-1 to evaluate the possibilities for a proposal to use these funds in Piedmont. The Ad Hoc Subcommittee met seven times, conferred with experts in affordable housing finance and municipal finance, and gave monthly updates to the full Planning Commission. The information received from the affordable housing experts indicated that receipt of the city allocation funds alone would not make a property attractive to a developer and that dedication of land would likely be necessary.

On May 3, 2021, the City of Piedmont approved a professional services agreement with Lisa Wise Consulting (LWC) to prepare the 6<sup>th</sup> Cycle Housing Element with a price tag of \$691,230, an unprecedented investment of City resources for the development of new housing programs and policies.

On June 21, 2021, the Council considered the Regional Housing Needs Allocation (RHNA) assigned to Piedmont of 587 housing units. After substantial review of the proposed housing policies and following considerable constituent input, as well as advice from our city attorney, the Piedmont City Council determined that we would not seek an appeal to the RHNA allocation and we will continue to work in cooperation with Piedmont residents and the broader Bay Area community to explore new housing programs that will welcome new residents from diverse social and economic backgrounds.

On August 2, 2021, the City Council approved a professional services agreement with Rincon Consultants to conduct a programmatic EIR for the 6<sup>th</sup> Cycle Housing Element that analyzes the maximum build-out under Piedmont's RHNA allocation. This step is significant as it represents an understanding of the challenges ahead and represents an investment in the thoughtful review and disclosure of potential environmental impacts related to growth so that appropriate programs and mitigations can be developed.

### **Recommendation of the Ad Hoc Subcommittee and Planning Commission on Measure A-1**

On September 13, 2021, the Planning Commission considered the recommendations of the Ad Hoc Subcommittee on Measure A-1. The Subcommittee expressed the following concerns:

- There are no available sites in Piedmont of sufficient size, of reasonably flat terrain, and identified for the development of 30 or more units of multifamily housing.
- The identification of such sites and zoning revisions for such sites are expected to occur under the drafting and approval of Piedmont's 6<sup>th</sup> Cycle Housing Element.
- Piedmont's 6<sup>th</sup> Cycle Housing Element will not be completed and adopted until January 2023.

- To identify a city-owned property and take actions to dedicate it to multifamily development and change its zoning regulations and uses before the 6<sup>th</sup> Cycle Housing Element is adopted would only serve to undermine the public's confidence in the community engagement process that is critical to a successful Housing Element update.
- Because the Housing Element update, the site selection and analysis, and the procurement of an affordable housing developer cannot be successfully completed by the A-1 Bond application deadline of December 31, 2022, seeking waivers from the A-1 program for the establishment of an ADU loan program was deemed the best option for gaining approval of an application for Piedmont's use of the A-1 Bond funds by the 2022 due date.

The Commission took public testimony, which overwhelmingly urged the Commission to recommend the dedication of city-owned property and the use of the Measure A-1 funds for an affordable multifamily development. During its discussion, the Planning Commission favored the allowance of 40 units to ½ acre or 80 dwelling units per acre. However, current zoning and General Plan provisions limit residential density to a maximum 20 dwelling units to an acre.

At the conclusion of the public meeting, the Commission made the following recommendation to the City Council:

- Establish the first-ever Piedmont Affordable Housing Fund;
- Launch a low-interest loan program for affordable housing, such as scattered site single-family homes, ADUs and JADUs, conversion of commercial land, small houses, and shared housing; and
- Preserve \$2.2 million in Measure A-1 funding for the development of an affordable housing development of up to 40 housing units on ½ to 1 acre of land in Piedmont.

### **Measure A-1 Extension Request**

Piedmont began its work on the development of the 6<sup>th</sup> Cycle Housing Element in June 2021, completed stakeholder interviews in July, and just last month held a joint study session of the Planning Commission and the Housing Advisory Committee. These bodies, and the community members who attended, received a briefing on the challenge and necessity of meeting the City's RHNA allocation for the 6<sup>th</sup> cycle, which is just under ten times the allocation received in the 5<sup>th</sup> cycle. City leaders are confident that the intelligence, determination and resourcefulness of the Piedmont community will meet the RHNA challenge with vision and creativity. The Housing Element is expected to be completed by January 2023 and required zoning amendments completed shortly thereafter.

On behalf of the City of Piedmont, I request that the Board of Supervisors approve an extension to the deadline for the submittal of an application to use Piedmont's city allocation of the Measure A-1 Bond to December 31, 2023. An extension will enable Piedmont to focus its efforts on an affordable housing development rather than on an ADU loan program, thereby maximizing the number of affordable housing units funded in part by Measure A-1. Allowing time for the implementation of programs and zoning regulations to be identified in the new 6<sup>th</sup> Cycle Housing

Element provides a pathway for the City to confidently seek proposals from housing developers for a new affordable housing development on a city-owned site in Piedmont.

The City of Piedmont is prepared to offer incentives, such as density bonuses, parking waivers, fee waivers, and dedication of public land, to make an affordable housing development, aligned with the Board of Supervisors' Measure A-1 Implementation Policies, economically feasible, and attractive to housing developers.

In conclusion, the benefits of an extension of the Measure A-1 application deadline will be widespread and measurable. This modest extension will allow the City of Piedmont to embrace the mandates of Measure A-1. I look forward to our town moving forward with new and different types of housing so that we can truly embrace the diversity and richness of the East Bay community. I know that by working hard, and working together, Alameda County and the City of Piedmont will create new and more housing for future generations. I'm so appreciative that we are represented by such a strong ally on the Board of Supervisors.

Sincerely,

CITY OF PIEDMONT

Theadora Gray King  
Mayor

cc: City Council  
Michelle Starratt, Housing Director, County of Alameda Housing and Community  
Development Department  
Planning Commission  
Housing Advisory Committee  
Kevin Jackson, AICP, Planning & Building Director  
Pierce Macdonald-Powell, Senior Planner



City of Piedmont  
CALIFORNIA



## MEMORANDUM

DATE: September 13, 2021

TO: Planning Commission

FROM: Pierce Macdonald-Powell, Senior Planner

SUBJECT: Recommendation of Ad Hoc Subcommittee of the  
Planning Commission on Measure A-1 Bond Funding

### AGENDA ITEM NUMBER 5

#### RECOMMENDATION:

Recommend that the City Council direct staff to apply to Alameda County to use Piedmont's Measure A-1 allocation to: 1) Establish a City of Piedmont affordable housing fund; 2) Preserve \$2.2 million in funding in the form of a low-interest loan for the development of an affordable housing development of up to 40 housing units on an acre of land; and 3) Launch, as the first program of Piedmont's affordable housing fund, a low-interest loan program for the construction of rent-restricted Accessory Dwelling Units (ADUs and Junior ADUs).

#### EXECUTIVE SUMMARY:

Upon a recommendation by the City Council, the Planning Commission formed an Ad Hoc Subcommittee on the Alameda County Measure A-1 Bond (Subcommittee) to carry out research and advise the Planning Commission and City Council on opportunities for the use of the City's \$2.2 million share of 2016 Alameda County Measure A-1 Bond funding. The Subcommittee has met seven times and conferred with local municipal finance and affordable housing finance experts to formulate the recommendation above.

#### DISCUSSION:

##### **Current Affordable Housing Programs**

The Piedmont Housing Element, adopted in 2015, encourages coordination with Alameda County, as well as the production of ADUs, in order to meet the housing needs of the community, such as the needs of low-income seniors who wish to age in place. Piedmont offers affordable housing programs in conjunction with Alameda County, including the County's Minor Home Repair Program, Continuum of Care homeless crisis services, tenant-landlord counseling, Hello Housing emergency rental assistance, free or low-cost eviction legal aid, and Measure A-1 Bond programs available to all Alameda County residents. In addition, Piedmont contributes a pro rata share to countywide initiatives such as EveryoneHome homelessness prevention and intervention programs.

Piedmont's low-income residents and employees are eligible to participate in Measure A-1 Bond programs that directly serve all residents of Alameda County. These include the AC Boost programs, offered through the County for first-time homebuyers, emergency responders, and educators, as well as the AC Renew home repair and ADU program for eligible residents. The AC

Boost and AC Renew brochures are posted to the City housing programs webpage at <https://piedmont.ca.gov/cms/one.aspx?portalId=13659823&pageId=16745183>

In addition, the eviction moratorium, enacted by the Alameda County Board of Supervisors in response to the COVID emergency, applies to tenants and property owners in Piedmont.

### **Measure A-1 Subcommittee**

In 2016, Alameda County residents voted to adopt Measure A-1, a \$580 million property tax revenue bond for affordable housing. The City of Piedmont was first allocated \$2.4 million in Measure A-1 funds for development of affordable rental housing in Piedmont. However, this allocation was reduced by \$200,000 to \$2.2 million, in order to aid nine affordable housing projects in Oakland and to cover County administrative costs.

The City of Piedmont's Measure A-1 allocation is \$2.2 million in a low-interest (3%) loan program administered by the Alameda County Department of Housing and Community Development (County HCD). Loans must adhere to the County's Measure A-1 Implementing Guidelines. Piedmont's Measure A-1 allocation must be used for the development of affordable rental housing or site acquisition. Measure A-1 funds typically come into an affordable housing development scheme after all funding sources, entitlements, etc., have been obtained (at construction loan closing) and must be secured. County HCD staff usually record a deed of trust and regulatory agreement against the property to secure the Measure A-1 loan.

On February 1, 2021, the City Council recommended that the Planning Commission establish an Ad Hoc Subcommittee on the Alameda County A-1 Bond Measure to advise the City Council on opportunities for allocating the City's \$2.2 million share of the funding. The Commission formed the Subcommittee on February 8, 2021 and appointed Commissioner Ramsey and Commissioner Duransoy as members. Planning & Building Director Kevin Jackson and Senior Planner Pierce Macdonald-Powell served as staff for the body.

The Subcommittee met on the following dates with the outside experts listed below:

- February 24, 2021      Kick-off meeting
- March 17, 2021      Alameda HCD staff / Supervisor Carson's staff
- March 31, 2021      Habitat for Humanity Silicon Valley/East Bay
- April 7, 2021      Local affordable housing experts
- April 28, 2021      Regional community land trust
- May 26, 2021      Local affordable housing experts
- July 14, 2021

The Subcommittee provided verbal updates to the Planning Commission and members of the public at its regular meetings on June 14, July 12, and August 9, 2021. At each meeting, the Planning Commission took public testimony and heard different perspectives on the appropriate use of the funding in Piedmont.

While the Subcommittee's work is informed by the current 2015 Housing Element and the ongoing discussions in the Community about the 2023 Housing Element Update goals and opportunities, Measure A-1 itself is a distinct program.

## Measure A-1 Timeline

The City's Measure A-1 base allocation (\$2.2 million) housing application must be approved by the County of Alameda by December 31, 2022, and then the funds must be spent within 5 years after the application is approved. The City's application must identify the project scope, schedule, and any partners in order to receive Measure A-1 funding. The application process is non-competitive, and applications are reviewed for conformance to the Measure A-1 Implementation Guidelines.

## Options Considered by Subcommittee on Measure A-1

At its final meeting on July 14, 2021, the Subcommittee recommended an approach for using Measure A-1 funding along with a proposed timeline to achieve the recommended approach. The Subcommittee examined the advantages of a traditional, non-profit-led affordable housing development and the advantages of a City low-interest loan program to spur the development of income-restricted ADUs. The two concepts considered by the Subcommittee were:

1) Traditional Affordable Housing Development (TAHD). The TAHD approach would use the Measure A-1 funding to leverage local, state, and federal affordable housing funding. State of California affordable housing funding prioritizes development of new affordable housing in high resource areas, like Piedmont, which could give a development proposal in Piedmont an advantage for competitive affordable housing grants, tax credits, and other funding. Coupled with several possible zoning ordinance changes, it is likely that the TAHD approach could result in up to 40 housing units that are affordable to low- and very low-income households, including seniors, disabled persons, single-parents, low-income families, and people requiring supportive services, on ½ to 1 acre of land. Programs to assist these households, encourage desegregation, and prevent over-crowding and homelessness will be required in the 2023 Housing Element Update. TAHD housing units must remain affordable for 55 years or longer.

The Piedmont 2015 Housing Element identifies an approximately 8,000-square-foot site on Grand Avenue as a housing opportunity site (see Attachment B, Housing Opportunity Sites Map). This site is too small to be used for a TAHD, based on information presented to the Subcommittee. No sites in Piedmont are zoned to allow the residential density required for an affordable housing development to be economically feasible.

Over the course of its meetings, the Subcommittee considered developing publically owned land, such as a City park, for affordable housing. Parkland is very limited in Piedmont, representing 3.8% of all land in Piedmont. Land owned by the City of Piedmont is designated zone B (Public Facilities Zone) and designated in the General Plan Land Use Diagram as either "Public Facilities" or "Parks, Recreation, and Open Space." General Plan Land Use Goal 3 reads, "Public, Institutional and Open Space Lands - Manage public and institutional land in a way that meets the educational, civic, and recreational needs of Piedmont residents, while preserving the city's open spaces and natural resources."

General Plan policies for Parks, Recreation, and Open Space include Land Use Policy 3.5, as follows "Protection of Open Space - Protect environmentally sensitive open space in Piedmont from development to the greatest extent feasible. Recognize open space as an important aesthetic and ecological resource in the city, and a defining element of Piedmont's character."

Action 3.B of the Land Use Element, directs the City to consider creation of a new zoning district (Zone F) specifically for Piedmont's parks and public open spaces. As envisioned in Action 3.B, the development standards and use restrictions in this new zone would "emphasize park and resource conservation activities rather than public facilities or residential uses."

Land Use Element Policy 4.2 states, "Retain the EBMUD Piedmont Reservoir as open space, consistent with previous General Plans for Piedmont," and Policy 4.3 states, "Retain open space and recreation as the primary uses in Moraga Canyon, including Blair Park, Coaches Field, and the Mountain View Cemetery Association property." Lastly, the General Plan Design and Preservation Element states that certain open space in Piedmont should be evaluated for potential environmental impacts to Native American cultural resources.

These General Plan goals and policies do not direct the City to consider the development of affordable housing on City-owned land. Importantly, the General Plan directs the City to carefully evaluate potential environmental impacts of development on sensitive resources, such as cultural resources, natural and ecological resources, community aesthetics, and municipal services, to name a few.

Although the Subcommittee did not identify a site for a future affordable housing development, the 6<sup>th</sup> Cycle Housing Element Update, with anticipated amendments to the General Plan Land Use Element, is currently underway. The Housing Element Update is being undertaken by City staff and Lisa Wise Consulting (LWC). The Update will include consideration of new sites to accommodate the City's growth during the time period of 2023 to 2031, and will carefully evaluate the potential environmental impacts of any development envisioned in the updated Housing Element.

The Subcommittee chose not to identify a site for future affordable housing so that the Community could take full advantage of the planning, public engagement, and environmental review in the Housing Element Update process to determine appropriate sites for growth and for the use of affordable housing funding like Measure A-1.

2) ADU Loan Program (ADULP). This potential program would allow the City to fund an affordable housing program, modeled on a County Housing and Community Development Department's Measure A-1 program with Habitat for Humanity Silicon Valley/East Bay called AC Renew. The ADULP option would be administered by a non-profit affordable housing developer, such as Habitat for Humanity, to make low-interest loans (4% interest rate) available to low or moderate-income property owners (up to \$135,650 for a household of three people), such as retired seniors, teachers, people with disabilities, and working professionals. The value of the home and any irrevocable trusts would not be included in the consideration of loan eligibility.

Loans would be made available for the construction of new ADUs and Junior ADUs with occupancy restricted to very-low income (31% to 50% AMI) and extremely-low income (30% or less of AMI) residents for a period of 15 years. Pursuant to the Measure A-1 Bond, 20% of the funding would be reserved for restricted units affordable to households earning 20% or less AMI. In the future, the program could be extended to property owners with above moderate incomes with additional funding sources, such as fund-raising efforts, philanthropic contributions, or grant funding.

The loan agreement would be between the City and the property owner, with the process managed by Habitat for Humanity. Loans would be paid back to the City of Piedmont with interest upon the sale or transfer of the property or in 5 years, whichever comes first. Before the end of the 5-year term, property owners could refinance and include income from the ADU to qualify for a new loan from a retail bank or other lender.

The ADULP would be a pilot program and is expected to generate approximately 11 new income-restricted ADUs and Junior ADUs (JADUs) in its first phase, consisting of \$150,000 (maximum) loans to low- and moderate-income homeowners.

In addition to the possible ADULP, property owners may benefit from the City’s proposed SB 2 housing programs, including pre-approved architectural plans for ADUs and JADUs and increased size and height allowances for low-income rent restricted ADUs and JADUs. These SB 2 city programs, expected to be adopted and implemented by the rollout of an ADU loan program, could represent a value of \$20,000 or more to Piedmont homeowners.

**Comparison of Measure A-1 Approaches**

The following table compares the two options described in the previous section:

	General Plan Amendment Required?	Zoning Ordinance Amendment?	Time Frame to Implement	Cost per Housing Unit	Affordability Restriction	Consistent with County Guidelines	On-going Operational Subsidy?
<b>1. TAHD</b>	Yes	Yes	5 years	\$700,000+ (40 apartments)	55 years	Yes	Yes
<b>2. ADULP</b>	No	No	Immediate	\$150,000 (11 ADUs and JADUs)	15 years	TBD	No

As shown in the table above, the TAHD option will require amendments to the Piedmont General Plan and zoning ordinance because there are no sites in Piedmont that are zoned to the densities of 40 to 80 housing units per acre and General Plan policies discourage the development of publically owned sites. Other amendments to the Piedmont zoning ordinance may also be required for this type of affordable housing to be feasible, such as higher permitted building heights, larger structure coverage, and fewer setbacks. The required zoning amendments would be reviewed by the City Attorney for conformance with the City Charter and other legal requirements.

Information provided by the affordable housing finance experts interviewed by the Subcommittee included a pro forma of the different costs that must be considered in the feasibility analysis of a non-profit affordable housing development. Even with the use of the \$2.2 million in funding, most affordable housing developments for multi-family units would be infeasible unless the land for the affordable housing development were donated from public or private sources.

Considering the steps of amendments to the General Plan and zoning ordinance, the identification of an appropriate site, and the procurement of an affordable housing developer, the City anticipates a 5-year process before a Measure A-1 project application could be assembled and submitted. The deadline for a Measure A-1 application is December 2022.

Secondly, subsidized housing like the TAHD option require on-going operational subsidies to service the repayment of construction loans and/or manage and maintain the buildings, as well as provide services to residents. Larger cities have local sources of funding, such as housing authorities and/or successor agencies to former redevelopment agencies, to support affordable housing development, as well as federal sources of funding such as CDBG funding to entitlement cities and HUD project-based Section 8 vouchers.

According to the Council of Development Finance Agencies, current best practices for affordable housing include partnering the construction of a market-rate housing development with an adjacent publically subsidized affordable housing development so that there is net operating income (NOI) to support the on-going costs associated with the subsidized affordable housing. For example, the recent housing constructed on public land at the MacArthur BART Station includes both a luxury apartment building and a separate, high-density below-market-rate apartment building. A mix of income levels may be necessary to generate NOI because the City of Piedmont does not have a housing authority and Piedmont is not a CDBG entitlement city to provide on-going subsidies to an affordable housing development.

Lastly, the ADULP option would not require amendments to the General Plan or zoning ordinance. It is consistent with existing goals, policies, and programs of the Piedmont 2015 Housing Element. For these reasons, this program could be launched within the December 2022 deadline of the Measure A-1 program. Habitat for Humanity has expressed interest in providing the management services for the program. Other organizations have offered their services to Piedmont to help vet tenants and match low-income tenants with Piedmont homeowners, supporting the inclusive marketing of a possible ADULP program. City staff are in discussions to develop an online portal to track and match ADU owners with possible tenants. No on-going operational subsidy would be required by the Measure A-1 ADULP option.

The ADULP option will require the Board of Supervisors to consider a temporary waiver of the 55-year income restriction for Piedmont's small pilot loan program. In 2019, City staff met with Habitat for Humanity Silicon Valley/East Bay representatives and County HCD staff regarding a low-interest loan program for the construction of ADUs with a 15-year rent restriction. County HCD staff outlined the process for requesting a waiver of the Board of Supervisors' Measure A-1 guidelines, particularly a waiver of the 55-year affordability restriction, for Piedmont's ADU loan pilot program. City staff will pursue a request for a temporary waiver if City Council directs staff to explore an ADU low interest loan program and other options.

### **Ad Hoc Subcommittee on Measure A-1 Recommendation**

The Subcommittee determined that its recommended approach would be the establishment of a Piedmont affordable housing fund, administered by the Piedmont Finance Director, to enact both the TAHD option in the long term and the ADULP option in the short term. The Subcommittee directed staff to determine appropriate mechanisms to use the City's base allocation of Measure A-1 funding (\$2.2 million) for both options.

The concept of the recommended approach is that if the ADULP program is paid back to the City in 5 years, then the Measure A-1 funding will be returned to the City and then be available to fund a traditional multi-family affordable housing development in 5 years. The loan repayments would likely occur at the same time that the City completes the Housing Element Update, amends the related elements of the General Plan, such as the Land Use Element, amends the zoning and

subdivision ordinances, identifies appropriate sites for increased density to occur, and completes environmental review. The City would then issue a Request for Proposals (RFP) to affordable housing developers asking them to submit plans to build a development using Measure A-1 funding and other funding, in Piedmont. Once the proposals were submitted, the City Council could choose a non-profit affordable housing developer to receive the Measure A-1 funding.

### CONCLUSION:

A sequential approach for the use of Measure A-1 bond funding, like the one described above, helps to remove obstacles that could stymie or prevent the approval of a financially feasible multi-family affordable housing development. It eliminates having to go through General Plan amendments and zoning ordinance revisions twice, once for the site of a development project and again for the Housing Element Update. These processes could add months of delay to a possible Measure A-1 project application to County HCD.

Additionally, the CEQA-required environmental review for the Housing Element Update is for maximum potential buildout, which should reduce the cost of CEQA review and create greater certainty for a multi-family development project that complies with the updated Housing Element and zoning regulations. The zoning amendments are expected to include objective design standards for multi-family housing developments, thereby streamlining the review process and increasing project feasibility.

The recommended sequential approach will help the City leverage the Measure A-1 Bond funding in both the near-term, under current 2015-2023 Housing Element goals and policies, and long-term, achieving the likely goals and policies of the next Housing Element Update for 2023 - 2031.

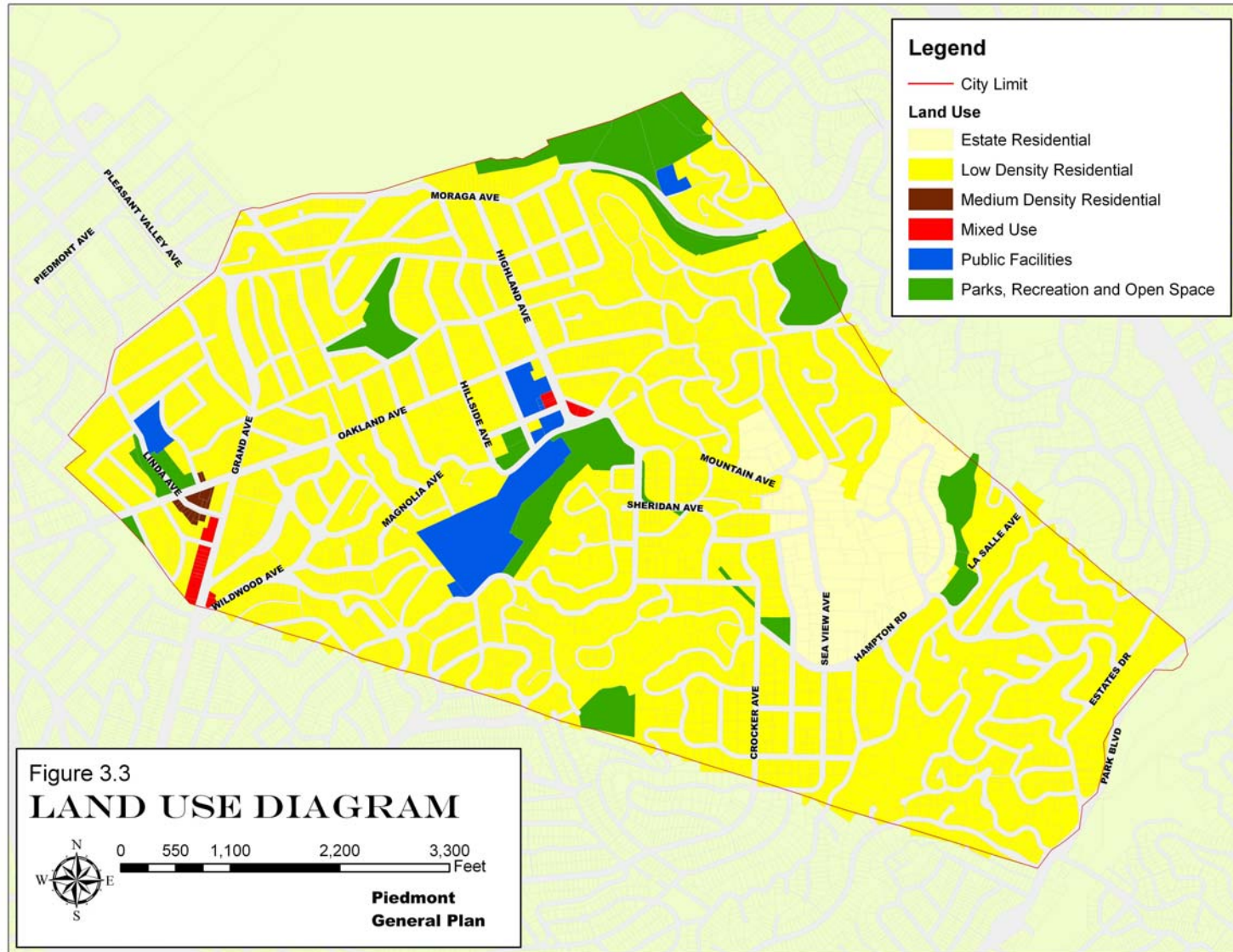
In sum, there are multiple benefits to a sequential approach that starts with a more ready affordable ADU loan program that transitions to funding for affordable multi-family development once the Housing Element, General Plan and zoning ordinance are updated.

Should the City Council follow the Subcommittee's recommended approach, staff will pursue Board of Supervisors' approval of a temporary waiver of the 55-year income restriction requirement and any other necessary amendments. In doing so, City staff will engage with the Piedmont community seeking public comment on, and support of, a Council-approved approach to use Measure A-1 Bond funding.

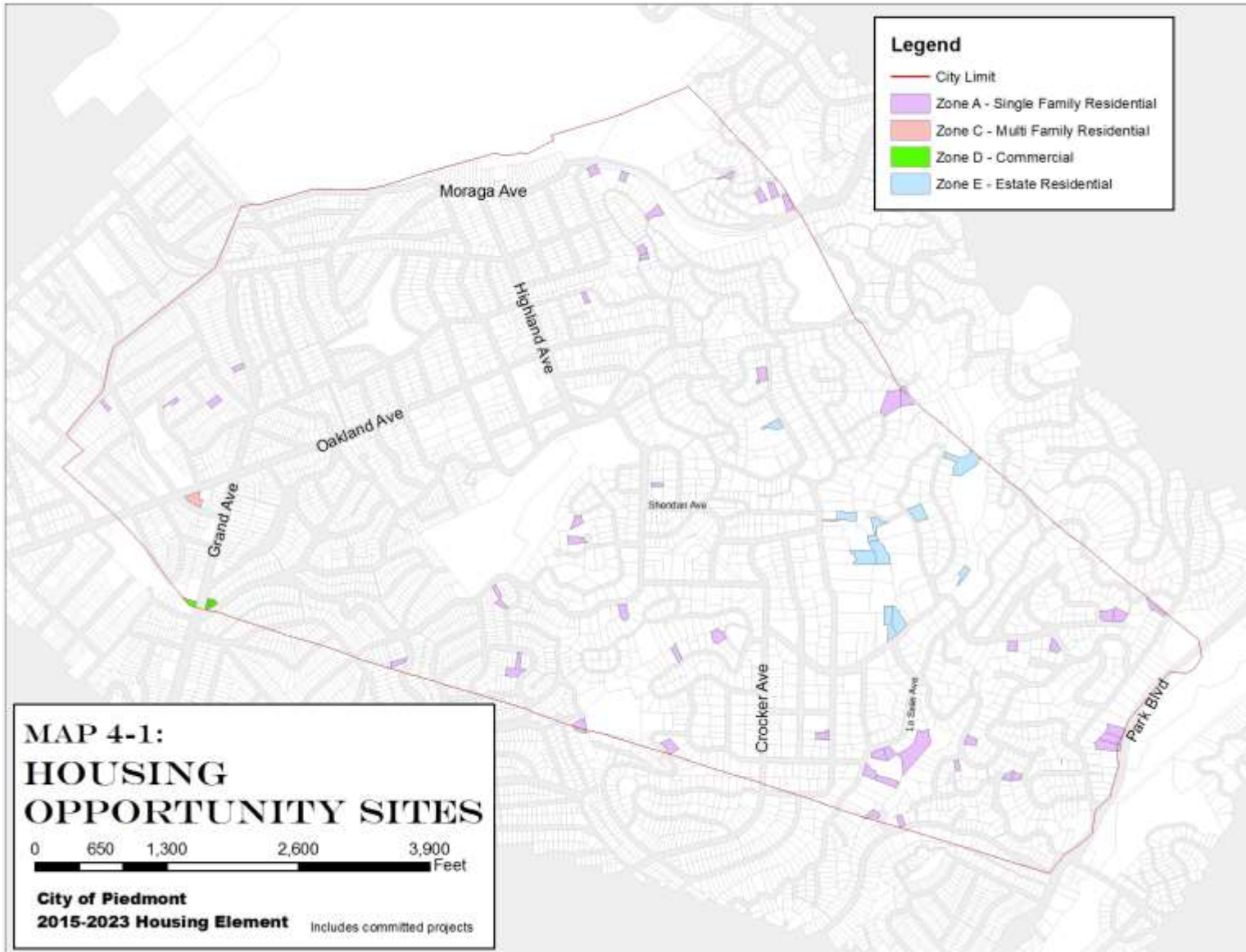
### ATTACHMENTS:

- A Page 8 General Plan Land Use Diagram
- B Page 9 Housing Opportunity Sites
- C Pages 10 to 36 Measure A-1 Rental Development Policies
- D *Online* City of Piedmont General Plan is available online at:  
<https://piedmont.ca.gov/cms/one.aspx?portalId=13659823&pageId=14120542>
- E *Online* SB 2 and Measure A-1 City Council staff report is available at:  
<https://piedmont.ca.gov/common/pages/DisplayFile.aspx?itemId=17393149>











## **Measure A1 Implementation Policies**

### **Rental Housing Development Fund & Innovation and Opportunity Fund**

**Adopted on November 7, 2017**

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, 2016. Alameda County's Housing and Community Development Department (HCD) is implementing the programs under the Bond.

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 to guide the use of the funds allocated to the Rental Housing Programs.

#### *Adopted Program Summary Framework*

When the Alameda County Board of Supervisors placed Measure A1 on the ballot, they adopted a program summary that framed each of the programs to be funded by the Bond.

- 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 countywide with no geographic distribution by formula.

The adopted Program Summary provides the overarching framework for these programs. These implementation policies, once adopted by the Board, will provide more detail for how the programs will operate while still providing flexibility to implement the programs. In addition, HCD will continue to use its existing Administrative Loan Terms (see Exhibit A) and detailed Housing Development Policies and Procedures, as applicable to Bond programs (see <http://www.acgov.org/cda/hcd/rhd/requirements.htm>) for specific project requirements. Measure A1 policies for the **Rental Housing Development Fund** and the **Innovation and Opportunity**

**Fund** that are different or more restrictive than the administrative policies and procedures listed above 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 Measure A1 Bond or other legal requirements as determined necessary 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 modifications to policies to ensure achievement of Measure A1 goals or for legal compliance.

Note that for the purposes of these policies, unless explicitly stated otherwise, use of the term “city” shall include the Unincorporated County. For example, the Unincorporated County has an allocation as a city under the Base City Allocations of Rental Housing Development Program funding.

## **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**
  - A. The majority of the housing units are expected to 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 at and serve extremely low-income households at or below 20% of AMI.
  - D. 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.
  - E. 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.
  - F. 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% of AMI.

*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. **Eligible Types of Projects:**

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.
- E. Permanent Housing, with the exception of a portion of the Base City Allocation allowed to be spent on Emergency or Transitional Housing (see policies below specific to Base City Allocations).
- F. Projects must meet all Measure A1 Rental Housing Development Fund policies and requirements.
- G. **Project Size:** While it is anticipated that most projects will be multi-family projects of 5 or more units, scattered site single-family homes, accessory dwelling units (ADUs), properties zoned as commercial or industrial which will be legally converted to residential, small houses and shared housing may also be eligible, provided they are financially feasible, they meet all the Measure A1 Rental Housing Development Fund requirements, and they do not place an undue burden on the County to monitor for compliance.
- H. **Market Rate Housing:** Market rate housing is not eligible for Measure A1 funds.
  - 1. 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. These units will be part of a larger market rate development and physically integrated into that development.

2. Units that are built on land donated to satisfy local inclusionary requirements and are part of a stand-alone multi-family affordable project (such as a tax credit project or other project serving very low- and low-income households) would be eligible for Measure A1 funding as long as they meet all other requirements of the A1 program.

### III. **Project Criteria:**

- A. **Affordability Term:** Projects must remain affordable for a minimum of 55 years.
- B. **Local Support & Contribution:** Proposed affordable developments must have the support of the city in which they are located, including a financial contribution. (See Match section below for more details.)
- C. **Target Population Priority:** 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. **Resident/Workforce Priority:** Alameda County residents and workforce will be given priority for these housing units.
- E. **Fair Housing:** The Board of Supervisors has adopted findings which support the need and public purposes of supporting the creation of affordable housing for the target populations and resident and workforce housing. To the extent possible and permissible under law, staff will implement restrictions and priorities for populations listed above using, where possible, regulatory agreements, marketing and rent up policies, and points in competitive funding selection processes for projects that include the target populations and resident and workforce goals.
  1. 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 priorities for future projects to ensure a spread of units serving these target populations.

2. Projects funded from the Base City Allocations must include units targeting one or more of the above target populations.
3. Applications for funding will require specificity regarding which target population(s) and income level(s) will be served.
4. Projects funded under Measure A1 must report on the number of tenant applicants denied/accepted for tenancy for households with a member with criminal convictions, along with the basis of denials. HCD may expand this policy at a later date as needed to serve target populations.
5. Sub-regional live/work goals: To prevent displacement and to encourage residential proximity to workplace, should a city wish to implement a sub-regional live/work preference policy for a portion of the units in a project, the city must meet certain criteria and be approved by the County. Criteria will include but not be limited to:
  - a) Completion of a study and making one or more findings which demonstrate city-level residential displacement is occurring and/or is at high risk of occurring and a need for a sub-regional live/work preference is needed to respond to or prevent displacement; and,
  - b) Enter into an agreement obligating the city to defend and indemnify the County against any claims or litigation that may arise from such a restriction.

**F. Affirmative Fair Marketing Plans:** HCD will require a Fair Marketing Plan for each project to ensure that the target populations, countywide and local resident and workforce populations will be aware of the housing opportunities to the greatest extent possible and that the leasing of the project units will be conducted in such a manner as to provide fair and equal access under the law.

1. Affirmative Fair Marketing/Rent-up Plans will be reviewed and evaluated by HCD.
2. All marketing efforts to include, at minimum, listing the unit openings with Eden I&R's 211 system, notifying parties on an HCD-established "Housing Opportunities" email 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. The Marketing Plan must include notification to and active engagement with neighborhood-based organizations in the neighborhood in which the housing is or will be located.
4. All marketing and outreach materials must be provided in the core languages as specified in each city's Language Access Plan.

**G. Selection Process:**

1. Points in competitive project selection processes may be awarded to incentivize units for specific target populations, additional units for the target populations, and/or specific income levels, as well as for developers that have met or exceeded workforce goals in past projects and can demonstrate that achievement



2. Points in competitive selection processes will be awarded to incentivize partnerships with local and neighborhood nonprofit community and faith based organizations that contribute assets to the proposed development.
- H. **Tenant Screening:** To the greatest extent feasible, property owners and managers will use tenant screening tools that screen these vulnerable target populations into the projects rather than rejecting them for tenancy due to conditions associated with their target population status (such as homelessness, disability, re-entry, etc.). An example of a ‘screen in’ tenant screening tool is the Everyone Home tenant screening tool. Other examples or tools may be developed or authorized by the County. HCD will monitor and track the basis of rejections of applications for tenancy by target populations, such as homelessness and/or criminal justice involved households.
- I. **Immigration Status:** All Measure A1 Bond-financed projects shall comply with California law prohibiting landlords from requiring any tenant to state, certify, or represent immigration status to a landlord, unless required by applicable Federal law.
- J. **Application and Waitlist:** Should a unified core tenancy application or single wait list or point of entry be created for Bond-financed and/or other subsidized housing units in the county, all Bond-funded units will utilize and participate in that application, list or entry point.
- K. **Coordinated Entry:** Referrals to all Permanent Supportive Housing will be made through the homeless Coordinated Entry System.
- L. **Tenant Rights and Responsibilities:** All projects must provide to residents and post in a public location in each building funded with Bond proceeds a Tenant Rights and Responsibilities document (to be developed by HCD based on the HUD Tenants Rights and Responsibilities document).
- M. **Anti-Displacement:** To prevent displacement while allowing Measure A1 funds to be used for acquisition of existing rental housing, for an Acquisition project to be eligible at least 85% of the existing tenant households must be income eligible under Measure A1 requirements. The existing “over income” households (households whose incomes exceed Measure A1 limits) will be allowed to remain and the units will be eligible for Measure A1 financing, as needed for project feasibility. Rent for the over income household will be set based on 30% of actual income or market rate, whichever is less. Upon unit turnover, the “over income” 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, excluding all or some of the units occupied by existing “over income” tenants. 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 funds might only be used to subsidize the 25 units. Alternatively, Measure A1 funds could subsidize 35 units, with the requirement that upon turnover the 10 over-income units be rented to

tenants who meet specified Measure A1 income limits.

- N. **Relocation:** Should a project need to temporarily relocate residents (for example to allow units to be rehabilitated), 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. Relocation benefits must be provided, utilizing State of California standards.
- O. **Administrative Loan Terms:** All projects must meet the Alameda County Housing and Community Development Department Administrative Loan Terms and underwriting requirements, as modified by these adopted Measure A1 Implementation Policies. In situations where additional public funding requirements are more restrictive than Alameda County's requirements, the more restrictive requirements shall prevail. See Exhibit A for summary details or the HCD website for the full document.

#### IV. **Eligible Uses of the Funds**

Uses of funds will be flexible, within the parameters of eligibility for use of general obligation bond proceeds, which include costs associated with 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. **Acquisition Costs:** Acquisition of land and buildings are an eligible use of bond proceeds, including tax defaulted properties, 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 for commencement of construction may be granted by the Housing Director, as long as the project is making significant progress towards construction start.
- E. **Rehabilitation Standards:** For Acquisition/Rehabilitation or Rehabilitation only projects, after completion of rehabilitation the project must meet applicable codes of the jurisdiction in which it is located, as evidenced by signoff approval by the local code official.
- F. **Relocation Costs:** Temporary Relocation costs are an allowable project cost, as part of the normal costs of development, and may upon approval of the County (and County's



Bond Counsel), be an eligible cost for Measure A1 funding.

G. **Land Banking:** Long-term land banking will not be eligible for funding under the Rental Housing Development Fund program. Additional time may be granted to projects under section D above should a project not move ahead, and not be considered a “Land Banking” project.

H. **Operating & Services Costs:** General obligation bond proceeds may not be used to fund services or operations costs, including capitalized operating or services reserves.

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

The goals associated with the Measure A1 investment into affordable housing projects are to produce the largest number of units possible and to maximize leverage of other funding sources. In addition, the County will select feasible projects which will compete well for state and federal funding opportunities. The County intends to fund projects at a level that ensures viability for the life of the regulatory period.

- A. The Measure A1 Bond funds must fill a gap and not supplant other funding.
- B. Subject to the availability of funds in an applicable Base City Allocation or any Regional Pool, the maximum amount of Measure A1 funds per project shall be based on a percentage of the Total Project Costs (TPC). The number of units restricted by Measure A1 funds will be calculated using the State of California HCD maximum loan subsidy limit in place at the time of application, except as modified under items 3-5 below:
1. For 9% Low Income Housing Tax Credit projects, a maximum of 30% of the TPC, and the State 9% subsidy limit per unit size (See Exhibit B) will be used to size the number of County restricted units, as determined by the Housing Director based on financial feasibility and as approved by the Board of Supervisors;
  2. For 4% Low Income Housing Tax Credit projects, a maximum of 40% of the TPC, and the State’s non 9% subsidy limit per unit size (See Exhibit B) will be used to size the number of County restricted units, as determined by the Housing Director based on financial feasibility and as approved by the Board of Supervisors;
  3. For small projects, defined as 20 units or less, or Special Needs projects (i.e. Extremely Low Income, Homeless, or Supportive Housing), up to an additional 10% increase in Bond fund subsidy may be allowed should the project demonstrate a financial need for additional funds to be feasible after other leveraged funds from other financing sources have been sought (i.e. from 30% of TPC to 40% of TPC in a 9% TCAC project or from 40% of TPC to 50% of TPC in a 4% TCAC project);
  4. If a project is subject to a Project Labor Agreement (PLA) (see Section X below), or a project voluntarily opts into a PLA, up to an additional 5% increase to the Measure A1 loan limits may be allowed to cover additional costs associated with the Project Labor Agreement, should the project demonstrate the need for the

additional funds to be feasible. This policy will be evaluated on the same timeframe as the evaluation of the Measure A1 Project Labor Agreement policies and may be subsequently modified by the Board of Supervisors

5. 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 Board of Supervisors.

C. The maximum Measure A1 subsidy levels are a combined total of any Base City Allocation and any Regional Pool funds in a project.

D. The maximum Measure A1 subsidy levels will be reviewed at least annually to determine if modifications are needed for Measure A1 funded projects to compete successfully for Low Income Housing Tax Credits or other competitive State or Federal funding.

## VI. Match Requirements

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

B. **Eligible 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. The value of land which has been donated or the value of a reduction in cost of land from market value;
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 (including, but not limited to, Section 8, Veterans Administration Supportive Housing, and Local programs).

C. **Ineligible Type:** The following are not eligible sources of match:

1. City staff or consultant time;
2. Use of Base City Allocation.

D. **Commitment:**

1. The formal Match Commitment must occur in advance of construction loan closing, but the city will be allowed to administratively determine the amount of proposed match at the time of application in order for a project to qualify for Measure A1 funding.
2. A City Council-approved "future commitment" of match funds not yet available (e.g., inclusionary housing fees or ongoing revenue generated by the city) is allowable, so long as they are backed by its commitment that will replace this "future commitment" should the identified original funding source not become available.

- E. **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.
- F. **Base City vs. Regional Pools:** The minimum amount of required match is the same for projects funded by the Base City Allocations and projects funded by a Regional Pool.

VII. **Leverage Requirements**

- A. HCD seeks to leverage other sources of affordable housing financing including State, Federal and other local subsidy sources to the maximum extent possible.
- B. Additional points may be awarded in competitive project selection processes to incentivize leveraging of Measure A1 funds.

VIII. **Wage Levels and Employment Opportunities**

- A. **Wage Rates:** If a project funded under Measure A1 is, independent of such funding, subject to federal or state prevailing wage laws, those federal or state mandates will control. If a project funded under Measure A1 is not otherwise subject to federal or state prevailing wage laws, it will be required to pay wage rates equivalent to California prevailing wage. The project will be required to report on these wages and HCD will monitor compliance.
- B. **Employment of Local Residents:**
  - 1. Local Hire Goal: 30% of all construction project hours worked under an affordable housing development project funded by Measure A1 shall be by Alameda County residents.
  - 2. Targeted Disadvantaged Hire Goal: 5% of all construction project hours worked shall be by Targeted Disadvantaged Workers. Targeted Disadvantaged Workers are residents of Alameda County with incomes below 80% of Area Median Income, and who may also meet any of the following:
    - a. Are apprentices in any construction trade with two years or less participation;
    - b. Are current or past participants in Apprenticeship Readiness Programs serving Alameda County residents, including but not limited to Cypress Mandela Training Center and Rising Sun Energy Center;
    - c. Are current or past participants in Pre-Apprenticeship Programs serving Alameda County residents, including but not limited to Youth Employment Partnership, or construction training programs at the community college level;
    - d. Are recipients of public assistance;
    - e. Belong to any of the target populations in Alameda County identified in the Measure A1 program, including:
      - i. Re-entry individuals;
      - ii. Homeless or formerly homeless individuals living in homeless housing;

- iii. Veterans;
- iv. People with disabilities;
- v. Seniors; and
- vi. Transition-age foster youth.

C. **Career Pathway Programs:** Should the County establish or designate Job Training and Career Pathway programs for certification of local or disadvantaged workers, projects funded subsequent to establishment or designation of the program with Measure A1 Bond shall meet the requirements, as applicable.

D. **Outreach Requirements & Good Faith Efforts:** Projects are required to conduct outreach to make a good faith effort to meet all of the goals in this section. Evidence of this outreach will be submitted to HCD before subcontractors are offered subcontracts, or at the time of application for Measure A1 funding. HCD may require additional outreach if evidence submitted shows inadequate outreach to meet the local hire or disadvantaged worker requirements.

1. Evidence of outreach attempts through at least 3 venues to recruit local and targeted disadvantaged workers must be submitted for construction-related subcontracts.
2. Progress on all goals in Section VIII and documentation of good faith efforts towards these goals shall be reported quarterly to HCD prior to construction start, and shall be coordinated with weekly certified payroll reporting during construction. Final goal attainment will also be reported at the end of the project period.
3. A list of good faith efforts and acceptable forms of documentation of these efforts will be provided to bidders in bid documents by the developer.

E. **Preference Points:** A project may receive points in a competitive selection process if:

1. The applicant submits evidence of meeting local/targeted hiring goals in at least three previous affordable housing developments in the past ten years.
2. The applicant submits evidence of an existing partnership or plans to partner with a construction workforce training organization that will place local workers onto its A1 Bond-financed project.

F. **Pilot Period:** After a period of fifteen (15) months from the date of approval of these policies by the Board of Supervisors, Alameda County Housing and Community Development (“HCD”) staff will evaluate these policies and they will either be extended or amended and re-approved.

## IX. Contracting with local Businesses

A. **Local Contracting Goal:** An amount equal to 25% of the amount of the Measure A1 contract shall be paid to Alameda County-based businesses. These businesses may include but are not limited to professional service sub-contracts, the prime general contractor and/or any of the construction related subcontractors.

- B. Small Local Contracting Goal:** An amount equal to 20% of the amount of the Measure A1 Contract, shall be paid to certified small Alameda County-based businesses. This goal may overlap with the local contracting goal. State Small Business Enterprise (SBE) certification and Alameda County Small, Emerging and Local Business (SLEB) certification are both acceptable as verification of “small” status of local businesses.
- C. Minority-owned and Women-owned Business Enterprises (MBE/WBE):** Projects shall track and report on the hiring of Minority-Owned Businesses (MBE) and Woman-Owned Businesses (WBE).
- D. Outreach Requirements & Good Faith Efforts:** Projects are required to conduct outreach to make a good faith effort to meet all of the goals in this section. Evidence of this outreach will be submitted to HCD before subcontractors are offered subcontracts, or at the time of application for Measure A1 funding. HCD may require additional outreach if evidence submitted shows inadequate outreach.
1. Evidence of outreach attempts through at least 3 venues to recruit local and local and small businesses.
  2. Progress on all goals in Section IX and documentation of good faith efforts towards these goals shall be reported quarterly to HCD prior to construction start, and shall be coordinated with weekly certified payroll reporting during construction. Final goal attainment will also be reported at the end of the project period.
  3. A list of good faith efforts and acceptable forms of documentation of these efforts will be provided to bidders in bid documents by the developer.
- E. Preference Points:** A project may receive extra points in a competitive selection process if:
1. The applicant submits evidence of meeting local/small local contracting goals in at least three previous affordable housing developments in the past ten years.
- F. Pilot Period:** After a period of fifteen (15) months from the date of approval of these policies by the Board of Supervisors, Alameda County Housing and Community Development (“HCD”) staff will evaluate these policies and they will either be extended or amended and re-approved.

**X. Private Project Labor Agreements**

With authorization from the voters, the County of Alameda is expanding its role as a participant in the market to develop affordable housing. The provision of affordable housing is an important means of protecting the health, safety and welfare of our citizens. The County also has a desire to advance the County’s proprietary interests in avoiding labor disputes on County funded projects. It is imperative that affordable housing projects funded by the County with Measure A1 Bond proceeds are completed promptly and efficiently.

- A. In order to promote labor peace, to secure the availability of an adequate skilled labor pool, and to ensure that these construction projects are completed on time and on schedule for the benefit of residents and County taxpayers, all new construction of affordable housing projects funded by Measure A1 bond proceeds allocated to the Rental Housing Program that are 80 units or larger (a “Covered Project”) shall have a Project Labor Agreement (“PLA”) signed by the private developer (“Developer”), the Building and Construction Trades Council of Alameda County (“Trades”), and affiliated construction trades unions. The County will not be a party to these private PLAs.
- B. The eleven (11) affordable housing projects previously approved by the Board of Supervisors to receive Measure A1 Bond Rental Housing Program permanent financing loans<sup>1</sup> are not Covered Projects and are not required to enter into a private PLA, but their developers are encouraged to do so.
- C. After a period of fifteen (15) months from the date of approval of these policies by the Board of Supervisors, Alameda County Housing and Community Development (“HCD”) staff, with support of representatives from the Non Profit Housing Association of Northern California (“NPH”), the East Bay Housing Organizations (“EBHO”), the Minority Contractors Association, Bay Area Community Benefits Organization, the Trades, and any other appropriate stakeholders, shall initiate an evaluation of the impact of the PLA on the Covered Projects and the Rental Housing Program to determine if the minimum threshold of 80 units can be feasibly adjusted, with the intent of lowering the unit threshold to include more Measure A1 Bond Rental Housing Program funded affordable housing projects under the PLA requirement, if feasible. HCD will present its recommendation to the Board of Supervisors for the final determination.
- D. The PLA, to be compliant with this policy, will include the terms set forth below. The NPH and Trades are expected to negotiate a compliant template PLA within 90 days after Board adoption of this policy and should submit the proposed template to HCD for verification of compliance. Developers receiving Measure A1 Bond Rental Housing Program affordable housing funds for Covered Projects may elect to use (sign on to) the pre-approved template PLA, or negotiate an alternate compliant PLA that includes the

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<sup>1</sup> The eleven projects are: (1) Fruitvale BART Affordable Rental Housing Project (94 units) developed by EBALDC and Unity Council; (2) Kottinger Gardens II Affordable Rental Housing Project (54 units) developed by MidPen Housing; (3) Camino 23 Affordable Rental Housing Project (39 units) developed by Satellite Affordable Housing Associates (SAHA); (4) EMBARK Affordable Housing Project (70 units) developed by Resources for Community Development; (5) Grayson Street Affordable Rental Housing Project (23 units) developed by SAHA; (6) 3706 San Pablo Avenue Affordable Rental Housing Project (87 units) developed by EAH; (7) Everett and Eagle Affordable Rental Housing Project (19 units) developed by Housing Authority of the City of Alameda (HACA); (8) San Leandro Senior Apartments Affordable Rental Housing Project (85 units) developed by Bridge Housing Corporation; (9) Mission Court Senior Apartments Affordable Rental Housing Project (90 units) developed by Eden Housing; (10) Coliseum Connections Affordable Rental Housing Project (110 units) developed by UrbanCore Development Partners, LLC; and (11) Redwood Hill Townhomes Affordable Rental Housing Project (28 units) developed by SAHA.



- terms below and any other terms to which the parties agree.
- E. To avoid potentially inconsistent obligations, the County will not require compliance with these Measure A1 PLA requirements if another funding source for the Covered Project has imposed a PLA requirement for the Covered Project or if a PLA is prohibited by State or Federal law, regulations or funding conditions.
- F. The required components of a compliant PLA for Measure A1 Covered Projects include:
1. **No Strike/No Lockout.** The PLA will contain guarantees against work stoppages, strikes, lock-outs, and similar disruptions on the Covered Project.
  2. **Participation by Non-Union Contractors.** All qualified contractors, both union and non-union, will be allowed to bid on and be awarded work on the Covered Projects without regard to whether they are otherwise parties to collective bargaining agreements.
  3. **Rule of Three.** If the general contractor receives bids from subcontractors that result in the Covered Project exceeding the 125% Tax Credit Allocation Committee (“TCAC”) 9% cost basis limit, then, for those subcontracts with fewer than three “Qualified Contractor” bidders the Trades will be granted a ten-day “re-bid” period to identify and encourage additional bidders on those subcontracts. If, after the re-bid period there are still fewer than three bidders for those subcontracts, then the general contractor may re-bid those subcontracts without PLA coverage (i.e., not Covered Work). The term “Qualified Contractor” means a licensed, financially qualified contractor with experience in the type of work required and that is capable of meeting the job schedule, has submitted a commercially reasonable bid, is bondable, carries appropriate insurance, including Workers’ Compensation insurance (or participates in a State recognized Workers’ Compensation Alternative Dispute Resolution (“ADR”) Program), and is otherwise capable of satisfying all requirements of the bid specifications. Developer and Trades can negotiate a different cost control approach in a specific case.
  4. **Non-union contractors: ability to use “core workers.”** Nonunion contractors must make first hires from the union hall; then can retain a “Core Worker” (registered with the hall); additional hires shall alternate 1:1 until a maximum of five (5) Core Workers have been hired; all future hires are from the hiring hall. A Core Worker is defined as an employee who was on active payroll for 60 out of the prior 140 days, and possesses all required credentials and licenses and the skill to safely perform the work.
  5. **Wages and Benefits funds.** All contractors working under the PLA will pay into benefits funds as set forth in applicable Master Agreements, and pay wages consistent with the applicable Master Agreement.
  6. **New Apprentices.** One new apprentice shall be hired for each \$5 million in Covered Project cost.

7. **Process for compliance with Targeted Hire Requirements.** When a public entity or jurisdiction providing funding for the Covered Project (“Funding Jurisdiction”) imposes a local/targeted hiring requirement as a condition of funding, contractors may comply with any other recruitment or hiring procedures required by any Funding Jurisdiction. Unions agree to refer local/targeted workers to contractors on a priority basis as needed for contractors to satisfy the requirement; and if the hiring halls do not have local/targeted workers available, they will allow contractors to obtain those workers from other non-union sources.
8. **Compliance with Small/Local Business Entity (“S/LBE”) Contracting Requirements.** If, after the Developer receives bids from subcontractors, there is not sufficient S/LBE participation to achieve S/LBE requirements imposed on the Covered Project by Funding Jurisdictions while not exceeding 125% of the TCAC 9% cost basis limit, and the Developer (or prime contractor) has identified an S/LBE contractor who would have bid under different PLA terms, then the parties obligation to meet and confer is triggered (with opportunity for discussion of terms for re-bid). At the end of a ten-day meet and confer period, one or more subcontracts may be re-bid competitively if necessary to meet the S/LBE participation requirement, either with agreed-to revised terms or without application of the PLA requirements to the subcontract in question.
9. **Assignment of work.** Jurisdictional assignments will be based on the Trades’ system.
10. **Off-site work.** Off-site manufacture of modular housing or structural components will not covered work under the PLA; off-site manufacture of sheet metal and plumbing components will be covered work within PLA if such work is covered by Sheet Metal or U.A. Master Agreements.
11. **Dispute Resolution.** A binding dispute resolution procedure shall apply for alleged violations of the PLA that allows for resolution of grievances through unanimous agreement of Developer and Trades or, if no unanimous agreement, through arbitration. PLA lists five arbitrators empowered to resolve grievances; parties strike names on an alternate basis. A separate binding dispute resolution procedure shall apply to jurisdictional disputes and to no-strike/no-lockout disputes.
12. **Sole Proprietors.** A Sole Proprietor self-performing work shall not be required to use a worker from the union hiring hall. However, if during the term of the PLA, the Sole Proprietor later hires employees, the Sole Proprietor will be treated as a Core Worker and any subsequent employee(s) will be dispatched from the hiring hall. Sole Proprietors in the trucking industry will be treated as Core Workers, but must nevertheless be dispatched from the hiring hall and will be exempt from trust fund obligations, but must pay representational fees. "Sole Proprietor" means a licensed contractor with no employees and exempted by the California Contractor's State License Board from the requirement to obtain and maintain workers' compensation insurance.
13. **Project Management.** Developer and prime contractor, through the bid documents, may establish a uniform work schedule across crafts of up to 8 hours



per day, with consistent start and stop times. Overtime for hours performed within that schedule shall be paid if required by applicable prevailing wage laws.

- 14. **Taxpayer Protection Provisions.** The PLA will contain all of the taxpayer protection provisions listed in Public Contract Code section 2500(a), including prohibiting discrimination based on race, national origin, religion, sexual orientation, political affiliation, or membership in a labor organization in hiring or dispatching workers for the Covered Project and an agreed-upon protocol concerning drug testing for workers who will be employed on the Covered Project.

XI. **Single Core Tenancy Application/Posting Unit Openings**

Goal: HCD desires to create a robust and easy to access method for low-income households seeking subsidized housing to locate and be informed of unit availability, as well as a universal core tenancy application system to streamline the application process for low-income households to apply for tenancy to these projects.

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

XII. **Geographic Distribution of Funding**

- 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
<b>ALAMEDA COUNTY TOTAL</b>	<b>100.0%</b>	<b>\$200,000,000</b>

**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
<b>ALAMEDA COUNTY TOTAL</b>	<b>\$225,000,000</b>

### Measure A1 Specific Policies for Base City Allocations

(Note that for the purposes of these policies, unless explicitly stated otherwise, use of the term “city” shall include the Unincorporated County. For example, the Unincorporated County has an allocation as a city under the Base City Allocations of Rental Housing Development Program funding)

XIII. **Procurement Process**

- 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.
- B. Cities must submit an application for each selected project to HCD. HCD will review the application for compliance with Measure A1 bond program requirements and HCD’s Rental Housing Development Policies and underwriting requirements.
- C. HCD will accept applications in an over-the-counter process, with specific deadlines established for proposed projects to be included in bond issuances as needed.



- D. 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.
- E. Initially, 10% of the Base City Allocations shall be reserved to cover the County's bond issuance and program delivery/administration costs. This percentage may be adjusted and any amounts not needed or projected to be needed for this purpose shall be released back into Base City Allocations.

XIV. **Types of Projects**

- A. In addition to the types of projects listed above, cities may use a portion of their Base City Allocations to finance the development of interim, crisis, or transitional housing for homeless households, provided the city has identified funding for operations and services.
- B. 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.
- C. 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, up to 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.
- D. A city may, at its discretion, use a portion of its Base City Allocation to finance a regional-serving project located in another jurisdiction.

XV. **Loan Administration**

- 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.

XVI. **Commitment Deadline**

- A. Cities will have up to 4 years (until December 31, 2021) to commit funds to specific projects, with the possibility of a reasonable extension of this period 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 within the deadline will be moved into the Regional Pool in which the city is located on January 1, 2022, unless an extension has been granted by the Housing Director, in which case the funds will be moved into the Regional Pool on the first day following the extension period.
- D. Once funds are committed, a project will have up to 3 years to start construction, and up to five years to expend funds.

## Measure A1 Specific Policies for Regional Pools

### XVII.

#### **Procurement**

- 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].
- B. HCD will use a competitive Request for Proposals (RFP) process to select projects.
- C. It is a goal to use the Regional Pool funds to finance projects in various locations disbursed around each region, not only in one jurisdiction. In the competitive process, regional geographic spread will be considered.
- D. Initially, 10% of each Regional Pool shall be reserved to cover the County's bond issuance and program delivery/administration costs. This percentage may be adjusted and any amounts not needed or projected to be needed for this purpose shall be released back into the Regional Pools.

### XVIII.

#### **Commitment Deadline**

- A. HCD will use its best efforts to commit all funds in each Regional Pool within 6 years (by December 31, 2023).
- 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, 2023, the funds in such a Regional Pool may be moved to one or more other Regional Pools which have eligible, feasible projects requesting funds that exceed the Pools' available balance.
- D. If uncommitted funds remain in any Regional Pool after January 1, 2024 those funds will be made available countywide through a competitive RFP process.

## RENTAL HOUSING INNOVATION AND OPPORTUNITY FUND POLICIES

### I. Use of Funds:

- 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 (i.e. properties that are for sale), 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, tax defaulted properties, or other buildings to be converted into eligible housing. It is not intended to pay off mortgages of owned properties.
- C. All funds under this program shall be fully amortizing or fully repaid. This is not an equity program.
- D. HCD shall create the Acquisition and Opportunity Fund to provide loans for the acquisition of property for the development of long-term affordable rental housing:
  1. Eligible properties for acquisition can include commercial or industrial properties so long as the intent is to convert them to residential use and there is a reasonable expectation of the ability to do so;
  2. Acquisition of land or buildings, including tax defaulted properties, and related project soft costs are eligible uses of funds;
  3. Land trusts, which may result in rental or ownership affordable housing, are eligible projects under this category;
  4. Funds will be provided in the form of short-term loans, with an initial maximum loan term of three years;
  5. Repayments to this fund will be used to provide financing for additional projects over time; and
  6. HCD may administer this program internally or propose the use of a contracted Program Administrator to implement the program, with approval by the Board of Supervisors.
  7. Five percent (5%) of this fund shall be designated for development partnerships that include local nonprofit community-based or faith-based organizations and a Tier 1 developer.
- E. In addition to the Acquisition and Opportunity Fund described in D above, HCD will develop an Innovation Fund to support innovations in addressing the need for affordable rental housing for the household income levels and target populations of the Measure A1 Rental Housing Development Fund and will bring a program description and implementing policies to the Board of Supervisors for review and consideration.

- II. **Criteria:**  
The housing developed under the Innovation and Opportunity Fund must meet the requirements of the Rental Housing Development Fund.
- III. **Geographic Distribution:**  
The Acquisition and Opportunity Fund is available countywide for eligible projects.
- IV. **Procurement:**
- A. HCD will issue a Request for Qualifications (RFQ) to establish a pool of pre-qualified Tier 1 Developers, or partnerships which include a Tier 1 Developer, which will then be able to apply over-the-counter for loans from the Innovation and Opportunity Fund.
  - B. Requirements for developers: To be considered for the Acquisition and Opportunity Fund, developers must meet HCD's Tier One Developer requirements.
  - C. Should the County select a Program Administrator to administer the Acquisition and Opportunity Fund, HCD will work with the Program Administrator to conduct the selection process for pre-qualified developers.
- V. **Leveraging**  
Encourage developers to leverage funds to the greatest degree possible.
- VI. **Maximum or Minimum Loan Amounts:**  
HCD will work with 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:**
- 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 term may be modified if necessary to leverage other financing. It is expected that the maximum term will not exceed five years.
  - B. The loans must 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 project progress will be required.
- VIII. **Match Requirements:**
- A. Formal Commitment of city matching funds is not required at this stage of development as a prerequisite for award of Acquisition and Opportunity Fund loans.
  - B. City support and approval of the project is required at the time of the loan.

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**Exhibit 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 must 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, and approval by the Board of Supervisors.

**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**



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.

#### **L. Developer Fees**

Developer fees will be set to be in conformance with the State Tax Credit program. At the time of this publication, for 9% Tax Credit projects, the maximum allowed by TCAC 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.

#### **M. 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.

#### **N. 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.

#### **O. Loan Fees**

HCD may charge a loan closing fee.

#### **P. Monitoring Fees**

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

#### **Q. 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.

**R. Records 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 restricted plus 6 years.

**S. 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.

**T. Change Orders**

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

**U. Subcontracts**

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

**V. 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.

**W. Jobs/Hiring**

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

**X. 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

**Y. 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 term of the regulatory agreement.

**Z. HCD's Costs**

Borrower (or Project) to pay for required 3<sup>rd</sup> 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.

**Exhibit B – Per Unit Subsidy Limit****Projects without 9% Tax Credits  
State HCD Loan Limits for Alameda County 2016\*\***

Alameda County	Efficiency	1 BR	2 BR	3 BR	4+ BR
<b>Income Limit</b>					
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.

**Projects with 9% Tax Credits  
State HCD Loan Limits for Alameda County 2016\*\***

Alameda County	Efficiency	1 BR	2 BR	3 BR	4+ BR
<b>Income Limit</b>					
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.

**PIEDMONT PLANNING COMMISSION (Abridged)**

Regular Meeting Minutes for Monday, September 13, 2021

A Regular Session of the Piedmont Planning Commission was held September 13, 2021, via ZOOM teleconference consistent with Executive Order Nos. N-25-20 and N-29-20. In accordance with Government Code Section 54954.2(a), the agenda for this meeting was posted for public inspection on August 30, 2021.

<b>CALL TO ORDER</b>	Chair Batra called the meeting to order at 5:30 p.m.
<b>ROLL CALL</b>	Present: Commissioners Rani Batra, Yildiz Duransoy, Jonathan Levine, Tom Ramsey, Doug Strout and Alternate Commissioner Justin Zucker  Absent: None  Staff: Planning & Building Director Kevin Jackson, Senior Planner Pierce Macdonald-Powell, Associate Planner Gopika Nair, Assistant Planner Steven Lizzarago, Planning Technician Suzanne Hartman, Administrative Assistant Mark Enea
<b>PUBLIC FORUM</b>	There were no speakers for the public forum.
<b>EX PARTE COMMUNICATIONS &amp; CONFLICTS OF INTEREST</b>	There were no disclosures.
<b>REGULAR SESSION</b>	The Commission considered the following items of regular business:
<b>APPROVAL OF MINUTES</b>	<b>Resolution 19-PL-21</b> RESOLVED, that the Planning Commission approves as presented its meeting minutes of the August 9, 2021, regular hearing of the Planning Commission. Moved by Levine, Seconded by Ramsey Ayes: Duransoy, Levine, Ramsey, Strout, Batra Noes: None Abstaining: None Absent: None
<b>CONSENT CALENDAR</b>	The Commission placed no applications on the Consent Calendar.
<b>REGULAR CALENDAR</b>	The Commission considered the following items as part of the Regular Calendar:
<b>Housing Policy Development Activity Update</b>	Senior Planner Pierce Macdonald-Powell utilized a presentation to update Commissioners regarding development of new housing policies and programs. Staff has completed extensive work for Measure A-1, which will be presented in agenda item 5.  City staff, on behalf of the City and the San Francisco Bay Area Planning and Urban Research Association (SPUR), submitted an application to the San Francisco Foundation for a Breakthrough Grant. If a grant is awarded to the City, a Fellow will work with staff to develop housing policy, and the Piedmont community will receive more than \$200,000 over two years. The grant could increase the City's total grant awards for housing policy to \$450,000.  Staff and housing consultants held a kickoff meeting for the Housing Element CEQA review. Rincon Consultants, Inc., will perform an environmental review

16. **Window and Door Symmetry.** The divided lite pattern and spacing on the windows and doors on the front (east) facing façade shall be consistent. The final design shall be subject to staff review and approval.

Moved by Ramsey, Seconded by Strout  
Ayes: Duransoy, Ramsey, Strout, Batra  
Noes: Levine  
Recused: None  
Absent: None

**Recommendation for  
Use of Measure A-1  
Bond Funds**

Chair Batra encouraged community members to consider themselves subject-matter experts and to engage in current and future housing discussions because good public policy comes from robust and respectful public engagement.

Planning Director Jackson thanked experts on affordable housing and ADUs and members of the Ad Hoc Subcommittee on the Alameda County Measure A-1 Bond (Subcommittee) for their participation and comments. The Subcommittee determined that the approach most likely to lead to successful use of Measure A-1 funds would combine an ADU loan program (ADULP) and a traditional multi-family affordable housing development (TAHD).

The County's timeline for guidelines and criteria and Piedmont's land development conditions preclude a Subcommittee recommendation for a TAHD alone, at this time. Piedmont does not have properties that are readily available for multi-family development. Affordable housing experts have stated that the City would need to commit Measure A-1 funding and a City-owned property for a project to be feasible. Transitioning City-owned land to multi-family development necessitates amendments to the General Plan, zoning regulations, and probably subdivision regulations, all of which require community engagement and a good deal of time. Through the Housing Element Update, sites will be identified for multi-family development, and community engagement will occur. Once the Housing Element Update is approved by the Council and certified by the State and the General Plan and Zoning Code are amended, the City will have sites that may be attractive to affordable housing developers. Identifying sites for affordable housing development before the Council approves the Housing Element Update would draw suspicion to the process.

The Subcommittee recommends a sequential approach for use of Measure A-1 funding. An initial ADULP would transition to a TAHD once the Housing Element Update and General Plan and Zoning Code amendments are complete and ADU loans are repaid. The Subcommittee and staff do not oppose ideas expressed in public comments. The Alameda County Department of Housing and Community Development (County HCD) staff have indicated their support of staff requesting an amendment of County guidelines to accommodate an ADULP.

Senior Planner Macdonald-Powell reported in 2016 voters adopted Measure A-1, a \$580 million property tax revenue bond. In 2017, the County Board of Supervisors established guidelines for the use of Measure A-1 funding, a portion of which is allocated to all cities in Alameda County for development of new affordable rental housing. The City of Piedmont's \$2.2 million base allocation comes in the form of a low-interest loan for construction of affordable rental housing or site acquisition.

On February 1, 2021, the Council recommended the Planning Commission establish the Subcommittee, and the Planning Commission nominated Commissioners Duransoy and Ramsey to the Subcommittee on February 8, 2021, with Director Jackson and Senior Planner Macdonald-Powell serving as staff liaisons.

The City must file an application to use its base allocation with County HCD by December 31, 2022. Funding must be spent within five years of application approval. The application must identify the project scope and schedule and any real estate development partners. The funding process is not competitive.

Between February 24 and July 14, 2021, the Subcommittee met seven times and included local affordable housing finance and municipal finance experts in discussions. The Planning Commission received updates on June 14, July 12, and August 9, 2021 and received public testimony regarding use of Measure A-1 funding.

The Subcommittee considered a TAHD and an ADULP. A TAHD leverages regional, state, and federal funding sources, creates 40 affordable housing units on 0.5 to 1 acre of land, restricts units to affordable levels for 55 years, and will likely help satisfy potential new Housing Element goals. However, the 2015 Housing Element does not identify any feasible sites for multi-family development (beyond 408 Linda Avenue), and the great majority of Piedmont's housing opportunity sites are zoned for single-family residential use. City-owned land is extremely limited, and modifying the land use of a City-owned parcel requires Zoning Code and General Plan amendments, careful environmental review, and community engagement.

Only 3.8% of Piedmont is parkland. Land Use Element Goal 3, Policy 3.5, and Policy 3.8 talk about preserving open spaces, protecting open spaces, and creating a new zoning district for parks and public open space, respectively. The Design and Preservation Element notes that the most likely locations of Native American resources are in Piedmont open space areas.

The deadline to submit the Measure A-1 funding application does not allow the City to complete a California Environmental Quality Act (CEQA) analysis, the 2023 Housing Element, and associated Zoning Code amendments.

According to the Housing Element and the Census' American Community Survey, more than 100 Piedmont residents fall in the low-income category. An ADULP would provide loans with a 4% interest rate and a maximum amount of \$150,000 to low- and moderate-income property owners. Loans would be repaid in five years or when the property transfers ownership. An ADULP could generate 11 very-low-income housing units restricted for 15 years and would be consistent with Zoning Code and General Plan policies. Sites throughout Piedmont are available for an ADULP. County guidelines would have to be temporarily waived in order to utilize an ADULP, which would be a new pilot program for income-restricted ADUs in Alameda County.

The Subcommittee compared the advantages and disadvantages of a TAHD and an ADULP. Affordable housing experts have noted that many affordable housing developments require ongoing operational subsidies; staff has not identified a funding source for an operational subsidy. The Subcommittee recommends the Council direct staff to apply to Alameda County for use of Piedmont's base allocation, which will be utilized to establish a City of



Piedmont affordable housing fund, launch a low-interest loan program for the construction of rent-restricted ADUs and Junior ADUs, and preserve \$2.2 million in the form of a low-interest loan for an affordable housing development of up to 40 housing units on 0.5 to 1 acre of land.

Commissioner Ramsey suggested that the ADULP be expanded to all types of small affordable housing developments listed in the Measure A-1 eligible projects list.

**Public testimony** was received from:

Irene Cheng, Deborah Leland, Claire Parisa, Alice Talcott, Carol Galante, Lisa Joyce, Tracey Woodruff, Jill Lindenbaum, Andy Madeira, and Elise Marie supported a TAHD, shared additional information, and questioned whether a vote of the electorate is needed to implement a program.

Garrett Keating also addressed the Planning Commission and suggested that the City take time to evaluate new fair housing goals and programs.

In response to questions, Director Jackson advised that ADUs and other types of housing units can be included in the Housing Element Update sites inventory if the number of units is supported by evidence. Housing types that are eligible for an ADULP may be expanded. Measure A-1 funds could be used for housing projects contemplated in SB 9.

The Commission recessed for a break at 7:30 p.m. and reconvened at 7:50 p.m.

In response to questions, Director Jackson explained that Section 9 of the City Charter requires a vote of the electorate to reclassify or change the boundaries of a zone. As understood by the Planning & Building Director, the City Attorney has advised that modification of a use for a zone does not require a vote of the electorate. All zones in Piedmont allow residential use. Therefore, modifying the residential use does not appear to require a vote.

The Subcommittee's goal was an approach that leads to the successful development of affordable housing in the long term. The Subcommittee believed a TAHD on its own would not be successful because a specific property has not been identified for multi-family development. An unidentified site increases the number of factors that could jeopardize a project. Identification of such property should not be rushed in an effort to submit the City's application on time, even if the County grants a six-month extension in addition to the current one-year extension. The Subcommittee also explored an approach of parallel paths for an ADULP and a TAHD. To comply with the County's deadline, parallel paths would probably not include sufficient public engagement. In the recommended sequential approach, an ADULP could generate some affordable housing while the City completes its Housing Element Update, CEQA analysis, and General Plan and Zoning Code amendments, all of which will inform decisions regarding a multi-family development.

The Housing Element Update sites inventory may not identify a City-owned property that is feasible for a multi-family project. Many factors, including site infeasibility and community opposition, could jeopardize a multi-family housing project located on City-owned land.

The City's 2005 ADU incentive program allowed the Planning Commission to grant a parking waiver for ADU projects that did not provide required parking if the property owner agreed to deed restrict the ADU to low-income or very-low-income affordability for ten years. The property owner and tenant provided annual reports of rent and income so that staff could verify compliance with requirements. The program was quite successful, and the verification mechanism could be replicated in an ADULP.

Senior Planner Macdonald-Powell added that staff spoke with non-profit affordable housing developers in 2017 about the possibility of developing housing on opportunity sites identified in the Housing Element and learned that the sites are infeasible for affordable housing developments. Staff next considered an ADU program and learned that most ADU programs are administered by a third party. Community partners, primarily Habitat for Humanity, have expressed interest in helping the City. Staff could work with Habitat for Humanity to ensure the program is the least labor intensive for City and County staff.

The housing opportunities sites map from the 2015 Housing Element reflects three sites available for new development, but the Housing Element anticipates that the sites will not be redeveloped because the density is too low for a feasible project.

The City is required to begin construction three years after it commits funding to a project. The timeline submitted by members of the community expects all General Plan and Zoning Code amendments for a project to be completed by November 2022. This timeline is not adequate for conducting a site evaluation and effecting General Plan and Zoning Code amendments that will result in a feasible project. The Housing Element Update includes evaluation of candidate sites as part of the new sites inventory.

Commissioner Ramsey suggested staff integrate deliberate and robust community outreach throughout the timeline and process. The Subcommittee's recommendation complies with the County's timeline without the need for a second extension. If feasible, staff should explore expanding housing types eligible for an ADULP to include single-family homes, small houses, and shared housing as listed in Rental Housing Development Fund implementation policies. An affordable housing expert mentioned that some programs dedicate existing housing stock to affordable housing. In the future, the fund could be expanded to receive charitable contributions, grants, federal monies, and impact fees. County staff reacted favorably to this possibility. Everyone supports a TAHD but differs on the process to achieve it. If the Council chose a TAHD, it would have to authorize a Request for Proposals (RFP) in mid-2022. However, a site such as Blair Park might be the only option for a TAHD. A residential use allowed in the Public Facilities Zone can be modified to include a multi-family residential use, but the community could object and slow down the development process. Robust community engagement has to be part of the process so that a plan can be successful.

Commissioner Strout supported Commissioner Ramsey's proposal to expand the housing types eligible for an ADULP.

Commissioner Levine commented that Piedmont has few parks, and the idea of replacing green space with a building would probably be a non-starter. This idea exemplifies the magnitude and gravity of the issue facing the community. The

Planning Commission should not limit the Council to one path forward because there are too many questions and uncertainties. The Planning Commission may wish to present the Council with the issues, its work, and the pros and cons of the two programs and allow the Council to decide with input from staff and the community. He hesitated to recommend a plan that many think is wrong and that is contingent on factors outside the City's control.

Commissioner Duransoy concurred with Commissioner Levine's proposal but could not support it as a recommendation to the Council. The largest multi-family development in Piedmont has less than ten units. Because 40 units is a large undertaking for Piedmont, the process, guidelines, and community outreach have to be right.

Chair Batra related that Commissioners and public speakers strongly agree that Piedmont is ready and willing to include people of different income levels and backgrounds. The challenge is applying an initiative like Measure A-1, intended for a large area, to a small area. Piedmont has few available housing sites and limited green space. She expressed discomfort with the idea of the Council unilaterally designating open space for development without a robust public process because it could generate a backlash that jeopardizes the broader goals for housing production, does not support the spirit of community decision-making, and does not allow the community time to understand the change. Any development that results from the programs will be more successful if the community supports it. Expanding housing types beyond ADUs more closely reflects the community's desire to accommodate families. The Planning Commission hears testimony from residents across the City each month, and its recommendation will benefit the Council. The Subcommittee recommendation manages the risk of the City losing the funding, and the Subcommittee's recommendation enhances the ability to utilize the funds to create housing.

Commissioner Levine noted that the recommendation is a loan program for individuals who may never utilize the loans due to many uncertainties and restrictions. An ADULP is a distraction from the real issue of housing production. The City will receive funds in the form of loans; it will not receive money. Therefore, the City cannot lose funding it does not have. The loan program is designed for low-income and moderate income households, who have the least ability to repay loans in five years. The issues are too important for the Planning Commission to recommend only one path. The Planning Commission should not recommend the Subcommittee's recommendation in light of public comment in support of a TAHD.

Senior Planner Macdonald-Powell noted that the Subcommittee's recommendation envisions that ADUs will be occupied and generating rents at the end of five years. At that time, property owners would be eligible for conventional loans to refinance the original loans.

#### **Resolution 20-PL-21**

RESOLVED, that the Planning Commission recommends that the Council continue with the presented Measure A-1 bond funding approach as amended to expand the range of housing types to include scattered site single-family homes, ADUs, properties zoned as commercial and industrial and legally converted to residential, small houses, and shared housing.

Moved by Strout, Seconded by Ramsey

Ayes: Duransoy, Ramsey, Strout, Batra

Noes: Levine

Abstaining: None

Absent: None

**Draft Wireless  
Communication  
Facilities Design  
Standards**

Director Jackson reported that given recent approvals of wireless communication facilities (WCF) in Piedmont and court determinations regarding federal regulations and rulemaking, staff is comfortable presenting design guidelines for WCF. The guidelines along with future revisions to the WCF ordinance will allow ministerial approval of facilities that comply with design guidelines.

Assistant Planner Steven Lizzarago advised that the primary goal of the design guidelines is to provide objective aesthetic design standards for WCF that meet state and federal regulations. Staff has conducted extensive public outreach, collaborated with the City Attorney and telecommunication law experts, reviewed recent court rulings, and researched guidelines from jurisdictions throughout California to develop the guidelines. The guidelines will be incorporated into the Piedmont Design Guidelines adopted in June 2019.

Objective design standards require WCF to be concealed or well-integrated with their surroundings, establish size requirements, establish standards for mechanically generated noise sources, encourage collocation, ensure the public right-of-way remains accessible to other utilities and the public, and require compliance with state and federal regulations and Building Code requirements. Stealth design is a concealment strategy that reduces equipment clutter and helps limit future expansion of existing and new installations. One of the goals of the new guidelines is to facilitate the processing of applications within timeframes required by federal rules.

The guidelines introduce new preferred designs for WCF located in the public right-of-way. Preferred designs include a decorative streetlamp, cobra head streetlamp, informational kiosk, and covered bus shelter. Preferred designs are based on recently approved applications and designs acceptable to wireless carriers and will provide other community benefits such as lighting and shelter. Applications that comply with preferred design standards will be subject to ministerial review and an encroachment permit. Ministerial approval is intended to incentivize preferred designs and facilitate compliance with shot clock timeframes.

In addition to the ministerial standards, other proposed WCF design standards are generally applicable to WCF located both inside and outside the public right-of-way. Amendments to the Design Guidelines provide maximum sizes for antennas and equipment located on poles. Antennas located on streetlights shall be top-mounted and encased within a radome or shroud. Antennas located on utility poles shall be designed to look like the top of the utility pole. Monopoles shall have a maximum height of 95 feet. When mounted to an existing structure, the WCF shall be integrated architecturally within the existing structure. Ground-mounted facilities shall have a screening strategy. Antennas shall be close-mounted on monopoles. All cable, conduits, and other wiring shall not be exposed. An installation shall be located on an existing structure or a new structure located at least 25 feet from an existing structure. Underground utilities and street tree roots and canopies shall not be disrupted. WCF shall not be located in a position that disrupts vehicle, pedestrian, or public access. Facilities shall be collocated to the greatest extent practicable.

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Dear Commissioners Batra, Duransoy, Levine, Ramsey, Strout, and Zucker:

Attached is a letter written by several affordable housing advocates, policy experts, and professionals in Piedmont regarding the Ad Hoc Subcommittee's recommendation on Measure A1.

While we're grateful for the Ad Hoc Subcommittee's diligent, thoughtful work, we have serious reservations about the unusual sequential plan that has been proposed. In our letter, we detail our concerns about the City's proposed ADU loan program, as well as why we believe a more straightforward plan that prioritizes a multifamily affordable housing development is preferable.

We suggest that the Planning Commission forward both the sequential plan *and* a traditional affordable housing-only plan as two options for the City Council to consider, with a memorandum that lays out the pros and cons of each path.

Thank you for your consideration and your service to our community.

Yours truly,  
Irene Cheng and Sarah Karlinsky  
Co-Chairs, Piedmont Racial Equity Campaign Housing Committee

September 10, 2021

Dear Commissioners Batra, Duransoy, Levine, Ramsey, Strout, and Zucker:

We are writing to you regarding the Recommendation of Ad Hoc Subcommittee of the Planning Commission on Measure A-1 Bond Funding, which is Item 5 on the Piedmont Planning Commission's September 13, 2021, agenda. We are a group of affordable housing advocates, policy experts, and professionals who live in Piedmont. A few of us were among the affordable housing professionals who met with the Ad Hoc Subcommittee in April and May of 2021.

We are grateful for the Ad Hoc Subcommittee's diligent and thoughtful work in coming up with a plan to utilize the City's \$2.2 million allocation of A1 funds and commend the Subcommittee for considering a plan that includes multifamily affordable housing development. **However, we have serious concerns about the unusual sequential plan that is being proposed, which directs the City's allocation to an ADU loan program (the ADULP) in the short-term (five years), and then applies the repaid loan funds to a traditional affordable housing development (TAHD) after five years.** No other city has used their funds in this way, because Measure A1 was designed expressly to enable cities to build multifamily affordable housing. We also wish to clarify several inaccuracies in the staff report that appear to have guided the Subcommittee's recommendation. Lastly, **we urge the Planning Commission to offer the City Council the option to consider an alternative proposal that focuses on a traditional affordable housing development only.**

#### ADU Loan Program (ADULP)

While we support the creation of a City of Piedmont affordable housing fund and the construction of ADUs as a component of the city's overall strategy for creating affordable housing, we do not support the use of Measure A1 funds for this purpose. Our reasons are as follows:

1. **The ADULP is inconsistent with the design of the Measure A1 program and requires the City to obtain several waivers from the Alameda County Board of Supervisors which may not be granted.**
  - **The Measure A1 program was purpose-built to fund a TAHD**, with provisions such as a 55-year affordability requirement for resulting units. Piedmont's proposed ADULP would only require units to be affordable for 15 years, a significant watering down of the Measure A1 goals.
  - **No other city has obtained a waiver of the 55-year requirement.** Piedmont's proposal to redirect the funds toward ADUs may be perceived by the public and other jurisdictions as an attempt to avoid or postpone creating the kind of multifamily affordable housing intended by Measure A1, and will likely put the city in a negative spotlight.
  - **The public bonds require payment of prevailing wages on construction, which would increase construction costs and impose administrative oversight to ensure enforcement.** The staff report makes no mention of this

requirement so it is unclear whether the City intends to seek a waiver, nor is it clear whether a waiver could be granted.

- **There are multiple other features of the ADULP that conflict with requirements of Measure A1**, including the County Housing and Community Development department (HCD) serving as lender (not the City), the subsidy cap of 40% to 50% of project costs, and loan proceeds being reused after repayment. The staff report makes no mention of these constraints, any one of which could derail the City's plans.
- **If the Board of Supervisors refuses to grant Piedmont the necessary waivers, the City risks losing its \$2.2 million allocation of A1 funding.** Other jurisdictions want this money for affordable housing developments that conform to the County's requirements and are likely to raise objections if Piedmont proposes applying it to a program that does not meet A1 requirements.

**2. The proposed ADU loan program is extremely unlikely to be used—let alone repaid—within a five-year timeframe.**

- This program is unlikely to be attractive to Piedmont homeowners. The program would require a deed restriction on the property limiting occupancy of the ADU to eligible low-income households and limiting rents for fifteen years at rent levels from approximately \$450 up to a max of \$1,450 (depending on the required income targeting). It would impose many other requirements such as mandatory lease terms and ongoing monitoring. It is hard to imagine that eligible low and moderate-income Piedmont homeowners would agree to these types of requirements in order to access a 4% loan that is barely below market rate and needs to be repaid within five years.
- Loan programs to incentivize construction of affordable ADUs are novel and complex, even without the added difficulty of funding such a program with highly regulated, public bond funds. For example, Housing Trust Silicon Valley, a leader in affordable housing financing, has had a team of people working for several years on a less restrictive ADU financing program and has yet to make a single loan under its program.
- The average cost of constructing an ADU in the Bay Area is over \$350,000. A loan of up to \$150,000 still leaves a big funding gap for all but perhaps the smallest junior ADUs.
- The city's ADULP is modeled on, and to some extent duplicates, the County's AC Renew program, which offers low-income homeowners a 1% loan due in 30 years or longer for home renovation projects, including construction of ADUs. It is not clear why the City should create its own ADULP, especially one with less favorable terms than AC Renew.
- The City (or Habitat for Humanity) will have to engage in oversight and compliance monitoring to make sure the ADU program's requirements are being met—a costly and intrusive process.



- Since the ADULP will be making loans over the course of five years, it's unlikely that all the loan funds will be fully repaid by the time the TAHD is begun. If the ADULP is successful, it will leave a diminished amount for a TAHD.

#### Traditional Affordable Housing Development (TAHD)

We believe a better and more straightforward path would be to focus on a traditional affordable housing development (TAHD) as Piedmont's Measure A1 proposal. Traditional affordable housing is an effective, proven method of providing affordable housing to those who need it. It also does not require waivers from the County. Moreover, it sets the city up to be successful in the upcoming Housing Element cycle.

#### **1. A TAHD would fulfill the requirements and intentions of the Measure A1 program.**

- Other than a potential extension of the commitment deadline, which the Measure A1 guidelines specifically contemplate, a TAHD fulfills all the Measure A1 requirements.
- Measure A1 was designed to enable municipalities to leverage state and federal funding for affordable housing. A1-supported projects have been able to leverage the bond funds at a rate of 1:4, or even more in high priority areas like Piedmont, meaning **Piedmont's \$2.2 million could be used to capture an additional \$10 million or more in state and federal funds.** A TAHD would allow Piedmont to make most effective use of the county funds.

#### **2. The city's staff report contains several inaccuracies regarding a TAHD which need to be corrected.**

- The staff report states that a TAHD would "require on-going operational subsidies." That is not true. Many A1 projects in Alameda County are being built without operating subsidies and are operationally self-sustaining.
- The staff report states that "current best practices for affordable housing include partnering the construction of a market-rate housing development with an adjacent publicly subsidized affordable housing development so that there is net operating income (NOI) to support the on-going costs associated with the subsidized affordable housing." This is false. The vast majority of TAHD in California is 100% affordable and not linked to market-rate housing development.
- The staff report states that the time frame to implement a TAHD is five years, since it may require General Plan and zoning amendments unlikely to be completed before December 2022. However, as detailed below, we believe a timeline is possible that significantly speeds up this process and would require only minimal A1 timeline extensions from HCD.

#### **3. We recognize that the City's current General Plan and zoning will likely have to be amended to enable a TAHD to be built, and that this may present the largest hurdle to committing to a TAHD as Piedmont's Measure A1 plan at this time. However we believe that by coordinating the TAHD planning with the 6th cycle Housing Element work,**

**the City would be ready to submit a proposal in 18-24 months rather than the five years named in the staff report.**

- We have created a timeline (see attached) demonstrating how a Measure A1 and Housing Element timelines could be coordinated rather than sequential.
- Since the city and its Housing Element consultant, Lisa Wise Consulting, will have completed a draft site inventory and draft Housing Element by fall of 2021 (according to the city's last published schedule), the City will have in hand key information about possible sites and likely General Plan and zoning changes. On the basis of this analysis, the City can begin public engagement and other concrete steps on a Measure A1 TAHD.
- If some of the preliminary steps on a TAHD are carried out in coordination with the Housing Element work rather than waiting until after it is adopted, the City could still submit a Measure A1 TAHD plan by mid-2023. Specifically, the programmatic Housing Element Environmental Impact Report (EIR) that the City has started to prepare under the California Environmental Quality Act (CEQA) should include consideration of a TAHD in one or more potential sites so that once the Housing Element is adopted, the environmental review for the ultimately-approved TAHD can be tiered from that larger document, saving time and resources.
- The City could ask HCD for an extension to facilitate the development of the TAHD in conjunction with the Housing Element update and associated implementation measures.

**Recommendation:**

**We do not support the Ad Hoc Subcommittee's recommendation to pursue a sequential plan, which we believe is overly complicated, untested, and may result in Piedmont losing access to its \$2.2 million allocation of Measure A1 funds. We firmly believe that the City should prioritize a TAHD for Measure A1 funds.** We believe this is achievable by working with Lisa Wise Consulting and Rincon to incorporate Measure A1 site selection and analysis into the City's EIR, planning and public engagement work as part of the 2023-30 Housing Element update. Another 6-month extension from Alameda County HCD may be needed to allow the City to carry out work toward a TAHD proposal, but we believe that another short-term extension, combined with concrete action, will be far more palatable to HCD than the myriad of waivers the sequential ADULP proposal would entail.

We understand that the Ad Hoc Subcommittee's recommendation for a sequential approach was shaped by the constraints of the current General Plan, and that pursuing a more straightforward path that focuses on a TAHD may require direction on land use policy that is beyond the purview of the Planning Commission. Therefore, **we suggest that the Planning Commission forward both the current sequential plan and a TAHD-only plan as two options for the City Council to consider**, with a memorandum that lays out the pros and cons of each path. Since the clock is ticking to submit a plan to the County, and since the Housing Element update is getting underway, we believe that it is important to involve the elected City Council in deliberations about the constraints and opportunities presented by Measure A1 now.

Once again, we are grateful to the Ad Hoc Subcommittee, the Planning Commission, and City staff for your hard work in crafting a proposal that responds to the complex constraints and challenges that Piedmont faces. We believe we all share a commitment to the overarching goal of building affordable housing that will help make our city a more inclusive and equitable community, and we look forward to continuing to work together with you to achieve that goal.

Yours truly,

Jessica Berg  
Irene Cheng  
Carol Galante  
Sarah Karlinsky  
Deborah Leland  
Jill Lindenbaum  
Andy Madeira  
Claire Parisa  
Andrea Ruiz-Esquide  
Alice Talcott  
Randy Wu

*The opinions expressed here are those of the individual signers and do not represent the viewpoints of their affiliated organizations.*

Cc: Kevin Jackson, Pierce MacDonald-Powell, Sara Lillevand, Piedmont City Council

# Measure A1 and Housing Element Timeline

## Measure A1 Timeline

**Sep/Oct 2021:**  
Council directs staff to prioritize TAHD for use of Measure A1 allocation

**Dec 2021:**  
Hire consultant to evaluate feasibility of public sites

**Jan-Mar 2022:**  
Consultant evaluates sites

**Mar-Jun 2022:**  
Public engagement on site options

**Jun-Sep 2022:**  
City prepares RFP for developer partner for one or more site options; requests 6-month A1 extension.

**Dec 2022:**  
RFP responses due

**Mar 2023:**  
Developer selected

**Jun 2023:**  
Council commits A1 funds to Project (A1 extension expires)

**Dec 2023:**  
Project entitled

**Dec 2024:**  
All funding committed

**June 2025:**  
Construction starts (12 mo. before A1 start deadline; 3 years before deadline to expend funds)

## Housing Element Timeline (LWC)

**Sep-Nov 2021:**  
Sites Inventory

**Mar-Aug 2022:**  
Public review of Housing Element Drafts

**Dec 2022:**  
Final Adoption of Housing Element

**Nov 2022:**  
Zoning and General Plan Amendments

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**Linda Roodhouse Loper  
116 Mesa Avenue  
Piedmont, CA 94611  
September 10, 2021**

Members of the Piedmont City Council and Planning Commission

Re: Affordable Housing in Piedmont

A couple of practical questions arising from my initial review of the recommendations of the Planning Commission subcommittee for compliance with state law affordable housing mandates and qualification for Measure A-1 funds to get to compliance, as described in the September 13, 2021 staff report to the Planning Commission:

1. How will the City find the funds for the Finance Department and the Building Department to staff up for the implementation and ongoing supervision of an ADU program, when even currently the Building Department is so understaffed that paid-for permit applications languish for months? (See the table on page 5 of the staff report, bottom right box.)
2. How does the City plan to insure that the new ADUs are occupied by tenants who qualify under Measure A-1? Meaningful code enforcement is expensive and intrusive. (For example, how many garage spaces required as a condition of approval for a new bedroom addition are actually used or even usable as garages?) If the ADU plan is a sincere effort to provide actual affordable housing to persons who could otherwise not afford to live here, the city staff must be ready to inspect units, interview landlords and tenants, and correct non-compliance with legal action. Importantly, implementing regulations must make the non-compliant property owner legally responsible for the costs of enforcement, including the City's legal fees, and provide a simple way to collect those costs.
3. Have Planning Department staff taken the time necessary to verify how many of the existing Piedmont ADUs are rented out to non-family members and thus qualify as affordable housing for General Plan compliance purposes? ADUs for other purposes are not objectionable, of course, but can they be claimed as affordable housing for state law compliance if not rented out?

Sincerely,

Linda Roodhouse Loper (Former City Attorney, Orinda, and Deputy City Attorney, Piedmont)

Planning Commission meeting September 13, 2021

Public comments for agenda item #5:  
Recommendation for Measure A-1 Bond Affordable Housing Funds  
Received between 5 p.m. September 10 and 9 a.m. September 13, 2021

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Hello, Mr. Jackson - would you please be so kind as to forward this email to the full Planning Commission?

To: Piedmont Planning Commission

I'm writing as a long-time Piedmont resident to express my respectful opposition to the Recommendation of the Ad Hoc Subcommittee of the Planning Commission on Measure A-1 Bond Funding (Item 5 on the Piedmont Planning Commission's September 13, 2021, agenda).

The recommendation, which starts with a 5-year ADU loan phase before traditional affordable multi-family housing efforts would be funded, simply doesn't work and delays the part of the plan that is most urgently needed.

The proposed ADU loans in the first phase are needless, as they would be unattractive to would-be borrowers based on their features, rate, and terms; and further, the proposed provisions of this ADU loan phase conflict with legal requirements for use of the A-1 bond funds.

Second, while ADUs may be a worthy part of Piedmont's overall housing plan, ADUs alone won't gain us sufficient traction in meeting Piedmont's significant Housing Element goals.

In order to meet those goals, as well as to promote an equitable and diverse community in Piedmont, we need to undertake without delay a plan that focuses on traditional affordable multi-family housing.

I strongly urge the Planning Commission to revise the A-1 plan to one in which the A-1 funds are to be used from the outset for a multifamily affordable housing plan, without sequencing it behind an ADU loan or other pre-phase.

Nonetheless, I'd like to express my appreciation for the Ad Hoc Subcommittee's hard work toward a plan to utilize the City's \$2.2 million allocation of A-1 funds, and also for considering a plan that includes multifamily affordable housing development.

With respectful regards,  
Beth Hughes

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Chair Batra and Commissioners,

Piedmont has relied upon ADUs or second units for several housing cycles to meet its assigned RHNA goals. And since 2011 the City has reviewed its business tax records and at times surveyed registered second unit owners to determine how many have been rented and how many are unoccupied.

Several City Council and Housing Advisory Committee members have asked (in response to comments by residents at prior meetings) for disclosure of the ADU occupancy rate.

Staff has acknowledged this request and has agreed to provide some information although staff is concerned that the data will show that Piedmont's ADU program has yielded significantly less rental housing than the number of ADUs built within Piedmont.

I ask the Planning Commission to join the City Council and the Housing Advisory Committee members' request for ADU occupancy rate data. This data will inform the Planning Commission on actual ADU usage and then will help commissioners assess how ADUs might contribute to Piedmont's 587 RHNA housing units goal in the next housing cycle.

The last Housing Element Plan dated December 1, 2014 at pg. 2-13 **Program 1.D: Data on Second Unit Rents** describes how second units now known as ADUs are reviewed each year. The staff's annual reviews of business tax records and surveys described in the 2014 Housing Element Plan as an Ongoing Evaluation should be disclosed to the City Council, the Planning Commission, the Housing Advisory Committee and the community.

Thank you for your continuing hard work on housing in Piedmont,  
Randy Wu  
130 York Drive

Dear Planning Commission and City Council,

I am a long time resident of Piedmont and I am writing to urge you to reject the Ad Hoc Subcommittee recommendation for spending funds from Measure A1 on an ADU loan program. Instead, I strongly recommend that the City commit to using the funds for traditional affordable multifamily housing on city land.

The recommendation from the Ad Hoc Subcommittee (an ADU loan program) does not meet the key requirements of the County for use of Measure A1, is unlikely to be used, and ultimately will not fulfill the goals of Measure A1, building affordable housing.

It is critical that Piedmont utilize the funds from Measure A1 to build affordable multifamily housing. This is a key policy need to meet the City of Piedmont's commitment last August to embrace an anti-racist agenda. In the anti-racist agenda adopted by the City, it was affirmed that Piedmont is "...a predominantly White community, with a high socioeconomic status;" and that "the City of Piedmont acknowledges, apologizes for, and condemns all racially motivated, discriminatory or exclusionary aspects of the City's history". This history includes real estate "redlining" and racially restrictive housing covenants.

Measure A1 was approved by Alameda County voters in 2016 - five years ago. The City of Piedmont cannot waste any more time and must take this opportunity to use publicly available funds to build multifamily affordable housing that would create a more equitable community in



## ATTACHMENT D

Piedmont and address past exclusionary practices. There are multiple cities that have successfully built and maintained affordable multifamily housing to the betterment of the entire community. To not use the funds in this way will mean that Piedmont cannot meet its stated goals of being a more welcoming and equitable community.

Thank you,

Tracey Woodruff

Planning Commission meeting September 13, 2021

Public comments for agenda item #5:  
Recommendation for Measure A-1 Bond Affordable Housing Funds  
Received September 13, 2021 after 9 a.m.

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To whom it may concern,

As a Piedmont resident and homeowner, I am writing in support of the currently proposed phased plan using allocation of Measure A1 funds toward ADU loans first. This seems like a reasonable plan to help meet the increased housing unit requirements. Encouraging current residents to develop ADUs would help maintain the character of the city and hopefully avoid the drawbacks of multifamily housing such as increased traffic/congestion and potential strain on class sizes within the schools.

Best regards,  
Dan Levinsohn

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Dear Kevin (please also forward this to the Planning Commission) and the Planning Commission,

I am writing to urge you to focus the A1 funds on encouraging true low income housing, particularly multifamily affordable housing, and not use funds for ADUs construction.

Of course, ADUs have been useful in helping Piedmont with its Housing Element in the past, as you know, ADUs have rarely been used for low income housing, even with promises. In fact, most often, ADUs are used for benefit of the wealthy homeowners building them. It would be a shame to use A1 funds for this purpose and continue the farce of ADUs being low income housing. There is also the issue of longevity of ADU use for low income families, as past restrictions (not enforced) have been just for 10 years. Multi-family housing could be build so as to have a permanent low income component. Of course, perhaps a true, permanent low income ADU mechanism could be developed, but it would be very different than what has been done in Piedmont to date.

I also understand that the A1 funds can be leveraged up to 4:1 with state/federal funds, such that the total impact could be \$10M, perhaps significant to incentivize the building of a multifamily development, especially with a gift of little used city land (there is much of this, mostly in Moraga canyon, including by the corporation yard), that could put a big dent in the RHNA allocation for Piedmont for the upcoming Housing Element period.

If Piedmont could instead focus entirely on multifamily construction, it could be a leader and recognized as a pioneer to be followed.

Sincerely,  
Brett

**From:** RICK SCHILLER [REDACTED]  
**Sent:** Monday, September 13, 2021 7:35 PM  
**To:** Kevin Jackson  
**Cc:** Pierce Macdonald-Powell  
**Subject:** RE: PC Sep 13 Item 5 Informational Report My Comments

[EXTERNAL] This email originated from an **external source**. Please use judgment and caution when opening attachments, clicking links, or responding.

Kevin, My apologies to you and the PC as my microphone was inadvertently disconnected. I would appreciate if you would forward my intended comments to the Commissioners:

With the passage and eminent signing of SB9 "The California Home Act" the City has a noncontroversial path to satisfying RHNA requirements and use A1 funds for the following: Allow and encourage affordable smaller homes with ADUs and JADUs by reducing the minimum Zone A lot size from 8,000 sf down to 6,000. This minimum lot size reduction without the need of a variance is consistent with long standing building practice in Piedmont as of the about 3850 single family homes in town, about 45% are on lots smaller than 6,000 already. So going to 6,000 sf minimum lot size is common sense.

Continuing the minimum 8,000 SF lot size in Zone A prevents the City from a adopting an easy way to satisfy the newly imposed RHNA requirements. Going to 6,000 sf will be a painless path to meeting the 238 above Moderate Income requirement, the 92 Moderate Income requirement and with many ADUs and JADUs as part of the housing expansion the City will satisfy most if not all of the low income RHNA requirement. And this is done with no large multi-unit apartment type construction meaning the basic character and beauty of Piedmont will be maintained.

As Zone A remains residential with no change of use, no voter approval is needed. SB9 allows the change to be ministerial meaning the City can simply set a realistic policy and have an easy path to full RHNA compliance.

best, Rick

On 09/13/2021 1:54 PM Kevin Jackson <kjackson@piedmont.ca.gov> wrote:

Rick,

I can print one that's ready for you to pick up at the counter in City Hall. If that works for you let me know;

Kevin Jackson, AICP      Planning & Building Director

Tel: (510) 420-3039 Fax: (510) 658-3167

Receive Planning & Building Department news emails by subscribing at:  
<https://lp.constantcontactpages.com/su/rMGm1oM/PiedmontPlanBuild> “

Stay healthy. When it becomes available to you, get the Fauci Ouchie.

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**From:** RICK SCHILLER [mailto:████████████████████]  
**Sent:** Monday, September 13, 2021 12:04 PM  
**To:** Kevin Jackson <kjackson@piedmont.ca.gov>  
**Subject:** PC Sep 13 Item 5 Informational Report

[EXTERNAL] This email originated from an **external source**. Please use judgment and caution when opening attachments, clicking links, or responding.

Hi Kevin, Is their a hard copy of the Ad-Hoc's Committee's A1 bond report you can forward to me before tonight's meeting? My apologies for the last minute request.

best, Rick

**Pierce Macdonald-Powell**

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**From:** Rob Lutt [REDACTED]  
**Sent:** Monday, September 13, 2021 5:34 PM  
**To:** Kevin Jackson; Sara Lillevand; Pierce Macdonald-Powell  
**Subject:** Affordable Housing in Piedmont

[EXTERNAL] This email originated from an **external source**. Please use judgment and caution when opening attachments, clicking links, or responding.

Mr. Jackson, please forward this to the Planning Commission.

My name is Rob Lutt. I'm a Piedmont resident at 39 York Dr.

I commend the city on the decision to accept the state's challenge and funding for additional affordable housing units. However, I have concerns about the two stage process that is being proposed. Please anticipate additional input after I learn more about the proposal in tonight's Planning Commission meeting.

Rob 510-684-7033

**Pierce Macdonald-Powell**

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**From:** Becca Posamentier <[REDACTED]>  
**Sent:** Monday, September 13, 2021 5:16 PM  
**To:** Kevin Jackson  
**Cc:** City Council; Pierce Macdonald-Powell; Sara Lillevand  
**Subject:** Affordable Housing

[EXTERNAL] This email originated from an **external source**. Please use judgment and caution when opening attachments, clicking links, or responding.

Dear Planning Commission members,

I'm writing to urge you to move forward with a multifamily affordable housing development for Measure A1. I am concerned that an ADU loan program will not actually provide affordable housing for new residents. For example, my neighbors are building a JADU and have no intention of renting it out, they will use it for their nanny, and I would be very curious about how the city will track the new ADUs and ensure that they are actually being used to provide affordable housing options in the city. If we can't follow this up, then it seems that it's not a good use of the affordable housing funds from A1.

Thank you for doing your best to create more housing options in Piedmont.

Sincerely,  
Rebecca Posamentier

**Item #6 – Measure A-1 Housing Funding Extension Request**  
**Correspondence Received before Monday, October 18<sup>th</sup> at 3:30 p.m.**

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Dear City Council,

I am writing to you regarding Item 6 on Monday evening's City Council agenda, Consideration of Authorization to Request an Extension of the Application Deadline for Alameda County Measure A-1 Housing Funds.

As a resident of the city, I would like to express my strong support for building multifamily affordable housing in Piedmont. I hope the City will apply its \$2.2 million allocation of Measure A1 funds to build multifamily affordable housing on city land. I believe Piedmont should enact housing policies that will make our community more inclusive and diverse, as well as allow us to do our fair share to address the Bay Area's housing crisis. I strongly support the city's proposal to request a one-year extension of the Measure A1 deadline in order to carry out the zoning, feasibility, and community engagement work that are needed as first steps toward building affordable housing in our city.

Thank you!

Dan Saper

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Members of the City Council:

I strongly support the City's creation of affordable housing on city-owned land as the only meaningful (and practical) way to meet our moral and legal obligations to provide affordable rental housing in Piedmont. Therefore, I enthusiastically support staff's recommendation that the City ask the County for an extension of the time needed to plan for this project and comply with General Plan update procedures.

We all recognize that the strong zoning laws that have made Piedmont a desirable place to live have, in retrospect, also excluded many people. We have a realistic opportunity to make space for others and we can do so creatively, in a way that amplifies the benefits of living here for everyone. We have incredibly talented and experienced affordable housing professionals who live in Piedmont, so there is no shortage of in-house brain power to help the City achieve this worthy goal.

Thank you each and every one for all the time and energy you devote to taking care of the City's business. Please move forward as suggested by staff.

Respectfully,  
Linda Roodhouse Loper

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Dear Members of the City Council,

We are writing to you regarding Item 6 on Monday evening's City Council agenda,



## Consideration of Authorization to Request an Extension of the Application Deadline for Alameda County Measure A-1 Housing Funds.

On behalf of the Piedmont Racial Equity Campaign (PREC) Housing Committee, we want to express our enthusiastic support for the city's request for an extension to use its Measure A-1 funds. Building affordable housing in Piedmont is an essential step to becoming a more inclusive, equitable, and diverse community. Obtaining an extension from Alameda County will allow the City to focus its efforts on crafting a viable proposal for a multifamily affordable housing development while coordinating the zoning, feasibility, and community engagement work for such a development with the Housing Element process. As we explained in our [letter dated September 10, 2021](#), we believe multifamily affordable housing is the most appropriate use of the Measure A1 funds, as well as the most effective way to meet our city's affordable housing goals.

We are excited to see the city taking meaningful steps to develop housing policies that will make our community more welcoming to people of all backgrounds, as well as allow us to do our fair share to address the Bay Area's housing crisis. We are grateful for your continued leadership in the areas of housing and racial equity.

Yours truly,  
Irene Cheng and Sarah Karlinsky,  
PREC Housing Committee co-chairs

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Mayor King and Council members Rood, Anderson, Cavanaugh and McCarthy,

I am writing in support of an A1 extension request for an affordable multi-family project on city land in Zone B. Piedmont is very late in applying for use of Alameda County's A1 allocation. This extension should give the city enough time to consider alternative sites and determine what the best use of the A1 allocation is for Piedmont's housing plan.

We learned at the Lisa Wise Consulting (LWC) Sept. 29 study session held for the Planning Commission and Housing Advisory Committee that the staff plans to present a final Housing Element plan for the 6th housing cycle (HE) to the Planning Commission and the City Council in the Nov 2022-Jan 2023 period. If the HE is certified by the state, then Piedmont plans to implement the HE through zoning amendments in the three year 2023-2025 implementation period. This is a planning and implementation sequence that Piedmont has followed in the current and past housing cycles.

I believe the City Council should direct staff to take a different approach. The Council should ask staff for presentation of the HE **and** the required zoning amendments in the same time frame, i.e. Nov 2022-Jan 2023. There are several reasons why these should be handled concurrently rather than sequentially.

**First**, the sixth housing cycle will be vastly different than past housing cycles. Piedmont will plan for a much larger number of units than it has in the past cycles combined. As you know Piedmont has relied almost entirely on ADUs or second units to meet its RHNA allocations. An

affordable multi-family housing project will require much more time and will be just part of the solution. Piedmont should minimize the implementation period to allow more time for development and construction of new housing pursuant to Chapter 17.

**Second**, Piedmont is far behind other Alameda County cities in applying for an A1 project. It can ill afford to proceed as if this is "business as usual" and process the HE and zoning amendments sequentially as it has in the past. This will consume valuable time that Piedmont likely will need. There are many reasons why Piedmont needs to ask for a second extension of time from Alameda County, but I think we all can agree that the city has not been able to move quickly on an affordable multi-family housing project.

**Third**, as explained by LWC at the Sept 29 study session the HE and zoning amendments are inextricably linked. Piedmont can not propose a new HE that is not matched by its zoning capacity. The two can be considered concurrently, and the City Council can take the two votes required for a new zoning ordinance in the same time frame that the HE will be adopted and certified by the state.

Thank you for considering my comments as you decide how Piedmont can do its fair share in solving the housing crisis. The housing crisis will only get worse over time if Piedmont and other cities are unable to take prompt action as required under state law.

Randy Wu

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Dear City Council,

I am a long time resident of Piedmont and I am writing about item 6 on Monday evening's City Council agenda, Consideration of Authorization to Request an Extension of the Application Deadline for Alameda County Measure A-1 Housing Funds.

I strongly urge you to support building multifamily affordable housing in Piedmont. In particular, the City should apply its \$2.2 million allocation of Measure A1 funds to build multifamily affordable housing on city land. Thus, I support the city's proposed 1 year extension of the Measure A1 deadline so that it can carry out the next steps in the process to ensure that multifamily affordable housing is built in Piedmont.

This will be a critical component of the city's commitment to address past practices of exclusion and contribute to Piedmont being an open, equitable and diverse community,

Thank you,

Tracey Woodruff

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