

## CSAC AWARDS EXECUTIVE SUMMARY – Alameda County

### **Title: Measure A1 Rental Housing Development Emergency Funding**

#### **Overview:**

Alameda County committed \$25 million of a recently voter-approved \$580 million general obligation bond to save nine affordable rental housing projects with emergency financing gaps.

#### **Challenge:**

Alameda County has an affordable housing crisis. Between 2015 and 2017, the County experienced a significant increase in homelessness, including unsheltered homelessness, and currently has a shortfall of over 60,000 units of affordable housing. In addition, over half of the renters in the County (53%) are housing cost-burdened – including a significant share (36%) of renter households in very high poverty neighborhoods spending more than half of their income on rent. Long-term residents are being displaced from their communities, and employers of all types are having trouble attracting and retaining employees.

As part of its response to this crisis, the Board of Supervisors placed Measure A1, a \$580 million general obligation bond to fund affordable housing, on the November 2016 ballot. The bond measure received overwhelming support, passing with 73% of the vote. While the County voted to devote more resources to the housing crisis, events at the federal level caused key funding sources for affordable housing to decrease. Due to expected corporate tax rate cuts, the Low Income Housing Tax Credit market suddenly collapsed leaving nine affordable rental housing projects with large, unanticipated financing gaps.

#### **Solution:**

The County quickly stepped in and committed \$25.6 million of bond proceeds to save the affected projects before the bonds were issued. Without this commitment, these nine projects would not have been able to move forward. As a result of the County's bold action, 572 rental housing units are being built with 508 units reserved for extremely low-income and very low-income households. The County has also committed bond proceeds to an additional nine rental projects. Together, these 18 developments will create almost 1,000 units of housing affordable to very low-income, vulnerable households.

**Originality:**

While bonds are a common tool local jurisdictions use to finance capital projects, it is uncommon for general obligation bonds to finance affordable housing. In addition, the County's bond program and response to the decrease in Low Income Housing Tax Credit funding were very innovative. Most jurisdictions wait until after bond issuance to deploy bond proceeds, but due to the exceptional circumstances that put these critical affordable housing projects in peril, the County quickly developed new documents and processes to provide assurance to other lenders and funders that the developments could move forward and stay on track. In addition, the County developed an on-line application and added temporary staffing to quickly review and underwrite the applications for funding.

**Cost Effectiveness:**

The \$25.6 million in bond funding to these nine projects effectively leveraged over \$400 million in funding in these projects including more than \$34 million in city funding, \$60 million in state funding, \$50 million in commercial loans, \$25 million in tax-exempt bonds and \$131 million in tax credit equity.

**Results:**

The County's affordable housing bond will result in thousands of low-income, vulnerable households being able to obtain housing they can afford, and help reduce displacement and homelessness across Alameda County. In addition, the bond will finance homeownership development and down payment assistant programs that will help hundreds of low- to moderate-income households become first-time homebuyers. The Bond-funded housing rehabilitation and accessibility loan program will assist hundreds of low-income senior, disabled, and other homeowners to remain safely in their homes, further preventing displacement while supporting the health and safety of these residents.

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