Alameda County Housing Plan

10 Year Housing Strategy

2025 - 2035

ALAMEDA COUNTY
Community Development Agency

ALAMEDA COUNTY
hcd
Housing & Community Development

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Sandra Rivera, Director, Community Development Agency

Michelle Starratt, Housing Director

Authors

Dylan Sweeney

Nick Draper

Aaron Tiedemann

Hilde Myall

Pauline Blackwell

Saleemah Jones

John Lo

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EXECUTIVE SUMMARY

Alameda County is currently facing a severe housing crisis. This crisis has been building for decades and is largely due to historic patterns of investment from all levels of government, discriminatory practices baked into the market, nationwide market forces, resulting in chronic underproduction of housing, particularly affordable housing. While Alameda County has long been an expensive area to live, housing affordability is now a crisis at the regional, statewide, and national levels as well. The recent increase in inflation and subsequent rise in interest rates have also negatively impacted affordability and housing supply.

This Plan presents a countywide framework for responding to this housing crisis and proposes a 10-year strategy to focus HCD's priorities and the County's housing resources towards ambitious, achievable goals. This Plan uses the term '***housing ecosystem'*** to refer the range of housing and shelter choices available, both private sector market rate and publicly supported affordable housing, to residents at all income levels. Different people have different needs and economic means and the housing ecosystem should meet those needs such that any member of this community can afford to live here.

Alameda County needs 107,000 new units of affordable housing for lower-income households and 2,200 new shelter beds for a healthy ecosystem

Housing Type	New Affordable Units Needed
Ending Homelessness	17,455
Meeting RHNA Obligations	37,197
Alleviating Severe Cost Burden	47,108
Total Goal	**107,000**

Alameda County and its cities have over 90,000 households who are severely cost burdened and at risk of homelessness. In order to house everyone affordably, local governments need to produce 92,000 new affordable housing units over the next 30 years to have a healthy housing ecosystem. This long- term goal for housing production is dependent on many factors, including demand for affordable housing, changes in building costs and the housing finance environment, and the state of the local economy in Alameda County. Informed by a robust community input process, this Plan proposes seven key housing priorities for HCD and the County to focus on over the next 10 years.

This Plan is informed by community input and organized to reflect the following priorities:

1) **Address Homelessness and the Risk of Homelessness**
2) **Build More Affordable Housing**
3) **Preserve Affordable Housing**
4) **Stabilize Families in Crisis and Protect Tenants**
5) **Promote Equity and Prevent Displacement**
6) **Expand Developer Pool and Create New Opportunities for Emerging Developers**
7) **Investigate Sustainable Funding Modes for Affordable Housing**

HCD's top priority is addressing the crisis of unsheltered homelessness on our streets. HCD aims to build 2,000 affordable units per year to produce 20,000 new units by 2035. This includes 7,385 units of permanently supportive housing and 10,070 units of dedicated affordable housing for acutely low-income households with incomes less than 20% of Area Median Income (AMI). These units will need to be paired with ongoing operations subsidy to support these acutely and extremely low-income households.

To fully meet the housing needs of all community members would cost local government over $26 billion. This local investment needed to build affordable housing would leverage a much larger investment from state, federal, and private sector resources. However, local government does not currently have resources at this scale. Therefore, this Plan proposes an attainable annual production goal to make meaningful progress towards addressing this need in a 10-year Strategy, discussed further in Chapter 9.

Section I frames the crisis as a whole and HCD's role within it as the arm of County government best suited to provide affordable housing. Section II goes deeper into the context of the crisis including the history of racist housing practices, the financing environment for housing, and the impact of government action. This section also defines and quantifies our housing ecosystem, with a focus on how well households in that ecosystem can afford their housing and the impacts of housing instability or loss of housing on those households. This measure is used to quantify the need for investment by public sources to address housing instability, overly high housing costs, and homelessness for vulnerable populations. Section III outlines the action plan proposed based on the framework of need. Finally, Section IV discusses next steps and HCD's 10-year strategic priorities and the associated resources needed to attain these goals.

SECTION I – INTRODUCTION

CHAPTER 1: PURPOSE AND FRAMING

1.1 Alameda County's Housing Crisis

A housing crisis exists across the nation, the state, in the nine-county Bay Area, and specifically here in Alameda County. The National Low-Income Housing Coalition's 2024 Out of Reach Report states that in no state, metropolitan area, or county across the US can a full-time worker earning federal minimum wage or the prevailing state or local minimum wage afford a two-bedroom apartment at Fair Market Rent. This is a stark change from just 10 years ago, when migration away from high-cost areas could still provide housing that was affordable to households earning lower wages. As described in the California Department of Housing and Community Development's 2022 Statewide Housing Plan, A Home for Every Californian, California's housing production has failed to meet the demands of its growth every year but one for the past 40 years. This housing crisis, years in the making, impacts all Californians but disproportionately affects our most vulnerable and low-income community members in high-cost areas such as the Bay Area and Alameda County.

Figure 1 - New Permitted Units in California by Year and Structure Type

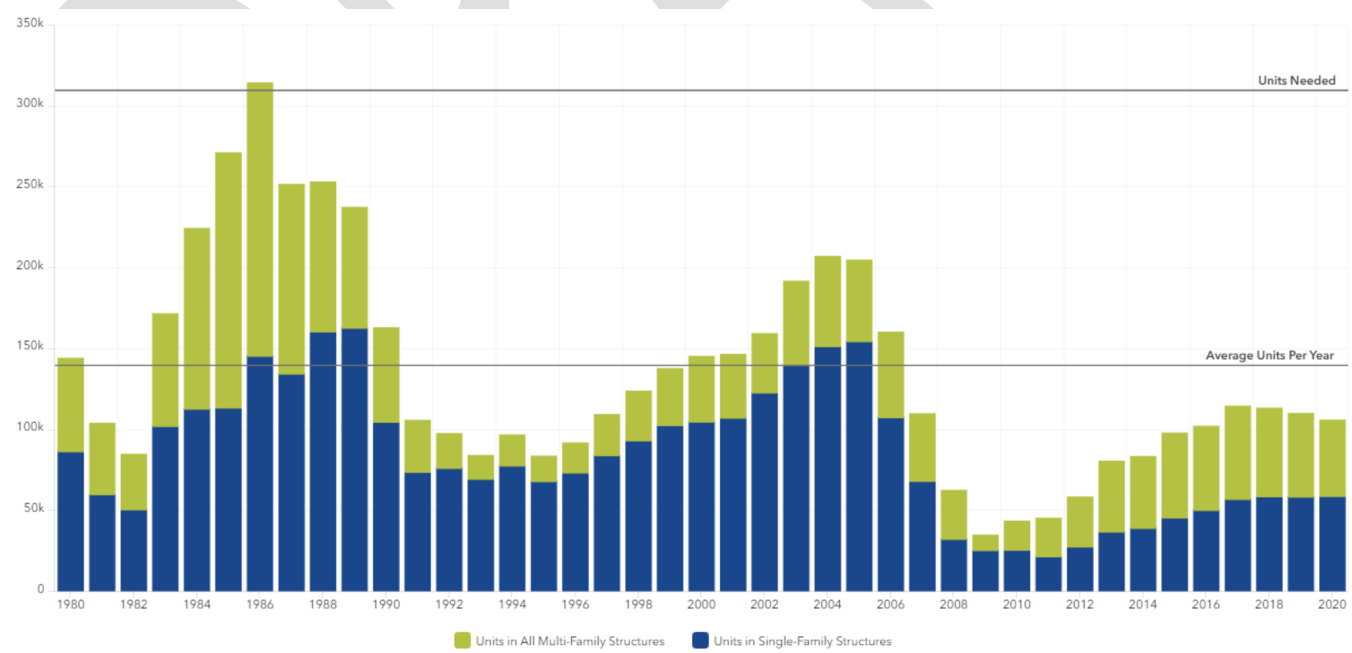


Figure 1 shows that historically, housing production in California has been cyclical following patterns of economic growth and downturns and that except for a brief period in the mid-1980's, California has never come close to producing enough housing annually to keep up with demand. Following the Great Recession in 2008 – 2009, in which the housing sector was especially hard hit, housing production nosedived to its lowest point in over 30 years.

In addition to a lack of sufficient housing production, Alameda County also faces a crisis of housing affordability. Whether measured by growing numbers of unhoused persons, sharply rising rents, or homeownership moving increasingly out of reach for low- and middle-income households, demand for housing throughout Alameda County outstrips available affordable supply, severely impacting residents' lives. From 2000 to 2023, the County's population rose by over 12% (from 1,443,741 to 1,622,188) and the nominal median income for a family of four more than doubled (from $67,600 to $147,900). This overall population increase and increase in higher income households, combined with structural undersupply, has placed significant upward pressure on housing prices.

Figure 2 shows the 2023 income classification metric analysts use to understand income distribution and manage housing programs, known as Area Median Income, or AMI. Despite the increase in median wages, the number of households classified as very low- or extremely low-income (below $73,490 annually for a family of four) increased during the same period, reflecting relative stagnation of wages and subsistence benefits. Simultaneously, total housing production has fallen behind, particularly subsidized affordable housing for lower-wage workers and vulnerable populations. The result has been a dramatic increase in housing cost burden on vulnerable County residents leading to negative outcomes including, but not limited to, homelessness. These negative impacts are intrinsically linked to and exacerbated by past and current systems of discrimination.

Figure 2 – 2023 Alameda County Area Median Income by Household Size

	Number of Persons in Household:	1	2	3	4	5	6	7	8
Alameda County Area Median Income: $147,900	Acutely Low	15550	17750	20000	22200	24000	25750	27550	29300
	Extremely Low	31050	35500	39950	44350	47900	51450	55000	58550
	Very Low Income	51800	59200	66600	73950	79900	85800	91700	97650
	Low Income	78550	89750	100950	112150	121150	130100	139100	148050
	Median Income	103550	118300	133100	**147900**	159750	171550	183400	195250
	Moderate Income	124250	142000	159750	177500	191700	205900	220100	234300

1.2 A 30-Year Plan and 10-Year Strategy to Turn the Tide

The Alameda County Community Development Agency's Housing and Community Development Department ("HCD") has prepared this Countywide 30-Year Housing Plan ("Housing Plan" or "Plan") as a realistic appraisal of Alameda County's housing ecosystem and a comprehensive forward-looking countywide strategy to guide future programs and investments through for the next ten years, through 2035.

The Housing Plan lays out the current unmet housing needs of Alameda County's residents who are unable to compete in the market economy due to their lower income, synthesizes and harmonizes existing housing and community development policies, presents the findings of HCD's 2023-24 countywide community engagement process, strategizes for resources needed to meet housing needs over the next ten years for all Alameda County residents and evaluates the regulatory and financing landscape for affordable housing.

Alameda County's housing crisis has been decades in the making, with chronic underbuilding of housing and disinvestment in affordable housing combined with a growing population to place significant upward pressure on housing prices. Because this crisis was not created in one year, neither will it be solved in one year. HCD is well-positioned within the regional housing ecosystem to play a significant role in coordinating and financing affordable housing development across Alameda County to support the various housing needs of the County's 14 incorporated cities and unincorporated communities. Many of the County's smaller cities do not have sufficient resources to finance affordable housing out of their budgets so it is critical that the County act as a leader in the affordable housing ecosystem in the region. The Housing Plan represents a 30-year timeline for planning and making investments that can make a significant difference in housing affordability in Alameda County, and also presents a reasonable timeline for achieving the goals outlined in the Plan for housing production.

Ultimately, the Plan presents the capital funding estimates necessary to create the full range of low-income housing units needed and includes associated resources, such as operating subsidy, needed to allow our most vulnerable residents to remain stably housed. The Plan also recommends a set of priorities to guide future investments and resources in housing solutions that meet the diverse needs of Alameda County cities and residents for the coming decade.

The Plan builds on the County's AC Vision 2026 for meeting community needs on a range of issues, the Metropolitan Transportation Commission's Plan Bay Area 2050, which aligns regional transportation planning with land use and housing, and with the Committee to House the Bay Area (CASA)'s Three "P" Framework. This framework identifies a three-pronged approach to address the region's housing crisis:

Produce	Preserve	Protect
enough housing for residents at income levels that the market doesn't support.	the affordable housing that already exists in Alameda County.	current residents from displacement and homelessness where neighborhoods are changing

While the largest part of the Plan is devoted to production efforts—due to HCD's unique responsibility for this strategy and the primacy of production to reducing scarcity and high costs—preservation and protection must be pursued in parallel, especially in the shorter term. The Action Plan in Chapter 8 includes policies from each approach.

The Housing Plan is also aligned with County policies and practices that promote equitable outcomes for communities marginalized by historically rooted systems of neglect and oppression so that all people can thrive. This can be seen in the disparate housing outcomes in Alameda County, where Black and Brown households are less likely to own a home and are more likely to experience homelessness than White and Asian households. According to the Alameda County Continuum of Care (CoC) report on Centering Racial Equity in Homeless Response System Design, Black and Indigenous people experience homelessness at a rate four times higher than in Alameda County's general population.

The Housing Plan builds on the existing policies and analysis that HCD has been continuously implementing, such as the countywide 2020 Regional Analysis of Impediments to Fair Housing and Measure A1 Rental Housing Implementation Policies, which prioritize anti-displacement and anti-homelessness strategies and housing for special needs populations. Building on this existing work and guided by the draft racial equity principles developed by EveryOne Home, the Oakland-Berkeley-Alameda County Continuum of Care, (CoC) the Housing Plan summarizes these existing policies and programs, placing them within the framework of the CoC racial equity principles.

The Housing Plan incorporates the 14 cities' Housing Element data and programs, and feedback from city housing staff. Rolling up the Housing Elements from all the cities into a single policy document has not been done previously in the County. This plan also considers each city's distinct housing ecosystem.

Beginning in October 2023, HCD began a process of public engagement and community outreach following the completion of the County-wide Housing Needs Assessment. HCD conducted public meetings throughout the County and in every supervisorial district, gathering feedback from a wide range of stakeholders and constituents. That feedback is detailed in Chapter 2.

Finally, HCD worked in partnership with Alameda County Health's Housing and Homelessness Services (H&H), consulted the Home Together Plan, and incorporated housing outcomes from the Care First, Jails Last task force recommendations when drafting this plan. In addition, this Plan references reports and data from multiple sources, which are referenced throughout the document, and summarized in the appendices.

1.3 Unmet Housing Needs

Alameda County needs 107,000 new units of affordable housing for low-income households and 2,200 new shelter beds for a healthy housing ecosystem.

The unmet housing need demonstrates the scale and scope of the issue in the County. As the general market is unable to respond to the needs of low-income residents and focuses primarily on market rate housing production, it is incumbent on government and its partners to provide the resources and subsidy needed to produce this housing. Unfortunately, there are insufficient resources currently available to address this housing need. This housing problem is not Alameda County's alone, it is one that all local governments are facing. For context, by one estimate prepared by the UCLA Lewis Center for Regional Policy Studies, the Bay Area as a whole needs around 700,000 new units, while Governor Gavin Newsom previously has committed to build 3.5 million new homes statewide by 2025.

To better present the scale of need and activities discussed in this plan, this Plan uses three separate scopes to present the production housing need; the number of units needed to end homelessness as presented in the Home Together Plan; the total number of units that jurisdictions within the County are required to zone for under the State's Regional Housing Needs Allocation (RHNA); and finally, the remaining number of units that are needed to assist the severely cost-burdened low-income County residents. Altogether, these three scopes total a need for 92,833 new housing units for low-income households. These production scopes present a sequential roadmap leading from addressing homelessness, through meeting Alameda County's RHNA goals, to addressing the severe housing cost burden weighing on our most vulnerable residents:

1. *Ending homelessness* – 17,455 units for acutely low-income (0-15% AMI) and 2,200 new homeless shelter beds (Home Together plan) plus ongoing operations subsidy to support these households once housed.
    a. 4,195 Permanent Supportive Housing (PSH)

   b. 3,190 PSH for medically frail individuals
   c. 10,070 dedicated affordable units (0-20% AMI) plus ongoing operations subsidy
   d. 2,200 new shelter/interim housing beds
2. *RHNA Low-Income Units* – 37,197 units total
   a. 15,960 extremely low-income units (0-30% AMI) plus ongoing operations subsidy
   b. 7,646 very low-income units (31-50% AMI)
   c. 13,591 low-income units (51-80% AMI)
3. *Severely Cost Burdened* – 47,108 additional units total
   a. 33,015 extremely low-income units (0-30% AMI overlap with above) plus ongoing operations subsidy
   b. 15,174 very low-income units (31-50% AMI)

Total Needs: 107,000 new affordable units and 2,200 new shelter beds

The total number of new housing units needed was established through analysis of the Comprehensive Housing Affordability Strategy (CHAS) database housing cost burden statistics for 2017 – 2021 in Alameda County in tandem with RHNA and Home Together scopes.

- The CHAS database draws from the American Community Survey (ACS) 5-year estimates collected by the US Census Bureau on a sample of the American population. The CHAS data demonstrate the extent of housing problems and housing needs across American communities, and their primary purpose is to assess the number of households in need of housing assistance. This report uses CHAS data from the 2017 – 2021 ACS.
- The Home Together Plan was adopted by the Board of Supervisors on May 10, 2022. It lays out a five-year plan to end homelessness and identifies the costs of services needed to have an impact on the growing population of unhoused individuals and families in our community. The Home Together plan identifies the number of housing options needed but does not include the capital costs of developing the units needed. This Housing Plan includes those costs.
- Every community in California is required by law to plan for its RHNA share through the adoption and certification of a Housing Element of the General Plan. The planning horizon for the 6th and current Housing Element cycle extends through 2031. While the number of units is set by the RHNA process, the cost of developing low-income housing is not included in local government's Housing Elements as the purpose of the Housing Element process is to create the regulatory systems that provide opportunities for private market housing development. As discussed later in this Plan, the private market has not historically created housing for lower-income and vulnerable populations without a public subsidy. This Housing Plan encompasses the number of low-income

units and lays out the costs to help create synergy with communities across Alameda County as each jurisdiction strives to meet their RHNA goals.

The Housing Plan extends beyond the State's 7-year Housing Element cycle and presents capital investment needs, operation needs to support extremely low-income (ELI) households, and programmatic priorities to regenerate our housing ecosystem by addressing housing needs and homelessness through the production and preservation of affordable housing and the protection of residents vulnerable to displacement.

1.4 Alameda County Housing Ecosystem

This Plan uses the term 'housing ecosystem' to refer to the current range of housing and shelter choices available to all residents, both market rate and publicly supported. Some housing options are healthy and sustainable – providing an affordable option that meet the needs of a given household for shelter, space, access to employment, and accommodation for health and lifestyle needs. Some housing situations are unhealthy and unsustainable –paying more than one can afford for housing, temporarily doubling-up with relatives or friends, living with the threat of domestic abuse, staying at a homeless shelter, living in a vehicle, or living on the street.

The range of housing ecosystem options reflects the range of incomes in our community, with market rate homeownership available to top earners, then shifts to rental housing, publicly subsidized housing, and finally, temporary shelter and interim housing options for those in emergency situations. Living on the street is never a stable housing situation. To maintain the health and stability of our communities, sufficient housing options must exist to meet the current needs of Alameda County's residents at all income levels. When these housing resources do not exist at the scale needed, the housing ecosystem is unhealthy, leading to a range of negative outcomes for the unhoused, renters, homeowners, and prospective homebuyers.

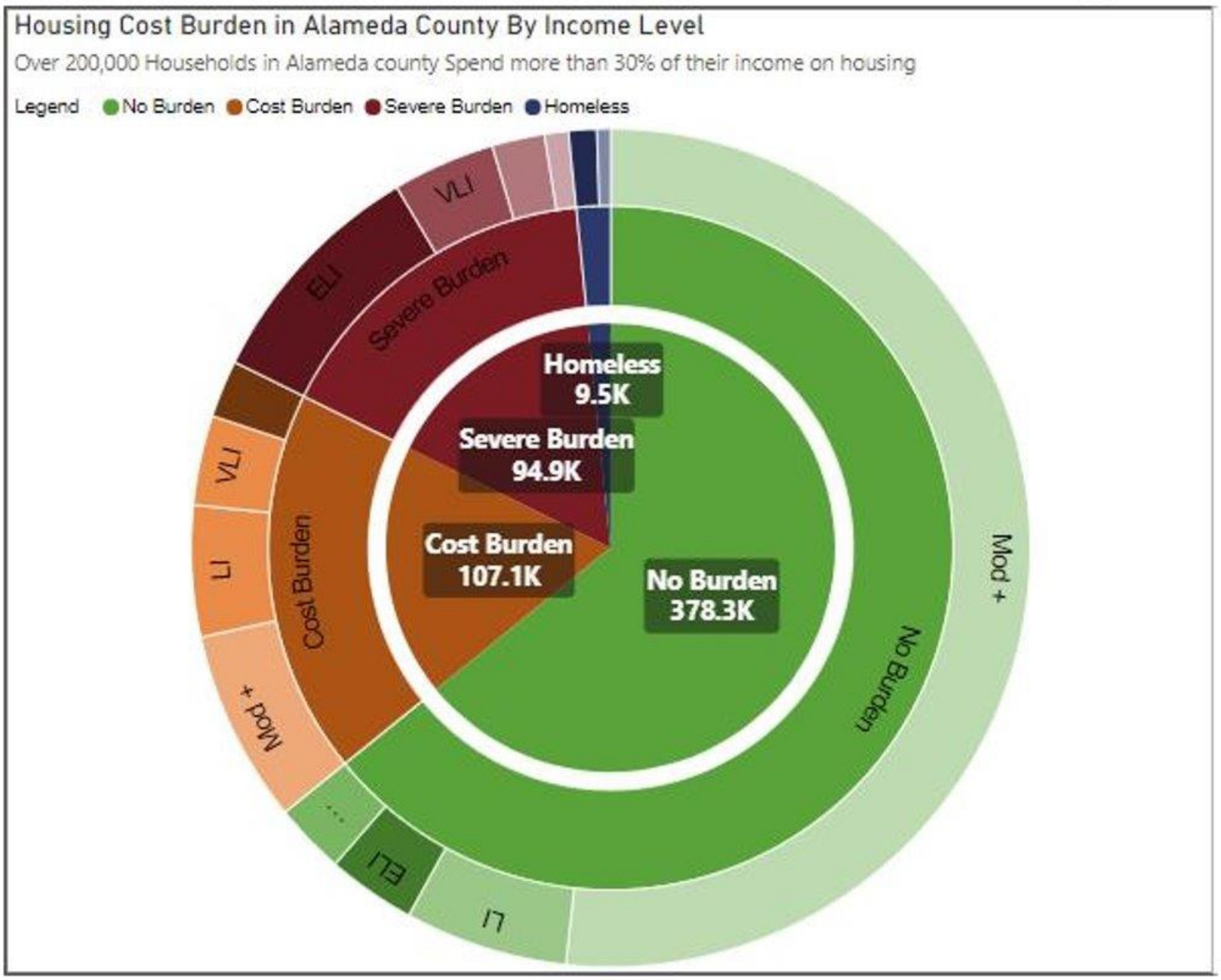
A functional housing ecosystem includes a mix of units adequate for each household's needs (health, safety, economic access) at a monthly payment around 1/3 of that household's monthly income, the current federal standard for housing affordability. When one part of the ecosystem is underdeveloped, it shifts the burden and demand to other segments of the ecosystem, making housing less affordable up and down the income ladder. Unfortunately, Alameda County's housing ecosystem is far from adequate for residents' needs. A primarily market-driven production strategy has allowed the ecosystem to prioritize market-rate and luxury construction. Nationwide, there has been a constant and accumulating gap between communities' growing need for new modestly priced units and actual production.

While Alameda County has seen an increase in production of market-rate units since recovering from the Great Recession, those units are insufficient to meet the cumulative demand and are priced for above median-income households, making them financially inaccessible to the poorest third of county residents. Market-rate producers necessarily seek the best return on their investments and, to the extent that the market will bear, price rents at a rate that will provide them with this return. As discussed later in this Plan, the private market has not historically created housing for lower-income and vulnerable populations without a public subsidy. Taken as a whole, housing production in Alameda County has not kept pace with demand, and when housing production is further broken down by household income level, the housing production gap for lower-income housing is especially acute.

Alameda County's housing market shows no evidence of 'filtering', shifting demand by higher-income households from older housing stock to newer stock, which might lower costs of the older housing stock indirectly. Instead, the last decade has been marked by the opposite phenomenon, gentrification, where increasing rents in previously low-cost areas leads to displacement of low-income residents. According to the displacement risk model published by UC Berkeley's Urban Displacement Project in 2022, around 40% of census tracts in Alameda County were at some risk of displacement as of 2019, largely in the urban core of the County (see Chapter 4). Low-Income households must compromise their health, their safety, their access to opportunity, and their budgets. Low-Income households' options are further limited by family circumstances (income, age, other needs around children, work, having mental health, disabilities or other health needs) and limited by what the market does or does not provide. The result is a dysfunctional housing ecosystem where many households are left to choose from housing options that are not adequate to their needs, and some cannot find any housing at all. These conditions do not support safe and secure communities or a thriving and resilient population.

Alameda County's housing ecosystem is represented in Figure 3 below. The good news is that 63% of County households are living in housing that is affordable at their income level (including low-income residents who are living in either publicly subsidized affordable housing, who have access to housing vouchers or naturally occurring affordable housing). Unfortunately, approximately 36% are not able to afford housing. 18.5% are paying more than 30% of their income for rent (107,100 households) and an additional 16% (94,900 households) are paying more than 50% of their income on housing. Finally, 1.6% of our households are homeless.

Figure 3 – Housing Cost Burden in Alameda County by Income Level



The outer ring of the pie chart above includes the income levels of the households each section represents. The green section represents those households that are paying an appropriate amount of their monthly income for their housing costs (63% of households) with the outer ring denoting the AMI category of those households (ELI, VLI, LI, or Mod+). The light brown section represents the households paying between 30% and 50% of their income on housing costs (19% of households). The darker portion represents those households that are paying more than 50% of their income on housing costs (16% of Households). The dark blue section represents those who were not housed as of the 2024 Point In Time Count (2% of households). This 30-Year Housing Plan explores what it would take to support all the low-income households represented above. This County-wide chart will be referenced throughout the plan. See Appendix B for graphics that demonstrates the same information on a city-by-city basis.

Throughout this plan, we will refer to the ecosystem and cost-burden, most especially lower-income Severe Cost Burden, as one of our main indicators for housing system health. This metric is central to understanding the housing crisis because it allows us to identify who is harmed the most by current housing costs and scarcity and who is more able to make ends meet. Lower-income households, especially extremely low-income households, bear a disproportionate amount of the severe cost burden, illustrating a widespread difficulty maintaining stable housing. Conversely, moderate income and above households are overwhelmingly not cost-burdened at all, meaning that, while they are impacted in many ways by the crisis, they are usually not suffering its most direct impacts. Because the stability of one's housing and the affordability of its costs are closely related to risk of homelessness, this indicator allows a focus on those households most at risk of losing housing. As covered later in this chapter, housing costs that are high relative to a household's income make for a volatile market that pushes those on the edge into homelessness.

1.5 Disparate Impacts of Systemic Discrimination

The data collected in the last decade reveal persistent issues such as increased segregation, notable disparities in homeownership rates among different racial groups, and significant challenges in housing affordability and availability. The community feedback specifically highlighted the challenges of staying housed and looking for affordable housing options. These insights have been pivotal in identifying the primary fair housing issues within the county, which include the displacement of residents due to economic pressures, the concentration of poverty in certain racial and ethnic communities, and the lack of affordable housing in areas with access to opportunity (2020 Regional Analysis of Impediments to Fair Housing).

The impact of historical housing discrimination in Alameda County disproportionately affects Black, Native American and Latino residents, who are among the most marginalized and vulnerable populations in our community. Historical systemic discriminatory housing policies such as the G.I. Bill and other redlining practices have perpetuated inequalities and hindered these communities' access to affordable and stable housing (2023 Measure A1 Report). Factors such as rent burdens, lack of affordable housing options, and limited access to resources have further exacerbated housing disparities for Black, Native American, and Latino residents.

Data on homeownership (HCD Housing Needs Assessment) shows how racial injustice was deeply integrated into the implementation of resources that was supposed to help all Americans achieve wealth equity in buying a home. Addressing these inequities through targeted interventions and policies is essential to rectifying the injustices faced by these communities and promoting housing equity for all. The Metropolitan Transportation Commission's (MTC) Equity Priority Communities mapping project identifies areas where communities of color are disproportionately underserved with major barriers to accessing high quality housing, transportation, and services. Using this data to target and drive the County's investments and resources, along with future assessments to measure impact, helps to leverage additional funds to make a bigger impact for those most marginalized residents.

The Housing Plan includes further implementation strategies to identify and address existing disparities including collecting disaggregated data and utilizing equity metrics to measure outcomes; promoting community participation in shaping solutions that most impact them; targeting interventions to address root causes of disparate outcomes; and a process of continuous quality improvement to achieve equity.

1.6 Homelessness is a Housing Problem

While there are many reasons for each individual's propensity to experience of homelessness, structural forces in the housing market - cost and unit scarcity - explain Alameda County's high rate of homelessness relative to other areas of the country.

In the report Homelessness is a Housing Problem, researchers Gregg Colburn and Clayton Page compare the 100 largest US cities and counties to examine what population level factors are correlated with high rates of homelessness. Their research convincingly demonstrates that high housing costs and low unit availability are the primary factors correlated with high rates of homelessness.

On an individual level, factors frequently cited as drivers of homelessness such as mental health and substance use disorder can make a person or household more susceptible to homelessness. However, these individual level risk factors need to be understood and addressed in the context of a housing market that is the true root cause of widespread homelessness in our community. Individuals struggling with mental health and substance use disorders can be found throughout the United States at significantly higher rates than in Alameda County and yet homelessness is far less common in these communities because housing prices are lower. The implication is clear, the most significant individual level risk factor for homelessness is living in a community with high housing costs and if rent levels were lower, there would be less homelessness.

This is demonstrated by the rapid increase in homelessness amongst people living on fixed incomes, particularly seniors. Seniors are the single fastest growing group of unhoused persons. A June 2023 UCSF statewide study demonstrates that low-income senior citizens' fixed incomes cannot keep pace with rising housing costs, particularly for those with medical health issues, and relates their growing rates of homelessness to the rising tide of housing costs. This is a population who, at high rates, are experiencing homelessness for the first time and who will not likely be able to increase their incomes through new opportunities or employment. The only solution to escalating rates of homelessness in this population is to increase the availability of housing that meets their distinctive needs and decrease the cost of that housing to levels that they can afford.

1.7 A Strong Housing Ecosystem Benefits the Entire Community

Systemic factors in our housing ecosystem create homelessness among at risk populations. Those with individual level risk factors such as mental health and substance use disorders, justice involvement, victims of domestic violence, trafficked individuals, seniors, the permanently disabled, former foster youth, and permanently disabled persons are among those who suffer the most from high housing costs and are consequently overrepresented in the homeless population. Systemic changes to that ecosystem which lower costs will help alleviate pressure on those same populations. This connection is explored more fully in chapter 5, but research presented by Colburn and Page makes this connection clear. Evaluations of permanent supportive housing (PSH)—housing with long-term rental assistance and supportive services built in—have found that the model helps to promote housing stability and reduces the costs associated with hospital and institutional care across the spectrum. Permanent Supportive Housing as a Solution to Homelessness: The Critical Role of Long-Term Operating Subsidies demonstrates that the PSH model, which provides people with housing first, and then offers supportive services—including for mental health and substance use issues, as well as to support their personal development and financial well-being—has seen remarkable success in ending chronic homelessness, even among people facing significant barriers to housing security.

Individual-level risk factors like substance abuse or mental health issues make it harder to maintain housing in a constrained housing ecosystem. At the same time, people cannot recover or move past addiction, mental health, or serious health care concerns without housing. "You cannot recover from a serious mental health issue while homeless" (Alameda County Cares First Jails Last Task Force Report). Our high-cost housing ecosystem compounds the difficulty and cost to them in terms of health, wellness, income, and stability.

Homelessness and housing instability also affect educational outcomes for school age children. Students' educational achievement is negatively associated with the experience of homelessness. Moreover, homelessness and high mobility are risk factors for lower achievement beyond that of poverty alone (Conditions and Outcomes of Homelessness Among California Students (2021), Learning Policy Institute). Stable housing is a key facilitator of academic success for students of all ages, and the lack of stable housing can create major disruptions to learning for students. Even a single eviction filing can have long-lasting effects for families and their children. Eviction filings have been found to decrease school attendance and this decline continues even up to two years after the initial filing. Frequent residence changes resulting from housing instability often result in frequent school changes that can make students less likely to complete high school on time and more likely to complete fewer years of school. (Housing Matters, Urban Institute).

These costs are borne by our community in the form of an overstressed emergency response system and high hospitalization and institutional care rates and poor educational outcomes for housing insecure youth. Apart from these concrete costs, prevalent homelessness also has a pervasive emotional impact as our community grapples with an ever-present and inescapable level of human suffering on our streets.

This Housing Plan is an actionable strategy that situates housing within the broader context of community well-being and self-determination, recognizing that housing, because of its link to the economic, social, and cultural well-being of a community is one of the key leverage points for systems change and social innovation that improve outcomes for those suffering and our community as a whole. In the action plan section of this document, specific programs are discussed which local government can invest in to have an impact.

1.8 Accomplishments

Addressing the scale of need in our housing ecosystem demands substantially more resources to ensure stable and affordable housing for the 37% of County households who are underserved by our housing market. Local government and mission-driven affordable housing developers are ready and able to apply additional funds to proven solutions and produce affordable housing at all income levels. As a community, Alameda County voters began to face this crisis in 2016 with the passage of the $580 million Measure A1 Affordable Housing Bond, supported by over 73% of voters.

Measure A1 exceeded its 3,800-unit production goal, financing the construction of more than 4,500 new affordable units. These new units provide housing options for people who need it the most in Alameda County: seniors, veterans, people with disabilities, people experiencing homelessness, and many in the workforce who we count on to deliver essential services. Measure A1 programs have helped people who struggle with housing costs, provided people experiencing homelessness and other vulnerable populations with long-term affordable housing, and helped families build and maintain wealth and financial stability through downpayment assistance.

Figure 4 – Measure A1 Accomplishments

Measure A1 Supported Housing Units (through FY 23-24)		
Program	**Income Group**	**Number of Units**
New Construction Affordable Housing	<80% - >20% AMI	2956
	<20% AMI	1221
Home Repair (AC Renew)	<80%AMI	86
Downpayment Assistance (AC Boost)	<120% AMI	234
Homeownership Construction	<80% AMI	10
Total		**4507**

The success of Measure A1 shows that with robust public investment and public-private partnerships we can create housing opportunities for low- and moderate-income families and households across Alameda County. To meet Alameda County's housing needs now and going forward will require going above and beyond the investments in Measure A1 to support the 37% of Alameda County households that are housing cost-burdened or unhoused. Because the market and privately financed housing development are not meeting the needs of those households, significant public investment is needed to fill that gap.

Measure A1's impact can be measured both in terms of housing and investment in Alameda County's workforce. To date, Measure A1-funded projects have created over 2.7 million construction worker job hours, a number which will continue to grow as the last cohort of projects enters construction. This translates to over 20,000 total construction jobs created in the County on Measure A1 projects. The original local hire goal was 30% of all job hours going to local Alameda County workers, which was exceeded by 11% (41% of all job hours filled by local workers). Measure A1 has helped ensure that these projects provide the opportunity to train the next generation of skilled workers, generating nearly 400,000 apprentice hours. Each of these jobs pays a prevailing wage, per Measure A1 standards, significantly raising the bar for construction job quality, resulting in the creation of over 20,000 construction jobs and over $219 million in subcontracts to over 120 local businesses. Over 5,300 of the construction jobs were filled with local Alameda County workers, and over 50 of the local subcontractors were small businesses.

Figure 5 – Measure A1 Workforce Investments

Workforce Goals	Measured in Hours	Attainment
Prevailing Wage	All Projects	Goal met
Local Hire	30% of hours	41% of hours
Equity Priority Worker Hire	5% of hours	12% of hours
Business Goals	**Measured in Dollars**	**Attainment**
Local Contracting	25% of Measure A1 investment = $32.1 million for completed projects	$219,127,782 million in construction contracts awarded to 120 Alameda County businesses for these completed projects.
Small Local Contracting	20% of Measure A1 investment = $25.6 million for completed projects	Nearly $74.5 million was awarded in construction contracts to 52 Small Local businesses on completed projects

Even with these accomplishments, there is still much more to do to help solve the housing crisis and to meet the housing needs of Alameda County communities. To address this challenge and reverse the tide of growing cost burden and homelessness, Alameda County will need to invest in growing a county housing ecosystem that has a scale appropriate to the actual need, as quickly and efficiently as possible.

1.9 The Housing and Community Development Mission

HCD's mission is to support vulnerable residents in securing affordable, safe, and dignified housing in vibrant, diverse neighborhoods where all residents feel they belong.

HCD works towards this mission across Alameda County in several roles that vary depending on the context:

- HCD serves the County as a community development lender, providing and administering capital investments in new affordable housing construction, the preservation of existing affordable homes, and community infrastructure.

- HCD promotes access and investment in housing, prevents homelessness and displacement, protects residents' housing rights, reinvests in community facilities and infrastructure, and builds the capacity of our community institutions.
- HCD is a County and regional leader capable of coordinating and facilitating efforts across county agencies and jurisdictions. This position provides the opportunity to innovate and pilot novel housing and community development programs and policies individual jurisdictions could not implement alone.

HCD provides institutional knowledge and capacity through staffs' experience and expertise, its connection to community networks, and its history of fulfilling numerous critical roles in support of Alameda County's housing system. The Department's knowledge of the housing ecosystem as critically informed by community stakeholders, allows it to design and target these programs to the areas of greatest need and impact.

High housing costs have created a crisis in Alameda County, impacting the economic well-being of every resident in this community. This impact falls most sharply on those with the fewest resources, often precipitating devastating personal crises which reverberate throughout our communities. The following chapters of the Housing Plan explore what it means to address the issues, deploy public investment, and build a housing ecosystem that can meet our community's needs. Such an investment program will require expertise in residential development, asset management, community capacity building, and management of complementary programs. It will require community connection, compassion, and accountability. HCD's mission, values, and experience position it to administer that investment program efficiently, equitably, and effectively. Solving our complex housing crisis will be a team effort and HCD plans to do its part.

CHAPTER 2: DATA STRATEGY AND METHODOLOGY

The Housing Plan presents an ambitious set of policy priorities and actions designed to address both the symptoms of housing inequity and the structural conditions that perpetuate them. These priorities, as covered in more detail in Section III, include capturing additional funding, investing in effective and efficient solutions, fostering collaboration across jurisdictions, and supporting the Board of Supervisors and cities in the County with their legislative priorities. To inform these goals, as well as assess our success completing them, we need data and community feedback from a wide variety of sources illustrating the problem, effective solutions, community priorities, and previous shortcomings. This comprehensive approach is fundamental to breaking cycles of poverty and discrimination, while building a future where all residents have equal opportunities to secure and stable affordable housing.

As we discuss in our next section, to address the shortfalls of our current system, we have to understand it. That is why our overall goal is to use data to understand the current housing ecosystem, with a special focus on who is being pushed out of it and why. These methods enable HCD to better target funding and programs, address equity concerns and priorities, and improve coordination with the State, our city partners, and regional policymaking bodies.

2.1 Generate and Maintain Cohesive Analysis of our Housing System

As the Housing Department with purview over the entire County, HCD is best positioned to model Alameda County's housing ecosystem. Understanding this ecosystem allows HCD and its partners to better target investments and coordinate interventions. Accurately understanding that system to inform our strategy builds on related work HCD already performs such as the County's Housing Element, Neighborhood Plan, or Analysis of Impediments to Fair Housing, as well as new work to understand parts of the market that have historically not been well understood.

<u>Analyze Housing Market Health to Grasp the Scale of the Problem:</u>

To inform our work, it is vital to understand the shortcomings of our current housing market. As part of this plan, HCD constructed a variety of frameworks which assess the current state of the housing market. Additional models constructed for this plan delve into this same issue, putting the dysfunctional aspects of that market into focus with:

- Measurements of the total dollar amount cost-burdened households pay towards housing over what they can afford.
- Estimations of the displaced local economic activity that diverted to overpayment and the removal of money from circulation in lower-income communities and the pockets of lower-income families.

- Estimations of the necessary local spending to counteract cost burden via either annual housing assistance or capital investment up front.

Comparative and relations analysis of the impacts of housing support programs, homelessness prevention programs, homelessness programs, and rehousing.

These models allow us, our partners, and County residents to contextualize the housing crisis in terms of who can and cannot afford housing in our existing market, how many households are suffering, what those households pay, where that money could be spent otherwise, the costs and benefits of current interventions, and how much additional government invest it is required to reach Housing goals. Given our focus on ensuring everyone has access to safe, stable, and affordable housing, these models represent our core metrics for defining HCD's mission.

<u>Model Downstream Impacts and Contributing Factors</u>

As HCD builds on the work in this Plan, one of the central goals will be to further build out our understanding of the ecosystem, including the resources or barriers that can be moved to start addressing the issues identified. That work will include:

- Expanding estimates of the real cost of overpayment, homelessness, and housing insecurity to understand impacts on local economic health, public health, educational outcomes, and a variety of other factors.
- Constructing an inventory of affordable housing resources including deed restricted affordable housing created by local investment, State and Federal programs, and local inclusionary zoning, as well as naturally occurring affordable housing in the market.
- Analyzing the pipeline that creates housing and identifying stumbling blocks that can be removed, opportunities for greater efficiency or collaboration, and other methods of bringing the cost per affordable unit down and the impact per dollar up.
- Other priorities as identified by our partners and community members.

2.2 Center our Analysis in Key Indicators of Impact and Equity

In defining the ecosystem and implementing the policies outlined in this plan, HCD's efforts are guided by key indicators of success which communicate the core problem of housing scarcity and longstanding inequities. These indicators will be useful for both HCD as well as our partner jurisdictions and residents in assessing our collective success.

Impact Indicators

As introduced earlier, cost burden among lower-income households is one of this Plan's key indicators of overall housing market health. This is due to the power of this variable to identify sections of the populace that are struggling and at risk of homelessness. Decreasing the percentage of overall households, and especially the percentage of lower-income households, overpaying for housing represents a central and overriding goal for much of HCD's work. Other key indicators include:

- Households experiencing homelessness, especially unsheltered homelessness
- Annual shortfall of affordable units compared to the RHNA and Estimated Need
- Affordable units in danger of losing affordability restrictions
- Affordable housing funds from State, Federal, and regional sources invested in Alameda County projects
- Eviction and displacement rates, especially among lower-income households
- Annual average rent increases and median rent

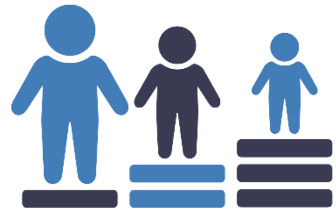
HCD monitors all these indicators and uses each to assess our success addressing the crisis, providing resources for County residents, and encouraging development of affordable housing. Additionally, our proposed programs and policies in the Strategic Plan section are formulated specifically to produce meaningful progress on each of these variables.

Equity Indicators:

While many of our core impact indicators have substantial equity implications, HCD is committed to specific action to address longstanding inequities in the housing ecosystem. This commitment is exemplified through HCD's existing programs to build capacity for Emerging Developers, require new affordable projects provide deeply affordable units at or below 20% AMI through Measure A1 Bond funds program, and support tenants with a robust legal aid assistance program during the 2020 COVID pandemic.

By incorporating a racial equity lens into policy development and resource allocation, the county aims to continue to create a more inclusive, functioning, and thriving housing ecosystem that addresses the specific needs of marginalized communities. Through intentional outreach, community engagement, and data-driven decision-making, Alameda County will prioritize initiatives that directly benefit Black and Latino residents, low-income households, and other vulnerable populations. This targeted approach will foster greater equity and fairness in housing outcomes, promoting a more just and inclusive housing landscape for all residents. In evaluating needs and impacts, HCD is informed by the following equity performance indicators:

- Demographics of unsheltered households
- Demographics of severely cost burdened households
- Demographics of HCD program beneficiaries
- Geographic access to and distribution of services
- Disparities across cities, jurisdictions, and neighborhoods



2.3 Match Our Models to What We Hear from the Community

Beginning in October 2023, HCD undertook a robust public engagement process to share the findings of the 2023 Housing Needs assessment and discuss with the public the potential for new housing program revenue to address the housing crisis. Our efforts took two approaches, engaging the public and specialized stakeholders simultaneously. The first was organized in collaboration with members of the Board of Supervisors and their staff which led to seven public meetings taking place across the County, supported by an online survey. The online survey is available on the HCD-created website, HousingNeedsAC.org, and has been promoted via social media, engagement with the Board of Supervisors and the efforts of community stakeholders. To date it has received over 900 responses. The second approach was to engage development partners, service providers, governmental organizations, community groups, and advocacy organizations through eleven focused feedback sessions. These meetings were leveraged to collect information about current services and funding gaps, potential opportunities, and lessons and best practices learned from past investments in affordable housing, including Measure A1 and the American Rescue Plan Act (ARPA).

The feedback process was designed to generate qualitative information about the state of Alameda County's housing ecosystem and the impacts high housing costs were having on county residents. HCD's engagement was structured around four questions:

1) How have high housing costs impacted you personally?
2) How do you perceive high housing costs have impacted your community?
3) What solutions would you like to be prioritized?
4) Which populations should be prioritized for service?

Responses painted a clear and consistent picture; high housing costs are impacting Alameda County households profoundly, pervasively, and negatively. Finding solutions that address the high cost of housing and its negative impacts are a top priority in every community. Below are the key takeaways from the general public:

- High housing costs are negatively impacting most Alameda County households, finding a solution is a top priority, and residents believe that current solutions to the housing crisis are inadequate.
    - 49.5% of respondents say that rent is rising faster than their income, placing stress on their household budget.
    - 52.9% of respondents are strongly considering relocating outside of Alameda County due to the cost of housing.
    - 14.2% of respondents are at risk of losing their home due to foreclosure or eviction.
    - 45.6% of respondents are facing difficulty finding or affording a home for purchase.
    - 76% of respondents said that the increase in housing prices is either very negatively or somewhat negatively impacting their household.
- There is broad consensus that addressing rising costs will require building more housing, both market rate and affordable, in most communities.
    - 74.5% of respondents support new housing construction in their neighborhoods.
- Residents repeatedly stated that housing senior and unsheltered populations is a basic responsibility of government.
    - Housing the unhoused (46%) and preventing displacement of long-term community residents (26%) were the top priorities for respondents.
- Within Alameda County, there are significant regional differences in the way high housing cost impacts are felt and, consequently, the solutions communities would like to prioritize. Those priorities reflect the demographic composition, history, and built environment of those areas.
- Residents accept that there is no ‘silver bullet solution’, that this problem took many decades to develop, and solutions will take substantial time and investment.
    - 60.3% of respondents support increasing property taxes to invest in affordable housing.

In its parallel process, HCD reached out to former, current, and potential partners in the housing field to receive feedback and develop new and innovate strategies. Below are the key takeaways from those meetings:

- Emerging faith based and racial/ethnic minority developers are eager to support new construction of affordable housing, but need assistance in navigating the financing and permitting process.
- Alameda County is uniquely positioned to support innovative strategies such as Community Land Trusts (CLT) and mobile home park preservation.
- Upstream/predevelopment funding is needed to get more projects off the ground.

- Accessible and regular sources of funding are necessary to support consistent production of affordable housing.
- There is a deep need for operating subsidy to support on-site services and building maintenance.
- The County is positioned to support and fund these community priorities.

In developing the housing strategy below, HCD staff integrated the public's sense of urgency, considered their priorities for services, and made sure that programmatic approaches were available that could serve every community. Alameda County is lucky to have a wide-reaching ecosystem of established and emerging housing stakeholders. Their feedback was especially valuable in identifying improvements in HCD's processes, updating program designs, and identifying innovative opportunities that might be pursued if new resources become available.

In brief, this Plan was drafted to reflect the top priorities as received from the public during the feedback window:

1) Address Homelessness and the Risk of Homelessness
2) Build More Affordable Housing
3) Preserve Affordable Housing
4) Stabilize Families in Crisis and Protect Tenants
5) Promote Equity and Prevent Displacement
6) Expand Developer Pool and Create New Opportunities for Emerging Developers
7) Investigate Sustainable Funding Modes for Affordable Housing

The public engagement resources, relationships, working groups, and communications tools HCD developed during this process are durable resources that will continue to inform HCD's decision-making and program administration moving forward.

SECTION II – CONTEXT

CHAPTER 3: ROOTING THE HOUSING STRATEGY IN RACIAL EQUITY

Households of color, especially Black households, are overrepresented among households facing housing challenges due to a persistent history of segregation, wealth inequality, discriminatory policy, and racism in both the private housing market and government.

3.1 Dispossession and Denial of Resources

The roots of housing discrimination, particularly as it affects Black Americans, Native Americans, and Latinos, extend deep into the nation's history. The Ohlone people were the first inhabitants of Alameda County but were forcibly displaced to make room for settlement and urbanization, leading to the near destruction of this people by starvation, disease, slavery, attack, and denial of the resources they had come to rely on. California and the Bay Area were then occupied by Spanish and eventually Mexican settlers, many of whom were themselves forcibly displaced by white settlers when California declared its independence and was subsequently made a state. While some Black Americans were brought to California as slaves during the Gold Rush, the largest migration of Black Americans into California came during WWII. These new residents faced severe institutional and economic limitations on where they could live and their ability to purchase housing.

3.2 Redlining and Discrimination

Eventually land grabs and outright violence gave way to slightly more subtle forms of discrimination. One of the most powerful and pernicious policies that shaped our current housing ecosystem was redlining, a practice pioneered by the Home Owners Loan Corporation (HOLC). The HOLC was a government agency created in the 1930's to prevent foreclosures during the Great Depression and expand opportunities for homeownership. Redlining coded neighborhoods of real estate by their level of "security." All-White neighborhoods were colored green and deemed to be the least risky, while nonwhite neighborhoods were colored red and deemed to be least desirable for financial investment, resulting in Black households being systematically denied home loans in many areas. Between 1934 and 1962, the federal government backed $120 billion in home loans—98% went to Whites *(The Possessive Investment in Whiteness*, George Lipsitz, 1998), effectively denying people of color the chance to gain generational wealth by buying a home.

Real estate agents also adopted practices like block busting—telling White homeowners that Blacks are moving into the neighborhood in order to get them to sell at a loss so that homes could be resold to Blacks at a profit—to further foster segregation. The Federal government further encouraged racial segregation and broke up nonwhite communities through urban renewal projects—which cleared out and "revitalized" predominantly Black and Brown neighborhoods to build highways or housing for white Americans—and targeted disinvestment in nonwhite urban centers. These policies devastated existing non-White communities through displacement, disinvestment, and removal of core services in favor of suburban growth for higher-income white residents.

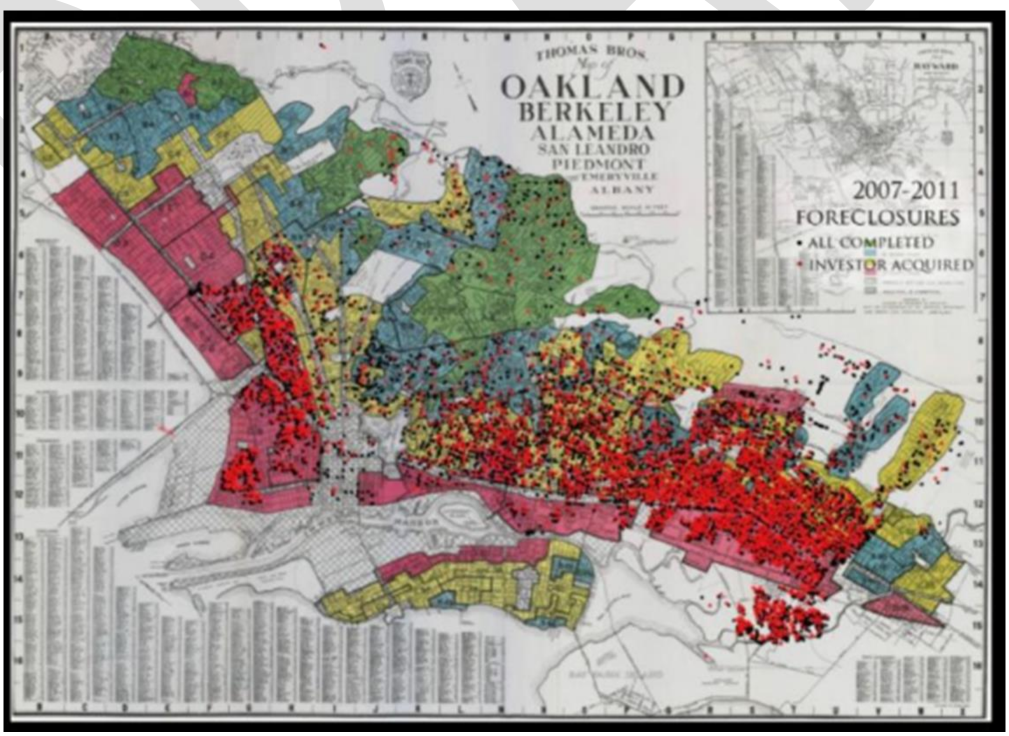
3.3 Lingering Effects of Housing Discrimination

While these policies have largely ended, their effects are still strongly felt. Figure 6 below shows that in Oakland during the foreclosure crisis of 2007 – 2011, foreclosures were highest in communities that were historically redlined. Throughout East and West Oakland, these foreclosed properties were frequently acquired by investors, making this a massive transfer of wealth from predominantly Black and Hispanic households to corporate entities.

Figure 6 – 1930's Map of Oakland Redlining

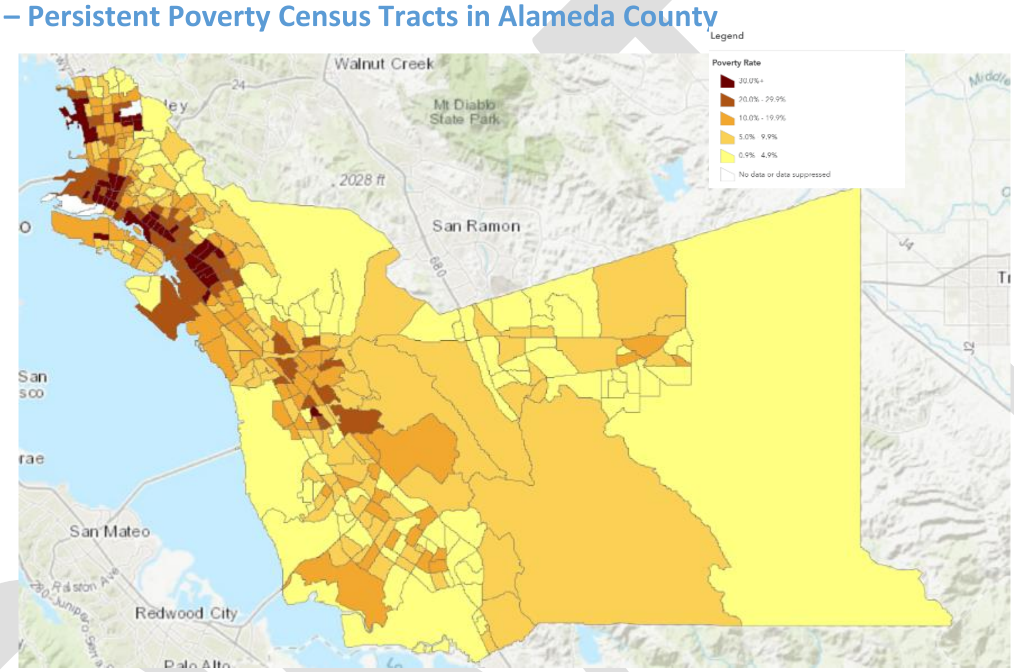
Black Dots represent 2007-2011 foreclosures.

Red Dots represent properties acquired by investors.



In Alameda County, persistent poverty—defined as 5 decades or more of a single census tract having high rates of poverty— is also highest in communities that were historically redlined. As Figure 7 below demonstrates, there is a strong correlation between the redlining practices that prevented many Black and Hispanic households from accessing homeownership in the 1940's to the neighborhoods that today are defined by long-term poverty.

Figure 7 – Persistent Poverty Census Tracts in Alameda County

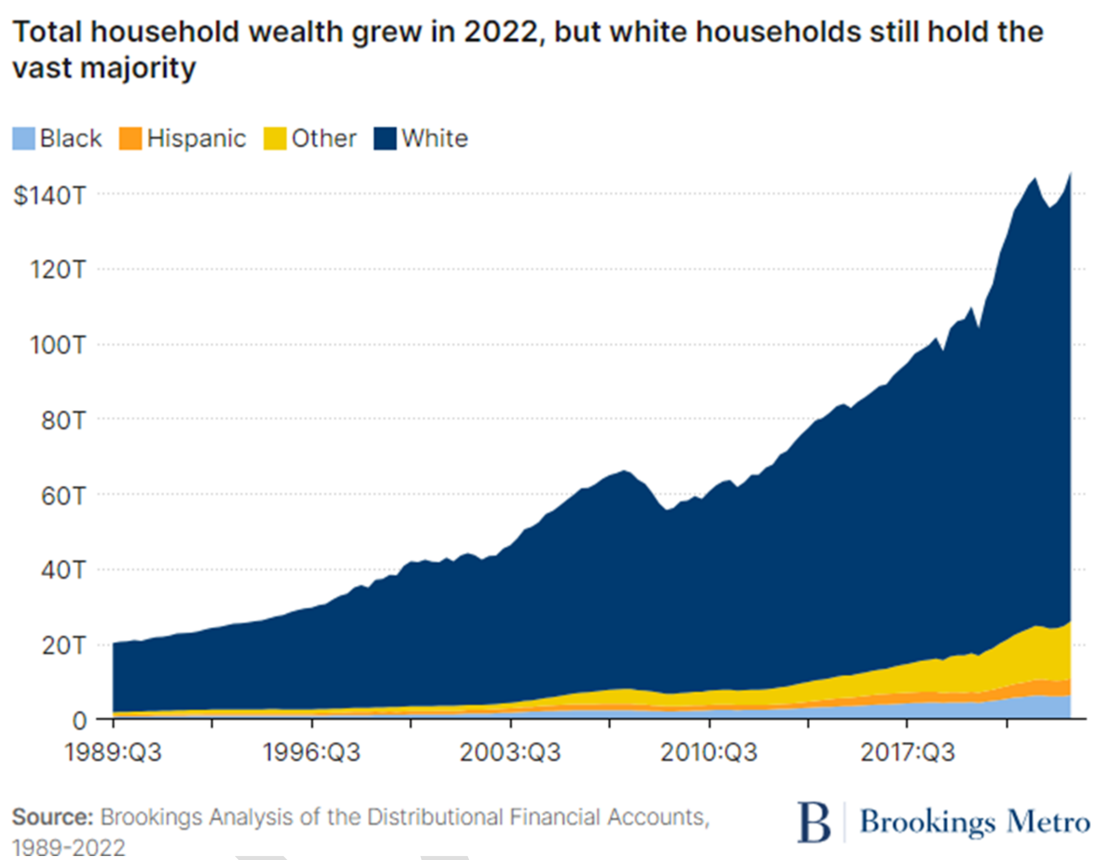


Historically, communities that have faced discrimination in the housing market have had higher rates of housing cost burden and severe housing cost burden. These patterns have been exacerbated in many ways over the last two decades as housing costs have increased dramatically across Alameda County. As of 2019, 75% of Black renter households in Alameda County were low-income, and 41% were extremely low-income. By comparison, only 44% of White renter households were low-income, and only 18% were extremely low-income. Further, while housing costs have increased across the board, homeowners, who, due to the legacy of segregationist policies like redlining, are whiter than renter households, routinely face lower rates of cost-burden and benefit from Federal policies subsidizing homeownership such as the Mortgage Interest Deduction.

Unfortunately, this bifurcation in who owns homes shows no sign of reversing; overall, Black households have a homeownership rate of 46.4% compared to 75.8% of White households.[i] Compounding matters, homes in predominately Black neighborhoods across the country are valued at $48,000 less than predominately White neighborhoods for a cumulative loss in equity of approximately $156 billion nationwide.[ii]

Homeownership is one of the primary ways that households build wealth. Figure 8 below illustrates the wealth gap between White, Black, and Hispanic communities. Past discriminatory practices in the housing market reverberate today in the disparities in wealth accumulation for Black and Latino families.

Figure 8 – Total Household Wealth by Race, Nationwide



As with disparities in homeownership, there are significant racial disparities in who experiences homelessness in Alameda County. In the 2022 Homeless Point in Time Count (PIT Count), 48% of those surveyed identified as Black or African American, while only 9.9% of Alameda County residents are Black or African American. Similarly, while the overall number of Native Americans experiencing homelessness is relatively small, they are disproportionately represented in comparison to their proportion of the total County population. The 2024 PIT Count showed a slight reduction in homelessness over the previous two years, though demographic data is still pending. For more information on the bi-annual point in time count, visit the EveryOne Home website.

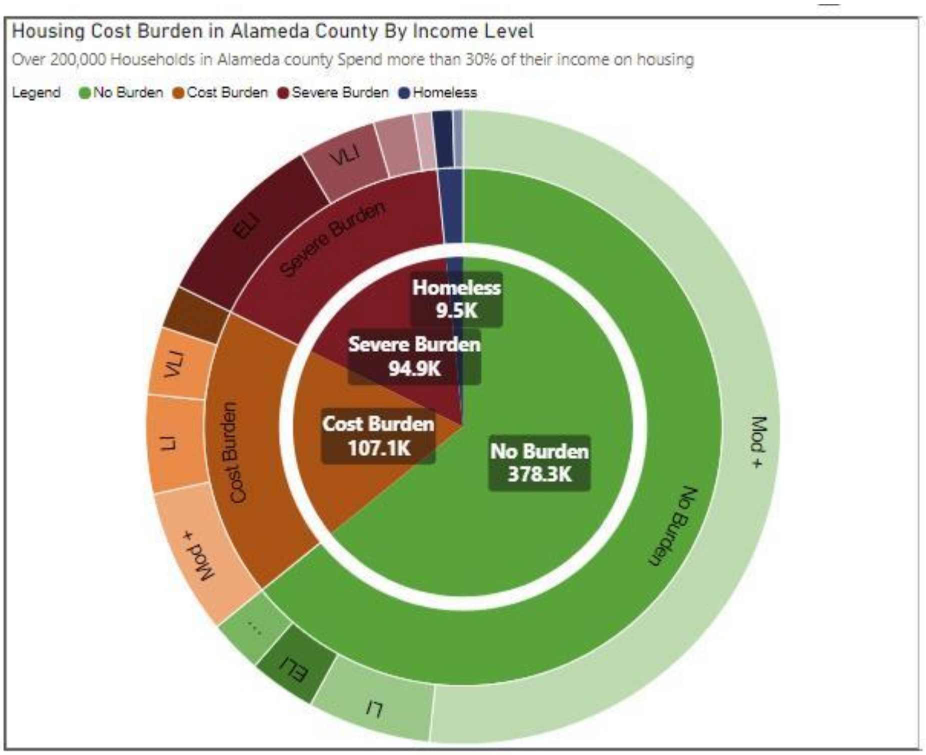
CHAPTER 4: THE ALAMEDA COUNTY HOUSING ECOSYSTEM EXPLAINED

Because housing intersects with so many areas of personal, social, economic, and historical need, addressing housing issues is tremendously complex. To do so, we must adopt a systemic approach that accounts for the root causes of the crisis as well as the interactions of a person's housing with their sense of self and belonging within a wider community.

4.1 Households Served by the Housing Ecosystem

Alameda County's housing ecosystem houses for approximately 1,640,000 persons in 577,000 households as of January 2024 [source: County 23-24 Budget Overview). As Figure 9 below shows, as of 2021 (the most recent year for which cost burden data is available), 366,000 households, or about 63% of all households, are well served within the current housing ecosystem and face no cost-burden relative to their household income. The majority of these households have incomes at or above moderate levels, but more than 70,000 lower-income households are also able to afford housing via housing vouchers, income support programs, and deed-restricted or naturally occurring affordable housing.

Figure 9 – Housing Cost Burden in Alameda County by Income Level



The remaining 36% of households either spend more than a third of their income to afford housing or are without housing altogether. 109,000 households spent between 1/3 and ½ of their income on housing payments, while 93,000 households spent more than half their income on housing and more than 9,000 were without permanent housing during the 2024 Point In Time Count. For the moderate- and above moderate-income households in this sector of the ecosystem, this difficulty is avoidable: most of these households have the resources to change their circumstances. For the vast majority of burdened households who are lower-income, there is not an alternative or path out of this situation without public assistance.

As discussed in the previous section, high costs and low vacancy rates are largely responsible for pushing people into homelessness. The concentration of lower-income households in the red and orange parts of the County's housing ecosystem highlights exactly why this is. Over 60% of those experiencing severe housing cost burden are extremely low-income. A family of 4 in this range with an income of $46,700 will have to pay 60% of their income to afford the $2,351 median rent for a two-bedroom apartment. For this family and families like them, the high cost of rent and the lack of alternatives means any illness, loss of income, or accident will require forgoing food, medical care, school costs, or losing housing altogether.

Households that are on fixed incomes or that are unable to earn incomes (seniors, those with disabilities, those on SDI and SSI) are at exceptional risk of severe burden due to rising costs. Those with special needs often find that, even if they could afford a market rate, that the market does not provide housing that meets their unique needs. Other housing types, such as shared housing, independent living and board and care facilities, and mental health dedicated units are crucial components of a housing ecosystem that meets residents' diverse needs. Here, housing cost burden can be linked to risk of justice system involvement as described in the Care First Jails Last Final Report.

While it is important to take the entire housing ecosystem into account, HCD's focus, and the focus of this plan, is on the households whose needs cannot be met by the private market due to their inability to pay market rates.

Each of the 3 P's outlined in Chapter 1 has an important role to play addressing the needs illustrated by this ecosystem:

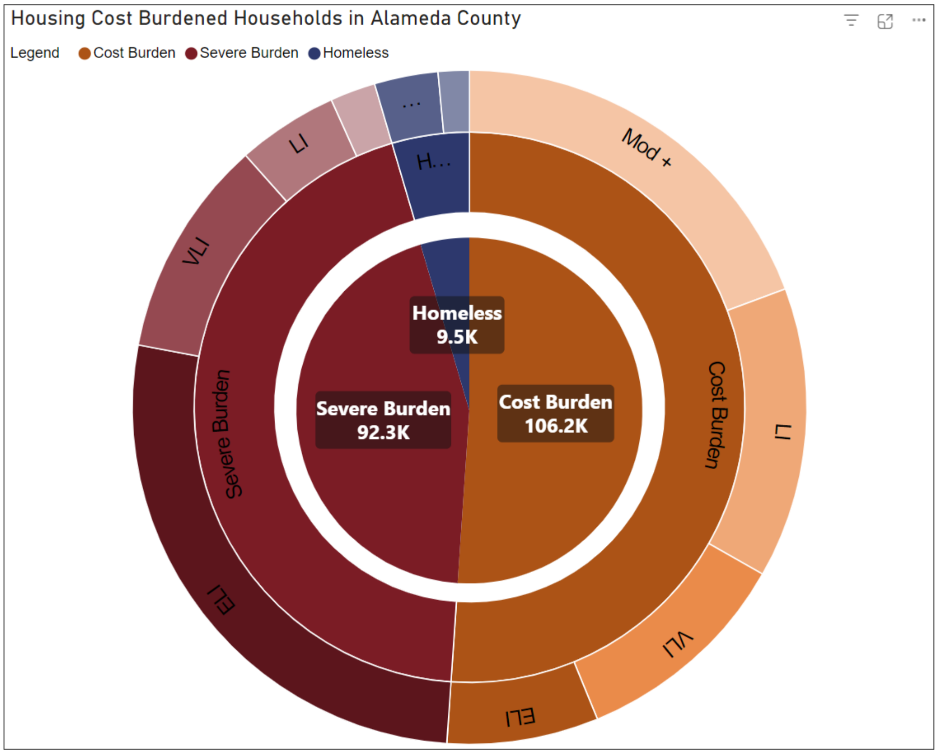
> **Production** of new affordable housing can eventually turn the whole chart green by creating enough subsidized units that each resident has a home they can afford to live in regardless of their income. Alameda County and its cities need 93,000 new affordable low-income units.

Preservation ensures that those lower-income households that are in the green area do not become cost-burdened or experience homeless as their homes age or lose affordability restrictions. Alameda County and its cities need 1,600 units preserved over the next 7 years, and an additional 1,000 over the following ten years.

Protection measures slow or stop already burdened households from slipping further past what they can afford or losing housing altogether by providing stopgap resources and preventing evictions or unaffordable rent hikes. Alameda County and its cities have over 90,000 very-low income (and lower) tenant households that would benefit from access to housing protections.

Figure 10 below is a sub-section of the full housing ecosystem, focusing on lower-income households to emphasize the households at the focus of HCD’s programs. The chart below represents those households who are severely cost-burdened (paying more than 50% in rent), Cost burdened (paying more than 30% in rent) divided by their income status (low-, very low- and extremely low-income), or unsheltered status homeless.

Figure 10 – Cost Burdened and Unsheltered Lower-Income Households in Alameda County by Income Level



4.2 Housing Types in our Ecosystem

The absence of sufficient housing opportunities and resources at rates aligned to incomes leaves vulnerable residents to either go without shelter or choose from unsustainable housing options that can damage their physical, mental, and financial health. These unstable housing situations may keep households from becoming visibly homeless but provide none of the benefits of stable and affordable housing described above. The scarcity of alternatives also ensures that those who lose even unstable and damaging housing face severe difficulties finding replacements that may be even worse. The intervention and support of public institutions provide these disadvantaged households with a pathway from precarity to stable and sustainable housing situations where they may once again have the opportunity to thrive. When most people think of housing, they think of single-family homes or apartments. They consider the tenure of homeownership or being a renter. However, the ecosystem includes a range of housing types that can often be more than that. For a typology of housing within our ecosystem, see Appendix A.

4.3 Shortfall in the Ecosystem

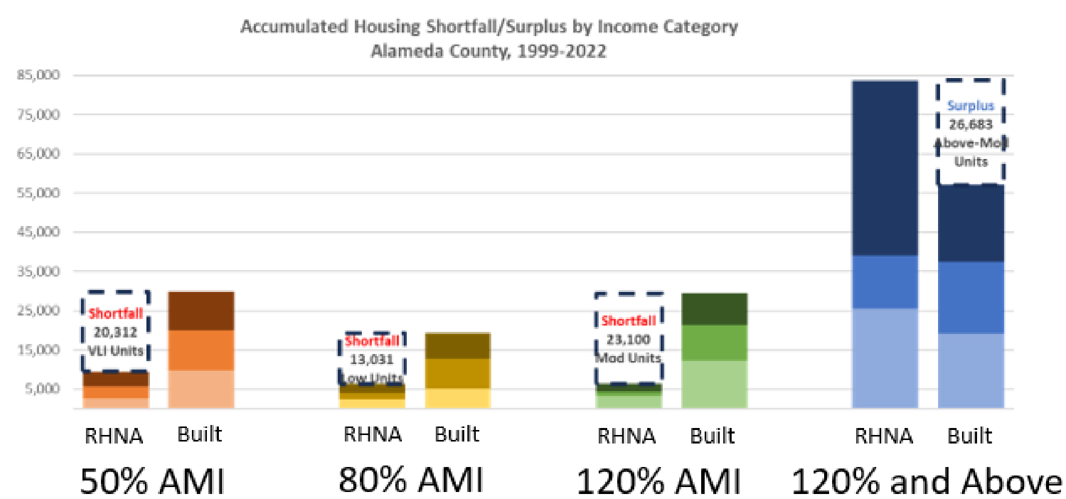
According to the Association of Bay Area Governments (ABAG), Alameda County's cities and the County must produce 441,176 new housing units that are affordable to very-low-income households between 2023 and 2031. The Regional Housing Needs Allocation (RHNA) targets are incorporated into the Housing Elements of the County's and each city's General Plans. RHNA methodology has been updated to partially account for existing housing production shortfalls as well as future needs. The RHNA process also includes the housing production needs for extremely low and acutely low-income households within the very low income (VLI) unit targets. RHNA figures are widely accepted as indicators of each community's housing needs and, ideally, their housing production goals. Figure 11 below shows how much housing affordable to different income levels each jurisdiction in Alameda County is required to produce from 2023 through 2031.

Figure 11 – Alameda County RHNA Goals by Jurisdiction, 2023 – 2031

2023-2031 RHNA					
	Very Low-Income	**Low-Income**	**Moderate-Income**	**Above Moderate**	
Jurisdiction	**<50% AMI**	**50-80% AMI**	**80-120% AMI**	**>120% AMI**	**Total**
Alameda	1,421	818	868	2,246	5,353
Albany	308	178	175	453	1,114
Berkeley	2,446	1,408	1,416	3,664	8,934
Dublin	1,085	625	560	1,449	3,719
Emeryville	451	259	308	797	1,815
Fremont	3,640	2,096	1,996	5,165	12,897
Hayward	1,075	617	817	2,115	4,624
Livermore	1,317	758	696	1,799	4,570
Newark	464	268	318	824	1,874
Oakland	6,511	3,750	4,457	11,533	26,251
Piedmont	163	94	92	238	587
Pleasanton	1,750	1,008	894	2,313	5,965
San Leandro	862	495	696	1,802	3,855
Unincorporated	1,251	721	763	1,976	4,711
Union City	862	496	382	988	2,728
Total	**23,606**	**13,591**	**14,438**	**37,362**	**88,997**

Housing demand in Alameda County is affected by both current and new residents. A host of factors underlie demand for housing including population growth, household size and income, life stages, tenure preferences, and economic cycles. As shown in Figure 12 below, additional need for housing from new residents is compounded by existing shortfalls; like most jurisdictions across the State, Alameda County has underproduced lower-income housing in past RHNA cycles while exceeding our goals for market rate housing. This leaves a durable lack of affordable units.

Figure 12 – Accumulated Housing Shortfall/Surplus by Income Category, Alameda County 1999 – 2022



Those on fixed incomes including seniors, people with disabilities, and those with mental illness are especially vulnerable in our housing system and we do not currently have the resources available to provide adequate support should they become unhoused or require a higher level of care than is available in community-based services. These populations are disproportionately represented among unhoused people in Alameda County and any kind of financial or personal setback can destabilize their housing situation. Additional investment in interim housing, shelter, safe sleeping and parking sites, and mental health beds is crucial to meeting their housing needs. That is why this Plan calls for capital investment in 2,200 new shelter beds for a healthy housing ecosystem.

PRESERVATION

In addition to production of new units to build affordable capacity in housing ecosystem, Alameda County must continuously preserve the affordable units already serving its residents. Typically, the agreements which ensure that affordable units are provided at below-market rates have finite terms from 25-55 years. Those terms reflect the up-front investment of public funding and the costs of providing below-market rates over long terms. Renewing and extending that expiring affordability requires the investment of additional funding. Preserving current capacity is a predictable and cost-effective strategy which builds on the success of past affordable housing efforts.

HCD tracks 29,471 deed-restricted affordable units currently housing County residents. Of those, 2,133 units' affordably restrictions will expire within the 10-year scope of this Plan. As shown in Figure 11, these units are concentrated in Oakland and Hayward, though there are significant numbers located throughout the rest of the County. Without significant investment, the loss of affordability in these units will offset approximately 50% of the affordable capacity added by new Measure A1-funded construction.

In recent years, Alameda County and other communities across California have been losing facilities that provide shelter and care to seniors, those with acute medical needs, and persons with disabilities. These include board and care homes, independent living facilities, and skilled nursing facilities, which Medi-Cal will often pay for. When these facilities close and are sold, those beds are lost and the shelter they provide to our highest need residents goes away, leading to a shortage of critically needed beds for people that cannot obtain housing on the private market. Preservation will necessarily include ensuring we do not lose these resources, including by bringing them into public ownership when they are brought up for sale.

CHAPTER 5: UNDERSTANDING INEQUITIES AND CURRENT HOUSING NEEDS

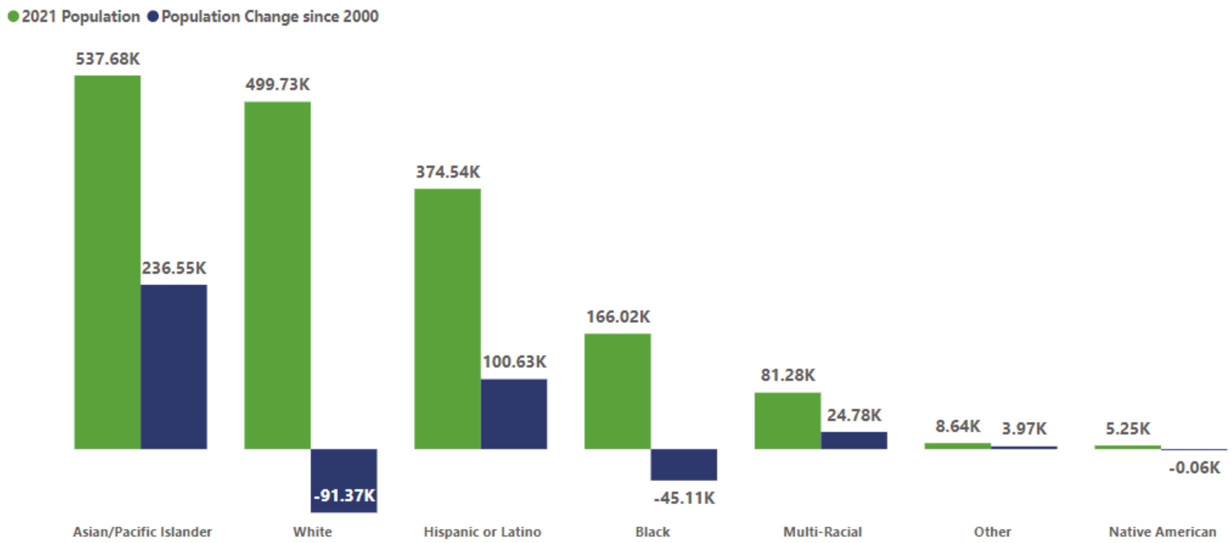
Housing costs in Alameda County have been elevated for a long time, but the intensification of those costs to crisis levels is a recent phenomenon. As recently as 2014, County residents were 20% less likely to be severely burdened by their housing costs and rates of homelessness were trending downwards. Stagnant and mismatched housing supply, growing housing demand, and changes in the County's demographic composition have combined to shift our housing ecosystem further out of balance. This new ecosystem still provides most County residents with sufficient opportunities for housing, but these changes have left our most vulnerable residents progressively more exposed to the worst housing outcomes and impacts. This Chapter shows how changes in relative purchasing power and increased demand interact with constrained housing supply and historic discrimination to disproportionality impact certain communities.

5.1 Countywide Demographic Changes' Impact on Housing Needs

Alameda County has experienced strong population growth in the 21st century, as the County's population increased by 15.9% from 2000 – 2021. Growth has been strongest in cities that have proactively planned for new housing, including Dublin, which saw a 132% population increase, and Emeryville, where population increased by 85%. Multiple communities, including Livermore and Pleasanton, also increased in population by more than 20% over this time.

While, more recently, Alameda County has seen a slight decrease in population, this decrease has leveled out in line with similar trends across the Bay Area and California in the wake of the COVID-19 pandemic. By one estimate, in total, since 2020, Alameda County lost approximately 60,000 individuals as remote work, COVID-19 mortality, and other demographic shifts caused outflows. With an increase in immigration, return to in-office work, and lower mortality rate, this decrease shows signs of reversing, as it already has in 5 of the 9 Bay Area counties. Compared to the County's total population and the backlog of needed units to stably and affordably house the County's existing burdened households, this loss will have a minimal impact on the amount of investment needed to build out our housing ecosystem.

Figure 13 – Population Change of Different Racial/Ethnic Groups, 2000 – 2021



During this same period of uneven income growth, Alameda County underwent a series of demographic shifts, as shown in Figure 13 above. The share of Latino and Asian households increased while the share of White and Black households decreased. Asian households now account for a plurality of Alameda County households at 31.4% while White households make up 29.9% and Black households make up 9.9% of the population. This largely mirrors trends in the Bay Area and California as a whole.

Alameda County is also following the larger trend across California and the Bay Area of a gradually aging population. From 2000 – 2021, the share of households that include a senior increased from 20.5% of all households to 27.9%. Meanwhile, the share of households with children under age 18 decreased from 36.5% of all households to 32.9%.

Between 2000 and 2021, median household income increased by 12.2%, however, these gains were not distributed evenly. Between 2000 and 2021, the number of households with incomes below 30% AMI increased by approximately 26% and the number of high-income households with incomes over 140% AMI increased by approximately 20%. Meanwhile the number of middle-income households (defined as those with incomes between 80 – 120% AMI) only increased by 3%.

In essence, this means the County is increasingly bifurcated between the haves and the have-nots; those at the top of the income spectrum with high paying jobs in tech, finance, or other high-skilled growth industries can afford high housing costs. Those at the bottom working in service industries have seen their wages stagnate while housing costs increase quickly. Between these two extremes is a smaller middle class. Overall, these demographic shifts have concentrated a growing portion of our society towards the bottom of the ladder and ensured that they face housing insecurity and high housing cost burdens, leading to increased homelessness and displacement.

Figure 14 – Alameda County Household Income Distribution

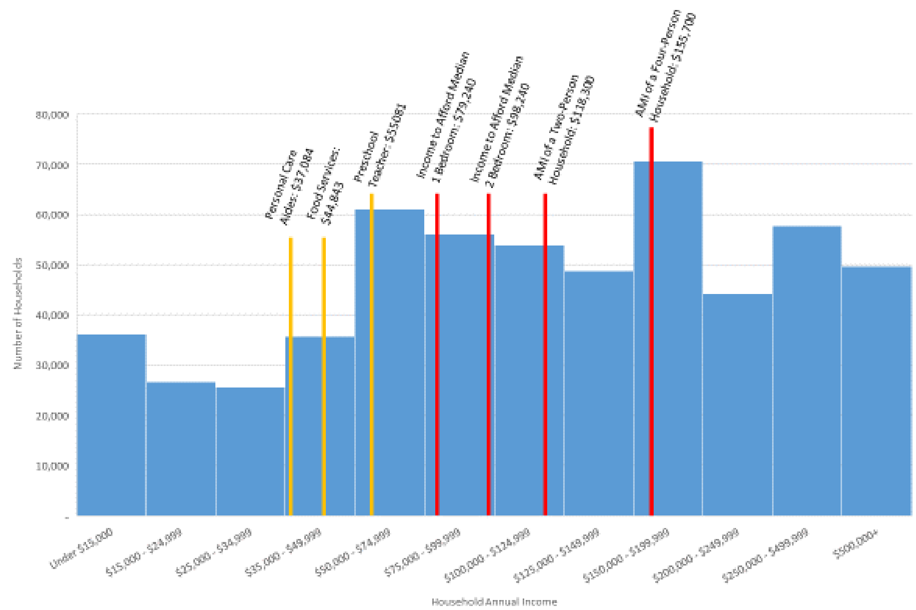
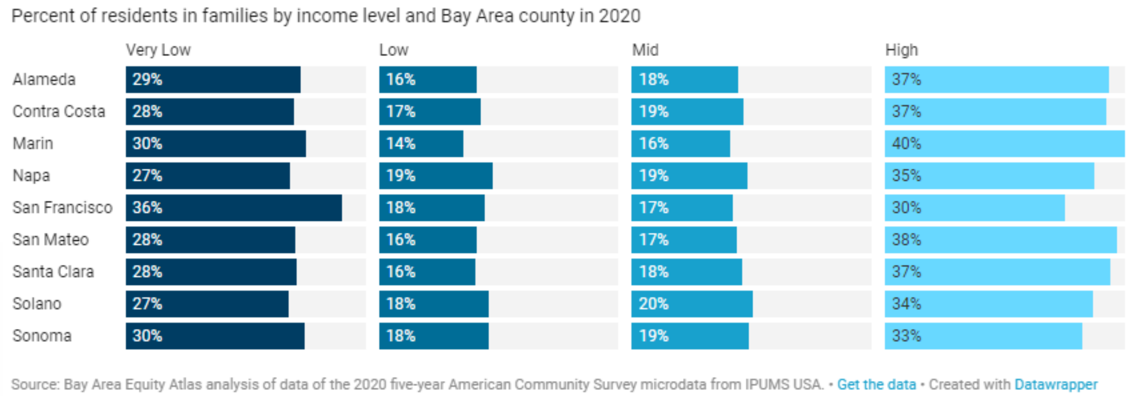


Figure 14 above reflects that, in Alameda County, housing costs are unaffordable for many working-class professionals including those who work in personal care, food service, and early education. Across the Bay Area, every county shows a polarization of income towards the extremes at the top and bottom, as shown in Figure 15 below from the Bay Area Equity Atlas. This trend has coincided with national wage stagnation for the average worker, while the highest income workers have seen marked increases to their pay and the lowest have seen decreases relative to the cost of living.

Figure 15 – Income Distribution of Bay Area Counties, 2020



5.2 Housing Rent Level

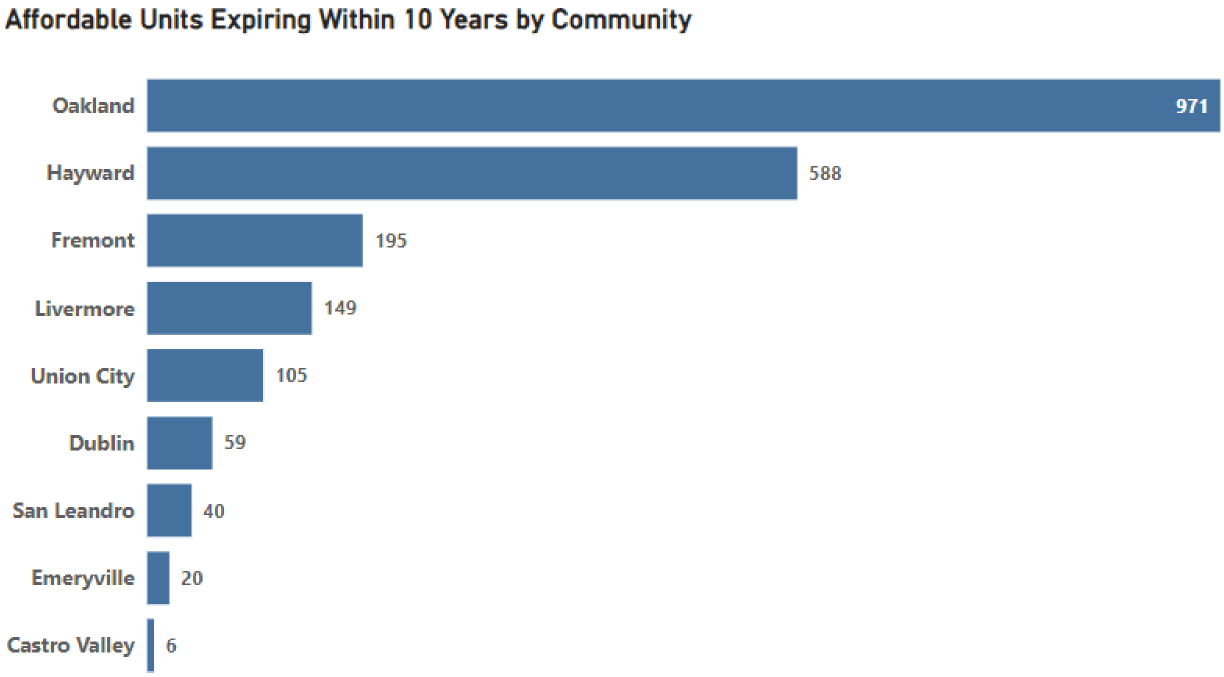
There are numerous widely used methods for comparing rent levels across time in Alameda County.

Fair Market Rent, a long running HUD metric generally considered conservative in its estimation of housing costs, shows nominal rents for one-bedroom apartments increasing from $734 a month in 2000 to $1,854 in 2022, an increase of 253%. Nationally, that increase was only 180% over the same time period.

Effective Rent, a metric which adjusts for inflation, rent control, and other factors, shows that the average County resident was paying 42% more for housing in 2023 than they were in 2000, while their income only grew by 12.2%. Statewide, rents had increased by only 26.6%.

These patterns clearly reflect a constrained housing market in Alameda County. Rents have risen faster and higher in Alameda County than the California average and much faster than the rest of the country. Income growth has not kept pace, most renters have seen their rents take a significantly larger share of their paychecks every month. This dynamic is most pronounced for lower income households, who now see housing costs displacing other necessities like food, education, and transportation in their fixed budgets. As shown in Figure 16 below, these rising rents mean that market rate rents for even studio apartments are increasingly out of reach for those with the lowest incomes, a trend which closely correlates to rising homelessness.

Figure 16 – Alameda County Affordable Housing Unit Expirations through 2034 by Community



5.3Subsidy

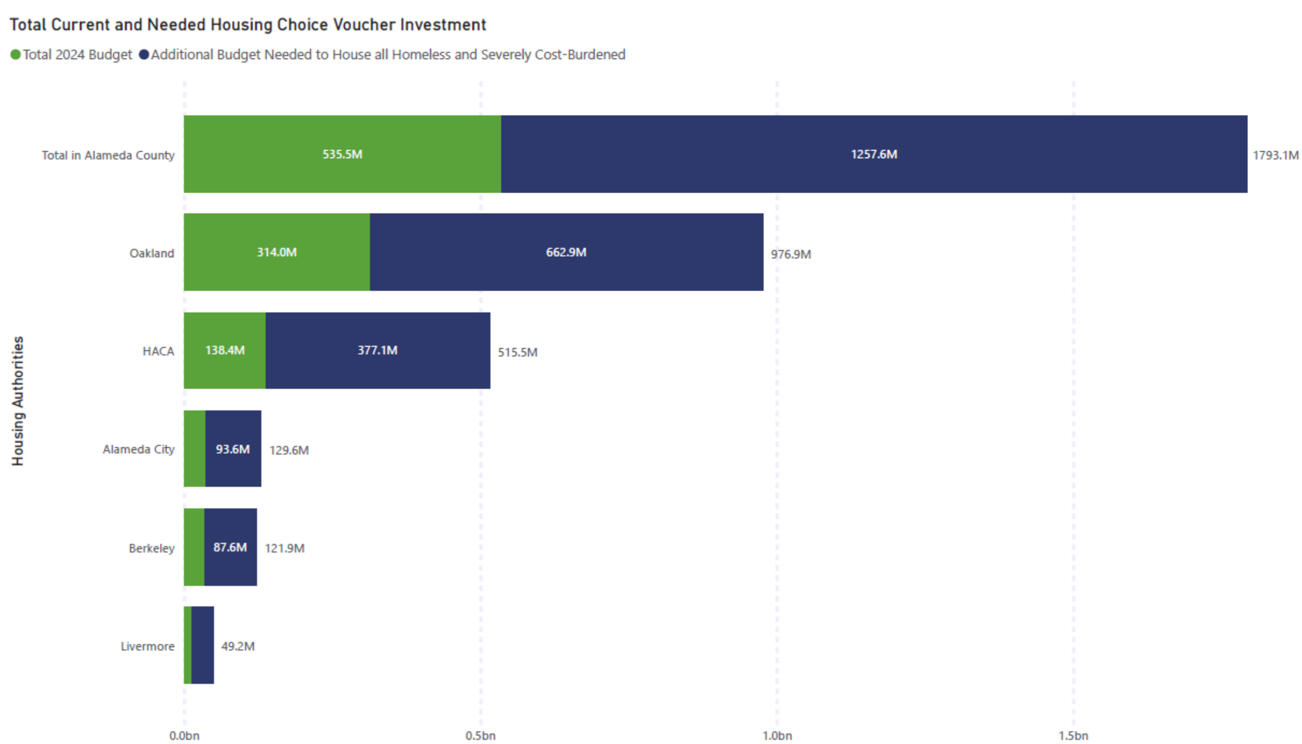
Historically, HUD funded public housing and rental payment vouchers to support low-income households nationally. In the 1980's, the HUD budget was cut by over 70%, which has left the subsidized housing system insufficiently funded relative to need. Specifically, HUD housing choice vouchers and public housing combined only support 25% of those who are eligible for the assistance. It has taken time for the impact of the early 1980's cuts to be felt, but in connection with the significant increases to the value of real estate, the result is our current crisis.

According to the Western Center on Law and Poverty:

> "There is little chance the state can remedy the affordable housing shortage without a significant increase in federal resources.... Rather than ensuring families are stably housed so that they can focus on improving their economic well-being, the (Administration} remains focused on tearing families apart and punishing them for using the public assistance intended to prevent the many harms caused by poverty."

If HUD were to fully fund the five Alameda County Housing Authorities (the City of Alameda, Berkeley, Livermore, Oakland and the County Housing Authority) with sufficient rental vouchers to turn the entire housing ecosystem pie chart green, it would require minimally an additional $800 million annually to the five Housing Authorities' budgets. This rental voucher assistance would essentially pay the difference between what these residents can afford to pay and market rent. The Federal priorities expected from the next administration do not lend themselves to This annual subsidy gap is an insurmountable number for state and local governments to fund without substantial federal assistance. Even limiting the scope to just those households experiencing or at deepest risk of homelessness would require $388 million in annual rent annual rental subsidy as shown in Figure 17 below.

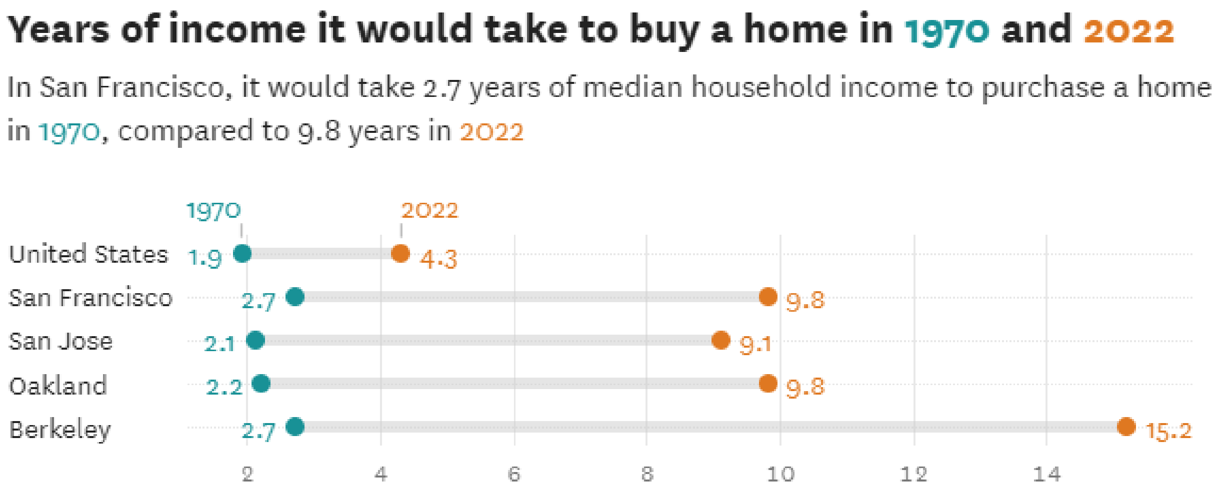
Figure 17 – Total Current and Needed Housing Choice Voucher Investment



5.4 Rising Unaffordability of Homeownership

While rental housing in Alameda County has become increasingly unaffordable in the 21st century, a more extreme pattern exists in the unaffordability of homeownership. Since the year 2000, the Zillow Index Sales Price of Single-Family homes has more than quadrupled, from $311,527 to $1,251,500 in 2022, meaning that purchasing a home in 2022 is unaffordable for 3/4s of the County's households. Figure 18 below, from a 2023 San Francisco Chronicle article, demonstrates this growth, comparing the years of median income needed to purchase a home in 1970 compared to 2022.

Figure 18 – Years of Income Needed to Buy a Home in 1970 and 2022



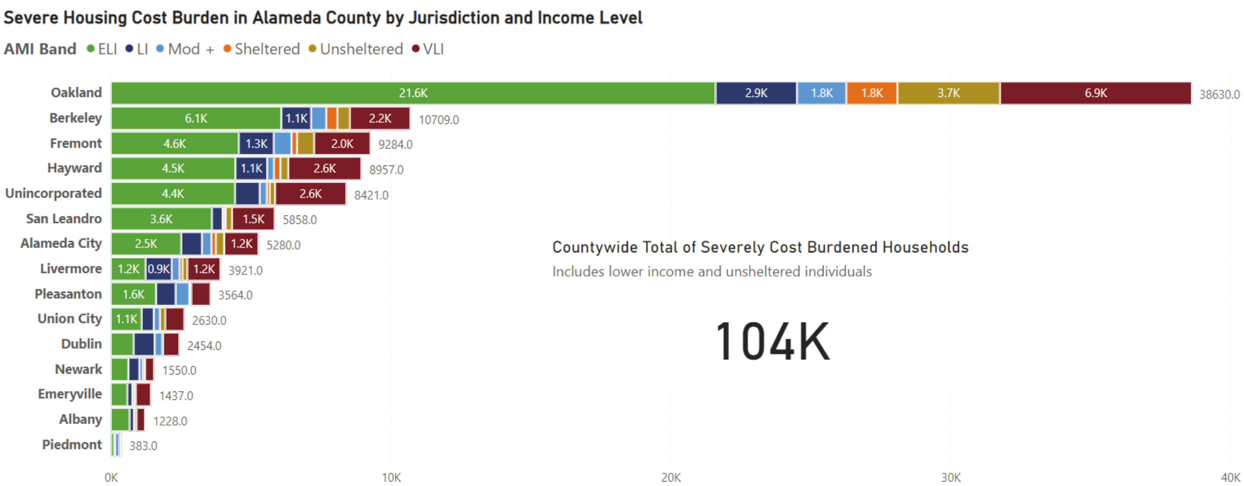
Credit: SF Chronicle

5.5 Housing Cost Burden

The number of cost-burdened households, defined as those spending at least 30% of their gross income on housing, has increased by 15% from 2000 to 2019. That increase has been driven primarily by severely cost-burdened households paying 50% or more of their income, with 23% more households facing severe housing cost burdens. This increase has been primarily driven by cost burden increases among very low- and extremely low-income households.

Figure 19 below illustrates the scale and scope of the severe housing cost burden by city for lower-income households. In every jurisdiction, the largest portion of those with severe cost-burden is made up of those with the lowest incomes. While the largest portion of this entire population is in Oakland, every City has a significant share of their population facing housing insecurity.

Figure 19 – Severely Burdened Households in Alameda County by Jurisdiction and Income Level



Across Alameda County, 45 percent of all renter households are considered cost burdened while 23 percent are severely cost burdened. This trend is especially pronounced for extremely low- and low-income renters, 80% and 70% of whom are cost-burdened, respectively, and 60% and 40% of whom are severely cost-burdened, respectively. This is a much higher rate of cost burden than experienced by homeowners as only 26 percent of owner-occupied households are cost-burdened. Most of these renters face a constrained market; in 2021, Alameda County had a housing vacancy rate of 5.7%, lower than the Bay Area or California, indicating lower supply relative to demand than in the rest of the region or the state. Vacancy rates vary widely by jurisdiction across the County, with some communities having less than 3% of housing units vacant and others having vacancy rates over 10%.

5.6 The Impacts of a Constrained Ecosystem

Overcrowding

When housing becomes increasingly expensive and unaffordable to low-income households, individuals and families will often resort to doubling up, leading to overcrowded housing conditions, endangering health and well-being. The US Census defines overcrowding as having more than one person per room in a housing unit. In a recent survey of Alameda County residents conducted by HCD, 30 percent of respondents reported having an adult child or other family member cohabitating due to housing costs. In addition, from 2000 to 2019, the average household size increased from 2.71 to 2.82 persons despite the share of households with a child under the age of 18 decreasing from 36.5 percent to 32.9 percent.

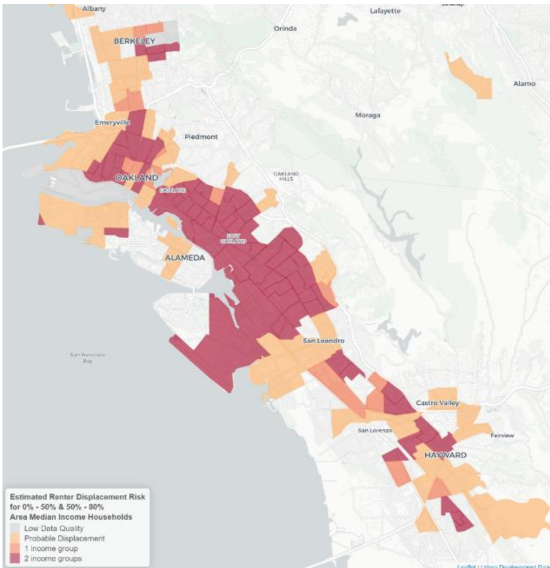
Homelessness

Households unable to afford housing run the risk of losing their homes altogether. Most unhoused persons, more than two-thirds surveyed, have lived in Alameda County for more than 10 years. Prior to becoming unhoused, two-thirds of unhoused residents also lived in a home that either they owned or rented or was owned or rented by friends or relatives. In addition to the obvious negative impacts of experiencing homelessness, there are a variety of secondary impacts. Homelessness is associated with lower educational attainment and more antisocial behavior among children and youth. Everyone experiencing homelessness faces greater challenges to accessing care, which can be particularly harmful to those with conditions that require regular treatment, and overall worse health. People experiencing homelessness may also find it harder to engage with local services and government, may be separated from familial support networks, face higher incidences of violence, theft, and sexual assault, and experience a variety of other knock-on effects due to not having stable housing.

Displacement & Housing Instability

Displacement is the process by which rising cost of living pushes individuals and families to leave a community to live somewhere more affordable. In some cases, those households continue to work in the communities where they used to live and choose to commute longer distances which has negative impacts on the environment and quality of life. When asked as part of the AC Housing Needs Survey, 84% of respondents said they were either very concerned or somewhat concerned about finding or maintaining affordable housing for their household. Additionally, half of respondents reported a friend or family member was moving out of the area due to housing unaffordability and 53 percent reported that they were strongly considering relocating out of Alameda County themselves due to housing unaffordability. Additionally, in a survey of Alameda County residents that participated in the Emergency Rental Assistance Program (ERAP), 60% of respondents reported experiencing one or more threats to their housing stability, including 34% who had previously been homeless, 27% who were concerned about being locked out of their home, 15% who received an eviction threat during the eviction moratorium, and 10% who experienced landlord harassment. In addition, 65% of survey respondents went on to fall behind on rent again after receiving financial assistance through ERAP, indicating longer-term risks to housing stability beyond those they experienced most acutely during the pandemic. As shown in Figure 20 below, according to the UC Berkeley study and the displacement risk model published by the Urban Displacement Project in 2022, around 40% of census tracts in Alameda County were at some risk of displacement as of 2019, largely in the urban core of the County.

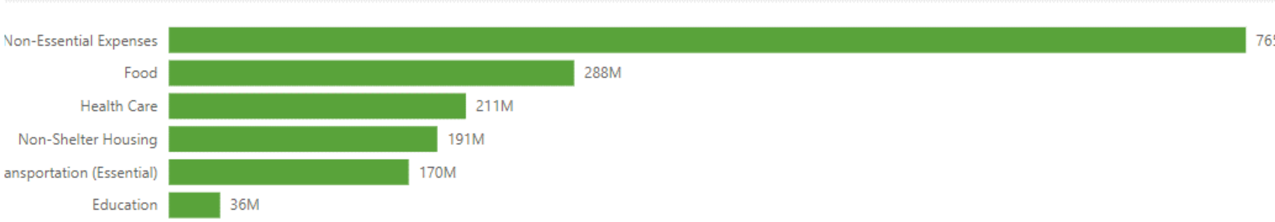
Figure 20 – Alameda County Displacement Risk by Census Tract, 2022



Displaced Local Spending

A direct result of housing cost burden is that housing costs displace household spending on other local goods and services. HCD estimates the total annual overpayment, the portion of housing payment beyond what is affordable, is over $2 billion annually. Lower-income households would likely to spend these dollars locally rather than save it. While some of these funds still make it into the local economy via local rental businesses, this means less household income recirculates through local business than otherwise would, diminishing economic activity. Rental payments to institutional or corporate actors—including banks making mortgage loans or corporate rental businesses—do not recirculate at all. On a household level, this displaced spending represents foregone medical care, educational achievement, and nutrition, among other compromises struggling households must make to get by, restricting opportunity, and deepening cycles of economic isolation.

Figure 21: Local Spending Displaced by Housing Cost-Burden



CHAPTER 6: HOUSING, THE ROOT CAUSE OF HIGH RATES OF HOMELESSNESS

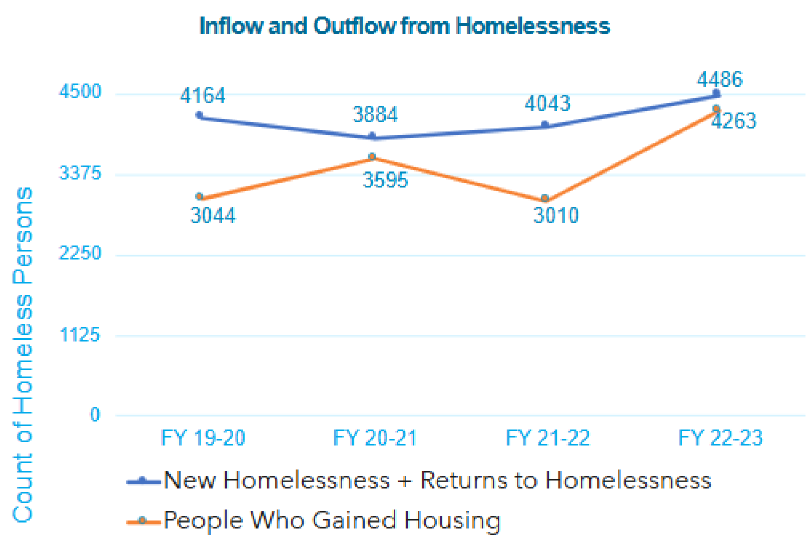
In a high-cost housing market like the Bay Area's, housing problems are widespread and varied, particularly for low-income households but even for moderate income households as well. Three of the dominant issues that impact low-income households are listed above: overcrowding, homelessness and housing instability. While all of these problems are important, homelessness is the most visceral result of a housing ecosystem that does not support low-income households. Unsheltered homelessness is dangerous for those who experience it, a source of frustration for many residents and elected officials, and is expensive for local governments to manage. There are also many theories as to what the root causes of the Bay Area's high levels of homelessness are, including substance abuse, mental health, and good weather making it easier to live on the streets. However, emerging research shows that instead the critical driver of homelessness in the Bay Area and across the Country is the housing market- particularly the cost and availability of housing.

In 2022, Alameda County released its Home Together Plan, which described the scope and scale of a homelessness response system adequate to serve Alameda County's needs and therefore reduce homelessness to 'functional zero'. The Home Together Plan estimates that Alameda County needs 24,340 additional housing units and subsidy slots by 2026 to end homelessness. Of these, the report estimates that 7,385 new permanent supportive housing units are needed, and 10,070 new dedicated permanently affordable housing units or rental subsidies are needed. Supportive housing units require a particularly high level of subsidy because they are unlikely to have rents that can support operating costs and require extensive social services on site. The homelessness response system includes a mixture of health and housing services based on the number of households who require housing solutions in a given year. The Home Together Plan calls for 17,455 brand new housing solutions to be added to the housing system specifically for homeless individuals. Critically, this number reflects only the capacity needed to serve those who lose shelter and would not serve the remaining 80,000 severely cost burdened households who spend more than ½ of their income on housing payments.

In addition, homelessness prevention is a critical component of addressing the immediate need to reduce the number of unhoused people throughout Alameda County. In recent years new entries into homelessness have consistently exceeded exits from homelessness. This is happening even as spending on homelessness has increased from pandemic one-time resources, and the homelessness response system has been able to move more people out of homelessness and into housing.

As shown in Figure 22 below, since 2019, the County's homelessness response system has moved 13,982 people into housing but in that time 14,959 people have become newly homeless leading to a net increase of almost 1,000 unhoused individuals. In none of these years did the number of people gaining housing exceed those becoming newly homeless. The system will continue to be challenged in making tangible progress if entries into homelessness outpace exits from homelessness. Reducing aggregate inflows to homelessness, as covered earlier, will rely on investment in housing supply that lowers rents and increases the availability of units, both of which point to the second part of HCD's goal.

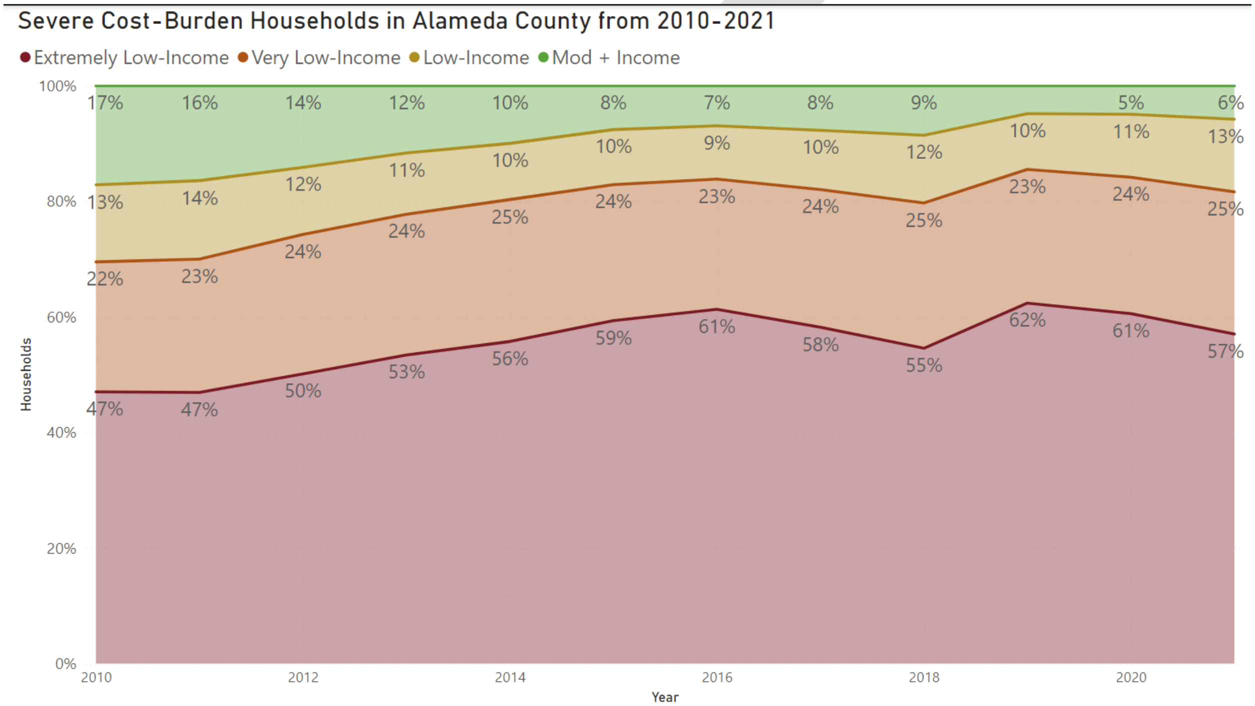
Figure 22: Annual Inflow and Outflow from Homelessness



6.1 Housing Prices Impact Housing Stability

The two most salient drivers of homelessness in the Bay Area, compared to other metropolitan areas, are high absolute rent prices—the actual dollar amount charged for rent—and low vacancy rates. Put another way, while lower-income residents in other areas of the country may be able to stretch fixed incomes, minimum wage work, or government benefits to meet their monthly housing cost, this is much more difficult in the Bay Area, and when someone loses housing or has to move there are few alternatives available at an affordable price. For instance, $946 or $1,371, the monthly Supplemental Security Income (SSI) benefit for an individual or a couple, goes much further towards median rent in Detroit ($735) or Chicago ($1,161), than in Alameda County ($2,046). Without an alternative, someone on SSI or similarly cost constrained is much more likely to become homeless here in the Bay Area. While other measures of the housing market are important, the Bay Area's highest in the nation rents explain a great deal of the current homeless crisis. As Figure 23 below shows, as of 2021, 57% of extremely low-income households were severely housing cost burdened, paying more than half of their income in rent. This is up from 47% of such households in 2010.

Figure 23: Share of Severe Cost-Burdened Households in Alameda County by Income Level, 2010 - 2021



Both systematic drivers are, at their core, indicators of scarcity in the broader housing market. More units would ensure vacancy rates conducive to tenants finding replacements for homes. More units would also eventually bring supply into line with demand and thus bring down absolute rents. Both drivers impact everyone in the housing market, but they are especially impactful on homelessness because the lowest income and most disadvantaged are the ones who are squeezed out of that market.

While individual risk factors of homelessness such as being low-income, having a mental health condition, or substance use disorder are vitally important in understanding who suffers from homelessness and how services can best be designed to rehouse them, the systemic driver of high levels of homelessness overall is scarcity in our housing market. Put another way, when rents are high and units hard to find, more people cannot find housing and become homeless because they have fewer options. The fact that those who become homeless because of this are already disadvantaged should not be surprising. Due to exceptionally high costs and low supply, our housing market is essentially without a safety net, meaning anyone already hanging on by their fingers—who, for instance, is on a fixed income that does not meet rent or faces an unexpected shock that makes them lose their housing—is going to lose their grip. We can see this in the recent unfortunate increase in homelessness among seniors. From 2019 – 2023, the number of seniors accessing homeless services in Alameda County more than doubled, from 486 to 983, according to the State of California's Homeless Data Integration System. People on fixed incomes with little in the way of savings who have aged out of the workforce are especially vulnerable to rapid increases in housing prices or other financial emergencies that can lead to housing instability.

A fundamental component of any solution is to add housing supply, however simply adding market-rate housing units will not address the problems faced by those who already cannot afford market rates. Market-rate production is financed and targeted at the current market rate, for-profit developers cannot bear sub-optimal returns on investment nor should they. New market rate construction can stabilize rent increases by ensuring supply expands at the same rate as demand, but absent a significant decline in population, there is no precedent for a market driven sustained decline in the rent level. Additionally, other systemic barriers—most centrally, the limited quantity of undeveloped land in the County, regulatory hurdles, and historically high construction costs—make it doubtful market-rate housing can meet even the current levels of demand. As a result, HCD's role as funder of affordable housing is vital to meeting the needs of 211,000 households who already cannot compete in our housing market. Serving those households and addressing the root cause of the crisis requires capital investment/subsidy by federal, state, and local government to cover the costs for-profit development cannot. This is the only pathway to increasing the supply of desperately needed low-cost housing. More broadly, investment in long-term resources like affordable housing supply offers the best chance to build a housing system that ensures everyone has the resources and opportunities to pursue happiness without worrying about housing insecurity. In the shorter term, while we build the capacity of the housing ecosystem, protection measures will play a vital role in giving at-risk residents the resources to prevent homelessness, like emergency rental assistance, and lowering the pressure placed on them by the market.

6.2 Lack of Deep Subsidy for ELI Households

As discussed previously, market rate development cannot provide housing at low enough cost to serve lower-income renters. The federal assistance which provides low-income renters access to market-rate units, the tenant-based voucher Section 8 program, has not kept pace with increasing housing costs or the population of low-income households. On the production side, federal and state tax credit supported affordable housing development provides capital subsidy for lower income development. This up-front subsidy allows for the production of buildings which are financially sustainable with minimal rental support for up to 55 years provided that the households' incomes across each of its units average to about 40% of AMI. Essentially, higher income residents in affordable buildings, while still paying below market rates, subsidize the lowest income residents with their rental payments. Unfortunately, this model lacks the flexibility to prioritize housing those with the lowest or with no incomes. It fixes the proportion of affordable units in Almeda County that can serve extremely low-income households or homeless individuals at ~35% AMI. To increase the proportion of extremely low-income, interim, permanent supportive housing and dedicated affordable housing for extremely and acutely low-income persons, Alameda County must provide on-going operating funding to ensure long-term sustainability in addition to capital investment.

HCD and Alameda County Health's Housing and Homelessness Services Department ("H&H") have collaborated to produce the Local Housing Support Program framework ("LHSP"). This program facilitates the distribution and monitoring of long-term funding arrangements which are fundamental components of building deeply affordable housing. Currently, resources which can support this program have not been confirmed and until this support is forthcoming, only one in three County-produced units can sustainably serve this highest need population.

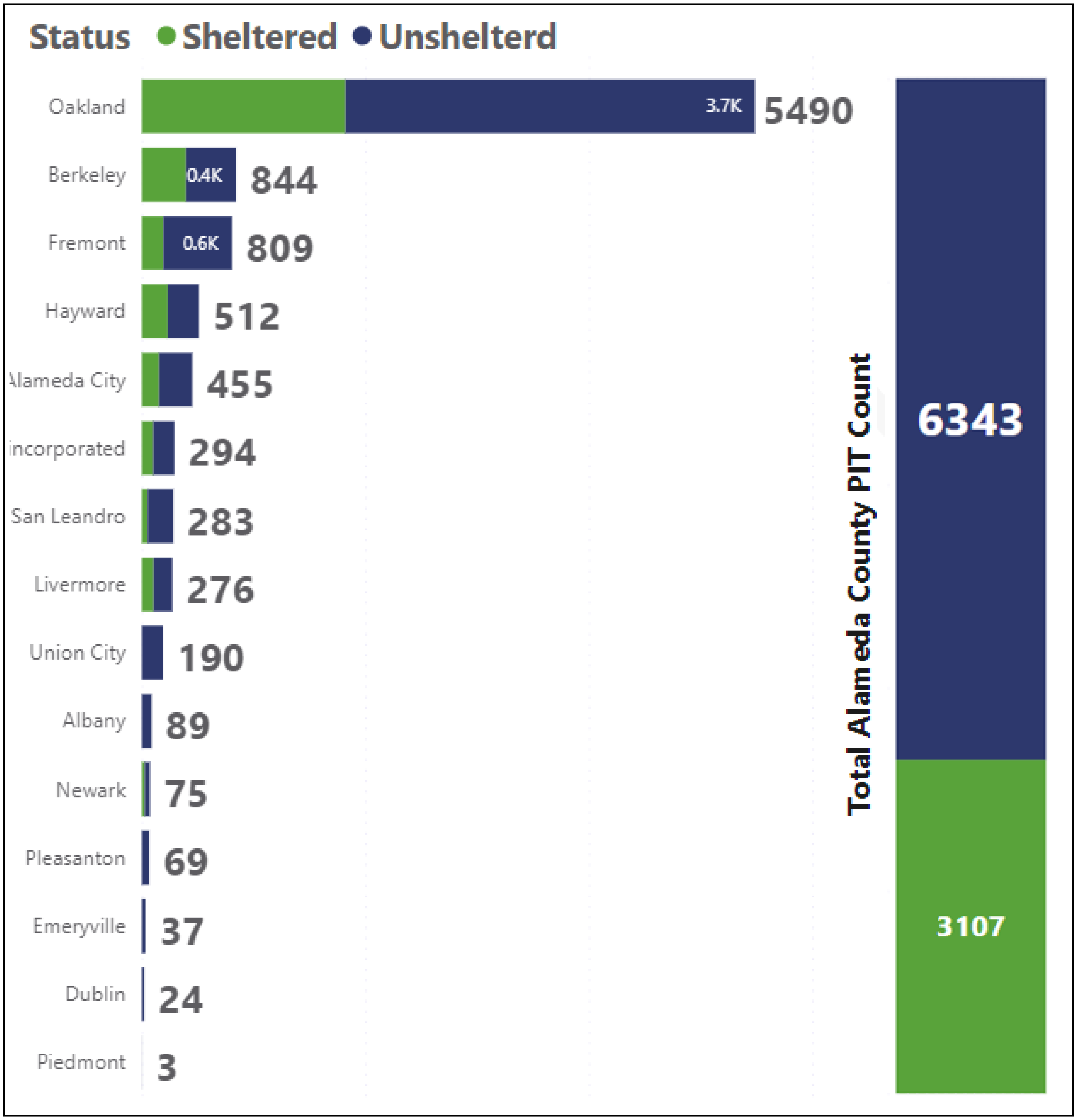
6.3 Point In Time Data

From 2007 – 2015, homelessness in Alameda County, as measured in the bi-annual homeless point-in-time count, decreased from 4,838 people experiencing homelessness to 4,040, a 16% reduction. However, since 2015 homelessness has more than doubled to 9,747 people experiencing homelessness in 2022, the highest number on record. The increase in unsheltered homelessness-individuals who are neither in emergency shelter nor transitional housing- has nearly tripled, increasing from 2,397 unsheltered people experiencing homelessness in 2015 to 7,135 in 2022.

The 2024 Homeless Point in Time Count (PIT Count), conducted over one night in January 2024, counted 9,450 persons experiencing homelessness, a 3% decrease from 2022. While the number of people experiencing homelessness has still significantly increased over the past 10 years, it appears the investments the County has made in reducing homelessness have begun to have an impact. Notably, unsheltered homelessness declined by 11% from 7,135 persons in 2022 to 6,343 persons in 2024 and sheltered homelessness increased from 2,612 to 3,107, indicating that more people are using the shelter resources that have come online over the last two years. Homeless shelters offer a safer place for persons experiencing homelessness and a chance to connect with other community resources including mental health and drug treatment, as well as permanent housing. Our current homeless system supports 3,163 homeless shelter beds, which is not sufficient to provide a safe place to sleep for all those who become or remain homeless in a given year. The largest population of unhoused persons is in

Oakland, where more than 58 percent of unhoused persons lived in 2024. The next largest populations were in Berkeley, Fremont, and Hayward.

Figure 24 – Homeless PIT Count Totals by Jurisdiction 2024



Additional capital investment is needed to enhance the County's interim housing and shelter capacity. The Home Together Plan estimates that Alameda County needs an additional 2,200 shelter beds to meet the needs of unhoused residents throughout the County. Investments in shelter or interim housing capacity are often pitted against and seen as detracting from investments in longer term solutions such as Permanent Supportive Housing (PSH). However, this need not be the case. When the County acquires land for PSH, it can use that land prior to construction as a site for forms of interim housing such as Safe parking sites or temporary interim housing. Such implementation strategies can create synergies to maximally leverage public resources.

PIT Count data and statewide survey results point to the same conclusion: while many individuals without a lease in their previous living arrangement left their prior housing for social reasons—due to a dispute or inability for others to house them—the majority of all individuals experiencing homelessness believe relatively small levels of direct assistance could have prevented them losing their housing. Shallow rent subsidies, one-time lump-sum payments, and housing vouchers can thus have a significant impact in keeping people from becoming homeless in the first place.

CHAPTER 7: THE SCALE OF A COMPREHENSIVE SOLUTION

7.1 Creating a Permanent Solution to Homelessness (Home Together)

The most immediate need in the County is to move currently unhoused people living on the streets into interim housing solutions (emergency shelters/navigation centers, safe parking, and or safe sleeping/camping sites) and ultimately into safe and habitable housing while also slowing the tide of people becoming newly unhoused. This investment will generate the housing infrastructure required to permanently end the crisis of elevated chronic homelessness on the streets of Alameda County.

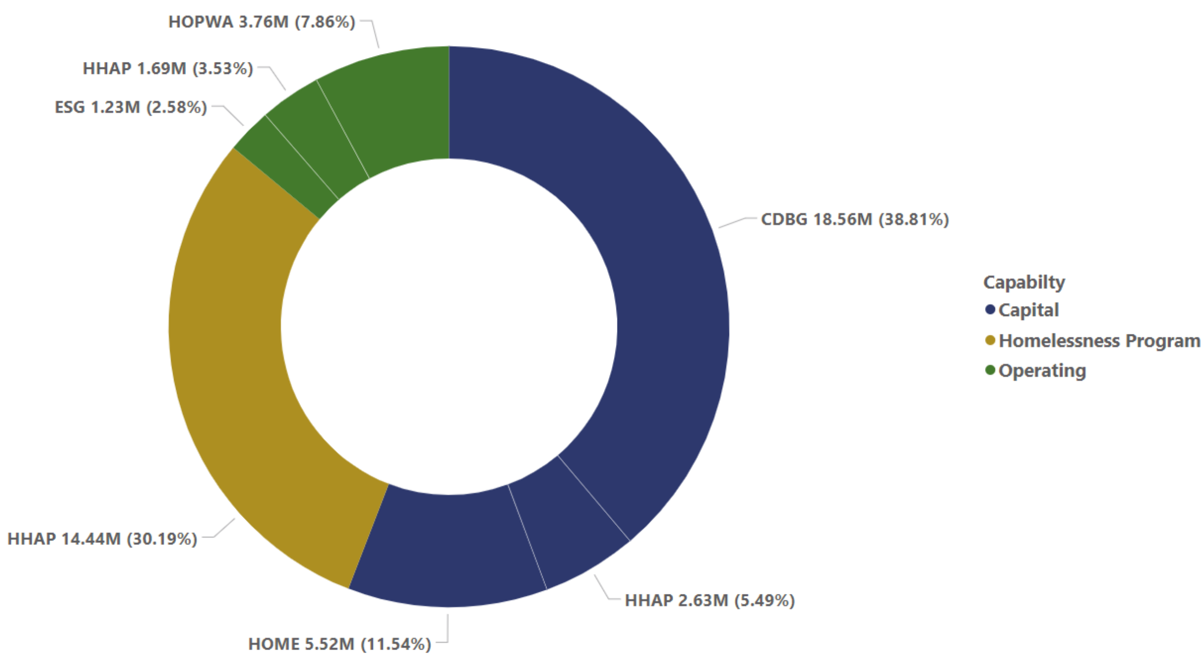
According to the County's Home Together plan, responding to homelessness in the County will cost approximately $2.5 billion over the five-year plan period (2021 – 2026) for annual services and operation expenses (not including capital development costs).

- $430 million of this would go towards operations and services at interim housing programs (emergency shelters/navigation centers, safe parking and safe camping sites).
- $388 million to homeless prevention services, rapid rehousing programs, and shallow subsidies to keep housing insecure households from losing their housing.
- The remaining $1.68 billion would be spent on operations and services at Permanent Supportive Housing (PSH), permanently affordable housing with wrap-around services for Extremely Low-Income (ELI) households experiencing homelessness.[iii]
- Add Ongoing operating costs beyond year 5

The vast majority of the funds outlined above would go towards supporting ELI households in housing, covering the costs which they can't afford on their own. This highlights the systematic drivers of homelessness; while services are incredibly important to help individuals become permanently housed, significant investment in funding to keep people in their housing is the only thing that can permanently turn back the tide. The cost of subsidizing ELI people in housing has historically been the responsibility of the federal government, using either public housing or vouchers for private housing from the Department of Housing and Urban Development. However, HUD's budget has been insufficiently funded by the federal government to keep pace with the rising cost of housing. This makes funding for operating subsidy even more needed, because while capital investment is critically needed and necessary to build new affordable housing, operating subsidy is also needed to make that housing accessible for the lowest income households in our community. In Chapter 9, a discussion of the amount of funding needed if a voucher program were used to house using that system is presented.

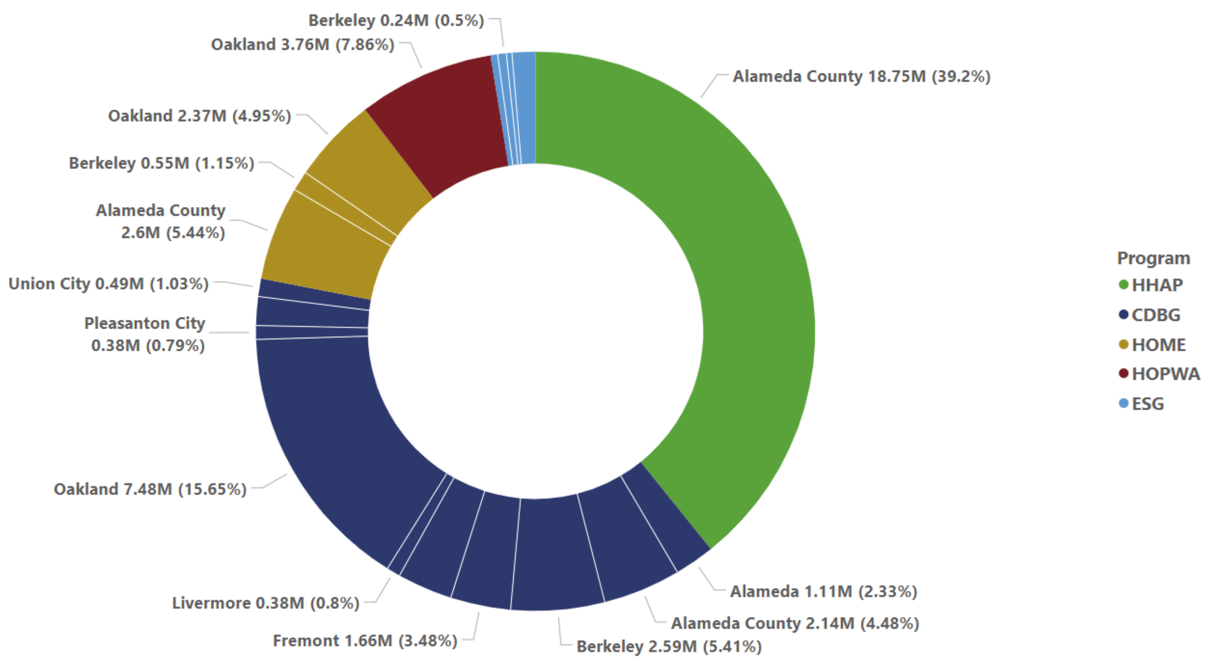
The County and its cities currently receive approximately $47 million annually in recurring funding from federal and state sources which can be used to support capital investment and operations for affordable, permanent supportive, shelter/interim housing, and homeless services. Figure 25 below shows the breakdown of funds received by category.

Figure 25 – Recent Countywide Federal and State Housing and Homelessness Funds, Annualized



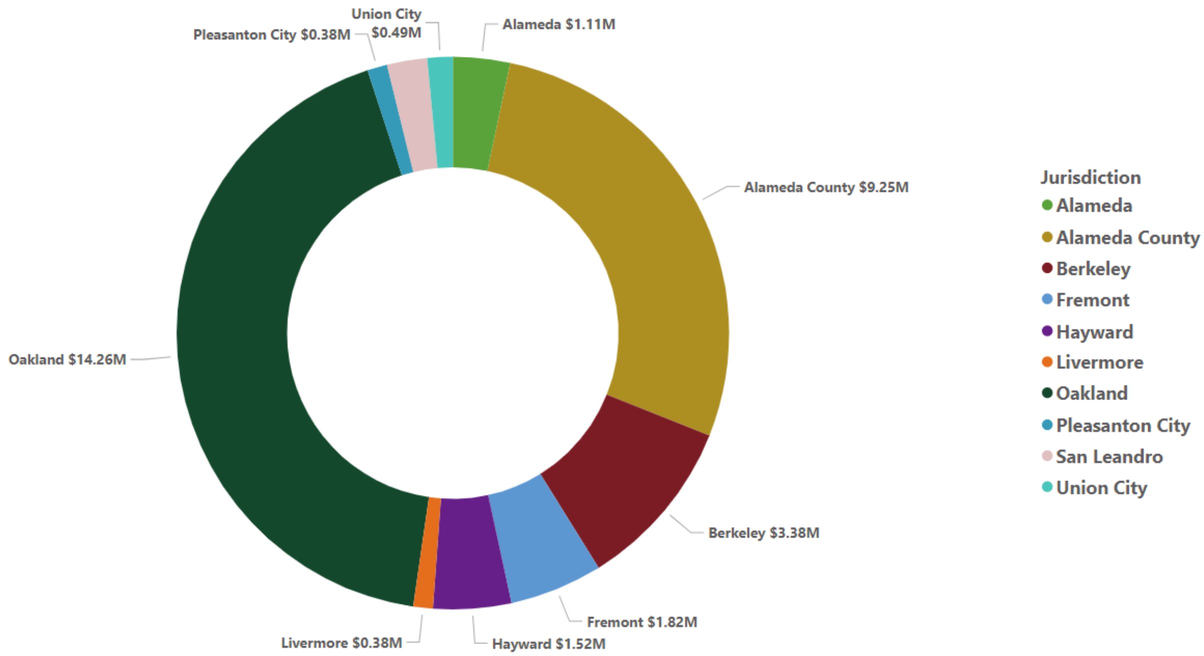
These longstanding federal (HUD) and newer state (HHAP) funding streams are deeply integrated into Alameda County's existing services and development pipeline and are very difficult to reallocate. Other sources are generally competitively awarded, 'one-time', and available subject to State and Federal considerations, making them difficult to plan for. Furthermore, as shown in Figure 26 below, HUD and the State of California's grants delegate authority for the majority of funds amongst the County's Jurisdictions and its CoC making coordination difficult. This leads to a fragmented system where funding is spread across jurisdictions with different priorities and goals for housing investments and homelessness response.

Figure 26 – Countywide Federal and State Housing and Homelessness Funds, Annualized by City



As Figure 27 shows below, the recurring capital and operating funds provided by federal and state sources divided between the County and its cities leaves many communities with very small budgets for affordable housing. This makes it very difficult for those funds to catalyze new development or provide meaningful operations funding for affordable housing development. Furthermore, while cities with the greatest need for affordable housing dollars such as Oakland do receive the most funding, the amount they receive is nowhere near sufficient to meet their needs.

Figure 27 – Annual (Recurring) Federal and State Capital and Operating Funds by City



7.2 Annual Operating Needs for Homeless and Acutely Low-Income Units

As noted above, in additional to capital investment, interim, permanent supportive housing and dedicated affordable housing for extremely and acutely low-income persons all require operating subsidies to ensure long-term sustainability. Operating subsidy commitments are needed at the onset of housing development for a 10- to 15-year term. The Home together plan estimates the operating support needed to sustain the 17,455 units of additional affordable units to end homelessness is approximately $280 million per year.

7.3 Meeting Regional Production Obligations (RHNA)

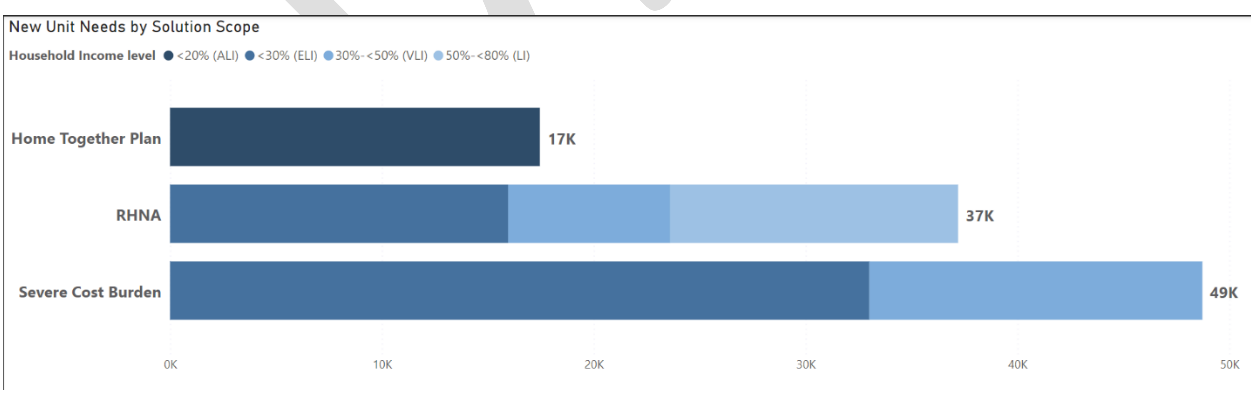
California and Alameda County's high housing costs stem from long term and chronic underproduction of housing affordable to lower and middle- income households. Meeting RHNA production targets is an essential component of any long-term plan to stem the rising tide of homelessness and displacement. In the 6th RHNA cycle, covering the years 2023 - 2031, communities across Alameda County need to support the construction of 37,197 housing units for low-income households. This includes 15,960 housing units affordable to extremely low-income households which will also require ongoing operations subsidy for on-site services and maintenance.

7.4 Housing Security for All (Severe Cost Burden)

Even if the County were to meet its RHNA goals for households with incomes between 0 – 50% AMI, there would still be over 45,000 extremely low and very low-income households facing severe housing cost burdens. Severely cost burdened households pay more than half of their gross (pre-tax) income in housing costs and are at high risk of homelessness if they experience a sudden loss of income or other financial crisis that impacts their ability to make housing payments. Producing new housing affordable to households making between 0 – 50% of AMI is critical to preventing homelessness going forward while we work to solve the current crisis of unsheltered homelessness in Alameda County. From 2000 – 2019, the number of severely cost burdened households increased by 23% from 76,260 households to 93,650 households. From 2007 - 2024, homelessness as measured by the bi-annual homeless PIT count increased by 95% from 4,838 persons to 9,450 persons. While there are many factors that influence increasing homelessness within a particular region, the increase in housing cost burdened households has been accompanied by an increase in homelessness.

In order to better present the scale of need and activities discussed in this plan and align them with County priorities, three Production Scopes have been presented. These goals are cumulative, with the Home Together plan serving the most acute needs and the Severe Cost burden proposal providing the most comprehensive solution. In total, to meet all of the County's affordable housing needs would require building over 103,000 new units, the breakdown of units needed by production scope is present in Figure 28 below.

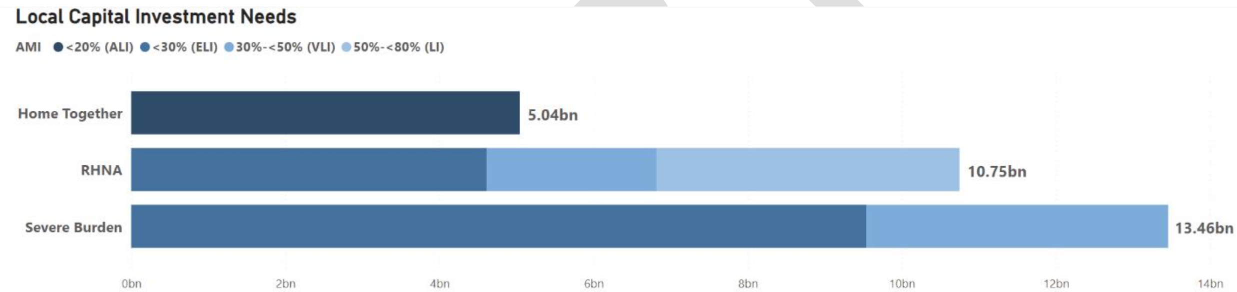
Figure 28 - Number of Units Needed



7.5 Total Funding Needed for Capital Production

To meet the production goal of new units and shelter beds would cost approximately $29 billion in local investment, as shown in Figure 29 below. The funding needs include capital funding for new construction and operating subsidy for extremely low-income households that would otherwise not be able to access affordable housing.

Figure 29 – Local Capital Investment Needs for Production



The total cost of development is broken out into the three production scopes previously mentioned:

1. *Ending Homelessness* – $5.04 billion plus ongoing operations support included in the Home Together Plan.
    a. $1.21 billion for Permanent Supportive Housing
    b. $0.92 billion for medically frail individuals
    c. $2.91 billion for dedicated affordable housing for acutely low-income households (0-20% AMI) plus ongoing operations subsidy
2. *RHNA Low-Income Units* – $10.75 billion
    a. $4.61 billion for extremely low-income units (0-30% AMI) plus ongoing operations subsidy
    b. $2.21 billion for very low-income units (31-50% AMI)
    c. $3.93 billion for low-income units (51-80% AMI)
3. *Severely Cost-Burdened* – $13.46 billion
    a. $9.54 billion for extremely low-income units (0-30% AMI overlap with above) plus ongoing operations subsidy
    b. $3.92 billion for very low-income units (31-50% AMI)

Total Needs: $29.25 Billion

SECTION III – SOLUTIONS

CHAPTER 8: A 10-YEAR CAPITAL STRATEGY

8.1 Prioritizing Housing Interventions/Investments to Meet Housing Needs

The Housing Plan organizes programmatic investments around the Committee to House the Bay Area (CASA)'s Three "P" Framework. This framework identifies a three-pronged approach to address the region's housing crisis: Produce, Preserve and Protect. This strategic plan is also guided by Alameda County's Vision 2026, which sets a goal for what the County will look like when we accomplish all our goals. This vision includes four components: (1) a Healthy Environment, (2) a Thriving and Resilient Population, (3) Safe and Livable Communities, and (4) a Prosperous and Vibrant Economy.

Generally, housing activities that correspond to one of the three categories could be funded from a variety of sources, but some funds must be spent on specific things – for instance general obligation bonds can only be spent on capital improvements (sticks and bricks). In some areas, including policies such as rent stabilization that protect residents from displacement, programs would need a funding source that is eligible to cover services (non-bond source of funding). Chapter 5 details possible funding sources for a variety of programs.

HCD proposes a coordinated approach, across departments, agencies and funding sources, to focus the County's housing investments to have the greatest impact. Additionally, the county will have to work closely with city partners to ensure that all local resources are in alignment and our focus is on a coordinated approach. This means that multiple county agencies would have to work with the Housing and Community Development Department to focus investments where they would have the highest impact.

Figure 30: Goals and Objectives

GOALS AND OBJECTIVES	HOUSING ECOSYSTEM INTERVENTION OBJECTIVES
PRODUCE	Create the conditions to develop enough affordable housing of many types to meet the unhoused, RHNA and severe cost burden need in Alameda County
PRESERVE	Ensure that the existing housing stock of affordable deed-restricted units, emergency and interim housing units for the homeless, and naturally occurring affordable housing remains stable and affordable for low-income residents
PROTECT	Protect residents, especially vulnerable populations, from evictions, displacement, homelessness, and housing discrimination

Using the Produce, Preserve and Protect framework, Alameda County and its cities need to create 107,000 new units of affordable housing, preserve 2,133 units of affordable housing, and protect 21,500 low-income tenants at risk of eviction and displacement across the county.

As detailed in Chapter 2 HCD undertook a rigorous public engagement process to solicit input from the community on their top housing priorities. A common theme was frustration over the lack of progress towards housing the homeless. Community members were concerned that not enough had been done to solve the homeless crisis, but when they understood the scope and scale of the problem were surprised that not enough resources were dedicated to the effort. For instance, during the pandemic, and as discussed in Chapter 6, when additional resources became available, the county and city partners were able to house 13,982 unhoused people – a significant achievement. However, during that same period 14,959 became homeless. It is clear that stemming the tide of increasing homelessness requires both production of new housing as well as prevention/protection programs to keep people from becoming homeless in the first place.

By every metric, providing the required local funding to achieve the goal of creating enough housing affordable to all who need it is daunting. However, it is important to name the issue and provide the full scale and scope of the problem so that our community understands that the housing crisis we are facing requires significant investment and must be prioritized to affect a change. Specifically, the Homeless System of Care does not have sufficient funding for either the capital needs to develop the housing or provide the services necessary for those most in need. To address this problem with federal vouchers (section 8 program) would require a significant change in federal housing policies, which is unlikely to occur in the next four years after the November 2024 election. State government has increased resources for homeless housing, but it is not sufficient to address all of the needs. This will require significant resources from local government to address local issues affecting our community.

On a local level, there are a variety of options that could fund different portions of the County's ten-year plan. Different potential sources are better adapted to different parts of the plan, depending on likelihood of adoption, allowable uses of funding, and regular vs one-time nature of sources. Bonds and other one-time funding sources, which raise all their funding in one approval by the voters and can be used for a relatively narrow range of uses, are ideal for capital projects that need funding upfront. Operating subsidy and supportive care programs are better suited to a multiyear tax—such as a sales or vacancy tax—or fee, which make some flexible funding available each year. No one source will address all the needs identified in this plan, but combined, complimentary sources can leverage their impact to create robust and durable resources.

Raising new revenue for local government is governed in California by Prop 13, which requires that new taxes be voted on and meet certain thresholds. For instance, a General Obligation Bond (an increase in property taxes spread across all properties) requires that 67% of the voters support the increase. This means that the minority of voters, 33% can override what the majority of voters (51%-66%) determine is the best course of action. In Alameda County, multiple attempts to assess property taxes to raise revenue for housing and homeless issues have earned the majority of the voters support – but without the required "Super Majority" the minority coalitions hold veto power. In addition, special sales taxes that are regulated to specific purposes must also receive a 2/3 majority whereas general sales taxes which can be used for any purpose only require a simple majority. Regardless of the type of tax presented to the voters, in the last four years, several challenges to voter approved revenue streams have taken years in court to resolve – both costing funding to defend in the courts as well as significant delay in the use of the funding to support the safety net programs in desperate need of additional revenue and approved by a majority of voters.

For instance, Measure W was a 0.5% general sales tax measure which passed with a majority vote in 2020. It would be up to the Board of Supervisors to determine how to spend the Measure W revenue, however the measure has been held up by a lawsuit brought by one individual and supported by the statewide Howard Jarvis Taxpayers Association for four years. While the Board has determined these funds would be used to support anti-poverty programs across the county, the funds are being held up by the lawsuit. These funds would provide approximately $180 million per year into use by the Board of Supervisors to support the solutions to the housing and homelessness crises outlined here and in the Home Together Plan. The County won the lawsuit, but the appeal has been outstanding for two years. Meanwhile the tax revenue continues to be collected and sit in an escrow account while the housing crisis continues to worsen. The community is unaware that it voted for a revenue source that would have helped these issues, but for one individual who has held up implementation of a majority supported revenue source.

Currently, none of the cities or the County have resources that would match this need from either grant sources coming from the Federal or State governments or from available annual revenue streams that flow into local budgets.

Produce – 20,000 New Units and Interim Safe Sleeping/Parking Programs

The first step toward achieving that vision is setting realistic goals which make meaningful impact to the housing crisis. Given the resource constraints, these goals must integrate the community's priorities with the capabilities of partners and stakeholders. This plan adopts an achievable goal of adding 2,000 new units per year, over the next ten years, for a total of

20,000 new units. Annual production of ~2,000 units reflects the recent peak of new affordable housing starts in Alameda County, 2018-2019.

Prioritize Production to the lowest income households and work to coordinate those units with ongoing operation subsidy

- **Safe Sleeping and Safe Parking Sites** – There are over 6,000 individuals living on the streets throughout Alameda County and we need immediate shelter for all of them. These would clearly be Short Term/Temporary Shelter and not intended to be a permanent place to live. These sites must be identified across the county, and working with the cities to find sites would be an immediate priority. The sites would have operators with funding to support the ongoing operational needs. These sites can be located on public land (Parking lots), on vacant land privately owned and leased, or on sites that are awaiting development of some future use. As new PSH housing units and new physically permanent shelters are stood up, these interim safe sleeping and safe parking sites could close.

- ***Shelter/Interim Capacity*** – 2,000 beds

  The Home together Plan identifies a need for a minimum of 2,000 new Shelter/Interim Housing beds to support the full homeless system of care. These are permanent structures that will be in place for 50+ years and provide long term access to emergency capacity in our system. This capacity is a critical component of the homelessness response system, providing the key resource for households who have newly lost their housing, preventing unsheltered homelessness, for those who may be chronically without shelter and need a place to stabilize, and for those who are receiving support and hoping to transition back to a permanent housing situation.

- ***Permanent Supportive Housing – 6,000***
    - Permanent Supportive Housing (PSH) provides long-term, affordable housing alongside intensive case management and supportive services to individuals experiencing chronic homelessness, often with physical disabilities or mental health challenges, to help them live semi-independently within the community. Aligning to the Home Together Plan, which calls for over 7,000 new PSH units and an additional 10,000 units that are dedicated to the homeless with operation subsidy for all 17,000 needed to ensure people don't return to homelessness.

Estimated number of housing solutions, by type, needed by 2026

4,195	**Additional supportive housing units**
3,190	**New supportive housing units for older/frail adults**
10,070	**New dedicated affordable units or subsidies**

- ***Extremely Low-Income Affordable Housing – 7,000***
    - Extremely low-income (ELI) housing is for households with incomes at or below 30% of the area median income (AMI). ELI households have the highest rates of sever housing cost burden and are at the highest risk of becoming homeless if they lose their housing. Often these households are dependent on fixed incomes such as SSDI or Social Security, and require rental subsidy to permanently live in housing of any income level – including affordable housing.
- ***Very Low-Income Affordable Housing – 5,000 units***
    - Very low-income (VLI) housing is for working households with incomes at 30%-50% of the area median income (AMI). VLI households experience housing cost

burden and housing instability at very high rates and may become unhoused displaced without housing support.

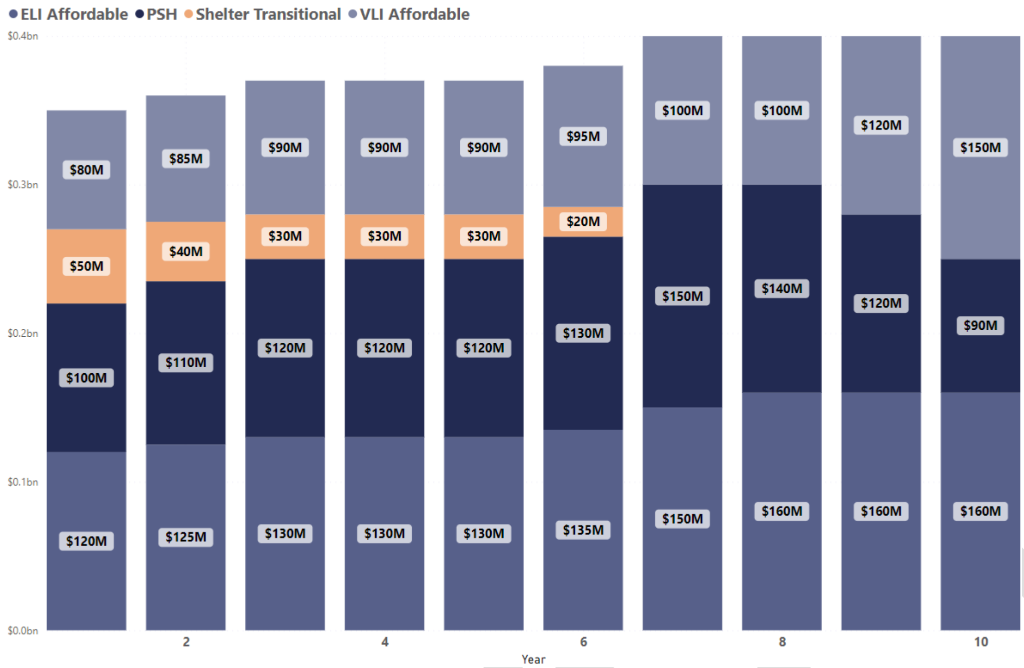
Significant progress will require dedicated funding from city and county government. This build out prioritizes capacity for households with the highest housing needs while maintaining an adaptive scope, a realistic pace, and more financially sustainable unit mix. Opportunities to build housing capacity are not consistently available and each opportunity may not be suited to serve every population or host every type of housing. HCD is developing a process for evaluating and triaging sites quickly to ensure opportunities are not underutilized.

Figure 31: Production Goals

Category	10-Year Unit Goal	Local Capital Investment	Ongoing Annual Operating Subsidy Needs
Shelter/Interim Capacity	2,000	$200M	$32M
Permanent Supportive Housing	6,000	$1.2B	$93.6M
Extremely Low-Income (ELI) Affordable Housing	7,000	$1.4B	$109.2M
Very Low-Income (VLI) Affordable Housing	5,000	$1B	-
Total	**20,000**	**$3.8B**	**$234.8M**

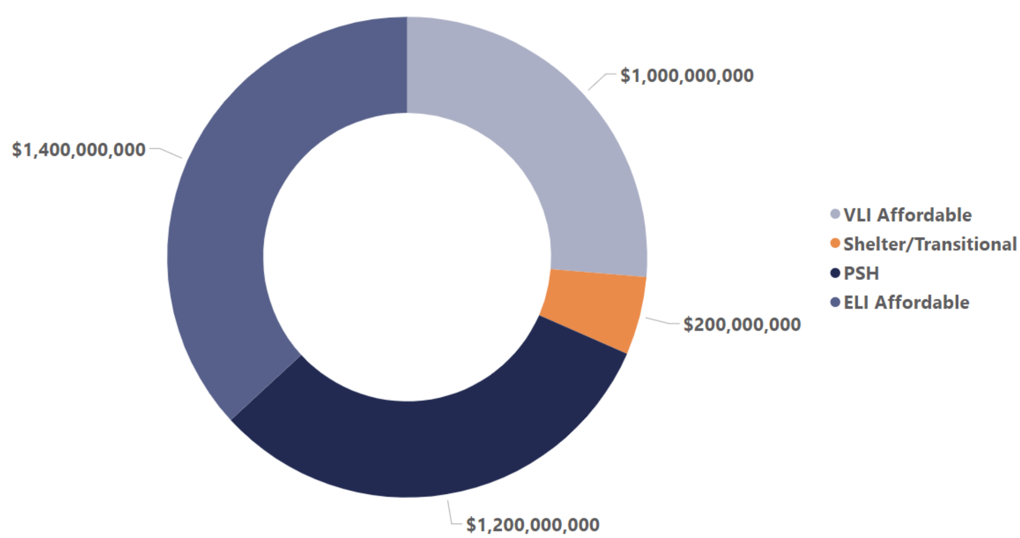
Ideally these investments would be spread roughly equally in cost over 10 years, with highest acuity units prioritized to the extent that is technically and financially feasible. Figure 32, below, projects on such investment scenario.

Figure 32: Annual Capital Needs for Production



Total capital needs are substantial, and though shelter capacity requires less investment on a per-bed basis, it does not offer a permanent solution for its clients and cannot effectively reduce homelessness unless supported by other housing types.

Figure 33: Total Capital Needs for Production



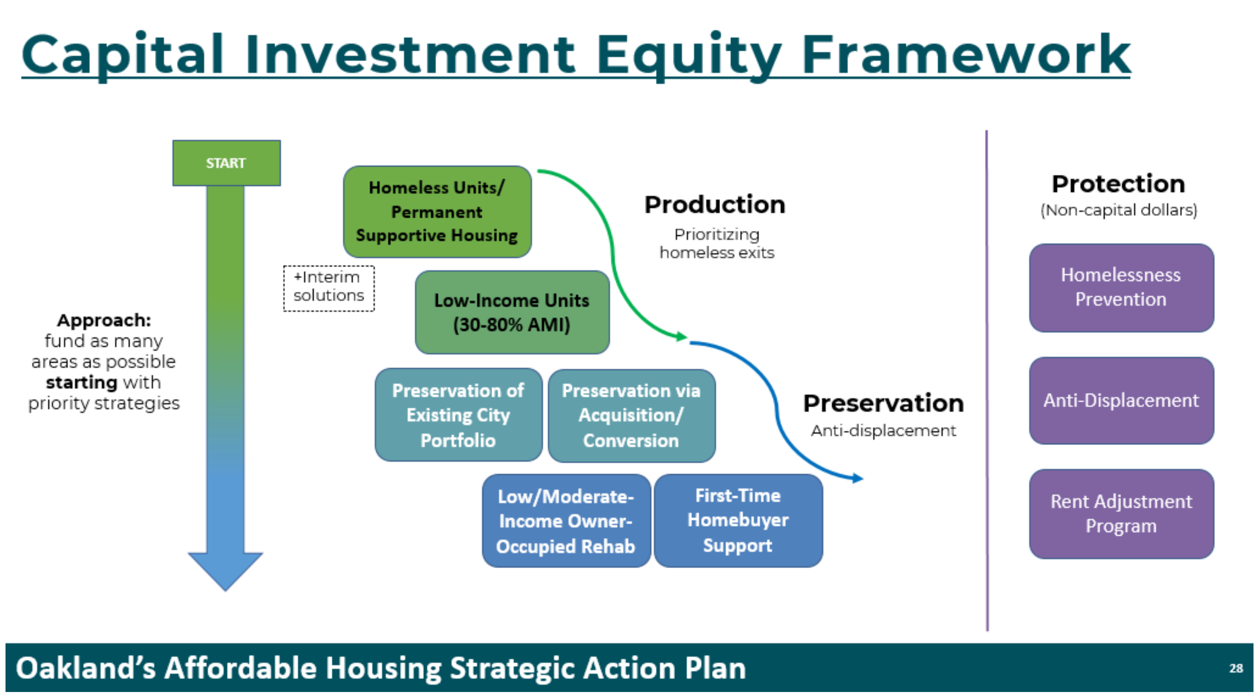
Total Needs: $3.8 Billion

Impacting the housing needs must be accomplished in collaboration with our partners in city governments across Alameda County which zone and permit new construction. Costs in this plan are given as 'Local' which reflects the variety of complex arrangements by which Alameda County and its cities have provided subsidy to these projects. For projects in the recent past, approximately 2/3 of 'Local' subsidy has been provided from County sources such as the Measure A1 affordable housing bond. Reaching these levels will cities to identify some portion of these funds. Appendix B of this plan breaks down the housing needs by city. The City of Oakland is a critical partner for HCD in meeting these 10-year goals as the greatest need for affordable housing is in Oakland and they have been a leader in investing in affordable housing.

City of Oakland Affordable Housing Investment Priorities

The [Department of Housing and Community Development] (Oakland HCD) is the City of Oakland's housing agency charged with allocating federal, state, and local housing and community development dollars, managing compliance with local housing laws, and supporting the creation and preservation of affordable housing. [Oakland HCD's 2023-2027 Strategic Action Plan] (2023-2027 SAP) outlines how the department will administer its local affordable housing dollars, including its $350 Million allocation from 2022's Measure U which was approved by 77.76% of voters.

Figure 34: Capital Investment Equity Framework



City of Oakland's Affordable Housing Funding Projections

Informed by Oakland's homelessness crisis and stark racial disparities, this plan begins with the development of permanent supportive housing (PSH) and extremely low-income units (ELI) as the priority for its capital funding. The number of developable PSH and ELI units, however, is limited by the amount of operating subsidy available to support ongoing deep affordability and maintenance of affordable housing properties. Once the maximum number of deeply affordable units is reached with these constraints, the next funding priority is the development of low-income units affordable to residents at 30-80% of AMI. This prioritization is critical as it ensures Oakland remains on track to reach its 2031 RHNA target and supports the development of housing accessible to working class residents throughout the city. The table below demonstrates how Oakland HCD's Capital Investment Equity Framework translates into unit projections over the current RHNA cycle based on existing funding sources.

Figure 35: Oakland Affordable Housing Funding Projections

Affordable Housing Funding
Projections by Source, FY 2023/24-2030/31

Program Type	Total Funding	% of Total	Number of Units
Permanent Homeless Units (0-30% AMI)*	$150.2 M	29%	447
Low-Income Units (30-80% AMI)	$230.2 M	45%	1,151
Preservation via **Acquisition/Conversion**	$65.0 M	13%	217
Preservation of **Existing City Portfolio**	$38.6 M	8%	575
Other Housing Programs**	$26.0 M	5%	N/A
Totals	**$510.0 M**	**100%**	**2,390**

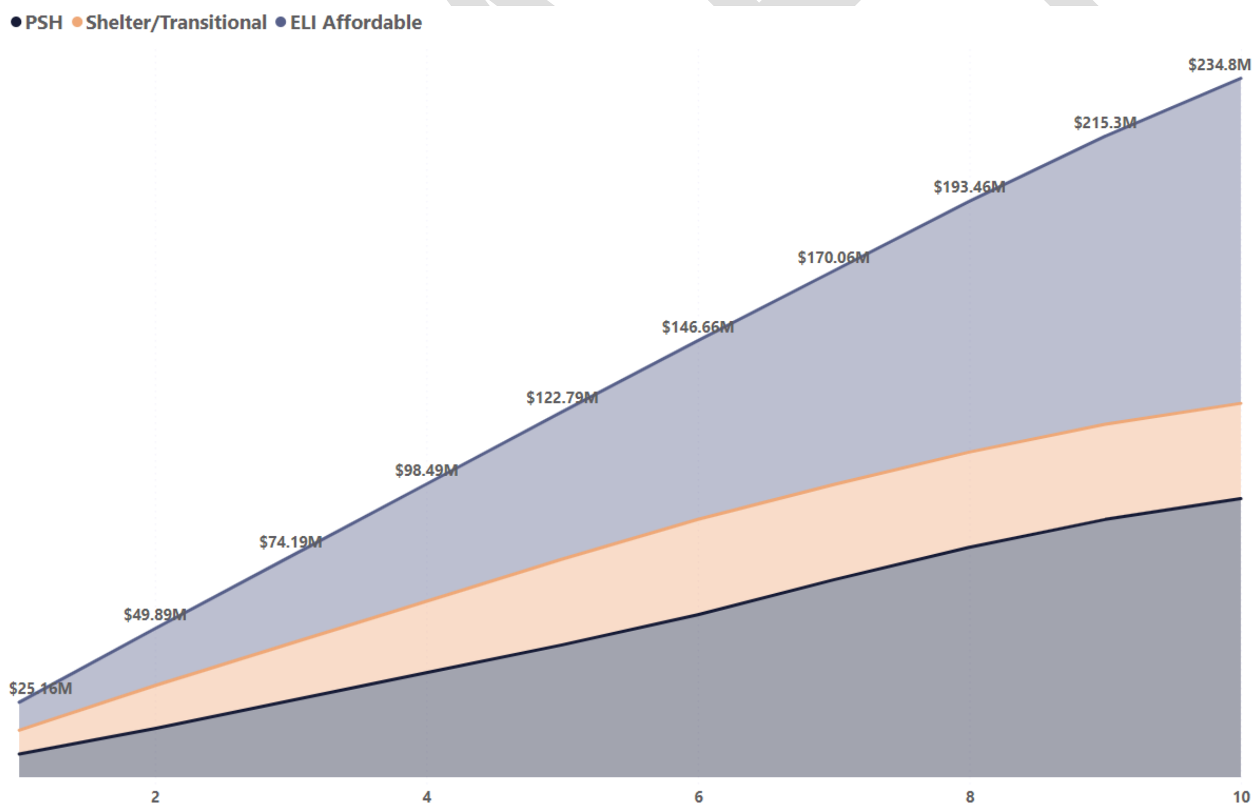
Oakland's Equity Framework & Affordable Housing Projections

Annual Operating Needs for Shelter/Interim, PSH, and ELI -Affordable Units

The most immediate need in the County is to move currently unhoused people living on the streets into emergency shelters and ultimately into safe and habitable housing while also slowing the tide of people becoming newly unhoused. This investment will generate the housing infrastructure required to permanently end the crisis of elevated chronic homelessness on the streets of Alameda County.

As noted above, in additional to capital investment, interim, permanent supportive housing and dedicated affordable housing for extremely and acutely low-income persons all require operating subsidies to ensure long-term sustainability. Operating subsidy commitments are needed in advance of housing development for a 10- to 15-year term. The annual operating needs of 15,000 deeply affordable units are substantial HCD estimates that, when fully operational, these 20,000 units will require approximately $235 million in annual operating support. These costs are fully separate from the capital costs specified above and any program costs which might provide residents with other services such as job training, childcare, or heath support.

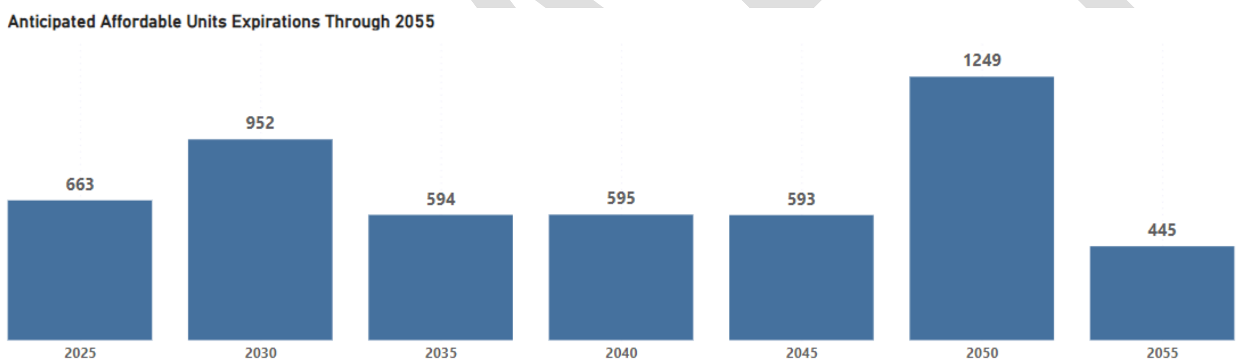
Figure 36: Capital Costs per Year



Preserve Existing Low-Income Housing

HCD has identified 2,133 affordable units with affordability covenants which will expire through 2035 throughout the County. Once these covenants expire, these units can revert to market rate and the residents displaced. Preservation provides the opportunity to extend the affordability periods. Significant funding will need to be set aside to syndicate and potentially rehabilitee these projects to ensure that this affordable housing capacity is not lost. The per-unit cost of such preservation efforts can be difficult to estimate since the capital needs of legacy buildings vary greatly based on their physical condition, the affordability mix, and the duration of the desired extension. Figure 37, below, shows the number of affordable units that will need to be preserved over the next 30 years. This preservation scope does not include units with rents currently set at affordable levels but are not subject to government restriction. These 'naturally occurring' affordable housing units are at risk of reverting to market rate as building tenancy and ownership changes over time.

Figure 37 – Minimum Housing Preservation Needs



Protect

Housing production and preservation are critical components to meeting Alameda County's housing needs and creating a more stable housing ecosystem for all Alameda County residents. However, too many low-income residents of Alameda County are at risk of displacement or homelessness right now, and it will take time and investment to build enough affordable housing to meet the County's housing needs. HCD estimates that there are 56,800 households making below 50% of AMI that are severely housing cost-burdened. These are the households facing the highest at risk of becoming homeless in the event of a rent increase or eviction. Due to their income level, should they lose their current housing they would very likely be unable to find a new place to live in Alameda County.

Protection most frequently takes the form of programs that assist low-income households facing housing instability and policies meant to reduce the risk of housing instability for low-income households. These include limits on rent increases and evictions, as well as programs aiding tenants facing housing instability. Currently, the County funds multiple programs providing legal assistance, limited emergency financial assistance, education, and case management to low-income tenants. These programs serve roughly 1,300 households per year, a significant amount but also not close to serving every household facing housing instability.

Tenant protection policies include rent control/stabilization, which limits the amount that a tenant's rent may be increased annually, and just cause eviction protections, which protects tenants from eviction except for specified reasons such as non-payment of rent or owner move-in to the rental unit. Alameda County does not have the land use authority to pass such policies at the countywide level, so the level of protection that a tenant has depends on their city of residence. Statewide, the Tenant Protection Act of 2019 limits rent increases and provides just cause eviction protections for residents of older multi-family rental housing. However, many tenants across the state still have no protections against unjustified evictions or large rent increases.

Figure 38 – Tenant Protections by City

Jurisdiction	Population	% Renter Households	Just Cause	Rent Control	Mediation Program	Rent Registry	Mobile Home Rent Stabilization	Rental Inspection
Alameda	77,565	52%	Yes	Yes	Yes (Voluntary)	Yes	No	No
Albany	20,027	49%	In Housing Element	In Housing Element	In Housing Element	No	No	In Housing Element
Berkeley	121,385	57%	Yes	Yes	Yes (Voluntary)	Yes	No	Yes
Dublin	71,068	36%	No	No	Yes (Voluntary)	No	No	No
Emeryville	12,840	70%	Yes	No	Yes (Voluntary)	No	No	No
Fremont	228,795	39%	No	No	Yes	No	Yes	Yes
Hayward	160,602	43%	Yes	Yes	Yes	Yes	Yes	Yes

Livermore	87,154	27%	In Housing Element	No	Yes (Voluntary)	In Housing Element	No	No
Newark	47,470	30%	In Housing Element	No	In Housing Element	No	No	In Housing Element
Oakland	437,825	58%	Yes	Yes	No	Yes	No	Yes
Piedmont	11,161	11%	No	No	No	No	No	No
Pleasanton	78,691	32%	No	No	No	No	Yes	No
San Leandro	89,723	42%	No	No	No	No	Yes	No
Union City	69,502	34%	Yes	No	Yes (Voluntary)	No	Yes	No
Unincorporated Alameda County	147,000	60%	In Housing Element	No	Yes	No	Yes	No

CHAPTER 9: FINANCING AFFORDABLE HOUSING PRODUCTION AND PRESERVATION

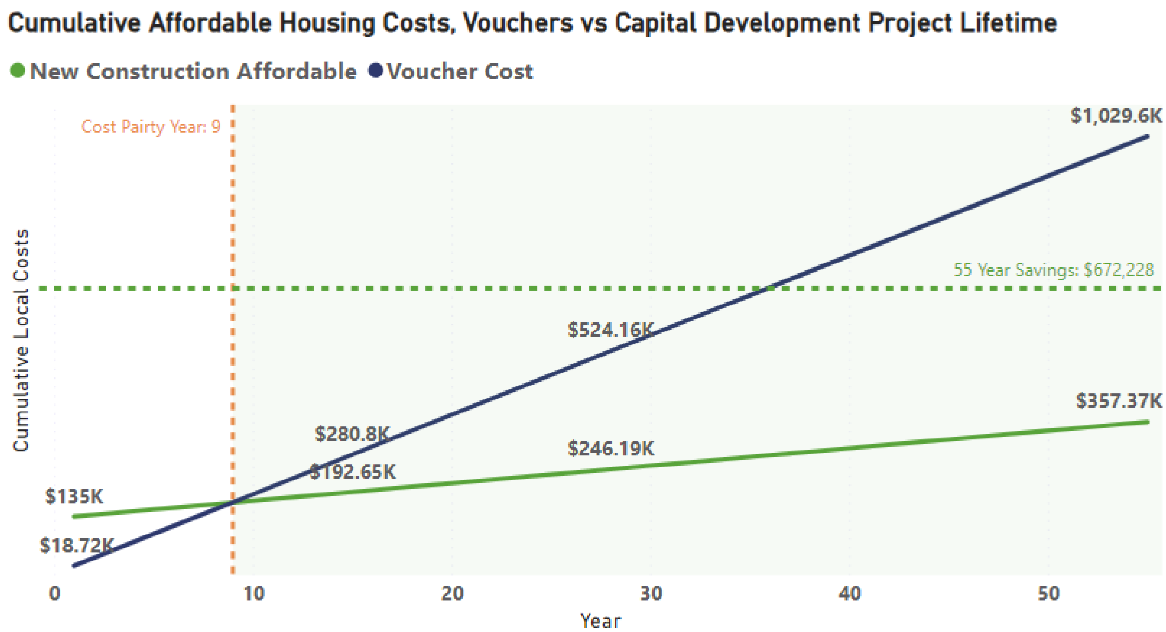
While HCD's focus is on the low-income portion of the housing ecosystem, the overall supply of housing in the entire ecosystem, and availability of financing to build that housing impacts the price and quantity of housing availability. This means that private investment in for-profit, market rate housing is the largest part of the system. In the affordable space, the private market cannot meet this need, because it requires equity investment to make it affordable. This means that Federal, State, Regional, and local government, as well as private and philanthropic investment is required to build affordable housing.

Cost Benefit Analysis of Capital Investment Relative to Subsidy

Maximizing the impact of Alameda County's limited housing funds will be especially important as, given the likely the absence of significantly increased federal assistance, responsibility for funding solutions will continue to fall on under resourced state and local governments.

The County can invest in building capacity in the housing ecosystem much more efficiently. Vouchers provide subsidy to county residents at a 1-1 ratio, every dollar spent goes directly to expenditure. Construction of new affordable rental housing, while more expensive up-front, creates much more value; every dollar spent on production generates $5.70 in subsidy to households who rent new units over its lifetime. This means that, to end homelessness, the County could spend almost $20 billion in direct rental subsidy over 55 years or invest $3.5 billion to create 18,000 new affordable housing units providing permanent affordability over the same time period, as shown in Figure 39 below.

Figure 39 - Cumulative Affordable Housing Costs, Vouchers vs Capital Development



Making Housing 'Affordable'

In the Bay Area, the high cost of land, development, and financing are such that new market-rate housing is out of reach for many residents who cannot pay the rents or home prices needed to make private developments pencil out. While many households struggle to pay these costs anyway—and are cost-burdened as a result—some are able to access either naturally occurring or government supported affordable housing.

Subsidized affordable housing includes deed-restricted affordable housing, housing paid for with vouchers or other rental assistance, and any other housing supported with public funding and restricted to certain income levels. As discussed in Chapter 5, reaching the extremely low-income and acutely low-income households is not achievable without ongoing operating subsidy to cover building maintenance and upkeep expenses, in addition to any onsite services that may be offered as well. Building more subsidized affordable housing is the primary method HCD uses to alleviate the strain of market conditions on households who cannot afford to pay market prices. The affordability of such housing is created by investment of public funds and tax credit equity from the federally authorized Low Income Housing Tax Credit (LIHTC) program, which offsets the difference between low-income rents and the level of operating revenue needed to sustain operating costs and debt service. Tax Credit projects serve a range of income levels from 20-80% of area median income, with the average affordability of the project generally around 42% of area median income. There is some amount of cross subsidy between units within a project that naturally occurs, however this is not sufficient to meet the needs of the growing ELI population. This housing model provides privately-owned and managed housing that is sustainable and stable over the long-term for households in need.

Naturally occurring or unsubsidized affordable housing is housing with rents below the overall market rate even though they have no deed-restriction or government subsidy ensuring they stay affordable. Nationally, naturally occurring affordable housing makes up about a third of all multifamily housing. These units are usually older and lack the amenities of newer developments, allowing them to maintain lower rents so long as the cost of operating or maintaining the property does not increase. Unfortunately, such units also come with two substantial risks. First, their age and low cost can mean these units need substantial rehabilitation, and while such investment would benefit tenants living in possibly unsafe conditions, many are wary of drawing attention to such needs for fear of rents increasing or being evicted. Second, in the Bay Area these units typically have lower rents than the market can bear, creating a substantial incentive for investors to purchase them and increase rents quickly. This adds to the displacement risk for lower income renter households.

The Landscape of Affordable Housing Finance

Historical Trends: Historically, there have been many sources of funding for subsidized affordable housing. Until the 1980's, the largest of these was the federal government's direct funding for Public Housing Authority (PHA) owned "public housing." However, since the 1980's, HUD's investment has been all but eliminated and replaced with federal Housing Choice Vouchers, which give assistance to individuals to find housing on the private market.

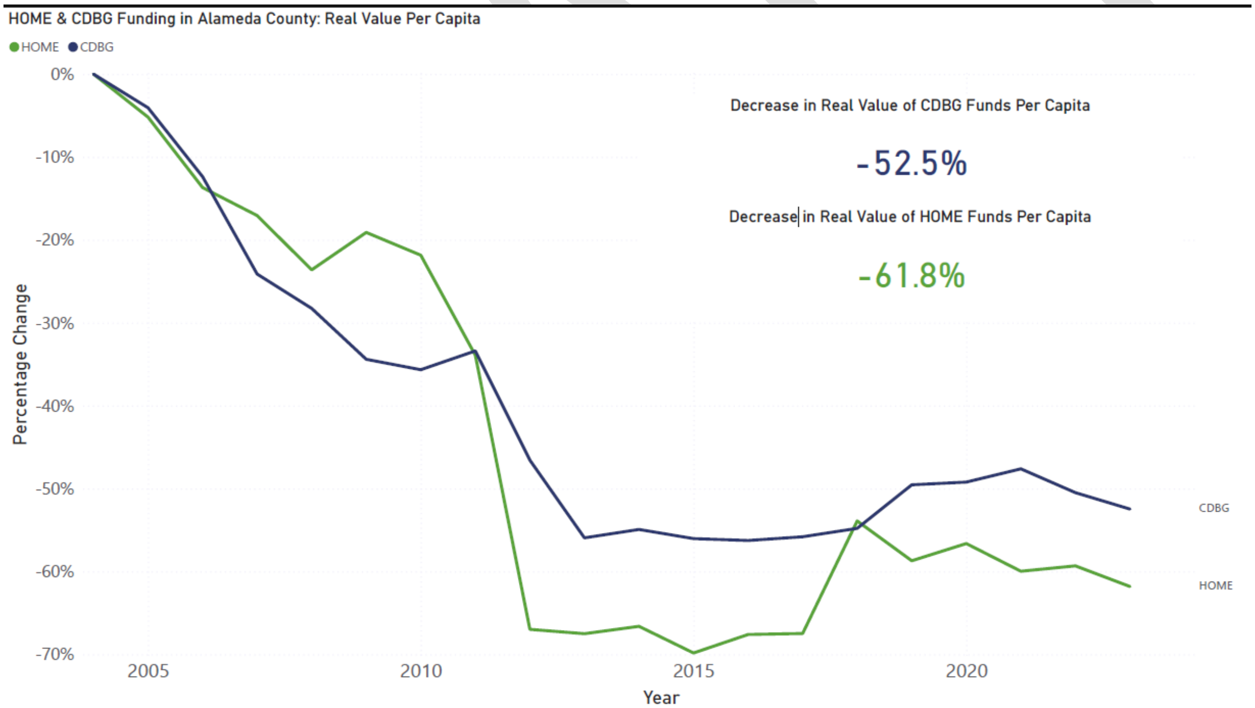
The Low-Income Housing Tax Credit (LIHTC) program is the most important resource for creating new affordable housing in the United States today. Created by the Tax Reform Act of 1986, the LIHTC program gives State and local LIHTC-allocating agencies the equivalent of approximately $10 billion in annual nationwide budget authority to issue tax credits for the acquisition, rehabilitation, or new construction of rental housing targeted to lower-income households. The State of California will receive approximately $100 million of that funding. In comparison, the Mortgage Interest Deduction for homeowners who are largely middle income costs taxpayers approximately $70 billion per year nationwide.

While federal funds decreased for rental housing, California created or expanded the State Low-Income Housing Tax Credit program, redevelopment agencies, and statewide general obligation bonds to make up some of the difference. However, in 2012, the State disbanded redevelopment agencies, leaving another large gap between the public financing needed and that available.

State and Federal Funds

The Federal government, through its Department of Housing and Urban Development (HUD), and the State of California, through its Department of Housing and Community Development (Cal HCD), offer multiple programs which support the development of affordable housing. While federal funding sources have not kept pace with need and declined over time, as shown in Figure 40 below, they are still important sources of community development funding. HCD's mission to serve lower-income households began when Alameda County's housing and community development program was started in 1974, after the Federal Department of Housing and Urban Development (HUD) allocated resources to local governments for the purpose of serving households making 80% AMI or less. Some of the main federal funding sources include the Community Development Block Grant program (CDBG) and the HOME Investment Partnerships Program (HOME), both of which direct development funds towards affordable housing and community development via local governments who receive an annual grant of funds.

Figure 40 - Declining Value of Federal Housing Funding



The State operates similar programs like the Permanent Local Housing Allocation (PLHA) to direct money to local governments to disperse. The largest federal source of funds, the Housing Choice Voucher (HCV) program, is distributed through local PHAs, and is often used as operating subsidy to offset the cost of the actual operation of below-market rent units. Alameda County has five PHAs; City of Alameda, City of Berkeley, City of Livermore, City of Oakland and the County Housing Authority. The other largest program run by the State and Federal government is the LIHTC Program which is described below.

In recent years, the State has been a significant investor of affordable housing through the programs created by the 2018 Proposition 1 general obligation bond. General Obligation Bonds are one-time funds, and while they are important, they are not ongoing. State investments in affordable housing provided by Proposition 1 have been fully awarded as of 2023. Since the loss of redevelopment, the State has only two permanent on-going sources of funding for the development of affordable housing: the so-called Senate Bill 2 programs, including PLHA, and the Affordable Housing and Sustainable Communities (AHSC) program. These programs are not at the scale of the State's prior investments.

Local and Regional Government

With declining federal and state resources, local and regional governments have stepped forward to create new sources of affordable housing funding. Local housing agencies, such as Alameda County HCD, use mortgage insurance programs, CDBG funds, HOME funds, access to state and local subsidies (such PLHA, Affordable Housing Trust Fund and local general obligation bond measures, like Alameda County Measure A1), and any other available resources to make the creation, preservation or operation of housing more affordable for low- and moderate-income residents. These are other potential sources of local housing funding are explored later in this section. Often, there is a dual purpose served in that funding affordable housing and community development projects also generates investment in historically underserved neighborhoods as well as providing important construction jobs.

While cities and counties are responsible for documenting housing needs and planning to provide for adequate housing, they typically do not act as the developer or owner of affordable housing. Local governments tend to provide financial and technical assistance to affordable housing development organizations. Financial assistance is typically provided in the form of subordinate debt—meaning that these funds are paid back only after other senior debts are paid off—and, if a public agency has land to contribute, in the form of a land contribution at a discounted value in exchange for the long-term affordability of the project.

Affordable Housing: Public-Private Partnerships

> *"Making the economics of an affordable housing project work involves strong partnerships between local, state and federal governments, housing developers,*

community leaders, and private financial institutions. Creating and preserving affordable housing requires many different stakeholders to work together in order to provide the various incentives and benefits needed on all sides. Economic policy on both the local, state and federal level plays a critical role in competing for and retaining affordable housing private capital." (Forbes, "Public Private Partnerships are Crucial to meet the Demand for Affordable Housing," April 20, 2022.)

Affordable housing projects seeking to fill the gap will often use funding from many different levels of government as well as private banks. These projects can often have as many as ten different sources as each entity involved tries to stretch their dollars as far as possible. Because of this complex financing structure, affordable housing development is a partnership between local, state, and federal governments, housing developers, community leaders and groups, and private financial institutions. Housing developers, the organizations who own, manage, and build affordable projects, are one of the most important members of this partnership. Affordable housing development organizations are often, but not always, non-profit mission driven organizations whose charitable purpose is to create, own and manage affordable housing and promote community development. In the Bay Area, non-profit developers tend to specialize in multifamily urban infill construction and rehabilitation. But there are non-profit developers who focus on single-family or small site homeownership development. For-profit developers also create affordable housing, with the majority doing so via the Tax Credit program.

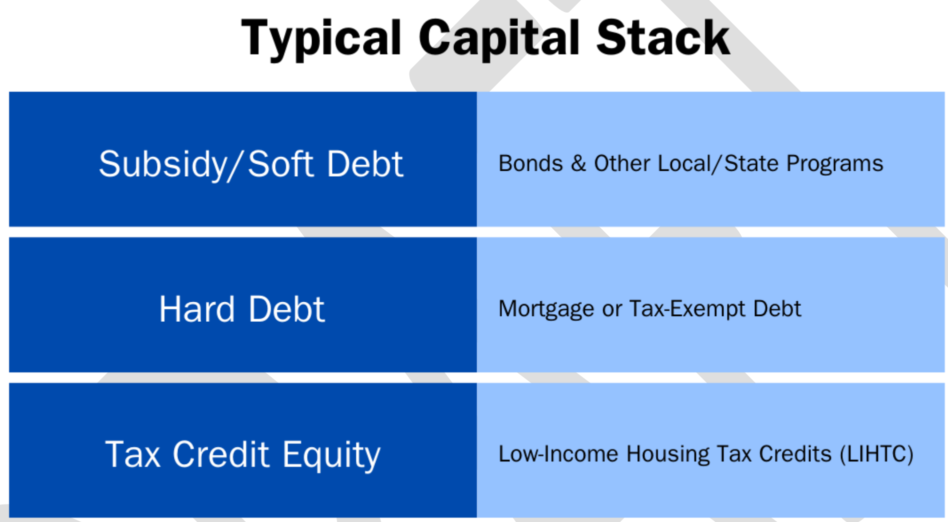
Affordable Housing Finance Today:

Developing housing that is affordable to households at very low (50% of AMI)- and low (80% of AMI)-income requires some amount of public investment. Just like market rate development, affordable housing development is considered financially feasible if:

i. The developer can secure financing for the total costs of acquiring and developing the housing facilities (TDCs) during the development and construction phase; and
ii. The operating income (primarily from rents) from the project will be sufficient to cover the operating costs of the property (utilities, insurance, property taxes and maintenance) and paying debt service once construction is completed and the property is leased up and operational. footnote: (California Housing Consortium, Affordable Housing 101: How Is it Built?)

Unfortunately, targeting households at less than 35% of AMI generally requires an ongoing source of subsidy to cover the operation expenses for those units. This is why it is so important to have sufficient voucher type programs that will cover those expenses. Affordable housing development generally requires multiple funding sources to fully finance construction. This financing includes conventional commercial financing from a bank that must be repaid, tax-exempt bonds are also a typical source of financing and must also be repaid from project revenues, private equity from the sale of Low-Income Housing Tax Credits, and various sources of subsidy or “soft debt”, that is also called gap funding. These three sources as shown in Figure 41 below - hard debt, tax credit equity and subsidy/soft debt - comprise the typical capital stack of affordable housing development.

Figure 41 - Typical Capital Stack for Subsidized Affordable Housing Projects



Local, regional, and state governments provide subsidy, which is often the first funding committed to a development and allows the development to then be competitive for additional financing. Local subsidy is critical, especially since the elimination of important local sources such as the Redevelopment Agency Low Moderate Income Housing Set-Aside.

In addition to capital needs, eliminating homelessness also requires us to innovate around operating and supportive services costs. Balancing long-term affordability with the operational sustainability of a housing property gets more difficult as we try to serve persons with extremely low and acutely low incomes and supportive service needs. At extremely low incomes, the gap between the cost of building and maintaining a unit and the rental revenue generated from the amount a household can pay increases to the point where the costs exceed the revenues. When the cost of providing supportive services is added in, this gap grows. This gap is called an operating deficit. Even when capital is available to fund development, in order to create more Permanent Supportive Housing (PSH) units, it is key to find more sources to address the operating deficit in a project. Operating deficits are typically addressed not by additional capital, but by layering in additional operating subsidy, such as federal rental housing assistance, primarily in the form of project-based vouchers (PBVs). (Permanent Supportive Housing as a Solution to Homelessness: The Critical Role of Long-Term Operating Subsidies, Terner Center, June 2023.) Operating subsidies are typically committed for a 10- or 15-year term at the start of the project, at the time that local capital subsidy is committed, so that the developer can plan for a sustainable project and attract hard debt and tax credit equity – the other key elements in the capital stack.

Understanding the Funding Needed: Capital Planning to Meet the Demand for New Affordable Housing

Affordable housing development generally requires multiple funding sources to fully finance development costs. The number of affordable housing units that can be built is driven by factors including project costs and the availability of tax credits, private activity bonds (which generate the 4% tax credit), and subsidy loans to fill funding gaps. While critical constraints exist regarding access to tax credits, as tax equity raised from the sale of tax credits typically funds over 40% of a project's total development costs, the 4% and 9% tax credit programs remain, currently, the principal vehicles by which the Bay Area can meaningfully fund needed housing at the scale required. (BAHFA Business Plan)

Local subsidy is typically the first funding committed to a housing development and allows the project to attract additional financing in the capital stack. On average, Measure A1 invested a little over $90,000 per unit, and it unlocked seven times that investment from a variety of other funding sources. However, based on limited availability of tax credits, which are constrained under federal law, and anticipated decreased levels of state subsidy, HCD is forecasting a more conservative average local subsidy investment going forward of around $200,000 per unit.

Figure 24, above, presents local capital subsidy needs under several build-out scenarios based on what HCD considers to be a reasonable local share of the needed investment. In the first scenario, to build just the most critically needed, deeply affordable and service-enriched housing identified in the with similar financing, we need more than $5 billion, which would be just a fraction of what it would take to build all of the countywide lower-income RHNA units, housing for the entire portion of our housing ecosystem that is severely cost-burdened or experiencing homelessness, or housing to meet the entirety of current and predicted lower-income housing needs. There are a variety of ways to generate local revenues for housing development, but it is likely none of these strategies alone will be sufficient.

The need for local housing subsidy continues to be critical to access additional financing from federal, state and private sources. Given the significant difference between existing levels of available local subsides and the need, it is also important to acknowledge that local governments and their partners must advocate for more federal and state resources to solve the housing and homelessness crisis.

The Housing Finance Forecast & Potential New Local Sources

Building affordable housing units commensurate with Alameda County's needs will require $3.8 billion of local capital investment (see Figure 42 below). HCD's current cost estimates for the four project types needed to address homelessness from the Home Together plan; $200 million in investment in new shelter capacity, $1.2 billion to provide permanent supportive housing, $1.4 billion to expand affordable housing for extremely low-income households, and $1 billion to build the very low-income workforce housing our communities need.

Figure 42: Total Capital Investment Needs to Reach Production Goal

The capital investment need presented here is an obviously significant number which is not currently available from existing affordable housing resources. While the goal and objective of local government housing agencies might be to house everyone adequately, there is not sufficient resources to do so. If we approach the need (both numbers of units and the subsidy required to build them) incrementally, local government can make progress towards these goals and have a continued impact over time on our community. These efforts must be done in coordination and collaboration with our city partners as well as other partners in the larger public-private partnership. We must also remember that doing nothing has a cost – most notably in the anticipated increase in the number of unhoused persons in our community.

The need for local housing subsidy continues to be critical to access additional financing from federal, state and private sources. Given the significant difference between existing levels of available local subsides and the need, it is also important to acknowledge that local governments and their partners must advocate for more federal and state resources to solve the housing and homelessness crisis.

Where would this housing investment come from?

Over the past few decades, affordable housing development in the Bay Area has relied on the LIHTC program as the largest single source of financing for affordable housing production and preservation, ensuring more scarce local sources could spread funding over a number of projects in smaller amounts. However, as the need for affordable investment keeps growing, the federal LIHTC allocation has not kept pace.

LIHTC, while a powerful tool, can inadvertently drive-up costs due to the inherent dynamics of competition and the cost of complexity. First, the limited availability of tax credits creates intense competition among developers. To make their projects more appealing to investors (who ultimately purchase the credits), developers may feel pressure to include more amenities, higher-end finishes, or costly green building features, all of which increase per-unit costs. Second, this competition spills over into the real estate market itself. Developers vying for LIHTC allocations often seek out the same limited pool of suitable parcels in desirable locations. This can lead to bidding wars, driving up land prices and further inflating development costs. As described in the Terner Center's The Complexity of Financing Low-Income Housing Tax Credit Housing in the United States, these cost increases can ultimately hinder the production of affordable housing, as higher expenses may require developers to seek additional subsidies or charge higher rents, potentially pricing out the very households the program aims to serve.

As mentioned above, the State's subsidy programs have been spent down and on-going sources are not enough to maintain the prior level of investment. Unless the State increases annual budget, appropriations or creates an on-going or one-time investment in affordable housing development at the scale of Proposition 1, the forecast is that the State's share of soft debt invested in affordable housing projects will shrink, leaving regional and local governments to cover a greater share of the soft debt gap in the capital stack. In light of this financing landscape, HCD and its regional and local partners will need to develop alternate financing models and sources. Most centrally, these models will likely have to consider using local subsidy to finance a larger portion of a project's capital stack.

The landscape of affordable housing finance is further complicated by increasing development costs. The cost to build any housing, but especially infill multifamily housing, has increased significantly in the last 10 years. There are many macro- and micro- economic causes for these increases, but the cost of land, labor, construction materials and financing have all grown over the last few years. A 2023 study by the City of San Jose titled "Residential Feasibility in San Jose" found that the average per-unit cost of constructing affordable housing had risen to $938,700, a 24% increase from the previous year. While Alameda's per-unit cost is estimated to be lower ($825,000) This dramatic rise underscores the escalating challenges facing affordable housing development in the Bay Area. The study attributes this increase to several factors, including:

- Construction costs: general inflation, supply chain disruptions, and increased material costs have significantly impacted construction expenses.
- High labor costs: The Bay Area's competitive labor market and prevailing wage requirements continue to drive up labor expenses.
- Increased financing costs: Rising interest rates have made it more expensive to secure construction and permanent financing while increased costs have necessitated adding additional sources.
- Regulatory and administrative complexity: Expensive projects with multiple sources accessed through competitive processes must comply with overlapping requirements while navigating lengthy permitting processes and complying with stringent building codes, all adding time, and expense, and financing costs to projects.

While the study focused on San Jose, these cost pressures are acutely felt throughout the Bay Area, including Alameda County. Both regions share similar market dynamics and face comparable challenges in delivering affordable housing.

While different development strategies like modular construction, standardized designs, value engineering, tiny homes, and accessory dwelling units (ADUs), can help bring down these costs to some extent, all involve significant tradeoffs.

There are some sites that are not appropriate to multi-family housing, and small-scale solutions will be needed. However, since LIHTC focuses on large, multi-family units, these small projects will require a higher source of local investment to be developed. LIHTC-funded multifamily development remains the most scalable and fiscally sustainable mode to develop low-income affordable units to meet the existing need.

As discussed previously, in additional to capital investment, interim, permanent supportive housing and dedicated affordable housing for extremely and acutely low-income persons all require on-going operating subsidies to ensure long-term sustainability. Operating subsidy commitments are needed at the onset of housing development for a 10- to 15-year term. The operating subsidy needed to sustain the Home Together Plan goals are described in that document. The extremely low-income housing units included the RHNA and Severe Cost Burden scenarios will also likely require some level ongoing operational subsidy.

Potential Revenue Sources to Fund the County's Housing Needs:

Despite HCD's and its partners' recent achievements in leveraging local funds in its capital programs, the scale of available funds is insufficient to meet the County's housing needs and take advantage of current opportunities. To meet even a portion of production and preservation goals, new sources of dedicated revenue would need to come online. While advocacy at the federal and state level for more funding for affordable housing opportunities is critical, this section of Housing Plan also explores the potential to generate more resources at the local level.

There are several potential methods that Alameda County and other jurisdictions in the Bay Area have used in recent years to generate revenue to fund investments in housing development and related programs. As previously mentioned, state law dictates how these revenue sources can be raised. A brief overview is included below which surveys approaches for creating on-going revenues to support Alameda County's affordable housing needs. Appendix E provides additional information regarding these potential sources. Potential revenue sources are ordered according to their revenue-generating potential.

- Affordable Housing General Obligation Bonds (G.O. bonds): voter-approved, County-issued bonds secured by an ad valorem tax, the proceeds of the bond are used to fund capital projects related to affordable housing, such as new construction and rehabilitation. Examples: Alameda County Measure A1, Santa Clara County Measure A, City of Oakland Measure U Housing Infrastructure Bond, City of Berkeley Measure O Housing Bond. Scope: G.O. bond measures may be regional, countywide or city by city, depending on which governing body (MTC, county board of supervisors or city council) places the measure on the ballot. *Revenue potential: High – a modest countywide ad valorem tax could generate $1-2 billion in proceeds.*

- Sales Tax Ballot Measure: voter-approved measure for either a general tax (50% =1 to pass) or special tax (67% to pass) for designated purposes including affordable housing programs. Scope: sales tax measures may be statewide, regional, countywide or city by city, depending on which governing body places the measure on the ballot. Examples: Alameda County Measure A (2016) and Measure W (2020), San Mateo County Measure K. *Revenue potential: Moderate – a half-cent sales tax in Alameda County could generate approximately $150 million annually.*

- Enhanced Infrastructure Financing Districts (EIFDs): a form of tax increment financing, similar to Mello-Roos, in which the County's share of incremental property tax revenue in the unincorporated County from development in a defined area could be set-aside for housing programs. Requires approval by affected property owners in the district. Scope:

Limited, as could only be applicable within City or County-defined new development in unincorporated areas. Examples: [Treasure Island IRFD, San Francisco,] [Otay Mesa EIFD, San Diego]. *Revenue potential: Low – limited by the geographic size of the financing district and potential growth in property assessed value, takes years to generate sufficient incremental tax revenue to either bond against or directly fund activities.*

- Affordable Housing Impact/Linkage Fees: a fee, pursuant to the Mitigation Fee Act, on new commercial development to defray the cost of developing affordable housing. Scope: Fee limited to projects in unincorporated areas of the County. Examples: San Mateo County Affordable Housing Impact Fee, San Francisco Jobs-Housing Linkage Fee. *Revenue potential: Low.*

- Inclusionary Housing In-Lieu Fees: While the primary purpose of an inclusionary housing zoning program is to produce lower income housing units alongside market-rate housing development, these programs also typically provide a developer with the option to pay a fee in lieu of building the lower-income units. These fees are paid into a local housing trust fund to support affordable housing programs. As of publication of this report, twelve cities in Alameda County- Albany, Fremont, Emeryville, Hayward, San Leandro, Union City, Alameda, Berkeley, Dublin, Livermore, Oakland, and Pleasanton, have some kind of inclusionary housing ordinance. Only the cities of Piedmont and Newark, do not have inclusionary ordinances. Fee structures in these cities vary widely in these cities from a flat fee per unit to the difference between the median sale price and affordable price. Scope: Program would be limited to development in unincorporated areas of the County. Examples: City of Berkeley Inclusionary Housing Ordinance, Contra Costa Inclusionary Housing Ordinance, Marin County Inclusionary Housing Ordinance. *Revenue potential: Low.*

- Transient Occupancy Tax (TOT): voter-approved increase to existing county TOT, proceeds of increased tax used to support affordable housing programs. Examples: Marin County Fund for Community Housing (Measure W). Revenue potential: Very low.

- Residential Vacancy Tax: a new tax on certain types of residential space that is held vacant for longer than a designated period of time; proceeds used for affordable housing programs. Examples: City of Berkeley Empty Homes Tax, San Francisco Empty Homes Tax. *Revenue potential: Low.*

The most viable approach to generating revenues at the local level at a scale that can positively impact the need for housing capital and operating subsidy would likely be a combination of a regional or countywide high revenue source, such as a GO bond or a sales tax measure, and implementing one or more lower revenue-generating “best practices” programs such as inclusionary zoning and affordable housing linkage fees within the unincorporated county. Many cities in Alameda County have already implemented such programs.

In addition to the insufficient funding from the federal government, the state and local governments have constraints on the ability to raise revenue for needed services and infrastructure. Article XVI, Section 18 of the California Constitution generally prohibits cities, counties, and school districts from incurring any debt or liabilities exceeding any year's revenues without 2/3 voter approval. One of the most common reasons local agencies incur debt is to raise sufficient capital for a project or cost that the local agency does not have sufficient cash on hand to immediately finance, such as a public infrastructure project, and promise to pay off the principal and interest on that debt over time. General obligation (GO) bonds, in the local government context, refer to bonds payable from ad valorem property tax revenue. These typically require 2/3 voter approval. However, Proposition 39 (2000) amended the Constitution to decrease the 2/3 approval requirement to 55% for school districts, community college districts, or county offices of education, to issue GO bonds for the construction or rehabilitation of school facilities. The California Constitution states that local governments may levy taxes, which are either general taxes, subject to majority voter approval, or special taxes, subject to a 2/3 vote (Article XIII C), which local agencies use for specified purposes. Proposition 13 (1978) required a 2/3 vote of each house of the Legislature for state tax increases, and a 2/3 vote for local special taxes. Proposition 62 (1986) prohibited local agencies from imposing general taxes without majority approval of local voters. Proposition 218 (1996) extended those vote thresholds to charter cities and limited local agencies' powers to levy new assessments, fees, and taxes. Housing is a critical part of California’s infrastructure, and given the significant housing need numbers statewide, efforts should be made to identify new funding sources for affordable housing.

Creating a Sustainable Financing Model

To build a housing ecosystem that supports Alameda County’s residents, it is important for the County to highlight the value of our investment in affordable housing in terms that make sense. This means presenting our programs not only in terms of units created, but money saved for residents who do not have to pay market rate rents, households kept out of the homeless response system or off the street, and long-term reductions to the number of residents who are cost-burdened or displaced.

As discussed previously, while bonds and tax measures can create funding for new affordable development, they rely on regular approval by voters. Other agencies across the country, notably the New York City Housing Development Corporation (NYCHDC) and the Montgomery County Housing Opportunities Commission in Maryland, have successfully created renewable funding models that do not rely on regular voter approval. Both agencies function similarly to public banks by offering low-interest loans in exchange for affordable housing. They provide a source of "hard debt" financing in the capital stack. Funds paid back from these loans are reinvested in additional housing units, avoiding the need to regularly ask voters for more money. This approach also results in affordable units staying in the hands of local governments that will ensure they remain affordable, as it gives the agency financing the project an ownership interest. However, it is important to note that this approach would complement and leverage, but not replace, the capital investment needed in "soft debt" subsidy in the capital stack.

Currently this approach is being developed in the Bay Area by BAHFA, which is based largely off of the NYCHDC model. However, there may be additional opportunities to implement programs on the County level if funds are programmed to stand up a revolving loan fund—essentially using a similar approach to BAHFA by capitalizing such a fund with a one-time voter approved bond or tax measure. Such an approach has several advantages over our current financing strategy apart from its renewability. First, it is counter cyclical: meaning that when interest rates in the market are high, making construction costly and unattractive, public financing can provide an extremely attractive alternative to spur building and keep us on track to meeting our housing goals. Second, while most of our current funds are programed towards gap funding—smaller loans that are paid back with residual receipts, meaning only when there is money available after other loans are paid back—revolving loans can be made in larger amounts with the guarantee that they will be paid back. Repayments and whatever interest is gained can then be reinvested without going back to the voters for more funding. Finally, such a funding method expands the pool of partners who will work with government to build affordable housing.

This approach may be especially necessary in California, where public investment from the State and Federal governments has not kept pace with the growing need for affordable units. As discussed earlier, the federal government's role in providing public housing and funding for housing development was once much larger. Similarly, the State's commitment to funding affordable housing has not increased in line with the crisis and faces boom and bust budgeting cycles that make it difficult to ensure consistent availability of financing. Without significant changes at multiple levels of government, HCD and BAHFA are the only ones capable of filling the gap left by this lack of investment. In light of these trends, the standard approach used by HCD and other local housing development agencies—leveraging local funds with several sources of State and Federal investment—should not be our only approach. Instead of spreading funds across many projects in a shallow subsidy reliant on a complex capital stack, we should explore deeper investments that are repaid sooner, allowing for reinvestment in many projects over time.

CHAPTER 10: COUNTY'S ROLE IN THE COUNTYWIDE HOUSING ECOSYSTEM

The County and its cities all must play a role in solving this housing and homeless crisis. None will be effective alone, and working in partnership is the only way to achieve the scale needed to make a difference. Each local government (city and the county in the unincorporated areas) is responsible for siting and development of affordable housing and homeless housing through land use decisions, planning and building permits, which must be obtained before housing can be built. The County and cities share roles around capital fundraising and operations support, especially when applications to the state or federal government are involved. The County must also ensure that the homeless services is available to those who need it most once the permanent supportive housing is built.

10.1 Leader, Lender, Partner, & Innovator

Housing departments, like Alameda County's HCD and city housing departments, play multiple roles in creating and supporting a sustainable housing ecosystem. HCD proactively intervenes upstream, before homelessness occurs, to help create investments in healthy communities to prevent eviction and displacement, create long-term affordable housing stock, preserve existing affordable housing, and help guide capital investments in housing towards assisting the most vulnerable in our communities. This work requires coordination between the County, City housing departments, local non-governmental stakeholders, regional governments, and State and Federal legislators and housing departments and private partners - such as housing developers and community development financial institutions.

10.2 Direct Service Provider & Funder

While individual cities handle the majority of their housing programs, County HCD is responsible for a number of countywide services. These include Renew AC and AC Boost, programs offering countywide rehabilitation and down payment assistance services, respectively, funded by Measure A1. For example, HCD also administers the County's AC Housing Secure program, a collaborative of legal service providers working to prevent tenant displacement, the Alameda County Affordable Housing Portal, and Landlord Foreclosure Prevention Program, offering financial assistance to low-income property owners at risk of foreclosure. HCD also acts as a countywide housing funder, directly investing funds into new affordable housing project, with the largest source of funds being the Measure A1 General Obligation Bond. As a lender, HCD has developed the capacity to underwrite loans for rental housing development as well as build and maintain partnerships with affordable housing developers and community development financial institutions (CDFIs). For other federal sources of funding, HCD administers HOME, CDBG, and other federal grant programs, on behalf of a subset of cities within the County.

For the unincorporated county, HCD has an even larger role as a direct service provider. Despite being collectively equivalent to the County's fourth largest city with 147,000 residents, the unincorporated areas of Alameda County have no direct municipal services apart from the County. HCD's role in these areas is especially important given the persistent need for housing services, affordable housing funding, and tailored housing policy. Given the lack of other local government, HCD is responsible for a wide variety of services in the unincorporated areas and administers all housing funding.

10.3 County Facilitator & Coordinator

HCD, as the only housing department with some purview over the entire County, has an important coordination role, helping city housing departments work together, share resources and best practices, providing high level strategic direction, alignment across jurisdictions, and ensuring standards are consistent. Every month, HCD facilitates meetings of Housing staff from every city in the County, providing a vital space to discuss issues that impact the entire County, introduce new County lead programs, and share updates and best practices across cities. Outside of this meeting, the County frequently acts as a partner to local housing departments, either by providing services or funding that HCD is better suited to administer directly in their communities or coordinating with local programs.

10.4 Partner

Some funding sources also create sub-county coordination groups or housing agencies, like the Continuum of Care—which provides coordinated homeless response across the County—and Housing Authorities—which administer Federal Section 8 Housing Choice Vouchers and other voucher programs that offer long-term rental assistance—both of which provide services and funding complimentary to HCD's. Similar to these bodies within the County, there are a variety of regional governments and non-governmental organizations (NGOs) that provide housing funding, implement services, or coordinate housing action. The largest two examples of these are ABAG—a regional government that, among other duties, assigns each jurisdiction's Regional Housing Needs Allocation (RHNA) prior to each Housing Element Cycle—and MTC—another regional government that sets overarching planning policy for transportation and development across the Bay Area.

10.5 Innovator

County HCD's scale, partnerships, and expertise position it uniquely to support innovative solutions Alameda County's housing related challenges. The department is able to develop and fund pilots in the unincorporated county, review and refine them, and then bring them countywide or provide technical assistance to our partners. During the past decade HCD has leveraged its funding and position to pursue numerous high value programs that municipalities would have been ill-equipped to pursue alone. In this role HCD has developed a Countywide Affordable Housing Portal to act as a one-stop shop for affordable housing seekers, an Accessory Dwelling Unit (ADU) resource center to assist residents in the Unincorporated Areas of the County adding more units to their homes and helped develop and grow a variety of community-based organizations and emerging developers, among other programs. The Measure A1 Rental Housing Development Program Implementation Polices, and its allocation system of Base and Sub-Regional funding allocations has been well-received by cities and affordable housing developers and looked to as a model by other local governments in the Bay Area.

10.6 HCD In Context

Across all of HCD's roles, the department works with, funds, receives funding from, or otherwise coordinates with a wide variety of Federal, State, Regional, and Local government bodies as well as nongovernmental groups that all work in the same housing ecosystem. The below system map, while not exhaustive of everything HCD does, presents the major connections between our department and our main partners. Each entity listed has some part in funding either the construction or preservation of affordable housing, rental subsidies for lower-income tenants, or the provision of homeless response housing and services. Funds that flow throughout this system are appropriated by each entity to their clients, which may be individual households, housing developments, or service providers. For instance, CDBG funds from the Federal government flow through HUD to HCD, who administers that funding on behalf of the Urban County to produce new housing units and fund housing service programs.

10.7 Maximizing Opportunities: Other Methods to Leverage Housing Resources

Leveraging Local Funding: Opportunities and Challenges

There are opportunities and challenges in aligning the policy objectives of federal, state, local and private funding sources. Currently, at the State level, there are conflicting policy objectives depending on the program. Many of the current set asides and scoring criteria of the State's LIHTC programs (the 9% credit, 4% credit and associated tax-exempt debt) align well with the County's equity goals, including prioritization of lower income and special needs households and proximity to transit. However, some criteria have created negative consequences for many Bay Area communities, including:

- prioritizing investments in "high opportunity" census tracts, which disadvantage lower-income communities and communities of color.

- prioritizing projects with low development costs in the interest of creating more units across the state overall. For high-cost Bay Area communities, this has resulted in a resource allocation drought.

HCD will continue to monitor, collaborate, and evolve as needed to help provide funding to projects that will successfully receive tax credits and bonds, or new programs while also meeting HCD's equity objectives.

While pursuing new local funding sources and external leverage opportunities is necessary to increase available resources, HCD needs to also work with its County, city and housing developer partners to invest in efforts such as entitlement and procurement process streamlining and alternative housing construction types, such as factory-built housing, that reduce development timeframes and lower project costs.

Long term capital investment presents the best opportunity to leverage scarce local dollars to generate public benefit. Over the long term, affordable development generates approximately 3x the subsidy value of a pay-as-you-go annual voucher program, primarily due to the ability to leverage federal and private capital dollars.

10.8 The Increasing Importance of the Housing Element

While most State and Federal money is available to all jurisdictions, some new sources of housing and transportation funding are being made contingent on local governments fulfilling certain obligations, many of which rely on having a compliant Housing Element of the General Plan. In order to access One Bay Area Grant (OBAG) funds, Priority Development Area (PDA) Planning Grants, Homeless Housing and Assistance Program (HHAP) Funds, and PLHA funds—which together total more than $35 million in FY 2024-25 funds specifically earmarked for the County— the County must have a State-certified Housing Element and maintain certification throughout the current RHNA Cycle by implementing the programs and policies promised. Additionally, a compliant Housing Element would make the County eligible for other competitive funds like the Access to Housing incentive Pool (HIP) program, which rewards the top 15 jurisdictions in the Bay Area with OBAG and Regional Transportation Improvement Program funds. While Alameda County, as a whole, qualifies for this funding as a top producer of housing, our lack of a certified Housing Element may impact access to these funds.

In the future, there will likely be more sources of funds reliant on Housing Element passage or continued progress on implementation. As proven this cycle, this has not been a low bar, as many jurisdictions in the Bay Area have struggled to comply with new Housing Element requirements and receive State certification. A central challenge in this cycle has been the new Affirmatively Furthering Fair Housing (AFFH) rule that State HCD has used to ensure jurisdictions use their Housing Elements to address Tenant **Protection** needs as well as **Production** and **Preservation**. The next cycle will likely raise the bar even higher given the addition of Acutely Low-Income (15% of AMI and below) and Extremely Low-Income (30% of AMI to 15%) population housing needs as required portions of RHNA.

10.9 Managing Assets to Sustain Investment and Preserve Affordability

As a Lender, HCD manages an investment portfolio of over 130 loans in affordable housing development assets with over 6300 units. As a "soft debt" lender, the majority of HCD's loans are typically structured as residual receipts or deferred payment loans. The primary performance measures for the asset management portfolio are that these assets continue to be well managed for the purpose of serving low-income residents and well maintained as long-term affordable housing stock. Over time, a housing development will need to be recapitalized in order to finance the replacement of older building systems. HCD's asset management team works with borrowers as they seek to refinance and extend the useful life and affordability term of an affordable housing development. This is another expression of HCD's fiscal stewardship as we work upstream in the housing ecosystem to preserve the County's affordable housing stock.

HCD's loan portfolio historically generates modest revenues from loan repayments, which is in keeping with each loan program's public purpose at the time of loan origination. Currently, these repayment revenues are minimal and subject to fluctuation. In the future, HCD could consider offering additional types of loan products, such as short-term "bridge" loans and fully amortizing loans that could support a revolving loan fund to reinvest in the production, preservation and protection of housing opportunities.

The financial landscape presented here – from the sources that comprise the capital stack, potential additional sources of local revenue for housing, the County's opportunities to attract and leverage outside funding, to the funding challenges in creating interim housing and supportive housing, like PSH, for chronically homeless population – is critical for assessing the total capital needs and operating subsidy needs for the 10-Year Housing Plan, presented later in this Plan.

SECTION IV - NEXT STEPS

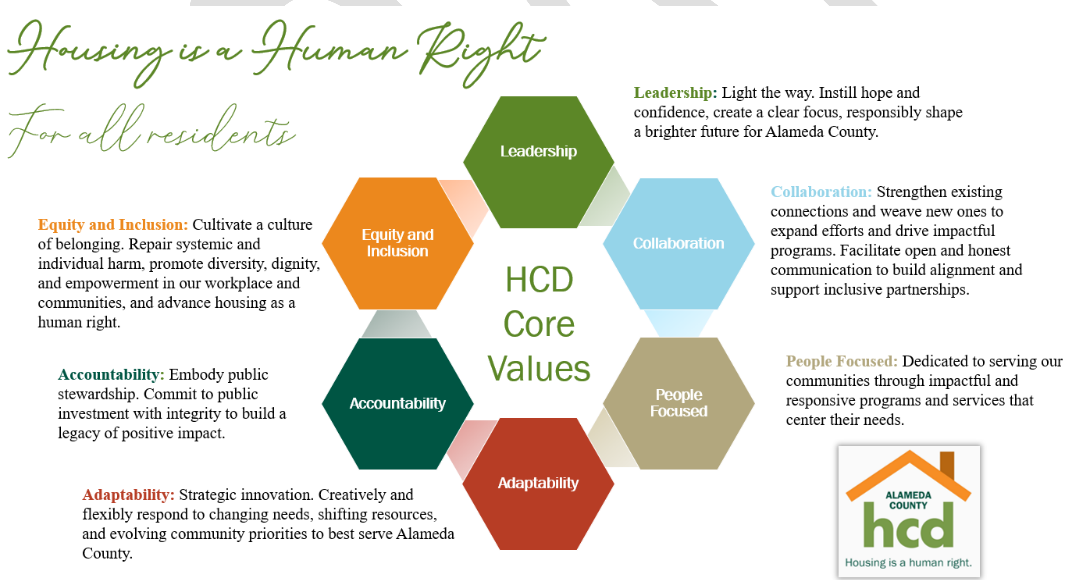
CHAPTER 11: 10- YEAR STRATEGIC PRIORITIES

Our strategic plan is guided by Alameda County's Vision 2026, which sets a goal for what the County will look like when we accomplish all our goals. This vision includes four components: (1) a Healthy Environment, (2) a Thriving and Resilient Population, (3) Safe and Livable Communities, and (4) a Prosperous and Vibrant Economy.

The Housing and Community Development Mission

HCD's mission is to support vulnerable residents in securing affordable, safe, and dignified housing in vibrant, diverse neighborhoods where all residents feel they belong. This is accomplished through collaboration and partnership with community-based organizations, other County agencies, philanthropic funders, and the cities within our County. The majority of HCD's funding programs are focused on low-income members of our community, and through program design and implementation, HCD focusses its efforts on supporting those whose voice is often not heard. This mission is guided by our values.

Figure 43: HCD Core Values



In keeping with [Vision 2026](), HCD envisions Alameda County as a community of opportunity, equity and well-being, providing its residents with affordable housing in vibrant neighborhoods, enabling residents to live healthy and thriving lives. HCD is committed to Alameda County's Vision 2026 foundational principles and to realizing the vision of safe and livable communities through the goal of eliminating homelessness.

Priorities and Actions

Our Department's priorities represent our key roles across the entire spectrum of our work. Specific actions call out actionable goals that HCD will make meaningful progress towards over the course of the next decade of our work via the creation of new programs, improvement of existing mechanisms, crafting of new and improved policy frameworks, collaboration with partners, and disbursement of funds.

- **Implement the 10-Year Capital plan to Produce 20,000 New Interim and Permanent Affordable Housing Units and Shelter Beds**

  In order to meet our long-term housing construction goals over the next 30 years, we have to meet our short-term goals over the next 10. HCD plays a critical role in financing new affordable housing through funding opportunities and policy changes that encourage or require development. his can include large countywide efforts to fund thousands of units of new affordable housing, like the Measure A1 bond measure or a regional bond measure, or more targeted programs with less upfront cash needs that encourage housing production. This is a two-pronged strategy that includes capital development and building capacity for lower barrier interventions that allow for smaller scale affordable housing production.
    - **Provide operating subsidy for deeply affordable units**
    - **Continue and expand our successful rental development program**
    - **Help emerging developers, faith- based developers, and other small developers build capacity and develop small sites Develop capabilities to rapidly acquire high opportunity sites**
- **Implement the 10-Year Capital plan to preserve all 2,100 Existing Expiring Affordable Housing Units**

  In addition to producing new affordable housing, HCD will need to ensure that Alameda County does not lose affordable housing, either through expiring deed restriction syndications, rehabilitating affordable housing, and removing naturally occurring affordable housing from the private speculative market.
    - **Preserve existing deed restricted units**
    - **Partner with Community Land Trusts to purchase buildings and keep them permanently affordable**
    - **Revitalize and protect existing mobile home parks**
- **Support Implementation of the Home Together Plan**

  While HCD is not directly responsible for homeless services, much of our work interacts directly with our partners in H&H who are. Furthermore, even our work that is not directly related to homelessness shares the overall goal of improving our housing ecosystem health to the point that we no longer have any residents experiencing homelessness. Our main contributions in this respect relate to the creation of housing resources; meaning interim housing capacity and long-term homes for those coming out of homelessness.

- **Fund new shelter and interim housing sites**
- **Expand emergency housing capacity at existing sites and implement new approaches that maximize interim uses**
- **Create new units affordable to ELI and ALI populations**

- **Build Out Countywide Homeless Prevention Programs**
  In addition to helping our partners rehouse those experiencing homelessness, HCD has an important role creating programs and policy that prevents households from experiencing homelessness in the first place. Programs under this priority will consist of direct client support for struggling residents to keep them in their homes, or more general policy creation at the direction of the Board to lower the risk of displacement.
  - **Provide assistance to households at risk of displacement**
  - **Continue to manage Countywide legal assistance for low-income tenants**
  - **Facilitate interoperability of programs and referrals of clients between services and jurisdictions**
  - **Support legislative efforts at the Board of Supervisors to develop and maintain appropriate tenant protections**
  - **Leverage community development investments to stabilize household and communities**
- **Create Cross County Opportunities for Cooperation and Countywide Housing Tools**
  Cooperation across the County is a vital part of our work. While HCD can provide some services and fulfill some roles for the entire County, we need the Cities as partners to do so much else. Conversely, the County can provide some tools that our partners in Cities may not be able to do themselves, most especially around data and overall best practices. Some of this work also happens at a regional level, making HCD the ideal partner for efforts at ABAG, BAHFA, and elsewhere.
  - **Create inventory of affordable housing and shelter capacity throughout the County**
  - **Explore additional data sources to create new analysis tools to direct County and City level work**
  - **Work with regional government and NGOs to fine tune analysis and unlock potential for greater cooperation**
  - **Create materials analyzing specific sub-geographies, cities, and neighborhoods of interest**

- **Increase Alameda County's Share of Outside Funding and Create Additional Resources**
  While the current funding environment is constrained, HCD is the best positioned in the County to facilitate its expansion, either directly through another bond or tax measure, or indirectly by collaborating with regional partners to ensure funds flow into the County or by applying for Federal and State funds.
  - **Apply for grants, pilot funding, and other resources from State, Federal, and philanthropic sources**
  - **Explore creation of a new and sustainable affordable housing funding mechanisms**
  - **Investigate new forms of public private partnership**
  - **Collaborate with BAHFA, MTC, ABAG and other regional entities to prepare additional funding possibilities**
- **Invest in Unincorporated County Resources, Planning, and Program**
  As discussed earlier in this plan, HCD serves an important role as a direct service provider for the Unincorporated areas of Alameda County, providing all local housing funding and program administration. While this plan largely concerns HCD's activities that address countywide issues, plans must be tailored specifically to this geography and section of residents who rely on HCD directly.
  - **Create a separate strategic plan for unincorporated services and programs**
  - **Assist County efforts to create an office of the unincorporated County**
- **Improve Departmental Effectiveness and Maximize Internal Resources**
  As the keystone in the County's housing crisis response, HCD has faced extraordinary demands on its staff and has experienced substantial department growth during the roll-out and implementation of Measure A1 and the unprecedented COVID-19 emergency. HCD must continue to prioritize staff growth to reach the goals listed above through the following actions
  - **Develop and implement administrative strategic plan**
  - **Build on success with community, peer, and public engagement**
  - **Refine Program Outcome data collection standards and practices**
  - **Review and revise procurement practices to increase access and improve outcomes**
  - **Maintain staff's expertise with continued training**
  - **Proactively pursue opportunities presented technological tools**

Implementation Considerations

Following Housing Plan adoption by the Board, HCD will prioritize identification of possible funding sources and partnerships to support the plan and meet its goals and return to the Board to report out on findings. Achievement of any of these goals is dependent upon new sources of financing, some of which will be tied to specific outcomes. For instance, any new funding achieved by the County through Proposition 1 (MHSA Reform) will be tied to housing people with Serious Mental Health (SMI) issues. Over the longer term, HCD will build out the implementation steps of the Housing Plan, including financing resources, strengthening partnerships, opportunities to leverage resources, additional approaches to increase efficiency (time and cost) in housing production and preservation and developing performance metrics to measure the impact of HCD programs on eliminating disparities and increasing racially equitable outcomes.

As Measure A1 is winding down, County housing resources and investment must renew or increase to maintain the level of impact to house our communities and eliminate homelessness. In addition to increasing investment, HCD will seek to strengthen partnerships and explore opportunities with financing partners where non-governmental funding partners may be better positioned to act more quickly to support land acquisition or housing preservation opportunities and/or to offer more flexible funding terms. While HCD will continue to explore ways to streamline its processes, HCD is constrained both on required procurement processes and financing terms. For example, HCD is limited in its ability to provide grant funds or forgive indebtedness due to the requirements of its funding sources, such as general obligation bonds.

Impact and Evaluation

HCD will continue to seek input and refine the evaluation and impact of its housing programs. To take advantage of its past work, HCD has aligned the metrics and strategy described in this plan, key processes tied to current programs, partnerships, and funding sources. This will allow HCD to ground understanding of programs' impacts in long term contexts and track progress to specific and quantifiable and performance goals in the Department's equity focus areas.

HCD's key metrics include:

1. Number of new housing units produced, as well as affordability levels, locations, vulnerable populations served, and units in the pipeline
2. Number of housing units preserved and/or rehabilitated
3. For housing counseling (AC Housing Secure), number of contacts and key issues identified

Regular reporting occurs through the following:

1. Consolidated Annual Performance and Evaluation Report (CAPER) for federal CDBG, HOME and Emergency Solutions Grant (ESG) funds for the Alameda County HOME Consortium and the Urban County
2. The Alameda County Measure A1 Annual Report
3. The Measure A1 Labor Compliance Program Report
4. The Housing Element Annual Progress Report for the Unincorporated County, developed in partnership with the CDA Planning Department.

HCD will continue to bring regular reporting on these metrics to stakeholders and the communities we serve and is committed to improving the accessibility and transparency of this reporting.

CHAPTER 12: CONCLUSIONS

Conclusion

Over the long term, Alameda County must plan for and facilitate the construction of housing at all income levels, but particularly for our most vulnerable, low-income residents with incomes less than 80% of AMI. Without increased availability of housing for these income groups, Alameda will continue to see elevated and chronic issues of displacement, community instability, cost burden, and homelessness, that negatively impact quality of life for every resident of Alameda County.

Creating more units at more affordable levels will help create stability for those in our community most at risk of losing their housing due to high rents, lack of alternative housing, or other common stressors. Meeting the existing demand for below-market units ensures everyone can stay securely housed without fear of displacement or slipping into homelessness. Creating a housing ecosystem that provides for everyone may mean redefining what we normally think of as the housing market and introducing more diverse options to build, own, and rent housing. Especially in relation to HCD's role, this will mean investing time and resources in housing solutions that provide for a variety of options for residents near the bottom of the income spectrum.

The key bottleneck in providing an adequate supply of affordable housing is the availability of funding to subsidize new capital construction. This bottleneck is exacerbated by the high and increasing cost of affordable projects, and the absence of dedicated operating subsidy which would allow these projects to sustainably house the lowest income households. There is no adequate solution to Alameda County's housing cost crisis that does not require substantial new sources of capital and operating funding.

To meet that challenge, and to enhance the effectiveness and sustainability of our housing and community development initiatives, the HCD is seeking direction from the Board to pursue the following key areas:

1. Expand Funding Opportunities: The HCD requests authorization to identify and research new and expanded funding sources to secure the necessary capital for affordable housing projects and community development programs. This will involve exploring innovative options such as public-private partnerships, philanthropic grants, and alternative public financing mechanisms to supplement existing resources.
2. Explore Innovative Program Models and Policies: The HCD seeks Board approval to investigate and develop alternative program models, county ordinances, and funding

streams to address the evolving housing needs of our community. This includes exploring innovative approaches to zoning, land use regulations, and housing development incentives that promote affordability and accessibility.

3. Strengthen Evidence-Based Practices: The HCD requests direction to continue improving the department's practices, strategies, and systems to support evidence-based policymaking and program administration. This involves investing in modern data collection and analysis systems, program evaluation, and performance measurement to ensure effective and impactful investments in housing and community development.

By granting HCD the authority to pursue these critical areas, the Board will enable the department to proactively address the complex and severe housing challenges facing our community and promote equitable access to safe, affordable housing for all residents.

APPENDICES

1. Appendix A: Typology of the Housing Ecosystem
2. Appendix B: Housing Ecosystem and Needs by City
3. Appendix C: Regional Growth by City
4. Appendix D: Vulnerable & Special Needs Populations
5. Appendix E: Housing Finance Resources
6. Appendix F: Housing Program Design Matrix

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