



PHONE: (510) 747-4300
FAX: (510) 522-7848
TTY/TRS: 711

701 Atlantic Avenue • Alameda, California 94501-2161

AGENDA **REGULAR MEETING OF THE BOARD OF DIRECTORS**
DATE & TIME **Wednesday, December 18, 2024 - 6:31 PM**
LOCATION

Independence Plaza, 703 Atlantic Avenue, Alameda - Ruth Rambeau Memorial Community Room

PUBLIC PARTICIPATION Public access to this meeting is available as follows:

Join Zoom Meeting

<https://us06web.zoom.us/j/83030077310?pwd=fv5xIYAEFr5k4f7GI6KQMDOK4vRw4g.1>

Meeting ID: 830 3007 7310

Passcode: 790402

Persons wishing to address the Board of Directors are asked to submit comments for the public speaking portion of the Agenda as follows:

- Send an email with your comment(s) to jpolar@alamedahsg.org and vcooper@alamedahsg.org prior to or during the Board of Directors meeting
- Call and leave a message at (510) 871-7435.

When addressing the Board, on agenda items or business introduced by Directors, members of the public may speak for a maximum of three minutes per agenda item when the subject is before the Board.

Persons in need of special assistance to participate in the meetings of the Alameda Affordable Housing Corporation Board of Directors, please contact (510) 747-4325 (voice), TTY/TRS: 711, or jpolar@alamedahsg.org. Notification 48 hours prior to the meeting will enable the Alameda Affordable Housing Corporation Board of Directors to make reasonable arrangements to ensure accessibility or language assistance.

PLEDGE OF ALLEGIANCE

1. **ROLL CALL** - Board of Directors
2. **AB2449 COMPLIANCE** "AB2449 Compliance: The Chair will confirm that there are 4 members in the same, properly noticed meeting room within the jurisdiction of the City of Alameda. Each board member who is accessing the meeting remotely must disclose verbally whether they are able to be remote under AB2449: (1) just cause



(max. 2 per year), or (2) emergency circumstances.” For Emergency Circumstances, the request must be approved by a majority vote of the Board of Directors for the emergency circumstances to be used as a justification to participate remotely. Remote Directors must provide a general description of the circumstances relating to the need to appear remotely at the given meeting. Directors must also publicly disclose at the meeting, prior to any action, whether any other individuals 18 years or older are present in the room with the member at the remote location, and the general nature of the member’s relationship with such individuals. Note: A Director cannot participate in meetings of the Board of Directors solely by teleconference from a remote location for a period of more than 3 consecutive months or 20% of the regular meetings for AAHC within a calendar year, or more than 2 meetings if the Board of Directors regularly meets fewer than 10 times per calendar year.

3. COMMISSIONER RECUSALS

4. Public Comment (Non-Agenda)

5. CONSENT CALENDER

Consent Calendar items are considered routine and will be approved or accepted by one motion unless a request for removal for discussion or explanation is received from the Board of Directors or a member of the public.

5.A. Approve Minutes of the Regular Board of Directors Meeting held on November 20, 2024. **Page 4**

5.B. Authorize the Executive Director or designee to amend and sign the Regulatory Agreements on AHA/AAHC and ICD sites to the extent permitted by other lenders and investors. **Page 8**

5.C. Accept an Update on the Housing Authority of the City of Alameda's (AHA) Independence Plaza Restore-Rebuild (Formerly Faircloth-to-RAD) Efforts and Authorize an Agreement Between the Housing Authority of the City of Alameda (AHA) and Alameda Affordable Housing Corporation (AAHC) for AAHC to Remain As the Property Manager. **Page 25**

6. AGENDA

7. ORAL COMMUNICATIONS, Non-Agenda (Public Comment)

8. WRITTEN COMMUNICATIONS

9. EXECUTIVE DIRECTOR'S COMMUNICATIONS

10. DIRECTORS COMMUNICATIONS, (Communications from the Directors)

11. ADJOURNMENT OF REGULAR MEETING

* * * Note * * *

Documents related to this agenda are available for public inspection and copying at the Alameda Affordable Housing Corporation office, 701 Atlantic Avenue, during normal business hours.

Know Your RIGHTS Under the Ralph M. Brown Act: Government’s duty is to serve the public, reaching its decisions in full view of the public. The Board of Directors exists to conduct the business of its constituents. Deliberations are conducted before the people and are open for



In order to assist the Alameda Affordable Housing Corporation's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the Alameda Affordable Housing Corporation accommodate these individuals.





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**DRAFT MINUTES
REGULAR MEETING OF THE BOARD OF DIRECTORS
WEDNESDAY, NOVEMBER 20, 2024**

PLEDGE OF ALLEGIANCE

Director Grob called the meeting to order at 8:46 p.m..

1. ROLL CALL - Board of Directors

Present: Director Grob, Director Decoy,
Director Husby, Director Joseph-Brown,
and Director Kaufman

Absent: Director Tamaoki and Director Sidelnikov

2. AB2449 COMPLIANCE "AB2449 Compliance: The Chair will confirm that there are 4 members in the same, properly noticed meeting room within the jurisdiction of the City of Alameda. Each board member who is accessing the meeting remotely must disclose verbally whether they are able to be remote under AB2449: (1) just cause (max. 2 per year), or (2) emergency circumstances." For Emergency Circumstances, the request must be approved by a majority vote of the Board of Directors for the emergency circumstances to be used as a justification to participate remotely. Remote Directors must provide a general description of the circumstances relating to the need to appear remotely at the given meeting. Directors must also publicly disclose at the meeting, prior to any action, whether any other individuals 18 years or older are present in the room with the member at the remote location, and the general nature of the member's relationship with such individuals. Note: A Director cannot participate in meetings of the Board of Directors solely by teleconference from a remote location for a period of more than 3 consecutive months or 20% of the regular meetings for AAHC within a calendar year, or more than 2 meetings if the Board of Directors regularly meets fewer than 10 times per calendar year. Director Grob confirmed there were more than 4 Directors present in the noticed meeting room and no Directors were attending virtually.

3. DIRECTOR RECUSALS

None.



4. Public Comment (Non-Agenda)

None.

5. CONSENT CALENDER

Consent Calendar items are considered routine and will be approved or accepted by one motion unless a request for removal for discussion or explanation is received from the Board of Directors or a member of the public.

- *5.A Approve Minutes of the Regular Board of Directors Meeting held on October 16, 2024.
- *5.B Accept the Quarterly Non-LIHTC Portfolio Asset Management Fiscal Year to Date Financial Report through September 30, 2024.
- *5.C Approve the Quarterly Write-off to September 30, 2024 of Uncollectible Accounts Receivable from Former Residents.
- 5.D Accept the Update on the Independence Plaza Faircloth to RAD transaction; Approve a Resolution for the Real Property Transfer of Independence Plaza to the Housing Authority of the City of Alameda; Approve Assignment of the Community Improvement Commission Agreement to the Housing Authority of the City of Alameda; Approve an agreement to be the contract administrator of the Housing Assistance Payment Contracts for Independence Plaza.

Items accepted or adopted are indicated by an asterisk.

Chair Grob stated that item 5.D will be moved to the Regular Agenda and taken before item 6.A.

Director Kaufman moved to accept Consent Calendar items 5.A, 5.B, and 5.C, and Director Grob seconded. The motion passed unanimously.

Yes	5	Director Grob, Director Decoy, Director Husby, Director Joseph-Brown, and and Director Kaufman
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6. AGENDA

- 5.D Accept the Update on the Independence Plaza Faircloth to RAD transaction; Approve a Resolution for the Real Property Transfer of Independence Plaza to the Housing Authority of the City of Alameda; Approve Assignment of the Community Improvement Commission Agreement to the Housing Authority of the City of Alameda; Approve an agreement to be the contract administrator of the Housing Assistance Payment Contracts for Independence Plaza.

Sylvia Martinez, Director of Housing Development, stated that this item is the Alameda Affordable Housing Corporation (AAHC) other side of item 11.B heard during the preceding Housing Authority of the City of Alameda (AHA) Board of Commissioners Meeting. Ms. Martinez provided the Board with redlined hard copies of the amended Memo and Resolution for this item, noting that there are more changes included in the Resolution than the Memo. Ms. Martinez noted that the



Resolution changes include clarity surrounding the voucher transfers, which includes implementation of a rule, that will be applied to voucher transfers or new vouchers issued, which indicates that AAHC will sign the RAD and non-RAD PBV HAP Contracts only for purposes of executing these contracts with AHA, who will have the ownership of the respective units, because HUD permits this kind of relationship and signature on HAP contracts. This clarifies that AAHC no longer owns the units, and the units will be owned by AHA, but both entities will sign the contract. As AAHC and AHA are related parties, Legal Counsel has indicated that they approve of this structure. To summarize, AAHC is agreeing to transfer the property back to AHA, as originally agreed to in 2020, and sign over all of its existing contracts, including the agreement with the City of Alameda for the subsidy that had been supporting this contract, the CIC. At the request of Ms. Martinez, Director Grob read the recommendation language provided by Legal Counsel.

Director Grob moved to accept the Update on the Independence Plaza Faircloth to RAD transaction; approve a Resolution for the Real Property Transfer of Independence Plaza to the Housing Authority of the City of Alameda with the elements described in the Revised Memo, and Director Kaufman seconded. A roll call vote was taken, and the motion passed unanimously.

Yes 5 Director Grob, Director Decoy, Director Husby,
Director Joseph-Brown, and
and Director Kaufman

6.A Accept a Presentation on Electric Vehicle (EV) Charging options for Housing Authority of the City of Alameda (AHA) properties.

Director Grob stated that item 6.A will be accepted as presented in the preceding AHA Board of Commissioners Meeting.

7. ORAL COMMUNICATIONS, Non-Agenda (Public Comment)

None.

8. WRITTEN COMMUNICATIONS:

None.

9. EXECUTIVE DIRECTOR'S COMMUNICATIONS

None.

10. DIRECTORS COMMUNICATIONS, (Communications from the Directors)

None.

11. ADJOURNMENT OF REGULAR MEETING



Chair Grob adjourned the meeting at 8:53 p.m.

Vanessa M. Cooper
Secretary and Executive Director

Carly Grob, President
Board of Directors





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To: Board of Directors
From: Shanon Lampkins, Director of Asset Management
Prepared By: Shanon Lampkins, Director of Asset Management

Date: December 18, 2024

Re: Authorize the Executive Director or designee to amend and sign the Regulatory Agreements on AHA/AAHC and ICD sites to the extent permitted by other lenders and investors.
5.B.

BACKGROUND

The Housing Authority of the City of Alameda (AHA) has a standard Regulatory Agreement that it uses on properties that it owns and operates, as well as certain other properties where it has a ground lease or other loan. The Regulatory Agreement requires that affordability is maintained, and also gives AHA rights to receive reports, inspect physical and financial operations, and to be notified if the project is in default on other funding. The Regulatory Agreement is recorded on the title of the property, and typically has a long term, between 20–55 years.

DISCUSSION

Staff would like to revise its standard Regulatory Agreements to further the goals of AHA. The changes proposed include:

1. Restrict the maximum rents only for the tenant paid portion not to exceed 80% Area Median Income (AMI) - This amendment addresses the situation where a tenant or project-based subsidy is in place (such as PBV, HCV, EHV, etc.) by clarifying that restrictions on rental payments relate only to the tenant paid portion of rents. This change continues to restrict rents to be affordable to the tenants, while allowing the rents to be paid at the maximum level available such as the Payment Standard level, subject to rent reasonableness and other factors.
2. Strengthen language regarding income certification to require annual recertification of income level. Failure to recertify income annually will be deemed non-compliance and lead to a notice of termination of tenancy. The requirement to certify income annually ensures that the correct target populations are being served and that income-based restrictions are being met.
3. Strengthen language regarding annual inspection - This ensures that units are kept up



- and that any housekeeping or hoarding issues are addressed.
4. More clearly describe what occurs when a family goes over the maximum income to require the right sizing of families to maximize use of affordable housing, and also implement an industry standard 140% maximum income limit before a family is converted to market rate.
 5. Allow for the Housing Authority, in its discretion, to conduct and utilize a project specific utility allowance study if needed, rather than relying on standardized utility allowances that underestimate or overestimate the cost of utilities for any given project.
 6. Clarify that tenants residing in rent-restricted housing verify that such housing is the tenant's primary residence, with notice requirements for absences over 30 days to ensure that housing developments are occupied by the actual tenants approved for occupancy.
 7. Minor clean up language.

A redlined version of the Regulatory Agreement showing proposed changes is attached.

If this authorization is approved, staff will amend and restate all existing regulatory restrictions in the next year or so and use such amended and restated version on any new transactions. Existing properties will be transferred to this agreement as permitted by lenders or investors. To the extent any changes to the Regulatory Agreement require corresponding revisions to the tenant lease forms, such revisions will also be made.

FISCAL IMPACT

Current sites that are not tax credit projects will be able to benefit from the full voucher payment standard. For other sites, this change is mostly regarding compliance and reporting which is already being performed.

CEQA

Not applicable

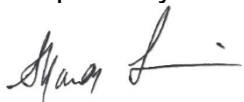
RECOMMENDATION

Authorize the Executive Director or designee to amend and sign the Regulatory Agreements on all AHA/AAHC and ICD sites to the extent permitted by other lenders and investors.

ATTACHMENTS

1. AHA AAHC ICD Form - Affordable Housing Agreement-4856-5989-2212-v1 and AHA Form - Affordable Housing Agreement-4856-5989-2212-v2

Respectfully submitted,



Shanon Lampkins, Director of Asset Management



**Recording requested by
And when recorded mail to:**

Housing Authority of the City of Alameda
701 Atlantic Avenue
Alameda, CA 94501
Attention: Executive Director

Exempt from recording fees pursuant to
Cal. Gov't Code § 27383

APN: _____

AFFORDABLE HOUSING AGREEMENT

This Affordable Housing Agreement (“**Agreement**”) dated _____, 2018, is entered into between **THE HOUSING AUTHORITY OF THE CITY OF ALAMEDA**, a public body corporate and politic (the “**Housing Authority**”) and **THE HOUSING AUTHORITY OF THE CITY OF ALAMEDA**, a public body corporate and politic (“**Owner**”).

RECITALS

The following recitals are a substantive part of this Agreement.

A. Owner is the owner of that certain real property located in the City of Alameda, County of Alameda, State of California, more particularly described in Exhibit A attached hereto (“**Property**”).

B. The Property is the site of a []-unit residential development (“**Housing Project**”) that Owner desires to operate as affordable housing for rental to low- or moderate-income households (each an “**Affordable Unit**”²² and collectively, the “**Affordable Units**”).

C. Owner and the Housing Authority desire by the execution of this Agreement to assure the Property and the Affordable Units remain affordable for a minimum of twenty (20) years following the date of recordation of this Agreement (the “**Effective Date**”).

NOW THEREFORE, the parties acknowledge and agree as follows:

ARTICLE 1. DEFINITIONS

1.01 “**Affordable Rent**” is the amount of rent considered as “affordable rent” for persons and families of low or moderate income (as defined in California Health and Safety Code Section 50093), adjusted for family size appropriate to the unit, pursuant to California Health and Safety Code Section 50053(b) or any successor statute thereto, provided that Owner

is permitted, at its option, to use the occupancy standards and rent levels used by the California Tax Credit Allocation Committee (“CTCAC”) to the extent available, for units that are more deeply restricted by either CTCAC, local, federal, or other State of California regulatory agreements. If the statute is no longer in effect and no successor statute is enacted, the Housing Authority shall establish the Affordable Rent for purposes of this Agreement. For purposes of this Section 1.01, to the extent CTCAC does not provide for family size appropriate for each unit, “adjusted for family size appropriate to the unit” shall mean a household of two persons in the case of a studio or one-bedroom unit, three persons in the case of a two-bedroom unit, four persons in the case of a three-bedroom unit, and five persons in the case of a four-bedroom unit.

1.02 “**Applicable Laws**” means all applicable laws, ordinances, statutes, codes, orders, decrees, rules, regulations, official policies, standards and specifications (including any ordinance, resolution, rule, regulation standard, official policy, condition, or other measure) of the United States, the State of California, the County of Alameda, City of Alameda, or any other political subdivision in which the Housing Project is located, and of any other political subdivision, agency or instrumentality exercising jurisdiction over the Owner or the Housing Project.

1.03 “**Area Median Income**” shall mean the median income and income levels for households in Alameda County, California, as published or utilized from time to time by CTCAC. If CTCAC ceases to publish or utilize such information, Owner shall use the median income for households in Alameda County, California, as published from time to time by the United States Department of Housing and Urban Development (“HUD”) in a manner consistent with the determination of median gross income under Section 8 of the United States Housing Act of 1937, as amended, and as defined in Title 25, California Code of Regulations, Section 6932. In the event that such income determinations are no longer published by HUD, or are not updated for a period of at least 18 months, the Housing Authority shall provide the Owner with other income determinations that are reasonably similar with respect to methods of calculation to those previously published by HUD.

1.04 “**Eligible Households**” shall mean households meeting the income restrictions as set forth in Section 2.01.

1.05 “**Rental Payments**” means the rental payments paid by the occupant of a unit, excluding any supplemental rental assistance to the occupant from the State, the federal government, or any other public agency, but including any mandatory fees or charges imposed on the occupant by the Owner as a condition of occupancy of the unit.

ARTICLE 2. RENT, INCOME AND OCCUPANCY RESTRICTIONS

2.01 Rent and Income Restrictions.

(a) All of the Affordable Units shall be rented to Eligible Households whose gross income does not exceed eighty percent (80%) of the Area Median Income ~~at an Affordable Rent.~~ The monthly Rental Payments for the Affordable Units paid by the tenants thereof (excluding any supplemental rental assistance from the State, the federal government or any other public agency to those tenants or on behalf of those units) shall not exceed an Affordable

Rent. The utility allowances used for purposes of determining an Affordable Rent must be submitted by Owner to the Housing Authority for approval annually, which approval shall be in the Housing Authority's sole and absolute discretion. The Housing Authority may conduct a project specific utility allowance study, if needed, rather than relying on standardized utility allowances that underestimate or overestimate the cost of utilities for any given project, and require that such project specific utility allowances be implemented on any project.

(b) In addition to and notwithstanding the foregoing, Owner may have an on-site management staff person residing on the Property in one (1) unit designated as a resident manager's unit, and such manager's unit shall not be subject to the above affordability restrictions so long as such unit is occupied by an on-site management staff person for the Housing Project. If at any time such unit is not occupied by an on-site management staff person, such unit shall be operated as an Affordable Unit and shall be made available to Eligible Households whose gross income does not exceed eighty percent (80%) of the Area Median Income ~~at~~, with Rental Payments not exceeding an Affordable Rent.

(c) Except to the extent permitted under rules implemented by CTCAC, at the time any lease is executed or renewed, the minimum and maximum occupancy of each unit shall be limited as provided in the chart below. At the request of Owner, the Housing Authority may make exceptions to the foregoing occupancy standards to the extent such exceptions are permitted by Applicable Laws, and do not increase the Housing Authority's obligations or liabilities under this Agreement, or diminish or impair the Housing Authority's rights and remedies under this Agreement.

<u>Number of Bedrooms</u>	<u>Minimum Occupancy</u>	<u>Maximum Occupancy</u>
0	1	2
1	1	3
2	2	5
3	3	7
4	4	9
5	5	11

(d) Not more than once per year, Owner may adjust rents in occupied Affordable Units to the level allowed for the family size appropriate to the unit. Owner may adjust the rent upon vacancy of an Affordable Unit to the level allowed for the family size appropriate to the unit. Owner must notify each tenant and the Housing Authority in writing of any increase in monthly rent for an Affordable Unit at least thirty (30) days in advance of the effective rent adjustment date. The written notice of rent increase provided to the Housing Authority shall indicate: (1) the rent adjustment for each Affordable Unit; (2) the new rental amount for each Affordable Unit; and (3) the effective date of the adjustment for each Affordable Unit. Failure to provide the notice required shall be considered a failure to perform by Owner under this Agreement and subject to the terms of Article 11.

(e) The determination of a status as an Eligible Household shall be made by Owner prior to initial occupancy of the Affordable Unit by such household; provided that, if Owner fails to perform any term or provision of this Agreement related to the determination of

status of an Eligible Household, as reasonably determined by the Housing Authority, then until such failure has been cured and upon written request by the Housing Authority, such determination shall be subject to review and approval by the Housing Authority. The income of all persons residing in the Affordable Unit shall be considered for purposes of calculating the household income. Owner shall not discriminate against prospective tenants with qualified Public Housing Authority Section 8 certificates or vouchers who are otherwise qualified.

(f) Immediately prior to the first anniversary date of the occupancy of an Affordable Unit by an Eligible Household, and annually thereafter, Owner shall re-certify the income of the occupants of such Affordable Unit by obtaining a completed Tenant Income Certification based upon the current income of each occupant of the Affordable Unit. The Tenant Income Certification shall be in the form attached hereto as Exhibit B or in a form acceptable to the Housing Authority. Annual income recertifications shall also contain those documents used to certify initial eligibility. Failure to recertify income annually will be deemed non-compliance and lead to a notice of termination of tenancy. The requirement to certify income annually ensures that the correct target populations are being served and that income-based restrictions are being met.

(g) ~~If an occupant of~~ No Eligible Household upon initial occupancy shall be denied continued occupancy of a unit in the Housing Project because, after admission, the aggregate gross income of all tenants in the unit occupied by such Eligible Household increases to exceed the qualifying limit for an Affordable Unit ~~no longer qualifies as an Eligible Household due to an increase in income, the occupant.~~ However, should the aggregate gross income of tenants in an Affordable Unit, as of the most recent determination thereof, exceed one hundred forty percent (140%) of the applicable income limit for an Affordable Unit occupied by the same number of tenants, the tenants may continue to occupy the former Affordable Unit; provided, however, Owner may increase the ~~rental rate~~ Rental Payment for such former Affordable Unit to the lesser of (a) market rate and (b) one-twelfth (1/12) of thirty percent (30%) of such tenant's actual annual income. Owner shall send written notice to the Housing Authority with the address and bedroom/bathroom mix of any occupant that pays rent greater than the equivalent Affordable Rent for an Eligible Household under Section 2.01(a).

2.02 Marketing and Leasing Program.

(a) Owner shall actively market rental of all units within the Housing Project, including the Affordable Units. Prior to lease-up of the Affordable Units, Owner shall provide the Housing Authority with a copy of its marketing program for the Housing Project, which shall include a marketing program for the Affordable Units ("**Affordable Units Marketing Program**"). The Housing Authority shall review the Affordable Units Marketing Program and either approve or request modifications to the Affordable Units Marketing Program within thirty (30) days after receipt. Until all Units have been initially occupied by an Eligible Household in accordance with this Agreement, Owner shall provide monthly updates to the Affordable Units Marketing Program commencing thirty (30) days after the date the Affordable Units Marketing Program is initially approved by the Housing Authority. The Housing Authority hereby acknowledges and approves the Affordable Units Marketing Program as in effect on the Effective Date.

(b) Owner is responsible for implementing the Affordable Units Marketing Program actively and in good faith. The Housing Authority may extend the required marketing period in its discretion if Owner delays implementation or otherwise fails to comply with the Affordable Units Marketing Program as approved by the Housing Authority.

ARTICLE 3. REPORTING REQUIREMENTS FOR HOUSING PROJECT

3.01 Reporting Requirements. Owner shall submit an annual Certification of Continuing Compliance attached hereto as Exhibit C or in such other format as may be reasonably requested by the Housing Authority. Owner shall also make available all information to support such Certification of Continuing Compliance, including, without limitation:

- (a) The number of persons per Affordable Unit;
- (b) Name of each Affordable Unit Tenant;
- (c) Initial occupancy date;
- (d) Rent paid per month; and
- (e) Gross income per year.

The Housing Authority, from time to time during the term of this Agreement, may request additional or different information, if such information is required in order for the Housing Authority to comply with its reporting requirements, and Owner shall promptly supply such additional or different information in the reports required hereunder. Owner shall maintain all necessary books and records, including property, personal and financial records, in accordance with requirements prescribed by the Housing Authority with respect to all matters covered by this Agreement. Owner, at such time and in such forms as the Housing Authority may require, shall furnish to the Housing Authority statements, records, reports, data and information pertaining to matters covered by this Agreement. Upon reasonable advance request for examination by the Housing Authority, Owner, at any time during normal business hours, shall make available all of its records with respect to all matters covered by this Agreement. Owner shall permit the Housing Authority to audit, examine and make excerpts or transcripts from these records at the Housing Authority's sole cost.

The first annual report and annual income certification ("**Initial Report**") shall be submitted to the Housing Authority within thirty (30) days of the date of the initial rental of all the Affordable Units on the Property. Subsequent annual reports and annual income certifications or recertifications shall be submitted to the Housing Authority on July 15th of each calendar year during the term of this Agreement.

3.02 Housing Authority Approval of Lease Forms. The Housing Authority shall have the right to review and approve Owner's form of lease for the Affordable Units, including disclosures of the affordability restrictions on the Affordable Units, prior to Owner's use of such form. The Owner's form of lease shall include a provision requiring tenants of Affordable Units to notify the Owner or the property manager of any tenant absence of over 30 consecutive days, and notifying tenants of Affordable Units that absences of over 180 days in any 365 day period

could be a cause for termination of the applicable lease.

ARTICLE 4. PROVISION OF SERVICES AND MAINTENANCE OF PROPERTY

4.01 Maintenance. During the term of this Agreement, Owner shall maintain, or cause to be maintained, the Property, including all improvements thereon, in a manner consistent with the provisions set forth therefor in the Alameda Municipal Code, and shall keep the entire Property free from any accumulation of debris or waste materials prior to and after construction. The Owner's maintenance obligation pursuant to this Section 4.01 shall include Owner's obligation to inspect the Affordable Units at least once a year and may use HQS, NSPIRE, UCPS or other similar federal standard to determine housing quality. If the unit fails due to the tenant's inability to meet this standard after 30 days' notice, a notice of termination shall be issued.

If, at any time, Owner fails to maintain the Property, and has either failed to commence to cure such condition or to diligently prosecute to completion the condition or the condition is not corrected after expiration of sixty (60) days from the date of written notice from the Housing Authority to the Owner, the Housing Authority may perform the necessary corrective maintenance, and Owner shall pay such costs as are reasonably incurred for such maintenance. The Housing Authority shall have the right to place a lien on the Property should Owner not reimburse the Housing Authority for such costs within sixty (60) days following the Housing Authority's written demand for reimbursement of such costs. Owner, on behalf of itself, its heirs, successors and assigns, hereby grants to the Housing Authority and its officers, employees and agents, an irrevocable license to enter upon the Property to perform such maintenance during normal business hours after receipt of written notice from The Housing Authority and Owner's failure to cure or remedy such failure within sixty (60) days of such notice. Any such entry shall be made only after reasonable notice to Owner, and the Housing Authority shall indemnify and hold Owner harmless from any claims or liabilities pertaining to any such entry by the Housing Authority. Failure by Owner to maintain the Property in the condition provided in this Article 4 may, in the Housing Authority's reasonable discretion, constitute a default under this Agreement.

ARTICLE 5. NO TRANSFER

5.01 Prohibition. Except with respect to Permitted Transfers (as defined below), Owner shall not make any total or partial sale, transfer, conveyance, encumbrance to secure financing, assignment or lease of the whole or any part of the Property, the Housing Project or this Agreement without the prior written approval of the Housing Authority, which approval shall not be unreasonably withheld.

5.02 Permitted Transfers. Notwithstanding any other provision of this Agreement to the contrary, the Housing Authority approval of an assignment or transfer of this Agreement or conveyance of the Property or Housing Project, or any part thereof, shall not be required in connection with any of the following (the "**Permitted Transfers**"):

- (a) The lease of Affordable Units to Eligible Households.
- (b) Assignments for financing purposes, and any subsequent transfer to the lender providing such financing by foreclosure or deed in lieu of foreclosure thereunder, subject

to such financing being considered and approved by the Housing Authority.

(c) Transfer of the Property and Housing Project to an affiliate entity which controls, is controlled by or under common control with Owner.

(d) In the event of an assignment by Owner pursuant to subparagraph (c) not requiring the Housing Authority's prior approval, Owner nevertheless agrees that at least thirty (30) days prior to such assignment or transfer it shall give written notice to the Housing Authority of such assignment or transfer and that such transferee shall be required to assume Owner's obligations under this Agreement pursuant to a written assignment and assumption agreement in a form reasonably acceptable to the Housing Authority.

5.03 Housing Authority Consideration of Requested Transfer. The Housing Authority agrees that it will not unreasonably withhold approval of a request made pursuant to this Article 5 provided (a) the Owner delivers written notice to the Housing Authority requesting such approval, and (b) the Housing Authority determines the proposed assignee or transferee possesses comparable operational experience and capability, and comparable net worth and resources, as Owner, and (c) the assignee or transferee assumes the obligations of the Owner under this Agreement pursuant to a written assignment and assumption agreement in a form reasonably acceptable to the Housing Authority. Such notice shall be accompanied by evidence regarding the proposed assignee's or purchaser's qualifications and experience and its financial commitments and resources sufficient to enable the Housing Authority to evaluate the proposed assignee or purchaser pursuant to the criteria set forth herein and other criteria as reasonably determined by the Housing Authority. The Housing Authority shall approve or disapprove the request within forty-five (45) days of its receipt of the Owner's notice and all information and materials required herein.

ARTICLE 6. NO DISCRIMINATION

Owner covenants, by and for itself and any successors in interest, that there shall be no discrimination against or segregation of any person or group of persons on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (1) of subdivision (p) of Section 12955, and Section 12955.2 of the Government Code, in the sale, lease, sublease, transfer, use, occupancy, tenure or enjoyment of the Property, nor shall Owner, itself or any person claiming under or through it, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use or occupancy of tenants, lessees, subtenants, subleases or vendees in the Property.

ARTICLE 7. NO IMPAIRMENT OF LIEN

No violation or breach of the covenants, conditions, restrictions, provisions or limitations contained in this Agreement shall defeat or render invalid or in any way impair the lien or charge of any ground lease or memorandum thereof, mortgage, deed of trust or other financing or security instrument; provided, however, that any successor of Owner to the Property and Housing Project shall be bound by such covenants, conditions, restrictions, limitations and provisions, whether such successor's title was acquired by foreclosure, deed in lieu of

foreclosure, trustee's sale or otherwise.

ARTICLE 8. DURATION

~~The covenants contained in Articles 2, 3, 4 and 5 of this~~ This Agreement shall be deemed to run with the Property and Housing Project until the date which is twenty (20) years following the Effective Date.

ARTICLE 9. SUCCESSORS AND ASSIGNS

The covenants contained in the Agreement shall be binding upon Owner and its heirs, successors and assigns, and such covenants shall run in favor of the Housing Authority and its successors and assigns for the entire period during which such covenants shall be in force and effect, without regard as to whether the Housing Authority is or remains an owner of any land or interest therein to which such covenants relate. The covenants contained in the Agreement, without regard to technical classification and designation, shall be for the benefit of and shall be enforceable only by the Housing Authority, and its successors and assigns.

ARTICLE 10. SUBORDINATION AGREEMENT

Except as otherwise expressly provided below, this Agreement shall have priority over the liens of all mortgages, deeds of trust and other liens (other than the lien for current, unpaid property taxes) and Owner shall cause all such mortgagees, deed of trust beneficiaries and other lien holders to execute and deliver to the Housing Authority for recordation in the Official Records of Alameda County, a subordination agreement, in a form reasonably acceptable to the Housing Authority, subordinating such mortgages, deeds of trust and other liens to this Agreement thereby ensuring the priority of this Agreement over all such mortgages, deeds of trust and other liens. Notwithstanding the subordination provisions set forth herein, the Housing Authority may, in its sole discretion, subordinate this Agreement. Notwithstanding the foregoing, the Housing Authority shall subordinate this Agreement, pursuant to a subordination agreement form reasonably acceptable to the Housing Authority, to debt financing for the Property if such debt financing includes affordability covenants that (1) expire after the expiration of this Agreement, and (2) require income targeting of equal or greater affordability with respect to all units in the Property. In connection with any subordination (whether this Agreement will be senior or junior), Owner shall pay an administrative fee to the Housing Authority in the amount of ~~\$750~~ and shall reimburse the Housing Authority for all out-of-pocket costs in connection therewith, including attorney's fees.

ARTICLE 11. DEFAULT AND REMEDIES

11.01 Any failure by Owner to perform any term or provision of this Agreement shall constitute a **"Default"** (1) if Owner does not cure such failure within thirty (30) days following written notice of default from the Housing Authority, or (2) if such failure is not of a nature which can be cured within such thirty (30) day period, Owner does not commence substantial efforts to cure the failure within thirty (30) days and thereafter prosecute to completion with diligence and continuity the curing of such failure. Any notice of default given under this Agreement shall identify the nature of the failure in performance which the Housing Authority claims constitutes the Default and the manner in which such Default may be satisfactorily cured.

Any failure or delay by the Housing Authority in asserting any of its rights or remedies, including specific performance, as to any Default shall not operate as a waiver of any Default or of any such rights or remedies or deprive the Housing Authority of its right to institute and maintain any actions or proceedings which it may deem necessary to protect, assert or enforce any such rights or remedies.

11.02 In the event of any Default, the Housing Authority and its successors and assigns shall have the right to exercise any and all of the following rights and remedies:

(a) Charge a monthly non-compliance fee in the amount of ~~\$50~~ _____ per month or portion thereof with respect to each unit in the Property that is not operated and occupied in compliance with this Agreement; to the extent that any material breach of this Agreement affects common areas or all of the units (such as a Default under Section 4.01), such non-compliance fee shall apply to all units in the Housing Project.

(b) Collect all rents and income in connection with the operation of the Housing Project and use the same and the reserve funds for the operation and maintenance of the Housing Project.

(c) Take possession of the Housing Project and bring any action necessary to enforce any rights of Owner with respect to the operation of the Housing Project, and operate the Housing Project in accordance with the terms of this Agreement until such time as the Housing Authority, in its sole discretion, shall determine that Owner is again in a position to operate the Housing Project in accordance with the terms of this Agreement.

(d) Maintain any actions at law or suits in equity or other proper proceedings to enforce the curing of such breach, including, without limitation, seeking specific performance.

ARTICLE 12. NOTICES, DEMANDS AND COMMUNICATIONS

Any approval, disapproval, demand, document or other notice to be provided under this Agreement shall be given in writing and shall be sent: (a) for personal delivery by a delivery service that provides a record of the date of delivery, the individual to whom delivery was made, and the address where delivery was made; (b) by first-class certified United States mail, postage prepaid, return receipt requested; or (c) by a nationally recognized overnight courier service and marked for next day business delivery. All notices shall be addressed to the party to whom such notice is to be given at the property address stated herein or to such other address as a party may designate by written notice to the other. Any written notice, demand or communication shall be deemed received: (a) immediately if delivered by personal delivery as provided hereinabove; (b) on the third (3rd) day from the date it is postmarked if delivered by first-class mail, postage prepaid, return receipt requested; and (c) on the next business day if sent via nationally recognized overnight courier and marked for next day business delivery. Notices sent by a party's attorney on behalf of such party shall be deemed delivered by such party.

To the Housing
Authority:

Housing Authority of the City of Alameda
701 Atlantic Avenue
Alameda, CA 94501
Attention: Executive Director

To Owner

Housing Authority of the City of Alameda
701 Atlantic Avenue
Alameda, CA 94501
Attention: Executive Director

ARTICLE 13. ATTORNEYS' FEES

In any action or proceeding which either party brings against the other to enforce its rights hereunder, the unsuccessful party shall pay all costs incurred by the prevailing party, including reasonable attorneys' fees, which amounts shall be a part of the judgment in any action or proceeding.

ARTICLE 14. MISCELLANEOUS

Each party agrees to cooperate with the other in the implementation and administration of this Agreement and, in that regard, shall execute any and all documents which may be reasonably necessary, helpful, or appropriate to carry out the purposes and intent of this Agreement. This Agreement may be signed in multiple counterparts which, when signed by all parties, shall constitute a binding agreement. The words "include" and "including" shall be construed as if followed by the words "without limitation." All exhibits and attachments hereto are incorporated by reference as though fully restated herein. This Agreement shall be interpreted as though prepared jointly by both parties, and shall be construed in accordance with and be governed by the laws of the State of California. If any provision of this Agreement shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions hereof shall not in any way be affected or impaired thereby. A waiver by either party of a breach of any of the covenants, conditions or agreements hereunder to be performed by the other party shall not be construed as a waiver of any succeeding breach of the same or other covenants, agreements, restrictions or conditions hereof. No waiver by the Housing Authority of any of the conditions hereof shall be effective unless in writing expressly identifying the scope of the waiver and signed on behalf of an authorized official of the Housing Authority. Any alteration, change or modification of or to the Agreement, in order to become effective, shall be made in writing and in each instance signed on behalf of each party hereto.

IN WITNESS WHEREOF, the Housing Authority and Owner have caused this Agreement to be executed on their behalf by their respective officers thereunto duly authorized, on the Effective Date first above written.

HOUSING AUTHORITY:

Housing Authority of the City of Alameda,
a public body corporate and politic

By: _____
[Signature must be notarized]
Vanessa M. Cooper
Executive Director

OWNER:

Housing Authority of the City of Alameda,
a public body corporate and politic

By: _____
[Signature must be notarized]
~~Kathleen Mertz~~ Sylvia Martinez
Director of Housing and Community Development

[Signatures must be notarized.]

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2017, before me, _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

STATE OF CALIFORNIA)
) ss:
COUNTY OF _____)

On _____, 2017, before me, _____,
Notary Public, personally appeared _____,
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are
subscribed to the within instrument and acknowledged to me that he/she/they executed the same
in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument
the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that
the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

EXHIBIT A

Description of Property

THE LAND REFERRED TO HEREIN BELOW IS SITUATED IN THE CITY OF ALAMEDA, COUNTY OF ALAMEDA, STATE OF CALIFORNIA, AND IS DESCRIBED AS FOLLOWS:

[TO BE COMPLETED]

EXHIBIT B

Tenant Income Certification

Project Name and Address: _____

Date: _____

- Affordable Units: 50% of Median Income
 80% of Median Income
 120% of Median Income

Address/Unit Number: _____

Rent: _____

Tenant/Household Name: _____

Date of Lease: _____

Size of Household: _____

Expiration: _____

Total Household Income: _____ per year

The following list includes each member of the household and their income. Attached are federal or state income tax returns for the most recent tax year, current stubs from paychecks or other evidence of the income of each income-producing member of the household.

Name of Household Member	Relationship	Age	Social Security Number	Annual Income	Source of Income/ Name of Employer
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____
_____	_____	_____	_____	_____	_____

I/We the undersigned have read and answered fully, frankly and personally each of the above questions under penalty of perjury and do hereby swear they are true.

Head of Household Date

Owner/ Agent Date

EXHIBIT C

CERTIFICATION OF CONTINUING COMPLIANCE

Project Name and Address: _____

Date: _____

Total Affordable Housing Units in Project:

Very Low Income Units (not to exceed 50% of Median Income): _____

Low Income Units (not to exceed 80% of Median Income): _____

Moderate Income Units (not to exceed 120% of Median Income): _____

The Owner, in accordance with the Affordable Housing Agreement dated _____ (the “**Agreement**”) does hereby certify to the Housing Authority of the City of Alameda that Owner is in continuing compliance with the Agreement, and that to the knowledge of the undersigned no default exists under said Agreement. Specifically, it hereby is confirmed that each Eligible Household currently residing in a unit in the Project has completed a Certificate of Tenant Eligibility and Income Verification in the form approved by the Housing Authority of the City of Alameda and that from and after the Effective Date under the Agreement, all of the occupied units in the Project have been rented to (or are vacant and last occupied by) Eligible Households [*Check box if applicable and attach appropriate documents:* except as indicated in the attached documents].

Signed: _____
Owner/ Agent

Date: _____

[Attached pages as applicable.]



PHONE: (510) 747-4300
FAX: (510) 522-7848
TTY/TRS: 711

701 Atlantic Avenue • Alameda, California 94501-2161

To: Board of Directors
From: Sepideh Kiumarsi, Management Analyst
Prepared By: Sepideh Kiumarsi, Management Analyst

Date: December 18, 2024

Re: Accept an Update on the Housing Authority of the City of Alameda's (AHA) Independence Plaza Restore-Rebuild (Formerly Faircloth-to-RAD) Efforts and Authorize an Agreement Between the Housing Authority of the City of Alameda (AHA) and Alameda Affordable Housing Corporation (AAHC) for AAHC to Remain As the Property Manager.
5.C.

BACKGROUND

Independence Plaza (IP) is a property that was originally developed by the Housing Authority of the City of Alameda (AHA) in 1990 and has been continuously owned and operated in good condition. In 2019, AHA transferred the property (including both the land and improvements) to the Alameda Affordable Housing Corporation (AAHC) and provided a \$34,200,000 seller carryback loan to cover the market value of the property. AAHC made payments on that loan in recent years.

Independence Plaza consists of five (5), four-story multifamily residential buildings situated between the Atlantic and Constitution Avenues. The project has a total of 186 units - 159 one-bedroom, one-bathroom units and 27 two-bedroom, one-bathroom units. Ten (10) units are accessible, and four (4) units have sight/hearing features; twenty (20) other units were upgraded recently for accessibility features. The site contains a community room, laundry, elevators, property management and social service offices and parking. The property currently has a project-based voucher (PBV) contract for thirty-two (32) units with an expiration date in 2040. This PBV HAP contract includes seven (7) Veterans Affairs Supportive Housing (VASH) PBV units; the possibility of expanding the number of VASH PBV units to ten (10) units at this site are under discussion with the HUD field office, as discussed further below.

The City, through its residual Redevelopment Agency funding, currently subsidizes the property up to \$2.5M per year. However, this subsidy will run out in 2026 or 2027, so staff have been planning for eight (8) years to replace this funding source and to fill the budget gap.



In June 2023, the Board received a presentation on the Faircloth to RAD, which has been renamed to the "Restore-Rebuild" Program, from Rod Solomon of Hawkins, Delafield and Wood, LLP. Staff have been working with him since then on the proposal. During that same Board meeting, the Board authorized Resolution 1054 to approve an application for, and implementation of, a Restore-Rebuild (formerly Faircloth to RAD) program for Independence Plaza.

In May 2024, the Board approved an application and up to a \$3M grant to this project through the Alameda Affordable Housing Trust Fund (AAHTF) and a State of California Local Housing Trust Fund (LHTF) application. Staff submitted the LHTF application on September 17, 2024. AHA has not yet received an update on the award and this was not included as part of the final closing with HUD.

As discussed in previous Board updates, the Independence Plaza Restore-Rebuild (formerly Faircloth to RAD) transaction is a transfer of Independence Plaza, without refinancing or rehabilitation, which was proposed to financially restructure its operations to deal with an expiring operating subsidy and permanent loan.

In June 2024, the Board approved the submission of a Mixed Finance Development Proposal (MFDP) to HUD to initiate this transaction. The MFDP was submitted on July 11, 2024. During the September 2024 Board meeting, staff conducted a Public Hearing for the Significant Amendment to the Annual Plan and Moving to Work Supplement for Fiscal Year 2024-2025 and received approval from the Board to submit this amendment to HUD for approval. AHA received HUD approval of its Significant Amendment regarding the Elderly preference on October 18, 2024, and of the Site and Neighborhood Standards for the Restore-Rebuild (formerly Faircloth to RAD) program at Independence Plaza on November 15, 2024, with civil-rights related concerns expressed.

In November 2024, the Board authorized the AHA to exercise its purchase agreement option (approved in March 2020) to transfer the land and improvements from Alameda Affordable Housing Corporation (AAHC) to the Housing Authority of the City of Alameda (AHA) at closing. The Board also authorized the AHA to cancel its existing \$34,200,000 loan and provide a grant of up to \$4M to meet HUD's requirements for the Restore-Rebuild (formerly Faircloth to RAD) transaction.

The Restore-Rebuild (formerly Faircloth to RAD) program required a two-step process which puts the property into Public Housing and then transitions the property into private general occupancy housing with Project-Based Voucher assistance tied to certain units.

DISCUSSION

The staff wishes to update the Board on additional details regarding the Restore-Rebuild (formerly Faircloth to RAD) application to HUD and other refinements.

The Restore-Rebuild program requires the same two-step process as Faircloth to RAD which puts the property into Public Housing and then transitions the property into private housing with a project-based voucher program. The initial step required underwriting by the Office of Public and Indian Housing and approval as conventional Public Housing. The City Council of Alameda supported the initial Public Housing approval with a Cooperation Agreement



regarding local assessments and services. The second step required approval from the Rental Assistance Demonstration (RAD) program. The Cooperation Agreement terminates with fulfillment of the second step and notification to HUD.

Closing activities

In regard to the application timeline and process, the AHA received approval from HUD to move forward with the Public Housing closing and transfer of the property on November 20, 2024. Public housing use restrictions were executed on November 20, recorded on November 25 and released on November 26. The second closing adding RAD PBV vouchers, the RAD use agreement and recording of removal from Public Housing occurred on November 27, 2024. A subordination of the AHA's standard affordability agreement to HUD was also recorded. Legal opinions were provided to HUD from General Counsel (Goldfarb & Lipman LLP) and Washington DC Counsel (Hawkins, Delafield & Wood LLP).

HAP contract

The Rental Assistance Demonstration (RAD) for the Conversion of Public Housing to the Section 8 Project-Based Voucher (PBV) Program Housing Assistance Payments (HAP) Contract went into effect on December 1, 2024, and includes 120 units of which 115 are 1-bedroom units and 5 are 2-bedroom units as authorized by HUD through the Notice of Anticipated RAD Rents (NARR). Ineligible units, such as those units currently filled by tenant-based voucher holders or unsubsidized tenants who declined to join the PBV program under the Restore-Rebuild program, were removed temporarily as part of a PBV HAP Contract amendment promptly per HUD's direction.

Leasing and contract activities

The AHA's total Faircloth limit is 120 units, which the AHA decided to use fully at Independence Plaza. 116 units were occupied at the time of HUD's Commitment to enter Housing Assistance Payments (CHAP) issuance on November 20, 2024, imposition of the Public Housing Declaration of Trust/Restrictive Covenants on the same day, its recording on November 25, 2024, its release on November 26, 2024, and the RAD HAP Contract effective date of December 1, 2024. Following HUD's guidance, AHA added 120 units to the public housing information system without tenant data; HUD staff removed these units after the second close on November 27, 2024. Again following HUD's guidance, the HAP contract for all 120 units was signed on November 27, 2024, to be effective on December 1, 2024, and the AHA removed 66 units not containing eligible households from that contract effective December 2, 2024.

Of these 66 units, 28 households had tenant-based vouchers. Of the remaining 38 unsubsidized households in these 66 units, two (2) households were found to be income-ineligible, twenty-two (22) households opted out or did not respond after multiple outreach attempts, and fourteen (14) households did not finish the briefing and leasing process in time. AHA staff is working with these 14 households to finish processing them and have them leased on the RAD HAP Contract as part of future contract amendments. Individual meetings will be held with those families who declined or failed to respond with their decision on participation in the PBV program. As of December 11, 2024, 54 units are on the RAD HAP Contract of which 4 units are vacant. Leasing efforts will continue until AHA has fully leased 120 RAD PBV households at this site.

Prior to the property transfer, all 120 units were also inspected by the agency's third-party



inspection company and passed this inspection.

Payments

In terms of payments from HUD, AHA expects to start receiving the amounts identified in the Commitment to Enter into a Housing Assistance Payment (CHAP) Contract minus the tenant portion starting in December 2024. The amounts will come both from new HUD funding starting January 1, 2025 (approximately \$725,000 for that year) and supplemental AHA Moving to Work funds, which will be renewed with HUD funds after a one-year commitment. This is currently approximately \$90,000 in new HAP to Independence Plaza each month. Tenants covered by the HAP contract gain significant additional tenant protections under the voucher program.

AAHC and AHA Roles

AAHC signed the HAP contract as the owner and AHA signed the HAP contract as the contract administrator, with AAHC listed as owner only to meet HUD's requirements of two parties to a contract.

While the AHA is now the property owner, to meet RAD requirements, the AHA will contract with AAHC to be the property manager. With Board approval, the AHA will contract with AAHC who will contract with FPI, leaving its existing management contract in place. A new management contract between AHA and AAHC to document the new relationship is attached. Staff have chosen not to challenge this requirement by HUD at this time. However, it is possible that this management structure may not be necessary in the future because of pending HUD regulatory changes. If so, staff may revisit this agreement in the future.

Impacts to the Property Budgets

In regard to the property's budget, AAHC and AHA must approve the budget annually for Independence Plaza going forward. The budget must include an additional budget set-aside for resident services, which is \$25 for each occupied unit every year according to RAD requirements. Also, a new annual replacement reserves deposit of \$83,700, increasing at 1.95% per year, is required. AHA expects to make the first payment in December to cover the first 12 months. In addition, a HUD-required initial deposit of \$1.8 million was made on November 26, 2024. Additionally, AHA is confirming that it has paid off the existing mortgage in full and the funds were received by the lender on November 25, 2024. There will not be a formal budget change until July 1, 2025. The discontinuation of the need to make mortgage payments means there is cash to cover the additional reserve and resident costs.

Contract Rents

The final contract rents for 1-bedroom and 2-bedroom units on the new PBV HAP Contract are \$2,250 and \$2,871 (net of utility allowances), respectively. Rent increases under the Restore-Rebuild PBV HAP contract will be effective starting in 2026 and will be based on the Operating Cost Adjustment Factors (OCAF) published by HUD in that year as required by Restore-Rebuild regulations. Non-RAD PBV units under the existing contract will have a rent increase effective July 1, 2025 under AHA's approved MTW activity and will be based on the rent reasonableness and AHA's Payment Standard. Units that remain unsubsidized will continue to have an annual rent increase based on the maximum allowed for private market units in Alameda. For 2025, this amount is 8.2%.

In regard to the status of VASH PBV units, AHA has leased six VASH PBV units at



Independence Plaza to date, but HUD expressed concern regarding these units and staff were not able to add them to the transaction documents prior to closing. AHA is working with the HUD San Francisco Field Office to resolve any concerns.

Property Upgrades

In terms of the timeline of the current rehabilitation work, there is minor work left to be done. The exterior work will be completed in early December 2024. AHA expects to finish work on thresholds, door ramps, and renovation of the community kitchen for accessibility features by the end of January 2025. AHA also expects to finish upgrades to the exterior landscape by the end of June 2025. Please refer to the monthly construction Board reports. Staff is reviewing the applicability post close of HUD's "Section 3" rule which prioritizes providing jobs for residents and awarding contracts to businesses who employ individuals receiving certain types of HUD financial assistance.

ACOP

During the Public Housing program phase, AHA was required by HUD to draft an Admissions and Continued Occupancy Policy (ACOP) which would govern AHA's Public Housing units at Independence Plaza for the short amount of time that the units were Public Housing. Now that these units have been removed from the Public Housing program, AHA is discontinuing its ACOP and making it ineffective as of December 1, 2024.

Right to Move

The 120 units at Independence Plaza mentioned above have been converted to Project-Based Vouchers (PBV) which allows qualified residents of those units to request a tenant-based voucher after living in the property for one year. Residents who request a tenant-based voucher from the AHA will receive priority for AHA's next available voucher, will not need to complete a full Housing Choice Voucher (HCV) application and will be able to request a voucher even if the HCV wait list is closed. Tenants in the VASH PBV and existing Project-Based units have similar rights after 12 months as explained in AHA's Administrative Plan.

Grievance Procedures

The Restore-Rebuild Program imposes grievance and lease termination provisions that are available for public housing units. HUD required that this be applied also to the PBV units at the site not under the Restore-Rebuild program. A lease addendum was sent to those households.

Longer Notice Periods

The Restore-Rebuild conversion requires that the tenant be offered at least 14 days to cure most legal notices. FPI has been informed and from January 1, 2025, will be using a 30-day notice, which aligns with the California requirements for vacating a unit. No notices for nonpayment will be issued in December at the property while tenants get used to paying the new portion.

FSS Participation

Restore-Rebuild PBV households may choose to participate in AHA's Family Self-Sufficiency (FSS) program, which is a voluntary program that helps families obtain and maintain living wage employment (meaning jobs that provide enough income to cover a family's basic needs) by connecting residents to services like childcare, transportation, education, job training, employment counseling, job placement, and substance or alcohol abuse treatment



or counseling. These options and resident rights were explained at an in-person tenant meeting hosted at Independence Plaza. Tenants in PBV and HCV units have similar rights to participate in FSS as explained in AHA's Administrative Plan.

Right to Return

Post closing, HUD raised a "right to return" issue regarding the transfer from Public Housing to RAD. However, no tenants were displaced in this process and all eligible tenants were offered a voucher and thus HUD determined that AHA has already met the Right to Return requirements.. Current unsubsidized tenants who did not accept the voucher will be added to the new wait list.

Disaster Plan

As part of the process, AHA updated and expanded its disaster plan. This will be used as a template for other buildings.

Elderly Families Preference and Wait list

In a letter dated November 21, 2024, the FHEO division of HUD raised civil rights concerns regarding the general occupancy with elderly families preference status proposed for Independence Plaza. The same letter asked for some changes to the wait list process. All changes requested were made for the wait list process and a letter was sent to FHEO confirming such changes.

Change of Ownership notice

Per California law, all tenants were notified of the change of ownership in writing within 10 days of the change

Conclusion

Staff from all departments of AHA and FPI worked closely together over 2 weeks to complete this transaction in record time and to ensure the many moving pieces were addressed before the Thanksgiving holiday. In its Rental Assistance Demonstration (RAD) Conversion Commitment, HUD acknowledges that "Independence Plaza is the first acquisition-only Restore-Rebuild (formerly Faircloth to RAD) Conversion."

AHA's next steps will be to: submit any required documents to HUD, hold a tenant meeting in December 2024 to further explain tenant rights, continue leasing the property, and take care of any necessary accounting items.

FISCAL IMPACT

Not Applicable.

CEQA

Not Applicable.

RECOMMENDATION

Accept an Update on the Housing Authority of the City of Alameda's (AHA) Independence Plaza Restore-Rebuild (Formerly Faircloth-to-RAD) Efforts and Authorize an Agreement Between the Housing Authority of the City of Alameda (AHA) and Alameda Affordable Housing Corporation (AAHC) for AAHC to Remain As the Property Manager.



ATTACHMENTS

1. AAHC and AHA Property and Asset Management Agreement

Respectfully submitted,
Sepideh Kiumarsi
Sepideh Kiumarsi, Management Analyst



PROPERTY AND ASSET MANAGEMENT SERVICES AGREEMENT

THIS AGREEMENT is made effective December 1, 2024, by and between Alameda Affordable Housing Corporation ("Agent"), and The Housing Authority of the City of Alameda, ("Owner").

RECITALS

WHEREAS, Owner is the owner of certain residential improved real property located in Alameda, California, commonly known as Independence Plaza (186 units), ("Property"); and

WHEREAS, Owner desires to obtain the services of Agent for the purpose of managing and operating the Property, and Agent desires to provide such services; and

WHEREAS, the Owner requires Agent to meet **THE OVERALL GOALS** for this Property as follows:

- To provide a desirable, well maintained, habitable, and affordable place to live for a racially and ethnically integrated resident population, without regard to race, religion, sex, color, family status, disability status, national origin, marital status, ancestry, gender identity or sexual orientation;
- To house eligible and responsible residents and maximize occupancy and rent collection efforts;
- To provide effective and timely services for the residents;
- To meet the financial objectives of the Owner as described in the Property budget;
- To ensure regular, effective communication between management staff and residents;
- To implement regulatory requirements and operation consistent with law;
- To maintain the physical housing resource for the projected useful life; and

WHEREAS, the Owner requires that the Agent meet **THE PERFORMANCE GOALS** for this Property as follows:

- A vacancy rate no higher than 5% (defined as vacancy loss in dollars as a percentage of gross potential rent for the period measured);
- A collection rate no less than 99% (defined as total (resident and subsidy) cash collected as a percentage of total rent billed);
- Operation of the Property within the approved annual operating budget;
- Average days vacant not to exceed 30 calendar days for units.

AGREEMENT

NOW, THEREFORE, in consideration of the promises and covenants herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, Owner and Agent agree as follows:

1. Appointment of Agent. Owner hereby appoints Agent and Agent hereby accepts appointment on the terms and conditions set forth in this Agreement and its attachments, as Owner's exclusive agent to manage, operate, supervise, and lease the Property and, except as expressly stated otherwise in this Agreement, to perform those actions necessary to fulfill Owner's obligations to any government agencies with authority over the Property, copies of which Owner has provided to Agent.
2. Term. This Agreement shall be in effect for twenty (20) years commencing December 1, 2024 and terminating December 1, 2044. This agreement may be renewed for two additional 1-year terms subject to the approval of both parties.
3. Compensation. Owner's compensation to Agent for Agent's services hereunder shall be as provided in Exhibit A attached hereto and incorporated herein by this reference. The Agent may transfer Agent's Fee from the Operating Account (described in Section 6) on the first day of the month following the month in which Agent's services were performed. Agent's fee is considered an operating expense of the Property. In the event of commencement or termination of this Agreement other than on the first or last day of a month, respectively, Agent's Fee shall be prorated to the effective date of such commencement or termination, based upon a thirty (30) day month.
4. Expenses of Owner. Except as expressly stated otherwise in this Agreement, all contractual obligations that Agent incurs to third parties in the course of managing the Property pursuant to this Agreement, which are included in the Owner-approved Annual Budget, shall be obligations of Owner (Owner Obligations) and Agent is authorized to pay Owner Obligations up to the maximum amount provided for in the Owner-approved Annual budget for that expense category from Owner's Operating Account (described in Section 6) without Owner's further approval unless specifically required elsewhere in this Agreement.
5. Duties and Responsibilities
 - a. General Responsibilities of Agent. Subject to the provisions of this Agreement, Agent is hereby authorized to manage, operate and lease the Property in accordance with the Owner-approved management plan, applicable regulatory agreements, and with standards of practice of professional managers of similar Property in the City of Alameda. In addition, Agent will provide other customary Property management services required for the ordinary and usual business and affairs of the Property consistent with the management, operation, leasing, and maintenance of similar Property in the City. For the purpose of this Agreement, "similar Property" means Property or projects serving generally the same population of residents and operating

pursuant to substantially the same or comparable income restrictions, programs or subsidies. If Owner requests Agent to perform services beyond the requirements of this Agreement, Agent must, prior to performing the service, provide Owner with immediate, written notice that the Agent believes that the request constitutes an additional service. Agent understands that such notice is critical to the Owner's decision to have the Agent perform the service, and if Agent fails to provide such notice, Agent will have deemed to have waived any request for additional compensation for same, which shall be negotiated by the parties based on the fees provided for in this Agreement.

b. Agent's Specific Duties and Responsibilities.

i. Collection of Monies. Agent shall use reasonable and lawful efforts and means to collect the rents and other charges due from tenants. Owner authorizes Agent to request, demand, collect, and receive funds for collection thereof in accordance with all applicable laws, regulations, ordinances or administrative grievance procedures and for the lawful dispossession of tenants, guests, and other persons from Property. Amounts expended by Agent for use of non-employee consultants or experts, including attorneys, in the performance of these duties are the responsibility of Owner and shall be paid by Agent and expensed to the Property' Operating Account.

ii. Books, Records, and Documentation

- a) Agent shall maintain either at its principal office or on the Property, to be decided at Agent's sole discretion (Agent's Principal Office), complete and separate books, records, reports, and documents relating to the management and operation of the Property, including without limitation all contracts, original leases, amendments, extensions and agreements relating to contracts and leases, annual contributions contracts, files, correspondence with tenants and prospective tenants, computations of rental adjustments, maintenance and preventive maintenance programs, schedules and logs, tenant finish and construction records, inventories of personal Property and equipment, correspondence with vendors, job descriptions, correspondence with federal, state, county, municipal authorities and governing agencies, brochures, and accounts held or maintained by Agent (all such books, records, and documents being referred to herein as "Books, Records, and Documents").
- b) Unless otherwise instructed by Owner, in writing, books and records of account shall be prepared in conformity with generally accepted accounting principles consistently applied, and HUD Handbook 4370.2. Except as approved in writing by Owner, all accounting functions shall be performed by Agent's personnel whose compensation is payable solely by Agent without reimbursement by Owner.
- c) Owner shall have the right to examine, audit and take originals and copies of all Books, Records and Documents at Agent's Principal Office at reasonable times and with prior reasonable notice.
- d) Upon request, Agent shall make all Books, Records and Documents available for examination, audit, inspection and copying by duly authorized

representatives of any public housing agency or authority with regulatory power and/or jurisdiction over the Property to the extent required by federal or state law.

- e) Agent shall provide to Owner, on a monthly and quarterly basis, financial and management information relating to the Property - including without limitation: profit and loss statements, balance sheet, general ledger, trial balance report, rent rolls, cash reconciliation statements, accounts payable reports, tenant delinquency and vacancy reports, and reports as to the status of the Security Deposit Account. Agent shall also, at the request of Owner, furnish such further reports in a manner sufficient to respond to Owner's requirements.

iii. Annual Audit. At the end of each fiscal year of the Property and up to the date of termination, Agent shall arrange and coordinate an annual audit of the books and records of the Property made by a firm of certified public accountants approved by Owner. Agent shall prepare or cause the auditor to prepare for Owner's execution all forms, reports, and returns required by any federal, state, county, or municipal authority relating to the Property. Property Audit will include a report of internal controls or compliance reports required by government contract or loan requirements. Agent's third party cost of the audit is a cost of the Owner and Agent shall pay for the audit expense from the Property' Operating Account. Agent is authorized to make requests for information from attorneys performing services on behalf of Owner for the Property as required by any accountant for the audit of the books and records of the Property. In so doing, neither Owner nor Agent intends to waive the attorney-client privilege with respect to any information which is furnished to or from such attorneys. Any response by any attorneys to such requests for information should not be construed in any way to constitute a waiver of the protection of the attorney work-product privilege with respect to any files involving the Property, Owner or Agent.

iv. Repairs and Maintenance. Agent will use due professional care to maintain the condition of the Property in the condition prescribed by Owner, including but not limited to: (I) regularly inspect the Property, (ii) take ordinary, prudent precautions against fire, vandalism, burglary and trespass on the Property, (iii) arrange to make all necessary repairs. Agent shall make no expenditures in excess of \$10,000 or the maximum amount set forth in any regulatory agreement, whichever is less, for repairs, without the prior written consent of Owner, unless (i) the Owner has approved the expenditure for such repair in the Owner-approved Annual Budget, or (ii) such repairs are emergency repairs to the Property immediately necessary for the preservation or safety of the Property, the safety of persons, or which are required to avoid suspension of necessary services to the Property (Emergency).

v. Capital Assets. Agent shall make no expenditures in excess of \$10,000 for alterations, capital improvements, renovations or replacements of furniture, fixtures or equipment, unless such expenditure is contained in the Annual Budget, without the approval of Owner. Other than replacements, Agent shall make no disposition of

fixed assets (as determined in accordance with Owner's Chart of Accounts) with an original value in excess of \$10,000 without the prior approval of Owner.

vi. Service Contracts and Equipment Leases. Agent is authorized to make and enter into all service contracts and equipment leases as are required in the ordinary course of business for the operation, maintenance, and service of the Property, and to pay the same when due, in accordance with the Owner-approved Annual Budget.

vii. Supplies and Inventory. Agent is authorized, on behalf of Owner, to purchase such supplies and expendable items as are necessary to operate the Property and when included in the Owner-approved Annual Budget. When taking bids or issuing purchase orders, Agent shall use commercially available reasonable and prudent efforts to secure for Owner's benefit any discounts, commissions, or rebates obtainable in connection with such purchases. All such discounts, commissions or rebates shall inure to the benefit of the Property and Owner. In no event may a commission or rebate inure to the benefit of Agent, its officers, employees or subcontractors, or to other Property that Agent may be managing.

viii. Insurance. Owner shall place and keep in force usual and customary insurance against direct physical loss or damage to the Property, as well as commercial general liability coverage at reasonable limits. All insurance shall be in conformity with the requirements of any mortgages of the Property. The cost is an Owner Obligation to be paid by Agent from the Operating Account. Agent shall obtain and keep in Insurance coverages as listed in Exhibit B. Agent shall not knowingly permit the use of the Property for any purpose which might void any policy of insurance relating to the Property, increase the premium otherwise payable or render any loss there under uncollectible.

ix. Debt Service, Taxes and Assessments Agent shall process and pay debt service, taxes, impositions, or assessments relating to the ownership or operation of the Property, including, without limitation, improvement assessments, real estate taxes, personal Property taxes, taxes on income or rents, or any charges similar to or in lieu of any of the foregoing, from the Operating Account. Agent shall verify bills for real estate, personal Property or other taxes, improvement assessments, and other similar charges which are or may become liens against the Property or which may be levied on the basis of ownership or operation of the Property. Agent shall annually make a review of and submit a report on, all real estate, personal Property and other taxes and all assessments affecting the Property. Agent shall timely file all personal Property and Property tax returns after review of such returns by Owner.

x. Cooperation and Collaboration. Agent shall be required to cooperate and collaborate with independent social services providers and other community support agencies. Agent shall cooperate with law enforcement including community policing activities or events that may take place at the Property.

xi. Compliance with Legal Requirements

- a) Agent shall use reasonable means to become aware of, and shall take such actions as Agent deems prudent and necessary to comply with any laws, regulations orders, plans or requirements affecting the use or operation of the Property by any federal, state, county, or municipal agency or authority, including but not limited to compliance with and participation in administrative grievance procedures.
- b) Owner shall provide Agent with all information necessary for Agent to be fully informed as to the nature and extent of all programs applicable to the Property, including, but not limited to, providing copies of regulatory agreements, management plan, tenant selection criteria, restrictive covenants or other instruments, whether or not recorded, against the Property which contain operating covenants or restrictions.
- c) Agent shall prepare, execute, and, file any customary and standard reports and documents required by an applicable governmental or funding authority.
- d) Agent covenants and agrees to obtain and maintain all licenses and permits necessary for the conduct of its business as Agent of the Property. Licenses and permits specific to the Property are an Owner Obligation payable from the Property's Operating Account.

xii. Initiation of Legal Proceedings and Defense of Claims. Agent will attempt to secure each tenant's full compliance with the terms of his/her lease The Agent may lawfully terminate any tenancy when, in the Agent's judgment, sufficient cause (including but not limited to nonpayment of rent) for such termination occurs under the terms of the tenant's lease. The Agent is authorized to consult with and retain legal counsel of its choosing for such legal actions as Agent reasonably believes to be necessary, including, but not limited to bringing actions for eviction and executing notices to vacate and judicial pleading incident to such actions. Such actions may be brought in the name of Agent as agent for Owner. Agent further is authorized to consult and retain legal counsel for the prosecution of such claims relating to the enforcement of Owner's rights under lease agreements. Owner will reimburse Agent for reasonable attorney's fees and costs related to Agent's prosecution of such litigation from the Property's Operating Account.

xiii. Energy Conservation. Agent shall operate the Property in an environmentally sustainable and energy efficient manner and shall use prudent and customary means to use and control utilities at the Property in a manner to minimize total costs and satisfy Owner's obligations to tenants.

xiv. Advertising. Agent shall advertise the Property for rent at such times and by use of such media as it deems necessary in compliance with applicable laws and regulations subject to the Owner-approved Annual Budget. Agent will provide and implement a Fair Housing Marketing Plan for the Property.

xv. Employment of Personnel. Agent will hire (or contract with), train, supervise, direct the work of, pay and discharge all personnel necessary for operation of the Property. Such personnel shall in every instance be employees or contractors of Agent and not of Owner. Owner shall have no right to supervise or direct such employees. All costs associated with the employment of personnel necessary for the on-site operation of the Property, including, but not limited to, salaries, wages, other compensation and fringe benefits (including without limitation social security, taxes, worker's compensation insurance, unemployment insurance and the like), will be an Owner Obligation payable from the Operating Account. Agent will not discriminate against any employee or applicant for employment in violation of any applicable law. This contract incorporates by reference all equal opportunity requirements in employment, contracting and operating the Property, and any affirmative action obligations as required by applicable regulations. The terms "employees" or "personnel" shall be deemed to mean and include employment of a casual, temporary, or part-time nature. The cost of salaries, wages, other compensation, and benefits (including without limitation social security, taxes, worker's compensation insurance, payroll processing, postage and the like), of all on-site, field, maintenance, and central office employees of Agent working on or with respect to the Property shall be Owner Obligations payable from the Operating Account. Reimbursements shall include travel, meals, training, and other expenses incurred for these employees as they specifically relate to the Property.

xvi. Leasing. Agent shall make diligent efforts to secure and/or retain tenants for the Property. Agent shall make diligent efforts to assure that all leases and leasing practices conform to all laws, ordinances, regulations, and Housing Assistance Payment Contracts applicable to the Property. Prior to the execution of a new lease by a tenant, Agent shall in good faith conduct such investigations of the financial responsibility, general reputation and the criminal background, of the prospective tenant as are ordinarily and customarily performed by the managers of similar Property in the location of the Property. The expense for such investigations shall be an Owner Obligation payable from the Property's Operating Account.

c. General Responsibilities of Owner. In addition to the specific obligations set forth elsewhere in this Agreement, Owner will cooperate with Agent in the fulfillment of Agent's obligations under this Agreement including, but not limited to, promptly providing all approvals, information and funding reasonably necessary for Agent's management of the Property in accordance with Agent's obligations in this Agreement, and timely submitting information to appropriate regulatory agencies when requested by Agent. Further, Owner shall not require Agent to act in a manner that would violate any applicable laws, regulations or program requirements and requiring such conduct so is an express violation of this Agreement by the Owner.

6. Bank Accounts.

a. Establishment of Accounts. If not already done so by Owner, Agent shall establish the following FDIC-insured bank accounts (as designated by Owner) in Agent's name For Benefit Of (FBO) the Owner in banks or other institutions approved

or selected by Owner:

i. An "**Operating Account**," which Agent shall use for the deposit of all funds from the operation of the Property, including any amounts paid by a public housing agency or authority, unless Owner agrees in writing that the Operating Account shall not be used for such purpose. At Owner's request, the Operating Account will also be used for reserves for taxes and insurance (impound). The Operating Account shall also be a centralized disbursement account, the funds of which shall be used to pay the normal and reasonable expenses incident to the operation and maintenance of the Property pursuant to this Agreement and as requested by Owner. The Operating Account can also be used to pay insurance premiums, ad valorem taxes on real and personal Property, and debt service relating to the Property. The Operating Account can also be used for disbursements of excess cash to Owner, if applicable. All interest earned on the Operating Account becomes available operating funds that Agent may expend on Owner-approved expenses.

ii. A "**Replacement Reserve Account**", which funds are subject to the provisions of, and restricted to those uses described in, any applicable loan documents or regulatory agreements; disbursements are subject to Owner's approval, except in the event of Emergency repairs.

iii. A "**Security Deposit Account**," which may be an interest bearing account if required by applicable law, in an account approved by Owner for the retention of security deposits delivered in connection with leases of any portion of the Property.

iv. The Operating Account and Security Deposit Account are to be established solely for the Property, and shall contain no funds other than money collected from, or intended for use in connection with the operation of the Property, and Agent shall not commingle any of its own funds with the funds of Owner. All funds of Owner deposited in these two accounts are the Property of Owner held in trust for Owner by Agent. If agreed in writing, these two accounts shall be subject to the control of both Agent and Owner, either of whom may draw checks thereon.

v. Agent may also maintain a petty cash fund from money in the Operating Account and make payments therefrom in a manner consistent with the usual course of dealing with such funds in the Property management business. Such petty cash fund shall be subject to the same rules and restrictions set forth above as are applicable to the bank accounts.

b. Funds Provided By Owner. If the funds collected by Agent from operation of the Property, including subsidy payments, are not sufficient to pay the expenses incurred and authorized to be paid in operation of the Property and to make all reimbursements to Agent pursuant hereto, Agent shall submit to Owner a statement showing such shortfall and identifying the bills and charges requiring payment, and Owner shall immediately advance funds sufficient to pay same to the Agent.

7. Annual Budgets

a. Submission of Budgets. At the commencement of this Agreement, and thereafter, if again requested by Owner, at least 60 days prior to the beginning of each fiscal year, Agent shall prepare and submit to Owner for Owner's approval a proposed Annual Budget that includes the estimated income and expenses of the Property. The proposed budget will be made assuming accrual basis accounting or such basis as prescribed by Owner or applicable regulatory agreements or regulations. Agent will provide an explanation for the numbers used in such budget.

b. Submission of Other Reports. Owner may request Agent to prepare the following additional reports when submitting such proposed budgets: rental rate recommendations with analysis if appropriate and all repair, maintenance, renovation and replacement expenditures (together with estimated costs for each item) anticipated to be made in the upcoming operating period; a payroll analysis including a salary or wage description for every on-site employee, including any fringe benefits reimbursable hereunder, of Agent whose compensation is reimbursable hereunder.

c. Approval of Annual Budget. Owner will make objection to the proposed annual budget within 30 days after Owner's receipt. In the absence of Owner's objection as provided herein, Owner will be deemed to have approved the Annual Budget and Agent will operate and incur expenses only as provided within the Annual Budget until notified otherwise by Owner (or as provided elsewhere herein regarding Emergencies).

d. Compliance with Budgets. Once approved by Owner, the Agent shall use the Annual Budget as a guide for the actual operation of the Property.

8. Early Termination. Notwithstanding the provisions of Paragraph 2 above to the contrary, this Agreement and the obligations of the parties hereunder shall cease, upon the occurrence of any of the following:

a. If Owner fails to comply, after Agent's notice and an opportunity to cure, with any rule, order, determination, ordinance or law of any federal, state, county, municipal authority, or governing agency, Agent may terminate this Agreement upon ten (10) days written notice to Owner unless Owner is in good faith contesting it.

b. If either party defaults in the performance of any of its obligations hereunder and such default continues for thirty (30) days after written notice to the defaulting party specifying such default, the party not in default may terminate this Agreement upon ten (10) days written notice to the defaulting party. Notwithstanding the above, if a cure has commenced but not able to be completed within 30 days and the defaulting party is diligently pursuing the cure within the 30 day period, then the party not in default shall not affect the termination.

c. Owner or Agent may terminate this Agreement for convenience upon 30 days written notice to the other. It is understood that the respective rights and obligations of the parties shall continue to be governed by this Agreement until the effective date of

such termination.

Notwithstanding any of the time period set forth above, for Property receiving any form of subsidy or subject to any state or federal agreements, Owner and Agent hereby agree to give sufficient notice to the other to allow Owner and Agent to comply with all regulatory notice requirements.

9. Duties Upon Termination. Upon termination of this Agreement for any reason:
 - a. Agent shall have no further right to act on behalf of Owner or to disburse any of Owner's funds;
 - b. On the last day of the month following the termination date, Agent will deliver to Owner all Books, Records, and Documents (as herein defined) maintained by it pursuant to this Agreement and do all that is reasonably necessary to facilitate the orderly transition of management of the Property;
 - c. Agent shall render to Owner an accounting of all funds of Owner held by Agent relating to the Property and shall immediately cause such funds to be paid to Owner; and
 - d. Agent shall perform all reporting and accounting functions hereunder for the period from the date of the last report or accounting to the date of termination.
10. Relationship. It is understood and agreed that all contracts and obligations entered into by Agent with respect to the Property in accordance with the Annual Budget, or as otherwise provided for herein, and consistent with this Agreement, shall be Owner Obligations. Agent acknowledges and understands that its relationship with Owner is that of a fiduciary and as such owes Owner the duties inherent in said relationship.
11. Assignment. This agreement shall not be assigned by Agent without the prior written approval of Owner which approval may be withheld in Owner's sole and absolute discretion.
12. Benefits and Obligations. Subject to the provision of Paragraph 11 above, the covenants and agreements herein contained shall inure to the benefit of, and be binding upon, the parties hereto and their respective heirs, executors, successors, and assigns.
13. Management Certification. To the extent that the hiring of Agent under the terms of this Agreement is subject to certification by HUD: (1) Owner and Agent agree to cooperate in obtaining any and all management certifications required by HUD, and (2) Owner and Agent agree that should any conflict exist between this Agreement and HUD's rights and requirements, HUD's rights and requirements will prevail.
14. Limitation of Liability. Except in connection with a party's indemnification obligations with respect to third parties, neither party shall be liable to the other for any indirect, incidental, consequential, special, punitive or exemplary damages arising from its

performance of this Agreement, including but not limited to lost revenue, lost profits or lost business opportunity.

15. Notices. All notices provided for in this Agreement shall be in writing and served by registered or certified mail, postage prepaid, at the following addresses until such time as written notice of a change of address is given to the other party:

TO OWNER: 701 Atlantic Avenue, Alameda, CA 94501

TO AGENT: 701 Atlantic Avenue, Alameda, CA 94501

16. Confidentiality.

a. Intent. The nature of the services Agent will provide pursuant to this Agreement may involve Owner's disclosure to Agent of detailed information about Owner's tenants, including information that may be protected from public disclosure by confidentiality laws. Agent understands that, in order for the Owner to fully utilize Agent's services, Owner staff members providing information to Agent must feel confident that such information will be handled properly.

b. Release of Information. Owner will only release tenant information to a third party (beyond Agent and AHA) upon tenant's written release of such information to Agent. Agent may not disclose such information to any third party without the specific, written consent of the tenant.

17. Entire Agreement. This Agreement, its Exhibits and any signed addenda, represent the entire agreement between the parties with respect to the subject matter hereof. No alteration, modification, or interpretation of this Agreement shall be binding unless in writing and signed by both parties.

18. Severability. If any provision of this Agreement or application to any party or circumstances shall be determined by any court of competent jurisdiction to be invalid and unenforceable to any extent, the remainder of this Agreement or the application of such provision to any person or circumstance, other than those as to which it is so determined invalid or unenforceable, shall not be affected thereby and each provision hereof shall be valid and shall be enforced to the fullest extent permitted by law.

19. Mediation and Arbitration. If a dispute arises out of or relates to this contract and if said dispute cannot be settled through direct discussions, the parties agree to first endeavor to settle the dispute in an amicable manner by mediation. If that fails, the matter may be decided by binding arbitration with the consent of both parties. The mediation and arbitration shall be conducted by a mutually agreed upon mediator/arbitrator. If the parties cannot agree to a mediator/arbitrator, the parties will ask JAMS (formerly known as the Judicial Arbitration and Mediation Service (www.jamsadr.com)) to appoint a neutral mediator or arbitrator as appropriate.

20. Applicable Law. This agreement shall be construed and enforced in accordance with

the laws of the State of California. Venue shall take place in the County of Alameda, State of California.

21. Agent. The term "Agent" as used in this Agreement shall include any corporate subsidiaries or affiliates of Agent who perform service, in, on or about the Property in connection with this Agreement.
22. Attorney's Fees. If any dispute, litigation or arbitration between the parties arises out of this Agreement, the losing party in such dispute, litigation or arbitration shall pay to the prevailing party all costs of such dispute, including without limitation, reasonable attorneys' fees.
23. Non-Waiver. No delay or failure by either party to exercise any right under this Agreement, and no partial or single exercise of that right, shall constitute a waiver of that or any other right, unless otherwise expressly provided in this Agreement.
24. Headings. All headings in this Agreement are for convenience only and shall not be used to interpret or construe its provisions.

AGENT
Alameda Affordable Housing Corporation

OWNER
The Housing Authority of the City of Alameda

EXHIBIT A
FEEES FOR PROPERTY MANAGEMENT, ASSET MANAGEMENT, AND CONSULTING SERVICES

Name of Firm: **Alameda Affordable Housing Corporation**
Property Covered by this Proposed Schedule:

Independence Plaza, 703 Atlantic Avenue

This Property is a part of standard AHA and AAHC annual budget cycle and the Cost Allocation Plan, approved by the Board of Commissioners of the Housing Authority of the City of Alameda. The budget for these Property will follow the same Cost Allocation Plan methodology as the agency. There will be no other fees for Property Management, Asset Management, and Consulting Services.

EXHIBIT B
INSURANCE REQUIREMENTS

Indemnity

- a. Owner to Agent: Owner shall indemnify and hold harmless the Agent from any claim, liability, loss, injury or damage caused by a physical condition of the Property and any pre-existing conditions at the Project (including but not limited to mold and mildew) as of the starting date of this Agreement, excepting only claim, liability, loss, injury or damage attributable, in whole or in part, to the Agent's willful or negligent acts or omissions. The Owner shall reimburse the Agent for all costs, reasonable attorneys' fees, expenses and liabilities incurred with respect to the matters for which the Owner is obligated to indemnify and hold harmless the Agent under this Agreement.
- b. Agent to Owner Agent shall indemnify and defend Owner against and hold Owner harmless from any and all claims, actions, losses, costs, damages, liabilities and expenses, including, without limitation, reasonable attorneys' fees, arising directly or indirectly out of (i) any material default by Agent under the provisions of this Agreement including but not limited to Agent's negligent performance of its professional duties, (ii) any gross negligence or willful misconduct of Agent, or any of its officers, partners, directors, agents, or employees in connection with this Agreement or Agent's services or work hereunder, whether within or beyond the scope of its duties or authority hereunder, or (iii) any claims for personal injuries to Agent's employees incurred during the course of their employ.

Insurance

Without limiting the Agent indemnification of the Owner, Agent shall provide and maintain at its own expense, during the term of this Agreement, or as may be further required herein, the following insurance coverage and provisions:

A. Evidence of Coverage

Prior to commencement of this Agreement, Agent shall provide a Certificate of Insurance certifying that coverage as required herein has been obtained. Individual endorsements executed by the insurance carrier shall accompany the certificate. In addition, a copy of the policy or policies shall be provided by the Agent upon request.

B. Qualifying Insurers

All coverage, except surety, shall be issued by companies which hold a current policy holder's alphabetic and financial size category rating of not less than A- V, according to the current Best's Key Rating Guide or a company of equal financial stability that is approved by the Owner Asset Manager.

C. Notice of Cancellation

All coverage as required herein shall not be canceled or changed so as to no longer meet the specified the Owner's insurance requirements without 30 days' prior written notice of such cancellation or change being delivered to the Owner or their designated agent.

D. Insurance Required

1. Commercial General Liability Insurance for bodily injury (including death) and Property damage which provides limits as follows:
 - a. Each occurrence \$1,000,000
 - b. General aggregate - \$2,000,000
 - c. Personal Injury \$1,000,000

If submitted, combined single limit policy with aggregate limits in the amounts of \$1,000,000 will be considered equivalent to the required minimum limits shown above.

2. Umbrella Coverage \$1,000,000 (totaling \$2,000,000/\$5,000,000 occurrence/aggregate)

3. Automobile Liability Insurance

For bodily injury (including death) and Property damage which provides total limits of not less than one million dollars (\$1,000,000) per occurrence applicable to hired vehicles and non-owned vehicles.

4. Crime Coverage/ Third Party Fidelity Bond or Commercial Dishonesty Bond

Commercial Dishonesty Bond Insurance in the amount of \$1,000,000 including coverage for theft or loss of Client Property.

5. Workers' Compensation and Employer's Liability Insurance

- a. Statutory California Workers' Compensation coverage including broad form all-states coverage.
- b. Employer's Liability coverage for not less than one million dollars (\$1,000,000) per occurrence.

6. Professional Errors and Omissions Liability Insurance

Coverage shall be in an amount of not less than one million dollars (\$1,000,000) per occurrence/aggregate.

E. Special Provisions

The following provisions shall apply to this Agreement:

1. The foregoing requirements as to the types and limits of insurance coverage to be maintained by the Agent and any approval of said insurance by the Owner or its insurance consultant(s) are not intended to and shall not in any manner limit or qualify the liabilities and obligations otherwise assumed by the Agent pursuant to this Agreement, including but not limited to the provisions concerning indemnification.
2. The Owner acknowledges that some insurance requirements contained in this Agreement may be fulfilled by self-insurance on the part of the Agent. However, this shall not in any way limit liabilities assumed by the Agent under this Agreement. Any self-insurance shall be approved in writing by the Owner upon satisfactory evidence of financial capacity. The Agent's obligation hereunder may be satisfied in whole or in part by adequately funded self-insurance programs or self-insurance retentions.
3. Should any of the work under this Agreement be sublet, the Agent shall require each of its subcontractors of any tier to carry the aforementioned coverages, or the Agent may insure subcontractor under its own policies.
4. The Owner reserves the right to withhold payments to the Agent in the event of material noncompliance with the insurance requirements outlined above.

F. Fidelity Bonds (Required only if Contactor/Consultant will be receiving advanced funds or payments)

Before receiving compensation under this Agreement, the Agent will furnish the Owner with evidence that all officials, employees, and agents handling or having access to the Owned funds received or disbursed under this Agreement, or authorized to sign or countersign checks, are covered by fidelity bond in an amount of \$150,000 with naming the Owner as "Loss Payee". If such bond is canceled or reduced, the Agent will notify the Owner immediately, and the Owner may withhold further payment to Agent until proper coverage has been obtained. Failure to give such notice may be cause for termination of this Agreement, at the option of the Owner. Agent need not obtain a fidelity bond if the funds to be received consist solely of remittances made by the Owner to Agent in payment of Agent's invoices approved for payment by appropriate the Owner's management.