

**EXHIBIT A**

**RESOLUTION NO. \_\_\_\_\_**

RESOLUTION OF THE CITY COUNCIL OF THE CITY OF [CITY] AUTHORIZING THE CITY TO BECOME AN ADDITIONAL MEMBER OF THE CALIFORNIA COMMUNITY HOUSING AGENCY (“CALCHA”); SUPPORTING CALCHA’S ISSUANCE OF TAX-EXEMPT BONDS FOR THE PRODUCTION, PRESERVATION AND PROTECTION OF ESSENTIAL MIDDLE-INCOME RENTAL HOUSING; AND AUTHORIZING [CITY STAFF] TO ENTER INTO PURCHASE OPTION AGREEMENTS WITH CALCHA FOR ESSENTIAL MIDDLE-INCOME RENTAL HOUSING CREATED WITHIN CITY LIMITS

WHEREAS, one of the primary goals of the City of [CITY] (the “City”) is to meet the growing housing needs of its residents by actively supporting the production, preservation and protection of market-rate and affordable rental housing for all; and

WHEREAS, no existing Federal, State or local subsidies, programs or motivations currently exist to meaningfully address the growing shortfall of protected middle-income rental housing; and

WHEREAS, CalCHA is a Joint Powers Authority created specifically to produce, preserve and protect quality affordable rental housing made available to California’s essential middle-income workforce; and

WHEREAS, CalCHA intends to acquire existing rental properties within City limits and restrict future occupancy to middle-income households earning no more than 120% of area median income; and

WHEREAS, CalCHA will avoid the displacement of existing residents, implement regulatory agreements restricting the incomes and rents of future residents, and impose caps on the annual rent increases of qualified middle-income households; and

WHEREAS, CalCHA will finance its acquisitions through the issuance of tax-exempt bonds, and in order for CalCHA to issue tax-exempt bonds in [CITY], the City must be an Additional Member of CalCHA; and

WHEREAS, the City proposes to become an Additional Member of CalCHA pursuant to Section 12 of the Joint Exercise of Powers Agreement Relating to the California Community Housing Agency; and

WHEREAS, subsequent to becoming an Additional Member of CalCHA, any existing rental housing within City limits which CalCHA intends to acquire and finance with tax-exempt bonds must receive support and approval from the City; and

WHEREAS the City proposes to support and approve CalCHA’s issuance of tax-exempt bonds for the acquisition of existing rental properties as a means towards the

EXHIBIT A

preservation and protection of essential middle-income rental housing within City limits; and

WHEREAS, CalCHA's issuance of tax-exempt bonds will provide public benefit through the production, preservation and protection of below-market-rate rental housing, as well as the granting of all surplus project revenues to the City; and

WHEREAS, pursuant to one or more purchase option agreements (the "Purchase Option Agreements"), between CalCHA and the City, CalCHA will grant the City the option, but never the obligation, to purchase each essential middle-income rental housing property commencing on the date fifteen (15) years after CalCHA's acquisition of such property; and

WHEREAS, the Purchase Option Agreements will additionally provide the City with all surplus project revenues from each essential middle-income rental housing property; and

WHEREAS, the City will maintain the option to exercise such Purchase Option Agreements for a period of fourteen (14) years following the commencement dates of the Purchase Option Agreements for each essential middle-income rental housing property; and

WHEREAS, the City proposes to authorize [CITY STAFF] to enter into Purchase Option Agreements with CalCHA for all essential middle-income rental housing created within City limits.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of [CITY] hereby authorizes the City to become an Additional Member of CalCHA and authorizes [CITY STAFF] to execute the Joint Exercise of Powers Agreement Relating to the California Community Housing Agency, subject to approval as to form by the City Attorney.

BE IT FURTHER RESOLVED that the City Council of the City of [CITY] hereby supports and approves CalCHA's issuance of tax-exempt bonds as a means towards the production, preservation and protection of essential middle-income rental housing within City limits.

BE IT FURTHER RESOLVED that the City Council of the City of [CITY] hereby authorizes [CITY STAFF] to enter into Purchase Option Agreements with CalCHA for all essential middle-income rental housing created within City limits, subject to approval as to form by the City Attorney.

EXHIBIT A

IN CITY COUNCIL DULY PASSED this [DAY] day of [MONTH] 2019.

AYES:

NOES:

ABSENT:

ABSTAIN:

ATTEST: \_\_\_\_\_ APPROVED: \_\_\_\_\_  
City Clerk Mayor

APPROVED AS TO FORM:

\_\_\_\_\_  
City Attorney

Exhibit A – Joint Exercise of Powers Agreement Relating to the California Community  
Housing Agency

Exhibit B – Purchase Option Agreement

**FILE#:**

**ITEM: G.**

**EXHIBIT B**

RECORDING REQUESTED BY  
California Community Housing Agency

WHEN RECORDED RETURN TO:  
Orrick, Herrington & Sutcliffe LLP  
405 Howard Street  
San Francisco, CA 94105  
Attention: Jesse Albani

---

**PURCHASE OPTION AGREEMENT**

By and Between

**CALIFORNIA COMMUNITY HOUSING AGENCY**

**and**

**CITY OF [CITY]**

---

Dated as of [DATE]

---

Relating to

**CALIFORNIA COMMUNITY HOUSING AGENCY  
ESSENTIAL HOUSING REVENUE BONDS, [SERIES]  
([PROPERTY NAME])**

**and**

**CALIFORNIA COMMUNITY HOUSING AGENCY  
SUBORDINATE ESSENTIAL HOUSING REVENUE BONDS, [SERIES]  
([PROPERTY NAME])**

---

## EXHIBIT B

### **PURCHASE OPTION AGREEMENT**

This PURCHASE OPTION AGREEMENT ("Option Agreement") is made effective as of [DATE] ("Effective Date") by and between the CALIFORNIA COMMUNITY HOUSING AGENCY a joint exercise of powers agency organized and existing under the laws of the state of California (including its successors and assigns, "Owner") and City of [CITY] ("Host").

### **BACKGROUND**

**WHEREAS**, the Owner proposes to issue Bonds (as hereinafter defined) to finance Owner's acquisition of the certain multifamily rental housing project (the "Project") located at [ADDRESS] in [CITY], California, located on the real property site described in Exhibit A hereto; and

**WHEREAS**, the Owner intends to offer the Project to the Host pursuant to this Option Agreement.

### **AGREEMENT**

In consideration of the mutual covenants herein contained, and such other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, Owner and Host mutually agree as follows:

**Section 1. Grant of Option.** Owner hereby grants to Host an option ("Option") to purchase the Optioned Property (as herein defined) upon payment of the Option Price (as herein provided) within the Option Term (as herein defined) and in compliance with and observance of all of the terms and conditions of this Option Agreement.

**Section 2. Definitions.** Capitalized terms used in this Option Agreement shall have the meanings assigned to them in this Section 2; capitalized terms used in this Option Agreement and not defined in this Section 2 or elsewhere herein shall have the meanings assigned to them in the Indenture (herein defined).

(a) "Authority Indemnified Parties" – the Owner and each of its officers, governing members, directors, officials, employees, attorneys, agents and members.

(b) "Bonds" – collectively, (i) the California Community Housing Agency Essential Housing Revenue Bonds, [SERIES] ([PROPERTY NAME]) (the "Series A Bonds"), and (ii) the California Community Housing Agency Subordinate Essential Housing Revenue Bonds, [SERIES] ([PROPERTY NAME]) (the "Series B Bonds"), with such other series and sub-series designations as may be set forth in the Indenture, originally issued to finance Owner's acquisition of the Project and related transaction costs.

(c) "Bond Trustee" – Wilmington Trust, National Association or any successor trustee under the Indenture.

(d) "Closing" – shall have the meaning set forth in Section 9 hereof.

## EXHIBIT B

(e) “Conveyance” – that transaction or series of transactions by which Owner shall transfer, bargain, sell and convey any and all right, title or interest in and to the Optioned Property to Host.

(f) “Extraordinary Costs and Expenses” – shall have the meaning set forth in the Indenture.

(g) “Indenture” – the Indenture of Trust dated as of [DATE] between Owner, as issuer, and the Bond Trustee, as trustee, pursuant to which the Bonds were issued.

(h) “Manager” – Catalyst Housing Group LLC and its successors and assigns.

(i) “Option Price” – the sum of the amounts set forth below:

i. an amount sufficient to either prepay, redeem in whole or fully defease for redemption on the earliest call date all Project Debt; plus

ii. any fees or other amounts not identified in clause (i) that may be necessary to effect the complete release from and discharge of any lien, mortgage or other encumbrance on the Optioned Property; plus

iii. any amounts due to Owner (including the Authority Indemnified Persons, as provided in the Indenture), the Bond Trustee or any predecessor or successor, or any other Person under any indenture, loan agreement, bond, note or other instrument relating to any Satisfied Indebtedness (including, without limitation, indemnification amounts, Owner’s Extraordinary Costs and Expenses, recurrent and extraordinary fees and expenses, and reimbursable costs and expenses of any kind or nature); plus

iv. Transaction Costs; minus

v. The amount of any Project Debt assumed by Host; and minus

vi. Any funds held by or for Owner under the Indenture applied to the retirement of Project Debt.

(j) “Option Exercise Date” – the date fifteen (15) years from the issuance of the Bonds.

(k) “Option Term” – shall commence on the Option Exercise Date and, if not exercised, shall terminate at 11:59 p.m. local time on the date that is fourteen (14) years from the Option Exercise Date.

(l) “Optioned Property” – means all of Owner’s right, title and interest (which includes fee simple title to the real property) in and to all property and assets used in or otherwise related to the operation of the Project including, without limitation, all real property and interests in real property, all tangible and intangible personal property including furniture, fixtures, equipment, supplies, intellectual property, licenses, permits, approvals, and contractual rights of any

## EXHIBIT B

kind or nature together with the right to own and carry on the business and operations of the Project.

(m) “Outstanding” – with respect to Bonds, as of any given date, all Bonds which have been authenticated and delivered by the Trustee under the Indenture, except: (i) Bonds cancelled at or prior to such date or delivered to or acquired by the Trustee or prior to such date for cancellation; (ii) Bonds deemed to be paid in accordance with Article VIII of the Indenture; and (iii) Bonds in lieu of which other Bonds have been authenticated under the Indenture.

(n) “Project Debt” – any debt secured by the Project and incurred to finance or re-finance Owner’s acquisition of the Project and related transaction costs, including any portion of the Bonds and any bonds, notes or other indebtedness issued by Owner to refund the Bonds in whole or in part.

(o) “Transaction Costs” – to the extent not otherwise described herein, any costs or expenses of any kind or nature associated with or incurred by Owner and Host in connection with the consummation of the Conveyance, any refinancing of the Project or assumption of Project Debt regardless of whether such costs and expenses are customarily borne by the seller or purchaser in any such transaction, including but not limited to taxes, recording fees and other impositions, Owner’s and Host’s legal and other professional fees, fees for verification agents, bidding agents, escrow agents, custodians or trustees, assumption fees, prepayment fees, the cost of the appraisal, surveys, inspections, title commitments, title insurance premiums and other title-related fees, and all amounts required for indemnification of Authority, Trustee and Manager.

**Section 3. Effectiveness; Term and Termination.** The Option shall become effective on the Option Exercise Date and may be exercised during the Option Term. Owner agrees that it will not enter into any agreement to sell all or any part of the Optioned Property during the Option Term, without the specific written request of the Host and written consent of the Owner, which consent shall not be unreasonably withheld, and delivery of an Opinion of Bond Counsel to the Owner substantially to the effect that such sale will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. After expiration of the Option Term, Host shall not be precluded from purchasing all or any portion of the Optioned Property from Owner at a price and on the terms agreed upon by Host and Owner, but Owner shall not be precluded from seeking or agreeing to sell, or consummating the sale of, all or any portion thereof to any third person.

**Section 4. Manner of Exercise.**

(a) Owner’s Notice. At least six (6) months prior to the Option Exercise Date, Owner shall provide Host notice of the Option Exercise Date; provided, however, that failure to provide such notice shall not affect the sufficiency or validity of any proceedings taken in connection with the exercise of the Option.

(b) Host’s Notice. To exercise the Option, Host shall provide a notice (an “*Exercise Notice*”) to Owner at any time prior to the end of the Option Term.

## EXHIBIT B

(c) Owner's Response. Within fifteen (15) business days of its receipt of the Exercise Notice, Owner shall provide Host with written estimate of the amounts comprising the Option Price.

(d) Host's Response. Within fifteen (15) business days of its receipt of Owner's estimate under Subsection (c), Host shall notify Owner in writing either (i) that it is withdrawing its Exercise Notice, or (ii) that it intends to proceed with the purchase of the Optioned Property.

(e) Fixing of Option Price; Contractual Obligation. Unless Host notifies Owner in writing that it is withdrawing its Exercise Notice within fifteen (15) business days of its receipt of Owner's estimate under Section 4(c) hereof, Host shall deliver to Owner a purchase agreement therefor in form and substance satisfactory to Owner and its counsel subject to the terms and conditions of this Option Agreement. Unless Owner shall have objected to the form of purchase agreement within fifteen (15) business days of its receipt thereof, Owner shall be deemed to have accepted the terms of the purchase agreement without the need for the signature of Owner thereon, and Host shall be obligated to purchase and Owner shall be obligated to sell and convey to Host good and marketable title to the Optioned Property at the Option Price within ninety (90) days thereafter.

**Section 5. Determination of Option Price.** Unless the parties otherwise agree, Owner shall cooperate with Host and provide Host with all information and records in its possession, and access to counsel and other professionals, to assist Host in determining and updating the Option Price.

**Section 6. Surplus Cash.** The Owner shall cause the Trustee to create an account (the "Excess Revenue Fund") under (i) the Indenture or (ii) in the event that the Bonds have been retired and the Indenture discharged, a separate trust agreement identifying Owner as trustor, a trustee selected by Owner as trustee, and Host as beneficiary, into which excess revenue over expenses shall be deposited. Upon the commencement of the Option Term, after full payment of the fees, charges and expenses of the Owner and the Trustee and other amounts required to be paid pursuant to the Indenture or other documents relating to then-outstanding Project Debt, amounts remaining in the Excess Revenue Fund shall be transferred to the Host. Thereafter, amounts in the Excess Revenue Fund shall be transferred to the Host periodically.

The Host shall apply amounts in the Excess Revenue Fund to the payment of the Option Price and thereafter shall apply such funds in its sole discretion.

**Section 7. Terms of Conveyance.**

(a) The Conveyance shall be in the nature of a grant deed in which Owner shall deliver one or more deeds, bills of sale, or other instruments of transfer without recourse or warranty of any kind or nature.

(b) The Optioned Property will be conveyed to Host in AS IS CONDITION, WITH ALL FAULTS, and without representations or warranties of any kind or nature as to the condition of the Property. Host acknowledges that Owner will convey the Optioned Property AS IS and that OWNER IS MAKING NO WARRANTIES AND REPRESENTATIONS, EXPRESS OR IMPLIED, with reference to the condition of the Property. HOST WAIVES ANY AND ALL



## EXHIBIT B

CLAIMS AGAINST OWNER, INCLUDING BUT NOT LIMITED TO, CLAIMS BASED IN PART, INCLUDING, BUT NOT LIMITED TO, NEGLIGENCE, STRICT LIABILITY AND STRICT RESPONSIBILITY, IN CONTRACT, IN WARRANTY, IN EQUITY, OR UNDER ANY STATUTE, LAW OR REGULATION ARISING DIRECTLY OR INDIRECTLY OUT OF ANY CONDITION OF THE PROPERTY.

(c) There shall be no partial transfer and that, upon consummation of the Conveyance, Owner shall be fully divested of any and all right, title or interest in and to the Optioned Property.

(d) Upon payment of the Option Price, as adjusted for any prorations, credits and charges, Owner shall convey title to the Optioned Property by quit claim deed reasonably satisfactory in form and substance to Host.

**Section 8. Closing.** The closing of the Conveyance ("Closing") shall take place not later than the ninetieth (90<sup>th</sup>) calendar day following the date on which the parties agree on the terms of the purchase agreement pursuant to Section 4(e) hereof at such time within normal business hours and at such place as may be designated by Host.

(a) Prorations. All general and special real property taxes and assessments, and rents shall be prorated as of the Closing, with Host responsible for all such items to the extent arising or due at any time following the closing. General real property taxes shall be prorated at the time of Closing based on the net general real property taxes for the year of Closing.

(b) Limitation. If, after taking into account all adjustments and prorations, the net amount due Owner at Closing is less than the Option Price, the Option Price, as the case may be, shall instead be the Option Price, it being understood and agreed that in no event shall Owner receive proceeds less than the amount necessary to fully retire or defease, as the case may be, the Series A Bonds and the Series B Bonds and otherwise satisfy all of the payments constituting the components of the Option Price.

**Section 9. Recording.** This Option Agreement, and any amendment thereto, shall be recorded with the recorder's office of the County of Solano; *provided*, that in the event Host fails to exercise the Option, then upon termination of the term of this Option Agreement, Host shall cooperate with Owner to remove any such recorded Option Agreement or amendment thereto from title to the Optioned Property upon Owner's reasonable request therefor and, in any event, by no later than thirty (30) days after the expiration of the original term of this Option Agreement. In the event that, within said time, Host fails to so cooperate and provide its original signature to a termination of such recorded Option Agreement or amendment thereto, then Host hereby irrevocably constitutes and appoints Owner as Host's true and lawful attorney (and agent-in-fact) to execute in Host's name any such termination.

**Section 10. Possession.** Physical possession of the Optioned Property shall be delivered to Host at the time of Closing.

**Section 11. Title Insurance, Title Defects.**

## EXHIBIT B

(a) Within fifteen (15) business days after it receives the Option Exercise Notice, Owner shall provide Host with a title commitment (the “Title Commitment”) in the customary ALTA form of Standard Owner’s Policy of Title Insurance in Host’s favor, for the amount equivalent to the Option Price (whichever is applicable), with a commitment to insure good and marketable fee simple title to the Optioned Property in Host, issued by a title insurance company licensed to do business in the State of California and acceptable to Host (the “Title Company”). The policy shall show the status of title to the Optioned Property and show all exceptions, including easements, restrictions, rights-of-way, covenants, reservations, and other conditions of record, if any, affecting the subject real estate. Accompanying the Title Commitment, Owner shall also have Title Company furnish Host with true, correct, complete, and legible copies of all documents affecting title to the subject real estate. The cost and expense of such Standard Owner’s Title Commitment shall be payable as a Transaction Cost. Host shall pay the additional premium due if Host elects to obtain an extended coverage policy of title insurance and/or extended coverage endorsements. Owner shall cooperate with Host, at no expense to Owner, by providing an affidavit to Title Company to induce Title Company to issue to Host at Closing a “GAP” endorsement to the Title Commitment showing the effective date of the Title Commitment to be the time and date of Closing.

(b) If the Title Commitment shows exceptions to title which are unacceptable to Host, Host shall, within ten (10) business days after receipt of the Title Commitment and not later than twenty (20) business days before the date for Closing, notify Owner of such fact and Owner shall have twenty (20) business days after Owner receives Host’s written objections to cure such defects and to present a Title Commitment on the basis of which Closing may occur or to notify Host that Owner will not cure same. If Owner cannot or will not cure such defects within such twenty (20) day period and thereafter convey title to the Property as required in this Agreement, then Host shall have the right (at Host’s option) to either:

(i) Rescind the Option Exercise Notice and Owner may proceed to close the sale under the terms of the third-party offer, if there is a third-party offer; or

(ii) Accept whatever title Owner can or will convey, without reduction in the purchase price because of such title defects. Any exceptions to title disclosed on the Title Commitment to which Host does not timely object to in writing or to which Host objects but thereafter accepts by Closing shall be included as a “Permitted Exception.”

**Section 12. Assignment.** The Host shall not assign the Option without the prior written consent of the Owner, which consent shall not be unreasonably withheld, and delivery of an Opinion of Bond Counsel to the Owner substantially to the effect that such assignment will not, in and of itself, adversely affect the exclusion of interest on the Bonds from gross income for purposes of federal income taxation. Notwithstanding the foregoing, neither party to this Option Agreement shall assign its interests, obligations, rights and/or responsibilities under this Option Agreement without the prior written consent of the other party.

**Section 13. No Individual Liability.** No Authority Indemnified Person shall be individually or personally liable for the payment of any sum hereunder or be subject to any personal liability or accountability by reason of the execution and delivery of this Option Agreement , or

## EXHIBIT B

by any proceedings for the determination of the Option Price, or Host's exercise or waiver of same, or otherwise except in the case of such Authority Indemnified Person's own willful misconduct.

### **Section 14. Notices, Governing Law, Binding Effect and Other Miscellaneous Provisions.**

(a) Notices. All notices provided for in this Option Agreement shall be in writing and shall be given to Owner or Host at the address set forth below or at such other address as they individually may specify thereafter by written notice in accordance herewith:

If to Owner: California Community Housing Agency  
1400 W. Lacey Blvd., Building 1  
Hanford, California 93230  
Attention: Michael LaPierre

With a copy to: Catalyst Housing Group  
21 Ward Street, Suite 2  
Larkspur, California 94939  
Attention: Jordan Moss

If to Host: City of [CITY]  
[ADDRESS]  
Attention: [NAME, DEPARTMENT]

Such notices shall be deemed effective upon actual delivery or upon the date that any such delivery was attempted and acceptance thereof was refused, or if mailed, certified return receipt requested, postage prepaid, properly addressed, three (3) days after posting.

(b) Consents and Approvals. All consents and approvals and waivers required or asserted hereunder shall be in writing, signed by the party from whom such consent, approval, waiver or notice is requested, provided that no written consent or approval of Owner shall be required for any action that Host may, in its reasonable good faith judgment, find it necessary to take in the event of an emergency.

(c) Cooperation. Owner will keep Host advised of its complete name at all times, including any change of such name. Host will keep Owner advised of its complete name at all times, including any change of such name.

(d) Pronouns. Where appropriate to the context, words of one gender include all genders, and the singular includes the plural and vice versa.

(e) Amendments. This Option Agreement may not be modified except in a written instrument signed by Host and Owner.

(f) Complete Agreement. This Option Agreement together with all schedules and exhibits attached hereto and made part thereof supersedes all previous agreements, understandings and representations made by or between the parties hereto.

## EXHIBIT B

(g) Governing Law. This Option Agreement shall be governed by and construed in accordance with the laws of the State of California, without regard to conflicts of law principles. All claims of whatever character arising out of this Option Agreement, or under any statute or common law relating in any way, directly or indirectly, to the subject matter hereof or to the dealings between Owner and any other party hereto, if and to the extent that such claim potentially could or actually does involve Owner, shall be brought in any state or federal court of competent jurisdiction located in Kings County, California. By executing and delivering this Option Agreement, each party hereto irrevocably: (i) accepts generally and unconditionally the exclusive jurisdiction and venue of such courts; (ii) waives any defense of forum non-conveniens; and (iii) agrees not to seek removal of such proceedings to any court or forum other than as specified above. The foregoing shall not be deemed or construed to constitute a waiver by Owner of any prior notice or procedural requirements applicable to actions or claims against or involving governmental units and/or political subdivisions of the State of California that may exist at the time of and in connection with such matter.

(h) Legal Construction. In case any one or more of the provisions contained in this Option Agreement shall for any reason be held by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such invalid provision shall be deemed severable, and shall not affect the validity or enforceability of any other provisions of this Option Agreement, all of which shall remain fully enforceable.

(i) Term. This Agreement shall terminate upon the earlier of (a) the Conveyance or (b) the first date on which all Project Debt has been retired and Owner has made an absolute assignment to Host of all future Surplus Cash.

(j) Captions. The captions used in this Option Agreement are solely for convenience, and shall not be deemed to constitute a part of the substance of the Option Agreement for purpose of its construction.

**[SIGNATURE PAGE TO FOLLOW]**

**EXHIBIT B**

**IN WITNESS WHEREOF**, the parties have executed this Option Agreement as of the date set forth above.

**CALIFORNIA COMMUNITY HOUSING  
AGENCY**

By:

\_\_\_\_\_  
\_\_\_\_\_

**CITY OF [CITY]**

By:

\_\_\_\_\_  
\_\_\_\_\_

*Signature Page to Purchase Option Agreement*

EXHIBIT B

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 )  
County of \_\_\_\_\_ )

On \_\_\_\_\_, before me, \_\_\_\_\_,  
(insert name and title of the officer)

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 \_\_\_\_\_

(Seal)

EXHIBIT B

**EXHIBIT A**

**LEGAL DESCRIPTION OF REAL PROPERTY**

Exhibit C

**JOINT EXERCISE OF POWERS AGREEMENT  
RELATING TO THE CALIFORNIA COMMUNITY HOUSING AGENCY**

THIS AGREEMENT, dated as of January 29, 2019, among the parties executing this Agreement (all such parties, except those which have withdrawn as provided herein, are referred to as the "Members" and those parties initially executing this Agreement are referred to as the "Charter Members"):

**WITNESSETH**

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (in effect as of the date hereof and as the same may from time to time be amended or supplemented, the "Joint Exercise of Powers Act"), two or more public agencies may by agreement jointly exercise any power common to the contracting parties; and

WHEREAS, each of the Members is a "public agency" as that term is defined in Section 6500 of the Joint Exercise of Powers Act; and

WHEREAS, each of the Members is empowered by law to promote economic, cultural and community development, including, without limitation, the promotion of opportunities for the creation or retention of employment, the stimulation of economic activity, the increase of the tax base, and the promotion of opportunities for education, cultural improvement and public health, safety and general welfare; and

WHEREAS, each of the Members may accomplish the purposes and objectives described in the preceding preamble by various means; and

WHEREAS, each Member is also empowered by law to acquire, construct, improve, operate and dispose of real property for a public purpose; and

WHEREAS, the Joint Exercise of Powers Act authorizes the Members to create a joint exercise of powers entity with the authority to exercise any powers common to the Members, including but not limited to acquiring, constructing, improving, operating and disposing of real property for a public purpose, all as specified in this Agreement, and to exercise the additional powers granted to it in the Joint Exercise of Powers Act and any other applicable provisions of the laws of the State of California; and

WHEREAS, a public entity established pursuant to the Joint Exercise of Powers Act is empowered to issue or execute non-recourse debt, which may include bonds, notes, commercial paper or any other evidences of indebtedness, leases, installment sale or other financing agreements or certificates of participation therein (herein "Obligations"), and to otherwise undertake financing programs under the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California to accomplish its public purposes; and



WHEREAS, the Members have determined to specifically authorize a public entity authorized pursuant to the Joint Exercise of Powers Act to issue non-recourse Obligations pursuant to the Joint Exercise of Powers Act or other applicable provisions of the laws of the State of California; and

WHEREAS, it is the desire of the Members to use a public entity established pursuant to the Joint Exercise of Powers Act to undertake the financing and/or refinancing of projects that provide, preserve and support affordable local housing for low-income, moderate-income and middle-income families and individuals within the jurisdictions of the Members, including, but not limited to, capital or working capital projects, purchase or acquisition of property, receivables, commodities, bonds, other revenue streams or assets of any kind, liability or other insurance, or retirement programs, or facilitating Members use of existing or new financial instruments and mechanisms in the furtherance of this purpose; and

WHEREAS, by this Agreement, each Member desires to create and establish the "California Community Housing Agency" for the purposes set forth herein and to exercise the powers provided herein;

NOW, THEREFORE, the Members, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

**Section 1. Purpose.**

This Agreement is made pursuant to the provisions of the Joint Exercise of Powers Act. The purpose of this Agreement is to establish a public entity for the joint exercise of powers common to the Members and for the exercise of additional powers given to a joint powers entity under the Joint Powers Act or any other applicable law, including, but not limited to, the issuance of non-recourse Obligations for any purpose or activity permitted under the Joint Exercise of Powers Act or any other law; provided, however that such purpose shall be solely for the acquisition, construction, rehabilitation, ownership, operation, maintenance, administration and/or financing of multifamily housing for low-income, moderate-income and middle-income families and individuals (the "Purpose"). Such Purpose will be accomplished and said power exercised in the manner hereinafter set forth.

**Section 2. Term.**

This Agreement shall become effective in accordance with Section 17 as of the date hereof and shall continue in full force and effect until such time as it is terminated in writing by all the Members; provided, however, that this Agreement shall not terminate or be terminated until all Obligations issued or caused to be issued by the Agency (defined below) shall no longer be outstanding under the terms of the indenture, trust agreement, resolution or other instrument pursuant to which such Obligations are issued.

### **Section 3.     Agency.**

#### **A.     CREATION AND POWERS OF AGENCY.**

Pursuant to the Joint Exercise of Powers Act, there is hereby created a public entity to be known as the "California Community Housing Agency" (the "Agency"), and said Agency shall be a public entity separate and apart from the Members. Its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any Members, and the Obligations of the Agency shall only be non-recourse obligations.

#### **B.     BOARD.**

The Agency shall be administered by the Board of Directors (the "Board," or the "Directors" and each a "Director") whose members shall be, at all times, members of the Board of Supervisors (the "Board of Supervisors") of Kings County, California, with each such Director serving in his or her individual capacity as Director of the Board. The term of office as a member of the Board shall terminate when such member shall cease to be a member of the Board of Supervisors and the successor to such member of the Board of Supervisors shall become a member of the Board.

Notwithstanding the preceding paragraph, the Board may by resolution or bylaws provide for changes in the qualifications, composition and number of Directors, the appointment of Directors, successors, their respective terms of office and any other provisions relating to the qualification and office of the Directors, including provision for alternative Directors (in which case all references in this Agreement to any Director shall be deemed to refer to and include the applicable alternate Director, if any, when so acting in place of a regularly appointed Director).

The Board shall be the administering agency of this Agreement and, as such, shall be vested with the powers set forth herein, and shall administer this Agreement in accordance with the purposes and functions provided herein.

Directors shall not receive any compensation for serving as such, but shall be entitled to reimbursement for any expenses actually incurred in connection with serving as a Director, if the Board shall determine that such expenses shall be reimbursed and there are unencumbered funds available for such purpose.

#### **C.     OFFICERS; DUTIES; OFFICIAL BONDS.**

The officers of the Agency shall be the Chair, Vice-Chair, Secretary and Treasurer (defined below). The Board, in its capacity as administering agent of this Agreement, shall elect a Chair, a Vice-Chair, and a Secretary of the Agency from among Directors to serve until such officer is re-elected or a successor to such office is elected by the Board. The Board shall appoint one or more of its officers or employees to serve as treasurer, auditor, and controller of the Agency (the "Treasurer") pursuant to Section 6505.6 of the Joint Exercise of Powers Act to serve until such officer is re-elected or a successor to such office is elected by the Board.

Subject to the applicable provisions of any resolution, indenture, trust agreement or other instrument or proceeding authorizing or securing Obligations (each such resolution, indenture, trust agreement, instrument and proceeding being herein referred to as an "Indenture") providing for a trustee or other fiscal agent, and except as may otherwise be specified by resolution of the Board, the Treasurer is designated as the depository of the Agency to have custody of all money of the Agency, from whatever source derived and shall have the powers, duties and responsibilities specified in Sections 6505, 6505.5 and 6509.5 of the Joint Exercise of Powers Act.

The Treasurer of the Agency is designated as the public officer or person who has charge of, handles, or has access to any property of the Agency, and such officer shall file an official bond with the Secretary of the Agency in the amount specified by resolution of the Board but in no event less than \$1,000.

The Board shall have the power to appoint such other officers and employees as it may deem necessary and to retain independent counsel, consultants and accountants.

The Board shall have the power, by resolution, to the extent permitted by the Joint Exercise of Power Act or any other applicable law, to delegate any of its functions to one or more of the Directors or officers, employees or agents of the Agency and to cause any of said Directors, officers, employees or agents to take any actions and execute any documents or instruments for and in the name and on behalf of the Board or the Agency.

#### D. MEETINGS OF THE BOARD.

##### (1) Ralph M. Brown Act.

All meetings of the Board, including, without limitation, regular, adjourned regular, special, and adjourned special meetings shall be called, noticed, held and conducted in accordance with the provisions of the Ralph M. Brown Act (commencing with Section 54950 of the Government Code of the State of California), or any successor legislation hereinafter enacted (the "Brown Act").

##### (2) Regular Meetings.

The Board shall provide for its regular meetings; provided, however, it shall hold at least one regular meeting each year. The date, hour and place of the holding of the regular meetings shall be fixed by resolution of the Board. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

##### (3) Special Meetings.

Special meetings of the Board may be called in accordance with the provisions of Section 54956 of the Government Code of the State of

California. To the extent permitted by the Brown Act, such meetings may be held by telephone conference.

(4) Minutes.

The Secretary of the Agency shall cause to be kept minutes of the regular, adjourned regular, special, and adjourned special meetings of the Board and shall, as soon as possible after each meeting, cause a copy of the minutes to be forwarded to each Director.

(5) Quorum.

A majority of the Board shall constitute a quorum for the transaction of business. No action may be taken by the Board except upon the affirmative vote of a majority of the Directors present at the meeting, except that less than a quorum may adjourn a meeting to another time and place.

E. RULES AND REGULATIONS.

The Agency may adopt, from time to time, by resolution of the Board such bylaws, policies or rules and regulations for the conduct of its meetings and affairs as may be required.

**Section 4. Powers.**

The Agency shall have the power, in its own name, to exercise the common powers of the Members and to exercise all additional powers given to a joint powers entity under any of the laws of the State of California, including, but not limited to, the Joint Exercise of Powers Act, for the Purpose authorized under this Agreement. Such powers shall include the common powers specified in this Agreement and may be exercised in the manner and according to the method provided in this Agreement. The Agency is hereby authorized to do all acts necessary for the exercise of such power, including, but not limited to, any of all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, improve, own, maintain and operate, or provide for maintenance and operation, and sell, lease, pledge, assign, mortgage or otherwise dispose, of any property, improvements, commodities, leases, contracts, receivables, bonds or other revenue streams or assets of any kind relating to the Purpose; to exercise the power of condemnation; to incur debts, liabilities or obligations; to receive gifts, contributions and donations of property, funds, services, and other forms of assistance from person, firms, corporations and any governmental entity; to sue and be sued in its own name; to establish and collect fees; to form public benefit nonprofit corporations or other affiliate entities to accomplish any of its Purposes; to make grants, loans or provide other financial assistance to governmental, nonprofit and for profit organizations to accomplish any of its Purposes; and generally to do any and all things necessary or convenient to accomplish its Purposes. The boundaries of the Agency shall encompass the boundaries of all the Members and the powers of the Agency may be exercised anywhere within those boundaries or to the extent permitted by the laws of the State of California, including, but not limited to the Joint Exercise of Powers Act,

outside of those boundaries, which may be outside of the State of California, provided that the power of condemnation may only be exercised within the jurisdictional boundaries of the Charter Members.

Without limiting the generality of the foregoing, the Agency may issue or cause to be issued Obligations, and pledge any property, contracts or revenues as security to the extent permitted under the Joint Exercise of Powers Act, or any other applicable provision of law.

The manner in which the Agency shall exercise its powers and perform its duties is and shall be subject to the restrictions upon the manner in which a California county could exercise such powers and perform such duties. The manner in which the Agency shall exercise its powers and perform its duties shall not be subject to any restrictions applicable to the manner in which any other public agency could exercise such powers or perform such duties, whether such agency is a party to this Agreement or not.

**Section 5. Fiscal Year.**

For the purposes of this Agreement, the term "Fiscal Year" shall mean the fiscal year as established from time to time by resolution of the Board, being, at the date of this Agreement, the period from July 1 to and including the following June 30, except for the first Fiscal Year which shall be the period from the date of this Agreement to June 30, 2019.

**Section 6. Disposition of Assets.**

At the end of the term hereof or upon the earlier termination of this Agreement as set forth in Section 2, after payment of all expenses and liabilities of the Agency, all property of the Agency both real and personal shall automatically vest in the Members in the manner and amount determined by the Board in its sole discretion and shall thereafter remain the sole property of the Members; provided, however, that any surplus money on hand shall be returned in proportion to the contributions made by the Members.

**Section 7. Obligations.**

From time to time the Agency shall issue Obligations, in one or more series, for the purpose of exercising its powers and raising the funds necessary to carry out its Purposes under this Agreement, including but not limited to acquiring, constructing, improving, operating and disposing of real property for a public purposes.

The services of bond counsel, financing consultants and other consultants and advisors working on the projects and/or their financing or refinancing or on post-issuance compliance or administration may be used by the Agency. The expenses of the Board shall be paid from the proceeds of the Obligations, payments made by Obligation obligors or other third parties, or any other unencumbered funds of the Agency available for such purpose.

## **Section 8.     Obligations Only Limited and Special Obligations of Agency.**

The Obligations, together with the interest and premium, if any, thereon, shall not be deemed to constitute a debt of any Member or pledge of the faith and credit of the Members or the Agency. The Obligations shall be only special non-recourse obligations of the Agency, and the Agency shall under no circumstances be obligated to pay the Obligations except from revenues and other funds pledged therefor. Neither the Members nor the Agency shall be obligated to pay the principal of, premium, if any, or interest on the Obligations, or other costs incidental thereto, except the Agency from the revenues and funds pledged and available therefor, and neither the faith and credit nor the taxing power of the Members nor the faith and credit of the Agency shall be pledged to the payment of the principal of, premium, if any, or interest on the Obligations nor shall the Members or the Agency in any manner be obligated to make any appropriation for such payment.

No covenant or agreement contained in any Obligation or related document shall be deemed to be a covenant or agreement of any Director, or any officer, employee or agent of the Agency in his or her individual capacity, and neither the Board of the Agency nor any Director or officer thereof executing the Obligations shall be liable personally on any Obligation or be subject to any personal liability or accountability by reason of the issuance of any Obligations.

## **Section 9.     Accounts and Reports.**

All funds of the Agency shall be strictly accounted for. The Agency shall establish and maintain such funds and accounts as may be required by good accounting practice and by any provision of any Indenture (to the extent such duties are not assigned to a trustee of Obligations). The books and records of the Agency shall be open to inspection at all reasonable times by each Member.

The Treasurer of the Agency shall cause an independent audit to be made of the books of accounts and financial records of the Agency by a certified public accountant or public accountant in compliance with the provisions of Section 6505 of the Joint Exercise of Powers Act. In each case the minimum requirements of the audit shall be those prescribed by the State Controller for special districts under Section 26909 of the Government Code of the State of California and shall conform to generally accepted auditing standards. When such an audit of accounts and records is made by a certified public accountant or public accountant, a report thereof shall be filed as a public record with each Member and also with the county auditor of each county in which a Member is located; provided, however, that to the extent permitted by law, the Agency may, instead of filing such report with each Member and such county auditor, elect to post such report as a public record electronically on a website designated by the Agency. Such report if made shall be filed within 12 months of the end of the Fiscal Year or Years under examination.

The Treasurer is hereby directed to report in writing on the first day of July, October, January, and April of each year to the Board and the Charter Members which report shall describe the amount of money held by the Treasurer for the Agency, the amount of receipts since the last such report, and the amount paid out since the last such report (which may exclude

amounts held by a trustee or other fiduciary in connection with any Obligations to the extent that such trustee or other fiduciary provided regular reports covering such amounts.)

Any costs of the audit, including contracts with, or employment of, certified public accountants or public accountants in making an audit pursuant to this Section, shall be borne by the Agency and shall be a charge against any unencumbered funds of the Agency available for that purpose.

In any Fiscal Year the Board may, by resolution adopted by unanimous vote, replace the annual special audit with an audit covering a two-year period.

#### **Section 10. Funds.**

Subject to the applicable provisions of any Indenture, which may provide for a trustee or other fiduciary to receive, have custody of and disburse Agency funds, the Treasurer of the Agency shall receive, have the custody of and disburse Agency funds pursuant to the accounting procedures developed under Sections 3.C and 9, and shall make the disbursements required by this Agreement or otherwise necessary to carry out any of the provisions of purposes of this Agreement.

#### **Section 11. Notices.**

Notices and other communications hereunder to the Members shall be sufficient if delivered to the clerk of the governing body of each Member; provided that, to the extent permitted by law, the Agency may provide notices and other communications and postings electronically (including, without limitation, through email or by posting to a website).

#### **Section 12. Additional Members/Withdrawal of Members.**

Qualifying public agencies may be added as parties to this Agreement and become Charter Members upon: (1) the filing by such public agency with the Agency of an executed counterpart of this Agreement, together with a copy of the resolution of the governing body of such public agency approving this Agreement and the execution and delivery hereof; and (2) adoption of a resolution of the Board approving the addition of such public agency as a Charter Member. Upon satisfaction of such conditions, the Board shall file such executed counterpart of this Agreement as an amendment hereto, effective upon such filing.

Qualifying public agencies may also be added as Non-Charter Members ("Additional Members") of the Agency upon: (1) the filing by such public agency with the Agency of a resolution of the governing body of such public agency requesting to be added as an Additional Member of the Agency, and (2) adoption of a resolution of the Board approving the addition of such public agency as an Additional Member. An Additional Member may limit in the aforementioned resolution the scope of its Additional Membership to what is necessary or appropriate to facilitate the financing or refinancing of one or more specified projects or programs.

A Member may withdraw from this Agreement upon written notice to the Board; provided, however, that at least one Member shall be a Charter Member and no such withdrawal shall result in the dissolution of the Agency so long as any Obligations remain outstanding. Any such withdrawal shall be effective only upon receipt of the notice of withdrawal by the Board, which shall acknowledge receipt of such notice of withdrawal in writing and shall file such notice as an amendment to this Agreement effective upon such filing.

### **Section 13. Indemnification.**

To the full extent permitted by law, the Board may authorize indemnification by the Agency of any person who is or was a Director or an officer, employee or other agent of the Agency, and who was or is a party or is threatened to be made a party to a proceeding by reason of the fact that such person is or was such a Director or an officer, employee or other agent of the Agency, against expenses, including attorneys fees, judgments, fines, settlements and other amounts actually and reasonably incurred in connection with such proceeding, if such person acted in good faith in a manner such person reasonably believed to be in the best interests of the Agency and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful and, in the case of an action by or in the right of the Agency, acted with such care, including reasonable inquiry, as an ordinarily prudent person in a like position would use under similar circumstances. The Board may purchase a policy or policies of insurance in furtherance of any indemnification obligation created or otherwise in protection of Directors, officers, employees or other agents.

### **Section 14. Contributions and Advances.**

Contributions or advances of public funds and of the use of personnel, equipment or property may be made to the Agency by the Members for any of the Purposes of this Agreement. Payment of public funds may be made to defray the cost of any such contribution or advance. Any such advance may be made subject to repayment, and in such case shall be repaid, in the manner agreed upon by the Agency and the Member making such advance at the time of such advance. It is mutually understood and agreed to that no Member has any obligation to make advances or contributions to the Agency to provide for the costs and expenses of administration of the Agency, even though any Member may do so. The Members understand and agree that a portion of the funds of the Agency that otherwise may be allocated or distributed to the Members may instead be used to make grants, loans or provide other financial assistance to governmental units and to nonprofit organizations to accomplish any of the governmental unit's or nonprofit organization's purposes.

### **Section 15. Immunities.**

All of the privileges and immunities from liabilities, exemptions from laws, ordinances and rules, and other benefits which apply to the activity of officers, agents or employees of Members when performing their respective functions within the territorial limits of their respective public agencies, shall apply to the same degree and extent to the Directors, officers, employees, agents or other representatives of the Agency while engaged in the performance of any of their functions or duties under the provisions of this Agreement.



**Section 16. Amendments.**

Except as provided in Sections 3B and 12 above, or to cure any error, omission or ambiguity in this Agreement, this Agreement shall not be amended, modified, or altered except with (i) written consent of all holders of any outstanding bonds of the Agency, (ii) written consent of each of Charter Member, and (iii) negative consent of each Additional Member. To obtain the negative consent of each such Additional Member, the following negative consent procedure shall be followed: (a) the Agency shall provide each such Additional Member with a notice at least sixty (60) days prior to the date such proposed amendment is to become effective explaining the nature of such proposed amendment and this negative consent procedure; (b) the Agency shall provide each such Additional Member who did not respond a reminder notice with a notice at least thirty (30) days prior to the date such proposed amendment is to become effective; and (c) if no such Additional Member objects to the proposed amendment in writing within sixty (60) days after the initial notice, the proposed amendment shall become effective with respect to all Members.

**Section 17. Effectiveness.**

This Agreement shall become effective and be in full force and effect and a legal, valid and binding obligation of each of the Members on the date that the Board shall have received from two of the Charter Members an executed counterpart of this Agreement, together with a certified copy of a resolution of the governing body of each such Charter Member approving this Agreement and the execution and delivery hereof.

**Section 18. Partial Invalidity.**

If any one or more of the terms, provisions, promises, covenants or conditions of this Agreement shall to any extent be adjudged invalid, unenforceable, void or voidable for any reason whatsoever by a court of competent jurisdiction, each and all of the remaining terms, provisions, promises, covenants and conditions of this Agreement shall not be affected thereby, and shall be valid and enforceable to the fullest extent permitted by law.

**Section 19. Successors.**

This Agreement shall be binding upon and shall inure to the benefit of the successors of the parties hereto. Except to the extent expressly provided herein, no Member may assign any right or obligation hereunder without the consent of the other Members.

**Section 20. Miscellaneous.**

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

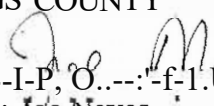
This Agreement shall be governed under the laws of the State of California.

This Agreement is the complete and exclusive statement of the agreement among the Members, which supercedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between and among the Members relating to the subject matter of this Agreement.


IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and attested by their duly authorized representatives as of the day and year first above written.

Charter Member:

KINGS COUNTY

By  \_\_\_\_\_  
Name: Joe Neves  
Title: Chairman JAN 29 2019

ATTEST:

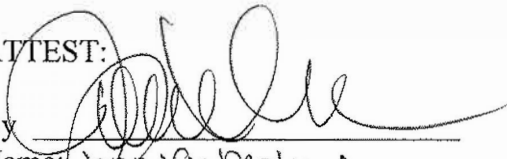
By  \_\_\_\_\_  
Name: Melanie Curtis  
Title: Deputy Clerk to the Board of Supervisors

Charter Member:

HOUSING AUTHORITY OF THE  
COUNTY OF KINGS

By  \_\_\_\_\_  
Name: Joe Neves  
Title: Chairman

ATTEST:

By  \_\_\_\_\_  
Name: Jennifer Molinar  
Title: Deputy Clerk to the Board of Supervisors

**FIRST AMENDMENT TO JOINT EXERCISE OF POWERS AGREEMENT  
RELATING TO THE CALIFORNIA COMMUNITY HOUSING AGENCY**

THIS FIRST AMENDMENT TO JOINT EXERCISE OF POWERS AGREEMENT, dated July 30, 2019 (this "First Amendment"), is executed and delivered to amend the provisions of that certain Joint Exercise of Powers Agreement, dated as of January 1, 2019, (the "Agreement"), among the County of Kings and the Housing Authority of the County of Kings (the "Charter Members") and the other members (the "Additional Members" and, together with the Charter Members, the "Members") thereto.

**WITNESSETH**

WHEREAS, pursuant to Title 1, Division 7, Chapter 5 of the California Government Code (in effect as of the date hereof and as the same may from time to time be amended or supplemented, the "Joint Exercise of Powers Act"), the Charter Members and the Additional Members entered into the Agreement; and

WHEREAS, pursuant to Assembly Bill No. 1912, enacted on September 29, 2018 ("AB 1912"), Section 6508.1 of the California Government Code prohibits Members from disclaiming the retirement obligations of the Agency if the Agency were to contract with a public retirement system (as defined in such statute); and

WHEREAS, also pursuant to AB 1912, Section 6508.2 of the Government Code requires that the retirement obligations of the Agency be apportioned among former and current Members such that the apportionment equals 100% of the retirement liability of the Agency if the Agency is unable to meet its retirement obligations under the circumstances described in such statute; and

WHEREAS, the Agency does not currently have any retirement contract with any public retirement system; and

WHEREAS, pursuant to Section 16 of the Agreement, the provisions of the Agreement may be amended with the written consent of the Charter Members provided that no amendment shall materially adversely affect the interests of any Additional Member unless the negative consent of that Additional Member is also obtained; and

WHEREAS, in order to ensure that Members will not be obligated for any portion of any future retirement obligations of the Agency, the Charter Members now find it necessary and desirable to amend the Agreement as provided herein, which amendment does not materially adversely affect the interests of any Additional Member; and

NOW, THEREFORE, the Charter Members, for and in consideration of the mutual promises and agreements herein contained, do agree as follows:

**Section 1. Authority for Amendment.**

This First Amendment is hereby executed in accordance with Section 16 of the Agreement.

**Section 2. Definitions.**

All terms defined in the Agreement shall have the same meanings when used in this First Amendment, except as otherwise provided herein.

**Section 3. Amendments.**

**A. Amendment to Section 3.A. of the Agreement.**

The paragraph in Section 3.A. of the Agreement is hereby amended to read in full as follows (additions to the Agreement shown in underline text and deletions shown in strikethrough text):

Pursuant to the Joint Exercise of Powers Act, there is hereby created a public entity to be known as the "California Community Housing Agency" (the "Agency"), and said Agency shall be a public entity separate and apart from the Members. To the extent permitted by law, its Its debts, liabilities and obligations do not constitute debts, liabilities or obligations of any Members, and the Obligations of the Agency shall only be non-recourse obligations.

**B. Amendment to Section 4 of the Agreement.**

Section 4 of the Agreement is hereby amended to read in full as follows (additions to the Agreement shown in underline text and deletions shown in strikethrough text):

The Agency shall have the power, in its own name, to exercise the common powers of the Members and to exercise all additional powers given to a joint powers entity under any of the laws of the State of California, including, but not limited to, the Joint Exercise of Powers Act, for the Purpose authorized under this Agreement. Such powers shall include the common powers specified in this Agreement and may be exercised in the manner and according to the method provided in this Agreement. The Agency is hereby authorized to do all acts necessary for the exercise of such power, including, but not limited to, any of all of the following: to make and enter into contracts; to employ agents and employees; to acquire, construct, improve, own, maintain and operate, or provide for maintenance and operation, and sell, lease, pledge, assign, mortgage or otherwise dispose, of any property, improvements, commodities, leases, contracts, receivables, bonds or other revenue streams or assets of any kind relating to the Purpose; to exercise the power of condemnation; to incur debts, liabilities or obligations; to receive gifts, contributions and donations of property, funds, services, and other forms of assistance from person, firms, corporations and any governmental entity; to sue and be sued in its own name; to establish and collect

fees; to form public benefit nonprofit corporations or other affiliate entities to accomplish any of its Purposes; to make grants, loans or provide other financial assistance to governmental, nonprofit and for profit organizations to accomplish any of its Purposes; and generally to do any and all things necessary or convenient to accomplish its Purposes. The boundaries of the Agency shall encompass the boundaries of all the Members and the powers of the Agency may be exercised anywhere within those boundaries or to the extent permitted by the laws of the State of California, including, but not limited to the Joint Exercise of Powers Act, outside of those boundaries, which may be outside of the State of California, provided that the power of condemnation may only be exercised within the jurisdictional boundaries of the Charter Members.

Notwithstanding anything to the contrary in this Agreement, the Agency shall not have the power or the authority to enter into any retirement contract with any public retirement system (as defined in Section 6508.2 of the California Government Code) for any reason. The provision in this paragraph is intended to benefit the Members and to be a confirming irrevocable obligation of the Agency which may be enforced by the Members, individually or collectively.

Without limiting the generality of the foregoing, the Agency may issue or cause to be issued Obligations, and pledge any property, contracts or revenues as security to the extent permitted under the Joint Exercise of Powers Act, or any other applicable provision of law.

The manner in which the Agency shall exercise its powers and perform its duties is and shall be subject to the restrictions upon the manner in which a California county could exercise such powers and perform such duties. The manner in which the Agency shall exercise its powers and perform its duties shall not be subject to any restrictions applicable to the manner in which any other public agency could exercise such powers or perform such duties, whether such agency is a party to this Agreement or not.

#### **C. Amendment to Section 20 of the Agreement.**

Section 20 of the Agreement is hereby amended to read in full as follows (additions to the Agreement shown in underline text and deletions shown in strikethrough text):

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

Wherever in this Agreement any consent or approval is required, the same shall not be unreasonably withheld.

This Agreement shall be governed under the laws of the State of California.

This Agreement, along with its recitals which are an integral part and are incorporated herein, is the complete and exclusive statement of the agreement among the Members, which supereedessupersedes and merges all prior proposals, understandings, and other agreements, whether oral, written, or implied in conduct, between and among the Members relating to the subject matter of this Agreement.

**Section 4. Effective Date.**

This First Amendment shall become effective and be in full force and effect on the date that the Board shall have received from two of the Charter Members an executed counterpart of this First Amendment.

**Section 5. Miscellaneous.**

This Agreement may be executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

The section headings herein are for convenience only and are not to be construed as modifying or governing the language in the section referred to.

The recitals are an integral part of this First Amendment and are incorporated herein.

Any section not so amended as stated above shall remain in full force and effect.

IN WITNESS WHEREOF, the parties hereto have caused this First Amendment to Joint Exercise of Powers Agreement to be executed and attested by their duly authorized representatives as of the day and year first above written.

Charter Member:

KINGS COUNTY

m\*Ne

Title: Chairman A/O 2 ZGL?

ATTEST:

By

Name: Catherine Venturella

Title: Clerk of the Board of Supervisor

Charter Member:

HOUSING AUTHORITY OF THE  
COUNTY OF KINGS

By

Name: Doug Verboon

Title: Vice Chairman

ATTEST:

By

Name: Jennifer Molina

Title: Administrative Assistant





## EXHIBIT D

**DATE:** May 26, 2020

**TO:** Mayor and City Council

**FROM:** City Manager

**SUBJECT:** Adopt a Resolution Approving a Financing Model that Supports the Development of Middle-Income Affordable Housing and Authorize the City Manager to Execute Purchase Option Agreements with CalCHA

### RECOMMENDATION

That Council adopts a resolution (Attachment II) authorizing participation in a financing model to fund the acquisition and/or development of affordable housing for middle income households that will require the City to:

- 1) Become a member of the California Community Housing Agency (CalCHA);
- 2) Support CalCHA's issuance of tax-exempt bonds for the production, preservation, and protection of essential middle-income rental housing; and
- 3) Authorize the City Manager to execute purchase option agreements with CalCHA to acquire (or assign to a non-profit affordable housing provider) the middle-income housing as a public benefit.

### SUMMARY

Catalyst Housing (Catalyst) has developed a financing model to create affordable housing for the essential middle-income workforce and proposes using Essential Housing Revenue Bonds issued by CalCHA to finance the acquisition or development of essential middle-income housing. This housing will be deed restricted for low-income and moderate-income households in the City of Hayward. To satisfy the public purposes for which the bonds will be authorized to be issued, the owner, CalCHA, commits, through the execution of a regulatory agreement, to support, preserve, and provide low-income, median-income, and moderate-income rental housing. Additionally, as a term of the regulatory agreement, Catalyst will not displace existing tenants that are over-income for the program. CalCHA will also satisfy the public purposes of the bonds by granting all surplus project revenues to the City as a term of the Purchase Option Agreement.

Staff recommends approval of a resolution that limits the City Manager's authority, requires verification of displacement prevention provisions in the regulatory agreement, excludes FPI from participating in the project, and evaluates the option of transferring ownership to tenants. The resolution will authorize the City to:

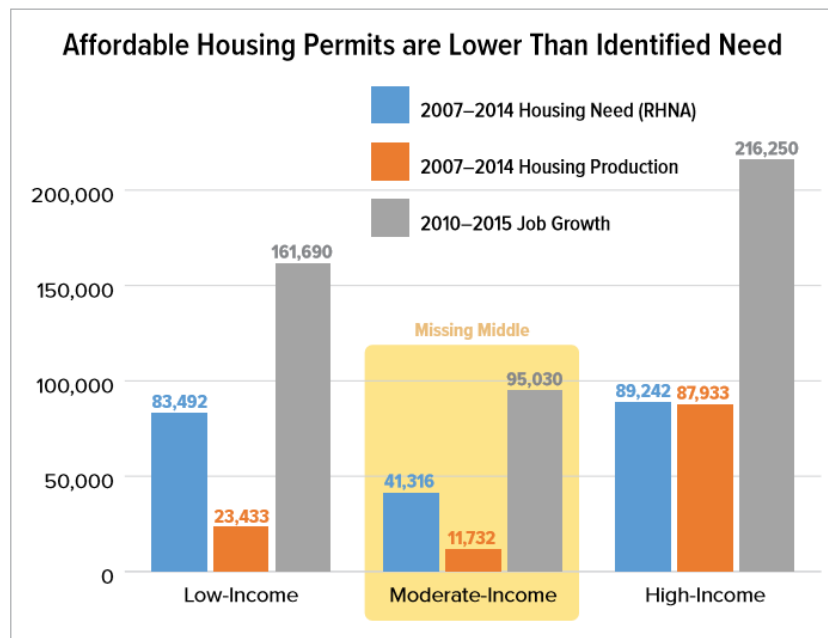
- Become a member of CalCHA;
- Support and approve CalCHA's issuance of tax-exempt bonds for the acquisition of existing rental properties or development of new units as a means towards the production, preservation and protection of essential middle-income rental housing within the City limits; and
- Enter into a Purchase Option Agreement with CalCHA.

Considering current economic condition related to the COVID-19 pandemic, staff is anticipating even greater need for long-term housing stability for existing low-income and middle-income residents.

## BACKGROUND

Hayward, like other cities in the Bay Area, is experiencing rising housing prices, severe housing instability for its most vulnerable populations, displacement of existing residents, and increasing homelessness. The increase in Hayward's and the Bay Area's population, absent a corresponding increase in housing units, has caused rents and prices to rise as supply has failed to meet demand. **Figure 1** illustrates the disparity between job growth in the region and housing production, which has increased demand for housing throughout the Bay Area and the low housing production rates for moderate-income households<sup>1</sup>.

**Figure 1.** Regional Housing Production Compared to Job Growth.



Source: Casa Compact<sup>1</sup>

<sup>1</sup> [Casa Compact](#)

The City has been actively pursuing policies and programs to help alleviate the issues facing the Hayward community due to the housing crisis. Over the past three years, the City Council has subsidized the development of 259 units of affordable housing, adopted a new Residential Rent Stabilization and Tenant Protection Ordinance, updated the Affordable Housing Ordinance, and approved numerous residential developments that include on-site affordable units or are exclusively affordable.

On February 25, 2020<sup>2</sup>, Council held a work session to discuss the proposed financing model that supports the development and/or preservation of middle-income housing. Council was generally supportive of the items, but identified topics for further review including:

- Add limitations to the City Manager's authority to ensure periodic review of the program by Council.
- Ensure that there is a mechanism to prevent displacement of the existing tenants if the program is used to acquire occupied rental housing.
- Ensure that FPI Property Management will not be responsible for managing properties acquired utilizing the financing.
- Ensure that, when the City exercises its option to purchase, that it evaluates the possibility of transferring ownership to existing residents.

On March 3, 2020, Council approved a workplan to incentivize housing production in the City of Hayward, which included a proposal to pilot a moderate-income affordable housing financing model. This model would utilize tax-exempt bonds to finance the development and/or acquisition of essential middle income housing and would require that the City join the newly formed CalCHA, support CalCHA's issuance of tax-exempt bonds for the production, preservation and protection of essential middle-income housing, and authorize the City Manager to execute purchase option agreements with CalCHA for each housing project.

On March 17, 2020, Alameda County issued a legal order directing residents to shelter at home for three weeks. The order limits activity, travel, and business functions to only the most essential needs. The Shelter-in-Place Order has caused and will continue to cause a decrease in income for many Hayward businesses and residents, which will increase the risk of loss of jobs, displacement, and homelessness, making the provision and retention of low and middle income housing units even more imperative.

The purpose of this staff report is to discuss items posed by Council for further review and seek authorization to participate in the financing model.

#### *Housing Element Compliance and Progress Reports.*

Local jurisdictions report their progress meeting their RHNA goals. **Table 1** (below) reflects the progress made towards meeting Hayward's RHNA goal as of the last report year (2019),

---

<sup>2</sup> February 25, 2020 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4340247&GUID=D32E99E0-08C8-4913-A32E-CB20520875F6&Options=&Search=>

estimated progress based on number of units entitled, and progress based on projects seeking approval, for the period between 2015-2023. **Table 2** provides the income limits associated with each income category for Alameda County. Permits to construct the units must be issued in order to count toward the City's RHNA goals.

**Table 1. 2015 -2023 RHNA Goal Progress in the City of Hayward**

Income Category	Unit Goal	Reported 2019		Approved		Pending Approval		Estimated Compliance		Estimated Deficiency	
		Units	% of goal	Units	% of goal	Units	% of goal	Units	% of goal	Units	% of goal
Very low	851	40	5%	339	40%	2	0.2%	381	45%	470	55%
Low	480	39	8%	228	48%	0	0.0%	267	56%	213	44%
Moderate	608	27	4%	61	10%	3	0.5%	91	15%	517	85%
Above Moderate	1981	1902	96%	1,588	80%	129	7%	3,619	183%	0	N/A

**Table 2. Income limits by Income Category and Household Size for Alameda County as Established by California Department of Housing and Community Development**

Income Category	Household Size							
	1	2	3	4	5	6	7	8
Extremely Low 30% AMI*	\$26,050	\$29,750	\$33,450	\$37,150	\$40,150	\$43,100	\$46,100	\$49,050
Very low 50% AMI*	\$43,400	\$49,600	\$55,800	\$61,950	\$66,950	\$71,900	\$76,850	\$81,800
Low 80% AMI*	\$69,000	\$78,850	\$88,700	\$98,550	\$106,450	\$114,350	\$122,250	\$130,100
Median 100% AMI	\$78,200	\$89,350	\$100,550	\$111,700	\$120,650	\$129,550	\$138,500	\$147,450
Moderate 120% AMI	\$93,850	\$107,250	\$120,650	\$134,050	\$144,750	\$155,500	\$166,200	\$176,950

\* Percent area median income (AMI) is used to identify income and rent levels; however, the method for calculating income limits involves assessment of multiple data points and is not necessarily a percent of the median income. For more information see <https://hcd.ca.gov/grants-funding/income-limits/state-and-federal-income-limits/docs/Income-Limits-2019.pdf>

Hayward's progress towards meeting the current RHNA goals identifies the need to incentivize housing for very low-, low-, and moderate-income households. The City has the lowest compliance rate for moderate income households. Over the last Housing Element cycle, most cities did not meet their RHNA goals. In order to meet the RHNA goals, the City will have to approve a mix of 100% affordable housing properties and large mixed-income properties. Small mixed-income properties will not provide enough units to meet the goal. Additionally, the City needs to explore new financing mechanisms that can be used to fund moderate income housing to incentivize housing for the missing middle.

## **California Community Housing Authority (CalCHA)**

In January 2019, the County of Kings and the Housing Authority of Kings County formed the CalCHA under the Joint Exercise of Powers Act. The purpose of CalCHA is to issue tax exempt bonds to finance affordable housing developments. Specifically, CalCHA has the authority to acquire, construct, improve, operate, and dispose of real property. A copy of the original Joint Exercise of Powers Agreement can be found in Attachment III. To date, the cities of Burlingame, Fairfield, Larkspur, Menlo Park, Mountain View, Napa, and Santa Rosa, and the County of Marin, have joined as members of CalCHA.

## **DISCUSSION**

The purpose of this staff report is to address comments from the City Council from the February 25, 2020<sup>3</sup> work session about the proposed financing model and to seek authorization to participate in the financing model to support the development of middle-income housing. A brief summary of the proposed financing model follows. More information can be found in the February 25, 2020 staff report.

### **Summary of Proposed Financing Model**

The proposed financing model will use Essential Housing Revenue Bonds to fund the development of rental housing or acquisition of existing housing. The use of these bond funds reduces the projects financing costs and eliminates property tax burden. This enables the owner to charge lower rents and target middle income households. However, to utilize these bond funds, the owner must provide a public benefit.

**Public Benefit.** Public benefit is achieved through the execution of a regulatory agreement that restricts the use of the property, and by granting all surplus project revenues to the City. The regulatory agreement that restricts use of the property will

- Restricts the occupancy to low-income, median-income, and moderate-income households,
- Limits rent increases to the lesser of the applicable rent limits or 4% of tenants rent, and
- Prevents displacement of existing residents that do not meet the income eligibility requirements.

---

<sup>3</sup> February 25, 2020 Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4340247&GUID=D32E99E0-08C8-4913-A32E-CB20520875F6&Options=&Search=>

City's Role. The City's participation in the project is required to create a public benefit. In order for Catalyst to use the proposed financing model in the City of Hayward, the City would need to:

- Become a member of CalCHA;
- Approve CalCHA's issuance of tax-exempt bonds for the acquisition of existing rental properties or development of new housing as a means towards the preservation and protection of essential middle-income rental housing within City limits;
- Enter into a Purchase Option Agreement with CalCHA; and
- Accept any surplus cash or sales proceeds generated by the property to ensure its use as a public benefit.

Terms of the Purchase Option Agreement. To formalize the City's participation in the project and ensure that these public funds will be used for public benefit, the City will need to enter into a Purchase Option Agreement for each property. The terms of the Purchase Option Agreement include:

- **Purchase Option:** Grants the City the right to purchase the property 15 years after the acquisition of a property or at any time thereafter for the remaining term of the 30-year bond. The City can transfer the option to an affordable housing provider with approval from the owner. Entering into this agreement does not obligate the City to purchase the property at any time.
- **Option Price:** The future acquisition price shall be the sum of the amount sufficient to pay all project debt, encumbrances, amounts due to other parties to the transaction, and transaction costs. The price can be reduced by assuming existing project debt or applying project revenue.
- **Surplus Cash:** Any surplus cash will be held by the trustee and then distributed to the City upon acquisition/transfer of ownership.
- **Terms of Conveyance:** City to purchase the property in as is condition with all faults.

Under the CalCHA arrangement, the City is not a direct party to the real estate transaction nor financial transaction. The bonds to be issued by the CalCHA for the project will be the sole responsibility of CalCHA, and the City will have no financial, legal, moral obligation, liability, or responsibility for the project or the repayment of the bonds. The City will have no responsibility for managing or maintaining the property unless it chooses to exercise its options and acquire the property.

#### Comments from City Council

The Council was generally supportive of the financing model but identified topics for further review. The items identified by Council are listed below and staff's response is provided in italics.

- **City Manager's Authority.** Add limitations to the City Manager's authority to ensure periodic review of the program by the Council.

*Staff has added language to the authorizing resolution that limits the City Manager's authority to enter into Purchase Option Agreements for up to four properties totaling no more than 1,000 units for essential middle-income housing during the next five years and excludes projects that received their certificate of occupancy after 2019. Additionally, the City Manager is to evaluate the location of the property to promote equitable access to affordable housing and community amenities. In the event that the financing model is successful, staff can request additional authority based on actual performance of the model.*

- **Anti-displacement.** Ensure that there is a mechanism to prevent displacement of the existing tenants if the program is used to acquire occupied rental housing.

*Catalyst provided sample recorded regulatory agreements that include language that states that at the time of admission to the project, no tenant shall be denied continued occupancy of a unit in the project because their income exceeds the qualifying limit. The authorizing resolution has been revised to require that prior to entering into a Purchase Option Agreement, the City Manager shall ensure that the corresponding regulatory agreement includes such language that enables existing residents to remain in the property even if their income exceeds the qualifying income limits.*

- **Exclusion of FPI Property Management.** Ensure that FPI property management will not be responsible for managing any properties acquired utilizing the proposed financing model.

*The authorizing resolution has been revised to require that prior to entering into a Purchase Option Agreement, the City Manager shall ensure that the corresponding regulatory agreement prohibits hiring FPI Property Management from managing the property.*

- **Ownership Opportunities for Existing Residents.** Evaluate the possibility of transferring ownership to existing residents when the City exercises its option to purchase a property financed with this model.

*The authorizing resolution has been revised to state that prior to exercising the option under the Purchase Option Agreement, Council will consider options to acquire the property, assign the City's option including transfer of ownership to the tenants, or to decline the option to purchase and determine use of any surplus revenues.*

## **FISCAL IMPACT**

While the project will stabilize much needed middle-income housing and has the potential for generating revenue from operating revenue or sales proceeds, the City will lose property tax revenue received from any existing rental properties acquired using this model. While the City does not wish to reduce its property tax base, it is the Council's goal to create housing units in the Hayward community. Staff feels that the benefit of being able to offer additional low- and moderate-income housing during the regional housing shortage and beyond is of greater value to the City. While there is no near-term fiscal impact for joining CalCHA or executing a

future Purchase Option Agreement, future fiscal impact may arise out of executing a purchase agreement, which may be mitigated via the excess revenue fund. During the 15-year option period, the City would have to evaluate its capacity to acquire the property or explore the option of assigning its option to a nonprofit housing provider or transferring ownership to the tenants. The agreement does not create an obligation on the part of the City to purchase or acquire the property, in the event the City chooses not to purchase the property.

## **STRATEGIC ROADMAP**

This agenda item supports the Strategic Priority of Preserve, Protect, & Produce Housing. Specifically, this item relates to the implementation of the following project(s):

Project 4, Part 4.a: Explore moderate-income financing model.

## **NEXT STEPS**

If Council adopts the resolution (Attachment II), Catalyst will begin to identify potential sites in the City to acquire. Once sites have been identified, staff will work with Catalyst to negotiate the Purchase Option Agreements for approval by the City Attorney's office. Staff will also verify that the corresponding regulatory agreements include all required language, and the City Manager will execute the Purchase Option Agreement consistent with the requirements established in the resolution.

*Prepared by:* Christina Morales, Housing Division Manager

*Recommended by:* Jennifer Ott, Deputy City Manager

*Approved by:*

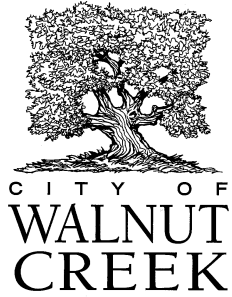
A handwritten signature in dark ink, appearing to read 'K. McAdoo', written over a horizontal line.

---

Kelly McAdoo, City Manager



EXHIBIT E



## Agenda Report

**DATE:** SEPTEMBER 1, 2020

**TO:** CITY COUNCIL

**FROM:** COMMUNITY AND ECONOMIC DEVELOPMENT – HOUSING DIVISION

**SUBJECT:** CALIFORNIA COMMUNITY HOUSING AGENCY (CALCHA) MIDDLE-INCOME RENTAL HOUSING PROGRAM MEMBERSHIP

---

### STATEMENT OF ISSUE:

The California Community Housing Agency (CalCHA) is a California joint powers authority and political subdivision of the State, which was specifically founded with the purpose of providing, preserving, protecting, and supporting middle-income housing production throughout California. Upon receiving necessary local approvals, CalCHA issues governmental purpose revenue bonds to finance the acquisition or development of rent-restricted rental communities for households earning 60-120% of Area Median Income (AMI). Through providing below-market rents and capping annual increases, CalCHA creates immediate benefits for California's middle-income work force who may not qualify for traditional affordable rental housing programs, yet are increasingly priced out of the communities where they work. CalCHA provides/creates additional public benefit through granting all surplus economics to its member partners.

### RECOMMENDED ACTION:

The Council Housing and Community Development Committee (HCD) recommends that the City Council adopt the attached resolution authorizing the City to become an Additional Member of the California Community Housing Agency (“CalCHA”); supporting CalCHA’s issuance of tax-exempt bonds for the production, preservation, and protection of essential middle-income rental housing; and authorizing the City Manager to enter into purchase option agreements with CalCHA for essential middle-income rental housing created within City limits.

### DISCUSSION:

#### Background

Increasing the affordability and availability of housing has been a priority of the City Council throughout the housing crisis. The City’s affordable housing programs have created both affordable homeownership and rental opportunities for low- and moderate-income households. Because of the structure of State and federal funding sources, as well as the State Density Bonus Law, affordable rental housing targets almost exclusively lower-income households, particularly those with incomes below 60% of AMI.

The California Community Housing Agency (CalCHA) is a joint powers authority, which was recently created to address a portion of the “missing middle,” or those earning between 60% and 120% of AMI. In Contra Costa County, this equates to annual income of up to \$156,600 for a household of four, per the California Tax Credit Allocation Committee’s recently released 2020 maximum income levels. Through its Essential Middle-Income Rental Housing Program (Program), CalCHA acquires existing market-rate apartment communities through the issuance and sale of its own governmental purpose bonds. As a governmental entity, CalCHA is granted a 100% property tax exemption for each property it acquires. These complexes are then converted to rent-restricted units for Low-Income, Median-Income, and Moderate-Income households earning no more than 120% of AMI. Under the Program, no existing tenants are displaced. Rents on affordable units created through this Program would be capped at a maximum of 35% of the applicable percentage of AMI, and annually rent increase percentages are also capped at a maximum of 4%, which is well below the limits allowed with AB1482. All new tenants would need to income-qualify.

The City would not be a direct party to the real estate transaction or financial transaction. The bonds issued by CalCHA for a project are payable solely out of the revenues and receipts derived from the project being financed and are not obligations of the City.

For the Program to acquire properties in Walnut Creek, the City would first need to become an Additional Member of CalCHA. Before a property is acquired under the Program, the City would need to sign a Purchase Option Agreement for the specific property, which allows but does not obligate the City, at its sole discretion, to purchase the property between Year 15 and Year 30 of the bonds. To maintain housing affordability beyond 30 years, the most likely outcome would be for the City to assign its purchase option to a non-profit housing corporation. Additionally, the City would receive any surplus cash flow from the property during the life of the bonds. If the City elects not to exercise its purchase option, CalCHA maintains the right to sell the property after Year 30, at which time all net sale proceeds would be granted to the City. The City has the option of directing any revenues it may receive from the Program to be used for affordable housing, or the City could opt to keep the revenue unrestricted.

Although it is unknown how many, if any, properties would be acquired through the Program, joining the JPA would bring the possibility of increased affordable housing opportunities to the City that is not dependent on local subsidy, and would provide rental housing affordable to middle income renters, who often do not have access to rent regulated affordable rental housing.

To date, CalCHA has added Fairfield, Glendale, Glendale Housing Authority, Hayward, Larkspur, Livermore, Marin County, Menlo Park, Mountain View, Napa, and Santa Rosa as Additional Members. In addition, since its inception in January 2019, CalCHA has acquired four assets: 1) Annadel Apartments in Santa Rosa (390 units), 2) Verdant at Green Valley in Fairfield (286 units), 3) Serenity at Larkspur in Larkspur (342 units), and 4) The Arbors in Livermore (162 units) – totaling more than \$550 million of acquisitions/conversions.

On May 19, the CalCHA Middle Income Rental Housing Program was presented to the HCD Committee (Haskew, Francois). The Committee received the presentation, directed staff to bring the program to Council for consideration, and further recommended the City become an Additional Member of CalCHA in order to participate in the Program.

**FINANCIAL IMPACTS:**

There are no financial expenditures, liabilities, or obligations created by joining CalCHA or executing a Purchase Option Agreement for a property. If a Purchase Option Agreement is exercised between Year 15 and Year 30, a fiscal impact could result from the acquisition. Should property acquired through the Program generate income through surplus cash flow or a one-time sale, the City would receive the generated income.

**ALTERNATIVE ACTION:**

City Council could elect not to become an Additional Member of CalCHA.

**DOCUMENTS:**

- Attachment 1: Proposed Resolution
- Attachment 2: Joint Powers Agreement Relating to the California Community Housing Agency
- Attachment 3: First Amendment to Joint Powers Agreement Relating to the California Community Housing Agency
- Attachment 4: Proposed Purchase Option Agreement

**CITY COUNCIL ACTION RECOMMENDED:**

Move to adopt the resolution authorizing the City to become an Additional Member of the California Community Housing Agency (“CalCHA”); supporting CalCHA’s issuance of tax-exempt bonds for the production, preservation, and protection of essential middle-income rental housing; and authorizing the City Manager to enter into purchase option agreements with CalCHA for essential middle-income rental housing created within City limits.

**STAFF CONTACT:** Margot Ernst, Housing Division Manager  
(925) 943-5899, ext. 2208  
[ernst@walnut-creek.org](mailto:ernst@walnut-creek.org)