3. Bay Area Housing History – Foundations of Housing Discrimination

HCD's commitment to protecting and promoting housing as a human right includes recognizing and repairing past racialized traumas and injustices to achieve measurable advancement of equity and belonging in Alameda County. Our prior report deepened the explanation of historical, systemic, and structural racism inflicted upon Black communities, focusing on aspects of the unique experience Black individuals and families face in our country and in our region. This report will expound upon the persecution committed against the Indigenous peoples of our region – facing land theft, colonization, dispossession, genocide, exclusion, resource deprivation, and continued marginalization.

This report will also zoom in on the recent history of housing following the Great Recession, a critical turning point as the devastating foreclosure crisis precipitated a large-scale corporate buyout of housing stock, fueling gentrification as rent prices grew exorbitantly, increasing homelessness, and fueling displacement of long-time, low- and moderate- income Alameda County residents. As this annual report discusses the period of July 2019 through June 2020, a time when the affordable housing crisis was already at a fever pitch, we also witnessed how the dual public health and economic crises of the COVID-19 pandemic laid bare how untenable the lack of affordable housing is: for people who lost their jobs, people who contracted the virus because they could not isolate themselves while living in crowded apartments and homes, people experiencing homelessness who could not rely on indoor public facilities or faced monumental challenges to avoid the overcrowded living space of shelters, people who had to surrender their jobs due to lack of childcare, businesses who could not survive societal shut-down, and so many more situations. This period also seeded profound transformation through unprecedented action: extended eviction moratoria and other life-saving tenant protections, financial assistance for unpaid rent for tenants and landlords, the homeless hotel program (Project Roomkey) which sheltered more than 33,000 people across California through the pandemic with nearly 7,000 (20%) exiting to permanent housing. Such transformational policy directives were lifelines to thousands of people that helped push past what was previously considered politically possible or feasible.

This report highlights our rental housing development program as a primary policy solution for preventing homelessness and displacement, providing a pathway out of homelessness, and building desperately needed affordable housing.

The Historical Background: Lisjan Ohlone Living History –Thousands of Years of Belonging to the Land

Land Acknowledgment: Alameda County is seated on the stolen territory of xučyun (Huichin), the ancestral and unceded land of the Chochenyo-speaking Ohlone peoples. We acknowledge the institution we represent was founded upon the exclusion and erasure of Indigenous peoples and cultures. We honor the Native American community of Alameda County – past elders, present community members, and future generations. This is particularly important as our Indigenous community members are experiencing disproportionately high rates of homelessness, economic stress, and housing insecurity.

The following living history is excerpted from writing by Sogorea Te' Land Trust on their website – https://sogoreate-landtrust.org/lisjan-history-and-territory/ – with simple grammar modifications to accommodate this publication. We honor and recognize their efforts to preserve and communicate the history of their peoples.

For thousands of years prior to Euro-American colonization, 23 independent tribes lived in what is now known as Alameda and Contra Costa counties. Each tribe had between 200 and 300 members, and each tribal homeland covered about eight to twelve square miles. Each tribe had its own leaders, culture, and languages. The Lisjan are made up of the six nations that were directly enslaved at Mission San Jose in Fremont and Mission Dolores in San Francisco: Lisjan (Ohlone), Karkin (Ohlone), Bay Miwok, Plains Miwok, Delta Yokut and Napian (Patwin). Their territory includes five Bay Area counties: Alameda, Contra Costa, Solano, Napa and San Joaquin, and they are directly tied to the "Indian Town" census of the 1920's and the Verona Band.

Spanish soldiers and missionaries arrived in the 1700s initiating a reign of terror upon the Indigenous peoples. They sought to convert all Indigenous people into Catholic subjects of Spain and steal their land. The Missions were built by Indigenous slave labor and sustained through brutal physical violence and extractive land practices. The Spanish brought deadly diseases, invasive plant species, and an ideology of human dominion of the natural world with devastating consequences for the Lisjan people and all living beings they shared the land with.

After the Mexican rancho period, Lisjan survivors then faced extermination policies of the United States that aimed to eliminate California Indians entirely. In a climate of virulent racial discrimination and state-sponsored vigilante killings, most Lisjan families survived by isolating themselves and concealing their identities. Cultural and spiritual traditions were forced into dormancy or secrecy, and much knowledge perished with the passing of generations.

The Confederated Villages of Lisjan remain officially "unrecognized" by the U.S. federal government. They have no reservations or protected land bases and receive none of the rights, benefits, compensations or protections afforded to Indian tribes under U.S. laws. The Lisjan have no access to federal scholarships or housing grants, and grossly inadequate protections of cultural, burial, and sacred sites.

Bureau of Indian Affairs (BIA) policy requires unrecognized tribes to undergo an exhaustive and costly "Federal Acknowledgment Process" by submitting thousands of pages of evidence to prove who they are, at the expense of the tribe. The BIA criteria for recognition requires tribes to demonstrate an unbroken continuity of leadership, tribal culture, and organization— woefully ironic, since historically, U.S. policy deliberately sought to dismantle that very continuity. The requirements of this process are so onerous that achieving recognition is virtually impossible, especially for tribes whose ancestors were enslaved in the California Missions. Of the eight petitions submitted by Ohlone tribes since 1988, not one has led to approval. The lack of access to traditional ceremonial grounds and to land appropriate for multi-day ceremonies is a serious challenge faced by Ohlone people today, since the tribe is not federally recognized and remains landless.

Despite these concerted efforts to erase their history and identity, the Lisjan community forms a diverse and vibrant constellation of tribes and families. Utilizing a wide array of survival strategies to navigate a profoundly altered 21st century world, they continue to revitalize their cultural practices and uphold their responsibilities to protect and care for their ancestral homeland.

Sacred Shellmounds Around the Bay

Shellmounds are sacred burial sites of the Ohlone and Coast Miwok peoples. They are considered by Ohlone people to be living cemeteries, places of prayer, veneration, and connection with their ancestors. “Shellmounds are places where we laid our ancestors to rest,” Corrina Gould, Spokesperson of the Confederated Villages of Lisjan, explains. “We actually buried them in the soil and then covered them with shell and then more soil. As the years and centuries went by, these mounds grew larger and larger. They became monuments to the people that lived here in the Bay Area.”

As settlers flooded into the San Francisco area during the Gold Rush, the leveling and desecration of shellmounds began, clearing the way for development. Noticing the rate at which the mounds were vanishing, an archeologist from UC Berkeley named Nels Nelson worked to create a map in 1909 of those which remained. His map identified 425 distinct shellmound sites ringing the San Francisco Bay. Today, only a handful of those remain in a natural state. Most lie buried beneath parking lots and buildings. “Every single time I go to a shellmound, it eats a little bit away from who I am just because I see that there’s absolutely no respect for who we are as Ohlone people or who our ancestors were or anything that happened on this land prior to America being created,” says Gould. The Lisjan Ohlone have survived over two centuries of genocide and colonization during the Spanish, Mexican and American eras. Today, they continue to inhabit their ancestral homeland, fight for their sacred sites, and revitalize their cultural practices.

Amongst the roughly 8,000 residents experiencing homelessness in Alameda County on a given night, a vastly disproportionate number are Native American, despite representing only 0.9% of the entire population (Alameda County Census, 2021). Nationally, Native Americans have the second-highest rate of homelessness among all racial groups, behind Pacific Islanders (Solomon, 2021). A 2017 U.S. Department of Housing and Urban Development report found 16% of tribal households were considered overcrowded, compared with only 2% of households nationwide (HUD, 2017). Without enough affordable, safe housing, two or three families sometimes live under one roof, often a last resort before street homelessness or staying at a shelter.

Centuries of systemic racism have led to Black, Indigenous, and other people of color in our region and throughout our nation to experience homelessness at a significantly higher rate than whites. Because structural racism is at the root of poverty and housing insecurity, addressing homelessness must be done through a racial equity lens.

Housing History Continued: The Root Causes of Crisis – Financialized Capitalism & Commodified Housing

The Great Recession: The Aftermath of the Foreclosure Crisis

The 2007-2009 Great Recession was the sharpest economic downturn in U.S. history since the Great Depression wherein household net worth dropped by 18% – or more than $10 trillion (Kalita, 2009). Approximately 3.8 million households lost their home to foreclosure (Dharmasankar & Mazumder, 2016). Nearly one in four homeowners were suddenly faced with “underwater mortgages”, or upside-down mortgages, in which their mortgages exceeded the value of their homes (Ellen & Dastrup, 2012). Though the federal government’s response included a range of interventions, it failed to adequately and equitably respond to the severity of the crisis, with implications that continue to reverberate to this day. One example is demonstrated by a rapid response effort called the Neighborhood Stabilization Program, which did not sufficiently address the uneven distribution of foreclosures across neighborhoods, did not provide enough funding to meet the scale of need, and was structured in a way that made it more difficult for nonprofits than private companies to purchase foreclosed properties (Galante, 2020).

Further, after largely failing to aid homeowners at risk of defaulting, government-backed mortgage entities auctioned tens of thousands of distressed loans they wanted to get off their books**.** The program was intended to offer borrowers one final opportunity to hold on to their homes, but hedge funds and private-equity firms buying the loans were often quick to foreclose, giving families little opportunity to act (Goldstein, 2015). Community organizations labeled these programs a "Wall Street giveaway" as instead of protecting communities and supporting homeowners to restructure bad mortgages or repair credit obliterated by predatory loans, the federal government facilitated an unprecedented transfer of wealth from households to private-equity firms.

This failure of federal policies fundamentally reoriented the housing market by enabling an investor feeding frenzy. Prior to 2006, only between five to eight percent of home purchases were made by investors. After 2006, however, small and large-scale investors made up an increasingly large share of the home purchase market, particularly of lower-priced properties and in neighborhoods with a higher percentage of Black residents, which, as we discussed in our last report, were disproportionately targeted by predatory lenders and therefore significantly more impacted by foreclosure (Reid, 2021). Foreclosed homes were purchased en masse by corporations, investors, and other buyers, and placed back on the market as rental units. Between 2011 and 2014, investors bought 1 in 4 homes in majority Black neighborhoods, and over 1 in 3 lower-priced homes (Reid, 2021). By 2016, 95% of the distressed mortgages on Fannie Mae and Freddie Mac's books were auctioned off to Wall Street (Mari, 2021). Without meaningful stipulations from the federal government, private investors eventually acquired over 200,000 homes concentrated in major cities and middle-class suburban neighborhoods and developed a new asset class – the single-family rental home. Severing the ability to access the promise of homeownership for millions of Americans, this was a monumental turning point in the American housing landscape: the financial industry's post-economic crisis scheme to harvest money from hemorrhaging renters on the heels of one of the most devastating events in American economic history.

> *"We see the foreclosure crisis coming full circle. Homeowners in communities that were previously targeted by subprime lenders are now burdened by housing markets dominated by organized money in a different form — institutional investors with consolidated holdings." -- attorney Brad Greenburg, 2017 study author, NYU Journal of Legislation and Public Policy*

One firm in particular emerged in 2012 with the buy-to-rent model explicitly encouraged by Fed Chairman Ben Bernake and the Department of the Treasury in an effort to bail out banks: Invitation Homes, a subsidiary of Blackstone. Invitation Homes is now the largest single-family-rental company in the U.S., with 82,500 homes in their control. In 2013, Blackstone took this a step further by issuing the first rent-backed structured securities collateralized by rental income from 3,207 homes (Yoon, 2013). In 2017, Invitation Homes obtained government guarantees for $1 billion in rental-home mortgage backed securities – the first time in American history that a government-sponsored enterprise has guaranteed single-family rental-home mortgage-backed securities issued by a corporate landlord (SEC S-11 Filing, 2017). This filing entrenched the reality that taxpayers would back the biggest landlords to financialize rent.

Wall Street has continued to hoard real estate – ballooning to hundreds of thousands of properties, totaling roughly $60 billion to date. Fannie and Freddie Mac as government-sponsored enterprises (GSE) were founded to promote homeownership, albeit mostly amongst white households, by subsidizing government-guaranteed mortgages, but the bank bailout was a turning point where the federal government significantly abdicated its responsibility to the American people and shifted that to the largest corporate landlords. As property values began to rebound and then explode after the Great Recession, wealth poured into big companies and their shareholders, not moderate- and middle- income homeowners, many of whom were pushed out of homeownership entirely.

To compound this abandonment, after the crisis, lenders also tightened credit standards. This included the Federal Housing Administration (FHA), an entity intended to serve the American people, and therefore cut off millions of people from federal support. As lending increasingly shifted toward higher-credit borrowers, the post-recession recovery further exacerbated wealth inequality, particularly the racial wealth gap, as only the highest credit, highest wealth borrowers could access homeownership (McCargo et al, 2019). In contrast, Black and other marginalized demographic groups were disproportionately shut out (Brown & Dey, 2020). Further, corporate ownership of single-family rental homes and the financialization of rents has facilitated the eviction crisis which is compounding to this day with pressure from corporate landlords which now own roughly half of the rental market. The real estate industry, for example, has been aggressively opposed to the CDC's COVID-19 moratorium - spending millions of dollars over the last year to weaken or repeal eviction moratoriums and other pandemic restrictions (Fang, 2021).

The aftermath of the Great Recession is replete with examples of inadequacy by the federal government, creating voids filled by corporations, investors, and the private market more broadly. As the federal government has increasingly withdrawn from housing production, protection, and preservation, the private market is now the primary source of housing. The financialization of housing into investment engines trading on global markets is diametrically oppositional to meeting the fundamental human need for shelter, creating a dichotomy that is difficult to reconcile: housing as a "good" and housing as a "right" are in direct competition. The affordable housing crisis is growing as local government agencies, nonprofits, and other community-based organizations must work against the most concentrated and powerful of market forces.

Publicly traded residential real estate stocks are now the world's largest asset class (Gopal, 2021). Housing prices are rising faster than incomes, faster, even, than the growth of our economy making it impossible for many to access, particularly in regions where jobs are available. Since 1960, median home prices have increased 121% nationwide, while median household income increased only 29%. Simultaneously median gross rent has increased by 72% since the 1960s, more than double adjusted incomes (Tekin, 2021). Even amid the pandemic's economic crisis, rents soared 14.6% from 2019 to 2020, a rate of increase not seen since 1993 (Gopal, 2021). High rents strongly correlate with high rates of homelessness as more households are pushed into the streets due to rising housing costs.

Impacts in Alameda County

As real estate continues to absorb massive amounts of surplus capital, dictating the composition of housing and driving up prices, wage growth has in turn been systematically eroded to the point of stagnation. Flows of excess capital cluster around attractive, lucrative, industrial hubs, like the Bay Area, where eviction, displacement, and gentrification have become regional hallmarks to serve investor interests. As the region attempts to meet rising demand with limited supply, neighborhoods become more costly. As rents rise driven by rising property values, long-standing, low- and moderate-income households can't afford to remain in their newly revitalized neighborhoods.

Low- and moderate-income workers are forced further into suburban/peripheral regions in search of affordable housing to then commute longer distances back into the cities for their jobs. 36.5% of Alameda County residents, according to the 2016 American Community Survey, live in the county but commute for work to other parts of the Bay Area. Added displacement pressure often occurs as affordability periods for the affordable housing stock start to expire and properties revert to market-rate. For example, between 2012 and 2017 the Bay Area's stock of affordable rental units for households earning below 100% of area median income dropped by 24%. In that same time period, our region lost over 5,000 units of affordable housing for households earning below 30% of area median income (Bellisario et al, 2021).

In early 2018, CalMatters, with the help of real estate data firm ATTOM Data Solutions, used cash-only purchases to analyze the shifting housing market in our region. They mapped all-cash home sales for each zip code in California from 2005 to 2017. In 2006, approximately 10 % of California single-family homes were purchased in all-cash transactions; by 2016, all-cash purchases jumped to nearly 25 % (Levin, 2018). This research also found that in the 10 years immediately following the foreclosure crisis, over one-third of California homes were purchased with cash. Recent reporting by the National Realtors Association found that of about 125 million households in the U.S., an estimated 43 million live in investor-owned housing units. To contextualize this in our county, in Oakland – one of the hardest hit cities in the nation - 40% of properties (37,423 out of 94,710) are owned by corporations (February 2020 Alameda County Assessor's data).

Investors acquired 42% of all foreclosed properties in Oakland starting in 2007, 93% of which were located in the city's low-income flatlands (King, 2012). The top two foreclosure investors – Community Fund LLC and REO Homes LLC– acquired nearly 500 properties in Oakland between 2007 and 2011. Today, one of the most active landlord/investors in the Bay Area is Wedgewood Homes. An NBC Bay Area investigation into their business practices found that they operate through a network of over 100 separate LLCs and has been accused of violating Bay Area tenant protection ordinances (Bott and Myers, 2020). As of 2020, Wedgewood had rehabilitated and sold about 160 Oakland homes in the last nine years (Gafni, M. & Dineen, J.K., 2020).

Investor ownership of housing stock also shifts markets in ways that stymie competition and allow these companies to control the levers to serve their profits. One such way is by limiting supply to drive up demand and therefore increase prices. According to Attom Data Solutions, a company that compiles real estate data, of the 1.2 million residential properties in the San Franci~~e~~sco-Oakland-Hayward region, 4,539 were vacant by the end of 2019, or 0.38% of the housing stock. Almost 300,000 of those residential units were investment properties, and 3,027, or 1%, sat vacant (Gafni, M. & Dineen, J.K., 2020). According to 2018 census data, there are more than 1.2 million vacant homes in California (Lazzaro, J., 2020). This is over seven times the estimated 161,548 homeless Californians (USIHC, 2020).

Rising Rent Burdens, The Pandemic, and Homelessness

The Bay Area's homelessness crisis only continues to explode. In 2018, the United Nations issued a report on slums around the globe that stated that the housing crisis in the Bay Area, and the municipal response of police harassment, constituted a human rights violation, demonstrating unprecedented cruelty (Graff, A. 2018). Between 2017 and 2020, our region's homeless population grew by 6,878 individuals to a total of 35,118—more than a quarter of the country's growth in homelessness concentrated here. During this same period, the Bay Area's homeless population without access to basic shelter increased from 67 to 73%, the highest rate nationally.

According to researchers from Columbia University, using a regression analysis between unemployment rate and size of the homeless population, they project a 45% increase in homelessness due to the pandemic as 250,000 people are newly destabilized – the largest acceleration since the Great Depression (Community Solutions, 2020). African Americans, Native Americans and Pacific Islanders continue to be overrepresented among the homeless population compared to their share of the U.S. population. African Americans accounted for 39% of all people experiencing homelessness and 53% of families, despite representing only 13% of the total U.S. population (HUD, 2020).

In addition to the post-recession failures described above, other policy failures are rampant at all levels of government. As described in the prior report, the federal government retrenched two-thirds of the housing support it once offered through the 1960's. Local governments also continue to hold tremendous power to block housing construction. Between 1999 and 2023, the Bay Area will have built 97,000 fewer units of affordable housing than recommended by the state (Bellisario et al, 2021).

Affordable Housing and Homelessness Prevention: Need for Policies and Funding

Affordable Housing, including Permanently Supportive Housing, is one of the most critical interventions in preventing homelessness with proven results. In a recent Santa Clara County study, a team of researchers tracked 423 chronically homeless people from 2015 to 2019 who received housing and support services through the county program compared to those who received usual care. 86% of people in the intervention group (housing and supportive services) were able to remain housed for 93% of the study follow-up period and had fewer emergency psychiatric visits, decreased shelter use, and more regular mental health visits than the control group (Bion, 2021).

The pandemic has also been a proving ground for unprecedented, once seemingly impossible strategies, such as Project Roomkey – California's effort to quickly house people at highest risk of COVID-19 complications who are also experiencing homelessness. Project Roomkey prevents the spread of COVID-19 by providing isolation and quarantine locations for people who are COVID+ or exposed, and safe shelter for people who are homeless and at high risk for complications from the disease. Not only was this a public health win, but it demonstrated how California can mobilize toward transformative solutions to end homelessness. Within months, over 16,000 hotel and motel rooms and over 1,300 trailers were converted into housing for over 33,000 people across the state – the single largest expansion of homeless housing in California history – with fifty-eight counties and three tribes participating in the program (CHFC, 2020). Project Roomkey is an innovation on Housing First models with remarkable results. Over 1,000 homeless people have moved from Alameda County's Project Roomkey hotels into permanent housing.

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It is critical for federal and state policymakers to allocate funding to mitigate expected inflow into homelessness as a result of the COVID-19 pandemic. Rental assistance, eviction prevention, and increased funding sources are essential to ensure the production of critically under-supplied extremely-low-income, very-low-income, and low-income housing throughout our region. Measure A1 provided Alameda County with the much-needed funding to adequately leverage what state and federal resources are available to meet our region's housing needs. We recognize that deep and broad action is essential to address these crises head on. The programs featured in this report will elucidate our efforts to produce desperately needed affordable units throughout our county, as well as our efforts to rapidly respond to the COVID-19 pandemic.

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JONETTA - RESIDENT OF GRAYSON APARTMENTS IN BERKELEY

"Since moving into my new apartment, my depression has gotten better. I made a commitment to return this place in good condition. I'm just thankful, the relief has been great."

Originally from New Jersey, Jonetta has lived in the Bay Area since the 1980's when she drove a bus for Golden Gate Bridge District. After being furloughed from that job she spent much of her time and resources caring for her ailing grandmother. The ongoing toll of childhood trauma, mental illness and cancer ate away at her ability to work and disability benefits became her only source of income. A car accident and conflict over her grandmother's estate further destabilized Jonetta's life, causing her to be homeless. Eventually she was able to find a single room to live in for fifteen years, but it lacked a kitchen a car crashing into the building made Jonetta realize she needed to find a better environment to deal with her health challenges.

"There is a resource program that attacks this issue from many different perspectives. The counselors operate an academy, and they will work with you on your housing stability. The current team helped me put in an application for a 1-bedroom apartment, a section 8 voucher, and to get on the waitlist for Grayson Apartments in Berkeley. When I was awarded the new apartment, an Eden Housing counselor helped me to transition and get funding for furniture."

"I was just so happy to be in this new apartment with a chance to live normally. I remember the one room I stayed in for 15 years and I feel sad. I was barely existing. Now, I have a stove and a refrigerator. Before, it was only a microwave. I ate microwaved food 15 years. It's one thing to give people a place to live just to get them out of the way, it’s another to provide housing."

Grayson Street Apartments in Berkeley provides affordable housing to 22 low-income households, with seventeen of those apartments set aside for people with disabilities. Operated by Satellite Affordable Housing Associates (SAHA), Grayson was completed in October 2019 was supported with $691,394 of Measure A1 funds.

5 - Home Ownership Programs Made Possible by Measure A1

a. The Down Payment Assistance Loan Program (*AC Boost)*

Many families can afford the mortgage payment for a home but are unable to save for a down payment. The Down Payment Assistance Program, now called "AC Boost," was created to assist these **middle-income**, first-time homebuyers with a down payment so that they can get into a home and start building generational wealth and familial stability. In 2018, by the non-profit organization Hello Housing was chosen as AC Boost's Program Administrator through a competitive Request for Proposals (RFP) process.

During this reporting period, we:

- Held 12 application workshops resulting in 155 completed applications
- Approved 107 applications for reservation of funds
- Supported 47 applicant households to purchase homes
- Committed $5.9 million to home purchases

This program is designed to help Alameda County residents to purchase homes near work or transit that would bring them to work, benefit former Alameda County residents who have been displaced from the County, and encourage educators and first responders to live in the communities where they work. Eligible households have annual incomes at or below 120% of Area Median Income (AMI). In 2019, the income limit used for a household of two was $100,250 and $125,280 for a four-person household.

For these qualifying households, AC Boost provides loans of up to $150,000 to first-time homebuyers who live or work in Alameda County or have been displaced from Alameda County within the last ten years. Educators and first responders receive preferences for AC Boost loans.

AC Boost loans are structured as shared appreciation loans, with no interest and no monthly payments. At time of a sale (or in some circumstances, when refinanced or transferred) the AC Boost loan principal will be repaid, along with a percentage of the increase in value of the property on a pro-rata basis.

Eligible buyers are required to invest anywhere between 0-3% of their own funds towards the purchase price of the home as a portion of the down payment and must qualify for a first mortgage from a participating lender.

Our Partner Organization - Hello Housing

Hello Housing is a non-profit housing developer with a strong track record of program administration and work on public policy. Hello Housing advances housing solutions that promote stability, center equity and cultivate community.

Hello Housing worked with HCD to develop the program design and policies. Together we held seven public meetings and nine stakeholder interviews to refine the program design and policies.

Program Implementation

During this FY19-20 reporting period, the AC Boost program administrator, Hello Housing, focused on implementation of the program's first funding cycle. Hello Housing worked closely with HCD and the County's Finance department to streamline the loan closing and funding process. The first AC Boost loan was issued to a qualified homebuyer household in July 2019 and was followed by 46 additional loans issued during this period.

Hello Housing also hosted 12 application workshops with program participants. in which participants learned in-depth information about program eligibility requirements, the application process, and loan terms. Once an applicant enters into a purchase contract for a home, Hello Housing works closely with the homebuyer to navigate closing on the home purchase and holds pre-closing meetings with the homebuyers in which they provide homebuyers with an understanding of the loan documents that they will sign for the program and answer any questions they may have.

Attendees, through the use of an online portal, then had three weeks to submit a program application along with a package of supporting financial documents to demonstrate program eligibility. Communications regarding application status and requests for additional information were conducted through the portal, which connects to Hello Housing's database and file storage system.

During the reporting period, 1,849 households were invited to application workshops and 513 households attended. Of those, 155 households submitted applications and 107 of these were approved for a Reservation of Funds, which stipulated the maximum loan amount participants qualified for and allowed them to shop for homes during a 90-day reservation period. If participants did not successfully enter into a purchase contract during the first 90 days, they had the option to request an extension for a second 90 days. Participants could also request a final extension for an additional 60 days if they encountered extenuating circumstances that prevented them from having an offer excepted during their reservation period.

48 of the 107 households approved during this period successfully purchased homes with an AC Boost loan, with close dates spanning between November 2019 and April 2021. The total amount of loan funds disbursed to these homebuyers was $5,965,000.

Equity and the Racial Wealth Gap

In light of the racial wealth gap, the role of homeownership in generational wealth-building, and the disparate impact of COVID-19 on communities of color, Hello Housing and HCD believe that it is critical to track and review demographic data of households served in the program to better understand who is finding success and who isn't, in order to identify potential changes that can reduce barriers and expand access to the program for all aspiring homebuyers. Detailed information was provided about program participation rates at the different application milestones, broken down by race. This led to the initiation of a racial equity analysis project in which Hello Housing collected feedback from unsuccessful program participants and engaged in research to formulate recommendations on how to make the program more equitable and inclusive for communities of color, particularly Black and Latinx households, who dropped out of the application process at higher rates that other races. This project ultimately resulted in several policy changes that took effect in May 2021.

COVID-19 Impact

In response to the COVID-19 pandemic, HCD and Hello Housing took various steps to keep the program in operation and continue to support participants remotely during the reporting period, including modifying the application workshop and other required meetings from in person events to virtual events, which had the added benefit of working around COVID-19 school, childcare and work-related challenges, granting extensions for finding the right property and completing documents, and providing pandemic related information throughout the process to all participants.

During the reporting period, communicated with lenders, realtors and program participants to stay abreast of how COVID-19 and public health guidelines impacted real estate transactions, such as impacts to loan underwriting, inspection, appraisal timing, and open houses, in order to support program participants and stay competitive in the market and still be able to achieve a 30-day close of escrow. Hello Housing successfully facilitated the close of escrow for 12 loans from March through June 2020.

Hello Housing provided presentations about the program to the Measure A1 Oversight Committee in May and June 2020, including updates about the program implementation and participant demographic data.

Marilyn – Alameda County resident and Renew AC participant

"All six of my siblings were born and raised in New York. After moving to San Francisco, I got a job at Head Start in Oakland. I worked at Head Start until I retired. I have always felt it was a good thing for the County and the City to help those who need it."

Marilyn sees Renew AC as help in preserving the wealth and legacy she built for her family. "This is an opportunity for someone who has something to maintain it, improve it, and remain in it while building generational wealth."

"While I've done advocacy on behalf of others, Renew AC is the first time I benefitted from a program."

Renew AC did a marvelous job of updating my home with renovations. They brought all of the electrical up to code. The work on the walls showed true craftsmanship. They replaced my windows with double panes. I was freezing in here and the new windows make the house warmer. I had a wall furnace that heated the entire upstairs. Renew AC replaced it with central heat. My kitchen was updated using the original 1932 cabinets and hardware. I have new appliances and my floors have been resurfaced. My roof was replaced because there were three layers of the old roof under it. When it was done, I felt like I was moving into a new home. The house was fresh and clean. I finally, got things to look the way I wanted."

"This renovation has been good for me as a retiree. To be able to have this work done gives me peace of mind. I can sleep at night without worrying about a wiring fire."

"A home is like a piggy bank. When you pay a mortgage, you will always retain that investment as equity. When you rent, your money goes to the owner, the landlord, and you walk away with nothing."

*"*As soon as they remodeled my kitchen, Chloe, my 23-year-old daughter, got dressed up to do a photoshoot in the middle of the kitchen. That said to me, this is what it looks like to pass wealth on to another generation."

b. The Housing Preservation Loan Program (Renew AC)

Allocation: $45 million

- **13 families' projects were funded with**
- **$1.6 million In Renew AC loan funds**
- **4 families' projects were completed to Improve accessibility and address health and safety Issues In the homes**

Public and Stakeholder Outreach

Public and stakeholder outreach was ongoing throughout this timeframe. Analysis of program geographic and demographic data highlights after the first year indicated a discrepancy between awareness of the program among Oakland residents and those residing elsewhere, so increased efforts were made in the second half of the year to target areas outside Oakland where program participation was lagging. As part of these efforts, AC Renew participated in the Assessor's Homeowners Resource Carnivals throughout the County.

In addition, much community outreach occurred in neighborhoods targeted for their likelihood to have low-income homeowners based on public census data. Traditional advertising such as flyering and some digital advertising were undertaken, as well as collaborations with homeowners associations and neighborhood associations. These were successful tactics for program promotion.

Alongside these new strategies, outreach through service-oriented agencies continued, with an emphasis on organizations that serve seniors and disabled populations. The program also connected with many service providers to promote additional referrals, such as Centers for Senior Connections Case Management Services, Independent Living Hayward, and Senior Support Program of Tri Valley.

Additional Program Design

In April, after twelve months of active program operation, Habitat began conducting an analysis on the efficacy of program policies and procedures and program delivery in preparation for requesting the Board of Supervisors to make any needed policy adjustments the following Fall.

This analysis showed that $75,000 is inadequate for the conversion of a structure into a J/ADU (Junior Accessory Dwelling Unit) and that the actual cost was between $100,000 and $125,000, so Habitat recommended removing this cap.

Analysis also found that lien position represents the most common applicant denials, as many otherwise eligible applicants have participated in local rehab programs or secured home equity lines of credit for previous work on the home. Habitat began working with the County to explore the possibility of omitting the 2nd lien position criteria in favor of other qualification parameters to serve more residents.

To streamline participation and administration, the team drafted an update to the Construction Contract Template to remove redundancies, and proposed adjustments to the Promissory Note and Close-Out Package processes. Habitat also drafted updated sections in the Policies and Procedures Manual to outline the Return of Unused County Funds ("ROUCF") and Loan Servicing processes.

Emphasis on Racial Equity Policy Design

The target audience for the program was defined as "Low-Income Seniors, People with Disabilities, and other low-income homeowners". After the first full year of program delivery, an in-depth Demographic Analysis, as well as a Marketing Analysis, was conducted and Habitat sought to explore whether the program was reaching a racially diverse audience reflective of the County overall.

An analysis on all the applications requested or received since its inception showed that: the program was receiving especially high interest from Black or African American residents (40% of applications requested compared with 10% of population) and American Indian/Alaskan Native homeowners (.76% of applications received compared with .60% of population).

The race which had the highest disparity in the data was Asian households (6% of applications requested compared with 32% of population). In addition, Habitat discovered the rate of return was especially low among Hispanics, with only 18 out of 54 (33%) of requested applications actually returned.

Informed by this finding, increased emphasis was placed on alleviating language barriers to program access for low-income homeowners. This included expanding the number of languages that written program materials were made available in and redoubling efforts to outreach to ethnic and racially oriented service groups (e.g. Vietnamese American Community Center of the East Bay, Asian & Pacific Islander Wellness Center, and Hispanic Chamber of Commerce). Habitat also debuted a multi-lingual voicemail configuration to better accommodate monolingual speakers of Spanish, Tagalog, Cantonese, Mandarin, and Vietnamese.

COVID-19 Impacts

Covid-19 presented several challenges to our home repair activities. Due to the need for limited contact between our at-risk clients and the service providers, some limits and restrictions for more invasive procedures were enacted and some projects were delayed. For a time, only exterior work was completed, with interior work resuming once State guidance allowed.

The pandemic also resulted in extended permit issuance and inspection durations, limited or no availability for many materials and equipment, and reduction of the contractor pool due to business failures or voluntary cutbacks. For example, lumber and appliance shortages created fluctuating project costs and timelines.

Discussion of Outcomes During the Reporting Period

The first loan closing occurred during this year, in October 2019:

- 13 total loans were funded
- totaling $1,600,930.00.

- 4 projects completed. The first project completion for Renew occurred in January 2020, followed by an additional three in this period. The four projects completed in this year totaled
- $408,660.00, representing the final loan amounts for the completed jobs.