

City of Newark

**First Time Homebuyer Loan Program and Administration
Affordable Homeownership Program Development and Administration**

Questions and Answers Document

July 12, 2024, 10:00 am via Zoom

Staff/Consultants:

Steven Turner, City of Newark
Kristy Wang, Community Planning Collaborative (CPC)
Paul Peninger, Bay Area Economics (BAE)

Attendees:

Paxcelli Flores, Hello Housing
Sarah Shimmin, Hello Housing
Florence Szeto, Hello Housing
Walter Zhovreboff, Bay Area Affordable Homeownership Alliance

Q: What is the projected budget for the downpayment assistance program? What is the initial source of funds? Will there be an annual infusion of funds? If so, how much?

A: In May 2021, the City Council approved the 2021-2023 Affordable Housing Work Plan (Work Plan) to supplement the City's current policies and create a number of new programs to proactively meet housing needs for all segments of the Newark community. Included in the adopted Work Plan is a program to develop recommendations for a First Time Homebuyer Loan Program. By approving the Work Plan, the City Council allocated 5% of the Housing Impact Fee Fund for the project, or approximately \$ 1.5 to \$1.7 million. The Council's action did not include a recurring, yearly allocation. Allocations in subsequent years will depend upon the fund balance, funds that may be available from other sources (local, state, federal), and the overall success of the program.

Q: What are the City's affordability objectives for this program? Has the City already established target income levels?

A: The City has not yet established target income levels for the program. The City is interested in balancing multiple priorities—serving as many households as possible meaningfully while also providing financial support for other programs that will provide the Newark community with a range of different housing opportunities.

The City will rely upon the selected firm's knowledge and experience to develop the program's affordability objectives. As stated in the RFP, the selected firm will develop detailed program guidelines and an application process. The City will work closely with the selected firm to determine what's best for the community.

The draft program will ultimately be prepared for City Council review and approval prior to implementation.

Q: Does the City already have an inclusionary ordinance in place?

A: The City is currently launching an effort to establish an inclusionary ordinance and expects to adopt it by the end of the year. The City currently has an affordable housing impact fee program, and providing on-site units is an alternative means of compliance.

Q: How many BMR for-sale units are anticipated in Newark's first pipeline development that includes BMR for-sale units? What are the target income levels for those units?

A: We expect to see 13 BMR units within an 88-unit condo project located near the historic downtown. This project will be considered by the Planning Commission soon and, if approved, would start construction in 2025. All BMR units in this project would be designated at the Low Income level.

Q: What are the City's priorities for the program guidelines?

A: Newark is a small city and does not have a large staff. To the extent possible, the City seeks simplicity, clarity and flexibility in the guidelines in order to facilitate easy administration and implementation. The City does not anticipate needing to address complicated policy priorities.

Q: What specific areas of expertise are the most critical for the success of the program?

A: The City is looking for a consultant with experience in similar jurisdictions in the Bay Area. The consultant should be able to represent Newark in regional conversations and identify opportunities that Newark should consider. The consultant should be able to function as both Newark's technical partner and a forward-facing team member for both City programs.

Q: Will the City allow the use of downpayment assistance loans to purchase BMR units?

A: The City has not yet decided whether this will be allowable and would like the selected consultant to provide input. The City wants to serve as many households as possible with its resources, but the City also wants to establish a program that is feasible and useful in the Newark housing market. It may depend on the targeted household income levels.

Q: Can you share more about how developers in Newark are thinking about income targeting? Given the choice, are they more likely to provide shallow affordability at moderate income levels or deeper affordability with the use of the density bonus?

A: The City is interested in flexibility in order to be able to respond to market challenges. The Council is currently pushing for deed-restricted affordable housing within for-sale market-rate projects. It is a bit of negotiation, today we are seeing more low and very-low income units and very few moderate units, but that may change. Most for-sale product developers have been paying the fee rather than opting to provide on-site units.

Q: If the regional bond passes, does the City anticipate having any impact on Newark's program?

A: Yes! We are hoping that the program development work we are doing today will prepare us for the future when there are more funds available that Newark can apply for.