



# Second Party Opinion

## EXECUTIVE SUMMARY

### ISSUER

County of Alameda

### OPINION ON

General Obligation Bonds (Measure A1) 2022 Series B (Federally Taxable) (Social Bonds)

### SOCIAL STANDARD AND CATEGORIES



- Affordable Housing
- Access to Essential Services
- Socioeconomic Advancement and Empowerment

### TARGET POPULATIONS

Low- and moderate-income households; seniors; persons with disabilities; individuals and families that are (or at risk of) experiencing homelessness; vulnerable and underserved groups

### KEYWORDS

Affordable Housing; homeownership; multi-family rental housing; workforce housing; underserved groups; housing development; homelessness; CALGreen; California

### EVALUATION DATE

July 26, 2022

### SUMMARY

Kestrel Verifiers is of the opinion that the County of Alameda's ("County") General Obligation Bonds (Measure A1) 2022 Series B (Federally Taxable) (Social Bonds) ("Series 2022B Bonds") are impactful and conform with the four core components of the Social Bond Principles 2021 as follows:

#### ▪ Use of Proceeds

The Series 2022B Bonds will finance affordable housing projects in the County of Alameda, California. The Series 2022B Bonds will (i) finance homeownership and rental housing initiatives, as authorized under Measure A1, by voter referendum; and (ii) pay costs of issuance. The County demonstrates leadership in the housing sector through implementation of a comprehensive strategy to prioritize the housing needs of the most vulnerable populations. The Series 2022B Bonds align with three eligible project categories under the Social Bond Principles: *Affordable Housing*, *Access to Essential Services* and *Socioeconomic Advancement and Empowerment*.

#### ▪ Process for Project Evaluation and Selection

Elected County leaders, community members and stakeholders collaborated to address the need for more affordable housing, and in doing so, developed the Measure A1 Affordable Housing Program which was approved by voter referendum on November 8, 2016. Alameda County Housing and Community Development Department ("HCD") works closely with local communities and the County Board of Supervisors to guide implementation of the Program. All multi-family rental housing developments and homeownership loan programs must comply with policies that have been adopted by the County Board of Supervisors and are incorporated in the bond program.

#### ▪ Management of Proceeds

Prior to allocation to eligible projects, proceeds will be held in an established Project Fund under the Trustee and may be held in permitted investments. The County expects Series 2022B Bond proceeds to be fully allocated within approximately four years. HCD and its Finance Department oversee and administer the underwriting process for loans in the Program.

- **Reporting**

The County will submit continuing disclosures to the Municipal Securities Rulemaking Board (“MSRB”) as long as the Series 2022B Bonds are outstanding. The County will also provide reports in the event of material developments to the Electronic Municipal Market Access (“EMMA”) system operated by the MSRB. Additionally, the County expects to provide a voluntary update on the bond-financed activities in the third iteration of the Measure A1 Program Report, which will be made available on EMMA and on the HCD website: [acgov.org/cda/hcd/bond.htm](http://acgov.org/cda/hcd/bond.htm). A Citizen’s Bond Oversight Committee also provides periodic reviews of annual reports and reports progress toward Measure A1 goals.

- **Impact and Alignment with United Nations Sustainable Development Goals**

By financing affordable housing projects, the Series 2022B Bonds support and advance multiple UN SDGs, including Goals 1: *No Poverty*, 8: *Decent Work and Economic Growth*, 10: *Reduced Inequalities* and 11: *Sustainable Cities and Communities*.



# Second Party Opinion

<b>Issuer:</b>	<b>County of Alameda</b>
<b>Issue Description:</b>	General Obligation Bonds (Measure A1) 2022 Series B (Federally Taxable) (Social Bonds)
<b>Project:</b>	Measure A1 Affordable Housing Programs
<b>Social Standard:</b>	Social Bond Principles
<b>Social Categories:</b>	Affordable Housing Access to Essential Services Socioeconomic Advancement and Empowerment
<b>Target Populations:</b>	Low- and moderate-income households; seniors; persons with disabilities; individuals and families that are (or at risk of) experiencing homelessness; vulnerable and underserved groups
<b>Keywords:</b>	Affordable housing; homeownership; multi-family rental housing; workforce housing; underserved groups; housing development; homelessness; CALGreen; California
<b>Par:</b>	\$340,000,000
<b>Evaluation Date:</b>	July 26, 2022

## SOCIAL BONDS DESIGNATION

Kestrel Verifiers, an Approved Verifier accredited by the Climate Bonds Initiative, conducted an independent external review of the General Obligation Bonds (Measure A1) 2022 Series B (Federally Taxable) (Social Bonds) (“Series 2022B Bonds”) to evaluate conformance with the Social Bond Principles (June 2021) established by the International Capital Market Association. Our team for this engagement included analysts with backgrounds in social science and environmental science.

This Second Party Opinion reflects our review of the use of proceeds and conformance of the Series 2022B Bonds with the Social Bond Principles. In our opinion, the Series 2022B Bonds are impactful and aligned with the four core components of the Social Bond Principles and qualify for Social Bonds designation.

## ABOUT THE ISSUER

Alameda County (“the County”), established in 1853, is the seventh most populated county in California. Located east of San Francisco Bay, the County encompasses 821 square miles and is home to more than 1.65 million residents across 14 cities including Oakland and Berkeley.

The Housing and Community Development Department (“HCD”) oversees housing programs and developments that serve low- and moderate-income residents, persons and families experiencing homelessness or at-risk of homelessness, individuals with disabilities, and other disadvantaged groups.

HCD has several programs and services that address the needs of low- and moderate-income residents, including:

- Homebuyer assistance
- Housing rehabilitation and repair programs
- Affordable housing development
- Sidewalk and public accessibility improvements
- Neighborhood-serving facility projects in low-income communities

The County also demonstrates a strong commitment to serve uniquely disadvantaged groups through its housing programs. The Short-term Rental, Mortgage, and Utility Assistance Program provides up to 21 weeks of assistance to provide and stabilize housing opportunities for low-income persons living with HIV/AIDS.

Additionally, HCD is the lead agency in two affordable housing initiatives. As a partner in the County's homelessness collaborative, HCD works with local service providers to create and support emergency shelters, rapid housing, transitional housing, permanent housing, homelessness prevention programs, and other services. HCD is also the lead agency for the Alameda County HOME Consortium, which was established to coordinate with the federal HOME Investment Partnership Program. The HOME Consortium follows a five-year planning cycle and produces regular documentation on progress toward the County's affordable housing goals.<sup>1</sup> The 2020-2025 Consolidated Plan identifies the following strategies to address the need for more affordable housing throughout the County:

- Construct new housing and rehabilitate existing housing;
- Reduce housing discrimination and implement fair housing and landlord/tenant services;
- Provide rental assistance;
- Mitigate homelessness by funding and supporting appropriate services;
- Create supportive housing for residents with disabilities; and
- Improve accessibility throughout all public facilities including sidewalks, neighborhood parks, homeless facilities, and other public community centers in accordance with the Americans with Disabilities Act (ADA).

## ALIGNMENT TO SOCIAL STANDARDS<sup>2</sup>

### Use of Proceeds

Proceeds of the Series 2022B Bonds will (i) finance affordable local housing projects in the County of Alameda, as authorized under Measure A1; and (ii) pay costs of issuance. These projects are included in the Measure A1 Affordable Housing Program ("the Program") and align with three project categories identified in the Social Bond Principles: *Affordable Housing*, *Access to Essential Services*, and *Socioeconomic Advancement and Empowerment*. The Series 2022B Bonds are the second and final general obligation bond issuance under the total authorized amount of \$580,000,000. The funds are intended to finance approximately 3,800 affordable housing units and 50 rental housing projects across the County over eight years.<sup>3</sup>

Social Standard
 Eligible Project Categories: <ul style="list-style-type: none"><li>▪ Affordable Housing</li><li>▪ Access to Essential Services</li><li>▪ Socioeconomic Advancement and Empowerment</li></ul>

<sup>1</sup> "Housing & Community Development Department: Documents & Reports," Alameda County, California, accessed July 18, 2022, <https://www.acgov.org/cda/hcd/docs-reports.htm>.

<sup>2</sup> Social Bonds are any type of bond instrument where the proceeds will be exclusively applied to finance or refinance eligible Social Projects which are aligned with the four core components of ICMA's Social Bond Principles.

<sup>3</sup> "Alameda County Measure A1 Annual Report," Community Development Agency, Housing and Community Development Department, January 2017 – June 2018.

### The Housing Crisis in Alameda County, California

Equitable access to affordable housing is especially critical throughout California,<sup>4</sup> but particularly in Alameda County and surrounding Bay Area. Although the County's economy is strong, various factors reinforce the ongoing housing crisis in Alameda County: average home sales prices have increased from approximately \$300,000 to nearly \$900,000 in less than 20 years; living wages have not kept up with rent inflation; there is not enough available housing located near public schools, jobs and environmentally healthy areas; neighborhood segregation is deepening; minorities are being severely displaced in some areas; and the COVID-19 socioeconomic crisis has continued to be a cost burden on some households.<sup>5</sup> As a result, (i) housing stability remains particularly inaccessible and unattainable for vulnerable individuals and families, (ii) homelessness has increased 42% between 2017 and 2020, and (iii) there is a demonstrated need for workforce housing to accommodate the "missing middle"—those making modest incomes. According to the *County's Regional Analysis of Impediments to Fair Housing Choice*, housing affordability and availability are the most significant issues facing County residents, with communities of color facing disproportionate negative impacts and clear housing disparities for vulnerable populations, such as seniors, veterans, and persons with disabilities.<sup>6</sup>

### The Measure A1 Affordable Housing Program

In response to this housing crisis, the County initiated a multi-tiered strategy to improve access to housing for economically vulnerable communities. One of those strategies was to seek voter approval of Measure A1, which was achieved by bond referendum in 2016. The Measure A1 Affordable Housing Program consists of five sub-programs: three that primarily benefit homeowners (Down Payment Assistance Loan Program, Homeowner Housing Development Program, and Housing Preservation Loan Program) and two that primarily benefit renters (Rental Housing Development Fund and the Acquisition and Opportunity Fund).

As of July 2022, with \$240 million in proceeds allocated from the first bond issuance pursuant to Measure A1, the Program has:

- Created approximately 3,200 rental housing units, 1,200 of which are reserved for persons experiencing homelessness or at-risk of homelessness;
- Completed 18 rental housing projects and provided funds for 13 projects currently under construction;
- Created 15,000 jobs (approximately 45% of which are local employees, 30% of whom qualify as low-income);
- Provided \$18 million in downpayment assistance loans to approximately 100 homeowners;
- Provided \$10 million for acquisition of two hotels with 240 beds to support housing for homeless persons;
- Provided financial assistance to approximately 85 homeowners through the Home Preservation Loan Program.

The preliminary allocation of bond proceeds by sub-program, as well as further detail about each sub-program, is summarized in Table 1. A full list of the 18 rental housing projects that are expected to be funded with the Series 2022B Bonds, is provided in Table 2 in Appendix A of this Opinion.

All new residential construction projects under the authority of the California Department of Housing & Community Development must follow the energy-efficient CALGreen building code requirements and mandatory energy efficiency measures as adopted by the California Building Standards Commission (as defined in Title 24, Part 11, section 104). Approximately 250 homeowners will benefit from downpayment assistance loans financed with the Series 2022B Bonds.

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<sup>4</sup> "California's High Housing Costs: Causes and Consequences," Legislative Analyst's Office, 2015, <https://lao.ca.gov/reports/2015/finance/housing-costs/housing-costs.pdf>.

<sup>5</sup> "Regions Build Together: A Housing Agenda for All of California," California Forward, February 2021, <https://cafwd.org/resources/regions-build-together/>.

<sup>6</sup> "Regional Analysis of Impediments to Fair Housing Choice," County of Alameda, California, January 2020, [http://www.acgov.org/cda/hcd/documents/FinalAI\\_Combined\\_1-10-19.pdf](http://www.acgov.org/cda/hcd/documents/FinalAI_Combined_1-10-19.pdf).

Table 1. Expected allocation of bond proceeds to the Measure A1 Affordable Housing Program components

Measure A1 Affordable Housing Program	Amount of Bond Proceeds	Program Description & Impact	Target Population
Down Payment Assistance Loan Program	\$27,000,000	The program is intended to assist moderate-income working families to purchase homes in Alameda County by providing funds in the form of 0% or low-interest second mortgage loans for eligible households. Many families and individuals are unable to purchase a home due to the major expense of a downpayment and closing costs. This program is primarily designed to: (i) encourage current County residents to purchase homes near where they work and in proximity to public transportation; (ii) to benefit former County residents who have been displaced due to foreclosure or rising housing costs; and (iii) to allow local educators and critical first responders to live in the communities in which they work.	<b>Eligible loan recipients include:</b> first-time homebuyers with income at or below 120% Area Median Income (“AMI”), although the program may assist households with income up to 150% AMI (to be inclusive of dual-income households and the missing middle).
Home Preservation Loan Program	\$22,500,000	The program is intended to help seniors, persons with disabilities, and other low-income homeowners to remain in their homes through 0% and low-interest rate loans to help pay for home rehabilitation (such as roofs, plumbing, and electrical systems) and accessibility improvements (such as ramps, widened doorways, and grab bars).	<b>Eligible loan recipients include:</b> seniors, persons with disabilities, and low-income households at 80% of area median income.
Low-Income Homeowner Housing Development Program	\$7,500,000	The program is intended to assist in the development of long-term, affordable housing for low-income households. The program will provide construction loans to eligible developers for use before sale of the home to qualified low-income households. These construction loans will be converted to downpayment assistance loans for homebuyers. This program is expected to launch in late 2023.	<b>Target populations served through this program include:</b> low-income, first-time homebuyers who are County residents and have income at or below 80% of AMI.
Rental Housing Development Fund	\$226,400,000	The fund is designed to create and preserve affordable multi-family rental housing for vulnerable populations, including lower-income workforce housing. Developments are required to remain affordable for a minimum of 55 years.	<b>Target populations served through this program include:</b> households with incomes between 30% and 60% of AMI and extremely low-income households at or below 20% of AMI, such as individuals and families experiencing or at-risk of homelessness, seniors, persons with disabilities on Social Security Income, persons re-entering the community from the criminal justice system, transition-age foster care youth, and others. A portion of the funds may be allowed to subsidize units for households at or below 80% of AMI to create affordable housing for a mix of lower-income levels.

Measure A1 Affordable Housing Program	Amount of Bond Proceeds	Program Description & Impact	Target Population
Acquisition & Opportunity Fund	\$6,500,000	The fund is designed to strategically and quickly respond to opportunities that arise in the market to preserve and expand affordable rental housing and/or prevent tenant displacement. Eligible activities include: rapid response acquisition and development, high-opportunity predevelopment, and site acquisition loans. Properties can include: vacant land, existing apartment buildings, or motels that can be converted to housing, that become available for sale in the market. HCD expects the provision of housing to ameliorate homelessness to be the primary focus of this fund over the next few years.	Target populations served through this fund include, but are not limited to: low- and extremely low-income households and other vulnerable groups.
Affordable Housing Program Delivery/Administration Costs	\$48,625,000	Costs include staffing and salaries for approximately 16 appointed positions of the Program and related administration costs.	Not applicable.
Total <sup>7</sup>	\$338,525,000		

### Projects Address Climate Transition Risk<sup>8</sup>

Mitigation of transition risk requires planning for the necessary structural changes to address climate change and the transition to a low-carbon economy, with recognition of the risks associated with inaction. The Series 2022B Bonds address climate transition risks by financing the affordable housing projects, many of which must comply with California’s green building codes. The second largest source of greenhouse gas emissions in California is the building sector.<sup>9</sup> To reduce emissions from buildings, California maintains robust statewide green building codes as well as the California Green Building Standards Code (CALGreen) which specifies measures for sustainable planning and design, energy efficiency, water efficiency and conservation, material conservation and resource efficiency, and environmental quality. Combined, these codes encourage building designs that include responsible site selection, responsible water use, reduced greenhouse gas emissions, and waste diversion from landfills. Additionally, many projects in the Program that were financed previously under Measure A1<sup>10</sup> achieve various levels of LEED certification and incorporate a variety of sustainable design features such as:

- Energy Star appliances
- Energy efficient HVAC systems
- Water conservation fixtures
- Rainwater cisterns, bioswales, permeable paving and other features that support sustainable stormwater management
- Electric vehicle charging stations
- On-site solar
- Transit-oriented development
- Recycled materials
- Native plant landscaping

<sup>7</sup> Anticipated total amount does not include costs of issuance of the Series 2022B Bonds and may not add up to the par value.

<sup>8</sup> Climate change poses significant systemic risks to US financial systems and municipal issuers. These risks may broadly be divided into physical risk, transition risk and societal risk. Physical risk includes effects of climate change on physical assets, such as extreme weather events and sea level rise. Transition risk includes market and technology risks, reputational risks, policy risks and legal risks. Societal risk includes risk to stable democracies, risk to civil liberties and human rights, risk to labor supply, and risk to public health. Mitigation of transition risk requires planning for the necessary structural changes to address climate change and societal inequity with recognition of the risks associated with inaction. We refer to this as the just transition to a decarbonized economy, or the just transition.

<sup>9</sup> “Research on Green Buildings,” California Air Resources Board, accessed September 16, 2021, <https://ww2.arb.ca.gov/research/research-green-buildings>.

<sup>10</sup> County of Alameda, General Obligation Bonds (Measure A1) 2018 Series A (Dedicated Unlimited *Ad Valorem* Property Tax Bonds) (Federally Taxable).

While not all proceeds from the Series 2022B Bonds will go to green building projects, many of the projects in the Program will be multi-family rental housing projects that will likely follow the CALGreen standards at a minimum. The Series 2022B Bonds also finance activities which align with the *just transition*, characterized by the equitable inclusion and accommodation of all individuals, with a special focus on disadvantaged groups who may be directly or indirectly affected by the structural changes necessary for the transition to a low-carbon economy. Projects that support the just transition are planned in a way that incorporates the understanding of physical, transition and/or societal risk. The Series 2022B Bonds support the just transition by prioritizing the provision and preservation of affordable housing for vulnerable populations during an ongoing housing crisis in Alameda County. The Measure A1 Affordable Housing Program is designed to lessen inequalities in homeownership and housing stability—a key step toward decreasing the wealth gap in the United States. The wealth gap poses urgent societal risks, including: disproportionate harm caused to disenfranchised groups, disparities in access to healthcare, and political polarization. Moreover, although anyone in the US may be impacted by environmental and economic disruptions exacerbated by climate change, low-income households, persons of color, and disadvantaged groups (those who bear the burden of the wealth gap) are disproportionately affected. For example, low-income households and persons of color are less likely to have the financial means to relocate in an emergency or to adapt in other ways.<sup>11</sup> The Series 2022B Bonds help ensure that vulnerable populations in the County have equal opportunity to access and invest in housing, and are therefore advance the just transition.

### **Process for Project Evaluation and Selection**

Elected County leaders, community members and stakeholders collaborated to address the defined need for more affordable housing in the County of Alameda, which led to the pursuit of the Measure A1 Affordable Housing Program.<sup>12</sup> The Series 2022B Bonds will finance components of the Measure A1 Affordable Housing Program, which aims to help: i) people who are struggling with housing costs, ii) the homeless and other vulnerable populations find long-term affordable housing, and iii) people achieve homeownership. The Housing and Community Development Department (“HCD”) works closely with the community and the County’s Board of Supervisors to guide implementation of the Program and to select program administrators for the five sub-programs. HCD prioritized funding allocation for the five sub-programs based on need in four regional pools within the County.

HCD produced the *Measure A1 Bond Implementation Plan* in 2017 and has since established robust policies to guide Program implementation. All multi-family rental housing developments and homeownership loan programs must comply with the bond program policies adopted by the County Board of Supervisors.<sup>13</sup> HCD works closely with local communities and conducts feedback surveys to improve the Program. Most projects under the Program are selected through a Request for Proposal process at the city level. Developers submit project proposals to a city in the County, and HCD collaborates with the city throughout the project evaluation and selection process. HCD reviews each proposal and evaluates the financial feasibility, target populations served, sources of loan repayment, and cost effectiveness. HCD then works directly with developers to administer Program funds.

### **Management of Proceeds**

The Series 2022B Bonds will finance projects under the Measure A1 Affordable Housing Program and pay costs of issuance. Prior to allocation to eligible projects, proceeds will be held in an established Project Fund under the Trustee and may be invested in any security (i) permitted by the Investment Policy of the County and (ii) according to the Trust Agreement between the County and US Bank National Association. The County expects bond proceeds to be fully allocated within approximately four years.

HCD and its Finance Department oversee and administer the underwriting process for the different types of loans in the Program. Once a project has been selected, the County establishes a loan agreement and a project approval commitment form with the borrower (the developer). HCD then presents the project to the

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<sup>11</sup> Taylor Gauthier and Financial Security Program, “The Devastating Effects of Climate Change on US Housing Security”, Aspen Institute, August 9, 2021, <https://www.aspeninstitute.org/blog-posts/the-devastating-effects-of-climate-change-on-us-housing-security/>.

<sup>12</sup> “Alameda County Measure A1 Annual Report,” Community Development Agency, Housing and Community Development Department, January 2017 – June 2018.

<sup>13</sup> “Measure A-1 Affordable Housing Bond,” Community Development Agency, Alameda County, California, accessed July 18, 2022, <https://www.acgov.org/cda/hcd/housing/program.htm>.



County Board of Supervisors which ultimately approves the project and reserves funding under Measure A1. The County will advance funds for the project from an expenditure account, which will be reimbursed from the Project Fund held by the Trustee.

Additionally, Measure A1 requires an Independent Citizens’ Oversight Committee to annually review the use of proceeds of the Series 2022B Bonds until all proceeds have been expended. This Committee confirms that proceeds were spent on eligible projects permitted under Measure A1.

**Reporting**

The County will submit continuing disclosures to the Municipal Securities Rulemaking Board (“MSRB”) as long as the Series 2022B Bonds are outstanding. The County will also provide reports in the event of material developments. This reporting will be done annually on the Electronic Municipal Market Access (“EMMA”) system operated by the MSRB.

The County also expects to provide a voluntary update on the bond-financed activities in the third iteration of the *Measure A1 Program Report*, which will be made available on EMMA and on the HCD website: [acgov.org/cda/hcd/bond.htm](http://acgov.org/cda/hcd/bond.htm). This report is expected to lay out how proceeds from the Series 2022B Bonds have been allocated to each sub-program, and will include other metrics such as, number of rental units funded, amount of downpayment assistance provided, and demographic data on populations served, including, but not limited to, race, ethnicity and income level. Future iterations of the *Measure A1 Program Report* may include similar updates if proceeds have not yet been fully allocated. The Citizen’s Bond Oversight Committee also reviews these reports and progress toward Measure A1 goals.

**IMPACT AND ALIGNMENT WITH UN SDGS**

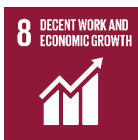
Alameda County’s Measure A1 Affordable Housing Program is helping to address UN SDGs 1, 8, 10 and 11 by providing access to affordable housing and financial services. By increasing access to financial services that advance homeownership among low- and moderate-income populations, the Housing and Community Development Department supports disruption of the poverty cycle and increases availability of financial tools vulnerable groups (Targets 1.2, 1.4). The Measure A1 Affordable Housing Program supports social equity and socioeconomic advancement of low- and moderate-income populations by providing residents with access to loans and by lowering financial barriers to affordable housing (Targets 8.10, 10.2). Additionally, the Measure A1 Affordable Housing Program, through its multi-tiered approach to develop affordable housing and mitigate the risk of homelessness in the County, advances Target 11.1.

Full text of the Targets for Goals 1, 8, 10 and 11 is available in Appendix B, with additional information available on the United Nations website: [un.org/sustainabledevelopment](http://un.org/sustainabledevelopment)



**No Poverty (Targets 1.2, 1.4)**  
Possible Indicators

- Number of downpayment assistance loans serving moderate-income groups
- Number of people provided with access to financial services
- Number of individuals served by Measure A1 Affordable Housing Programs



**Decent Work and Economic Growth (Target 8.10)**  
Possible Indicators

- Number of people provided with access to financial services (downpayment assistance and other loans)



**Reduced Inequalities (Target 10.2)**  
Possible Indicators

- Percent of loans for disadvantaged groups, regions, and target populations



## Sustainable Cities and Communities (Target 11.1)

### Possible Indicators

- Number of families provided adequate, safe, and affordable housing
- Number of properties and units preserved or revitalized to provide affordable housing

## CONCLUSION

Based on our independent external review, the General Obligation Bonds (Measure A1) 2022 Series B (Federally Taxable) (Social Bonds) are impactful, conform, in all material respects, with the Social Bond Principles (2021) and are in complete alignment with three eligible project categories: *Affordable Housing*, *Access to Essential Services* and *Socioeconomic Advancement and Empowerment*.

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## ABOUT KESTREL VERIFIERS



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For over 20 years Kestrel has been a trusted consultant in sustainable finance. Kestrel Verifiers, a division of Kestrel 360, Inc. is a Climate Bonds Initiative Approved Verifier qualified to verify transactions in all asset classes worldwide. Kestrel is a US-based certified Women's Business Enterprise. For more information, visit [kestrelverifiers.com](https://kestrelverifiers.com).

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### Verification Team

- Monica Reid, CEO
- April Strid, Lead ESG Analyst
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## DISCLAIMER

This Opinion aims to explain how and why the discussed financing meets the ICMA Social Bond Principles based on the information which was available to us during the time of this engagement (July 2022) only. By providing this Opinion, Kestrel Verifiers is not certifying the materiality of the projects financed by the Social Bonds. It was beyond Kestrel Verifiers' scope of work to review for regulatory compliance and no surveys or site visits were conducted. Furthermore, we are not responsible for surveillance on the project or use of proceeds. Kestrel Verifiers relied on information provided by the County and publicly available information. The Opinion delivered by Kestrel Verifiers does not address financial performance of the Social Bonds or the effectiveness of allocation of its proceeds. This Opinion does not make any assessment of the creditworthiness of the County, or its ability to pay principal and interest when due. This is not a recommendation to buy, sell or hold the Bonds. Kestrel Verifiers is not liable for consequences when third parties use this Opinion either to make investment decisions or to undertake any other business transactions. This Opinion may not be altered without the written consent of Kestrel Verifiers. Kestrel Verifiers reserves the right to revoke or withdraw this Opinion at any time. Kestrel Verifiers certifies that there is no affiliation, involvement, financial or non-financial interest in the County or the projects discussed.

We are 100% independent. Language in the offering disclosure supersedes any language included in this Second Party Opinion.

Use of the United Nations Sustainable Development Goal (SDG) logo and icons does not imply United Nations endorsement of the products, services or bond-financed activities. The logo and icons are not being used for promotion or financial gain. Rather, use of the logo and icons is primarily illustrative, to communicate SDG-related activities.



# Appendix A.

## PROJECTS PLEDGED TO THE SERIES 2022B BONDS

**Table 2. Projects Pledged to the Series 2022B Bonds**

There are 18 rental housing program projects currently in pre-development that will receive bond proceeds. As of July 2022, 8 of these projects are in the preconstruction loan negotiation phase. \$138 million of the Series 2022B Bonds will be allocated to these projects.

Project Number	Project Name / Street Address	Project Impact Highlights	Project / Loan Status	Expected Project Completion Date
1	<b>Ancora Place</b> 2227-2257 International Blvd, Oakland	77 housing units with 76 units reserved for lower-income households <sup>14</sup> , 15 of which are considered chronically homeless	Preconstruction in progress	May 2023
2	<b>Fremont Family Housing</b> 34320 Fremont Blvd, Fremont	Project details not available.	Preconstruction in progress	TBD
3	<b>7<sup>th</sup> &amp; Campbell – Oakland and the World</b> 1676 7 <sup>th</sup> St, Oakland	79 housing units with 78 units reserved for low-income households, 8 of which will be ADA accessible and 16 of which will be reserved for very low-income households	Preconstruction in progress	December 2023
4	<b>Albany Family</b> 775 Cleveland Ave, Albany	62 units with 61 units reserved for lower-income households, 13 of which are reserved for very low-income households <sup>15</sup>	Preconstruction in progress	April 2024
5	<b>Bell Street Gardens – Fremont Islander Motel Revitalization</b> 4101 Mowry Ave / 38853 & 38871 Bell St, Fremont	128 housing units with 126 units reserved for chronically homeless individuals, 37 of which are reserved for very low-income households	Preconstruction in progress	TBD
6	<b>Ruby Street Crescent</b> 1744 Ruby St, Castro Valley	72 housing units, with 71 units reserved for lower-income households and chronically homeless households; 15 units of the total 72 units are reserved for very low-income households	Pending	TBD
7	<b>The Vineyard</b> 460 N. Livermore Ave, Livermore	23 housing units reserved for lower-income households, 18 of which are reserved for chronically homeless families and 7 of which are reserved for very low-income households	Preconstruction in progress	TBD
8	<b>West Grand &amp; Brush</b> 2201 Brush St, Oakland	59 housing units with 58 units reserved for lower-income households	Preconstruction in progress	TBD

<sup>14</sup> Lower-income households is defined as households with incomes between 20% and 60% AMI.

<sup>15</sup> Very low-income households is defined as households with incomes at or below 20% AMI.

Project Number	Project Name / Street Address	Project Impact Highlights	Project / Loan Status	Expected Project Completion Date
9	<b>Madrone Terrace</b> 16060 E 14 <sup>th</sup> St, San Leandro	79 housing units with 78 units reserved for lower-income and formerly homeless households, 16 of which are reserved for very low-income households	Pending	TBD
10	<b>Mission Paradise</b> 28000 Mission Blvd, Hayward	76 housing units with 75 units reserved for lower income households, 15 of which are reserved for very low-income households	Preconstruction in progress	TBD
11	<b>1245 McKay</b> 1245 McKay Avenue, Alameda	91 housing units with 90 units reserved for chronically homeless families, 36 of are reserved for very low-income households	Pending	2023
12	<b>Amador Station Phase I</b>	Project details not available. Construction is not underway.	Pending	TBD
13	<b>Downtown Livermore Apartments</b> Railroad & L Street, Livermore	79 housing units with 78 units reserved for lower-income households and formerly homeless households	Pending	TBD
14	<b>Lazuli Landing</b> Mission Blvd & 2 <sup>nd</sup> St, Union City	81 housing units with 80 units reserved for lower-income and formerly homeless households, 16 of which are reserved for very low-income households	Pending	TBD
15	<b>Pimentel Place / Matsya Village</b> 22647 2 <sup>nd</sup> St, Hayward	57 housing units with 56 units reserved for lower-income households, with 12 units reserved for chronically homeless families and 15 units reserved for very low-income households	Pending	2023
16	<b>Pacific Avenue Senior Homes</b> 3701 Pacific Ave, Livermore	140 housing units with 139 units reserved for lower-income and formerly homeless seniors, 30 of which are reserved for very low-income households	Pending	TBD
17	<b>Regional Street</b>	Project details not available. Construction is not underway.	Pending	TBD
18	<b>Timber Senior Housing</b> 37660 Timber St, Newark	78 housing units reserved for lower-income seniors, 6 of which are reserved for very low-income seniors	Pending	TBD

## Appendix B.

### UN SDG TARGET DEFINITIONS

#### **Target 1.2**

By 2030, reduce at least by half the proportion of men, women and children of all ages living in poverty in all its dimensions according to national definitions

#### **Target 1.4**

By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to basic services, ownership and control over land and other forms of property, inheritance, natural resources, appropriate new technology and financial services, including microfinance

#### **Target 8.10**

Strengthen the capacity of domestic financial institutions to encourage and expand access to banking, insurance and financial services for all

#### **Target 10.2**

By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status

#### **Target 11.1**

By 2030, ensure access for all to adequate, safe and affordable housing and basic services and upgrade slums