



Housing Advisory Commission

HOUSING ADVISORY COMMISSION

AGENDA

Special Meeting Thursday, November 4, 2021 7:00 pm	Mike Uberti, Secretary HAC@cityofberkeley.info
-------------------------------------------------------------------------------	---------------------------------------------------

PUBLIC ADVISORY: THIS MEETING WILL BE CONDUCTED EXCLUSIVELY THROUGH VIDEOCONFERENCE AND TELECONFERENCE

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this meeting of the Housing Advisory Commission will be conducted exclusively through teleconference and Zoom videoconference. Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, there will not be a physical meeting location available.

To access the meeting remotely using the internet: Join from a PC, Mac, iPad, iPhone, or Android device use: <https://us06web.zoom.us/j/83921571130>. If you do not wish for your name to appear on the screen, then use the drop down menu and click on "rename" to rename yourself to be anonymous. To request to speak, use the "raise hand" icon on the screen.

To join by phone: Dial US: 1-669-900-6833 and Enter Meeting 839 2157 1130. If you wish to comment during the public comment portion of the agenda, press *9 and wait to be recognized by the Chair.

Written communications submitted by mail or e-mail to the Housing Advisory Commission by 5:00 p.m. the day before the Committee meeting will be distributed to the members of the Committee in advance of the meeting and retained as part of the official record. City offices are currently closed and cannot accept written communications in person.

All agenda items are for discussion and possible action.

Public comment policy: Members of the public may speak on any items on the Agenda and items not on the Agenda during the initial Public Comment period. Members of the public may also comment on any item listed on the agenda as the item is taken up. Members of the public may not speak more than once on any given item. The Chair may limit public comments to 3 minutes or less.

1. **Roll Call**
2. **Agenda Approval**
3. **Public Comment**
4. **Approval of the September 30, 2021 Special Meeting Minutes (Attachment 1)**
5. **Discussion and Possible Action to Recommend a Substantial Amendment to the PY 2021 Annual Action Plan to accept the HOME-ARP funds for a Project HomeKey proposal - All/Staff (Attachment 2)**

6. **Discussion and Possible Action to Adopt the Housing Trust Fund Subcommittee's Funding Recommendations for the 2021 Housing Trust Fund Request for Proposals - All/Staff (Attachment 3)**
7. **Discussion and Possible Action to Adopt Funding Recommendations for 2021 Educator Housing Notice of Funding Availability - All/Staff (Attachment 4)**
8. **Update on Council Items (Future Dates Subject to Change) – All/Staff**
9. **Announcements/Information Items**
 - a. Housing Element Update
10. **Future Items**

11. Adjourn

Attachments

1. Draft September 30, 2021 Special Meeting Minutes
2. Rhianna Babka, HHCS, Substantial Amendment to the PY 2021 Annual Action Plan for a Project HomeKey proposal
3. Jenny Wyant, HHCS, 2021 Housing Trust Fund RFP Applications and Funding Recommendations
4. Jenny Wyant, HHCS, 2021 Educator Housing Notice of Funding Availability – Application and Recommendation

Correspondence

5. Mary Dorst, People's Park Supportive Housing Support
6. Mary Dorst, MLK House Support
7. Dorothy Walker, Support for 119 units of Supportive Housing

Communications to Berkeley boards, commissions or committees are public record and will become part of the City's electronic records, which are accessible through the City's website. Please note: e-mail addresses, names, addresses, and other contact information are not required, but if included in any communication to a City board, commission or committee, will become part of the public record. If you do not want your e-mail address or any other contact information to be made public, you may deliver communications via U.S. Postal Service or in person to the Secretary of the commission. If you do not want your contact information included in the public record, please do not include that information in your communication. Please contact the Secretary for further information.

Written communications addressed to the Housing Advisory Commission and submitted to the Commission Secretary will be distributed to the Commission prior to the meeting. This meeting will be conducted in accordance with the Brown Act, Government Code Section 54953. Any member of the public may attend this meeting. Questions regarding this matter may be addressed to Mark Numainville, City Clerk, (510) 981-6900.

COMMUNICATION ACCESS INFORMATION:



To request a disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact the Disability Services specialist at (510) 981-6418 (V) or (510) 981-6347 (TDD) at least three business days before the meeting date.



HOUSING ADVISORY COMMISSION
Wednesday, September 30, 2021

Housing Advisory Commission

Time: 7:02 pm
Held via Video and Teleconference

Secretary – Mike Uberti
HAC@cityofberkeley.info

DRAFT MINUTES

1. Roll Call

Present: Libby Lee-Egan, Mari Mendonca, Debbie Potter, Alexandria Rodriguez, Ainsley Sanidad, Maryann Sargent, Leah Simon-Weisberg, and Igor Tregub.

Absent: Sara Fain (unexcused) and Xavier Johnson (excused).

Commissioners in attendance: 8 of 9

Staff Present: Mike Uberti, Grace Wu, and Jenny Wyant.

Members of the public in attendance: 0

Public Speakers: 1

2. Agenda Approval

Action: M/S/C (Potter/Tregub) to approve the agenda.

Vote: Ayes: Lee-Egan, Mendonca, Potter, Rodriguez, Sanidad, Sargent, and Tregub.

Noes: None. Abstain: None. Absent: Fain (unexcused), Johnson (excused), and Simon-Weisberg (unexcused).

3. Public Comment

There was one comment submitted and read during public comment.

4. Approval of the May 12, 2021 Special Meeting Minutes

Action: M/S/C (Lee-Egan/Rodriguez) to accept the September 30, 2021 Special Meeting Minutes.

Vote: Ayes: Lee-Egan, Mendonca, Potter, Rodriguez, Sanidad, Sargent, Simon-Weisberg, and Tregub. Noes: None. Abstain: None. Absent: Fain (unexcused) and Johnson (excused).

5. Officer on the Upcoming Housing Element Update and Discussion and Possible Action to Elect a Commissioner Representative in the Public Outreach Effort

6. Discussion and Possible Action to Approve City Funding for a Future Project Homekey Housing Development

Action: M/S/C (Tregub/Sargent) to recommend to City Council to approve funding for a Project Homekey housing development, to be selected through a competitive process based on applicant qualifications, project feasibility, and assessment of competitiveness for State of California Project Homekey funds.

Vote: Ayes: Lee-Egan, Mendonca, Potter, Rodriguez, Sanidad, Sargent, Simon-Weisberg, and Tregub. Noes: None. Abstain: None. Absent: Fain (unexcused) and Johnson (excused).

7. Update on Council Items (Future Dates Subject to Change)

a. Commission Reorganization and Housing Advisory Commission/Measure O Bond Oversight Committee Consolidation

8. Announcements/ Information Items

a. Gentrification and Displacement Subcommittee Update

b. Income-Qualifying Commissioner Stipend Update

c. City of Berkeley's Draft Consolidated Annual Performance and Evaluation Report for Federal Program Year 2020 (July 2020 through June 2021)

9. Future Items

10. Adjourn

Action: M/S/C (Simon-Weisberg/Potter) to adjourn the meeting at 9:02 pm.

Vote: Ayes: Lee-Egan, Mendonca, Potter, Rodriguez, Sanidad, Sargent, Simon-Weisberg, and Tregub. Noes: None. Abstain: None. Absent: Fain (unexcused) and Johnson (excused).

Approved:

_____, Mike Uberti, Secretary



Health Housing and
Community Services Department
Housing & Community Services Division

MEMORANDUM

To: Housing Advisory Commission (HAC)

From: Rhianna Babka, HCS, Community Services Specialist III

Date: October 27, 2021

Subject: **Annual Action Plan (AAP) PY 2021 (FY22), Draft Amendment #1 – HOME-ARP**

RECOMMENDATION

Recommend that Council approve an amendment to the PY2021 (FY22) Annual Action Plan to allow for a one-time allocation of \$2,735,696 of HOME Investment Partnerships Program – American Rescue Plan (HOME-ARP) funds, and that said funds are prioritized for a State of California Housing and Community Development (State) Homekey Program (Homekey) project.

CURRENT SITUATION

On September 30, 2021 this Commission approved City funding for a future project Homekey project. Included in that funding proposal were funds from HOME-ARP.

To receive the HOME-ARP funds and use for one or more of the eligible activities, the City must submit an Allocation Plan (Plan) as an amendment to the PY21 Annual Action Plan. The Plan must include the amount of funds dedicated to each activity, which is derived from a needs assessment and consultations the City conducted with agencies and service providers whose clientele include the HOME-ARP qualifying populations. The draft version of this Plan can be found at the website linked below.

As was also included in the September 30, 2021 Commission memo, the City issued a Request for Proposal (RFP) from three previously qualified bidders to find a partner development team and project to submit to the State as a Homekey project. Now that the application process for that RFP has closed, the City is evaluating the responses based on the feasibility of the project and the capacity of the development team. The City expects to complete the evaluation and make a recommendation to the Council in December.

A Vibrant and Healthy Berkeley for All

In the meantime, we are seeking approval to allocate HOME-ARP funds to an eligible Homekey project, for expenses allowed under Notice CPD-21-10: Requirements for the Use of Funds in the HOME-ARP Program.

The budget in the draft AAP Amendment sets aside up to 5% of HOME funds for non-profit operating funding, up to 5% for non-profit capacity building, up to 15% for administration and planning, and the remaining (75-85%) to a Homekey project.

At your November 4, 2021 meeting the HAC shall consider, discuss and make a recommendation to Council on the PY21 AAP Amendment #1. The final draft AAP and Amendment #1 will then be submitted for the December 14, 2021 Council meeting, which is also a Public Hearing.

Below is the link to the webpage where the PY21 Annual Action Plan draft Amendment #1 will be made available as soon as possible. Staff anticipate uploading a draft of this document on November 3, 2021, however, please note, that the draft may have areas identified as “to be determined” (TBD), pending the Homekey RFP reviews. This is the same link where you will find the final plan upon Council adoption, as well as prior plans.

Link: <https://www.cityofberkeley.info/ContentDisplay.aspx?id=12160>

BACKGROUND

The City of Berkeley receives an annual allocation of federal funding through the federal Department of Housing and Urban Development (HUD). HOME-ARP funds are administered through HUD and this same allocation process through a HUD formula.

HUD regulations require that the City of Berkeley follow a Citizen Participation Process in allocating federal funding, which requires that the City enlist input from the general public when developing the spending plan and when any major changes to the spending plan are proposed. Major changes to the spending require the submission of “Substantial Amendment” accompanied by a public hearing. The HAC acts as the advisory commission to Council on the allocation of CDBG, HOME and ESG funds.

On March 11, 2021, President Biden signed the American Rescue Plan (ARP) into law. To address the need for homelessness assistance and supportive services, Congress appropriated \$5 billion in ARP funds to be administered through the HOME Investment Partnerships Program (HOME) to perform activities that must primarily benefit qualifying individuals and families.

HOME-ARP funds qualifying individuals and families:

- Homeless, as defined in section 103(a) of the McKinney-Vento Homeless Assistance Act, as amended (42 U.S.C.11302(a)) (“McKinney-Vento”);

- At risk of homelessness, as defined in section 401 of McKinney-Vento;
- Fleeing, or attempting to flee domestic violence, dating violence, sexual assault, stalking, or human trafficking;
- Part of other populations where providing supportive services or assistance would prevent a family's homelessness or would serve those with the greatest risk of housing instability; or
- Veterans and families that include a veteran family member that meet the criteria in one of the above.

HOME-ARP funds eligible activities:

- Production or Preservation of Affordable Housing
- Tenant-Based Rental Assistance (TBRA)
- Supportive Services, Homeless Prevention Services, and Housing Counseling
- Purchase and Development of Non-Congregate Shelter



Health Housing and
Community Services Department
Housing & Community Services Division

MEMORANDUM

To: Housing Advisory Commission

From: Jenny Wyant, Senior Community Development Project Coordinator

Date: October 27, 2021

Subject: **2021 Educator Housing Notice of Funding Availability – Application and Recommendation**

Recommendation:

Recommend that Council fund the BUSD Workforce Housing project (1701 San Pablo / Satellite Affordable Housing Associates / Abode Communities) at \$24.5M with the following conditions:

- Waive Section III.A.1 of the Housing Trust Fund Guidelines to allow the project to serve higher affordability levels in order to meet the needs of BUSD educators.
- Condition disbursement of funding on site control.

Current Situation and Effects:

The City issued a Notice of Funding Availability (NOFA) for Educator Housing in May 2021. The NOFA was only open to the developer or development team selected by Berkeley Unified School District (BUSD) through BUSD's competitive process.

Applications were initially due in June 2021, but the City extended the deadline to September 2021 to allow the applicant time to work with BUSD and flesh out their proposal. Satellite Affordable Housing Associates and Abode Communities submitted a joint application, and requested \$24.5M for their proposed project, which is the amount of funds available through the NOFA.

Background:

In November 2018, Berkeley voters approved Measure O, a \$135 million bond measure to support the development and preservation of affordable housing. The second bond issuance is expected to be \$40 million. In December 2019, City Council reserved \$15.432 million of the second tranche of Measure O bond funds for Maudelle Miller Shirek Community (2001 Ashby) and established a priority for a BUSD-sponsored educator housing project for the remaining funds in that issuance. Staff estimate approximately \$24.5M is available for an educator housing project.

A Vibrant and Healthy Berkeley for All

Applications Received

Housing staff's analysis of SAHA and Abode's proposal follows. Housing staff used the categories high, medium, and low to rate each scoring category identified in the Educator Housing NOFA and listed considerations for each rating.

- Developer Capacity (30%)
- Feasibility (30%)
- Local Needs and Priorities (25%)
- Readiness to Proceed (15%)

BUSD Workforce Housing – Satellite Affordable Housing Associates (SAHA) and Abode Communities (Abode)

SAHA and Abode requested \$24.5M to develop educator-serving affordable housing at 1701 San Pablo Avenue.

BUSD issued a Request for Qualifications in March 2021 to select a development team to build educator housing on the Berkeley Adult School site, and selected SAHA and Abode in June 2021.

SAHA and Abode will enter a joint venture limited liability corporation (LLC) and together will develop a 110-unit project with a leasing preference for BUSD employees and their households. The project would include a mix of 1-, 2-, and 3-bedroom units serving households earning between 30% and 120% of the Area Median Income (AMI).

Proposed Financing:

- CalHFA Mixed Income Program (MIP)
- California HCD Infill Infrastructure Grant (IIG)
- Bank loan
- 4% tax credits

Developer Capacity (30%). *Staff rating: High. Factors in rating: The development team exceeds the minimum qualifications for developer experience. SAHA has developed hundreds of units. Abode Communities completed two educator housing projects in Los Angeles, and has one underway in Palo Alto.*

SAHA and Abode will form a joint venture to develop the BUSD Workforce Housing project. Both are experienced nonprofit developers bringing different strengths to the team.

SAHA has deep ties to Berkeley, and completed hundreds of units of affordable housing since its founding, including 23 units at Grayson Apartments (2740 San Pablo) in 2019. There are no concerns related to SAHA's performance on Jordan Court (1601 Oxford), a City-funded project currently under construction. Jordan Court will provide 35 affordable units for seniors, including some units for formerly homeless households.

2021 Educator Housing NOFA Application and Funding Recommendation
October 27, 2021

SAHA manages numerous City-funded projects and has performed at a satisfactory level on projects including special needs units such as those included in this proposal. SAHA has its own property management arm, and there are no outstanding monitoring issues. SAHA is in a stable financial position and has sufficient resources to complete the project.

Abode Communities (originally the Los Angeles Community Design Center) was founded in 1991 and has developed over 50 affordable housing communities throughout the state. In the past decade, Abode completed two educator housing projects in partnership with Los Angeles Unified School District. Abode also has one educator housing project underway in Palo Alto with similar income ranges to what's proposed in this project.

Feasibility (30%). Staff rating: Medium-High. Factors in rating: SAHA and Abode have successfully financed affordable housing and mixed income housing, respectively, but neither has experience with Mixed Income Program funds, which are highly competitive.

SAHA and Abode are working closely with BUSD on developing the project. They expect site control through an option to ground lease in October 2021. Once they have site control, the development team will submit for entitlements under SB35, with approval expected in March 2022.

BUSD Workforce Housing will be a 5-6 story development on the BUSD Adult School parking lot. No buildings will be demolished. The project does include replacement parking for the Adult School (100 parking spaces), though City funds will not be used for that purpose. At \$761k per unit, the total development costs are higher than projects proposed through the 2021 HTF RFP, though in line with projects funded by the City and currently in progress.

The project financing relies on CalHFA's Mixed Income Program. This is a relatively new program designed to support projects like BUSD Workforce Housing that include non-tax credit units over 80% AMI. MIP is highly competitive, and most of the awards to date have gone to for-profit developers. Although the proposed costs for this project are on par with other affordable projects, CalHFA prioritizes cost containment and the BUSD Workforce Housing may not score as well. The development team could lower the MIP request (currently \$6.6M), but would need to identify an eligible source of financing to fill that gap.

The project's current unit mix is based on the household sizes and income levels from a 2017 BUSD staff survey, and the team will update the unit mix based on results from a forthcoming survey of BUSD educators. As proposed, the project would not be exclusive to educators, though educators would get a leasing preference. Staff and the development team will work with counsel, as needed, to ensure that all fair housing requirements are met.

2021 Educator Housing NOFA Application and Funding Recommendation
October 27, 2021

The project includes 15 units for households earning up to 120% AMI. Because there is limited demand for 120% AMI units (based on a September 2021 Berkeley rental survey), SAHA and Abode's proforma conservatively shows those units at 100% AMI rent levels. The proposed affordability mix does not meet the HTF Guidelines, and will require a waiver of that requirement by City Council.

The project has a healthy proforma. Once the \$2.5M deferred developer fee is paid out of cash flow, the City should start receiving loan repayments in year 15. BUSD Workforce Housing's operating expenses on par with other projects in HTF RFP, though the proposed replacement reserve deposits are low.

Local Needs and Priorities (25%). *Staff rating: High. Factors in rating: The project will provide affordable housing opportunities and prioritize BUSD employees. SAHA and Abode will incorporate sustainable design.*

Council prioritized these Measure O bond funds for educator housing, in order to provide housing opportunities to BUSD teachers, facilities workers, and other employees. The currently proposed unit mix has more than two-thirds of the units restricted to households earning 80% AMI or below, though the updated BUSD staff survey will influence the final mix.

The development team plans to incorporate a wide range of environmentally sustainable features into the project design, addressing many of the City's Climate Action Plan building policies. The project will be built to either LEED Gold or GreenPoint Gold standards.

Readiness to Proceed (15%). *Staff rating: Medium. Factors in rating: SAHA and Abode are working with BUSD on site control. If successful in securing entitlements under SB35, the project can compete for state funding in 2022.*

A reservation of City funding would be contingent on SAHA and Abode formalizing their partnership through a joint venture LLC and obtaining site control through an option to ground lease with BUSD.

SAHA and Abode will apply for entitlement under SB35 in November 2021, with approval expected in March 2022. If successful, the project would be exempt from CEQA, and well-positioned to compete for state funding by April 2022. The project does not have any funding commitments to date, other than a commitment from SAHA to defer their developer fee.

The development team will work with BUSD to update the 2017 staff survey and assess the current housing needs of BUSD employees. The results of the survey may impact the unit sizes and affordability levels.

*2021 Educator Housing NOFA Application and Funding Recommendation
October 27, 2021*

Staff Recommendation:

Fund the BUSD Workforce Housing project at the full request - \$24.5M, and condition funding disbursement on site control.



Health Housing and
Community Services Department
Housing & Community Services Division

MEMORANDUM

To: Housing Advisory Commission

From: Jenny Wyant, Senior Community Development Project Coordinator

Date: October 27, 2021

Subject: **2021 Housing Trust Fund RFP Applications and Funding Recommendations**

Recommendation:

The Housing Trust Fund Subcommittee recommends that the Housing Advisory Commission recommend that Council:

1. Fund the following proposals at the following levels:
 - Ashby Lofts (2909-2919 Ninth / Satellite Affordable Housing Associates / SAHA) at \$850,000
 - Ephesians Legacy Court (1708 Harmon / Community Housing Development Corporation / CHDC) at \$2,500,000
 - MLK House (2942-2944 MLK / Resources for Community Development / RCD) at \$1,128,974
 - St Paul Terrace (2024 Ashby / Community Housing Development Corporation / CHDC) at \$2,500,000
 - Supportive Housing at People's Park (2556 Haste / Resources for Community Development / RCD) at \$14,359,593 (including up to \$3M for predevelopment)
2. Reserve the balance of approximately \$13M dollars for a CHDC project to be determined based on the project's readiness and feasibility, and that once further predevelopment work has been completed, the City Manager, CHDC, and the HTF Subcommittee work together to recommend a specific project for fund reservation.
3. Prioritize future housing funds (including, but not limited to, HTF and Measure O funds) for the CHDC project not funded through this RFP.
4. Make a forward reservation of the following funds, in addition to currently available housing funds in the RFP:
 - a. Up to \$17M in Measure O bond funds from the third issuance (anticipated in 2025); and

A Vibrant and Healthy Berkeley for All

2021 Housing Trust Fund RFP Applications and Funding Recommendations
October 27, 2021

- b. Up to \$2.5M in FY2023 general funds from Measure U1
5. Condition predevelopment funding for new construction projects on site control;
6. Authorize the City Manager to refinance existing HTF development loans and predevelopment loans for each project into new loans with terms consistent with the HTF Guidelines;
7. Approve the following waivers of the HTF Guidelines for MLK House:
 - a. Waive Section IV.C.1 to allow a subsidy in excess of 40% of total development costs; and
 - b. Waive Section IV.C.2 to allow an interest rate of 0% for the new loan (in line with Council's 2017 approval of 0% interest rate for the refinanced MLK House loan)
8. Allow Northern California Land Trust to submit a revised application for up to \$500k in Permanent Local Housing Allocation (PLHA) rehabilitation funds to support the renovation of 2207 Haste.
 - a. Within 90 days of City Council action; and
 - b. With a scope of work consistent with renovations proposed, substantiated by an updated physical needs assessment.

Current Situation and Effects:

On October 21, 2021, the Housing Trust Fund Subcommittee of the Housing Advisory Commission voted to approve the recommendations listed above. M/S/C Simon-Weisberg/Johnson. Ayes: Johnson, Lee-Egan, Simon Weisberg. Noes: None. Abstain: None. Absent: None.

MLK House Revised Request:

The preceding recommendations propose funding MLK House at the level requested - \$1,128,974. On October 22, 2021, RCD staff indicated that they inadvertently omitted costs for construction management, estimated at \$50,000. RCD's revised subsidy request is \$1,178,974. In order to be fair to all applicants, staff are not recommending changing the request amount of the RDC proposal. The Housing Advisory Commission may choose to consider RCD's request at the initial amount or the revised amount.

Housing Trust Fund Request for Proposals

The City received six applications for funding in response to the Housing Trust Fund Request for Proposals (RFP) released in August 2021. The RFP includes \$13.9 in development funds (including \$3.7M prioritized for renovation projects) and \$3.45M in operating subsidy. The RFP includes funds from the HTF program (including the City's federal HOME allocation), Measure O bond funds, and State PLHA funds.

The six proposals submitted funding requests totaling \$42.5M, including \$35.6M in development and \$6.9M in operating subsidy requests. The HTF subcommittee recommended reserving future funding for these projects due to the overwhelming need for development funds, and to support projects competing for State funds in 2022. Staff and the HTF Subcommittee recommend considering forward reservations for the third tranche of Measure O bond funds (up to \$17M, anticipated in 2025) and FY23 general funds from Measure U1 (\$2.5M) in addition to the funding available through the RFP.

*2021 Housing Trust Fund RFP Applications and Funding Recommendations
October 27, 2021*

There is precedent for this practice. The City agreed to reserve future funding from HTF program revenue and the third and fourth Measure O tranches to support future affordable projects at Ashby and North Berkeley BART stations. The adopted funding recommendations for the HAC's consideration are based on forward reservations of these funds, subject to City Council's approval.

The RFP included \$667,332 in federal HOME funds, some of which are set aside for a project sponsored by a Community Housing Development Organization (CHDO) that is as yet unallocated. Both RCD and SAHA are certified CHDOs in Berkeley. Staff will continue to evaluate eligibility and HOME requirements before allocating the HOME funds to a specific project.

The Community Housing Development Corporation (CHDC) submitted applications for two projects at similar phases of development with similar feasibility profiles. From a technical standpoint, staff did not identify a way to meaningfully distinguish between the two applications. Staff recommend fully funding the predevelopment requests at \$2.5M per project with a plan to fully fund the development requests as well. The recommendation is to reserve the balance of available funds for one of the two proposed CHDC projects. Once further predevelopment work has been completed, staff, the Commission and CHDC can work together to determine which project will be best suited and/or ready to proceed first. This project will receive the requested approved reservation from the third tranche of Measure O. Staff recommend prioritizing future housing funds to be reserved for the second CHDC project.

The attached table includes a draft plan for funding projects based on these recommendations.

Application Ratings

The following pages detail Housing staff's analysis of the six proposals received. Housing staff used the categories high, medium, and low to rate each scoring category identified in the HTF RFP and listed considerations for each rating.

- Developer Capacity (30%)
- Feasibility (30%)
- Local Needs and Priorities (25%)
- Readiness to Proceed (15%)

2021 Housing Trust Fund RFP Applications and Funding Recommendations
October 27, 2021

Ashby Lofts – Satellite Affordable Housing Associates (SAHA)

SAHA requested \$850,000 for the renovation of Ashby Lofts, located at 2909-2919 Ninth Street.

Ashby Lofts is a 54-unit, occupied affordable housing property owned and operated by SAHA. The City of Berkeley provided a \$3M loan the project in 2004. SAHA is proposing a tax credit resyndication (see feasibility section) in order to generate revenue to address capital needs at the property. The project serves households earning between 30% and 50% of the Area Median Income (AMI)¹, some of whom have physical or mental disabilities. The project includes 18 1-bedroom units, 24 2-bedroom units, and 12 3-bedroom units. SAHA proposed funding the project with 4% tax credits, a bank loan, a seller carryback loan, and deferred developer fee.

SAHA's application included a request for forgiveness for the existing \$3M HTF loan. On October 25th, SAHA indicated they were mistaken in including that request, and are comfortable with the City's standard practice of refinancing existing HTF loans.

- Developer Capacity (30%). Staff rating: High. SAHA and its predecessors developed and renovated over 650 units of affordable housing in Berkeley, and are in compliance with monitoring and property management. SAHA is in a stable financial position.
- Feasibility (30%). Staff rating: Medium. While the scope addresses the most urgent capital needs over the next 5 years, SAHA's plan does not fully fund the renovation needs projected over years 6-20. The project may also face difficulty in securing tax credits.
- Local Needs and Priorities (25%). Staff rating: High. The project includes safety and 'green' upgrades to an occupied affordable housing project.
- Readiness to Proceed (15%). Staff rating: Medium. Ashby Lofts is positioned to start construction in February 2023 if successful in securing tax credit financing in 2022, though tax credits may be difficult to obtain.

Staff Recommendation:

Fund SAHA's Ashby Lofts renovation at the full request - \$850,000. Refinance the original HTF loan into a new loan with terms consistent with the HTF Guidelines. Staff can consider a loan modification request for Ashby Lofts based on demonstrated project need.

2021 Housing Trust Fund RFP Applications and Funding Recommendations
October 27, 2021

Ephesians Legacy Court – Community Housing Development Corporation (CHDC)
CHDC requested \$12,902,599 for the development of Ephesians Legacy Court, located at 1708 Haste.

CHDC is working with the property owner, Ephesians Church of God in Christ (EGOGIC) to develop their property into affordable housing. The entities entered into a Memorandum of Understanding (MOU), and are working with attorneys to form their development partnership. CHDC is also negotiating the terms of the ground lease with EGOIC, though it's expected to be 99 years to satisfy the anticipated lenders and tax credit investor. CHDC will pursue Multifamily Housing Program funds from the state, in addition to either Infill Infrastructure Grant funds for Transit Oriented Development (TOD) funds.

Ephesians Legacy Court will provide 82 affordable apartments for seniors earning 30% to 60% AMI. CHDC proposed setting aside 20 units for the formerly unhoused.

CHDC requested that \$2.5 million of their request be available for predevelopment costs anticipated between now and construction loan closing.

- Developer Capacity (30%). Staff rating: Medium-High. While CHDC technically meets the threshold criteria for experience, they are relying on consultants more experienced with tax credit projects.
- Feasibility (30%). Staff rating: Medium. The project is seeking entitlements under SB35, but the total development costs may be underbudgeted and CHDC is still finalizing its financing strategy.
- Local Needs and Priorities (25%). Staff rating: High. The project brings new affordable housing to the Adeline Corridor, in close proximity to Ashby BART.
- Readiness to Proceed (15%). Staff rating: Medium. The project is seeking entitlement under SB35, which should position the project to compete for state funds in early 2022. The project does not have any funding commitments.

Staff Recommendation:

Fund CHDC's Ephesians Legacy Court at \$2.5M to support predevelopment activities, subject to CHDC obtaining site control. Reserve the approximately \$13M remaining in this funding round for a CHDC project (either this or St. Paul Terrace). Once more predevelopment work has been completed, CHDC, City staff and the Subcommittee will work together to determine which CHDC project should be funded first and reserve the needed funds. Prioritize future HTF funds to fully fund the second CHDC project.

Note about the CHDC projects:

Having two simultaneous projects with the same development team, timeline, and proposed funding mix poses several challenges, including development team capacity at peak times and competing against each other for funding. This may affect the feasibility of one or both projects. It is likely that one project will move ahead of the other during the predevelopment phase.

Homeless to Housed - Northern California Land Trust (NCLT)

NCLT requested operating subsidy equal to \$3,450,000 to support formerly homeless households at three NCLT properties: 2207 Haste (8 bedrooms/SROs), 1349 Hearst (1 unit), and 1340-1348 Blake (1 unit).

NCLT proposed managing the ten scattered site units as one project with resident case management provided by an outside agency. The ten subsidized units would house formerly homeless residents with expected incomes around 15% AMI. The proposal included leveraging the City operating subsidy to support the acquisition of 1349 Hearst and renovation of 2207 Haste. In addition to City funds, NCLT proposed using a bank loan, an energy efficiency loan, and their own equity to fund the project.

- Developer Capacity (30%). Staff rating: Low. NCLT does not meet the HTF Guidelines threshold for developer experience, which requires applicants to have completed either two projects within the last three years totaling 25 units, or three projects within the last five years totaling 35 units. NCLT is in reasonably good financial health, but has limited financial resources relative to other developers.
- Feasibility (30%). Staff rating: Low. As proposed, the project would be difficult to manage and monitor. Staff are also concerned about the long-term viability and advisability of supportive housing in small properties without onsite management.
- Local Needs and Priorities (25%). Staff rating: High. The proposed project would serve formerly homeless households, and the associated renovations would incorporate sustainable upgrades.
- Readiness to Proceed (15%). Staff rating: Medium. NCLT has not secured any financing for the proposed project, and would need to complete additional due diligence related to the rehab scope and project management.

Staff Recommendation:

Staff do not recommend operating funds for NCLT's Homeless to Housed project. Instead, staff recommend allowing a revised application from NCLT for up to \$500k in PLHA rehab funds to support the renovation of 2207 Haste. The recommendation would give NCLT 90 days from Council's approval to submit a revised application.

2021 Housing Trust Fund RFP Applications and Funding Recommendations
October 27, 2021

MLK House - Resources for Community Development (RCD)

RCD requested \$1,128,974 for the renovation of MLK House located at 2942-2944 Martin Luther King, Jr. Way.

MLK House is a 12-room SRO with a resident population comprised primarily of clients of Berkeley Mental Health (BMH). 11 units are occupied by Shelter + Care (S+C) clients, and one by a low-income tenant.

While the City's support has enabled the property to operate on a break-even basis for thirty years, RCD has struggled to build replacement reserves and keep up with the capital needs. As a result, the property needs significant physical upgrades. RCD plans to use the available reserves to fund the project in addition to the City funds.

RCD requested a 0% interest rate on a new City loan. In 2017, City Council approved a refinance of MLK House's original City loan and reset the interest rate at 0% due to the low cash flow and population served.

- Developer Capacity (30%). Staff rating: High. RCD has successfully developed and managed numerous projects in Berkeley. The organization is in a healthy financial position.
- Feasibility (30%). Staff rating: Low-Medium. The renovations are reasonable, but staff are concerned about the ongoing challenges of operating a small property housing a high needs population.
- Local Needs and Priorities (25%). Staff rating: High. The renovation includes health and safety upgrades to a property occupied by formerly homeless residents.
- Readiness to Proceed (15%). Staff rating: High. RCD does not plan to pursue any competitive funding for this renovation, and would be ready to start renovations soon after a City funding reservation.

Staff Recommendation:

Fund RCD's MLK House renovation at the full request - \$1,128,947, and refinance the existing HTF loan into a new development loan with terms consistent with the HTF Guidelines except as noted below. Request that Council approve waivers of the HTF Guidelines to allow a 0% interest rate and City subsidy greater than 40% of the project's total development costs.

2021 Housing Trust Fund RFP Applications and Funding Recommendations
October 27, 2021

St Paul Terrace – Community Housing Development Corporation (CHDC)

CHDC requested \$9,840,000 for St Paul Terrace, located at 2024 Ashby.

CHDC is partnering with St. Paul AME Church to develop affordable housing on the church's property. The proposed project would have 52 units serving households earning between 30%-60% AMI. CHDC aims to reserve 11 units for formerly homeless households, though their ability to do so depends on the availability of certain state funds. CHDC will pursue 4% tax credits, either No Place Like Home funds or Multifamily Housing Program funds from the state, and either Infill Infrastructure Grant funds for Transit Oriented Development (TOD) funds.

CHDC requested that \$2.5 million of their request for St. Paul Terrace be available for predevelopment costs anticipated between now and construction loan closing.

- Developer Capacity (30%). Staff rating: Medium-High. While CHDC technically meets the threshold criteria for experience, they are relying on consultants more experienced with tax credit projects.
- Feasibility (30%). Staff rating: Medium. The project is seeking entitlements under SB35, but CHDC is still finalizing its financing strategy. The operating proforma included a large subsidy, for which there is no identified source.
- Local Needs and Priorities (25%). Staff rating: High. The project brings new affordable housing to the Adeline Corridor, in close proximity to Ashby BART.
- Readiness to Proceed (15%) Staff rating: Medium. The project is seeking entitlement under SB35, which should position the project to compete for state funds in early 2022. The project does not have any funding commitments.

Staff Recommendation:

Fund CHDC's St Paul Terrace at \$2.5M to support predevelopment activities, subject to CHDC obtaining site control. Reserve the approximately \$13M remaining in this funding round for a CHDC project (either this or Ephesians Legacy Court). Once more predevelopment work has been completed, CHDC, City staff and the Subcommittee will work together to determine which CHDC project should be funded first and reserve the needed funds. Prioritize future HTF funds to fully fund the second CHDC project.

Note about the CHDC projects:

Having two simultaneous projects with the same development team, timeline, and proposed funding mix poses several challenges, including development team capacity at peak times and competing against each other for funding. This may affect the feasibility of one or both projects. It is likely that one project will move ahead of the other during the predevelopment phase.

2021 Housing Trust Fund RFP Applications and Funding Recommendations
October 27, 2021

Supportive Housing at People's Park - Resources for Community Development (RCD)

RCD requested \$10,909,593 in development funds and \$3,450,000 in operating subsidies (\$14,359,593 total) for Supportive Housing at People's Park – a new construction project at 2556 Haste.

The University of California, Berkeley selected RCD to develop permanent supportive housing at People's Park, in conjunction with the University's redevelopment of the park and construction of new student housing. Supportive Housing at People's Park will include 119 affordable housing units serving households earning between 10-50% AMI, with at least 62 permanent supportive housing units and onsite supportive services. RCD plans to pursue state No Place Like Home funds, Multifamily Housing Program funds, and 4% tax credits. Berkeley Housing Authority approved 27 project-based vouchers for the project.

RCD requested that \$3M of the total reservation be available for predevelopment funding.

- Developer Capacity (30%). Staff rating: High. RCD has successfully developed and managed numerous projects in Berkeley. The organization is in a healthy financial position.
- Feasibility (30%). Staff rating: High. The project is entitled, and RCD should have site control in 2021. RCD has a track record of successfully developing projects of a similar size and complexity with similar financing structures.
- Local Needs and Priorities (25%). Staff rating: High. More than half of the project's units will provide permanent supportive housing to previously unhoused residents, and the project will be built to GreenPoint Gold standards.
- Readiness to Proceed (15%). Staff rating: Medium-High. The project is entitled with site control expected in November 2021. RCD secured 27 project-based vouchers, and with a City funding reservation would be competitive for state financing in 2022.

Staff Recommendation:

Fund RCD's Supportive Housing at People's Park project at the full request - \$14,359,593, which includes \$10,909,593 in development subsidy and \$3,450,000 in operating subsidy. Allow up to \$3M to be available for predevelopment activities, subject to RCD obtaining site control.

Mary C. Dorst
1310 Cornell Avenue, Berkeley, CA 94702-1010
mcdorst@gmail.com

October 20, 2021

Hello Members of the Housing Advisory Commission,

As a Berkeley resident and native who traces my roots back five generations in my hometown, I want to strongly support the funding request for Supportive Housing at People's Park, agenda item 4.f. on October 21.

It has taken UC-Berkeley too many decades to focus on turning People's Park into the student housing it was meant to be, and including this supportive housing alongside this is the right thing to do. True compassion is not letting unhoused community members continue to camp on the parcel, but rather by providing secure, permanent and appropriate affordable options for them and other applicants in similar circumstances.

Not only are the project based rental subsidies vital for making half the apartments affordable to the unhoused with little to no income, but having some of the other 59 apartments geared to those with just 10% of median income is key to serving people most in need. Normally this income level is not served by affordable housing developments in the region, and I am very glad that Resources for Community Development—my employer—is working to make this possible.

The design for People's Park honors the very special history this site has for Berkeley as well as maintaining needed green and open public space in the South Campus area. I hope that the UC social worker employed at People's Park who has helped find permanent housing for more than 80 households enjoys continued success. And I pray that the funding and construction timeline holds so that my unhoused neighbors will be able to move into this new building by 2025. Thanks for your support.

Mary Dorst

Mary C. Dorst
1310 Cornell Avenue, Berkeley, CA 94702-1010
mcdorst@gmail.com

October 20, 2021

Hello Members of the Housing Advisory Commission,

As a Berkeley native, resident, non-profit worker and homeowner, I want to strongly support the funding request for MLK House, agenda item 4.d. on October 21.

While most assisted and restricted affordable housing for low income renters consists of individual apartments in buildings of 20 units or more, MLK House also fits a different, yet vital community need. Shared housing for folks with a mental health diagnosis is a niche that fully independent apartments does not provide.

This property has served its residents well for decades in partnership with the Berkeley Department of Mental Health. As an outlier in affordable housing inventory, featuring shared living accommodations, it is exceedingly difficult to find funds for physical renovations that become necessary in time. I am glad that my hometown can make part of its housing funds available to address these physical needs and secure the physical asset for these residents. Both as a Berkeley taxpayer and as an employee of the developer—Resources for Community Development—I strongly urge you to support this proposal. I like to see my tax dollars at work like this.

Thanks for your support!

Mary Dorst

Uberti, Mike

From: Dorothy.Walker@comcast.net
Sent: Wednesday, October 20, 2021 7:23 PM
To: Housing Advisory Commission
Subject: Support for 119 units of Supportive Housing

WARNING: This is not a City of Berkeley email. Do not click links or attachments unless you trust the sender and know the content is safe.

Dear Housing Advisory Committee Members,

I am writing to urge you to support providing funding from the Housing Trust Fund to achieve 119 units of Supportive Housing on the People's Park site. This will serve very low income and homeless individuals in a high quality project adjacent to a wonderful new park. As the site is donated, the planning is complete, and the project entitled, it will be able to proceed expeditiously if adequate public funds are forthcoming. This project will be carried out and then operated by Resources for Community Development, a non-profit organization with a long history of successful projects serving those in need in the community.

Thank you for your attention.

Sincerely,

Dorothy Walker
1492 Euclid Avenue
Berkeley, CA 94708