City of Berkeley
NOTICE OF FUNDING AVAILABILITY
Small Sites Program Application
(Available Electronically)

July 20, 2026

On August 25, 2025, the City of Berkeley will begin accepting applications for funding through the City's Small Sites Program (SSP) for the acquisition and rehabilitation of small, multifamily rental housing properties with up to 25 units. The program supports the conversion of vacant or rent-controlled properties to affordable housing with 55-year regulatory agreements, ensuring long-term affordability for current and future residents. The City has $3,800,000 in Small Sites Program funds that can be awarded through this Notice of Funding Availability (NOFA).

Applicants are strongly encouraged to consult the Small Sites Program Guidelines (Exhibit D) for additional information on the program structure and priorities.

APPLICATIONS WILL BE ACCEPTED ON A ROLLING BASIS STARTING AUGUST 25, 2025 AT 8:00 A.M.

Review Process
Applications will be reviewed in the order received. If two applications are received within 10 business days of each other, staff will prioritize the projects based on how well they address the Small Sites Program priorities (listed in Exhibit F).

Once staff receive three applications, or applications for twice the amount of funding currently available, whichever comes first, any subsequent applications will be accepted but not actively reviewed, unless the initial applications are determined to be ineligible for program funding. Staff will keep an updated list of applications and their status at: https://berkeleyca.gov/community-recreation/affordable-housing-berkeley/housing-trust-fund.

The selected borrower(s) will be required to enter into the following agreements with the City:

- Development loan agreement;
- Deed of trust;
- Promissory note; and
- Regulatory agreement.

Updates to the NOFA
City staff cannot respond to questions individually however will post responses to questions about the application and process weekly, as applicable. Submit questions to housingdevelopment@berkeleyca.gov. Please put SSP NOFA 2025 in the subject line of the email. Applicants are encouraged to submit questions by **August 3, 2026, at noon**.

Responses, NOFA updates, and any addenda will be posted online (at https://berkeleyca.gov/community-recreation/affordable-housing-berkeley/housing-trust-fund and announced to interested parties who have submitted the registration form in Exhibit A.

City's Rights to Determine Process and Actions Taken
The City reserves the right at any time, for its own convenience, and in its sole and absolute discretion, to modify or suspend any and all aspects of the selection process, including, but not limited to, this NOFA. The City further reserves the right, in its sole and absolute discretion, to request additional information from any Applicant; waive any defects as to form or content of the NOFA or any other step in the selection process; reissue the NOFA; and to negotiate with any, all, or none of the Applicants. The City retains the right to award all or parts of this contract to several bidders, to not select any bidders, and/or to re-solicit proposals. Funding award decisions will be made solely by the City of Berkeley. The City is in no way obligated to select any application over another, and may, in its sole discretion, reject any and all applications.

Award Timing
Acquisition of the property must occur within 36 months of receiving funding from the City. If not, the funds must be returned.

Exhibits
Exhibit A: Small Sites Program NOFA Registration Form
Exhibit B: Applicant Certification of Proposal
Exhibit C: Application Narratives
Exhibit D: Certification of Household Income
Exhibit E: Small Sites Program Loan Terms and Additional Contract Requirements
Exhibit F: Small Sites Program Guidelines
Exhibit G: Application Prioritization
Exhibit H: Additional Requirements for Cooperatives

APPLICATION INSTRUCTIONS
Submission
Please type or print clearly. Applicants must submit a digital application via email. The date and time of submission will be recorded from the City's electronic receipt of the digital application workbook via email to the addresses provided below. Please send application attachments in a separate email from the workbook so that email size constraints do not delay the submission of the workbook.

Application Form
Please pay careful attention to all requested items contained in this NOFA. Incomplete proposals that do not comply with the conditions of this NOFA may be considered non-responsive. Proposers are required to respond to all questions and provide all information requested in the NOFA. Applicants responding to this NOFA do so at their own expense. The City will not reimburse any cost incurred by any Applicant responding to this NOFA. The act of submitting a proposal is a declaration that the proposer has read the NOFA and understands all the requirements and conditions. A digital copy of the application will be made available to Housing Advisory Commissioners and City Councilmembers along with staff's analysis and funding decision.

The application is available on the City's Housing Trust Fund website:
https://berkeleyca.gov/community-recreation/affordable-housing-berkeley/housing-trust-fund

APPLICATIONS ARE DUE TO:
housingdevelopment@berkeleyca.gov

Please put SSP NOFA 2025 in the subject line of the email.

APPLICATION CHECKLIST
(Detailed descriptions in the Application Workbook)

1. General Information
   - ☐ Required at Application:
     - Signed Small Sites Program NOFA Registration Form (Exhibit A of NOFA)
     - Signed Certification of Proposal (Exhibit B of NOFA)
     - Spreadsheet tab 1a
     - Exhibit C. Application Narratives
   - ☐ Required within 15 days of Application Submission:
     - Board resolution authorizing SSP application and acquisition of property

2. Applicant Experience - Development and Property Management – Required at Application
   - ☐ Spreadsheet tab 2
   - ☐ Audited Financial Statements – most recent two years
   - ☐ Articles of Incorporation
   - ☐ By-Laws
   - ☐ IRS Tax Exemption Letter
   - ☐ Resumes of development team staff
   - ☐ Joint venture and/or partnership agreement, if applicable

3. Site Information
   - ☐ Required at Application:
     - Spreadsheet tab 3
     - Evidence of Site Control
     - Location Map
     - Photos of Site (at least two)
   - ☐ Required within 15 days of Application Submission:
     - Preliminary Title Report (dated within 30 days)
     - Phase I and Phase II Environmental Site Assessment, if available (dated within 1 year). Not required for properties with fewer than 5 units.
     - Appraisal (dated within 60 days)

4. Proposed Scope of Work and Schedule
   - ☐ Required at Application:
     - Spreadsheet tab 4
   - ☐ Required within 15 days of Application Submission:
     - Physical Needs Assessment completed by a qualified third party
     - Property Inspection Reports
     - Architectural Drawings, if available
     - Use Permit, if available
     - Building Permit, if available

5. Financing – Required at Application
   - ☐ Spreadsheet tab 5
     - Copies of Funding Commitments

6. Unit and Tenant Information

- ☐ Required at Application:
  - Spreadsheet Tab 6
  - Documentation of Estimated Utilities
  - Evidence of Tenant Notice
- ☐ Required within 15 days of Application submission:
  - Exhibit D. Certification of Household Income forms
  - Supportive Services Plan, if applicable.
  - Affirmative Marketing Plan
- ☐ Required Prior to Loan Closing
  - Tenant Acknowledgment Forms
- ☐ Additional Requirements for Cooperative Projects:
  - Required Prior to Loan Closing
    - Tenant Acknowledgement Forms with acknowledgment of the proposed cooperative structure. May be submitted 3 months before anticipated conversion, if not converting at Applicant acquisition of the property.
  - Required 3 months before converting to a cooperative
    - Signed statements from shareowners that they have completed a training, understand the cooperative model, and agree to live in a cooperative.
  - Required 6 months before converting to a cooperative
    - Name of selected technical assistance consultant (see Exhibit G of NOFA)
    - Resident training program and curriculum (see Exhibit G of NOFA)
    - Letters of interest from lenders willing to provide share loans with terms
    - Cooperative governing documents that allow the land trust to override the Board of Directors in order to comply with the City's Regulatory Agreement
    - Evidence of State Department of Real Estate approval, if applicable
    - Market study showing supply and demand for housing at proposed income levels
    - Marketing and Management plan including Fair Housing, resident selection plan, methods for people to exit voluntarily or involuntarily
    - Form of Resident Share or Occupancy Agreement

7. Budgets – Required at Application
   - ☐ Spreadsheet Tabs 7a-7d:
     - Sources and Uses
     - Annual Operating Budget
     - Proforma Cash Flow – Current Rents
     - Proforma Cash Flow – Proposed Rents

SMALL SITES PROGRAM NOFA REGISTRATION FORM

Return to:

housingdevelopment@berkeleyca.gov

Please put SSP NOFA 2025 in the subject line of the email.

Submit this form, with the information requested, via email. Registration is not required, but only people who have registered will receive email notice of updates posted online.

Project: _____

Applicant Name:_____

Contact Person: _____

Phone: _____

Email:_____

Date: _____

Exhibit B
Applicant Certification of Proposal

Applicant hereby certifies:

1. Truth of Application
   That the information submitted in the project application and any supporting materials is true, accurate, and complete to the best of my knowledge. Applicant acknowledges and understands that if facts and/or information herein are found to be misrepresented, it will constitute grounds for the default of the funding from which application is being made.

2. Applicant Will Abide by Program Rules
   That if the Applicant is successful in receiving funds as a result of this Application, it will abide by all applicable rules and regulations governing the program, including the Housing Trust Fund guidelines.

3. Applications are Public Records
   That the Applicant acknowledges that the information submitted as part of this application may be made available to the public pursuant to a request under the California Public Records Act.

4. Material Changes to Project
   That the Applicant acknowledges that any material changes to the Project not disclosed to and approved by the City may result in termination of funding for the project. Material changes include but are not limited to: changes to the project's design, amenities, and number and size of units; changes to the development budget; changes to the proposed sales prices, rents or operating expenses; changes to the sources, amounts or terms of financing; changes to the ownership entity or key staff and consultants identified in the Application, or changes to other Application items.

5. Conflict of Interest
   All contracts and subcontracts must be conducted in a manner providing for full and open competition. List any proposed or potential arrangements where any employee (or persons who are anticipated to be employed), officer, or agent of your organization of where any of the above, or their immediate family members, may benefit financially from the award of contracts or subcontracts for the purchase of goods, services, or real estate associated with the proposed project.

_____
Applicant

_____ _____
Applicant Representative Title

_____ _____
Signature Date

1. **Project Overview (Page 1)**
    a. **Describe the proposed project.**
    Include current state of acquisition, status of financial commitments, the status of tenant income verification and resident outreach, and whether the project will involve conversion to a cooperative structure.

    b. **Describe how the project meets the priorities of the Small Sites Program.**

    c. **If applicable, describe the proposed cooperative structure, and the process for transitioning from rent control to a cooperative.**

2. **Developer Experience (Page 1)**
    a. **Cooperative Experience**
    For projects proposing cooperative structures, describe Applicant's experience with converting rental properties to cooperatives. Successful experience is a threshold requirement for applicants proposing cooperatives.

    b. **Property management of Supportive Housing**
    If the proposed project includes supportive services for very low or extremely low-income households that need services to remain stable in housing, include evidence of a satisfactory performance review by any government entity which has funded other supportive housing project(s) managed by the property manager. If projects are in Berkeley, include the name of the project, the name of service provider, and a description of the types of services provided. If the relevant projects are in other cities, include written contracts with service(s) providers and evidence of public services funding such as a written agreement.

3. **Site (Page 1)**
    a. **Describe any existing structures or units that will be demolished as a result of the rehabilitation, if applicable.**

    b. **Describe neighborhood amenities including public transportation, schools, grocery stores, services, etc.**

4. **Proposed Project (Page 2)**
    a. **Describe the type and extent of rehabilitation proposed**
    Include the type of structure, number of stories, number of parking spaces, and whether there is an elevator. Describe if and how the proposed work covers the immediate/urgent items identified in the physical needs assessment.

    b. **Describe how rehabilitation, site improvement, and demolition costs were calculated.**
    Include the name of architect or contractor that provided the estimates. Indicate if either state and/or federal prevailing wage rates were used in calculating the estimates. All City-funded projects are required to pay California prevailing wages.

c. **Will the project be ready to close its City loan within 90 days of application submission?**
If not, what are the barriers to securing all financing and closing within that timeframe?

d. **Describe the tenant outreach completed to date.**
Please also describe plans for additional outreach and education and note any issues of concerns raised by the current tenants.

e. **Describe any accessibility improvements planned as part of the renovations.**

f. **Describe any sustainability measures that will be incorporated in the project.**
How will the project help implement the City's Climate Action Plan? All applicants are strongly encouraged to incorporate energy and water efficient technologies and techniques into their projects and are encouraged to incorporate sustainable materials.

g. **Describe your neighborhood outreach for this project.**

Exhibit D
Certification of Household Income

Please complete and submit certification of household income available electronically on the City's website at: https://berkeleyca.gov/community-recreation/affordable-housing-berkeley/housing-trust-fund.

Exhibit E
SMALL SITES PROGRAM LOAN TERMS AND ADDITIONAL CONTRACT REQUIREMENTS

LOAN TERMS

The City established the following terms for construction and permanent financing for the Small Sites Program:

- A single development loan agreement for construction and permanent financing;
- 3% simple interest;
- Maximum repayment term of 55 years*;
- Repayable from a portion of the project's residual receipts.

*The City can approve some variations on a project-by-project basis. The developer must request the variation in writing and explain why a variance is warranted. Changes to the interest rate and term can only be made with City Council action to waive the program guidelines.

City loans will be evidenced by a Promissory Note secured by a Deed of Trust on the project. A Development Loan Agreement (DLA) will specify all development obligations. Post-occupancy use restrictions will be enforced through a Regulatory Agreement recorded against the project – including both the land and the improvements. For this reason, the Applicant must maintain ownership of the site for the term of affordability. The minimum term for affordability restrictions is 55 years.

CONTRACT REQUIREMENTS

The City of Berkeley's Small Sites Program loan agreement will detail the terms and conditions of the loan for development. In addition to project-specific information, the loan agreement will include local contract provisions including:

- First Source Hiring Policy;
- Nuclear Free Berkeley;
- Use of Recycled Paper;
- Ban on use of virgin redwood and preference for certified sustainable wood;
- Living Wage Ordinance;
- Berkeley Equal Benefits Ordinance;
- Sanctuary City Compliance; and
- Oppressive States Contracting Prohibition.

This list is not comprehensive. This information is provided to applicants to help start to understand and plan for the requirements that come with Small Sites Program funds. If you have questions about these requirements, contact housingdevelopment@berkeleyca.gov. **Please put SSP NOFA 2025 in the subject line of the email.**

Small Sites Program Guidelines

Updated as of 1/19/2021

A. Purpose.
The purpose of the SSP is to support:
1. Acquisition and renovation of occupied, multifamily rental properties;
2. Conversion of rent controlled properties to restricted affordability; and
3. Potential for conversion to limited- or non-equity housing cooperative (LEHC)

The following criteria apply ONLY when the City Council designates funding for the SSP program:

B. Process. The critical difference between the HTF and the SSP is that funds designated by Council for the SSP will go through a fundamentally different allocation process. With Resolution 68,623-N.S. and Ordinance 7,630 adopted in October 2018, the City Council approved an over the counter process whereby allocations of Small Sites Program funding, consistent with the adopted program guidelines, can be approved by the City Manager. When City Council designates funds for the SSP, funds will be made available via the following process:
1. Release NOFA and accept applications on a first-come, first-served basis (no due date);
2. Applications will be reviewed in the order they are received;
3. For applications received within 10 business days of each other, the City Manager will apply the priorities criteria below to determine funding priority;
4. Project review for consistency with guidelines by the City Manager;
5. Approval by City Manager or her designee only (no subcommittee, HAC, or Council approval);
6. Aim for review, approval, and project funding within 90 days of application

C. Priorities in the Event of Multiple Applications Received within 10 Days of Each Other.
1. Buildings at imminent risk of Ellis Act eviction;
2. Occupied projects;
3. Existing residents include vulnerable populations (families with minor children, elderly, disabled, and catastrophically-ill persons);
4. Buildings housing residents with lowest incomes;
5. Buildings that require the lowest amount of subsidy per unit;
6. Projects preserving the greatest number of affordable units;
7. Buildings with a potential for conversion to LEHCs.

The following criteria will be applied to any Eligible Project that applies for SSP funds or whose application is considered during an HTF funding round:

D. Eligibility Criteria
   1. Projects must include acquisition and rehabilitation of a rental property.
   2. Projects must include 2 to 25 units.
   3. Site control is not required at the time of application but funds will only be released at the time of or after fully documented acquisition.
   4. All residential units must meet City's definition of 'dwelling unit' (BMC 23F.04.010) and fully conform to applicable local codes. If a project includes occupied, unpermitted units, legalization of the units must be included in the project scope.
   5. Properties with commercial spaces are eligible, so long as the majority of the project is residential and
      a. Commercial space counts as one unit for City subsidy calculation;
      b. City funds cannot be used for tenant improvements.

E. Project Financing
   1. Projects that include Low Income Housing Tax Credits are not eligible for SSP.
   2. The project must have a bank or CDFI loan in addition to the funds requested by the City and any equity participation by the borrower/buyer.
   3. City will size its loan based on project need: acquisition cost, rehabilitation costs, and developer fee, not to exceed the maximum subsidy limits. SSP projects are not subject to a City loan cap of 40% of total project financing.
   4. Maximum City Subsidy:
      a. $300,000 per unit for buildings of 10-25 units;
      b. $375,000 per unit for buildings of 2-9 units; or
      c. $175,000 per bedroom for group living accommodations or single room occupancy (SRO) housing.
   5. The standard SSP loan term is 55 years, with a 55-year regulatory agreement period.
   6. Repayment of the City loan will be through residual receipts;
      a. 1/3 of the residual receipts may be retained by the borrower;
      b. For any year when the replacement reserve balance is less than 1.5 times the original capitalized replacement reserve, the remaining 2/3 must be deposited into the project's replacement reserve account, if the funding sources allow.;
      c. For any year when the replacement reserve balance is greater than 1.5 times the original capitalized replacement reserve, the remaining 2/3 must be distributed to the City for debt repayment.

F. Renovation Scope
   1. Renovations should address health and safety items, and systems with a remaining useful life of 10 years or less; and
   2. Renovation scope and costs must be substantiated by a recent physical needs assessment (PNA) of the property

G. Project Proforma
   1. Project proformas must demonstrate a positive cash flow for 15 years after project completion, and must demonstrate sufficient cash flow to support debt and the ability to refinance or repay debt in a timely manner without additional resources from the City.
   2. Proformas must show a 5% residential vacancy rate and a 20% commercial vacancy rate.
   3. Reserve deposits must comply with the following:
      a. Operating reserves: None unless balance drops below 25% of prior year's operating expenses.
      b. Replacement reserves: The higher of
         i. the amount needed according to the approved 20-year PNA or
         ii. $400 per unit per year ($350 per unit for projects with 11+ units).

H. Project Budget
   1. The acquisition price must be substantiated by an appraisal showing both the fair market value and the anticipated restricted value.
   2. Fees charged to project must be reasonable, subject to review by the City Manager.
   3. The developer fee is limited to $80,000 plus $10,000 per unit, not to exceed 5% of project costs excluding the developer fee.
   4. Construction management fees may not exceed $25,500 per project, and will be reimbursed at a rate proportional to the predevelopment or development work completed to date.
   5. The construction pricing must be based on the payment of State prevailing wage.
   6. Project budget must include a 15% construction contingency. If the project has leftover construction contingency, 50% of the remaining funds will be deposited into the replacement reserve account.
   7. Project must include a 15% soft cost contingency.
   8. Project budgets must include the following capitalized reserves:
      a. Operating reserves: 25% of budgeted Year One operating expenses
      b. Replacement reserves: The greater of $2,000 per unit or the amount necessary to pay replacement costs for the next 10 years, as specified in an approved PNA.
      c. Vacancy reserves: the monthly rent for units (residential and commercial) vacant at acquisition multiplied by the number of months expected to remain vacant during development and lease-up.

9. If the source of funds allows, up to $100,000 in unspent City loan funds may be retained by the borrower for deposit into the project's reserve accounts. Subject to final building permit or other documentation of borrower's completion of the approved renovation scope.

I. Affordability
   a. Affordability will be measured at the building level, with the goal of achieving an average of 80% of the area median income (AMI) for the project. The City's loan documents will include guidelines for how this will be calculated. The City may alternatively approve limiting all incomes to 80% of AMI.
   b. Borrower must be willing to accept tenants holding Section 8 or Shelter Plus Care rental assistance vouchers.

J. Existing Tenants
   1. Borrower must educate tenants on the conversion from rent control to restricted affordability;
   2. At loan closing:
      a. 75% of existing households must acknowledge their agreement to participate (in the conversion to restricted affordability) in a format approved by the City.
      b. 66% of existing households must income-certify for the property to be eligible for the program, either on average or individually, depending on the proposed affordability requirements. Up to 34% of existing households may be over income (above 120% AMI) or refuse to certify.
   3. Within 60 days of loan closing, borrower must submit a relocation plan to the City for approval, outlining plans for the temporary relocation of residents during renovations, if needed
      a. Relocation shall not exceed 90 days.
      b. Borrower must hire a relocation consultant or similar staffing to provide advisory services to tenants.
      c. Notice will be given to tenants 90 days and 30 days prior to relocation, at a minimum.
      d. Commercial relocation shall be offered in the form of temporary suspension of rent plus a negotiated lump sum to ensure that the business is able to withstand the relocation period.

K. Application Requirements
   1. Applicant must have completed one comparable project, and have demonstrated capacity to undertake the proposed project.
   2. City and City-controlled entity would be eligible to directly purchase properties under the program.

L. Exceptions to Program Requirements
   1. Will be reviewed on a case-by-case basis, and could be approved by the HHCS Director only if they are consistent with the program purpose, project feasibility,

and sustainable housing operations. The HHCS Director may determine that certain requested exceptions would require HAC review and Council approval.

2. The source of the City's funds may impact certain program requirements, if the funding carries limitations on its uses.

M. Limited and Non-Equity Housing Cooperatives
   1. For projects proposing LEHCs, include successful experience with LEHC conversions as a threshold requirement for applicant experience.
   2. Properties acquired with the intent of converting to LEHCs should be considered as homeownership projects.
      a. Existing tenants have the right to remain in units as tenants.
      b. Borrower is required to assist tenants in obtaining financing to become owners, if needed.

Exhibit G
Application Prioritization

Applications will be reviewed in the order received. Projects that meet all program requirements will be eligible for funding through the Small Sites Program. If two otherwise eligible applications are received within 10 business days of each other, staff will prioritize the projects based on how well they address the Small Sites Program priorities listed below.

Program Priority	Lower	Higher
Properties at risk of Ellis Act Evictions	Property is not at risk	Property is at imminent risk
Occupied Projects	Unoccupied, or fewer occupied units	More occupied units
Existing residents include vulnerable populations, such as households with: • Minor children • Elderly residents • People with disabilities • People with catastrophic illnesses	Unoccupied, or no/fewer households with vulnerable persons	More households with vulnerable persons
Properties housing residents with the lowest incomes	Unoccupied, or fewer households with lower incomes	More households with lower incomes
Properties that require the lowest amount of subsidy per unit	Higher subsidy per unit	Lower subsidy per unit
Projects preserving the greatest number of affordable units	Fewer affordable units	More affordable units
Properties with a potential for conversion to a housing cooperative	No potential for conversion, i.e. due to lack of resident support	Plan to convert to cooperative ownership & full resident approval

Exhibit H
Additional Requirements for Cooperatives

Experience Requirements for Cooperatives

The cooperative should meet the following requirements:

- A community land trust must own the land and execute the City's regulatory agreement;
- The cooperative must demonstrate experience with construction management, either internally or through external consultant;
- The cooperative must have a history of getting financing/blanket mortgage if a permanent mortgage is proposed.

Technical Assistant Consultant

Cooperatives must hire a qualified technical assistance (TA) consultant for at least 5 years after the cooperative is formed. The City will review the property owner's performance/competency with the TA every 3 years to determine if cooperative can self-manage. The TA's fee for 3 years should be capitalized in the development budget. The TA's tasks must include:

- Reviewing and approving sales of shares
- Compliance with the Regulatory Agreement
- Review lease to proposed homeowner
- Monitoring compliance of Davis-Sterling and elections
- Reviewing reserves withdrawals

Resident Engagement and Training Program

The City must approve a resident engagement plan that includes a training program that addresses at least the following topics:

- Operating budgeting
- Managing Operations
  - Paying bills
  - Working with contractors
  - Regular maintenance
  - Long-term replacement needs
  - Spending reserves
- Maintaining compliance with regulatory requirements
- Legal/organizational documentation maintaining legal status, filing taxes and the required state and federal documents
- Tenant Selection
  - Compliance with Fair Housing law
  - Description of the lottery process
- Voting and decision making