



Office of the City Manager

CONSENT CALENDAR
January 20, 2026

To: Honorable Mayor and Members of the City Council

From: Paul Buddenhagen, City Manager

Submitted by: Scott Gilman, Director, Health, Housing & Community Services

Subject: 1740 San Pablo Ownership Transfer

RECOMMENDATION

Adopt a Resolution:

1. Approving the transfer of the general partner for 1740 San Pablo, LP from an affiliate of BRIDGE Housing Corporation to Resources for Community Development or their affiliate; and
2. Extending the project's existing \$4,496,669 reservation of Measure U1 general funds for 24 months; and
3. Authorizing the City Manager or designee to execute all original or amended documents to effectuate this action.

FISCAL IMPACTS OF RECOMMENDATION

There are no expected fiscal impacts of the transfer itself. The City entered into an acquisition and predevelopment loan agreement with 1740 San Pablo, LP as the borrower for \$7,500,000 in Measure O funding (Fund #512) to support the project. The City also reserved \$4,496,669 in General Funds from Measure U1 (Fund #016) to support development costs for the project. Resources for Community Development (RCD) would assume the existing loan, which the City would amend to reflect the new partnership structure and to add the Measure U1 funds. RCD indicated that the project may have a funding gap due to tariffs increasing the cost of construction materials, and because of recent changes to the low-income housing tax credit program and fluctuations in tax credit pricing. RCD will pursue value engineering and non-City sources to mitigate that gap but may return to the City with a request for additional funding. At the time of this report, the City has approximately \$2,000,000 in housing funds unallocated to specific projects, comprised mostly of Measure O funds (Fund #512) and some Affordable Housing Mitigation Fee funds (Fund #120).

CURRENT SITUATION AND ITS EFFECTS

1740 San Pablo is a City-funded affordable housing project currently in predevelopment. BRIDGE Housing Corporation (BRIDGE) owns this project through its special purpose entity 1740 San Pablo, LP, and is seeking City Council approval to transfer the general partnership of that entity to another qualified affordable housing

developer. BRIDGE is choosing to transfer the project because it is refining its portfolio strategy and is prioritizing larger-scale (100+ unit) developments moving forward.

BRIDGE identified an interested party, Resources for Community Development (RCD), to take ownership of the project. A competitive bid for new ownership is not required because this action constitutes an administrative transfer of an existing, previously competitively awarded project—approved through the City’s 2019 Housing Trust Fund RFP—to a new management member of the same legal entity (1740 San Pablo, LP). No new procurement, renegotiation or expansion of scope would apply. Staff therefore recommends the transfer consistent with the existing loan agreements and the City Manager’s authority under Housing Trust Fund guidelines to approve transfers to qualified organizations. The City has worked with RCD on many affordable projects, including the recently completed 87-unit Maudelle Miller Shirek Community. Earlier this year, RCD was selected to develop two affordable housing projects as part of the Ashby BART West Lot Transit-Oriented Development team. RCD is a Berkeley-based developer whose portfolio includes more than 300 affordable units in Berkeley, and over 3,000 affordable units throughout the greater Bay Area.

RCD will assume the existing \$7,500,000 Housing Trust Fund loan for 1740 San Pablo. As part of this transfer approval, Council will also need to extend its 2024 reservation of Measure U1 funds for an additional \$4,496,669. This extension will allow RCD time to pursue additional financing, including highly competitive low-income housing tax credits.

BACKGROUND

1740 San Pablo is a 54-unit project for households earning between 30% and 60% of the Area Median Income (AMI). BRIDGE planned to prioritize three residential units for artists and potentially include studio space, if financially feasible. The project was first funded through the City’s 2019 Housing Trust Fund Request for Proposals process. On March 10, 2020, Council approved a resolution (69,315– N.S.) authorizing a loan to support the acquisition and predevelopment phases of the project. Due to rising construction costs and a change in the project that resulted in deeper affordability, BRIDGE requested additional development funding for the project in 2024.

Subsequently, on June 25, 2024, Council passed a resolution (71,403-N.S.) authorizing an additional \$4,496,669 in development funding for 1740 San Pablo. That reservation was for a 24-month period and will need to be extended to allow RCD additional time to secure the project’s remaining financing.

1740 San Pablo was awarded 21 Project Based Vouchers from the Berkeley Housing Authority (BHA). It has also received \$3,087,650 in Infill Infrastructure Grant (IIG) funds from the State of California Department of Housing and Community Development (HCD), and an additional \$1.5 million from the Regional Center of the East Bay (RCEB). BRIDGE is working with all entities to transfer those awards to RCD. If RCD acquires the project, they plan to apply for 9% tax credits in 2026, which would put the project on track to begin construction by early 2027. RCD will explore the feasibility of an artist

preference for up to three residential units, subject to fair housing law and the logistics of implementing along with the City's adopted preference policy.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There will be no environmental impacts related to the transfer, and the project will remain as affordable rental housing for families.

RATIONALE FOR RECOMMENDATION

Because 1740 San Pablo is considered a small project, it is no longer aligned with BRIDGE's priorities as a nonprofit developer. Transferring the project to RCD will protect the City's investment in the project and will enable the project to move forward, providing additional affordable housing stock in Berkeley.

ALTERNATIVE ACTIONS CONSIDERED

None considered.

CONTACT PERSON

Kelly deWolfe, Community Development Project Coordinator, HHCS, (510) 981-5424

Attachment:

1: Resolution

RESOLUTION NO. ##,###-N.S.

AUTHORIZING THE TRANSFER OF 1740 SAN PABLO, LP FROM BRIDGE HOUSING TO RESOURCES FOR COMMUNITY DEVELOPMENT

WHEREAS, the general partner of 1740 San Pablo, LP is an affiliate of BRIDGE Housing Corporation (BRIDGE); and

WHEREAS, on March 10, 2020, with Resolution 69,315-N.S., the City Council allocated \$7,500,000 Housing Trust Fund loan with Measure O bond funds to 1740 San Pablo, LP to support acquisition and predevelopment costs for 1740 San Pablo Avenue in Berkeley, CA; and

WHEREAS, on June 25, 2024, with Resolution No. 71,403-N.S., the City Council reserved an additional \$4,496,669 with Measure U1 funds to support development costs for 1740 San Pablo, conditioned on BRIDGE securing approvals and all remaining project financing within 24 months; and

WHEREAS, BRIDGE determined that the 1740 San Pablo project is no longer compatible with its strategic priorities and is seeking City approval to transfer the project to a qualified organization; and

WHEREAS, in 2025, BRIDGE selected Resources for Community Development (RCD), with the experience and expertise to develop affordable housing for families; and

WHEREAS, the City's existing Loan Agreement with 1740 San Pablo, LP requires City approval of any transfers, including partnership transfers.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City approves the transfer of the general partner role for 1740 San Pablo, LP from a BRIDGE affiliate to RCD or an RCD-controlled affiliate.

BE IT FURTHER RESOLVED that the Council approves BRIDGE's assignment and RCD's assumption of BRIDGE's obligations under the loan agreement for 1740 San Pablo.

BE IT FURTHER RESOLVED that the reservation of \$4,496,669 authorized with Resolution number 71,403-N.S. shall be extended for a period of no more than 24 months from the date of this Resolution, contingent on RCD obtaining all required City approvals and securing commitments for project funding that the City Manager or designee deems sufficient within the reservation period.

BE IT FURTHER RESOLVED that the City Manager or designee be authorized to refinance existing Housing Trust Fund loan (including any accrued interest) into a new loan with terms consistent with the HTF Guidelines.

BE IT FURTHER RESOLVED the City Manager, or designee, is hereby authorized to execute all original or amended documents or agreements to effectuate this action; a

signed copy of said documents, agreements, and any amendments will be kept on file in the Office of City Clerk.

