



Housing Advisory Commission

CONSENT CALENDAR
April 23, 2019

To: Honorable Mayor and Members of the City Council
 From: Housing Advisory Commission
 Submitted by: Xavier Johnson, Chairperson, Housing Advisory Commission
 Subject: Resources for Community Development's 2001 Ashby Avenue
 Predevelopment Loan Application

RECOMMENDATION

Authorize funding for the Resources for Community Development (RCD) predevelopment loan application for \$368,000 for its proposed development at 2001 Ashby Avenue.

FISCAL IMPACTS OF RECOMMENDATION

While there is not presently funding available in the City of Berkeley's Housing Trust Fund, the city is capable of allocating other resources to ensure the future success and viability of this predevelopment project for \$368,000.

CURRENT SITUATION AND ITS EFFECTS

At its February 7, 2019 meeting, the Housing Advisory Commission voted unanimously to support this \$368,000 pre-development loan to Resources for Community Development for its proposed development at 2001 Ashby. The votes for the meeting are located below.

Action: M/S/C (Tregub/Sargent) to recommend to the City Council to support Resources for Community Development's predevelopment loan application for \$368,000 for its proposed development at 2001 Ashby Avenue.

Vote: Ayes: Johnson, Lord, Sargent, Sharenko, Simon-Weisberg, Tregub, and Wright.
 Noes: None. Abstain: None. Absent: Owens (excused) and Wolfe (recused).

BACKGROUND

This project is rated highly in terms of feasibility and addressing long term and systemic challenges in the South Berkeley and Adeline corridor area. By also serving as a location for the site of Healthy Black Homes, the project eventually will function as a convenient and effective location to address some of the communities hardest hit by displacement and gentrification within the City of Berkeley.

Resources for Community Development was selected by the Cooperative Center Federal Credit Union (CCFCU) after an RFP process. With 55-year affordability requirements, this development can serve the low-income community for years to come. Given the harshness of the housing crisis, this predevelopment loan application will move the needle forward in protecting everyone's right to safe and affordable housing.

ENVIRONMENTAL SUSTAINABILITY

Environmental impacts for a predevelopment loan will be none or minimal as the funding merely goes to research the feasibility and possible environmental impacts of a future development.

RATIONALE FOR RECOMMENDATION

This proposal, while it will need to be supported by additional money not currently present within the Housing Trust Fund, would help advance a reliable project that has been vetted by the Cooperative Center Federal Credit Union (CCFCU) for development. We are all aware of the Housing crisis hitting Berkeley and the East Bay and this project represents an important opportunity to preserve community, and to invest in affordable housing in the City of Berkeley.

ALTERNATIVE ACTIONS CONSIDERED

The Housing Advisory Commission considered other options such as not funding the predevelopment application, but found that the best step forward was to find a way to provide predevelopment funding for this particular project.

CITY MANAGER

The City Manager concurs with the content and recommendations of the Commission's Report. Since no funds are available from the Housing Trust Fund at this time, the Council could refer this item to a Policy Subcommittee and/or to the Measure O Oversight Commission for consideration.

It is important to note that at the time of the Housing Advisory Commission recommendation, RCD estimated a City subsidy of approximately \$6 million. Subsequent to that recommendation, RCD revised its City subsidy estimate to nearly \$18 million. The increase is largely due to the unavailability of certain funding sources, including Alameda County A1 funds. It is typical for funding estimates to change during the predevelopment phase, as the project evolves and as the developer explores different funding options. RCD also revised the number, type, and affordability levels of the proposed rental units. The unit count increased from 85 to 88 units, and would include a roughly equal mix of studio, one-, two-, and three-bedroom apartments. Six units would be available to households earning up to 80% of the area median income (AMI), with the remainder serving households earning up to 30%, 50%, and 60% AMI.

CONTACT PERSON

Amy Davidson, Commission Secretary, HHCS, (510) 981-5406

Attachments:

- 1: Staff Memo to the Housing Advisory Commission - Resources for Community Development 2001 Ashby Predevelopment Loan Application



Health Housing and
Community Services Department
Housing & Community Services Division

MEMORANDUM

To: Housing Advisory Commission (HAC)

From: Amy Davidson, Senior Community Development Project Coordinator

Date: January 28, 2019

Subject: Resources for Community Development 2001 Ashby Predevelopment Loan Application

Recommendation

At its December 10, 2018 meeting, the Commission's Housing Trust Fund subcommittee voted to recommend Resources for Community Development's (RCD) predevelopment loan application for \$368,000 for its proposed development at 2001 Ashby, the current site of the Cooperative Center Federal Credit Union (CCFCU). (M/S/C: Tregub/Johnson)

The Housing Trust Fund guidelines allow project sponsors to apply for predevelopment funding at any time, with all recommendations for greater than \$50,000 going to the City Council for consideration. At this time, all the local funding in the Housing Trust Fund has been reserved for the Berkeley Way development so no funds are available. In November, voters passed Measure O, which will provide bond funding for affordable housing. Council has not yet identified priorities for this funding and will be working through its Policy Committee and with the to-be-appointed bond oversight bond to evaluate priorities. If the HAC recommended funding for this project, the Council's options include referring the project to one of those bodies for consideration.

Housing Trust Fund Guidelines

The City's Housing Trust Fund guidelines:

- Allow predevelopment loan applications to be submitted at any time.
- State that predevelopment loans are "generally" the lesser of \$50,000 or \$5,000 per unit, but in practice the City has often exceeded this guideline.
- Limit predevelopment loans to the lesser of \$100,000 or 10% of funds in any year. Exceeding that limit requires Council action, which has been done before. Council reserved \$29.5M in HTF funding in 2018.

A Vibrant and Healthy Berkeley for All

Project Description

CCFCU issued an RFP to select an organization to develop their site at 2001 Ashby and selected Berkeley-based RCD. CCFCU and RCD have entered into a Memorandum of Understanding outlining their plan for RCD to acquire the site and build 85 affordable apartments with ground floor commercial space, including space for Healthy Black Families. Because CCFCU wishes to sell by fall 2019, RCD is working to gain land use entitlements and complete its due diligence before then.

RCD is proposing 85 units, with a mix of studio, one-, two- and three-bedroom apartments affordable to households at or below 30% to 60% of area median income. Some of them would be set-aside for a to-be-determined special needs population, perhaps people who are homeless. RCD is committing \$28,000 of their working capital in addition to their staffing during this period. The predevelopment costs RCD is requesting assistance with include architecture and engineering expenses (45%), related testing, permits and fees, and a purchase deposit to CCFCU. These are all typical predevelopment period costs and are at a reasonable level for a project of this size.

Summary Analysis

The HTF Subcommittee reviewed the staff analysis of developer capacity, feasibility, and community objectives:

- Staff concluded that the proposed team is well qualified to undertake the proposed project. RCD is an experienced, Berkeley-based developer well known to City staff and the community, having developed and owning 56 buildings in the Bay Area. There are no outstanding findings on any RCD projects the City funded in the past.
- In addition to a feasible predevelopment proposal, the proposed project has many key elements of a feasible development: an experienced development team, site control, a flat, infill 0.6 acre site in an excellent location (adjacent to the Ashby BART station) that is zoned for multifamily housing, and proximity to amenities like Berkeley Bowl, in a better funding climate than has existed for years, with new state and local sources. The proposed size of 85 units will probably help make the project both more cost effective and competitive. RCD projects requesting about \$6M from the City for development; this number is likely to change during the predevelopment period as RCD gathers information and other funding.
- This site is in the Adeline Corridor Planning area, and during that planning process, participants have identified a need for more affordable housing in the neighborhood. Participants have also raised alarm with the decreasing African American population in South Berkeley, and this project could help address that issue by providing space for Healthy Black Families.

