



Office of the City Manager

08

CONSENT CALENDAR
September 24, 2019

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Kelly Wallace, Interim Director, Health, Housing & Community Services
Subject: Operating Funding for Community Housing Development Organizations

RECOMMENDATION

Adopt a Resolution:

1. Approving operating funding in the amount of \$28,115 each for FY 2020 for Community Housing Development Organizations (CHDOs) Resources for Community Development and Satellite Affordable Housing Associates; and
2. Authorizing the City Manager to execute all original or amended documents or agreements to effectuate this action.

FISCAL IMPACTS OF RECOMMENDATION

Half of the funds will be allocated from the City's HOME funds (Budget Code: 310-51-504-530-0000-000-444-636110), and the remainder will be allocated from General Funds (Budget Code: 501-51-504-530-0000-000-444-636110). The City currently has approximately \$1 million in HOME funds in the Housing Trust Fund. The General Fund allocation for CHDO operating support was included in the FY2020 approved budget.

CURRENT SITUATION AND ITS EFFECTS

At their July 11, 2019 meeting, the Housing Advisory Commission (HAC) voted to recommend CHDO operating funding for Resources for Community Development (RCD) and Satellite Affordable Housing Associates (SAHA) at \$28,115 each, with the HOME portion of the funds allocated to the CHDO most likely to have a HOME-eligible project within the next two years. (M/S/C: Johnson/Tregub. Ayes: Johnson, Lewis, Sargent, Sharenko, Tregub, and Wright. Noes: None. Abstain: Lord. Absent: Mendonca, Owens, Simon-Weisberg, and Wolfe).

The City issued a Notice of Funding Availability for qualified CHDOs to compete for FY2020 operating funds, and received applications from each of the City's three qualified CHDOs: Bay Area Community Land Trust (BACLt), Resources for Community Development (RCD), and Satellite Affordable Housing Associates (SAHA). Separate from the CHDO process, the City's FY2020 FY2021 budget included annual allocations of \$100,000 to BACLt to support the organization's capacity building efforts.

Funding available includes both HOME funds and City of Berkeley general funds. Under HUD regulations, the HOME funding is only available to a CHDO that is expected to have a HOME-funded project within the next two years. Staff support the HAC's recommendation to fund RCD and SAHA with the FY2020 CHDO operating funds.

Providing operating support to certified CHDOs is a Strategic Plan Priority Project, advancing the City's goal to create affordable housing and housing support service for the most vulnerable community members.

BACKGROUND

Federal HOME program regulations define a CHDO as an organization that meets certain capacity criteria, meets specified board composition criteria, and has certain policies in place. To be "certified" as a CHDO, eligible organizations must provide related documentation to the City for review and approval. BACLT, RCD, and SAHA were recertified as CHDOs through the NOFA process.

Federal regulations require jurisdictions to commit 15% of their HOME funds to a certified-CHDO-sponsored project every year or forfeit the funds. A sponsor whose project is awarded HOME funds must remain a CHDO for the HUD compliance period, which lasts up to 20 years. With dwindling HOME funds and increased HOME requirements, the City has not been able to fund more than one HOME project per year, effectively limiting the use of HOME funds to CHDOs.

Jurisdictions have the option of providing 5% of its HOME funds to CHDOs as operating support, if the CHDO will be working on a HOME-funded project in the next 24 months. Years ago, the City had two qualified CHDOs (RCD and SAHA), and received enough funds to provide \$30,000 in HOME funds to each organization annually. As HOME funds were reduced at the federal level, the City began providing the HOME funds to one organization, and a matching amount of General Funds to the other.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental impacts or opportunities associated with providing operating funds.

RATIONALE FOR RECOMMENDATION

Staff support the HAC's recommendation to fund RCD and SAHA. Staff continue to work with BACLT to support their capacity building efforts and to provide the \$100,000 per year in operating support that Council approved for FY2020 and FY2021.

ALTERNATIVE ACTIONS CONSIDERED

The HAC considered funding all three CHDOs, which would have resulted in lower reservations for RCD and SAHA. In light of BACLT's reservation of capacity building funds, separate from the CHDO process, the HAC decided to recommend funding for only RCD and SAHA.

CONTACT PERSON

Jenny Wyant, Community Development Project Coordinator, HHCS, 510-981-5228

Attachment:
1: Resolution

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

APPROVAL OF FY2020 COMMUNITY HOUSING DEVELOPMENT ORGANIZATION
OPERATING FUNDING FOR RESOURCES FOR COMMUNITY DEVELOPMENT AND
SATELLITE AFFORDABLE HOUSING ASSOCIATES

WHEREAS, THE City Council established a Housing Trust Fund Program (HTF) to assist in the development and expansion of housing affordable to low and moderate income persons who either work or reside within the City of Berkeley, and authorized the City Manager to implement the Program; and

WHEREAS, there is a great need for affordable and special needs housing in the City of Berkeley as stated in the General Plan Housing Element and the City of Berkeley's Consolidated plan; and

WHEREAS, the US Department of Housing and Urban Development allows each jurisdiction to reserve up to 5% its HOME Investment Partnership Program (HOME) entitlement for operating support for certified Community Housing Development Organizations (CHDO); and

WHEREAS, the City has historically matched the HOME CHDO funds (\$28,115 for FY2020) with an equal amount of General Funds; and

WHEREAS, the City issued a Notice of Funding Availability for \$56,230 in CHDO operating funds and received applications from certified CHDOs including Resources for Community Development and Satellite Affordable Housing Associates; and

WHEREAS, on July 11, 2019, the Housing Advisory Commission recommended funding Resources for Community Development and Satellite Affordable Housing Associates at \$28,115 each.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it approves the following reservations of CHDO operating funds for FY2020:

- \$28,115 in General Funds for Resources for Community Development
- \$28,115 in HOME funds for Satellite Affordable Housing Associates

BE IT FURTHER RESOLVED that the City Manager, or her designee, is hereby authorized to execute all original or amended documents or agreements in accordance with the intent of this Resolution; a signed copy of said documents, agreements, and any amendments will be kept on file in the Office of the City Clerk.