



Office of the City Manager

CONSENT CALENDAR
December 10, 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: Jointly Apply for No Place Like Home Funding for Maudelle Miller Shirek Community at 2001 Ashby Avenue

RECOMMENDATION

Adopt two Resolutions that enable the proposed Maudelle Miller Shirek Community project to access State of California No Place Like Home program funds by:

1. Authorizing the City Manager to prepare and submit a joint application for Maudelle Miller Shirek Community at 2001 Ashby.
2. Authorizing the City Manager to take actions needed for the City's participation in the No Place Like Home program by adopting state-required terms about submitting applications, entering into the State's Standard Agreement and other documents, and providing mental health services for tenants of the resulting housing.

FISCAL IMPACTS OF RECOMMENDATION

There are no direct fiscal impacts for being a joint applicant for No Place Like Home (NPLH) funds. However, as a joint applicant, the City may share responsibility for completing the affordable housing development. Staff will evaluate the requirements and risks, and if needed, enter into side agreements with project sponsors to clarify responsibilities and mitigate risk to the City.

The City will be required to provide mental health services to tenants of the twelve NPLH units. Berkeley Mental Health already provides mental health services to qualifying people with serious mental illness who reside in Berkeley. In addition, the City of Berkeley funds services provided by contractors to homeless individuals who have a mental illness.

CURRENT SITUATION AND ITS EFFECTS

The proposed Maudelle Miller Shirek Community includes 87 residential units that will be affordable to households earning from 20% of the area median income (AMI) to 80% AMI. Twelve units will be set aside for people who were homeless and have a mental illness.

Resources for Community Development (RCD) requested \$17M in development funding through the City's 2019 Housing Trust Fund Request for Proposals. City Council reserved predevelopment funds on April 23, 2019 and October 29, 2019 totaling \$1,568,000.

RCD is pursuing NPLH through the California Department of Housing and Community Development's (HCD) current Notice of Funding Availability (NOFA). RCD is only eligible to apply for NPLH funding if they jointly apply with a county. Because the City has its own mental health department, the City is considered a 'small county' and is an eligible applicant for the purposes of NPLH. The first attached resolution authorizes a joint application by the project and the City to HCD. The second attached resolution includes terms required by the State for the City's participation in the program, and does not reference a specific project. It commits the City to providing services to tenants in the resulting units, as required by NPLH, and authorizes the City Manager to take the actions necessary to apply for and receive the funds.

Tenants for the resulting units will be selected through the Countywide Coordinated Entry System (CES) which will prioritize people who are homeless and have a qualifying mental health disability and a Berkeley connection. Berkeley Mental Health is already charged with providing services to people in Berkeley with a serious mental illness.

In order for the project to receive the State funds, the City will be required to enter into the State's Standard Agreement for the project but will not receive any funds directly. In 2016, the City submitted a joint application for Affordable Housing and Sustainable Communities funding with Satellite Affordable Housing Associates (SAHA) for Grayson Apartments development, and was required to enter into the same Standard Agreement. The City entered into a side agreements with SAHA that passed responsibilities and liabilities from the City to SAHA as the sponsor. The City will enter into a similar agreement clarifying responsibilities between BRIDGE Housing Corporation and the City for the 2018 joint application for NPLH funds. Staff recommend doing the same thing for Maudelle Miller Shirek Community's funds, and the first attached resolution will provide the City Manager with the authority to do so.

Jointly applying for NPLH funds and committing to services is a Strategic Plan Priority Project, advancing our goal to create affordable housing and housing support service for our most vulnerable community members.

BACKGROUND

On July 1, 2016, Governor Brown signed legislation enacting the NPLH program to dedicate up to \$2 billion in bond proceeds to invest in the development of permanent supportive housing for persons who are in need of mental health services and are experiencing homelessness, chronic homelessness, or who are at risk of chronic homelessness. In this program, the State requires a local mental health jurisdiction (in this case, the City) to apply itself, if acting as a developer, or jointly with an affordable housing developer. The state issued approximately \$178 million in its first competitive NPLH round, and expects to award a similar amount in the current round.

The City submitted a joint application for Berkeley Way during the first round of NPLH funding. Joint applicants are typically required to accept joint liability, but the City and joint applicant may enter into a side agreement that establishes project responsibilities and indemnifies the City. Joint applications also demonstrate the City's commitment to advancing affordable housing locally.

ENVIRONMENTAL SUSTAINABILITY

There are no environmental sustainability effects directly associated with the recommendations in this report.

RATIONALE FOR RECOMMENDATION

The NPLH competitive funds can only be used for affordable housing developments targeted for people who are homeless with a serious mental illness. In addition to development funds, NPLH would provide operating support for the project's homeless units. There are very few sources for operating funds, which can help sustain the project and ensure adequate support for the higher needs households.

ALTERNATIVE ACTIONS CONSIDERED

The City could request that RCD jointly apply with Alameda County. Alameda County is part of the large county pool, which was oversubscribed in the first round of NPLH funding. RCD's application may be more competitive in the small county pool.

CONTACT PERSON

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

Attachment:

- 1: Resolution (Joint Application for No Place Like Home Funds for Maudelle Miller Shirek Community at 2001 Ashby Avenue)
- 2: Resolution (Authorization to Participate in the No Place Like Home Program)

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

JOINT APPLICATION FOR NO PLACE LIKE HOME FUNDS FOR MAUELLE MILLER
SHIREK COMMUNITY AT 2001 ASHBY AVENUE

WHEREAS, the City of Berkeley (City) and Resources for Community Development (RCD) entered into a predevelopment loan agreement dated May 1, 2019 to support predevelopment activities for Maudelle Miller Shirek Community at 2001 Ashby Avenue (contract number 32000049) as authorized by Resolution No. 68,824-N.S. adopted on April 23, 2019 and amended by Resolution No. 69,163-N.S. adopted on October 29, 2019; and

WHEREAS, on September 27, 2019, the California Department of Housing and Community Development issued a Notice of Funding Availability for competitive No Place Like Home (NPLH) program funds; and

WHEREAS, in order for RCD to pursue funding through the NPLH program, RCD must submit a joint application with either the City or Alameda County; and

WHEREAS, RCD determined that a joint application with the City would be more competitive in the current NPLH funding round; and

WHEREAS, the City may be required to accept a portion of the project's liability as a condition of the joint application, though the risk may be mitigated by a side agreement negotiated between the City and RCD.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it approves the submission of a joint application with RCD or their affiliate for the NPLH application for Maudelle Miller Shirek Community.

BE IT FURTHER RESOLVED that the City Manager shall work to mitigate risk to the City from serving as a joint applicant, including negotiating an agreement with RCD regarding mutual responsibilities.

BE IT FURTHER RESOLVED that the City Manager, or her designee, is authorized to execute in the name of Applicant the NPLH Program Application Package and the NPLH Program Documents as required by the Department for participation in the NPLH program.

BE IT FURTHER RESOLVED that the City Manager, or her 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 the City Clerk.

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

AUTHORIZATION TO PARTICIPATE IN THE NO PLACE LIKE HOME PROGRAM

WHEREAS, the State of California, Department of Housing and Community Development (“Department”) issued a Notice of Funding Availability for Round 2 funds dated September 27, 2019, as may be amended from time to time, (“NOFA”), under the No Place Like Home Program (“NPLH” or “Program”) authorized by Government Code section 15463, Part 3.9 of Division 5 (commencing with Section 5849.1) of the Welfare and Institutions Code, and Welfare and Institutions Code section 5890;

WHEREAS, the NOFA relates to the availability of approximately \$622 million in Competitive Allocation funds under the NPLH Program; and

WHEREAS, the City of Berkeley (“City”) is an Applicant within the meaning of Section 101(c) of the NPLH Program Guidelines, dated September 2019 (“Guidelines”).

NOW, THEREFORE, BE IT RESOLVED, that the City Council does hereby determine and declare as follows:

SECTION 1. That City is hereby authorized and directed to apply for and if awarded, accept the NPLH Program funds, as detailed in the NOFA, up to the amount authorized by the Guidelines and applicable state law.

SECTION 2. That the City Manager, or his or her designee, is hereby authorized and directed to act on behalf of City in connection with an award of NPLH Program funds, and to enter into, execute, and deliver any and all documents required or deemed necessary or appropriate to evidence the loan of NPLH Program funds, the City’s obligations related thereto, and the Department’s security therefore. These documents may include, but are not limited to, a State of California Standard Agreement (“Standard Agreement”), a regulatory agreement, a promissory note, a deed of trust and security agreement, and any and all other documents required or deemed necessary or appropriate by the Department as security for, evidence of, or pertaining to the NPLH Program funds, and all amendments thereto (collectively, the “NPLH Program Documents”).

SECTION 3. That City shall be subject to the terms and conditions that are specified in the Standard Agreement; that the application in full is incorporated as part of the Standard Agreement; that any and all activities funded, information provided, and timelines represented in the application are enforceable through the Standard Agreement; and that City will use the NPLH Program funds in accordance with the Guidelines, other applicable rules and laws, the NPLH Program Documents, and any and all NPLH Program requirements.

SECTION 4. That City will make mental health supportive services available to each project’s NPLH tenants for at least 20 years, and will coordinate the provision of or referral to other services (including, but not limited to, substance use services) in accordance with

the City's relevant supportive services plan, and as specified in Section 202(n)(1) of the Guidelines.