



Housing Advisory Commission

CONSENT CALENDAR
December 3, 2019

To: Honorable Mayor and Members of the City Council
From: Housing Advisory Commission
Submitted by: Xavier Johnson, Chairperson, Housing Advisory Commission
Subject: Transfer Tax Refund for 1638 Stuart Street

RECOMMENDATION

The Commission recommends that the City Council authorize the City Manager to grant a transfer tax refund of an estimated \$10,260 to the Bay Area Community Land Trust (BACLT) refund in support of the renovation of 1638 Stuart Street and BACLT's operation of the property as affordable housing.

FISCAL IMPACTS OF RECOMMENDATION

Since the Housing Advisory Commission took action, the transfer tax was paid at the originally estimated amount, \$10,260. There will be a cost of \$10,260 to the City for this action, plus staff time for contracts and other follow up actions.

CURRENT SITUATION AND ITS EFFECTS

Providing a Transfer Tax Refund for 1638 Stuart Street is a Strategic Plan Priority Project that will advance the City's goal to create affordable housing. BACLT submitted a letter addressed to the Housing Advisory Commission, requesting a refund of the transfer taxes for 1638 Stuart Street which will provide more funding to support the renovation of the property. BACLT is in the process of closing its Small Sites Program loan, which will pay for the renovation of eight residential units on the property that will be converted to long-term affordable housing.

McGee Avenue Baptist Church will maintain ownership of 1638 Stuart Street throughout the rehabilitation and operation as affordable housing. BACLT has entered into a 57-year lease with the Church in order to renovate and then operate the property for the length of the City's loan and regulatory agreement. The Church's transfer of the property to its affiliate LLC, and the recording of a memorandum of lease against the property trigger transfer taxes. The transfer taxes were calculated based on the value of the lease, and the City's portion of the taxes was \$10,260.

At the September 5, 2019 meeting of the Housing Advisory Commission, the commission voted to:

Action: M/S/C (Lord/Simon-Weisberg) recommend that City Council authorize the City Manager to grant an estimated \$10,260 to Bay Area Community Land Trust (BACLT) in the form of a transfer tax refund, in support of the renovation of 1638 Stuart Street and BACLT's operation of the property as affordable housing.

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

BACKGROUND

1638 Stuart Street is an eight-unit property that has been vacant for more than 20 years. Using Small Sites Program funds, BACLT will renovate the property and bring the units back into active use, restricting them to households earning up to 80% of the area median income. The property is dilapidated, and has extensive renovation needs. With construction costs continuing to increase, the project would benefit from a reduction in the amount of transfer taxes owed. The funds would be better used to support renovation needs, or for reserves that can help support the project's operations in the long term.

In 2014, City Council approved a transfer tax refund to the David Brower Center and Resources for Community Development related to the Oxford Plaza development when a transfer to an RCD-affiliated entity for refinancing triggered the transfer tax.

ENVIRONMENTAL SUSTAINABILITY

This project will go to funding affordable housing and help reduce vehicle miles traveled, since some of the future residents who are income-eligible and who work in Berkeley, will no longer need to commute from cities further away.

RATIONALE FOR RECOMMENDATION

The allocation of this funding will help in the preservation of eight units of affordable housing in the City of Berkeley.

ALTERNATIVE ACTIONS CONSIDERED

No alternative actions considered.

CITY MANAGER

The City Manager concurs with the content and recommendations of the Commission's Report.

CONTACT PERSON

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