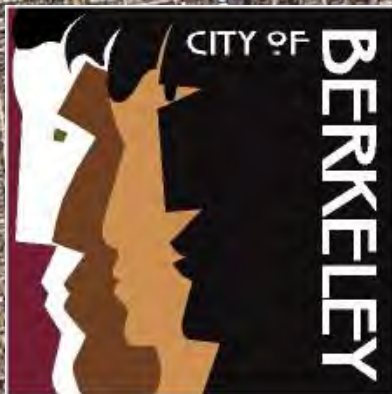




PLAN to PLACE
VAN METER WILLIAMS & POLLACK
AARON WELCH PLANNING
KITTELSON & ASSOCIATES
STREET LEVEL



CAG MEETING # 3a

Ashby + North Berkeley BART

October 14, 2020

TOPIC: Development Feasibility and Affordable Housing





Meeting Notices

- Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this meeting of the City's BART Community Advisory Group will be conducted exclusively through teleconference and Zoom video conference. Please be advised that pursuant to the Executive Order and the Shelter-in-Place Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, there will not be a physical meeting location available.
- Please be mindful that this meeting will be recorded, and all other rules of procedure and decorum will apply for the City's BART Community Advisory Group meetings conducted by teleconference or videoconference.



1. WELCOME, PROJECT UPDATES + PROCESS OVERVIEW

- Welcome: Interim Planning Director, Jordan Klein
- CAG #3 Agenda Overview
- Meeting Logistics + Facilitation
- Planning Process Update
- CAG Q & A



CAG Meeting #3 Agenda Overview

Development Feasibility and Affordable Housing

- Meeting #3a: Wednesday, October 14, 2020: 6pm – 9pm
- Meeting #3b: Tuesday, October 20, 2020: 6pm - 9pm



Tonight's Agenda (Meeting #3a)

6:00pm – 9:00pm

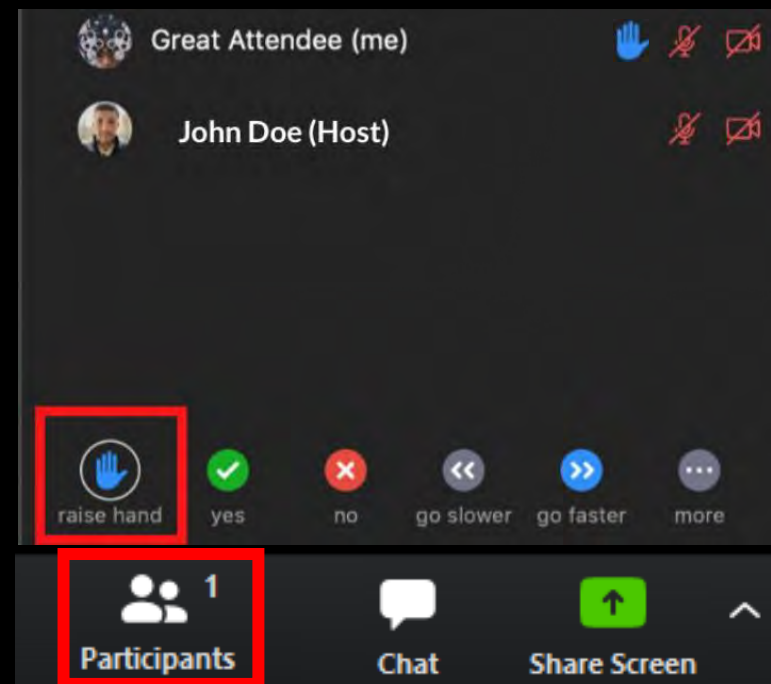
1. Welcome, Project Updates + Process Overview
2. Financial Feasibility: What Makes a Development Project Work?
3. CAG Small Group Exercise
4. Next Steps
5. Public Comment (up to 30 minutes)

Meeting Logistics + Facilitation

Via Raise Hand feature (either on computer or by dialing *9 on your phone). The meeting facilitator (Dave) will recognize you and unmute your mic. ***one minute per speaker***

Comments received via mail or email before the meeting and through October 30 will be part of the public record and included in the meeting summary.

Raise Hand Feature

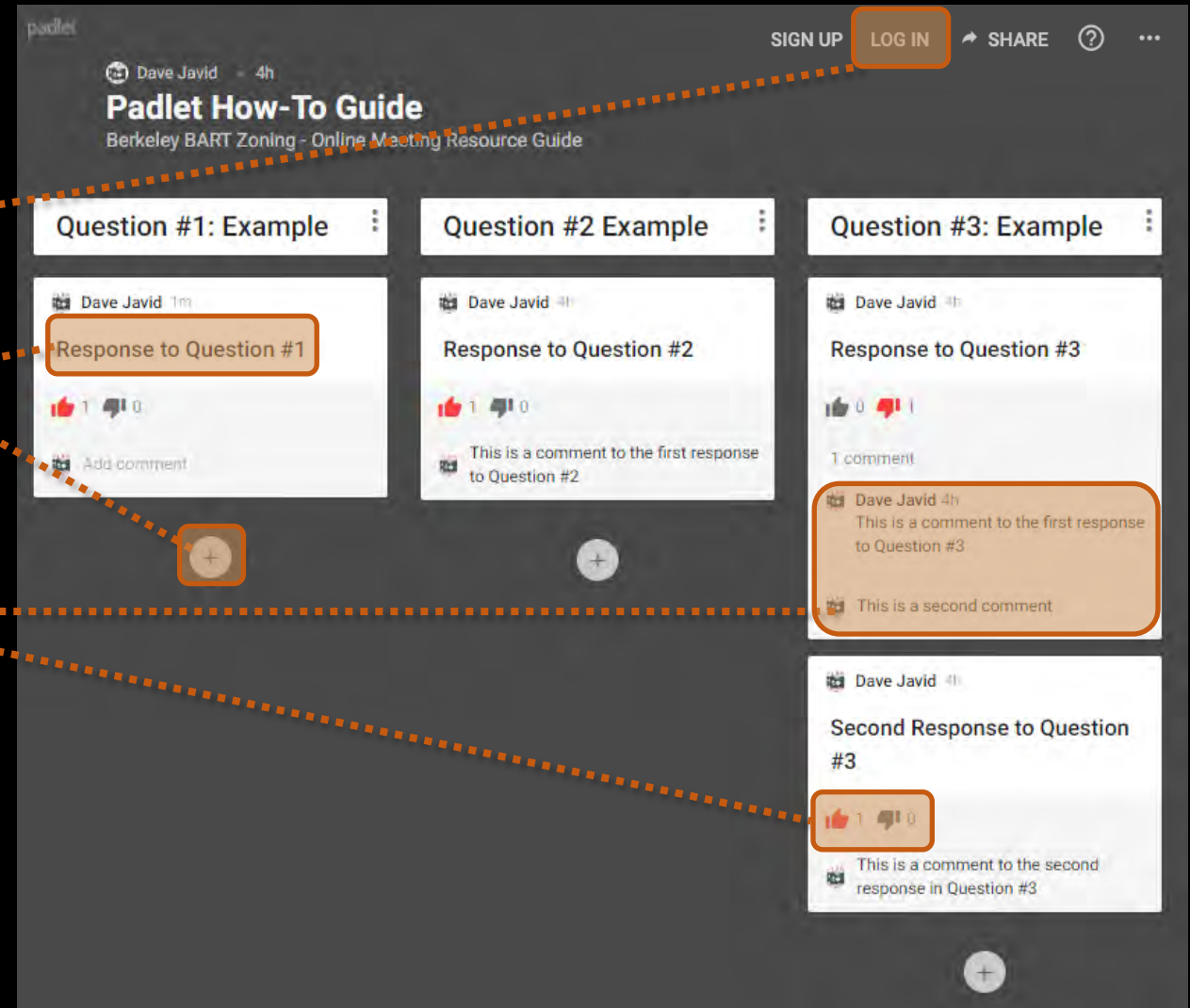


CAG Discussion: Interactive Online Feedback

Padlet How-to Guide

- 1) Log in to Padlet.com to access the platform and contribute.
- 2) Use the “+” icon to add your response to questions.
- 3) Add a comment to other CAG member responses, and/or “up or down vote” responses.

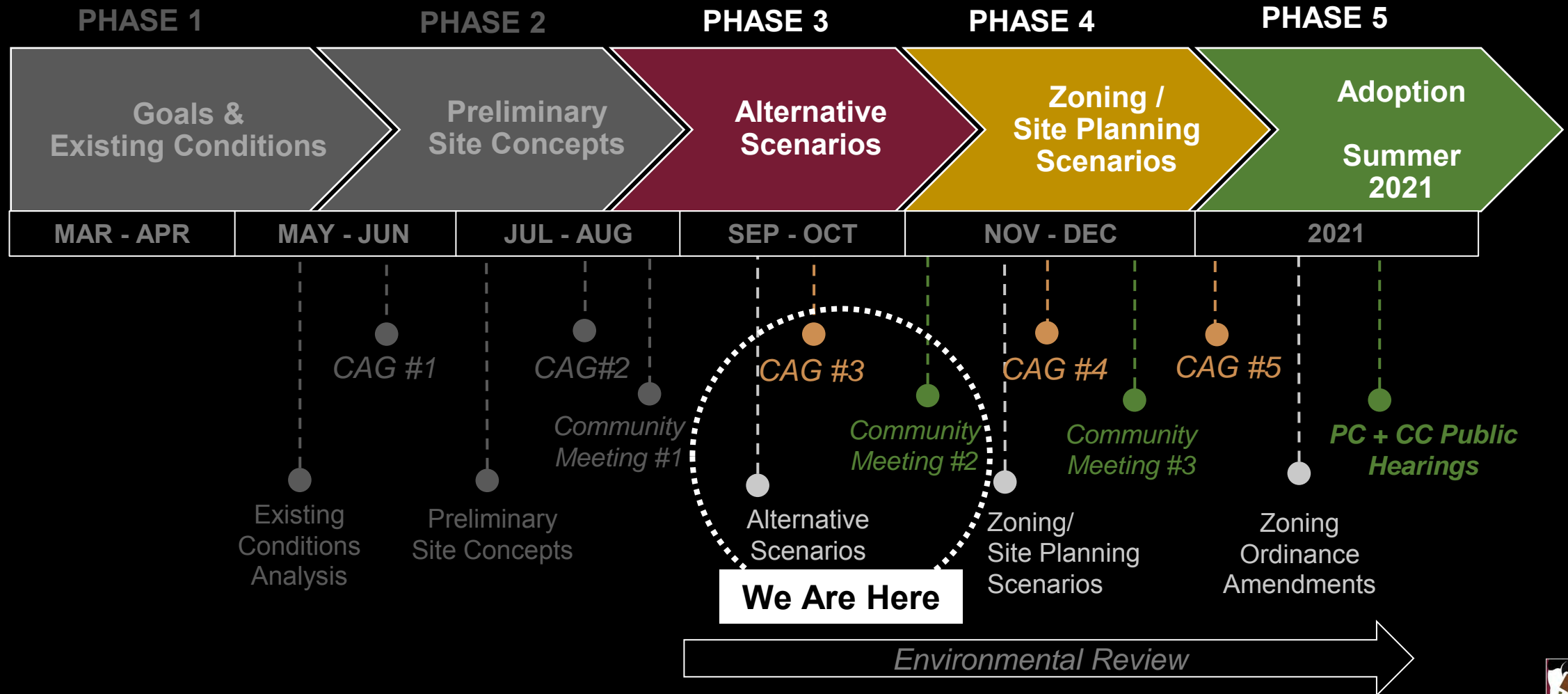
For questions about how to access or navigate Padlet, please email Suhaila at suhaila@plantoplace.com



Overall Planning Process for BART Stations



Preliminary Planning



Conceptual Schedule – timing and number of meetings may change

Overall Planning Process for BART Stations



Future Stages: Deliverables

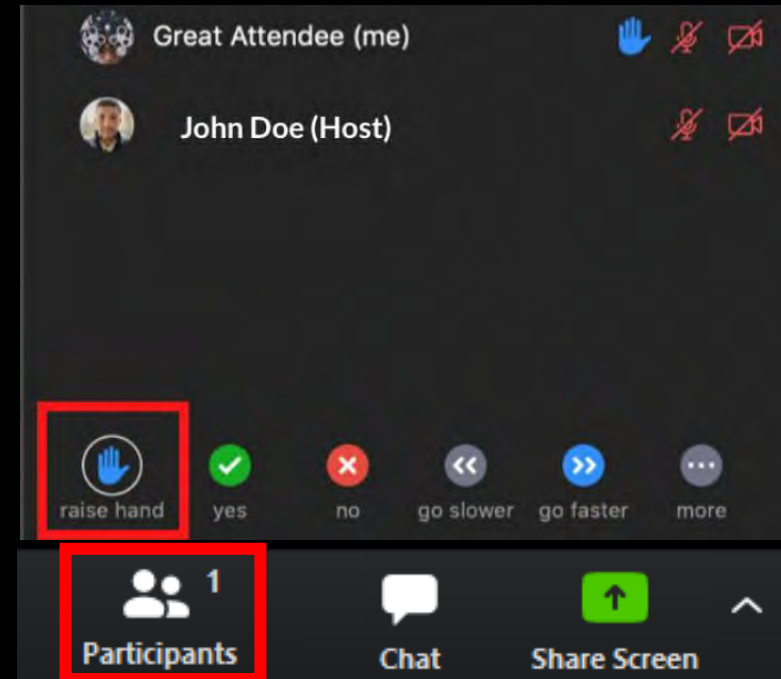
- **Station Access Study:** Detailed access investment priorities, site layout, BART parking replacement (funded by Caltrans and FTA Grants and Future Developers)
- **Site Design Requirements:** Work with developers to set specific detailed design standards (funded by FTA Grant and Developers)
- **Entitlement Process:** Specific project details, unit count, final affordability details including number of units and populations served

CAG Q + A:

Clarifying Questions from CAG


Via Raise Hand feature – on your computer open the Participants window and select the Raise Hand feature at the bottom of the window. If calling in, please **dial *9**. The meeting facilitator (Dave) will recognize you and unmute your mic.

Raise Hand Feature

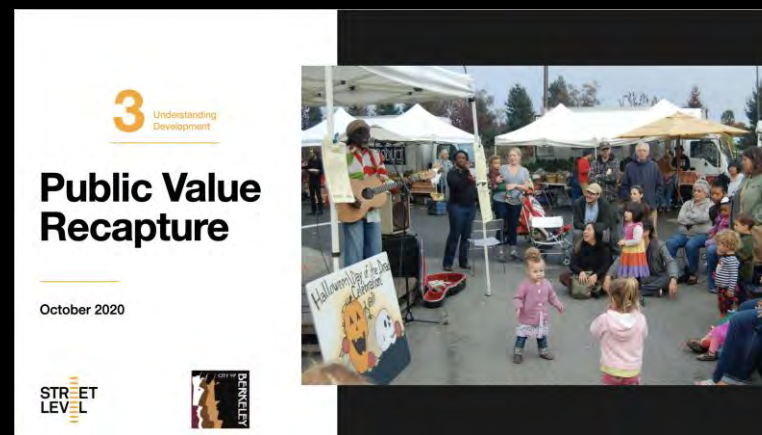
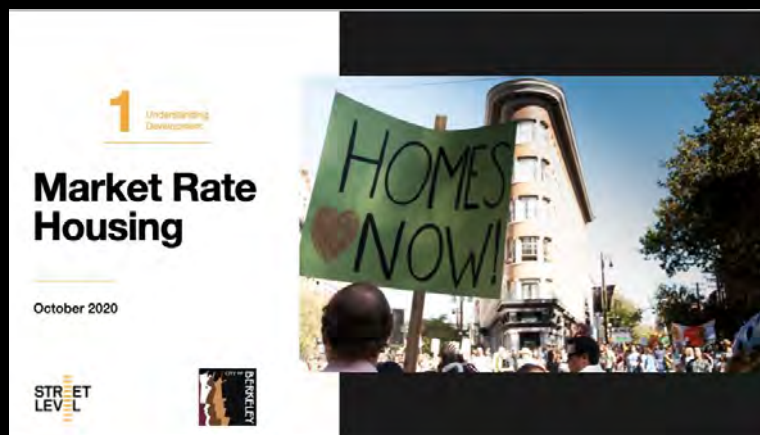




2. FINANCIAL FEASIBILITY EXERCISE:

- 
- Overview
 - Building Height and Affordable Housing
 - Higher Levels of Affordable Housing
 - Infrastructure, Open Space, and Parking
 - Balancing Multiple Goals

Housing 101 Video Series



Links to videos available at: www.cityofberkeley.info/bartplanning

Why Understand Feasibility?

Christian Gonzáles Véron



Hard Choices





What We Heard from Developers

- 5-8 story apartment buildings are most likely for both sites
- Only a very small amount of retail space
- Little or even no resident parking could work
- High percentages of affordable housing will require public subsidy
- Nothing might be feasible in today's market conditions, but dense multifamily housing will work on these sites again soon



Multifamily Rental (5-8 stories)

- Hard Cost Per Square Foot: \$395
- Parking Ratio: 0.3 (1 space for every 3 apartments)
- Total Cost Per Unit: \pm \$650,000

Photo: Dan Reed



Market Rate Rents

| | Studio | 1 br | 2 br |
|------------|---------|---------|---------|
| Rent/month | \$2,800 | \$3,950 | \$4,850 |
| Per Foot | \$6.22 | \$5.27 | \$5.11 |

Photo: Dan Reed



Affordable Rents

| | % AMI | Income Limit (2 Person Household) | Example Rent (1 Bedroom) |
|-----------------------------|--------------|--|-------------------------------------|
| Extremely Low Income | 30% | \$31,350 | \$700 (or less) |
| Very Low Income | 50% | \$52,200 | \$1,100 |
| Low Income | 80% | \$83,500 | \$1,900 |



Photo: Resources for Community Development

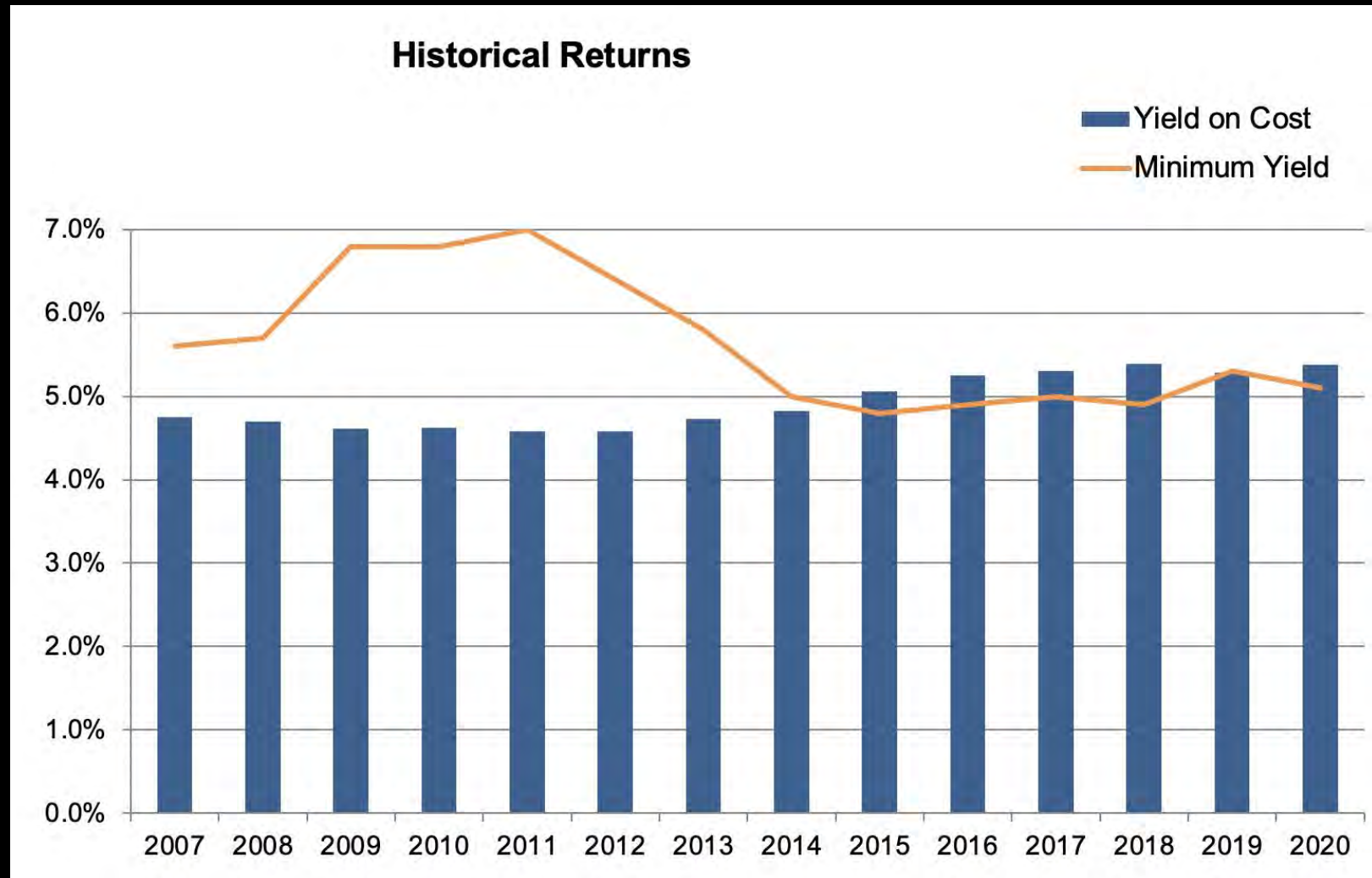


Feasibility – Market Rate Projects

| Example Project | Per Unit |
|------------------------------|------------|
| Annual Income | \$ 47,000 |
| Operating Expenses | \$ 16,000 |
| Net Operating Income (NOI) | \$ 30,000 |
| Total Development Cost (TDC) | \$ 645,000 |
| Yield on Cost (NOI/TDC) | 4.71% |

Projects are assumed to be feasible if Yield is above 5.0% today

Feasibility Across the Market Cycle





Could Costs Come Down?

| Example Project | Per Unit |
|------------------------------|------------|
| Annual Income | \$ 47,000 |
| Operating Expenses | \$ 16,000 |
| Net Operating Income (NOI) | \$ 30,000 |
| Total Development Cost (TDC) | \$ 614,000 |
| Yield on Cost (NOI/TDC) | 5.0% |

← Reduced Cost

Projects are assumed to be feasible if Yield is above 5.0% today



Feasibility – Affordable Projects

Key question: Can we secure enough subsidy?

| SOURCE | DEBT | EQUITY | IN-KIND |
|---------------|----------------------|----------------------------------|--------------------------|
| FEDERAL/STATE | Competitive Programs | Tax Credits Government Grants | |
| LOCAL | Revolving Loan Funds | Other Gifts | Donated Land |
| OTHER | Bank Loans | | Waived Fees |
| DEVELOPER | | | Developer Fee Reductions |

Why not a Tower?



Why not for Sale?

- Challenge: BART wants to retain control of the sites in the event of future unanticipated transit needs.
- Instead of selling land, BART will use a ground lease
- No more than 66-year lease term for market-rate development



Tradeoffs

- Building Height and Affordable Housing
- Maximizing Affordable Housing with Public Subsidy
- Infrastructure, Open Space, and Parking



Photo: Caelie Frampton

Building Height and Affordable Housing

4 Stories



OHLONE GARDENS – El Cerrito

- 57 units of affordable housing on 0.9 acre
- 61 dwelling units per acre
- 4 stories total
(3 stories Type V over 1 story Type I parking podium)
- Ground-floor office / commercial

6 Stories



WESTBOURNE PARK – Fremont (under construction)

- 136 units on 1.7 acres
- 80 dwelling units per acre
- 6 stories total
(5 stories Type III-A over 1 story Type I parking podium)

8 Stories



GREYSTAR III (THE HUXLEY) – Redwood City

- 137 units on 0.76 acres
- 180 dwelling units per acre
- 8 stories total
(5 stories Type III-A over 3 stories Type I – includes 1 floor subgrade garage)

****Note: Unit numbers above are illustrative for the purpose of this exercise.***



How Many Units Fit?

Capacity Exercise:

| | 4 Stories | 6 Stories | 8 Stories |
|-----------------------|------------|------------|------------|
| Ashby | 450 | 700 | 975 |
| North Berkeley | 425 | 650 | 900 |



Return with no Affordable Housing (and 5% Reduction in Cost)

| Exercise | 4 Stories | 6 Stories | 8 Stories |
|----------------|-----------|-----------|-----------|
| Ashby | 4.95% | 5.05% | 5.19% |
| North Berkeley | 4.89% | 5.01% | 5.16% |

* Assumes 5% reduction in hard costs, limited infrastructure costs

Projects are assumed to be
feasible if Yield is above 5.0%



Supportable Onsite Affordable Housing *(with no subsidy)*

| Ashby Exercise | Total Units | Affordable Units |
|----------------|-------------|------------------|
| 4 story | 450 | 45 |
| 6 story | 700 | 100 |
| 8 story | 975 | 185 |

* Assumes 5% reduction in hard costs, limited infrastructure costs



Why Can Taller Projects Support More Affordable Housing?

| Ashby Exercise | Total Units | Affordable Units | Affordable % |
|----------------|-------------|------------------|--------------|
| 4 story | 450 | 45 | 10% |
| 6 story | 700 | 100 | 14% |
| 8 story | 975 | 185 | 19% |

* Assumes 5% reduction in hard costs, limited infrastructure costs



Building Height and Affordable Housing

Discussion Questions:

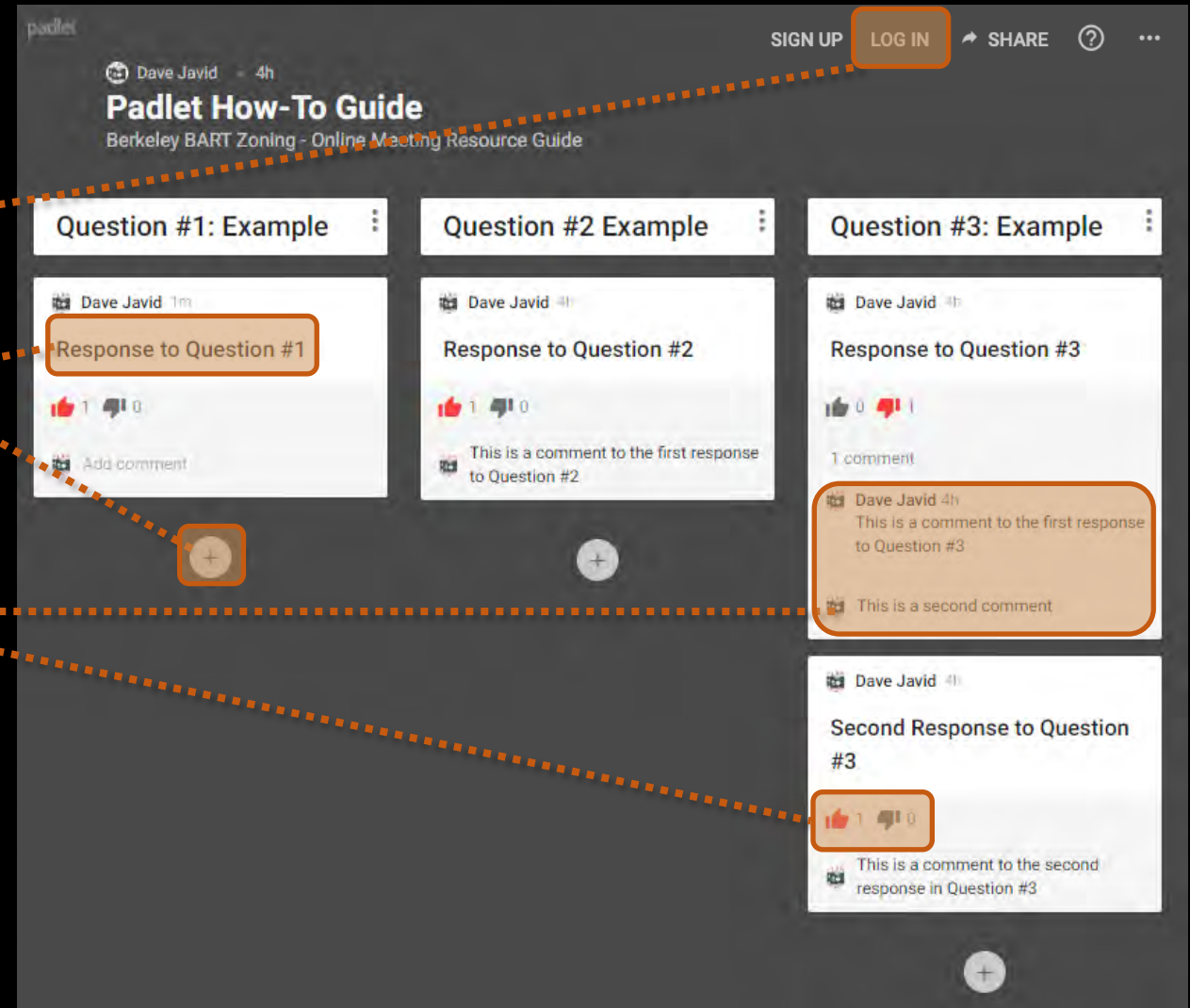
- Where would you personally draw the line in terms of height?
- What are the racial equity implications of this choice?

CAG Discussion: Interactive Online Feedback

Padlet How-to Guide

- 1) Log in to Padlet.com to access the platform and contribute.
- 2) Use the “+” icon to add your response to questions.
- 3) Add a comment to other CAG member responses, and/or “up or down vote” responses.

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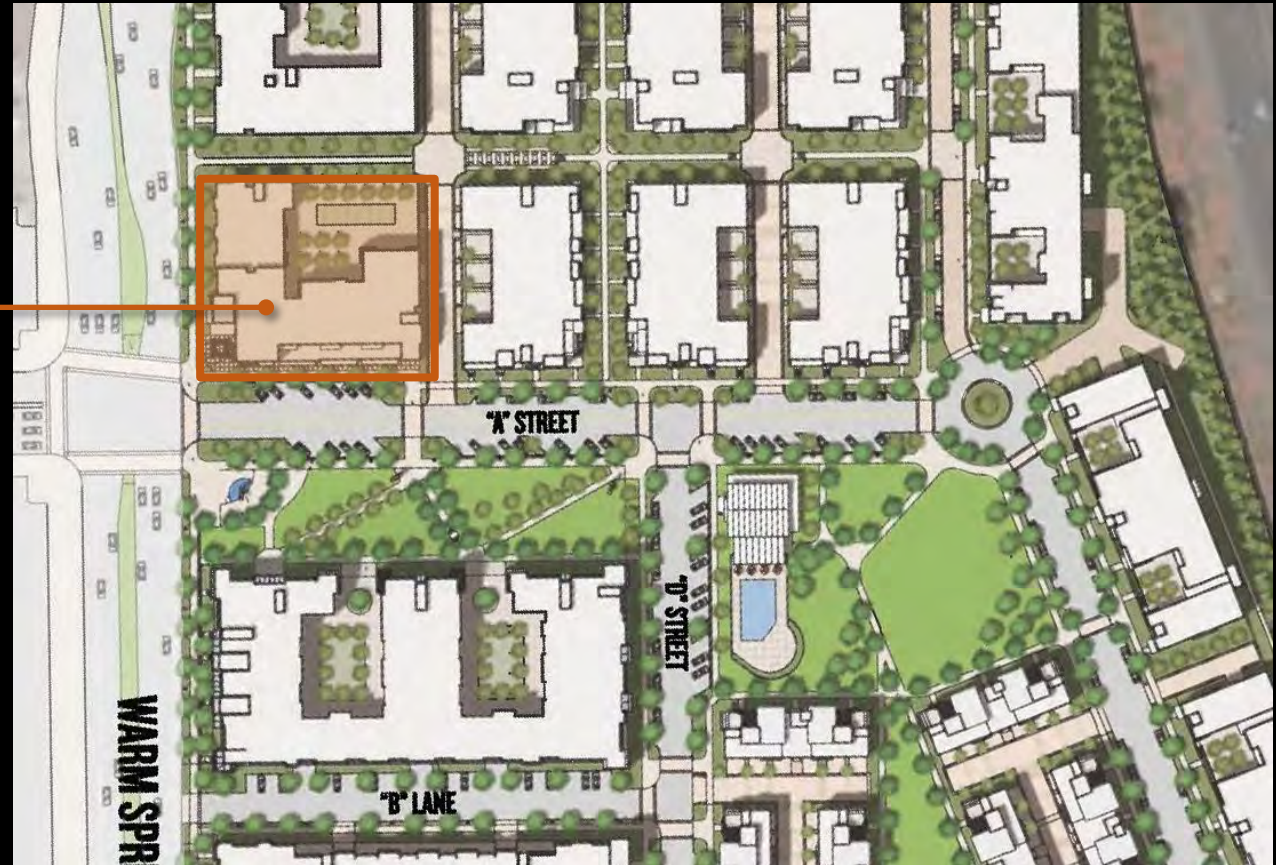
Higher Levels of Affordable Housing



*2012 Berkeley Way,
Bridge Housing*

“Clustering”

Affordable Housing



Warm Springs TOD Village
Fremont, CA

How Important is Economic Integration?



Photo: Jake Blues



Where Would the Money Come From?

- Low Income Housing Tax Credits (Federal)
- Affordable Housing and Sustainable Communities (State)
- Other Grants (State and County)
- Market Rate Project Community Benefit Contribution (Developer)
- 30% discount in land value (BART)
- City of Berkeley affordable housing funds (e.g. Housing Trust Fund, local bond funds)



Subsidy Needed for 35% Affordable

North Berkeley Exercise

Low Estimate

High Estimate

4 Stories

\$ 5,500,000

\$ 13,000,000

6 Stories

\$ 11,500,000

\$ 23,000,000


8 Stories

\$ 18,000,000

\$ 34,000,000



Subsidy Needed for 100% Affordable



| Ashby Exercise | 4 Stories | 6 Stories | 7 stories | 8 Stories |
|------------------|---------------|----------------|----------------|----------------|
| Affordable Units | 450 | 700 | 850 | 975 |
| Low Estimate | \$ 58,000,000 | \$ 95,000,000 | \$ 118,000,000 | \$ 135,000,000 |
| High Estimate | \$ 85,000,000 | \$ 135,000,000 | \$ 164,000,000 | \$ 190,000,000 |

Photo: Celie Frampton



Recent City Affordable Housing Funding

Measure O – approved by voters in 2018

- Total Funds: \$135,000,000
- Committed: \$55,000,000
- Reserved: up to \$20,000,000
- Remaining Uncommitted: \$60,000,000

Berkeley Housing Trust Fund

- Current Balance: \$6,700,000
- Approx. Annual Funding: \$1,000,000 to \$3,000,000



How Long Would it Take to Build?

- A 7-story project with 850 affordable units would likely be made up of 6 separate phases, each including about 140 units.
- They could be built by up to 6 different developers, and each phase might target different populations.
- But to secure the federal and state funding, the phases would need to be spread out over many years (at least 10 and realistically could take as long as 25 years).
- BART's goal is construction completion by 2030, or no more than 5 years after entitlement.



How Much City Subsidy Might be Needed?

Ashby Exercise - 7 Story Project

| <i>Ashby Exercise - 7 Story Project</i> | <i>Low</i> | | <i>High</i> | <i>High -Per Unit</i> | | |
|---|------------|--------------------|-------------|-----------------------|----|----------------|
| 35% Affordable | \$ | 13,000,000 | \$ | 31,000,000 | \$ | 106,000 |
| 50% Affordable | \$ | 37,000,000 | \$ | 62,000,000 | \$ | 146,000 |
| 75% Affordable | \$ | 77,000,000 | \$ | 113,000,000 | \$ | 177,000 |
| 100% Affordable | \$ | 118,000,000 | \$ | 164,000,000 | \$ | 193,000 |



How Important is the Percentage?

| | 4 Stories | 8 Stories |
|----------------------|-----------------|----------------|
| <i>Ashby Example</i> | 100% Affordable | 50% Affordable |
| Affordable Units | 450 | 450 |

Photo: HLT



Moderate Income Affordable

- Income and rent restricted to incomes from 80% to 120% AMI
- Property owned by Joint Powers Authority (State)
- Publicly-owned property is exempt from property tax
- 100% financed with tax exempt bonds (no private equity)
- Permanently affordable

Photo: Catalyst Housing



Maximizing Affordable Housing

Discussion Questions:

- Should we target a # or a %?
- Would you be willing to wait 10 to 25 years longer for a 100% affordable project?
- Should Berkeley ask voters to approve more funding to support higher levels of affordable housing at these sites?

Photo: Celie Frampton

Infrastructure, Open Space + Parking





Potential Infrastructure Needs

Ashby

- Plaza
- Podium structure to connect buildings to Adeline
- Escalators
- Lighting, etc.
- Substation barriers
- BART vents protection
- Stormwater management
- Bicycle facilities
- Transit / passenger loading facilities
- BART patron parking

North Berkeley

- Plazas
- Green open space
- New access drives
- Lighting, etc.
- Substation access
- Stormwater management
- Bicycle facilities
- Transit / passenger loading facilities
- BART patron parking

Open Space Costs

- Recent BART Plaza Projects: \$500 to \$900 per square foot
- Depending on the size and level of finishes, a plaza at Ashby could cost \$15 to \$40 million

Photo: cy26

A photograph of a person with long dark hair, wearing a blue and black striped long-sleeved shirt and blue jeans, sitting on a concrete ledge. They are looking towards a large, active fountain with multiple water jets. The background is slightly blurred, showing other people and the urban setting of the plaza.

Plaza Operating Costs

Downtown BART Plaza Maintenance Costs

- Pressure washing four nights per week
- Full time “Ambassador” to keep clean and safe
- Estimated Annual Cost: \$150,000 to \$200,000

Photo: Felipe Bastos

Other Costs

- Escalator: \$4 million per escalator
- Escalator Canopy: \$2.5 Million



Photo: Russel Mondy

BART Patron Replacement Parking

- Parking structures cost \$50,000 to \$85,000 per parking space

Exercise

| Parking Spaces | 250 | 100 |
|------------------------|---------------|--------------|
| Cost (\$70K per space) | \$ 17,500,000 | \$ 7,000,000 |

**Note: Parking replacement levels and costs are illustrative for the purpose of this exercise.*



Infrastructure Funding

Grant Program

Max \$\$ per Application (approx.)

Affordable Housing and Sustainable Communities

\$10 million

Infill Infrastructure Grant Program

\$7.5 million to \$30 million

Transit-Oriented Development Program

\$5 million

Measure BB (Ashby)

\$18.5 million

Active Transportation Program

\$15 million

Safe Routes to BART

\$1.5 million

Urban Greening Grants

\$3.7 million

One Bay Area Grants

TBD

MTC Regional Measure 3

TBD

Transit and Intercity Rail Capital Program (TIRCP)

TBD



How Would a 100% Affordable Project Pay for Infrastructure?

For example:

- Infrastructure Costs: \$65,000,000
- Total Grants: \$30,000,000
- Project budget: \$15,000,000
- Shortfall: \$20,000,000



Infrastructure, Open Space + Parking

Discussion Questions:

Would you personally support:

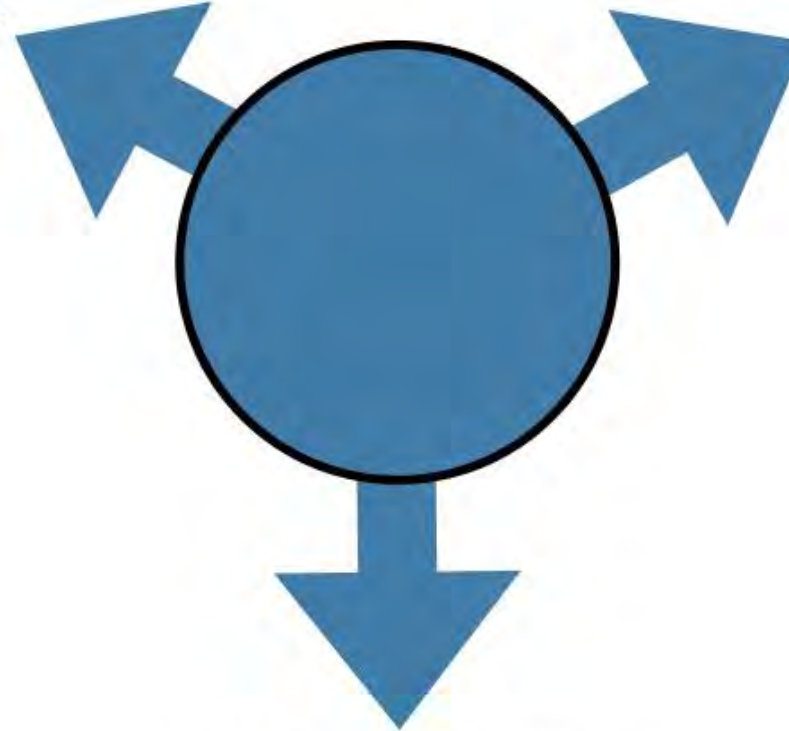
1. Increasing the share of market rate housing in order to carry the costs of infrastructure?
2. Limiting infrastructure and open space improvements in order to make the maximum amount of affordable housing possible?

Do you see other alternatives?

Balancing Multiple Goals

Open Space/
infrastructure

Parking



Affordable Housing

A photograph of a man with a shaved head and a goatee, wearing a white button-down shirt, smiling broadly while looking at a laptop. He is sitting at a table with other people, some of whom are blurred in the background. The setting appears to be a public meeting or community event.

3. CAG SMALL GROUP EXERCISE

How would you personally balance concerns about building height, infrastructure, parking and affordable housing? What is your vision?

Photo: Jesper



4. NEXT STEPS

- CAG Vision and Priorities Homework: due Monday, October 19
- CAG Meeting #3b: Tuesday, October 20: 6pm – 9pm
- CAG Office Hours: October 26 and 28: 5:30pm – 6:30pm



CAG Homework: Crafting Vision and Priorities Statements

City – BART Joint Vision and Priorities Document

This document will provide general guidelines for prospective developers about community desires for *affordable housing, public and civic space, targeted uses, station access, and priority populations to serve*.

It also provides minimum requirements that are achievable based on known funding and other commitments, as well as aspirational goals and milestones to make decisions.



CAG Homework: Crafting Vision and Priorities Statements

This exercise focuses on drafting potential statements related to key community benefits which will be considered for the Joint Vision and Priorities document:

1. Affordable Housing
2. Public and Civic Space

At future CAG meetings, you will cover other topics including:

3. Building Form and Character
4. Desired Uses
5. Station Access and Transportation

An aerial photograph of a city grid, likely in the Los Angeles area, showing a dense network of streets and buildings. The image is oriented vertically. Labeled streets include: Lincoln St, Walnut St, Spruce St, Hearst Ave, Wickson Rd, Center St, Allston Way, Kittredge St, Bancroft Way, Durant Ave, Channing Way, Haste St, McKimley Ave, Oxford, Millia St, Mills St, Newbury St, Corona St, Wheeler St, Fulton St, Woolsey St, Tremont, Harper St, Ellis St, and Grand St. The grid is composed of numerous smaller streets and blocks, with larger commercial or institutional buildings interspersed among the residential areas. The overall color palette is dominated by the browns and greys of the urban landscape.

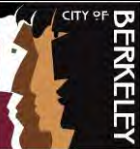
For each statement you write please include the following information:

1. Does it apply to 1) Both stations, 2) Ashby only, 3) North Berkeley only
2. Craft a statement targeting what you think is achievable (post-pandemic) given what we know today about the market, construction costs and funding sources/subsidy; you may also include language targeting your goal or aspiration; identify the steps that you think the City and/or BART will need to achieve it by 2030. If you think it should take longer than 2030, please include reasons why.
3. If there are specific uses or populations you think should be prioritized, identify those as priorities.
4. Is there other information you need in order to write this statement?

To help craft your statements, consider the following:

- Who is most likely to benefit from your proposed statement, who will it burden?
- Who would most likely disagree with you? What are their main concerns likely to be?

An aerial photograph of a city grid, likely in the Los Angeles area, showing a dense network of streets and buildings. The image is oriented vertically. Labeled streets include: Lincoln St, Walnut St, Spruce St, Hearst Ave, Wickson Rd, Center St, Allston Way, Kittredge St, Bancroft Way, Durant Ave, Channing Way, Haste St, McKimley Ave, Oxford, Millia St, Ollis St, Newbury St, Corona St, Wheeler St, Fulton St, Woolsey St, Tremont, Harper St, Ellis St, and Grand St. The grid is composed of numerous smaller streets and blocks, with larger commercial or institutional buildings interspersed among the residential areas. The overall color palette is dominated by the browns and greys of the urban landscape.

- # CAG Homework: Crafting Vision and Priorities Statements
- Please submit your response by Monday, October 19 using the “Padlet” tool with the link you received from Dave Javid (dave@plantoplace.com).
 - You also can view and comment on other CAG member responses.
 - You will discuss your responses at the CAG Meeting #3b on Tuesday, October 20.
- 
- The logo for the City of Berkeley, featuring a stylized profile of a person's head in white and yellow against a dark background, with the text "CITY OF BERKELEY" to the right.

5. PUBLIC COMMENT

Via Raise Hand feature (either on computer or by dialing *9 on your phone). The meeting facilitator (Dave) will recognize you and unmute your mic. ***one minute per speaker.***

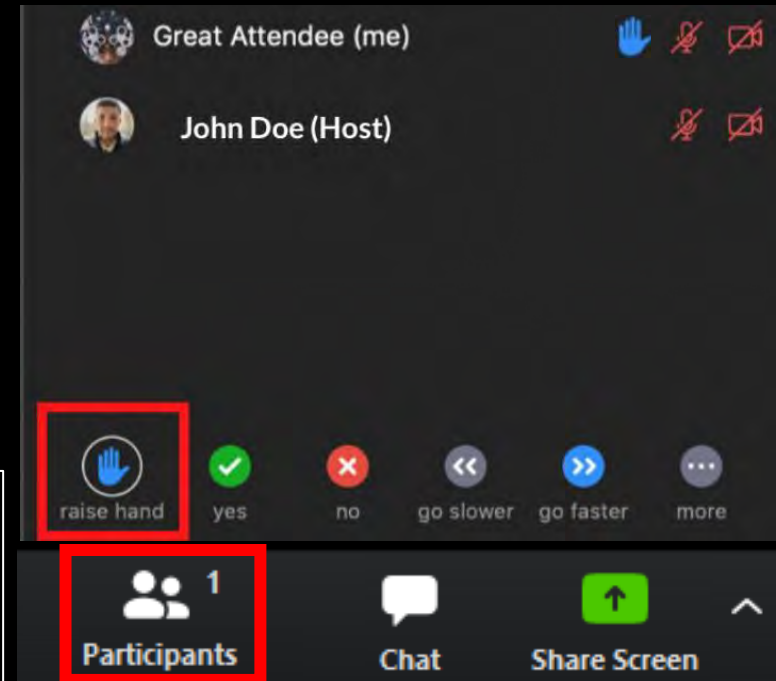
Comments received via mail or email before the meeting and through October 30 will be part of the public record and included in the meeting summary.

1:48

1:00

Stop

Raise Hand Feature



* Sign up to for email list at www.cityofberkeley.info/bartplanning



THANK YOU FOR PARTICIPATING

Questions or comments about what you heard tonight?

Please send us your comments by Friday, October 30 to:

- Email: bartplanning@cityofberkeley.info
- Mail: City of Berkeley Planning and Building Department
1947 Center Street, 2nd Floor
Berkeley, CA 94704
Attn: Alisa Shen

Next CAG Meeting #3b: Tuesday, October 20: 6pm – 9pm

Go to: www.cityofberkeley.info/bartplanning for meeting details