

Office of the City Manager

## INFORMATION CALENDAR

January 19, 2021

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Lisa Warhuus, Director, Health, Housing & Community Services

Subject: Referral Response: Housing and Homeless Uses for City-Owned, Former  
Redevelopment Agency Property at 1631 Fifth Street

### INTRODUCTION

The City received a 5,525 sq. ft. vacant lot from the former Berkeley Redevelopment Agency (BRA) in 2014 due to the State's dissolution of redevelopment activities. This report outlines potential options for the future of the property, including selling it and applying the proceeds to the Housing Trust Fund (HTF) program, hosting homeless housing recreation vehicles (RVs), and a Tiny Homes pilot. This report also provides requested information about the site's remediation needs.

### SUMMARY

Staff continue to recommend selling the property and using the proceeds to benefit the HTF program because the size and constraints of the property do not support new affordable housing development, and applying proceeds for the sale will support the City's affordable housing activities. This option was approved in the BRA's dissolution plan by its Oversight Board and has subsequently been supported by the Housing Advisory Commission (HAC) and the Council's Land Use, Housing & Economic Development Committee. Staff estimate a sale could net between \$300,000 and \$500,000 for the HTF, although the sale price would be set based on an appraisal. Staff confirmed that environmental remediation has already been completed.

Alternatively, the Council could consider establishing pilot programs comprised of either tiny homes or recreational vehicles (RVs). Staff estimate that a one-year pilot project of 14 tiny homes could cost between \$400,000 and \$1,500,000 and that a pilot program of 10 RVs could cost between \$531,286 and \$1,291,286. The base cost includes one-time costs, utilities, sanitation, and security. Additional costs necessary to move participants to permanent housing include services and rental assistance. The RV base cost may be less if sewer lines can be installed eliminating the need for trailer waste pump-outs. The services component is an estimate based on similar programs. Staff would issue a Request for Proposals to finalize the costs. The above base cost estimates do not include the costs to prepare the site (i.e., grading). A pilot program could be operational by April 1, 2021 if tiny homes or RVs are available.

### CURRENT SITUATION AND ITS EFFECTS

This report responds to referral #PRJ0024121 that originally appeared on the agenda of the March 10, 2020 Council meeting. The City Council referred an item from the City Manager back to staff.

On March 10, 2020, staff recommended selling the City-owned, former BRA property at 1631 Fifth Street, a vacant, single-family home sized lot, and depositing the proceeds in the HTF to support the new construction and rehabilitation of affordable housing. The City Council referred the item back to the City Manager to explore City uses of the property for housing and homelessness services and needs, or other uses, and review the remediation needs of the property.

The possibility of using 1631 Fifth Street for affordable housing development was discussed at the July 11, 2018 HAC meeting. An NCLT representative provided input on NCLT's past attempt to develop 1631 Fifth Street and the inability to identify a feasible project given the site's constraints. The Housing Advisory Commission voted to support the staff recommendation to sell the property and deposit the proceeds in the Housing Trust Fund to support affordable housing development.

On November 21, 2019, the Land Use, Housing & Economic Development Committee unanimously adopted a motion to move the item with a positive recommendation authorizing the sale of 1631 Fifth Street.

Staff continues to recommend selling the property as the most effective strategy to support affordable housing. The site's size and zoning constraints, as well as the surrounding neighborhood, are not conducive to new construction for affordable housing or siting long-term tiny homes or trailers for people experiencing homelessness. At the time of this report, staff has identified nine potential projects in the HTF pipeline, including North Berkeley and Ashby BART stations, West Berkeley Service Center and a BUSD Educator housing project, as well as projects already in the HTF portfolio with unfunded rehabilitation needs. Depositing the proceeds of the sale in the HTF program will directly support the City's ability to provide affordable housing financing.

The site could be used in the short-term for non-congregate shelter. As discussed below, 1631 Fifth Street could hold up to 10 RVs or 14 individual shelter structures. An emergency homeless program could be operated on the property under the current Declaration of a Homeless Shelter Crisis. Longer-term use of the site for a homeless program would need to go through a review under BMC 23C.10.

### Remediation History

The BRA conducted four environmental assessments (including Phase I and Phase II assessments) between 1993 and 2003, and lead was the only chemical identified as an area of concern. The BRA entered into a Voluntary Cleanup Agreement with the State Department of Toxic Substances Control (DTSC) in 2004 to remediate the site. DTSC

certified all onsite contamination was removed according to the plan in 2004. Additional environmental studies may be required depending on the eventual use of the property, but there are no outstanding concerns at this time.

### Alternative Uses

The City currently hosts eight (Recreational Vehicles) RV vehicles at the City-owned vacant lot at 1281 University Avenue, an approximately 3500 sq ft lot. The City also hosts ten RVs at 701 Harrison Street. This program is currently used to house homeless individuals at high-risk of contracting COVID-19.

The first 18 months of this program's operating costs are being supported through federal grants (Emergency Solutions Grant) allocated to the City through the CARES Act. City funding would be required to continue providing these services in addition to any new pilots outlined below.

Both pilot programs below are designed as shelter programs with the goal of moving households to permanent housing as rapidly as possible.

### RV Pilot Program

Given the size and constraints of the lot, staff estimate 1631 Fifth Street could accommodate up to 10 RVs. An RV is estimated to cost \$17,900. The estimated cost to operate the RV program on an annual basis is \$342,100 or \$34,210 per RV. This includes utilities, security and sanitation. Staff would need to procure RVs and negotiate an expanded contract with the City's current service provider or issue an RFP for a new service provider.

### Tiny Homes Pilot Program

Given the size and constraints of the lot, staff estimate 1631 Fifth Street could accommodate up to 14 Pallet homes, a type of tiny home created for people experiencing homelessness<sup>1</sup>. The tiny homes are estimated to cost \$7,700 each. The estimated cost to operate the tiny homes program on an annual basis is \$281,400 or \$20,100 per household. This includes utilities, security, and sanitation. Staff would need to procure the Pallet homes and issue an RFP for a new service provider.

### Services and Rental Assistance

Based on similar programs, staff estimate the cost for services at \$28,000 per year per household. This includes facility maintenance staff (including repair and maintenance costs), housing navigation services, bed bug treatment, and three meals per day. In most cases, program participants need some rental assistance to transition to permanent housing. Similar programs have allocated up to \$24,000 annually for up to two years, or \$48,000 per household. The below table represents estimated annual costs for all three activities:

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<sup>1</sup> <https://www.palletshelter.com/about>

	<b>RV Program (10)</b>	<b>Pallet Homes (14)</b>
<b>Operating</b>	\$342,100	\$281,400,
<b>Services</b>	\$280,000	\$392,000
<b>Rapid Rehousing</b>	\$480,000	\$672,000
<b>Total</b>	\$1,102,100	\$1,345,000

Leveraging City-owned property to support affordable housing and homeless services is a Strategic Plan Priority Project, advancing our goal to create affordable housing and housing support services for our most vulnerable community members.

**BACKGROUND**

Following the dissolution of all California redevelopment agencies, the BRA prepared a state-mandated Long Range Development Management Plan (LRDMP) which the City Council, acting as the Successor Agency, adopted in 2014. The LRDMP included the recommendation to sell both sites at market rate. In 2015, for reasons related to redevelopment law and the dissolution process, and acting at the direction of the State Department of Finance, the BRA’s Oversight Board removed these two properties from the LRDMP and listed them as housing assets to facilitate their disposition on the market.

The BRA acquired this site with other acquisitions in this neighborhood between 1969 and 1971 as part of a larger "Neighborhood Development Program". The characteristics of the property are provided in *Figure 1*.

**Figure 1. Property Characteristics**

	<b>1631 Fifth Street</b>
<b>Land Use</b>	Vacant Lot
<b>Lot Area</b>	5,525 sq ft
<b>Acres</b>	0.13
<b>Zoning</b>	MU-R

In 1983, the BRA demolished a residential building at 1631 Fifth Street to build new affordable housing, but abandoned the plans after discovering lead contamination. The lot has remained vacant since this time. In 1997, the BRA approved the remediation and development of the site, but the selected developer was unable to execute an

agreement and the sale was never completed. Remediation of the site was completed in 2004 with the certification of DTSC.

The BRA conducted an RFP for housing at the site in 2008, but the only response was Northern California Land Trust's (NCLT) proposal to move the Kenney Cottage to the site. This proposal did not come to fruition, but NCLT did manage a small community garden at the site from 2009 to 2011. The use of 1631 Fifth Street as a community garden does not make it subject to the limitations of Measure L related to parks and open space.

### ENVIRONMENTAL SUSTAINABILITY

There are no sustainability effects associated with the information in this report.

### POSSIBLE FUTURE ACTION

This report outlines three potential options for Council:

1. Sell the property on the market and deposit the proceeds in the Housing Trust Fund to support affordable housing construction and rehabilitation (Staff recommendation and BRA dissolution plan recommendation).
2. Initiate an RV Pilot Program. Staff estimate 1631 Fifth Street could accommodate up to 10 RVs.
3. Initiate a Tiny Homes Pilot Program. Staff estimate 1631 Fifth Street could accommodate up to 14 Tiny Homes.

### FISCAL IMPACTS OF POSSIBLE FUTURE ACTION

Staff estimate the sale may yield \$300,000 to \$500,000, and that a broker's fee for selling them may be 3% of the sale price, or \$9,000 to \$15,000. The properties have not yet been appraised but would be during the sale process.

The property was acquired with CDBG funds, which restricts revenue from their sales to CDBG-eligible uses. Staff recommend depositing the proceeds in the HTF so they can be used for CDBG-eligible housing activities including acquisition and rehabilitation.

Alternatively, staff estimate an RV program hosting 10 RVs would cost \$189,300 for acquisition and one-time costs, not including site preparation, such as grading. The cost for annual operations would range from \$342,100 to for annual operations to \$1,102,100 if services and rental assistance were included. A one-year pilot would cost up to \$1,291,400.

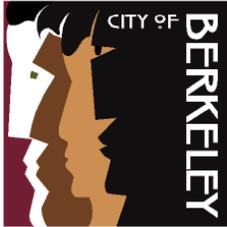
Staff estimate Tiny Homes program would require \$118,300 to purchase 14 tiny homes and one-time costs, not including site preparation, such as grading. The cost for annual operations would range from \$281,400 for annual operations to \$1,345,400 if services and rental assistance were included. A one-year pilot would cost up to \$1,463,700.

CONTACT PERSON

Mike Uberti, Community Development Project Coordinator, HHCS, (510) 981-5114

Attachments:

- 1: Original Referral Report from March 10, 2020
- 2: Homeless and Affordable Housing Status Report (December 4, 2020)



Office of the City Manager

ACTION CALENDAR

March 10, 2020

*(Continued from February 11, 2020)*

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: Disposition of City-Owned, Former Redevelopment Agency Property at 1631 Fifth Street

RECOMMENDATION

Adopt a resolution authorizing the sale of the City-owned, former Redevelopment Agency property at 1631 Fifth Street at market rate and authorizing the City Manager to contract with a real estate broker to manage the sale.

POLICY COMMITTEE RECOMMENDATION

On November 21, 2019, the Land Use, Housing & Economic Development Committee adopted the following action: M/S/C (Hahn/Droste) to move the item with a positive recommendation authorizing the sale of 1631 Fifth Street. Vote: All Ayes.

SUMMARY

The City received 1631 Fifth Street from the Berkeley Redevelopment Agency (BRA) at its dissolution. BRA planned to sell prior to the statewide dissolution of redevelopment. The City Council previously approved the market rate sale of these properties as part of the state-mandated Long Range Development Management Plan adoption in 2014.

The site at 1631 Fifth Street is not large enough or zoned densely enough to support the cost-effective construction and operation of affordable housing. Developing this vacant lot would require investment of additional City funds before it could be used as housing. Selling the properties will yield a return on the City's Community Development Block Grant (CDBG) investment that will be applied to the City's priorities for permanent affordable housing via the Housing Trust Fund (HTF).

To maximize the number of interested buyers, staff are requesting Council authorization to select a real estate broker to manage the sale as staff do not typically manage market sales of single family home sites. City land disposition procedures require that the resulting contract for sale be approved by Council via ordinance.

### FISCAL IMPACTS OF RECOMMENDATION

Staff estimate the sale may yield \$300,000 to \$500,000, and that a broker's fee for selling them may be 3% of the sale price, or \$9,000 to \$15,000. The properties have not yet been appraised but will be during the sale process.

The property was acquired with CDBG funds, which restricts revenue from their sales to CDBG-eligible uses. Staff recommend depositing the proceeds in the HTF so they can be used for CDBG-eligible housing activities including acquisition and rehabilitation. Staff will provide an information report following the sales to confirm the total contribution to the HTF.

### CURRENT SITUATION AND ITS EFFECTS

The City owns two properties it received as the Successor Agency to Redevelopment: a 5,000 square foot vacant lot at 1631 Fifth Street and a vacant single family home at 1654 Fifth Street. The former Redevelopment Agency intended to sell both properties, but the process was halted due to redevelopment's dissolution statewide. Neither property has sufficient size or appropriate zoning to develop affordable housing efficiently, and any proposed affordable housing would be small scale and require additional City subsidies. The City also is incurring ongoing maintenance costs and liabilities while it holds the properties.

City staff consulted with legal counsel at Goldfarb & Lipman, LLP and the City Attorney's Office to review the applicability of the Surplus Lands Act to these former redevelopment agency properties. They concluded that process was not required and the properties could be sold at market rate. Staff confirmed the recent revisions to the Surplus Lands Act (AB 1486) do not apply.

Staff are recommending the City contract with a local real estate broker with experience selling small parcels. A private broker will have the expertise to manage sales (including marketing) and reach the broadest pool of Bay Area buyers.

At its July 11, 2018 meeting, the Housing Advisory Commission voted to support the staff recommendation:

Action: M/S/C (Owens/Amezcuca) to recommend to Council to approve the sale of two Successor Agency to Redevelopment properties at 1631 Fifth Street and 1654 Fifth Street at market value and deposit the proceeds in the Housing Trust Fund.

Vote: Ayes: Amezcua, Holman, Johnson, Kesarwani, Lewis, Owens, and Winters.  
Noes: Lord. Abstain: None. Absent: Tregub (excused), Wolfe (excused), and Wright (excused).

The possibility of using either of these properties in the Small Sites program was discussed at the July HAC meeting. An NCLT representative provided input on NCLT's past attempt to develop 1631 Fifth Street and the inability to identify a feasible project, and, considering the additional investment of City funds that would be required for

rehabilitation and development, it was determined that neither site is appropriate for this program.

Staff issued a Request for Proposals to sell the single family home at 1654 Fifth Street to operate as homeless housing, per Council direction on June 11, 2019. Staff is currently working with the Housing Advisory Commission to make a recommendation to Council regarding the proposals received.

1631 Fifth Street was not considered for an RFP as new construction of affordable housing would require significant investments and may not be feasible due to the size of the lot.

On November 21, 2019, the Land Use, Housing & Economic Development Committee recommended the City Council authorize the sale of 1631 Fifth Street.

**BACKGROUND**

Following the dissolution of all California redevelopment agencies, the Berkeley Redevelopment Agency prepared a state-mandated Long Range Development Management Plan (LRDMP) which the City Council, acting as the Successor Agency, adopted in 2014. The LRDMP included the recommendation to sell both sites at market rate. In 2015, for reasons related to redevelopment law and the dissolution process, and acting at the direction of the State Department of Finance, the Redevelopment Agency's Oversight Board removed these two properties from the LRDMP and listed them as housing assets to facilitate their disposition on the market.

**1631 Fifth Street**

The former Redevelopment Agency acquired this site with other acquisitions in this neighborhood between 1969 and 1971 as part of a larger "Neighborhood Development Program". The characteristics of the property are provided in *Figure 1*.

**Figure 1. Property Characteristics**

	<b>1631 Fifth Street</b>
<b>Land Use</b>	Vacant Lot
<b>Lot Area</b>	5,525 sq ft
<b>Acres</b>	0.13
<b>Zoning</b>	MU-R

In 1983, the Redevelopment Agency demolished a residential building at 1631 Fifth Street to build new affordable housing, but abandoned the plans after discovering high levels of lead contamination. The lot has remained vacant since this time. In 1997, the Redevelopment Agency approved the remediation and development of the site, but the

selected developer was unable to execute an agreement and the sale was never completed.

The Redevelopment Agency conducted an RFP for housing at the site in 2008, but the only response was Northern California Land Trust's (NCLT) proposal to move the Kenney Cottage (now at 1281 University Avenue) to the site. This proposal did not come to fruition due to NCLT's bankruptcy, but NCLT did manage a small community garden at the site from 2009 to 2011. Staff confirmed the use of 1631 as a community garden does not make it subject to the limitations of Measure L related to parks and open space.

### **1654 Fifth Street**

In late 2019, staff issued a Request for Proposals to sell the single family home at 1654 Fifth Street to operate as homeless housing, per Council direction on June 11, 2019. Staff is currently working with the Housing Advisory Commission to make a recommendation to Council regarding the proposals received.

### **Administration**

When the Redevelopment Agency dissolved, the Department of Health, Housing and Community Services took over managing its housing assets and other remaining responsibilities on behalf of the Successor Agency, although no staffing was added to handle these responsibilities. Former Redevelopment Agency assets assumed include 13 homebuyer loans, two properties under long-term leases and the two sites designated for sale. HHCS pays the Public Works Department to provide periodic landscaping services for this property. The City will retain these ongoing costs and liabilities as long as it owns the site.

### **ENVIRONMENTAL SUSTAINABILITY**

There are no sustainability effects associated with the recommendation of this report.

### **RATIONALE FOR RECOMMENDATION**

This site has been intended for sale since it was first acquired by the Redevelopment Agency in the late 1960s and early 1970s as part of a neighborhood development initiative. The City Council previously approved the market rate sale of 1631 Fifth Street as part of the LRDMP adoption in 2015.

This site is not large enough or zoned densely enough to support the cost-effective development and operation of affordable housing. Developing the site would require an investment of additional City funds. Selling the property will yield a return on the City's CDBG investment that will be applied to the City's affordable housing priorities via the Housing Trust Fund. In addition to the Berkeley Way development commitment, the HTF recently provided two other proposed developments predevelopment loans — Satellite Affordable Housing Associates' Oxford Apartments and Bay Area Community Land Trust's Stuart Street rehabilitation. The HTF program is also supporting three additional sites via Measure O bond funding: Staff also received HTF inquiries related to other development activities.

A small vacant lot is not a typical government real estate asset, and is better suited for sale by a real estate broker familiar with these types of properties and the local market. Private brokers have the resources and knowledge needed (including marketing) and are likely to reach the broadest pool of Bay Area buyers. The City opted to select a local real estate broker, Korman & Ng, for its most recent small asset sale of 2931 Shasta Road (a former Fire Department house) in 2012.

ALTERNATIVE ACTIONS CONSIDERED

The City could consider:

- Retaining the property for a future determination on its usefulness. Staff are not recommending this option due to the small size and location of 1631 Fifth Street as well as the costs and liabilities associated with holding vacant properties.
- Selling or leasing 1631 Fifth Street to a housing organization for development and operation as affordable housing. Staff are not recommending this option because it would require additional investment of City funds which are needed for developments currently in the pipeline. New construction and operating housing at this scale is not efficient and cannot leverage much (if any) non-City funds. The Redevelopment Agency did not receive viable proposals for previous attempts to develop affordable housing. HHCS received inquiries related to leasing the vacant site for the placement of tiny homes for the homeless or other populations but is recommending the market rate sale with proceeds going in to the Housing Trust Fund in order to expand permanent affordable housing opportunities.

CONTACT PERSON

Amy Davidson, Senior Community Development Project Coordinator, Health, Housing & Community Services, (510) 981-5406

Mike Uberti, Community Development Project Coordinator, HHCS, (510) 981-5114

Attachments:

1: Resolution

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

DISPOSITION OF CITY-OWNED, FORMER REDEVELOPMENT AGENCY  
PROPERTY AT 1631 FIFTH STREET

WHEREAS, the City acquired the property at 1631 Fifth Street via its role as the Successor Agency to the Redevelopment Agency of the City of Berkeley; and

WHEREAS, the Redevelopment Agency planned to sell the site prior to the redevelopment dissolution legislation; and

WHEREAS, The Successor Agency Oversight Board, acting at the direction of the State Department of Finance, designated 1631 Fifth Street as a housing asset to facilitate their market rate sale; and

WHEREAS, the site's status as a former Redevelopment property enables the City to follow redevelopment law's disposition requirements for market rate returns and exempts the City from the Surplus Land Act (AB 2135 & AB 1486); and

WHEREAS, the property was acquired with Community Development Block Grant (CDBG) funds, which restricts revenue from its sale to CDBG-eligible uses, including the Housing Trust Fund; and

WHEREAS, the General Plan's Housing Element Policy H-2 states the City should aggressively search out, advocate for, and develop additional sources of funds for permanently affordable housing, including housing for people with extremely low incomes and special needs; and

WHEREAS, selling the property at market rate will maximize Housing Trust Fund contributions and provide leverage for permanent affordable housing projects.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the property at 1631 Fifth Street be sold for a purchase price that shall be equal to or greater than the appraised market value of the property.

BE IT FURTHER RESOLVED that the City Manager contract with appropriate real estate professionals to market and sell the property.

**MEMORANDUM**

**To:** Mayor and Council  
**From:** Dee Williams-Ridley, City Manager  
**Date:** December 4, 2020  
**Subject:** **Homeless and Affordable Housing Status Report**

This memo provides a consolidated status report on the City’s affordable housing development and work to increase the supply of housing for those experiencing homelessness. Over the last few years significant progress has been made toward creating pathways to permanent housing and developing new housing units. This effort is a top priority for the City and has continued despite the COVID-19 pandemic and associated challenges.

Given the fiscal crisis that is a result of the pandemic and its unknown long-term impacts, this is a critical time to take a close look at all our current housing resources and potential allocations alongside all of our current and anticipated homeless and affordable projects under consideration. To date, the City has made funding commitments for 348 units of affordable housing and an additional 332 slots for people experiencing homelessness are in process; representing a total investment of over \$63 million. Additional projects, some with estimated costs and some with unknown costs, have surfaced recently that will require additional funding.

This memo shows all of these commitments and possibilities in one place and strives to improve our ability to support prudent financial and capacity-based planning and decision-making. Below is a summary of current available and projected resources for homeless and affordable housing and an analysis of cost factors; followed by all current and anticipated homeless and affordable projects. The intention is to maximize affordable housing and its long term sustainability as a priority. This means carefully assessing existing affordable housing stock, additional opportunities, and the funding required and available.

**Resources for Homeless and Affordable Housing**

Table 1 provides an overview of currently available and projected resources.

**Table 1 Current Available and Projected Resources**

<b>Funding Source</b>	<b>\$ Available</b>	<b>Notes</b>
Measure O	\$80 million	Total Measure O Funds authorized by voters is \$135 million. 1 <sup>st</sup> issuance in 2020 was \$38 million. 2 <sup>nd</sup> issuance

		partially awarded to RCD's Maudelle Shirek project (2001 Ashby - \$17 million). Future potential development sites listed below.
Measure P	\$2.5 million	Annual amount available.
Measure U1	\$346,337	\$1 million in General Fund (U1) funds were allocated to Small Sites Program in FY21. \$653,663 has been allocated to the BACLT Stuart Street project.
Permanent Local Housing Allocation Fund (PLHA)	\$1.2 million annually for 5 years	First 2 years will be used for homeless services <sup>1</sup> . Years 3-5 for projects supported by the Housing Trust Fund and for ten project-based subsidy units for homeless. Awarded in October.
Berkeley Housing Trust Fund (HTF)	\$7.5 million <sup>2</sup>	HTF funds are from a variety of sources and could be used for the Pipeline of Affordable Housing Rehab Projects listed below.
CDBG regular entitlement and COVID Funding for Hotel Purchase and Rehab	\$574,642	Approved by City Council on 9/15/20; subject to HUD approval.

A variety of factors should be taken into consideration when looking at Table 1.

- The economic downturn will likely affect future U1, Measure P, and PLHA revenues.
- HTF funding is a moving target since it is funded mostly with mitigation fees from development projects. For this reason, the HTF is better suited to one-time requests (i.e., pre-development loans / grants or construction support) and is not a reliable source for long-term allocations of funding, such as an operating reserve or services.
- Measure O cannot be used for ongoing operating subsidies.
- PLHA funds are planned to be used for the HTF for rehabilitation and to fund ten units of Homeless housing.

Potentially available funding to support new homeless housing includes:

- Measure P – \$2.5 million<sup>3</sup>
- CDBG regular and COVID(CV) – \$535,998 (regular entitlement) and \$38,644 CDBG-CV (both are one-time allocations)

<sup>1</sup> See Council Action on July 14, 2020:

[https://www.cityofberkeley.info/Clerk/City\\_Council/2020/07\\_Jul/Documents/2020-07-14\\_Item\\_15\\_Permanent\\_Local\\_Housing\\_pdf.aspx](https://www.cityofberkeley.info/Clerk/City_Council/2020/07_Jul/Documents/2020-07-14_Item_15_Permanent_Local_Housing_pdf.aspx)

<sup>2</sup> This is the amount available after subtracting \$2.5 million for the Small Sites Program as per Council action on 12/15/2020.

<sup>3</sup> Approved for FY21 only and long-term commitment needs to be confirmed.

TOTAL: \$3.1 million (2021, future years to be confirmed)

Projects with known projected costs that will need some funding source other than Measure O:

- BOSS/Panoramic Interests Project (39 units) – \$900,000 - \$1,000,000 annually (assuming Alameda County also matches this funding)
  - No Place Like Home (NPLH) Services (defined more fully below) – \$190,000 per year to support various projects
- TOTAL: \$1.1 million to \$2.1million annually

Projects with unknown costs that will likely need funding in order to move forward:

- Supportive Services for *No Place Like Home* units at People's Park Development.
- Funding to continue services for *Berkeley Respite* RVs or 1654 5<sup>th</sup> Street. For the first 18 months, operating costs are being supported through federal grants (Emergency Solutions Grant) allocated to the City through the CARES Act, but city staff have not yet identified a funding source to support these trailers should a decision be made to continue the program.
- Russell Street Residence – purchase or assistance with relocation. This program is currently operated by Berkeley Food and Housing Project and houses Berkeley Mental Health clients. The property is for sale and BFHP's lease ends in December this year. Acquisition and rehab costs are projected to be \$6.1 million, and ongoing subsidies approximately \$900,000 per year.
- Quality Inn Motel (29 units) – Should this property become available at a reasonable price, acquisition and rehabilitation would require considerable one-time City investment plus an operating subsidy of \$600,000 to \$1.2M per year (or \$14M if established at the start)
- As reported at the September 15 City Council meeting, CARES Act funds have been allocated to the Respite Program and to Rapid Re-housing for unhoused residents staying at both the Respite Program and the Safer Ground program. The bulk of the funds can be used for 12-month subsidies after which clients are expected to pay rents on their own. Alameda County recently informed City staff that County funding for the Safer Ground hotels in Berkeley will end on December 31, 2020 unless the County Board of Supervisors allocates additional funding. City staff are working with County consultants to begin the process of rapidly rehousing Safer Ground residents. City staff expect that most of the residents will not be able to sustain their own housing once the rapid re-housing subsidies have expired. Therefore we are considering these subsidies to be a bridge to other permanent supportive housing subsidies or units. Approximately 90 people will require permanent housing placements in sometime in 2022 to avoid becoming homeless again.

## Affordable Housing to Support Individuals Experiencing Homelessness

Apart from funding for the Berkeley Way Project, which includes the Berkeley Food and Housing Project (BFHP) Hope Center, City staff have submitted applications to HUD and supported applications from affordable housing developers to the State of California. This will result in a pipeline of housing vouchers and rental units in Affordable Housing Developments that will be used for individuals experiencing homelessness. Placements in all the units and voucher programs shown in Table 2 will be made through the North County Berkeley/Albany/Emeryville Coordinated Entry System.

On January 29, 2019, Council authorized the City of Berkeley to participate in the State of California's *No Place Like Home* (NPLH) housing program and submit an application for funding the Berkeley Way Project. On December 10, 2019, Council again authorized an application to the NPLH Program for the 2001 Ashby Avenue project. Both projects were awarded funding under the NPLH program, which requires that the City commit to providing mental health services for residents of the funded units for at least 20 years. The NPLH program is a housing subsidy for people who are homeless and have a mental illness. Referrals to these units will be made through the Coordinated Entry System.

**Table 2 Affordable Housing for those Experiencing Homelessness**

<b>Project</b>	<b>Number of Units</b>	<b>Status of Funding</b>
BFHP Hope Center	53 Permanent Supportive Housing Units	City funded \$7,727,630 in Measure O (1 <sup>st</sup> issuance) for all units.
HUD Mainstream Vouchers – Non-Elderly Disabled program	91 vouchers	Provided by HUD. Services provided by Coordinated Entry System.
HUD Veterans Affairs Supportive Housing (VASH) Vouchers	<ul style="list-style-type: none"> <li>40 vouchers</li> </ul>	Funding provided by the VA. Services provided by Berkeley Food and Housing Project
No Place Like Home Units	<ul style="list-style-type: none"> <li>16 in Berkeley Way (Affordable)</li> <li>12 in 2001 Ashby</li> <li>5 in Blake Apartments</li> <li>TBD in Future RCD People's Park Development</li> </ul>	The city committed to funding services for these units, estimated at \$190,000 annually. Additional funding will likely be needed for the People's Park project.
Shelter Plus Care Expansion	<ul style="list-style-type: none"> <li>53 new certificates in the new Shelter Plus Care COACH program</li> </ul>	Funding provided by HUD for housing and services

Measure P Funding	If used for rental subsidies and services, can support approximately 72 households <sup>4</sup>	\$2.5 million committed for FY21; intended for long term investment
<b>Totals</b>	<b>342 units</b>	

### Affordable Housing<sup>5</sup> Status

See Tables 3 and 4 for current and possible affordable housing pipeline projects. In addition to the projects in the pipeline there are multiple existing projects funded in the past with Housing Trust Funds with significant (\$ millions) in identified rehab needs based on City staff monitoring. Finally there is a table of non-city sponsored projects that provide important low income housing with likely significant financial needs that is listed.

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<sup>4</sup> Funds would be used for Rental Assistance and flexible funding (75%), supportive services (10%), and administration (15%).

<sup>5</sup> The HTF provides funding to support housing for people living with incomes ranging from 20% of Area Median Income to 60% of AMI. Most homeless households in Berkeley have incomes below 20% of AMI. NPLH units are included in the total unit count.

Table 3 Affordable Housing New Construction

Project	Type	Sponsor	Projected Units	Total City Funds Reserved	Projected Sources of Funds	Status of Funds	City Funded Operating and Services
1638 Stuart Street (Small Sites Program)	Community Land Trust / Limited Equity Coop	Bay Area Community Land Trust	8	\$1,653,663	General Fund (U1)	\$1,001,163 in contract \$652,500 in pending amendment	\$0
1740 San Pablo Avenue	Affordable Housing	BRIDGE Housing	60	\$7,500,000	Measure O (1 <sup>st</sup> )	Reserved – loan docs in process	\$0
2321-2323 10 <sup>th</sup> Street	Community Land Trust	Northern California Land Trust	8	\$1,620,640	General Funds (U1)	Reserved – loan docs in process	\$0
2527 San Pablo Avenue	Affordable Housing	Satellite Affordable Housing Associates	62	\$11,500,000	HTF, Measure O (1 <sup>st</sup> ), LHFT if successful	Reserved	\$0
BFHP Hope Center (2012 Berkeley Way)	Shelter and transitional Housing	Berkeley Food & Housing Project/ BRIDGE Housing	44	\$16,964,507	HTF, General Funds (U1), Measure O (1 <sup>st</sup> )	In contract	Reserve funded in permanent loan. Additional City funding would be needed for 24/7 operation – Estimate: \$190,000.
BFHP Hope Center PSH	Permanent Supportive Housing	Berkeley Food & Housing Project/	53	\$7,727,630	Measure O (1 <sup>st</sup> )	In contract	<i>No Place like Home</i> – 16 units

(2012 Berkeley Way)		BRIDGE Housing					Additional City Funds needed for services projected at \$150,000 per year for 53 units
BRIDGE Berkeley Way (2012 Berkeley Way)	Affordable Housing	BRIDGE Housing	89	\$2,774,925	Measure O (1 <sup>st</sup> )	In contract	\$0
Jordan Court (1601 Oxford)	Affordable Housing	Satellite Affordable Housing Associates	35	\$6,026,927	HTF (HOME), Measure O (1 <sup>st</sup> )	In contract	\$0
Maudelle Miller Shirek Community (2001 Ashby)	Affordable Housing	Resources for Community Development	86	\$17,000,000	Measure O (2 <sup>nd</sup> round),	Reserved	<i>No Place like Home</i> – 12 units City Funds needed for services projected at \$40,000 per year
<b>Total</b>			<b>445</b>	<b>\$61,268,292</b>			<b>\$190,000+ Per year</b>

Table 3 Notes:

- Typically, the funding sources for each loan are decided at the time the loan is made (contract execution, construction start). This table shows current projections.
- The HTF program pools multiple sources, mostly mitigation fee revenue and HOME. General Fund (U1) and Measure O were not added to the HTF program so are listed separately here.
- Measure O: 1<sup>st</sup> issuance in 2020, 2<sup>nd</sup> issuance planned for 2022.

**Table 4 Additional Possible Demands for Housing Funds**

Pipeline Projects with Potential Additional Funding Needs			
Project	Sponsor	Projected Units	Notes
1740 San Pablo Avenue	BRIDGE Housing	60	Received fewer Housing Choice Vouchers from BHA than requested. Expected to request up to \$4.5M in development loan.
Known New Construction Proposals (Not in Pipeline) – no pending application			
Project	Sponsor	Projected Units	Notes
Ashby BART	BART w/ developer		BART MOU requires City to commit funds by 12/20; possible Request For Qualifications in 2021
North Berkeley BART	BART w/ developer		BART MOU requires City to commit funds by 12/20; possible RFQ in 2021
1367 University/ Step Up Housing	BOSS and Panoramic Interests	39	\$32,975 start-up costs + \$900 K to \$1M/yr for 10 years (\$9M total) - proposal submitted on 8/26/20
BUSD Sponsored Project	BUSD w/ developer		Identified by Council as the #1 priority for Measure O 2 <sup>nd</sup> issuance
People’s Park	RCD		RCD expressed interest in the PLHA operating subsidies that the City applied to the state for on 8/2020. If 100% homeless project, will likely need City funding for services.
1001-1011 University (former Premier Cru)			
West Berkeley Service Center			Pending zoning study and Council identification of priority use (affordable senior housing, nursing care and assisted living were all mentioned).

Ephesians			Predevelopment application submitted in November for \$1.1 million.
St Paul AME			Predevelopment application submitted in November for \$1.2 million.
Known Possible Rehab Requests (Not in Portfolio) – no pending applications			
Project	Sponsor	Estimated Units	Notes
Oregon Park	Oregon Park	60	<ul style="list-style-type: none"> <li>Multiple outstanding code issues. Professional asset and property management would help this property a lot.</li> </ul>
Rosewood Manor	SBNDC	35	<ul style="list-style-type: none"> <li>Contacted City 7/20/20. Property managed by the Unity Council. Submitted letter requesting \$2.2 million in funding for this property and for Lorin Station. \$1.9 million in CDBG funds have been identified for this project. Remaining required funds to come from the Housing Trust Fund.</li> </ul>
1685 Solano Ave.	BACLT	13	<ul style="list-style-type: none"> <li>BACLT is in negotiations for purchase. Estimated City request of \$2.6M to \$3.9M.</li> </ul>
EAH acquisition and rehab project	EAH		<ul style="list-style-type: none"> <li>Contacted staff 7/20/20 with initial questions about housing grants.</li> </ul>
YMCA conversion	YMCA		<ul style="list-style-type: none"> <li>Contacted staff 7/20/20. Seemed more interested in grants for affordable housing than a loan or homeless housing.</li> </ul>
3404 King Street		18	<ul style="list-style-type: none"> <li>Additional funding needed for services and rehab.</li> </ul>
Russell Street Residence	BFHP	21	<ul style="list-style-type: none"> <li>Currently on the market for \$7M</li> </ul>

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