



Office of the City Manager

CONSENT CALENDAR
June 25, 2024

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Scott Gilman, Interim Director, Health, Housing, and Community Services

Subject: Prioritizing City-Owned Land for Affordable Housing and Noticing of Potential Disposition of City-Owned Land

RECOMMENDATION

Adopt a Resolution affirming the City's commitment to prioritize City-owned land for affordable housing and publicly notice the potential disposition of City-owned land consistent with the Surplus Lands Act.

FISCAL IMPACTS OF RECOMMENDATION

There are no fiscal impacts directly associated with this resolution. Leveraging publicly-owned land may significantly reduce the costs for land acquisition and the amount of public subsidy needed for affordable housing construction.

CURRENT SITUATION AND ITS EFFECTS

On July 11, 2023, City Council adopted a resolution authorizing application to, and participation in, the State Department of Housing and Community Development's (HCD) Prohousing Designation Program. This program creates incentives for jurisdictions with compliant Housing Elements and local policies HCD designates as "Prohousing".

The Prohousing designation offers the City an advantage for competitive HCD funding necessary for the City's Housing Trust Fund pipeline. It also provides projects with access to grants only available to Prohousing certified jurisdictions.

On August 17, 2023, the City submitted a Prohousing Designation application to HCD. That application included a certification that "any proposed Prohousing Policy identified herein will be enacted within two (2) years of the date of this application submittal." The City of Berkeley was awarded the Prohousing Designation on February 29, 2024, with a total of 54 points.

The City's application included Category 4H: "A comprehensive program that complies with the Surplus Land Act (Gov. Code, § 54220 et seq.) and that makes publicly owned land available for affordable housing, or for multifamily housing projects with the highest feasible percentage of units affordable to lower income households. A qualifying program may utilize mechanisms such as land donations, land sales with significant

write-downs, or below-market land leases.” The City Council must adopt a resolution affirming this commitment to qualify for the application point.

The City included this commitment in its application consistent with the direction in the adopted 2023-2031 Housing Element. Program H-15 states that the City will “encourage use of publicly-owned or controlled sites for affordable housing and/or mixed-use residential projects with a substantial portion of affordable units.”

BACKGROUND

This commitment to prioritizing City-owned land for affordable housing is consistent with previous City Council action. The recent development of City-owned land into affordable housing includes the Hope Center and Berkeley Way project built on a City-owned parking lot at 2012 Berkeley Way. In December 2021, the City Council approved \$24.5 million for a low-income and workforce housing project on Berkeley Unified School District (BUSD) property.

On April 27, 2021, the Berkeley City Council unanimously adopted Resolution 69,833-N.S. which, in part, reserves \$53 million of City-controlled funds as the subsidy needed to achieve at least 35% affordable housing at the Ashby and North Berkeley BART sites. The City owns the air rights to Ashby BART and is committed to ensuring affordable development on public land within City limits.

The City is also exploring developing affordable housing at additional city-owned sites. The City released a Social Housing Models and Market Analysis Request for Proposals (RFP) in April 2023, and is currently working with a consultant team on market analysis, policy research, and modeling to support the development of mixed-income affordable social housing on City-owned sites.

Formalizing a commitment to prioritizing affordable housing on City-owned land is consistent with the Surplus Land Act. The Surplus Land Act (Gov. Code, § 54220 et seq.) (SLA) is a “right of first refusal” law that requires all local agencies to offer surplus land for sale or lease to affordable home developers and certain other entities before selling or leasing the land to any other individual or entity.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no environmental sustainability and climate impacts associated directly with this resolution. Research demonstrates that developing “infill” housing – transit-oriented housing built in urban areas near jobs and services – is an effective strategy for reducing greenhouse gas pollution.

RATIONALE FOR RECOMMENDATION

The Prohousing Designation provides the City with a competitive advantage for HCD funding and access to grants only available to Prohousing jurisdictions. The Prohousing Designation will help the City better leverage its funding with HCD funds for producing

affordable housing and meeting its Regional Housing Needs Assessment (RHNA) goals.

City Council established a commitment in the Housing Element to prioritize City-owned land for affordable housing. There is an affordable housing shortage in the City of Berkeley, and leveraging City-owned land is a cost-effective strategy to facilitate RHNA targets for affordable housing. This resolution is consistent with the Surplus Lands Act.

ALTERNATIVE ACTIONS CONSIDERED

Staff did not consider alternative actions. Participating in the Prohousing Designation program will help the City and Berkeley projects be more competitive for funds for affordable housing and is consistent with the requirements of the Surplus Lands Act.

CONTACT PERSON

Anna Cash, Community Development Project Coordinator, HHCS, (510) 981-5403

Attachments:
1: Resolution

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

PRIORITIZING AFFORDABLE HOUSING ON CITY-OWNED LAND

WHEREAS, public land is a public asset and should be used for the public good; and

WHEREAS, 70% of households below 80% of Area Median Income (AMI) in Berkeley occupy units that are unaffordable to them; and

WHEREAS, the City of Berkeley's 2023-2031 Regional Housing Needs Allocation (RHNA) goal for extremely low-income, very low-income, and low-income housing is a combined 3,854 units; and

WHEREAS, the City Council is committed to supporting affordable housing development on public land within City limits; and

WHEREAS, the Surplus Land Act (SLA) is a "right of first refusal" law that requires all local agencies to offer surplus land for sale or lease to affordable home developers and certain other entities before selling or leasing the land to any other individual or entity; and

WHEREAS, The City of Berkeley submitted a Prohousing Designation Application in August 2023 to the California Department of Housing and Community Development affirming its commitment to make City-owned land available for redevelopment into affordable housing; and

WHEREAS, Program H-15 in the 2023-2023 Housing Element states that the City will "encourage use of publicly-owned or controlled sites for affordable housing and/or mixed-use residential projects with a substantial portion of affordable units"; and

WHEREAS, The City of Berkeley will commit to making surplus publicly owned land available for affordable housing, or for multifamily housing projects with the highest feasible percentage of units affordable to lower income households; and

WHEREAS, The City of Berkeley will commit to using mechanisms including but not limited to land donations, land sales with significant write-downs, or below-market land leases to support affordable housing development on publicly owned land.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City of Berkeley commits to follow the Surplus Land Act and prioritize all City-owned land no longer needed for public use available for affordable housing.