



Office of the City Manager

CONSENT CALENDAR
September 10, 2024

To: Honorable Mayor and Members of the City Council

From: LaTanya Bellow, Interim City Manager

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

Subject: 2024 Local Housing Trust Fund Application

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to apply for and accept funds from the State of California's Local Housing Trust Fund program, in an amount not to exceed \$5,000,000, and to apply such funds to the City's existing funding reservations for two projects at the North Berkeley BART (NBB) site: NBB East Bay Asian Local Development Corporation (EBALDC) Project and NBB BRIDGE Insight Permanent Supportive Housing (PSH) Project via the City's Housing Trust Fund program.

FISCAL IMPACTS OF RECOMMENDATION

The City of Berkeley is eligible to apply for up to \$5,000,000 from the State's competitive Local Housing Trust Fund (LHTF) program. The final award will be decided as part of the competitive application process. This funding would be applied to the City's Housing Trust Fund (HTF) program to fund the City's existing funding reservation for the two affordable housing projects proposed by EBALDC and Insight Housing (Insight, in partnership with BRIDGE Housing) as part of the NBB project, reducing the amount of Measure O and/or other local funds that would be required for the projects, and making those funds available for other housing priority projects if the City receives an LHTF award.

CURRENT SITUATION AND ITS EFFECTS

The City is eligible to apply for between \$1 million and \$5 million under the LHTF program. The program provides matching funds to local housing trust funds established by cities and counties. Applications will be scored on several criteria including the source of matching funds (sources other than residential local impact fees or in lieu fees), existing local funding commitments, project readiness, and affordability.

Based on eligibility criteria, the City can apply to support two projects in the City's HTF development pipeline, both proposed as part of the NBB project: the NBB EBALDC Project and the NBB BRIDGE Insight PSH Project. The NBB EBALDC Project will be a 60-unit family housing development by EBALDC that will also include 15 units of PSH. The NBB BRIDGE Insight PSH Project will be developed in partnership with BRIDGE

Housing and Insight Housing, and will include 85 PSH units. The PSH units under both projects will serve formerly homeless individuals.

City Council reserved a total of \$26.5M to the affordable housing developments at the North Berkeley BART site, through Resolutions 70,643-N.S., 70,991-N.S., and 71,428-N.S. The funding will come from future issuances of the Measure O Bond (anticipated in 2025 and 2027) and Affordable Housing Mitigation Fees.

BACKGROUND

On July 9, 2024, the California Department of Housing and Community Development (HCD) issued a Notice of Funding Availability (NOFA) of approximately \$53 million for the LHTF program created under the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1). The LHTF program was established by the State as a funding source to finance new affordable housing construction. The program is funded by \$300 million proceeds from a \$4 billion bond under the State General Obligation Bond Law.

Program funds awarded must be designated to provide construction loans and/or permanent financing loans to pay for construction or rehabilitation of affordable rental housing projects, emergency shelters, permanent supportive housing, transitional housing and affordable homeowner projects. Program funds may also be used to assist income-eligible first-time homebuyers to purchase homes and to rehabilitate houses owned by income-eligible occupants. Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs) construction and conversion programs are also eligible.

The City is eligible to apply as it maintains an existing Housing Trust Fund. The City of Berkeley's HTF program was established in 1990 to support affordable housing development and rehabilitation. It is funded by several sources, including Affordable Housing Mitigation Fees (AHMF), Condominium Conversion fees, and federal HOME funds. Measure O was approved by voters in 2018 to provide \$135 million in additional bond funding for affordable housing development, and is administered through the HTF program. Any LHTF funding the City receives will complement these existing funding sources.

In 2020, the City of Berkeley successfully applied for and received LHTF awards for two projects, The Grinnell (formerly Blake Apartments, 2527 San Pablo Ave.) and Maudelle Miller Shirek Community (2001 Ashby Ave.), with each project receiving \$2.5M for a total award of \$5M. The Grinnell is completed and occupied, and completion for Maudelle Miller Shirek Community is anticipated in early Fall. The City also received LHTF awards for Supportive Housing in People's Park (\$3.3M) and St. Paul Terrace (approximately \$4.1M) both of which are in the planning or predevelopment phases.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable sustainability and climate impacts directly associated with the recommendations of this report.

RATIONALE FOR RECOMMENDATION

If approved, an application for LHTF funds will make up to \$5 million available for Berkeley to support City programs that serve lower income or unhoused populations.

Measure O bond-supported pipeline projects provide the City with the most competitive application. The LHTF application weighs the percentage of matching funds derived from sources other than local impact fees (such as the AHMF). The Measure O bond provides this advantage. Further, because the projects will include units for formerly homeless, Extremely Low Income, Very Low Income and Low-Income households, the City's application will likely be more competitive.

Competitive applications must also demonstrate project readiness and a projected construction start. This also provides better security that the funds will be expended consistent with the NOFA requirements.

The City is required to use the resolution template provided by the state for this council item.

ALTERNATIVE ACTIONS CONSIDERED

The City could decline to participate in the LHTF Program. Since that would not be consistent with the City's Strategic Plan to increase affordable housing opportunities, staff are recommending participation as described above. Staff also do not recommend applying the funds to a first-time home buyer, ADU or JADU program, as the application scoring criteria is designed to favor new construction of affordable housing.

CONTACT PERSON

Asavari Devadiga, Community Development Project Coordinator, HHCS, 510-981-5426

Attachment:

1: Resolution

Exhibit A: Attachment 1 City of Berkeley Housing Trust Fund Commitment to use Local Housing Trust Fund (LHTF) Program Funds and Matching Funds

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

CITY OF BERKELEY HOUSING TRUST FUND APPLICATION TO LOCAL HOUSING TRUST FUND AUTHORIZING RESOLUTION

A necessary quorum and majority of the Council Members of the City of Berkeley, a municipality (“Applicant”), hereby consents to, adopts and ratifies the following resolution:

- A. WHEREAS, the Department is authorized to provide up to \$53 million under the Local Housing Trust Fund (“LHTF”) Program from the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) (as described in Health and Safety Code section 50842.2 et seq. (Chapter 365, Statutes of 2017 (SB 3)) (“Program”).
- B. WHEREAS, the State of California (the “State”), Department of Housing and Community Development (“Department”) issued a Notice of Funding Availability (“NOFA”) dated 7/9/2024 under the LHTF Program;
- C. WHEREAS, Applicant is an eligible Local or Regional Housing Trust Fund applying to the Program to administer one or more eligible activities using Program Funds.
- D. WHEREAS, the Department may approve funding allocations for the LHTF Program, subject to the terms and conditions of H&S Code Section 50842.2, the LHTF Program Guidelines, NOFA, Program requirements, the Standard Agreement and other related contracts between the Department and LHTF award recipients.

NOW THEREFORE BE IT RESOLVED THAT:

- 1. If Applicant receives an award of LHTF funds from the Department pursuant to the above referenced LHTF NOFA, it represents and certifies that it will use all such funds on Eligible Projects in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including, without limitation, all rules and laws regarding the LHTF Program, as well as any and all contracts the Applicant may have with the Department (“Eligible Project”).
- 2. NOW, THEREFORE, BE IT RESOLVED: The City of Berkeley’s Housing Trust Fund is hereby authorized to act as the manager in connection with the Department’s funds to Eligible Projects pursuant to the above described Notice of Funding Availability in an amount not to exceed \$5,000,000 (the “LHTF Award”).
- 3. Applicant hereby agrees to match on a dollar for dollar basis the LHTF Award pursuant to Guidelines Section 104. Applicant hereby agrees to utilize matching finds on a dollar-for-dollar basis for the same Eligible Project for which Program Funds are used, as required by HSC Section 50843.5(c).

4. Pursuant to Attachment 1 and the Applicant's certification in this resolution, the LHTF funds will be expended only for Eligible Projects and consistent with all program requirements.
5. Nonprofit Housing Trust Funds and Native American Tribe Housing Trust Funds agree to use Program Funds only for Eligible Projects located in cities and counties that submitted an adopted Housing Element that was found by the Department to be in compliance and that have submitted their Housing Element Annual Progress Report (APR) for the current year or prior year by the application due date.
6. Applicant shall be subject to the terms and conditions as specified in the Standard Agreement, H&S Section 50842.2 and LHTF Program Guidelines
7. The City Manager and/or designee is authorized to execute the LHTF Program Application, the LHTF Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the LHTF Award to Applicant, as the Department may deem appropriate.

Exhibits

A: Attachment 1 City of Berkeley Housing Trust Fund Commitment to use Local Housing Trust Fund (LHTF) Program Funds and Matching Funds

PASSED AND ADOPTED at a regular meeting of the City of Berkeley City Council this 10th day of September, 2024 by the following vote:

AYES: _____ ABSTENTIONS: _____ NOES: _____ ABSENT: _____

Approving Officer: _____

Signature of Approving Officer

CERTIFICATE OF THE ATTESTING OFFICER

The undersigned, Officer of the City of Berkeley does hereby attest and certify that the forgoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of the City Council of the City of Berkeley, which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

ATTEST: _____

Signature of Attesting Officer

ATTACHMENT 1

City of Berkeley Housing Trust Fund Commitment to use Local Housing Trust Fund (LHTF) Program Funds and Matching Funds

1. Identification of the percent of the total funds requested that will be used for each activity / project, including Area Median (AMI level)

The LHTF award will fund the City's existing funding reservations for two affordable housing projects proposed as part of the North Berkeley BART (NBB) project:

- NBB EBALDC Project: 47.5% of the total LHTF award would support the construction of East Bay Asian Local Development Corporation's 60-unit family housing development that will serve 20-60% AMI households. 15 of the units will be reserved for formerly homeless households.
- NBB BRIDGE Insight PSH Project: 47.5% of the total LHTF award would support BRIDGE Housing and Insight Housing's 85-unit permanent supportive housing development that will serve 30-50% AMI households, including formerly homeless residents.
- 5% of the total LHTF award would be used for administration.
- The City will match the LHTF funding with money from its Housing Trust Fund program.

2. Jurisdictions where activities / projects will be delivered:

City of Berkeley (in Alameda County)

