



Office of the City Manager

CONSENT CALENDAR
January 21, 2025

To: Honorable Mayor and Members of the City Council
From: Paul Buddenhagen, City Manager
Submitted by: Scott Gilman, Director, Health, Housing, and Community Services
Subject: Housing Trust Fund Recommendations for the Martin Luther King Jr. House
Predevelopment Funds and Haste Street Rehabilitation Funds

RECOMMENDATION

Adopt a Resolution:

1. Authorizing the City Manager or designee to disburse up to \$320,000 of Insight Housing’s loan for Martin Luther King, Jr. (MLK) House for predevelopment;
2. Reserving \$500,000 for the Northern Community Land Trust’s (NCLT) rehabilitation of 2207 Haste Street; and
3. Authorizing the City Manager or designee to execute all original or amended documents or agreements to effectuate these actions.

FISCAL IMPACTS OF RECOMMENDATION

The attached resolution would allow disbursement of up to \$320,000 of Insight’s existing Housing Trust Fund (HTF) loan for the MLK House project for predevelopment. No new funds are being added to the project. The resolution would also reserve \$500,000 for the rehabilitation of NCLT’s Haste Street property. Currently, there are sufficient funds in the Housing Trust Fund (HTF) program to fund this request. Staff will determine the exact mix of funds from the HTF closer to the loan closing, which may include Funds #120, #122, #123, and #302.

CURRENT SITUATION AND ITS EFFECTS

On December 2, 2024 the Housing Advisory Commission voted as follows to approve the staff recommendations as written above.

M/S/C: Haycox/ Bell. Ayes: Bell, Braslaw, Haycox, Potter, Shere, and Twu. Abstain: None. Absent: Mendonca (excused), Ortiz-Cedeño (excused), Simon-Weisberg (excused).

The City of Berkeley received requests related to two Housing Trust Fund projects: MLK House and Haste Street.

Insight requested an advance of \$320,000 for the MLK House project to cover the cost of predevelopment activities. Council approved a \$2M loan in January 2024 to support Insight's acquisition and renovation of the property. The City does not typically release funds (aside from acquisition) until all other funding is secured and the renovation is moving forward. In the lead-up to the property rehab, Insight will have significant carrying costs and design costs, and requested access to a portion of their loan to cover those early project costs. Insight is not requesting new funding for MLK House.

NCLT submitted a request for \$500,000 for the rehabilitation of the Haste Street property (located at 2207 Haste Street). NCLT originally requested operating funding through the City's 2021 HTF Request for Proposals (RFP) process, but there were insufficient funds available through the RFP to cover their request. Because the property also had known capital needs, Council invited NCLT to submit a revised request for up to \$500,000 to support the renovation of the property.

BACKGROUND

MLK House

Located at 2942-2944 Martin Luther King Jr. Way, MLK House is a Single-Room Occupancy (SRO) permanent housing project that will serve up to 11 formerly homeless veterans. The property has 12 bedrooms (one of which will be used as an office), four bathrooms, and a shared kitchen.

Insight recently took ownership from Resources for Community Development (RCD), and assumed RCD's original HTF loan. The transfer was authorized in January 2024, at which point Council approved an additional \$2M to Insight to renovate the property for operation as housing for formerly homeless veterans. The proposed rehab scope includes improvements to bathrooms, kitchens, HVAC, a new roof and windows, landscaping, and accessibility upgrades. Insight will also add kitchenettes to each room in order to make them eligible for Veterans Affairs Supportive Housing (VASH) vouchers from the Department of Veterans Affairs.

Insight requested that \$320K of the previously approved, \$2M loan be provided as predevelopment funding to pay for architectural, engineering, and permit fees needed in advance of the rehabilitation work. There are limited non-City sources of funding for predevelopment, and Insight is a smaller organization with limited cash resources to front costs prior to start of construction. Council's January 2024 funding approval did not include an authorization to release funds for predevelopment activities.

Haste Street

Located at 2207 Haste Street, the property consists of eight bedrooms in a 3-story building with a communal kitchen and three bathrooms. NCLT acquired the property in 1991 and was awarded a \$154K HTF loan in 2000 to support property renovation. In May 2022, NCLT entered into a lease with the Alameda County Homeless Action Center (HAC). HAC operates the project and provides transitional supportive housing to

formerly homeless people who are on the County's priority waiting list for permanent supportive housing.

HAC completed minor rehab upon taking over management, but the property has more extensive capital needs than the rehab was able to address. NCLT requested \$500K in City funds to conduct a limited rehabilitation of the property starting in Summer/Fall 2025. The proposed scope of work would not require temporary relocation of current residents. The project's capital needs exceed the available funding, and NCLT will need to prioritize the most critical structural and/or safety renovations. The anticipated scope of work includes structural repairs to the roof and foundation, front steps, the existing elevator system, painting and replacing windows. NCLT has two project management staff, though both are leaving the organization in the coming months. NCLT plans to build capacity by hiring one or more consultants to manage rehab projects. Housing & Community Services staff will reassess NCLT's capacity prior to disbursing any funds for the project.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Both projects are existing, infill properties in walkable neighborhoods served by transit. Renovations have a lower environmental impact than new construction, and to the extent feasible, Insight and NCLT will incorporate energy-efficiency and sustainability measures into their respective rehab scopes.

RATIONALE FOR RECOMMENDATION

Council previously approved funding for Insight's renovation of MLK House, and approved NCLT returning with a request for up to \$500,000 for the renovation of the Haste Street property. These recommendations are in line with Council's original actions, and will allow the projects to move forward with renovations for projects that will serve vulnerable populations (veterans and formerly homeless individuals).

ALTERNATIVE ACTIONS CONSIDERED

If Council does not approve the funding requests, Insight Housing and NCLT would need to pursue alternative funding sources, which would likely increase project costs and delay the renovations.

CONTACT PERSON

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

Attachment:
1: Resolution

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

APPROVAL OF MARTIN LUTHER KING JR. HOUSE PREDEVELOPMENT FUNDS
AND HASTE STREET REHABILITATION FUNDS

WHEREAS, City Council established a Housing Trust Fund (HTF) program to assist in the development and expansion of housing affordable to low- and moderate-income persons who either work or reside within the City of Berkeley, and authorized the City Manager to implement the HTF program; and

WHEREAS, there is a great need for affordable and special needs housing in the City of Berkeley as stated in the General Plan Housing Element and the City of Berkeley's Consolidated Plan; and

WHEREAS, City Council adopted guidelines (HTF Guidelines) as revised on January 19, 2021, and authorized the City Manager to implement the HTF program in accordance with the Guidelines; and

WHEREAS, the Northern California Land Trust (NCLT) submitted an application for operating subsidy for 2207 Haste Street through the 2021 HTF Request for Proposals process, but were not funded due to insufficient funds; and

WHEREAS, on December 14, 2021, by Resolution 70,135-N.S., the City Council invited NCLT to submit a revised funding application for up to \$500,000 to support the renovation of 2207 Haste Street; and

WHEREAS, on January 30, 2024, by Resolution 71,190-N.S., the City Council approved the transfer of MLK House to Insight Housing and reserved \$2,000,988 in HTF funds to support the acquisition and renovation of the property; and

WHEREAS, in October 2024, NCLT submitted a request for \$500,000 for the Haste Street project and Insight submitted a request to use \$320,000 of their existing loan for predevelopment of the MLK House project; and

WHEREAS, on December 2, 2024, the Housing Advisory Commission recommended Council approval to reserve \$500,000 for NCLT's rehabilitation of 2207 Haste Street, and to advance up to \$320,000 of Insight Housing's loan for MLK House for predevelopment.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Council approves the reservation of \$500,000 for the NCLT's rehabilitation of 2207 Haste Street.

BE IT FURTHER RESOLVED that Council approves the disbursement of up to \$320,000 of Insight Housing's existing HTF loan for MLK House for predevelopment activities.

BE IT FURTHER RESOLVED that the funds for the Haste Street project shall be reserved for a period of no more than 24 months from the date of this Resolution, contingent on NCLT obtaining all required City approvals and securing commitments for full project funding that the City Manager or designee deems sufficient within the reservation period.

BE IT FURTHER RESOLVED that the funding reservation is conditioned upon the completion of the environmental review process, as applicable, except as authorized by 24 CFR, Part 58, and that should HOME and/or CDBG funds constitute a portion of the funding for any project, a final commitment of HOME and/or CDBG funds shall occur only upon the satisfactory completion of the appropriate level of environmental review and also upon the receipt of approval of the request for release of funds and related certification from the U.S. Department of Housing and Urban Development, when applicable. The funding reservation for any of the HOME- and/or CDBG-funded projects is conditioned upon the City of Berkeley's determination to proceed with, modify, or cancel the project based on the results of subsequent environmental review under the National Environmental Policy Act.

BE IT FURTHER RESOLVED that the making of each loan shall be contingent on and subject to such other appropriate terms and conditions as the City Manager or their designee may establish.

BE IT FURTHER RESOLVED the City Manager, or their designee, is hereby authorized to execute all original or amended documents or agreements to effectuate this action; a signed copy of said documents, agreements and any amendments will be kept on file in the Office of City Clerk.

