



Office of the City Manager

CONSENT CALENDAR
May 20, 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: Funding Application: California Affordable Housing and Sustainable Communities Infrastructure in connection with the proposed North Berkeley BART Affordable Housing Project

RECOMMENDATION

Adopt a Resolution:

1. Authorizing the City Manager to negotiate, enter into, and cause the City to perform its obligation under an agreement (including amendments) with East Bay Asian Local Development Consortium (EBALDC) and/or their affiliate relating to a funding application to the California Affordable Housing and Sustainable Communities (AHSC) program for project-related transportation and infrastructure improvements for the North Berkeley BART (NBB) EBALDC Affordable Housing Project at the North Berkeley BART Station Area, for a total AHSC award amount of up to \$50 million.
2. Authorizing the City Manager to accept up to \$5.4 million in state Affordable Housing and Sustainable Communities (AHSC) funds and complete selected transportation improvements if awarded.

SUMMARY

If the AHSC application is successful, the City will receive up to \$5.4 million in grant funds for transportation projects located within one mile of the NBB EBALDC Affordable Housing Project. The budget for City transportation projects in the application may decrease depending on the final combination of transportation projects proposed in the AHSC application. To maximize the application's competitiveness, Public Works staff are evaluating various combinations of transportation projects.

FISCAL IMPACTS OF RECOMMENDATION

EBALDC will apply for AHSC program funds for housing development and transportation improvements for the NBB EBALDC Affordable Housing Project. EBALDC will apply for up to \$35 million to support housing development costs for the project and the costs for bikeway, transit, and pedestrian improvements on and adjacent to the site. The housing portion of the application does not require City participation, and

the AHSC housing funds will be loaned directly to EBALDC without passing through the City. The housing portion of the application cannot go forward without the transportation and infrastructure portion discussed in this report.

The application will also include funding requests for transportation projects, including projects that would be implemented by the City. If awarded, EBALDC's AHSC application would bring up to \$5.4 million of competitive grant revenue to fund bicycle, pedestrian, and transit improvements. The resolution authorizes the City Manager to enter into an agreement that will allow EBALDC to pass through the funds to the City if the application is successful.

If the AHSC application is successful, the City will need to complete the agreed upon projects within five years of the award. The resulting City agreement is expected to include generally customary provisions requiring the City to (i) complete the agreed improvements by the deadline, (ii) be responsible for any funding shortfalls, and (iii) not seek reimbursement for any grant amounts not otherwise spent on the projects.

CURRENT SITUATION AND ITS EFFECTS

EBALDC is pursuing AHSC funding to support its affordable housing development (NBB EBALDC project) at North Berkeley BART. In order to be eligible for up to \$35 million in housing development funds, the application must include transportation and infrastructure improvements consistent with a complex system of AHSC program priorities. The improvements will be implemented by EBALDC, the City of Berkeley, and BART/ Valley Transportation Authority (VTA). Under AHSC guidelines, the funding that supports the housing development will be provided as a loan to the applicant, and the transportation and infrastructure improvement are provided as a grant.

The project team has been meeting to strategize on the combination of transportation improvements that will help the application score most competitively. Transportation improvements must be located entirely or partially within the project area, defined by AHSC as within one mile of the North Berkeley BART transit-oriented development site. The improvements to be implemented by the City of Berkeley could include a new Class III bicycle boulevard on Grant Street from the City Council approved 2017 Bicycle Plan Update, such as wayfinding signs, pavement markings, traffic calming, intersection crossing improvements, solar-powered street lighting and new Americans with Disabilities (ADA)-accessible curb ramps, as part of 2027-2028 repaving projects. The City could also improve five AC Transit bus stops on Shattuck Avenue and Sacramento Street within the project area with bus boarding "bulbouts" and benches. The bus stops are located on transit priority corridors and support the City's Transit-First Policy Implementation Plan approved by City Council in 2023. The City may also consider incorporating other eligible multimodal transportation improvements - such as enhanced pedestrian lighting, bike parking, or micro-mobility infrastructure - provided they remain consistent with AHSC guidelines and are located within the eligible project area.

Coordination with ongoing and future capital projects may also support the integration of additional pedestrian and bicycle improvements. The City's share of the AHSC funds for the bicycle, pedestrian, and bus stop improvements will not exceed \$5.4 million.

The funding application will request up to \$15 million for various activities, including the City transportation projects. The AHSC award will also fund new train cars for a transit component by BART/VTA, and anti-displacement activities. The City will have no direct role or responsibility in implementing the EBALDC, BART, and anti-displacement activities.

BACKGROUND

Administered by the Strategic Growth Council and implemented by the Department of Housing and Community Development (HCD), the AHSC Program provides loans and grants to eligible land-use, housing, transportation, and land preservation projects to support infill and compact development that reduce greenhouse gas emissions. Funding for the AHSC Program is provided by the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds. The City was successful in applying for AHSC program funds with BRIDGE on the BRIDGE PHASE I affordable housing project at the NBB site and for applying and utilizing AHSC program funds for several other affordable housing projects.

On December 13, 2022, and July 25, 2023, with Resolutions 70,643-N.S. and 70,991-N.S., the City Council approved predevelopment funding reservations totaling \$2,000,000 for the development of permanently affordable housing at the NBB Station Area. This predevelopment funding is part of a commitment made by the City through Resolution 69,833-N.S. to provide up to \$26.5M for affordable housing development at the site. The NBB EBALDC Affordable Housing Project is one of four affordable projects proposed for housing development at the North Berkeley BART station. With Resolution 71,428-N.S., the City Council approved a development funding reservation of \$5,473,534 on June 25, 2024 for the project.

The intent is to leverage City's affordable housing funding with affordable housing funding from the state's AHSC program, for which applications are due on May 28, 2025. A key goal of the AHSC program is to reduce greenhouse gas emissions, and projects are required to incorporate certain transportation improvements. However, those improvements are not sufficient to meet the AHSC program's threshold requirements. EBALDC requested that the City partner with them on the application and complete certain AHSC-funded transportation improvements to help meet the program requirements and ensure a competitive application.

EBALDC is working with Community Development Resource Group, which has a proven track record of successful AHSC applications. The consultants have been evaluating the AHSC scoring criteria and transportation project options and have advised on strategies that have the greatest chance of achieving the highest scores

possible. The project team strategized on the most competitive combination of transportation projects to propose and determined that a portion of the AHSC funds will support City projects identified in this report.

The City will not be a joint applicant and will need to enter into a side agreement with EBALDC in order to receive state AHSC funding passed through the project to the City-sponsored transportation projects. The City will need to commit to completing those transportation projects within five years of the award. Completion of the transportation projects by the end of 2030 will be necessary for the projects to receive the AHSC housing funds. Should the City not complete the improvements by 2030, the City would lose access to the AHSC funds. For that reason, agreeing to participate in this program means the City will need to prioritize completion of any AHSC-funded projects. The side agreement will address liability and indemnification as well as the grant activities themselves. This was taken into consideration as the potential projects were identified.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The purpose of the AHSC program is to reduce greenhouse gas emissions in California. All the projects identified for the funding will help accomplish that goal. Increasing cycling and walking would help the City achieve the Berkeley Climate Action Plan greenhouse gas emission reduction targets of 80% below year 2000 levels by 2050. The Climate Action Plan states that, "Transportation modes such as public transit, walking and bicycling must become the primary means of fulfilling our mobility needs."

RATIONALE FOR RECOMMENDATION

The City transportation and infrastructure projects proposed for inclusion in this AHSC funding application (new Class III bicycle boulevards, pedestrian improvements, and bus stop upgrades in the AHSC project area) were all previously identified in existing City plans. The 2017 Bicycle Plan recommends new bicycle boulevards to expand and improve connectivity of the neighborhood bikeway system. The City's Transit-First Policy Implementation Plan encourages the City to develop bus stop improvements to support the use of public transit. The City's 2020 Pedestrian Plan recommends curb ramps that align with the direction of the crosswalk and are compliant with the ADA. This funding opportunity has the potential to provide up to a total of \$5.4 million for various activities, including the City's transportation-related infrastructure improvements in the project area. The AHSC funds could also support a BART/VTA-sponsored project (either new BART/VTA train cars or infrastructure improvements). If the application is successful, staff believe that the AHSC funds will be sufficient for the City to complete its required transportation and infrastructure improvements, based on current cost estimates. In the event the estimates are higher than budgeted, the City will be required to make up any shortfalls from other sources.

Accepting the AHSC grant funding also poses some risks. If EBALDC fails to meet the AHSC schedule or expenditure deadlines for the housing project, it could impact the

timing of or the City's right to receive disbursements of AHSC funds for its transportation projects. The City is also obligated to complete its AHSC projects by 2030 or it risks losing access to the funds. City staff believes that the City can reasonably bear these risks in light of (i) the understanding that all of the anticipated housing costs have already been identified or budgeted, (ii) the expectation that all CEQA and NEPA approvals for housing construction will be received in timely manner, (iii) the City's general extensive experience with executing similar transportation and infrastructure projects, and specific understanding that all of the projects at issue can be completed within the required five-year period, and (iv) other than customary requirements for carrying out any public works project, staff is not aware of any other significant pre-conditions or risks for the City executing the transportation improvements projects. Specific design, construction, procurement and related contracts to deliver the City projects will be subject to customary City approvals at the appropriate times, including Council approval when required.

ALTERNATIVE ACTIONS CONSIDERED

The City could choose not to participate in the AHSC application, which would result in a less competitive application for EBALDC and may impact their ability to secure funding to support the affordable housing development. Without the City's participation, the application would have difficulty achieving full points for active transportation improvements. In addition, it would mean forgoing an opportunity to access up to \$5.4 million for transportation infrastructure projects.

CONTACT PERSON

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

Attachments:

1: Resolution

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

CALIFORNIA AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES
INFRASTRUCTURE GRANT APPLICATION AND AGREEMENT WITH PROPOSED
NORTH BERKELEY BART EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AFFORDABLE HOUSING PROJECT

WHEREAS, on April 27, 2021, with Resolution 69,883-N.S., the City Council reserved \$53 million, to be divided between the North Berkeley and Ashby BART sites, as the subsidy needed to achieve 35% affordability, and allowed for a portion of that funding to be considered for predevelopment costs associated with affordable housing; and

WHEREAS, on December 13, 2022 and July 25, 2023, City Council adopted Resolutions No. 70,643-N.S. and No. 70,991-N.S., reserving funding for predevelopment activities at the North Berkeley BART site; and

WHEREAS, on March 25, 2025, the California Strategic Growth Council and the California Department of Housing and Community Development released the Notice of Funding Availability with approximately \$775 million in loan and grant funds for the Affordable Housing and Sustainable Communities (AHSC) Program; and

WHEREAS, East Bay Asian Local Development Corporation (“EBALDC”) and/or their affiliate proposes to apply for AHSC funding prior to the due date of May 28, 2025, for up to \$50 million to support affordable housing development (the “NBB EBALDC Project”), as well as transportation and infrastructure improvements within one mile of the North Berkeley BART site (the “project area”); and

WHEREAS, if the application is successful, the City would receive up to approximately \$5.4 million in grant funds to support bicycle boulevard, pedestrian improvements, and bus stop improvements within the project area (the “City Transportation Projects”); and

WHEREAS, the City Transportation Projects support the traffic safety, climate, and equity policy goals and infrastructure recommendations of Berkeley City Council approved transportation plans, including the 2017 Bicycle Plan (Resolution no. 67,945-N.S.), 2020 Pedestrian Plan (Resolution no 69,711-N.S.), 2020 Vision Zero Action Plan (Resolution no. 69,324-N.S.), and 2023 Transit-First Policy Implementation Plan (Resolution no. 70,751-N.S.); and

WHEREAS, the amount of funding for City Transportation Projects may be reduced depending on the final cost estimate for other projects that will also be paid for out of the AHSC award; and

WHEREAS, the City will not be a joint applicant, but will need to enter into a side agreement with EBALDC in order to receive state AHSC funding passed through the project to the City-sponsored transportation projects.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager or designee is authorized to negotiate, enter into and cause the City to perform its obligations under an agreement (including amendments) with EBALDC and its affiliates relating to a funding application to the California AHSC program for NBB EBALDC Project project-related transportation and infrastructure improvements, for a total amount up to \$5.4 million for City projects, and to accept and perform the grants if awarded.

