



Office of the City Manager

PUBLIC HEARING  
June 17, 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  
 Department  
 Subject: Housing Trust Fund and Small Sites Program Fees

### RECOMMENDATION

Conduct a public hearing and upon conclusion, adopt a Resolution establishing the following new fees for the Housing Trust Fund (HTF) and Small Sites Programs:

- Origination fee equal to 1% of the total loan for new construction
- Subordination fee of \$600 per request
- Assumption fee of \$600 per request
- Loan modification fee of \$3,000 per request
- Hourly rate of \$130 for project management of HTF projects not subject to the origination fee during predevelopment and development

### FISCAL IMPACTS OF RECOMMENDATION

The proposed fees would allow the Department of Health, Housing, and Community Services (HHCS) to recover a portion of staffing costs associated with implementing certain Housing Trust Fund (HTF) program and Small Sites Program (SSP) activities. The Housing and Community Services (HCS) Division utilizes allowable administrative caps on special funds, some of which supports HTF programs and SSP, but these programs also rely on General Funds. The proposed fees would support partial cost recovery, and enhance the sustainability of program administration. The fees represent staff time for the Community Development Project Coordinators who administer the housing development and monitoring programs, as well as administrative and supervisory support.

The amount of fees collected each fiscal year would vary, depending on the number of loan originations, subordinations, assumptions, and loan modifications processed annually, but based on recent trends, could result in up to \$200,000 annually. However, the timing of loan originations is variable, so some years would result in less fee revenue, while other years more.

All HTF fees generated will be deposited into the City's General Fund (353) to support ongoing administration of the City's affordable housing development programs.

### CURRENT SITUATION AND ITS EFFECTS

The City historically has not charged fees for the administration of its Housing Trust Fund and Small Sites programs, however, it is a common practice amongst other local jurisdictions. The City's pipeline and portfolio of affordable housing projects continue to grow. The new fees would provide partial cost recovery for HHCS and City staff time (estimated at between 50-80% cost recovery, depending on complexity of the project and the total loan amount), and will not create an unreasonable financial burden for an affordable housing project. The \$130 hourly rate would only apply to project management activities for projects not otherwise subject to the loan origination fee.

Neighboring jurisdictions charge a range of fees, including loan origination Fees, annual monitoring fees, and the three currently proposed: subordinations, assumptions, and loan modifications.

HHCS staff respond to requests for subordination agreements, assumption agreements, and modifications related to HTF and SSP loans. Subordinations and assumptions require HHCS staff review of the request, an analysis of the impacts, recommendation to approve, and negotiation of agreements to complete the subordination or assumption. The proposed fee for each is \$600. Loan modifications are more staff-intensive, as they require deeper underwriting, approval by the Housing Advisory Commission and City Council, and a contract amendment. The proposed fee for loan modifications is \$3,000 per request.

Berkeley's proposed fees are comparable or lower than other local jurisdictions. Other local jurisdictions with these types of fees charge between 1-2% for loan origination, \$225-\$1,514 for subordinations, and \$2,100-\$3,500 for assumptions and modifications. Not all agencies charge the same fees, so while some jurisdictions (i.e. San Francisco) don't charge assumption or modification fees, they charge larger loan origination fees to cover their staff time on housing development projects.

### BACKGROUND

The City established its HTF in 1990 to support the creation and preservation of affordable housing in Berkeley. The HTF pools funding from various sources, including the City's HOME funds (allocated through the U.S. Department of Housing and Urban Development) and local fees, including the commercial mitigation fee, the condo conversion fee, and the inclusionary housing fee. The Measure O bond, funds from Measure U1, and state funds (from the Permanent Local Housing Allocation and Local Housing Trust Fund programs) are also administered through the HTF, and are used to support the development and preservation of affordable housing. The Small Sites Program (SSP) is a subset of the HTF program, and supports acquisition-rehab projects with 2-25 units.

### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no environmental impacts associated directly with the subject of this report.

RATIONALE FOR RECOMMENDATION

To date, HHCS has administered its affordable housing programs at no cost. These services are currently paid for by a combination of allowable administrative set-asides of HHCS special funds, entitlement grants, and the General Fund, including Measure U1.

ALTERNATIVE ACTIONS CONSIDERED

The City could continue to administer the Housing Trust Fund programs and Small Sites Program without charging fees to the affordable housing projects. The programs would continue to rely on the HHCS special funds and general fund to pay for staffing.

CONTACT PERSON

Jenny Wyant, Program Manager II, HHCS, 510-981-5228

Attachments:

1: Resolution

Exhibit A: Housing Trust Fund Program Fee Schedule

2: Public Hearing Notice

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

ADOPTING HOUSING TRUST FUND PROGRAM AND SMALL SITES PROGRAM FEES FOR SERVICES PROVIDED BY THE DEPARTMENT OF HEALTH, HOUSING AND COMMUNITY SERVICES

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, the Small Sites Program (SSP) is a subset of the HTF program, and is applied to HTF projects with 2-25 affordable housing units; and

WHEREAS, the Department of Health, Housing and Community Services (HHCS) provides staffing to implement the requirements of the HTF program and SSP; and

WHEREAS, HHCS does not currently charge fees to affordable housing developers for the implementation of the HTF and SSP; and

WHEREAS, HHCS proposes the adoption of the attached Housing Trust Fund program fee schedule, to support partial cost recovery of HHCS staff time.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City adopts the HHCS Housing Trust Fund program fee schedule attached as Exhibit A, effective July 1, 2025.

BE IT FURTHER RESOLVED that the fee schedule will remain valid for an HHCS successor agency, if any.

Exhibits

A: Housing Trust Fund and Small Sites Programs Fee Schedule

**Exhibit A:**  
**Housing Trust Fund and Small Sites Programs Fee Schedule**  
*Effective as of July 1, 2025.*

<b>Applicable Fee</b>	<b>Amount</b>
Origination Fee	1% of total loan amount (new construction projects only)
Subordination Fee	\$600 per subordination request
Assumption Fee	\$600 per assumption request
Loan Modification Fee	\$3,000 per modification request
HTF Project Management Hourly Rate	\$130/hour

**NOTICE OF PUBLIC HEARING  
BERKELEY CITY COUNCIL  
HOUSING TRUST FUND AND SMALL SITES PROGRAM FEES**

**The public may participate in this hearing by remote video or in-person.**

The Department of Health, Housing, and Community Services is proposing setting a fee via resolution for its Housing Trust Fund and Small Sites Programs.

The hearing will be held on, June 17, 2025 at 6:00 p.m. in the School District Board Room, located at 1231 Addison Street, Berkeley CA 94702.

A copy of the agenda material for this hearing will be available on the City’s website at <https://berkeleyca.gov/> as of June 5, 2025. **Once posted, the agenda for this meeting will include a link for public participation using Zoom video technology, as well as any health and safety requirements for in-person attendance.**

For further information, please contact Jenny Wyant at 510-981-5400.

Written comments should be mailed or delivered directly to the City Clerk, 2180 Milvia Street, Berkeley, CA 94704, or e-mailed to [council@berkeleyca.gov](mailto:council@berkeleyca.gov) in order to ensure delivery to all Councilmembers and inclusion in the agenda packet.

Communications to the Berkeley City Council are public record and will become part of the City’s electronic records, which are accessible through the City’s website. **Please note: e-mail addresses, names, addresses, and other contact information are not required, but if included in any communication to the City Council, will become part of the public record.** If you do not want your e-mail address or any other contact information to be made public, you may deliver communications via U.S. Postal Service or in person to the City Clerk. If you do not want your contact information included in the public record, please do not include that information in your communication. Please contact the City Clerk at (510) 981-6900 or [clerk@berkeleyca.gov](mailto:clerk@berkeleyca.gov) for further information.

**Published:** May 30 and June 6, 2025 – The Berkeley Voice  
Published pursuant to Government Code Section 6062a.

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I hereby certify that the Notice for this Public Hearing of the Berkeley City Council was posted at the display case located near the walkway in front of the Maudelle Shirek Building, 2134 Martin Luther King Jr. Way, as well as on the City’s website, on June 5, 2025.

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Mark Numainville, City Clerk