



Office of the City Manager

CONSENT CALENDAR
June 24, 2025

To: Honorable Mayor and Members of the City Council
 From: Paul Buddenhagen, City Manager
 Submitted by: Scott Gilman, Director, Health, Housing & Community Services
 Subject: 2024 Housing Trust Fund Request for Proposals - Funding Reservations

RECOMMENDATION

Adopt a Resolution to:

1. Reserve \$2,990,000 in funding for Resources for Community Development's Adeline Street Apartments (3224 Adeline Street);
2. Reserve \$2,868,571 in funding for Satellite Affordable Housing Associates' Ashby Lofts (2909 Ninth Street);
3. Authorize the City Manager to refinance existing HTF loans for each project into new loans with terms consistent with the HTF Guidelines;
4. Waive Section IV.C.1 of the Housing Trust Fund Guidelines for projects receiving funds through this Request for Proposal process;
5. Condition the funding on the respective housing developers providing information to tenants on City rental assistance programs with any nonpayment eviction notices issued at these properties;
6. Approve multi-year operating funding contracts for Resources for Community Development and Satellite Affordable Housing Associates, starting Fiscal Year (FY) 2025-2026 and ending in FY2029-2030, estimated at up to \$30,000 per organization per year;
7. Authorize City Manager or designee to determine the amount of funding to be awarded to Resources for Community Development and Satellite Affordable Housing Associates annually from FY2026 to FY2030, based on the amount of the City's annual allocation of HOME funds and availability of General Fund match; and
8. Authorize the City Manager or designee to execute all original or amended documents or agreements to effectuate this action.

SUMMARY

The City issued the 2024 Housing Trust Fund (HTF) Request for Proposals (RFP) in November 2024 to solicit applications for funding for the rehabilitation of existing affordable housing and for operating support to certified Community Housing Development Organizations (CHDOs). The RFP included funds from the HTF, including HOME funds, Permanent Local Housing Allocation (PLHA) funds and other HTF fees. Approximately \$5.8M is available for rehabilitation including \$1.2M in federal HOME

funds that need to be committed to a project before December 31, 2025. In addition to the rehabilitation funds, up to 5% of the City's annual HOME allocation is available to certified CHDOs for operating funding, to support their work on existing and future HOME-funded projects. The amount of CHDO operating funds is expected to fluctuate annually, depending on the year's HOME allocation and General Fund match, for a total of up to \$60k per year, to be split amongst the organizations that certify. Each certified CHDO will enter into a 5-year operating grant.

The City received five proposals requesting a total of \$11.5 million in rehab funds. Three organizations submitted applications for CHDO certification, in order to access the annual operating support funds. The funding recommendations reflect staff and the Housing Advisory Commission's (HAC's) desire to support projects with the highest health and safety needs, and to allocate the available HOME funds to a project that can meet the commitment deadline. The two projects recommended for funding -- 3224 Adeline Street and 2909 Ninth Street -- will result in the rehabilitation of projects that are in significant disrepair.

At its May 1, 2025, meeting the HAC also supported a HAC HTF Subcommittee and staff recommendation for City Council to consider augmenting the Housing Trust Fund with resources from any available funding source, including but not limited to Measure U1, to support the unfunded rehabilitation proposals for Dwight Way Apartments (\$1.67M), University Homes (\$750k) and additional funding required to fully fund Ashby Lofts (\$56k). However, due to the City's budgetary constraints, there are no identifiable resources to support these projects and the recommendation is being withdrawn.

FISCAL IMPACTS OF RECOMMENDATION

The approximately \$5.8M in housing rehab funds available through this RFP include \$1.2M in HOME (Fund #310), Permanent Local Housing Allocation funds (Fund #302), and other HTF fees (including Funds #120, #122, #123, and #331). CHDO operating support estimated at up to \$30k per year per certified CHDO would come from the City's HOME funds (Fund #310) and General Funds (Fund #501), as shown in the FY26 approved budget and subject to budget approvals in fiscal years 2027-2030.

CURRENT SITUATION AND ITS EFFECTS

The City's portfolio of HTF-funded projects is aging, and while projects with limited cash flow can typically address regular maintenance and unit turnovers, they may not be able to build sufficient reserves to address major capital projects. The City issued an RFP on November 25, 2024, to solicit proposals for rehabilitation of existing affordable housing projects previously funded by the City, and for operating support to certified CHDOs. The City received five applications for rehabilitation funding and three applications for operating support funds by the February 6, 2025 due date.

At their May 1, 2025, meeting, the HAC supported the staff and the HAC HTF Subcommittee recommendations to fund two rehabilitation projects, and operating

support for two eligible CHDOs as written above. The HAC also voted to add a condition requiring that the housing providers receiving funding through this RFP include information on City-funded rental assistance programs with any eviction notices issued by organizations to their tenants for nonpayment of rent.

M/S/C: Haycox/Bell. Ayes: Alpert, Bell, Haycox, Micael, Scott, Shere, and Simon-Weisberg. Noes: None. Abstain: None. Absent: Braslaw (unexcused), Potter (unexcused)

In addition, the HAC supported a recommendation for Council to consider increasing the allocation to the HTF from U1 or another available source to support the unfunded rehabilitation proposals for Dwight Way Apartments (\$1.67M), University Homes (\$750k) and additional funding required to fully fund Ashby Lofts (\$56k). After staff made that initial recommendation, the City's FY26 budget forecasts revealed a projected deficit, with limited U1 available in FY26. This recommendation cannot advance since the funds are not available. HAC and staff's recommendations align beyond this discrepancy.

BACKGROUND

Staff reviewed all funding applications for alignment with HTF priorities, feasibility, and urgency, and evaluated the applications according to the following criteria identified in the RFP:

- Developer Capacity
- Project Feasibility
- Local Needs and Priorities
- Readiness to Proceed

Rehabilitation Projects

The five proposals for rehabilitation funding are described below:

- **Adeline Street Apartments - Resources for Community Development (RCD)**
RCD requested \$2,990,000 for renovation of Adeline Street Apartments, located at 3222-24 Adeline Street.

Located at 3222-24 Adeline Street, this 18-unit building provides fully accessible housing to residents with disabilities who have extremely low incomes. The building suffers from serious structural and deferred maintenance issues, including failing balconies and stairways, water damage, deteriorating roofing and mechanical systems, and outdated security infrastructure. The proposed rehabilitation would address these conditions, improve safety and durability, and preserve vital supportive housing.

The rehabilitation project would be funded primarily with the HTF funds requested through this RFP, offset by a small contribution from the project's

replacement reserves, and proposed CDBG funds for the commercial space improvements.

HAC supported staff and HTF Subcommittee recommendation to (i) fund at the full total request of \$2,990,000; (ii) refinance the original HTF loan into a new loan with terms consistent with the HTF Guidelines; and (iii) waive Section IV.C.1 of the HTF Guidelines to allow a City subsidy greater than 40% of the project's total development costs.

- **Ashby Lofts - Satellite Affordable Housing Associates (SAHA)**
SAHA requested \$2,924,829 for renovation of Ashby Lofts, 2909-2919 Ninth Street.

This 54-unit complex at 2909–2919 Ninth Street, developed in 2007, serves a mix of low- and very low-income households. The project suffers from severe deterioration of its elevated walkways, which are compromised and at risk of structural failure, along with failing building systems, hazardous conditions in stairwells, and damaged exterior elements.

The funds requested through this RFP would support urgent repairs to preserve habitability and ensure long-term building viability. The project is also seeking low-income housing tax credits and would benefit from City funding to increase competitiveness.

HAC supported staff and HTF Subcommittee recommendation to fund request at \$2,868,571 (with additional \$56,258, pending additional allocation of funds to HTF)

- **Dwight Way (Resources for Community Development)**
RCD requested \$1,669,334 for renovation of Dwight Way Apartments, 1518 Dwight Way.

A 16-unit HUD Section 811 property at 1518 Dwight Way serving people with disabilities, this development faces serious safety risks due to compromised balconies and walkways. Funding would enable essential structural repairs and system upgrades to address accessibility and life-safety issues.

The rehabilitation would be funded 100% with the HTF funds requested through this RFP. There is no other source of funding available because RCD is unable to add new debt to the property due to a prohibition on HUD 811 projects to take on first mortgages.

This project cannot be funded at the current HTF allocation available for this RFP. HAC supported staff and HAC HTF Subcommittee recommendation to fund total request, pending additional allocation of funds to the HTF.

- **University Homes - Housing Consortium of the East Bay (HCEB)/Memar Properties Inc. (MPI)**

HCEB/MPI requested \$750,000 for renovation of University Homes, 1461 University.

This 43-unit permanent supportive housing development for formerly homeless individuals is located at 1461 University Avenue. Previously leased by the City of Berkeley with Abode Services and subsequently HCEB as an emergency shelter provider, HCEB/MPI acquired University Homes utilizing \$8.5M in City of Berkeley funds along with Alameda County and Homekey funding for capital and operating subsidies. The rehabilitation project will create 4 accessible units and will add site amenities including an accessible laundry room, property management office, supportive services offices, and a community room with kitchen.

Funding for rehabilitation will come from previously-funded City construction funds and state Homekey capital funds. The project requires gap funding of \$750,000 to close the construction budget shortfall resulting from increased costs. The City's contribution will enable the project to move forward to completion of a project serving a highly vulnerable population.

This project cannot be funded at the current HTF allocation available for this RFP. HAC supported staff and HAC HTF Subcommittee recommendation to fund total request, pending additional allocation of funds to HTF.

- **William Byron Rumford Plaza – Resources for Community Development (RCD)**

RCD requested \$3,221,221 for the renovation of William Bryon Rumford Plaza located at 3017 Stanton.

This 43-unit residential apartment complex serves a mix of very low, low-income household, as well as market-rate households. The property consists of 27 affordable, restricted units and 16 conventional market rate units and is home to long-time South Berkeley residents. The primary goal of the proposed rehabilitation is to renovate the affordable units, some of which have not been rehabilitated since the project was built in 1991.

In 2017, the property undertook a much-needed recapitalization and rehabilitation with the original intention to address upgrade to interiors of all 43

units and exterior elements. The project was not eligible for tax credits, and financing was limited to a first mortgage from CalHFA, residual receipts loan from California Department of Housing and Community Development, and \$3.3M from the City of Berkeley. With these funds the property was able to stabilize the building envelope, replacing roof, windows, exterior stairs, balconies, siding, irrigation and renovate three ADA units. However, there was insufficient funds for the planned interior renovations.

RCD's proposed rehabilitation of the interior of the unrenovated affordable units (24 of 27 units) would be funded 100% with the HTF funds requested through this RFP. RCD is unable to secure additional funding from other sources since all the project cash flow is dedicated to making the required first mortgage payments to CalHFA.

HAC supported the staff and HAC HTF Subcommittee recommendation to not recommend this project for funding at this time. Although staff understands the need for renovating and bringing units up to code and improving interior conditions, compared with the urgent life safety issues identified in the other proposals, staff was not able to recommend funding for RCD's Rumford Plaza project. RCD is considering alternatives for financing the interior improvements and phasing the rehabilitation of the affordable units.

CHDO Operating Support

Local nonprofit developers were invited to apply for certification as Community Housing Development Organizations (CHDO) through this HTF RFP. A portion of the City's annual HOME allocation is reserved for CHDOs, including both operating and development funds. Because of the CHDO development set-aside, the City only provides HOME funding to projects developed by certified CHDOs.

Federal HOME program regulations define a CHDO as an organization that meets certain criteria for organizational and financial capacity including having a certain board composition and certain policies in place. Staff determined applicants' eligibility for CHDO certification based on submittals that demonstrated compliance with the metrics related to:

- Legal Status
- Organizational Structure
- Organizational Capacity
- Financial Capacity

Three organizations applied for operating support. Two of the three organizations – RCD and SAHA- submitted sufficient documentation and were certified as CHDOs

The Northern California Land Trust (NCLT)

NCLT is a nonprofit community land trust founded in 1973. NCLT has developed 180 units of affordable housing and 7 commercial units for nonprofits and small businesses. NCLT has 8 properties in Berkeley. NCLT did not submit sufficient documentation demonstrating that it meets the financial standards required by HUD, so will not be certified as a CHDO for this five-year cycle.

Resources for Community Development

RCD is an experienced nonprofit developer well known to City staff and the community, with a strong portfolio of over affordable housing in Berkeley. RCD recently completed Maudelle Miller Shirek Community. RCD has been a certified Berkeley CHDO since at least 2005, and submitted sufficient documentation to be recertified and eligible for the FY26-FY30 operating support.

Satellite Affordable Housing

SAHA is an experienced nonprofit developer known to City staff and the community. The Grinnell is the most recent project completed by SAHA. SAHA has also been a certified Berkeley CHDO since at least 2005, and submitted sufficient documentation to be recertified and eligible for the FY26-FY30 operating support.

Staff Recommendation:

Approve multiyear operating funding contracts for Resources for Community Development and Satellite Affordable Housing Associates, starting FY26 and ending FY30, estimated at up to \$30,000 per organization per fiscal year.

The amount of CHDO operating funds will fluctuate, based on each year's HOME allocation to the City. The HOME CHDO operating funds, estimated at up to \$30k per year, will be matched with City general funds. Under HUD regulations, the HOME funding is available to a CHDO that is expected to have a HOME-funded project within the two years. Staff will determine which entity will receive the HOME portion and general fund portion each year.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

All renovation projects will incorporate energy-efficient design and upgrades where feasible. New mechanical systems and improvements to building envelopes align with Berkeley's climate action goals.

RATIONALE FOR RECOMMENDATION

The selected projects serve vulnerable populations and the City funding would help housing providers address critical life safety and deferred maintenance issues. Timely reservation of funds ensures compliance with federal requirements and preserves the City's affordable housing stock.

ALTERNATIVE ACTIONS CONSIDERED

The City could reduce or delay funding reservations. However, doing so would risk losing HOME funds, delay urgent health and safety repairs, and jeopardize the long-term sustainability of key properties. The HAC and HTF Subcommittee also supported the original staff recommendation for Council to consider allocating additional funds to the HTF from any available sources including Measure U1 to support. However, due to the City's budget deficit and updated Measure U1 outlook, this recommendation is withdrawn since the funds are not available.

CONTACT PERSON

Lourdes Chang, Senior Community Development Project Coordinator, HHCS, 510-981-5263

Attachments:

1: Resolution

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

APPROVAL OF THE 2024 HOUSING TRUST FUND REQUEST FOR PROPOSALS
RESERVATIONS

WHEREAS, the 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 HTF guidelines (the "Guidelines") as revised on January 19, 2021, and authorized the HTF Program in accordance with the Guidelines; and

WHEREAS, the City issued the 2024 Housing Trust Fund Request for Proposals (RFP) in November 2024 to allocate available local and federal funds to rehabilitation and operating subsidy projects; and

WHEREAS, on May 1, 2025, the Housing Advisory Commission (HAC) recommended that City Council reserve HTF funds for two rehabilitation projects and consider additional allocations to the HTF to support other urgent requests identified through this RFP; and

WHEREAS, the HAC also recommended approving multiyear operating support contracts for Satellite Affordable Housing Associates and Resources for Community Development as certified Community Housing Development Organizations (CHDOs) to support their work on City-funded developments.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Council approves the following funding reservations from currently available Housing Trust Funds:

- Resources for Community Development's Adeline Street Apartments (3222-24 Adeline) – \$2,990,000
- Satellite Affordable Housing Associates' Ashby Lofts (2909-2919 Ninth) – \$2,868,571

BE IT FURTHER RESOLVED that the City Manager or designee be authorized to refinance existing HTF development loans into new loans with terms consistent with the HTF Guidelines.

BE IT FURTHER RESOLVED that the City Council waives Section IV.C.1 of the Housing Trust Fund Guidelines to allow for City funding in excess of 40% of total project costs for projects funded through this RFP.

BE IT FURTHER RESOLVED that as a condition of this funding, housing providers are required to provide information to tenants on City rental assistance programs with any nonpayment eviction notices issued at these properties.

BE IT FURTHER RESOLVED that the Council approves multiyear operating support contracts from FY26 to FY30, estimated at up to \$30,000 annually per certified CHDO, for:

- Resources for Community Development
- Satellite Affordable Housing Associates

BE IT FURTHER RESOLVED that the City Manager or designee is authorized to determine the annual CHDO operating award amounts for each organization based on available HOME funds and General Fund match as approved by City Council in each fiscal year's budget.

BE IT FURTHER RESOLVED the City Manager, or 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.

BE IT FURTHER RESOLVED that all rehabilitation loan funds shall be reserved for a period of no more than 24 months from the date of this Resolution, contingent on the developers' obtaining all required building permits and 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 all funding reservations are conditioned upon the completion of the environmental review process, 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 designee may establish.