



Office of the City Manager

CONSENT CALENDAR  
September 9, 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: Reserving Predevelopment Funds for the Development of Affordable Housing  
 on the Ashby BART West Lot

RECOMMENDATION

Adopt a Resolution to:

1. Reserve \$2 million for Resources for Community Development (RCD) to support the development of affordable housing at Ashby BART West Lot.
2. Authorize the City Manager or designee to execute all original or amended documents or agreements to effectuate this action.

FISCAL IMPACTS OF RECOMMENDATION

On April 27, 2021, the Berkeley City Council unanimously adopted Resolution 69,833-N.S. which, in part, provisionally reserved \$53 million of City controlled funds as the subsidy needed to achieve at least 35% affordable housing at the North Berkeley and Ashby BART Station sites and allowed for a portion of the funding to be allocated to predevelopment uses. In accordance with Resolution No. 69,833-N.S., the \$53 million reserve fund is or shall be funded with \$40 million in bond funds pursuant to Measure O passed by Berkeley voters on November 6, 2018, and \$13 million in Affordable Housing Mitigation Fees. \$18.5 million of the total BART funds are available to support affordable housing on the Ashby BART West Lot. This current request for \$2 million will come from Affordable Housing Mitigation Fees (Fund 120) and will be recommended for approval through the annual appropriations ordinance process.

CURRENT SITUATION AND ITS EFFECTS

BART issued a Request for Proposals (RFP) on December 3<sup>rd</sup>, 2024 to select a team to develop housing at the Ashby BART station's West Lot. Through the RFP, the City offered up to \$1M in predevelopment funding to encourage nonprofit participation.

Two development teams responded to the RFP, including Adeline Alliance Partners, a team comprised of RCD, Strategic Urban Development Alliance, Relequity Enterprises, and The Pacific Companies. RCD applied in May 2025 for the predevelopment funding, requesting that the City enter into a loan for up to \$1 million to support West Lot

predevelopment activities. These funds would be used to pay for the cost of the RCD-planned affordable housing developments which represent two of the planned developments on the site, as well as RCD's share of master planning costs. RCD has subsequently increased their request to \$2 million to support predevelopment activities as they anticipate needing approximately \$2.7 million. RCD is committed to pursuing other funding sources to fill the remaining gap of \$700,000. Although this request is higher than the parties' expectations as articulated in Section 7.1.1 of the exchange agreement, staff support the higher request, and will work with RCD to identify milestones for disbursement of the City predevelopment funding, which will be incorporated into the City's loan agreement.

A selection panel with representatives from the City and BART reviewed the qualifications of both teams, interviewed the team leads, and attended the public presentations on May 30, 2025. Based on their cumulative score, the panel selected the Adeline Alliance Partners, and the BART Board of Supervisors authorized entering into an Exclusive Negotiating Agreement (ENA) with that team on July 10, 2025.

Adeline Alliance Partners' project is proposed as a mixed income project, with a total of 618 units proposed. 50% (309) of these units are proposed to be deed-restricted affordable housing serving extremely low, very low, and low-income households ranging from 30-80% AMI. RCD proposes developing two of the buildings that are deed restricted affordable; a 132-unit rental project serving large families and a 77-unit senior affordable housing rental project.

RCD is currently planning to pursue Affordable Housing and Sustainable Communities funding, CalHFA Mixed Income Program funding, and tax credits for their projects. Because the planned projects are Transit Oriented Developments (TODs) serving large families and seniors and will be 100% affordable, they would also be strong contenders for these funding sources. RCD is very early in the planning stages for these projects, and the project specifics may change as RCD refines its designs and financing plan to ensure the projects are feasible and competitive for state funding. RCD's request for development funding from the City will be brought to Council at a later date, and will include more information about the proposed projects.

### BACKGROUND

For the past few years, the City has been working closely with BART on the development of the North Berkeley and Ashby BART sites. The two entities entered into a Memorandum of Understanding in March 2020 that provided a framework for the collaboration, including processes for public participation and an estimated timeline for selecting developers. The MOU was amended in December 2020 to reflect schedule delays due to the pandemic. The City created a BART Community Advisory Group (CAG), made up of 15 members of the public to develop a vision for affordable housing, land use, station access, building form, and new public spaces. The CAG met throughout 2020 and 2021 at public meetings and community workshops, and provided

feedback on the new zoning regulations impacting the BART sites. The City and BART entered into a Memorandum of Agreement (MOA) in June 2022 to address additional aspects of the collaboration.

The CAG was instrumental in shaping the City - BART Joint Vision and Priorities for Transit-Oriented Development for Ashby and North Berkeley Stations (JVP). The JVP articulates the shared goals of the City and BART, including the goal of achieving at least 35% affordability at each site.

In 2024, BART and the City approved an exchange agreement, agreeing to exchange the City's air rights over the West Lot for ownership of the East Lot. This agreement was based on the JVP, the CAG, additional community input, and extensive economic and technical analysis. The City and BART signed a real estate agreement for Ashby BART outlining project requirements for affordable housing and other community benefits.

The City typically provides two types of loans through the Housing Trust Fund: 1) predevelopment loans that are short-term (five years) and allow developers to assess project feasibility to better position the project to pursue competitive funding at the state level; and 2) development loans that are longer term (55 years), and are closed after all other funding is secured, just prior to construction start.

#### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Creating new affordable housing in Berkeley that allows lower income individuals and families to live closer to transit will advance the goal of making the City more economically and racially equitable, and reduces greenhouse gas emissions by reducing vehicle-miles-traveled and decreasing reliance on personal vehicles. New affordable housing developments are typically built to third-party green building standards (either GreenPoint or LEED Gold).

#### RATIONALE FOR RECOMMENDATION

There are early and significant costs associated with transforming the current parking lot at the Ashby BART station to a vibrant residential community serving a mix of incomes and household types. RCD will need to pay its share of BART's ENA fees, station access fees, and other costs related to master planning, infrastructure, and predevelopment work. There are few sources of predevelopment funding available, and most come with interest rates higher than what the City offers. Staff recommend increasing the amount from \$1 million to \$2 million, with conditions of disbursement outlined in the predevelopment loan agreement to ensure that RCD is meeting specific milestones before the City funds are disbursed. This increase shifts \$1 million from the development to predevelopment phase, but the total commitment to the project remains the same.

#### ALTERNATIVE ACTIONS CONSIDERED

Since the City agreed in the Ashby West Lot RFP to make this funding available for the selected nonprofit developer, and since RCD qualifies for this funding under the City's

Housing Trust Fund criteria, staff did not consider any alternative actions. If the City chooses not to support a predevelopment loan, or to support a loan for the originally requested amount of \$1 million, the RCD team would need to secure other sources of financing, which may have less favorable loan terms than the City's predevelopment loan. This would add costs to the project, and make it more expensive to deliver new affordable housing units.

CONTACT PERSON

Kelly deWolfe, Community Development Project Coordinator, HHCS, 510-981-5424

Attachments:

1: Resolution

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

RESERVING AFFORDABLE HOUSING MITIGATION FEES FOR  
PREDEVELOPMENT AT THE ASHBY WEST BART SITE

WHEREAS, the City Council established a Housing Trust Fund Program (HTF) to guide the City's work 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 (City), and authorized the City Manager to implement the 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, the City and BART are collaborating on the development of the Ashby BART West Lot Site, and articulated shared goals in a Memorandum of Understanding, Memorandum of Agreement, Joint Vision and Priorities for Transit-Oriented Development, and Exchange Agreement for Ashby and North Berkeley Stations; and

WHEREAS, the City and BART are committed to achieving a minimum of 35% affordable housing at each BART site; and

WHEREAS, on April 27, 2021, with Resolution 69,883-N.S., the City Council reserved \$53 million, to be divided between the two 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, the \$53 million includes \$40 million in Measure O funds, and \$13 million in Affordable Housing Mitigation Fees; and

WHEREAS, in December 2024, BART issued a Request for Proposals (RFP) to select a team to develop new housing at the Ashby West BART site and created an RFP selection panel with representation from the City and BART; and

WHEREAS, two teams responded to the RFP, including Adeline Alliance Partners, a team made up of Resources for Community Development, Strategic Urban Development Alliance, Relequity Enterprises, and The Pacific Companies; and

WHEREAS, after a competitive process during which the RFP selection panel scored teams on their qualifications, an interview, and a public presentation, the RFP selection panel chose the Adeline Alliance Partners; and

WHEREAS, the BART Board of Supervisors confirmed that selection on July 10, 2025; and

WHEREAS, Resources for Community Development requested \$2 million in predevelopment funding from the City's set-aside of Affordable Housing Mitigation Fee funds.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it approves the reservation of \$2 million of Affordable Housing Mitigation Fees (Fund 120) to Resources for Community Development to support master planning and predevelopment activities related to the development of affordable housing at the Ashby West BART site.

BE IT FURTHER RESOLVED that the City's Housing Trust Fund program guidelines will apply to the use of these funds.

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