



Office of the City Manager

CONSENT CALENDAR  
December 2, 2025

To: Honorable Mayor and Members of the City Council

From: Paul Buddenhagen, City Manager

Submitted by: Scott Gilman, Director, Health, Housing & Community Services  
Department

Subject: Loan Modifications for Existing Housing Trust Fund Projects: Margaret  
Breland Homes (2577 San Pablo Avenue) and Mable Howard Apartments  
(3250 Sacramento Street)

RECOMMENDATION

Adopt a Resolution approving amendments to existing Housing Trust Fund (HTF) loan documents for Margaret Breland Homes and Mable Howard Apartments to:

1. Approve the transfer of ownership of both properties to Berkeley Senior Recap, L.P., a new ownership entity formed to apply for Low-Income Housing Tax Credits (LIHTC), with Resources for Community Development (RCD) as the Managing General Partner;
2. Approve the addition of the future tax credit investor limited partner at the time of the construction loan closing, as required by the LIHTC program;
3. Approve the extension of the City's current loans and regulatory agreements for both properties to new 55-year periods and the reduction of interest rates from 6% simple interest to the Applicable Federal Rate (AFR) in effect at the time of construction loan closing (currently approximately 4.8%); and
4. Authorize the City Manager or their designee to execute all documents required to effectuate these actions, including amendments to existing loan agreements.

FISCAL IMPACTS OF RECOMMENDATION

There are no new City funds requested for these actions. The proposed loan modifications extend existing City loans and facilitate the leveraging of LIHTC equity and tax-exempt bond financing to address significant capital needs. The City's HTF investments in the projects—\$2,719,108 for Margaret Breland Homes and \$982,479 for Mable Howard Apartments—will remain secured by the existing deeds of trust, and affordability requirements will be maintained through the regulatory agreements. The modifications will strengthen the long-term financial viability of both projects and preserve 68 deeply affordable senior housing units in Berkeley.

### CURRENT SITUATION AND ITS EFFECTS

RCD is seeking City approval for the loan modifications as part of a strategy to complete a HUD Rental Assistance Demonstration (RAD) conversion and apply for LIHTC and tax-exempt bond financing for the rehabilitation of both properties. Both properties are 20–25 years old and have accumulated capital needs that exceed available reserves. The proposed RAD conversion will allow RCD to convert existing HUD 202 rental assistance contracts into a single 20-year Housing Assistance Payment (HAP) contract for both properties, increasing operating revenue and enabling the projects to support new additional debt for much-needed rehabilitation.

RCD intends to apply for LIHTCs in Round 1 of 2026 and anticipates a combined \$13 million rehabilitation, or approximately \$190,000 per unit in hard construction costs. Planned improvements include modernization of building systems, energy and accessibility upgrades, and enhanced safety and functionality.

On October 9, 2025, the Housing Advisory Commission (HAC) approved the loan modification request for Margaret Breland Homes and Mable Howard Apartments with the following vote:

Action: M/S/C (Simon-Weisberg/Two) to recommend City Council to:

1. Approve the transfer of ownership of both properties to Berkeley Senior Recap, L.P., a new ownership entity formed to apply for Low-Income Housing Tax Credits (LIHTC), with Resources for Community Development (RCD) as the Managing General Partner;
2. Approve the addition of the future tax credit investor limited partner at the time of the construction loan closing, as required by the LIHTC program;
3. Approve the extension of the City's current loan terms for both properties to new 55-year periods and the reduction of interest rates from 6% simple interest to the Applicable Federal Rate (AFR) in effect at the time of construction loan closing (currently approximately 4.8%); and
4. Authorize the City Manager or their designee to execute all documents required to effectuate these actions, including amendments to existing loan agreements.

Vote: Ayes: Bell, Micael, Potter, Shere, Simon-Weisberg, and Two. Noes: None.  
Abstain: None. Absent: Haycox and Scott.

### BACKGROUND

Both properties are long-term HTF-supported senior affordable housing developments:

- Margaret Breland Homes (2577 San Pablo Avenue) – 28 units, completed in 2006, City loan of \$2,719,108; all units affordable to households ≤50% AMI, with most tenants at ≤30% AMI.

- Mable Howard Apartments (3250 Sacramento Street) – 40 units, completed in 2000, City loan of \$982,479; all units affordable to households  $\leq 50\%$  AMI, with most tenants at  $\leq 30\%$  AMI.

Each property is currently owned by an RCD-controlled nonprofit entity and managed by the John Stewart Company. The RAD conversion and new HAP contract will stabilize operating revenues while maintaining affordability for all residents. Tenants will continue to pay no more than 30% of their income toward rent. The proposed loan modifications—extension to 55 years and adjustment of the interest rate to the AFR—will allow RCD to maximize equity investment and ensure the long-term preservation of these properties.

#### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The rehabilitation will improve building systems, reduce energy and water use, and modernize mechanical and electrical components, thereby reducing greenhouse gas emissions and supporting the City’s sustainability goals.

#### RATIONALE FOR RECOMMENDATION

The proposed modifications are necessary to enable RCD to secure tax credit and bond financing, complete rehabilitation, and preserve 68 affordable senior units for the long term. The City’s loan extensions and interest rate adjustments maintain regulatory protection while enabling RCD to leverage substantial outside investment with no new City funds.

#### ALTERNATIVE ACTIONS CONSIDERED

Without the proposed modifications, the projects would be unable to pursue LIHTC financing or complete the RAD conversion, placing their long-term affordability and physical condition at risk.

#### CONTACT PERSON

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

#### Attachment:

1: Resolution

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

APPROVING LOAN MODIFICATIONS FOR MARGARET BRELAND HOMES (2577 SAN PABLO AVENUE) AND MABLE HOWARD APARTMENTS (3250 SACRAMENTO STREET)

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 people who either work or reside within the City of Berkeley (City), and authorized the City Manager to implement the Program; and

WHEREAS, the City provided Resources for Community Development (RCD) with HTF loans of \$2,719,108 to Margaret Breland Homes and \$982,479 to Mable Howard Apartments to support the development and long-term affordability of these senior housing projects; and

WHEREAS, both projects are owned and operated by an RCD-controlled nonprofit entity, providing a total of 68 affordable senior housing units; and

WHEREAS, both properties have operated successfully for over 20 years but now require substantial rehabilitation to replace aging systems, improve accessibility, and ensure continued habitability and safety; and

WHEREAS, RCD proposes to complete a HUD Rental Assistance Demonstration (RAD) conversion and apply for Low-Income Housing Tax Credit (LIHTC) and tax-exempt bond financing to fund the rehabilitation of both properties, without requesting new HTF funding; and

WHEREAS, to complete this financing, RCD requests that the City approve: (1) the transfer of ownership of both properties to Berkeley Senior Recap, L.P.; (2) the addition of the future LIHTC investor limited partner; (3) the extension of the existing City loans and regulatory agreements to new 55-year terms; and (4) the modification of the interest rate from 6% simple interest to the Applicable Federal Rate (AFR) at the time of construction closing; and

WHEREAS, the City finds that these loan modifications will preserve long-term affordability, ensure the rehabilitation of 68 affordable senior units, and align with the City's Strategic Plan goal to create affordable housing and housing support services for our most vulnerable community members.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Council hereby approves the modification of the HTF loans as follows:

1. Authorize the City Manager or their designee to approve the transfer of ownership of both properties to Berkeley Senior Recap, L.P., a new ownership entity formed to apply for Low-Income Housing Tax Credits (LIHTC), with Resources for Community Development (RCD) as the Managing General Partner.

2. Authorize the City Manager or their designee to approve the addition of the future tax credit investor limited partner at the time of the construction loan closing, as required by the LIHTC program.
3. Authorize the City Manager or their designee to extend the City's existing loans and regulatory agreements for both Margaret Breland Homes and Mable Howard Apartments to new 55-year periods and reduce the interest rate on both loans from 6% simple interest to the Applicable Federal Rate (AFR) in effect at the time of construction loan closing (currently approximately 4.8%).

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.

