

CONSENT CALENDAR  
February 9, 2021

To: Members of the City Council  
From: Mayor Jesse Arreguin and Councilmember Ben Bartlett  
Subject: Housing Trust Fund Reservation to rehabilitate low income housing in South Berkeley

RECOMMENDATION

Adopt a resolution reserving \$560,000 from the Housing Trust Fund to the South Berkeley Neighborhood Development Corporation for urgently needed housing rehabilitation at two low income housing complexes: Rosewood Manor and Lorin Station Apartments.

FISCAL IMPACTS OF RECOMMENDATION

This item accompanies the Public Hearing to approve the proposed PY19 Annual Action Plan Substantial Amendment #2 recommendation which, if passed, will shift \$1,049,370 in CDBG funding currently allocated to the CDBG Community Facility Improvement program and approximately \$378,230 of CDBG earlier unused funds to a multi-family housing rehabilitation project at Rosewood Manor and Lorin Station Apartments.

Staff estimate that the SBNDC will need up to \$560,000 more than the CDBG funds available to complete the emergency repairs that have been identified. These funds are available in the Housing Trust Fund and if allocated to this project would leave approximately \$8.2M in the HTF.

CURRENT SITUATION AND ITS EFFECTS

In October 2020, the South Berkeley Neighborhood Development Corporation (SBNDC), a California Domestic Corporation located in South Berkeley, submitted a request for City funding to support rehabilitation work at Lorin Station and Rosewood Manor, two affordable housing properties owned and operated by SBNDC. Both properties are over 30 years old and are in need of major and immediate rehabilitation. SBNDC estimates there is at least \$6 million in repairs. The current request is for \$2.3 million to fund emergency roofing and plumbing repairs. City staff have proposed funding the majority of the project through CDBG and CARES funds, but there remains a \$560,000 gap needed to resolve the emergency repairs at the two facilities.

This item accompanies the Public Hearing item on the same council meeting and supplements the CDBG funding, should it be approved, so that the rehabilitation projects are fully funded.

BACKGROUND

Lorin Station is a 14-unit multifamily affordable housing development located at 3253 Adeline Street, funded by the City in 1988-1991 for acquisition and development. The development is subject to a regulatory agreement which requires the units be affordable

to households at 50% Area Median Income. Rosewood Manor is a 35-unit multifamily affordable housing development at 1615 Russell Street, not previously funded by the City, which receives Project-Based Section 8 assistance.

SBNDC intends to complete major rehabilitation of both projects and will work to assemble the scope and budget once these emergency repairs are complete.

ENVIRONMENTAL SUSTAINABILITY

There are no environmental sustainability impacts associated with this item.

RATIONALE FOR RECOMMENDATION

Approving these recommendations would help 49 low-income households in South Berkeley retain housing through housing rehabilitation, and add 35 units of affordable housing to the City's Housing Trust Fund portfolio.

Staff estimate that the SBNDC will need up to \$560,000 more than the CDBG funds available to complete the emergency repairs that have been identified. While the newly adopted HTF guidelines give projects at risk the ability to apply at any time, the time required to receive an application and have it reviewed in the required channels would take at least a few months. Awarding funds more expeditiously would meet the urgent need now, support low income families, prevent more costly future repairs and help meet CDBG funding deadlines by creating a complete funding package.

These emergency repairs will give SBNDC the time to assemble the comprehensive scope and budget for more significant rehabilitation.

ALTERNATIVE ACTIONS CONSIDERED

Failure to authorize receipt of these funds would result in the potential loss of low-income housing for low-income Berkeley households.

CONTACT PERSON

Jesse Arreguin, Mayor                      510-981-7100

Attachments: 1:

Resolution for allocation of \$560,000 in HTF to SBNDC

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

AUTHORIZING ALLOCATION OF \$560,000 FROM HOUSING TRUST FUND TO SOUTH BERKELEY NEIGHBORHOOD DEVELOPMENT CORPORATION FOR HOUSING REHABILITATION AT ROSEWOOD MANOR AND LORIN STATION APARTMENTS

WHEREAS, emergency housing rehabilitation needs have arisen at Rosewood Manor and Lorin Station Apartments serving a total of 49 primarily low-income households; and

WHEREAS, the without the addition of Housing Trust Funds to support the housing rehabilitation at Rosewood Manor and Lorin Station Apartments the work cannot be completed; and

WHEREAS, without the emergency housing rehabilitation work being done, affordable housing in South Berkeley is threatened for 49 low-income households; and

WHEREAS, Creating and supporting affordable housing and housing support services is a key City of Berkeley Strategic Plan goal; and

WHEREAS, there exists within the City of Berkeley's Housing Trust fund enough revenue to allocate \$560,000 for the purposes of emergency low income housing rehabilitation at Rosewood Manor and Lorin Station Apartments;

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Council approves a funding reservation in the amount of \$560,000 for housing rehabilitation at Rosewood Manor and Lorin Station Apartments.

BE IT FURTHER RESOLVED that loan funds shall be reserved for a period of no more than 24 months from the date of this Resolution, contingent on the borrower's obtaining all required permit approvals and entering into a contract or contracts with the City for the funds 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 her designee may establish.

BE IT FURTHER RESOLVED the City Manager, or her 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.