



Office of the City Manager

CONSENT CALENDAR
April 20, 2021

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Lisa Warhuus, Director, Health Housing and Community Services
 Subject: Predevelopment Funding Recommendations: 2024 Ashby Avenue and 1708 Harmon Street

RECOMMENDATION

Adopt a Resolution:

1. Reserving predevelopment funding in the amount of:
 - a) \$1,198,960 for Community Housing Development Corporation/St. Paul AME's new construction development of affordable housing at 2024 Ashby Avenue; and
 - b) \$1,056,400 for Community Housing Development Corporation/Ephesians Church of God in Christ (ECOGIC)'s new construction development of affordable housing at 1708 Harmon Street.
2. Authorizing the City Manager, or her designee, to execute all original or amended documents or agreements to effectuate this action.

SUMMARY

The City received two predevelopment funding applications to develop affordable housing on local church sites: St Paul AME's 2024 Ashby Avenue and ECOGIC's 1708 Harmon Street. Each church has a partnership with the Community Housing Development Corporation (CHDC) and two development consultants, Turner Development Resources Group, Inc. (TDRG) and CEF Realty Advisors, Inc. (CEF).

The amount of predevelopment funding requested for each application is reasonable respective to the proposed size of each project. The budgeted items are appropriate for predevelopment and consistent with cost expectations. Staff did not identify any significant concerns with feasibility of the proposed predevelopment activities.

The Housing Advisory Commission recommended Council fund each predevelopment request at its February 10, 2021 special meeting.

FISCAL IMPACTS OF RECOMMENDATION

There are currently sufficient funds in the Housing Trust Fund (HTF) to support each predevelopment request, which would need to be approved by Council action. HTF Guidelines encourage applicants to request predevelopment loans between \$50,000

and \$500,000. However, loans of any size will be considered. HTF Guidelines recommend that commitments should be 10% or less of the balance of HTF funds available at the time of the request in order to ensure adequate development funding for projects in the pipeline. The current HTF balance is approximately \$6.4M, indicating a maximum recommended cap of \$640,000. However, in recent years, the City Council has approved larger predevelopment loans, such as those at 2012 Berkeley Way and 2001 Ashby Avenue, to account for escalating costs and needs.

CURRENT SITUATION AND ITS EFFECTS

At its February 10, 2021 meeting, the Housing Advisory Commission (HAC) adopted the following recommendations to fund two predevelopment applications a total of \$2,255,360:

- Action: M/S/C (Simon-Weisberg/Mendonca) to adopt the Housing Trust Fund Subcommittee’s recommendation to recommend Council approve Community Housing Development Corporation/St. Paul AME’s Predevelopment Loan Application request of \$1,198,960 for 2024 Ashby Avenue.
Vote: Ayes: Fain, Johnson, Lee-Egan, Mendonca, Rodriguez, Sanidad, Sargent, and Simon-Weisberg. Noes: None. Abstain: Wolfe. Absent: None
- Action: M/S/C (Simon-Weisberg/Mendonca) to adopt the Housing Trust Fund Subcommittee’s recommendation to recommend Council approve Community Housing Development Corporation/Ephesians Church of God In Christ (ECOGIC)’s Predevelopment Loan Application request of \$1,056,400 for 1708 Harmon Street.
Vote: Ayes: Fain, Johnson, Lee-Egan, Mendonca, Rodriguez, Sanidad, Sargent, and Simon- Weisberg. Noes: None. Abstain: Wolfe. Absent: None.

The construction of new affordable housing is a Strategic Plan Priority Project, advancing our goal to create affordable housing and housing support service for our most vulnerable community members.

BACKGROUND

The City’s Housing Trust Fund Guidelines allow nonprofit developers to submit predevelopment loan applications at any time, outside of a competitive funding process. The proposed projects submitted by the respective partnerships are outlined in Table 1.

Table 1. Projects Overview

Sponsor	CHDC/St. Paul AME	CHDC/ECOGIC
Proposed borrower	St. Paul AME (St Paul AMCOB Development Partnership to be formed)	Ephesians Church of God in Christ (Ephesian COGIC Housing Development Partnership)

Majority control of partnerships	CHDC	CHDC
Address	2024 Ashby Ave.	1708 Harmon St.
Predevelopment request	\$1,198,960	\$1,056,400
Number of Units	62	54
Proposed Unit Type	61 one-bedrooms, 1 manager unit	30 Studios, 18 one-bedrooms, 5 two-bedrooms, 1 manager unit
Proposed funding sources	City, AHSC and tax credits	City, AHSC and tax credits (potentially other HCD Programs)
Projected City development loan	\$10,386,078	\$10,594,373
Total development cost per unit	\$672,021	\$640,454
Proposed Property Lease	99 year minimum long term lease by CHDC	Minimum of 65 years, with a max of 99 years

The availability of City development funds for the projected schedules is uncertain. The City will not have enough Measure O funds in the second issuance to fund both St. Paul AME and ECOGIC (projected combined total of \$21M), since the Council has already reserved \$15.5M for the 2001 Ashby development and prioritized an educator housing project sponsored by Berkeley Unified School District from that issuance, with a currently estimated NOFA amount of \$24.5M. Funds may not be available until the third issuance (anticipated for 2025). Long term funding availability may also be affected by the City’s commitments to developing the North Berkeley and Ashby BART sites as well as other pending pipeline projects.

The development team will further refine their funding plan during the predevelopment period and staff and Commission can review the proposal for development funds when ready. Generally, having site control and close proximity to BART and the surrounding amenities (e.g., senior center, elementary schools, Berkeley Bowl) are boons to long term feasibility.

There is a high level of support for affordable housing in the Adeline Corridor and a high level of demand for affordable housing in Berkeley. This indicates a low market risk and high-level of community acceptance for both projects.

ENVIRONMENTAL SUSTAINABILITY

2024 Ashby Ave. and 1708 Harmon St. are both proposed as affordable infill housing, which is typically regarded as a more sustainable form of development. Both sites are in

close proximity to Ashby BART station and ideal candidates to meet the City's climate action goals by increasing housing opportunities near public transit.

RATIONALE FOR RECOMMENDATION

Both projects would help meet City goals of creating affordable housing in Berkeley, through new construction of units with deed-restricted affordability. The proposed projects are consistent with the affordable housing goals outlined in the Adeline Corridor Specific Plan. Providing predevelopment funding now will help the developers move forward with feasibility studies and designs that will support their applications for non-City development funds.

ALTERNATIVE ACTIONS CONSIDERED

The Council could consider not funding the predevelopment applications. These projects could not move forward without the work identified in the predevelopment budget.

CONTACT PERSONS

Amanda Montez, Community Development Project Coordinator, HHCS 510-981-5426
Mike Uberti, Community Development Project Coordinator, HHCS, 510-981-5114

Attachments:
1: Resolution

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

RESERVING HOUSING TRUST FUNDS FOR PREDEVELOPMENT COSTS

WHEREAS, City Council established a Housing Trust Fund Program (HTF) 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 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's Housing Trust Fund Guidelines allow predevelopment loans to be submitted at any time; and

WHEREAS, Community Housing Development Corporation/St. Paul AME submitted a Predevelopment Loan Application request of \$1,198,960 for its proposed development of 2024 Ashby Avenue and Community Housing Development Corporation/Ephesians Church of God in Christ submitted a Predevelopment Loan Application request of \$1,056,400 for its proposed development 1708 Harmon Street; and

WHEREAS, on February 10, 2021, the Housing Advisory Commission recommended Council approve Community Housing Development Corporation/St. Paul AME's Predevelopment Loan Application request of \$1,198,960 for 2024 Ashby Avenue and recommended Council approve Community Housing Development Corporation/Ephesians Church of God In Christ Predevelopment Loan Application request of \$1,056,400 for 1708 Harmon Street.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it approves the following reservations of Housing Trust Funds for predevelopment loans:

- a) \$1,198,960 for Community Housing Development Corporation/St. Paul AME's new construction development of affordable housing at 2024 Ashby Avenue.
- b) \$1,056,400 for Community Housing Development Corporation/Ephesians Church of God in Christ (ECOGIC)'s new construction development of affordable housing at 1708 Harmon Street.

BE IT FURTHER RESOLVED that the City Manager, or her 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.

