



Office of the Mayor

CONSENT CALENDAR
May 10, 2022

To: Members of the City Council
From: Mayor Jesse Arreguín
Subject: Berkeley Housing Authority Loan Forgiveness

RECOMMENDATION

Adopt a Resolution forgiving a \$300,000 Housing Trust Loan to the Berkeley Housing Authority. Forgiving this outstanding loan will enable BHA to provide additional housing to families in Berkeley.

BACKGROUND

In April 2012 the Berkeley City Council adopted Resolution 65,672-N.S. approving fund reservation of General Funds from the Housing Trust Fund (HTF) to Berkeley Housing Authority in an amount not to exceed \$300,000 to pay for predevelopment costs associated with the disposition and rehabilitation of 75 units of rental housing owned by BHA.

On February 13, 2013, BHA entered into a Public Housing Disposition Predevelopment Loan with the City of Berkeley for \$300,000 at an annual interest rate of 3%, payable in five years. BHA used the loan proceeds to pay for relocation expenses of former low-income housing tenants and for fees associated with the disposition of the 75 low income housing units. The Berkeley City Council approved Resolution 66,076-N.S. on April 2, 2013, changing annual interest rate to 0% and extending the term for another five years. The loan will become due and payable in 2023.

BHA has requested that the City of Berkeley forgo repayment of the \$300,000 loan balance to cover short-falls in the Housing Choice Voucher Program that would have been covered through the Housing Assistance Payment (HAP) funding or disposition proceeds. Forgiveness of the loan will allow BHA to serve/assist up to fifteen low income families in Berkeley for one year, providing more affordable housing units in Berkeley.

FINANCIAL IMPLICATIONS

\$300,000 from the Housing Trust Fund

ENVIRONMENTAL SUSTAINABILITY

There are no environmental impacts associated with the recommendations in this report.

CONTACT PERSON

Mayor Jesse Arreguín 510-981-7100

RESOLUTION NO. _____

FORGIVENESS OF THE CITY OF BERKELEY HOUSING TRUST FUND LOAN IN THE AMOUNT OF \$300,000 TO THE BERKELEY HOUSING AUTHORITY

WHEREAS, in December 2009, the Berkeley Housing Authority (BHA) submitted an application to the federal Department of Housing and Urban Development (HUD) to transfer its public housing units to another entity to rehabilitate and manage the units more effectively; and

WHEREAS, in February 2010, HUD approved BHA's disposition application and selected Related Companies of California as the entity to serve as the developer, manager, and long-term owner of BHA's 75 rental housing units; and

WHEREAS, in April 2012 the Berkeley City Council adopted Resolution 65,672-N.S. approving fund reservation of General Funds from the Housing Trust Fund (HTF) to BHA in the amount not to exceed \$300,000 to pay for predevelopment costs associated with the disposition and rehabilitation of 75 units of rental housing owned by BHA; and

WHEREAS, on February 13, 2013 the Berkeley Housing Authority entered into a Public Housing Disposition Predevelopment Loan with the City of Berkeley for \$300,000 at an annual interest rate of 3%, payable in five years; and

WHEREAS, on April 2, 2013 the City of Berkeley Council approved Resolution 66,076-N.S. changing the annual interest rate of the loan to 0% and extending the term for another five years; and

WHEREAS, the Berkeley Housing Authority used the loan proceeds to pay for relocation expenses of former low-income housing tenants and fees associated with the disposition of the 75 low income housing units; and

WHEREAS, the loan is scheduled to mature on February 7, 2023; and

WHEREAS, BHA has requested that the City of Berkeley forgo repayment of the \$300,000 loan proceeds in order to cover administrative costs in the Housing Choice Voucher Program rather than using the Housing Assistance Payment (HAP) funding or disposition proceeds; and

WHEREAS, forgiveness of the loan would allow BHA to serve/assist up to fifteen low income families in Berkeley for one year and create more affordable housing units in Berkeley.

NOW THEREFORE BE IT RESOLVED that the Berkeley City Council forgives repayment of the \$300,000 loan made to the Berkeley Housing Authority (BHA) in February 2013.