



Measure O Bond Oversight Committee

CONSENT CALENDAR

April 20, 2021

To: Honorable Mayor and Members of the City Council  
 From: Measure O Bond Oversight Committee  
 Submitted by: Igor Tregub, Chairperson, Measure O Bond Oversight Committee  
 Subject: Measure O NOFA for BUSD-Sponsored Educator Housing

RECOMMENDATION

Adopt a Resolution to refer to the City Manager to release a Notice of Funding Availability (NOFA) for a Berkeley Unified School District (BUSD)-employee housing development sponsored by the BUSD, to be funded from Measure O Bond funds, relying on the City's Housing Trust Fund Guidelines but allowing tenant incomes up to 120% of Area Median Income, and reviewed by the Measure O Bond Oversight Commission (MOBOC).

FINANCIAL IMPLICATIONS

The NOFA may lead to the award of Measure O funds to an affordable housing development project. There are approximately \$24.5M projected remaining in the second issuance of Measure O bond funds, currently planned for 2022.

CURRENT SITUATION AND ITS EFFECTS

At its December 10, 2019 meeting, the City Council allocated \$15,432,000 in Measure O bond funds from the second issuance to Resources for Community Development's Maudelle Miller Shirek Community development at 2001 Ashby, and specified the following next steps:

*"After funding the priorities listed above, establish housing for Berkeley Unified School District employees under the Teacher Housing Act of 2016 (Health and Safety Code Section 53570 et seq.) as the first priority for any remaining funding from the next planned issuance of Measure O funds; and the City Council will consider, after review and recommendation from the Measure O Bond Oversight Committee, forward committing funding once the Berkeley Unified School District presents the Measure O Bond Oversight Committee with a proposal with sufficient specificity as to reasonably enable such a forward commitment."*

The proposed BUSD NOFA would accomplish this. Staff recommend limiting the NOFA to project(s) sponsored by BUSD to ensure the proposed project meets BUSD employee needs. Staff also recommended that tenant eligibility be limited to employees making up to 100% of Area Median Income (AMI) to prioritize serving employees with

greater housing affordability needs. Income limits are set by the federal government for Alameda County and based on family size. The current 100% AMI limit is \$91,400 for a single person and \$130,500 for a family of 4. This would require waiving a section of the Housing Trust Fund (HTF) Guidelines that limits incomes and rents to 30% AMI and 60% AMI and below for the majority of the project.

This NOFA could be based on the HTF Guidelines with the exceptions noted above, with project review by the MOBOC.

At its February 1, 2021 meeting, the MOBOC took the following action:

Action: M/S/C (Daniels/Lustig) to recommend to Council to refer to the City Manager to release a Notice of Funding Availability (NOFA) for a BUSD-employee housing development sponsored by the Berkeley Unified School District, to be funded from Measure O Bond funds, relying on the City’s Housing Trust Fund Guidelines but allowing tenant incomes up to 120% of Area Median Income, and reviewed by the Measure O Bond Oversight Commission (MOBOC).

Vote: Ayes: Carr, Costantini, Cutler, Daniels, Lee-Egan, Lustig, Marthinsen, and Tregub. Noes: Calavita. Abstain: None. Absent: None.

The MOBOC chose a 120% AMI over a 100% AMI constraint because of the broader applicability of accredited and certificated staff making 80-120% AMI as a target audience for this housing proposal.

Additional information about the BUSD proposal can be found here: <https://www.berkeleyschools.net/wp-content/uploads/2021/01/BUSD-Housing-Report-7-24-20.pdf>.

**BACKGROUND**

Funds would be available for the BUSD project from the second issuance of Measure O funds, currently projected for 2022. The following table shows the projected issuances.

<b>Issuance</b>	<b>Year</b>	<b>Amount</b>	<b>Projects Funded</b>
1	2020	\$38M	Table 2 below
2	2022*	\$40M*	\$15.5M reserved for 2001 Ashby Priority for BUSD project
3	2025*	\$35M*	To be determined
4	2027*	\$22M*	To be determined

\* Currently projected. Actual timing and amounts may change.

### ENVIRONMENTAL SUSTAINABILITY

There are no identifiable direct environmental sustainability impact associated with the adoption of this recommendation. The financing of affordable housing, however, increases the chances of affordable housing being constructed, and, when sited in proximity with transit and amenities, has been found to reduce vehicle miles traveled and greenhouse gas emissions.

### RATIONALE FOR RECOMMENDATION

This recommendation is fully consistent with the language and legislative intent of Measure O, which states:

*“Shall the measure to issue \$135 million in bonds to create and preserve affordable housing for low-income households, working families, and individuals including teachers, seniors, veterans, the homeless, and persons with disabilities; subject to citizen oversight and independent audits, be adopted?”*

The recommendation also responds to the immense need for and interest in BUSD employees as summarized below.

In 2018, BUSD worked with the Center for Cities and Schools through UC Berkeley to develop and implement a staff survey to better understand the demographics, incomes, housing and transportation patterns of their staff and most specifically to determine the level of need for and interest in affordable housing among BUSD staff. The 2018 report also included legal and historic studies. The results of the 2018 survey highlighted the following statistics:

- 74% of renters stated an interest in living in low-rent BUSD sponsored housing
- 78% of renters were experiencing financial pressures due to high housing costs
- 54% have considered leaving due to high housing costs
- 69% of BUSD employees currently live outside of Berkeley

In 2020, as part of the current scope of work, in order to accurately complete the financial modeling, an updated staff survey was crafted and implemented, through the assistance of the Center for Cities and Schools. The 2020 survey focused on collecting updated income data and a more specific understanding of household sizes, which are necessary inputs for evaluating the applicability of key sources of affordable housing financing. The results of the 2020 survey highlighted the following statistics:

- Interest in living in low rent BUSD housing remained high at 73%
- 65% of renters have income at or below 80% of AMI
- 78% of renters have household sizes of 3 persons or smaller<sup>1</sup>

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<sup>1</sup> BUSD Employee Affordable Housing Development Predevelopment Study and Feasibility Analysis of BUSD Sponsored Housing, dated July 24, 2020. <https://www.berkeleyschools.net/wp-content/uploads/2021/01/BUSD-Housing-Report-7-24-20.pdf>.

ALTERNATIVE ACTIONS CONSIDERED

The MOBOC considered continuing discussion of this recommendation until it could evaluate it in the context of additional needs and proposals, such as possible future funding for proposed housing at the Ashby and North Berkeley BART Station Areas. However, given the immense need for this proposal and its readiness to apply for a NOFA issued as part of Tranche 2 of Measure O funding, a majority of the MOBOC voted to advance this recommendation.

CITY MANAGER

The City Manager concurs with the content and recommendations of the Commission's Report.

CONTACT PERSON

Jenny Wyant, Acting Commission Secretary, HHCS (510) 981-5228

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

ISSUING A NOTICE OF FUNDING AVAILABILITY FOR AFFORDABLE EDUCATOR HOUSING SPONSORED BY BERKELEY UNIFIED SCHOOL DISTRICT

WHEREAS, on November 6, 2018, Berkeley voters approved Measure O, a \$135 million affordable housing bond measure to support the acquisition, development, and renovation of property for the creation or preservation of affordable housing; and

WHEREAS, the City's bond counsel indicated that approximately \$40 million is available for the second issuance of Measure O Bonds; and

WHEREAS, on December 10, 2019, City Council reserved \$15,432,000 from the second issuance of Measure O Bonds for Maudelle Miller Shirek Community (2001 Ashby), and indicated that a Berkeley Unified School District sponsored educator housing project would get first priority at the remaining funds in that issuance; and

WHEREAS, City Council established a Housing Trust Fund Program (the "HTF Program") 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

WHEREAS, City Council appointed a Measure O Bond Oversight Committee to oversee Measure O funding and confirm that expenditures meet the intent of the measure; and

WHEREAS, City Council adopted HTF guidelines (the "Guidelines") as revised on January 19, 2021, and authorized the City Manager to implement the HTF Program in accordance with the Guidelines; and

WHEREAS, the HTF Guidelines designate the Housing Advisory Commission to make funding recommendations to Council for HTF funds; and

WHEREAS, the City has not adopted Measure O-specific guidelines for administering and reserving the bond funds; and

WHEREAS, the HTF Guidelines currently require developments that receive HTF funding to establish rent limits below the threshold criteria for Moderate Income households that would exclude many households employed by the Berkeley Unified School District.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is hereby authorized to issue a Notice of Funding Availability (NOFA) for the balance of the Measure O funds remaining after the Maudelle Miller Shirek Community reservation is fulfilled, estimated at \$24.5M, which will be made available for educator affordable housing sponsored by Berkeley Unified School District.

BE IT FURTHER RESOLVED that the Measure O Bond Oversight Committee will act in any role specified for the Housing Advisory Commission in the HTF Guidelines for the purpose of this Measure O NOFA.

BE IT FURTHER RESOLVED that the NOFA will be issued in accordance with the HTF Guidelines, with Section III.A.1 waived to allow affordability levels up to 120% of the Area Median Income.