



Office of the City Manager

CONSENT CALENDAR
May 9, 2023

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: 2023 Local Housing Trust Fund Application

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to apply for and accept funds from the State of California's Local Housing Trust Fund program, in an amount not to exceed \$5,000,000 and to apply such funds to the City's existing funding reservations for St. Paul Terrace (2024 Ashby Avenue) via the City's Housing Trust Fund program.

FISCAL IMPACTS OF RECOMMENDATION

The City of Berkeley is eligible to apply for up to \$5,000,000 from the State's competitive Local Housing Trust Fund (LHTF) program. The final award will be decided as part of the competitive application. This funding would be applied to the City's Housing Trust Fund program to fund the City's existing funding reservation for the pipeline project St. Paul Terrace at 2024 Ashby Avenue, reducing the amount of Measure O and/or other local funds that would be required for the project, and would become available for other housing priority projects if the City receives an award.

CURRENT SITUATION AND ITS EFFECTS

Approving the City's LHTF application supports the Council's Strategic Plan Priority to create affordable housing and support services for our most vulnerable community members. The LHTF was established by the State as a funding source to finance new affordable housing construction. The program is administered by the State's Department of Housing and Community Development (HCD). The program is funded by a \$4 billion bond approved by voters in 2018.

The City is eligible to apply for between \$1 million and \$5 million with a one-to-one matching funds requirement. Applications will be scored on several criteria including the source of matching funds (prioritizing sources that do not come from residential projects like the Affordable Housing Mitigation fee), existing local funding commitments, project readiness, and affordability.

Based on eligibility criteria, the City can currently apply to support one project in the City's HTF development pipeline: St. Paul Terrace, located at 2024 Ashby Avenue.

On December 14, 2021, Council reserved predevelopment Housing Trust Funds for this project and additional Housing Trust Funds were reserved for development funding on June 14, 2022. The City's funding commitment alongside the project's unit mix, depth of affordability, and development timeline will allow the application to score competitively. The City's current local commitments in this project would potentially be partially offset by the LHTF award. Using LHTF funds for St. Paul Terrace would free up Measure O or other local funds for other affordable housing projects in the City's current pipeline.

BACKGROUND

The LHTF was created by the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1). HCD is awarding a total of \$57M to the LHTF program for the 2022 funding round.

Program funds awarded must be designated to provide construction loans and/or permanent financing loans to pay for construction or rehabilitation of affordable rental housing projects, emergency shelters, permanent supportive housing, transitional housing and affordable homeowner projects.

Program funds may also be used to assist income-eligible first-time homebuyers to purchase homes and to rehabilitate houses owned by income-eligible occupants. Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs) construction and conversion programs are also eligible.

The City is eligible to apply as it maintains an existing Housing Trust Fund. The City of Berkeley's Housing Trust Fund program was established in 1990 to support affordable housing development and rehabilitation. It is funded by several sources including Affordable Housing Mitigation Fees (AHMF), Condominium Conversion fees and federal HOME funds. Measure O was approved by voters in 2018 to provide \$135 million in additional bond funding for affordable housing development. Any LHTF funding the City receives will compliment these funding sources.

In 2020, the City of Berkeley successfully applied for and received LHTF awards for two projects, Blake Apartments (2527 San Pablo Ave.) and Maudelle Miller Shirek Community (2001 Ashby Ave.), with each project receiving \$2.5M for a total award of \$5M. Both projects began construction in 2022.

The City is required to use the resolution template provided by the state for this council item.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental effects or opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

Measure O bond-supported pipeline projects provide the City with the most competitive application. The LHTF application weighs the percentage of matching funds derived from sources other than local impact fees (such as the AHMF). The Measure O bond provides this advantage. St. Paul Terrace will include units for Extremely Low Income, Very Low Income and Low-Income households. This is another key factor to submitting a competitive application.

Competitive applications must also demonstrate project readiness and a projected construction start. This also provides better security that the funds will be expended in line with the NOFA requirements.

ALTERNATIVE ACTIONS CONSIDERED

Staff do not recommend applying the funds to a first-time home buyer, ADU or JADU program as the application scoring criteria is designed to favor new construction of affordable housing.

CONTACT PERSON

Amanda Montez, Community Development Project Coordinator, HHCS, (510) 981-5426
Jenny Wyant, Senior Community Development Project Coordinator, HHCS, (510) 981-5228

Attachments:

1: Resolution

Exhibit A: Attachment to the Resolution

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

CITY OF BERKELEY HOUSING TRUST FUND APPLICATION TO LOCAL HOUSING TRUST FUND AUTHORIZING RESOLUTION

A necessary quorum or majority of the Council Members of the City of Berkeley (“Applicant”) hereby consents to, adopts and ratifies the following resolution:

WHEREAS, the Department is authorized to provide up to \$53 million under the Local Housing Trust Fund (“LHTF”) Program from the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) (as described in Health and Safety Code section 50842.2 et seq. (Chapter 365, Statutes of 2017 (SB 3)) (“Program”); and

WHEREAS, the State of California (the “State”), Department of Housing and Community Development (“Department”) issued a Notice of Funding Availability (“NOFA”) dated 03/07/23 under the LHTF Program; and

WHEREAS, Applicant is an eligible Local or Regional Housing Trust Fund applying to the Program to administer one or more eligible activities using Program Funds; and

WHEREAS, the Department may approve funding allocations for the LHTF Program, subject to the terms and conditions of H&S Code Section 50842.2, the LHTF Program Guidelines, NOFA, Program requirements, the Standard Agreement and other related contracts between the Department and LHTF award recipients;

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that:

1. If Applicant receives an award of LHTF funds from the Department pursuant to the above referenced LHTF NOFA, it represents and certifies that it will use all such funds on Eligible Projects in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including, without limitation, all rules and laws regarding the LHTF Program, as well as any and all contracts Applicant may have with the Department (“Eligible Project”).
2. NOW, THEREFORE, IT IS RESOLVED: That the City of Berkeley Housing Trust Fund is hereby authorized to act as the Manager in connection with the Department’s funds to Eligible Projects pursuant to the above described Notice of Funding Availability in an amount not to exceed \$5 Million (the “LHTF Award”).
3. Applicant hereby agrees to match on a dollar for dollar basis the LHTF Award pursuant to Guidelines Section 104. Applicant hereby agrees to utilize matching finds on a dollar-for-dollar basis for the same Eligible Project for which Program Funds are used, as required by HSC Section 50843.5(c).
4. Pursuant to Attachment 1 and the Applicant’s certification in this resolution, the LHTF funds will be expended only for Eligible Projects and consistent with all program requirements.
5. Nonprofit Housing Trust Funds and Native American Tribe Housing Trust Funds agree to use Program Funds only for Eligible Projects located in cities and counties that submitted an adopted Housing Element that was found by the Department to

be in compliance and that have submitted their Housing Element Annual Progress Report (APR) for the current year or prior year by the application due date.

- 6. Applicant shall be subject to the terms and conditions as specified in the Standard Agreement, H&S Section 50842.2 and LHTF Program Guidelines.
- 7. The City Manager or their designee is/are authorized to execute the LHTF Program Application, the LHTF Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the LHTF Award to Applicant, as the Department may deem appropriate.

PASSED AND ADOPTED at a regular meeting of the Berkeley City Council this _____ day of _____, _____ by the following vote:

AYES: _____
 ABSTENTIONS: _____
 NOES: _____
 ABSENT: _____

Approving Officer: _____

Signature of Approving Officer

Exhibits

A: Attachment 1

CERTIFICATE OF THE ATTESTING OFFICER

The undersigned, Officer of the City of Berkeley does hereby attest and certify that the foregoing Resolution is a true, full and correct copy of a resolution duly adopted at a meeting of the Berkeley City Council, which was duly convened and held on the date stated thereon, and that said document has not been amended, modified, repealed or rescinded since its date of adoption and is in full force and effect as of the date hereof.

ATTEST: _____

Signature of Attesting Officer

Attachment 1

City of Berkeley Housing Trust Fund Commitment to use Local Housing Trust Fund (LHTF) Program Funds and Matching Funds.

1. Identification of the percent of the total funds requested that will be used for each activity/project, including Area Median Income (AMI) level:

The LHTF award will fund the City's existing funding reservation for the pipeline project St. Paul Terrace (2024 Ashby Ave). The City will match the LHTF funding with money from its affordable housing trust fund. 95% of LHTF funds will be used for construction of St. Paul Terrace (2024 Ashby Ave) with 5% of funds used for administration. The St. Paul Terrace Project is planned to provide 50 permanent, safe, sustainable, affordable apartments for extremely low income, very low income and low income households (13 Low Income Units (60-80% AMI), 15 Very Low Income Units (30-50% AMI), 21 Extremely Low Income Units (15-30% AMI) and one manager's unit).

2. Jurisdiction Served:

City of Berkeley, in Alameda County