



Office of the City Manager

CONSENT CALENDAR  
December 12, 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: Extending the Duration of Funding Reservations for Housing Trust Fund Projects

RECOMMENDATION

Extend the duration of the previously approved funding reservations for Housing Trust Fund (HTF) projects by adopting a resolution to:

1. Reserve Housing Trust Funds and other currently available affordable housing funds, including Measure O Bond and Permanent Local Housing Allocation funds, for the following projects:
  - Ashby Lofts (2909-2919 Ninth / Satellite Affordable Housing Associates) at \$850,000
  - Berkeley Unified School District (BUSD) Workforce Housing project (1701 San Pablo / Satellite Affordable Housing Associates / Abode Communities) at \$24,500,000
  - Supportive Housing in People's Park (2556 Haste) at \$14,359,593
2. Authorize the City Manager to refinance the existing Housing Trust Fund development loan for Ashby Lofts and into a new loan with terms consistent with the Housing Trust Fund Guidelines.
3. Waive Section III.A.1 of the Housing Trust Fund Guidelines for the BUSD Workforce Housing project to allow affordability levels of up to 120% of area median income in order to reflect the income and needs of BUSD educators.
4. Condition disbursement of funding for the BUSD Workforce Housing and Supportive Housing in People's Park projects on site control.
5. Authorize the City Manager or her designee to execute all original or amended documents or agreements to effectuate these actions.

### FISCAL IMPACTS OF RECOMMENDATION

The attached resolution would extend the duration of existing funding reservations, which established a 24- month deadline. Therefore, the recommendations in this report have no new or additional fiscal impacts.

Staff will determine the exact mix of funds from the HTF program for each loan closer to the loan closing, based on the balance of funds at that time and the project details. Loans could include Affordable Housing Mitigation Fee (Fund# 120), Measure O (Fund# 512), and/or Permanent Local Housing Allocation (Fund# 302). Funding is subject to appropriation through the second amendment to the FY 2024 appropriations ordinance in the HTF.

### CURRENT SITUATION AND ITS EFFECTS

The Council previously approved HTF funding for the three developments described in this report. On December 14, 2021, City Council adopted Resolution No. 70,135-N.S., which reserved funding for the Ashby Lofts and Supportive Housing in People's Park project, and Resolution No. 69,803-N.S., which reserved funding for the BUSD Workforce Housing project. Those resolutions reserved funds for a period of no more than 24 months from the resolution date, which is a standard HTF program practice to ensure that City funds are not indefinitely committed to projects that are not moving forward.

Since that time, all three projects have made progress on development milestones. Due to delays in the project schedules that are not unusual in affordable housing development, staff recommend extending the duration of the HTF funding reservations.

### BACKGROUND

#### **Ashby Lofts**

City Council awarded Satellite Affordable Housing (SAHA) \$850,000 for the renovation of Ashby Lofts, a 54-unit, occupied affordable housing property located at 2909-2919 Ninth Street. SAHA needs additional time to pursue a tax credit resyndication in order to generate revenue to address capital needs at the property, and hopes to start renovations in 2024.

#### **Supportive Housing in Peoples Park**

City Council also awarded \$10,909,593 in development funds and \$3,450,000 in operating subsidies (\$14,359,593 total) for Supportive Housing in People's Park (SHiPP), a new construction project of 119 affordable apartments serving previously unhoused individuals earning between 10% and 50% AMI. The University of California, Berkeley selected the original project developer, Resources for Community Development (RCD) to develop permanent supportive housing at People's Park, in conjunction with the University's redevelopment of the park and construction of new student housing.

While the project was entitled by the University in September 2021, it encountered legal challenges related to the project's Environmental Impact Report that disrupted the project schedule. As a result of the increased risks and uncertainties associated with the delays, RCD decided to reallocate their limited nonprofit resources to other developments and to exit the project. RCD has begun transferring stewardship of the project to the City of Berkeley, and an extension of the funding reservation will allow more time for the University to select a new developer for SHiPP once the litigation is addressed.

**Berkeley Unified School District**

SAHA and Abode, the development team selected by BUSD, were awarded \$24.5M to develop a 110-unit educator housing project on the Berkeley Adult School property at 1701 San Pablo Avenue. The project received its entitlements in March 2023. Due to the competitive nature of the limited funding sources available for workforce housing, the development team needs more time to continue applying for additional funding.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The housing developments will address environmental sustainability in their project design and scope. The BUSD and SHiPP projects will be built to third-party green building standards (either LEED Gold or GreenPoint Gold). The Ashby Lofts renovation project will incorporate energy efficiency and sustainability measures into the scope as feasible.

RATIONALE FOR RECOMMENDATION

Extending these funding reservations will allow the projects to continue their progress and pursue new sources that will leverage City funds. All three projects meet local needs and priorities by adding new affordable housing units to the City's inventory and improving the City's existing affordable housing stock.

ALTERNATIVE ACTIONS CONSIDERED

Staff did not identify another approach that is consistent with the City's Strategic Plan priority to support the development of affordable housing.

CONTACT PERSON

Grace Streltsov, Community Development Project Coordinator, HHCS, 510-981-5430

Attachments:  
1: Resolution

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

EXTENSION OF FUNDING RESERVATIONS FOR HOUSING TRUST FUND  
PROJECTS

WHEREAS, the City Council established a Housing Trust Fund (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 authorized the City Manager to implement the HTF 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, 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, on November 6, 2018, Berkeley voters passed Measure O, a \$135 million bond measure to support the development and preservation of affordable housing; and

WHEREAS, on December 14, 2021 the City Council adopted Resolution No. 70,135-N.S. which reserved \$850,000 for Satellite Affordable Housing Associates' Ashby Lofts project (2909-2919 Ninth Street) and \$14,359,593 for the Supportive Housing in People's Park project for a period of no more than 24 months from the resolution date; and

WHEREAS, on December 14, 2021 the City Council adopted Resolution No. 69,803-N.S., which reserved \$24.5 million for Satellite Affordable Housing Associates' and Abode Communities' Berkeley Unified School District's (BUSD) Workforce Housing project (1701 San Pablo Avenue) for a period of no more than 24 months from the resolution date.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Council approves extending the following funding reservations from currently available affordable housing funds such as Measure O Bond and Permanent Local Housing allocation funds:

- Satellite Affordable Housing Associates' Ashby Lofts (2909-2919 Ninth Street) for \$850,000;
- Satellite Affordable Housing Associates' and Abode Communities' BUSD Workforce Housing project (1701 San Pablo) for \$24.5 million.
- Supportive Housing in People's Park (2556 Haste) for \$14,359,593.

BE IT FURTHER RESOLVED that the City Manager may incorporate the existing development loan for Ashby Lofts into a new permanent loan resulting from this resolution.

BE IT FURTHER RESOLVED that the Council waives the requirements of Section III.A.1 of the Housing Trust Fund Guidelines for the BUSD Workforce Housing project to allow affordability levels of up to 120% of the area median income in order to reflect the incomes and needs of BUSD educators.

BE IT FURTHER RESOLVED, that the Council conditions disbursement of funding for the Supportive Housing in People's Park and BUSD Workforce Housing projects on site control.

BE IT FURTHER RESOLVED that all development and predevelopment loan funds shall be reserved for a period of no more than 24 months from the date of this Resolution, contingent on the developers' obtaining all required land use approvals and securing commitments for full project funding that the City Manager or her designee deems sufficient 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.

