



HOUSING DEPARTMENT

# **City of Berkeley**

## **2001 Consolidated Annual Performance and Evaluation Report (CAPER) (for Housing and Community Development)**

**September 2002**

**TABLE OF CONTENTS**

<b>I. Introduction, Summary of Priorities and Evaluation</b>	
<b>A. Introduction</b>	<b>1</b>
<b>B. Summary of Priorities</b>	<b>1</b>
<b>C. Background</b>	<b>2</b>
<b>1. Conditions</b>	<b>2</b>
<b>2. 2000 Census Information</b>	<b>3</b>
<b>D. General Evaluation of Activities</b>	<b>4</b>
<b>II. Summary of Housing and Community Development</b>	
<b>Resources and Expenditures</b>	<b>9</b>
<b>A. Resources</b>	<b>9</b>
<b>B. Expenditures</b>	<b>10</b>
<b>C. Use of Monies</b>	<b>11</b>
<b>1. Summary of CDBG, ESG, and HOME allocations</b>	<b>12</b>
<b>2. Resources Available for Housing</b>	<b>12</b>
<b>3. Resources for Services to People with Special Needs</b>	<b>13</b>
<b>4. Resources to Assist those Who Are Homeless</b>	<b>14</b>
<b>E. Pattern of Investments</b>	<b>14</b>
<b>F. Type and Degree of Leveraging</b>	<b>15</b>
<b>III. Achievements and Actions Taken to Implement</b>	
<b>the Consolidated Plan</b>	<b>16</b>
<b>A. Program/Project Location</b>	<b>17</b>
<b>B. Housing Programs</b>	<b>18</b>
<b>1. Housing Trust Fund Development Projects</b>	<b>21</b>
<b>2. Special Needs Housing</b>	<b>21</b>
<b>3. Other Actions</b>	<b>23</b>
<b>C. Programs to Improve the Housing Stock</b>	<b>23</b>
<b>1. Rehabilitation Programs</b>	<b>23</b>
<b>2. Anti-blight Activities</b>	<b>23</b>
<b>3. Code Enforcement</b>	<b>23</b>
<b>4. Lead Abatement</b>	<b>24</b>
<b>5. Weatherization Program</b>	<b>24</b>
<b>D. Section 8 Programs and</b>	
<b>Public Housing Improvements</b>	<b>24</b>
<b>E. First-time Homebuyers Program</b>	<b>24</b>
<b>F. Fair Housing</b>	<b>25</b>
<b>G. Anti-Displacement</b>	<b>26</b>
<b>H. Homeless Services and Homelessness Reduction</b>	<b>26</b>
<b>1. Shelter Plus Care</b>	<b>27</b>
<b>2. Housing Trust Funds</b>	<b>27</b>
<b>3. Housing for Victims of Domestic Violence</b>	<b>27</b>
<b>4. Continuum of Care Implementation</b>	<b>27</b>
<b>5. Homelessness Prevention Program</b>	<b>28</b>
<b>6. Berkeley Mental Health Housing and Services Coordination</b>	<b>28</b>
<b>7. ESG Process and Match</b>	<b>28</b>

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

<b>I. Anti-Poverty and Community Development Programs</b>	<b>29</b>
<b>1. General Evaluation</b>	<b>29</b>
<b>2. Public Services Projects</b>	<b>29</b>
<b>3. Improvement of Public/Community Facilities</b>	<b>30</b>
<b>J. Administration and Monitoring Activities</b>	<b>30</b>
<b>K. Certification of Consistency with the Consolidated Plan</b>	<b>31</b>
<b>L. HOME Program Report</b>	<b>32</b>

**Attachments**

**CDBG Grantee Performance Reports**

1. HUD form 4949.3 -CDBG Financial Summary
2. IDIS form CO4PR01 – HUD Grants and Program Income
3. CDBG Financial Report for Fiscal Year ending June 30, 2002
4. IDIS CO4PR03 – CDBG Activity Summary
5. HUD form 40107A – HOME Match Report
6. Housing Trust Fund Summary: May 31, 2002
7. IDIS CO4PR22 – Status of HOME Activities
8. IDIS form CO4PR25 – Status of CHDO Funds by Fiscal Year
9. IDIS form C)4PR20 – ESG Grantee Activity Summary
10. IDIS form C04PR19- ESG Statistics for Projects as of 2001
11. Public Notice of Availability of CAPER

## CITY OF BERKELEY

### 2001 CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (JULY 1, 2001 THROUGH JUNE 30, 2002)

#### I. INTRODUCTION, SUMMARY OF PRIORITIES, AND EVALUATION

##### A. Introduction

The City of Berkeley's 2001 Consolidated Annual Performance and Evaluation Report (CAPER) describes the City's low income housing and community development activities carried out during the period July 1, 2001 - June 30, 2002, the funds made available for those activities, and the number of low income persons and households assisted. The CAPER evaluates the City's overall progress in carrying out the housing and community development priorities identified in the five-year Consolidated Plan and the Annual Action Plan, and identifies issues and constraints faced in meeting the Consolidated Plan goals.

The CAPER contains two parts:

- Part I - A narrative on achievements with attachments providing supporting documentation.
- Part II - The Grantee Performance Report (GPR) and other reports generated through the federal IDIS (Integrated Disbursement and Information System) that provide additional information about the CDBG, ESG, and HOME Program accomplishments as well as detailed information on each individual project, and tie together on-line drawdowns of federal funds and reporting functions.<sup>1</sup>

The availability of the draft CAPER was announced at the Housing Advisory Commission's September 5, 2002 meeting and was published in the Daily Planet, a local daily, on September 5 2002 informing the public about the 15-day review period. At that time, the CAPER was made available for review by the general public at the Housing Department and at the Berkeley Central Library. No comments were received on this document, although public comments were received on the City's housing policy (both in favor and against certain aspects of it), especially as contained in the Housing Element (a copy of those comments are on file at the Housing Department). In preparing the CAPER, staff consulted with the BHA, other staff in the Housing Department and other City departments (who, in turn, coordinated closely with other local and regional entities and passed on information for the CAPER) as well as community agencies. The CAPER also reflects discussions occurring at the Housing Advisory Commission meetings and workshops and meetings with community agencies.

##### B. Summary of Priorities

In its 2001 Annual Action Plan, Berkeley identified the housing and community development goals and priorities which were in keeping with the 5-year Consolidated Plan as well as with City Council goals for FY 2001 which were to continue to promote affordable housing for low income persons and persons with special needs and those who are homeless; maintain the safety of the

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<sup>1</sup> There may be inconsistencies between the narrative information and the HUD reports on projects completed. Because IDIS operates on a cash system, a project may be listed as not completed simply because not all monies have been drawn down.

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

City's housing stock; promote fair housing; provide healthy youth alternatives; increase employment opportunities for low income residents; assist those in poverty; promote neighborhood stability and ensure public safety; implement and coordinate needed public/private improvements in predominantly low income census tracts; create jobs for those who are unemployed, underemployed, or underpaid; and encourage coordination/consolidation of programs and administration to make operations more efficient and to improve service-delivery; and reduce the City is focusing on programs that reduce the health disparity between Blacks and the White and other racial/ethnic populations in the City.

**C. Background**

One cannot evaluate the City's accomplishments of its 2001 Action Plan without putting it in the context of the conditions and needs during the last program year. Generally, market conditions presented major impediments to the City's achieving its projected goals.

**1. Conditions**

At the beginning of the last fiscal year, conditions in the Bay area were marked by a favorable economic and employment situation with continued housing crisis and escalating costs. The September 11th terrorist attack had a major impact on Berkeley as did the concomitant slowdown of the economy in the state of California. One impact of these two occurrences was the decrease in resources for affordable housing and community development programs (California went quickly from having a multi-billion dollars budget surplus to operating under a budget deficit which required cuts in crucial programs). Despite a reduction in local revenues, Berkeley continued its local commitment to its social service programs by generally allocating the same amount to community-based non-profit agencies for FY 2002-2003 as it had done in previous years.

The slowdown of the economy has resulted in a lowering of rental housing costs in Berkeley for the first time since rent control (albeit the lower rents are still not affordable to the City's low income population). According to a report released by Cal Rentals, a university-run student rental service, a comparison of rents in July 2001 and July 2002 showed that there were greater number of rental units available with average one-bedroom apartments going down from \$1,375 to \$1,202 and rents for two bedroom apartments dropping from an average of \$1,822 to \$1,598 (Berkeley Daily Planet, 8/13/02). However, a comparison of this year's last quarter with the same period last year showed that the sale of single family homes continued to increase by 2.6% and prices went up 8.3% with the median single family home price being \$521,000 (California Association of Realtors).

Although current statistics are not available, the impact of the high housing costs are expected to have been to continue the trend evidenced in the 2000 census of a reduction in the number of low income and moderate income persons residing in Berkeley. It is likely that this phenomenon results both from low income/moderate income persons not being able to afford to live here as well as from low/moderate income homeowners who took advantage of the high housing costs to sell

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

their homes and move to a less expensive area.

**2. 2000 Census Information**

The 2000 Census has given us a better understanding of the conditions of the City's population. A brief look at the 2000 Census indicates the following:

- A stable population ( the number of Berkeley residents were virtually the same as in 1990: 102,743 vs. 103,328 in 2000)
- Continued ethnic diversity but change in ethnic composition. However, there was a reduction in Black and White Population and an increase in Asian and Latino population, as follows:

<u>Race</u>	<u>2000</u>	<u>1990</u>
White	59.2%	62%
Black	13.6%	19%
Asian	16.4%	15%
Hispanic	9.7%	8%
American Indian	0.5%	0%
Some other race	4.6%	4.6%
Two or more races	5.6%	5.4%

- A minor change in the tenant/homeowner ratio. There are now about 1% more renter than there were when the 1990 census was taken. Of the 46,875 units (about the same as in 1990) 95.9 % were occupied. Owner-occupied housing units represented 42.7% of the units and renter-occupied units were 57.3% of the total.

Additional census information made available this year shows:

Income

- The median family income (in 1999 dollars) rose from \$60,018 to \$70,434. The median household income rose from \$39,953 to \$44,489.
- There was a decrease in the low income families (national lowest 20%) from 17.8 % to 15.2%.
- There was a decrease in middle income families (national middle 60%) from 49.6% to 47.0%
- There was an increase in the high income families (from 35.2% to 39.1%)

Rents

- Median rent in 1999 dollars went up from \$543 to \$716 (According to a Rent Board study, the average rents in 2000-2001 for a one-bedroom unit were over \$1,000).

Percent of Employed Residents by Occupation

- Management, professional, and related occupations 61.4%
- Services Occupations 9.6%

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

- Sales and office occupations 20.3%
- Construction, extractions, and maintenance occupations 3.6%
- Production, transportation, and material 5.0%

Percent of Persons aged 25 or more by Highest Educational Attainment

- Did not graduate from high school 7.8% vs. 9.7% in 1990
- High School Graduate 8.6% vs. 9.9% in 1990
- Some College or Associate Degree 19.4% vs. 21.8% in 1990
- College Graduate or Advance Degree 64.3% vs. 58.7% in 1990

Foreign Born Population

- Number 20,923 vs. 17,278 in 1990
- Percent of Total population 20.4% vs. 16.4% in 1990

**D. General Evaluation of Activities to Meet Year 2001 Action Plan and ConPlan Goals**

The City's activities to meet its Year 2001 Action Plan and ConPlan goals had mixed results and were marked by both successes and weaknesses.

Below is a summary of the notable achievements and problems encountered in PY 2001 in providing social services, assisting those who are homeless, undertaking affordable housing development and conservation and other activities to serve the low/moderate income portion of Berkeley's population through use of the CDBG, ESG, and HOME allocations as well as other resources. A more detailed account is contained in the body of this report.

**Provision of Social Services**

With a few notable exceptions, provision of services by non-profit organizations continued to be one of the most notable successes in the last Program Year (PY). About 2,500 persons, mostly seniors, disabled, youth, homeless people, and those who were unemployed or underemployed were assisted in meeting their special needs and moving towards greater self-sufficiency. The following were of note in the social services area:

- The Multi-Cultural Institute, Inc. was selected to replace the defunct Adelante beginning PY 2002 thus ensuring vital job training/placement and other services to the Spanish-speaking community and other low income persons to increase their integration in the larger community and be more gainfully employed.
- The City continued giving a subsidy to low-paid workers of community agencies as part of the implementation of the City's Living Wage Ordinance (about \$160,000 was allocated from General funds for community agencies contracting with the Housing Department and using CDBG, ESG, CSBG/GF anti-poverty program funds).
- CDBG funding for the City's Work Source Program was replaced with General Funds to give the City more flexibility and reduce reporting requirements.

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

- Services projects continued to receive two-year funding as a way of reducing administrative costs.
- Service proposals were separated and reviewed by service area rather than funding source. This eliminated using both CDBG and CSBG/General Funds for the same project and resulted in saving time for commissions, agencies, and staff; and improved service coordination.

**Assistance to those Who Are Homeless**

The City's proposed activities in the area of assisting those who are homeless/at risk-of-homelessness were very successful. Although it is important to note that the level of homelessness in the City still persists; the level of government funding at all levels for homeless programs is flat, at best. Additional resources and good will are needed to address the problems of providing sufficient housing and necessary services (such as drug-treatment programs) to make a qualitative difference for this portion of the City's population.

To its credit, the City Council continues to give priority focus to problems of homelessness and took seriously the implementation of the Homeless Continuum of Care Plan. In addition to continued funding of existing programs, it doubled the amount of funds allocated to the Homelessness Prevention Program operated by ECHO because of the large demand for emergency assistance needed to allow renters to remain in their homes. The City also placed a tax measure on the November 2002 ballot which, if approved, would give that homelessness prevention program a permanent funding source. The Shelter Plus Care Program, which provides permanent housing for dual-diagnosed homeless persons (which are the hardest to place, especially in a tight housing market), reached 96% lease up rate for families and 85% for individuals. To increase homeless services coordination, the Homeless Commission was given responsibility for reviewing and making funding recommendations on all homeless proposals requesting funding. The Homeless Assistance Unit, which the prior year had moved from the Health and Human Services Department to the Housing Department, was successful in coordinating with the other components of the Housing Department, especially the contracting and monitoring functions, the BHA, and housing development. Another area of effective action was its participation in regional collaboration to deal with problems of homelessness. The Housing Department contributed both staff and funds to the Alameda County Continuum of Care Council. Results included:

- The submission of a joint SHP application and the HUD award of \$11.92 million to Berkeley, Oakland, and Alameda County. This was the second largest funding amount in the State of California (after Los Angeles County). Berkeley based agencies secured \$7.023 million of the awarded amount for continuation of their homeless programs. The only new project funded in the County was the top-ranked Russell Street Residence proposal of the Berkeley Emergency Food and Housing Project (BEFHP) and the Berkeley Mental Health Division for 18 units of permanent supportive housing for those who are mentally disabled. Unfortunately a similar project, which involved the acquisition and rehabilitation of a facility at 1242 Berryman Street, failed.
- The completion of the Shelters Health and Safety Standards by the Continuum of Care Council and, for the first-time ever, inspection of homeless facilities to monitor adherence



**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

to those standards.

- Drafting of a survey (to be administered this year) that will allow a better count of those who are homeless in the county and what their needs are (the 2000 Census figures were particularly unreliable when counting those who are without a home).

Areas of weakness included not being able to provide additional transitional housing for victims of domestic violence; not completing the ESG shelter improvements to the Harrison House and Multi Agency Services Center (MASC).

**Affordable Housing Development and Conservation**

Unfortunately the number of projects completed was lower than expected. The stated goal in the Consolidated Plan was to have 100 additional affordable housing units completed by July 31, 2002 (half from HTF projects and half from inclusionary zoning). However, only 29 HTF assisted units and 42 inclusionary units were completed. Non-profit housing developments continued to experience problems of high construction cost, and delays due to financing constraints and neighborhood opposition. City staff continued pre-development work on two potential major mixed use projects on City property: the Oxford Street parking lot and the Ashby BART air rights. The City submitted a request for qualifications last year for the development of 90 units (50% to be affordable) and affordable artist space at the Oxford Street site and is reviewing the 5 proposals received. A feasibility study undertaken last year for at the Ashby BART, which included affordable housing, indicated a financial gap between \$3-16 million depending on type of project selected.

Major effort was made by the BHA to address problems identified in the past. While some progress was made, major problems still persist in the both the Section 8 Voucher Program and the LIPH program and will require the continued focus of the BHA Board, the City Council, and cooperation with HUD, to resolve/reduce.

In PY 2001, progress was made in:

- increasing the Section 8 budget utilization rate to 95% and lease up rate to 78%.
- addressing the most egregious code violations in the LIPH units and beginning more extensive rehab to address other violations and maintenance problems by applying for use of Section 108, CDBG, and redevelopment monies to pay for the necessary costs.
- Creating and strengthening the Residents Council.
- Improving administration and the computerized system used by the BHA.
- Increasing coordination with the Shelter Plus Care Program and moving Shelter Plus Care clients into the Section 8 Program.
- Exploring the possibility of homeownership by Section 8 tenants.

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

Problem areas in need of resolution include:

- Obtaining full lease up of the present Section 8 allocation. Unfortunately, HUD is threatening to reduce the number of vouchers allocated to Berkeley just at a time when administrative bottlenecks have been removed to facilitate giving out vouchers and there is a higher level of rental vacancies in Berkeley making it easier for tenants to keep their vouchers by locating Section 8 housing in Berkeley.
- Ensuring proper maintenance and full lease up of LIPH units once rehabilitated.
- Continuing to improve BHA program operations.
- Eliminating City subsidy to the BHA.

**Housing Repair/Rehab**

The City continued to be successful in funding housing repair/rehab programs that assist residents with special needs. The Minor Home Repair, the Rebuilding Together Program, and CIL's Ramp Construction all met their projected goals. The City's Seniors and Physically Disabled Housing Rehab Program was able to leverage an additional \$250,000 in State funds, although many projects could not be completed in PY 2001 as expected but will be completed in PY 2002. Delays in completing those projects resulted from the greater scope of the rehab work and the need to coordinate the lead remediation portion to ensure compliance with federal regulations. Except for one dilapidated property on 10<sup>th</sup> Street (which is being rehabilitated with General Funds under the Anti-Blight Program), the City continues not to fund activities related to rehab of multifamily rental properties because owners are rehabilitating properties on their own.

**Code Enforcement**

As planned, to reduce the number of substandard units, the Residential Rental Inspection Program was converted into a more comprehensive pilot Rental Housing Safety Program, which required all rental property owners to certify that their units meet certain safety standards. The program became operational in October 2001 and major outreach was undertaken to let both owners and tenants know about it. Approximately 10,000 rental units were certified by their owners as meeting safety standards; approximately 300 units were inspected by the City's Housing Inspectors. Although it appears that the new program is acting as a preventive measure towards increasing housing safety, some owners have complained about the utility of the program, the level of paperwork involved, and have expressed their concerns about the City's proposal to impose a fee to fund the program. The City Council delayed action on the fee proposal until greater program evaluation could be made. In the coming year forms may be revised and the program more computerized to reduce bureaucracy. When refined, this program could serve as a "best practices" for owner's involvement in maintaining the safety of rental units.

**New funding sources for Housing**

Last year the City was able to leverage \$750,000 in state monies from the HELP and CalHome Loan programs. It also received approval to use federal Section 108 monies for certain projects. Non-profit housing developers received funding under the federal HOPWA but were not as

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

fortunate in applications for the major federal funding sources such as Federal Housing Tax Credits (AHA, Inc. submitted applications for its UNA Project and its Outback Project), and Section 202 (Jubilee's 2577 San Pablo Project). As in the past, community agencies such as Rebuilding Together, CIL, and CESC were able to obtain substantial monetary and other contributions for their housing repair/accessibility programs.

The City has placed a measure on the November 2002 ballot to increase the real estate transfer tax by 0.5% to 2% of sales price to make available a permanent source of financing (about \$2 million per year) for affordable housing development, seismic retrofitting, and emergency housing assistance. A two-thirds voters' approval is necessary for that measure to pass.

**Addressing Impediments Fair Housing**

The City continued all its on-going programs/activities to help ensure fair housing (including contracting with Housing Rights, Inc. to assist in housing discrimination and tenant advocacy), as well as funding the City's housing programs aimed at increasing affordable housing since the high housing costs in the Bay Area continue to be the major structural impediments to fair housing. Some of the comments received on the City's Housing Element identified local zoning regulations as an impediment to housing (including affordable housing). The City is examining streamlining the use permit process without negatively impacting local control of zoning and citizen participation. One item of note in the area of fair housing is the attempt to reduce predatory lending practices. Last PY, the City of Oakland passed an ordinance against predatory lending practices that went beyond state legislation after an analysis indicating existence of such practices in Oakland. The Berkeley City Council requested that an analysis be made in Berkeley. However, that analysis is frozen pending litigation against Oakland's ordinance. Fair housing advocates were able to thwart the introduction of a bill by State legislators to prohibit local anti-predatory laws from being enacted.

**Other Housing Activities**

As proposed in the last program year, the City's Housing Element was completed and submitted to the California Department of Housing and Community Development (HCD) but has yet to receive approval from that agency. The drafting and review process took longer than anticipated delaying other planning projects such as review/revision of the inclusionary zoning ordinance and condominium conversion ordinance. The State's HCD has been scrutinizing the Housing Elements (including Berkeley's) more carefully and we are in dialogue with HCD over whether revisions are needed. The State is placing a \$1.2 billion bond tax measure, which if passed, will be extremely helpful in alleviating the affordable housing problem in the State.

**Community Facilities**

Proposed improvements to community facilities, with some exceptions, were successful. The MLK Jr. Recreation Center, Berkeley Way Mini Park, Lifelong Medical Center Dental Clinic Improvements, and the Ecology Center's Farmer's Market Lighting Project were completed. Rebuilding Together, Inc. improved another 11 community facilities. The level of community involvement created by Rebuilding Together can serve as "Best Practices" activity to be duplicated in other communities. Another good candidate for a "Best Practices" award is the Ed Roberts Campus Project that will create a facility for nine non-profit community based

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

organizations allowing them to expand and to improve services to the disabled community. The Ed Roberts Campus received CDBG funds at the inception stage and has raised \$1.9 million

donations (other grant proposals for several million dollars more have been submitted are pending response). In the future, the City may use the HUD Section 108 Loan Guarantee Program to assist creation of this facility.

There were delays with the completion of the BYA Kitchen Project, NIA House and the Tinkers Workshop Project; additional monies were needed to complete these projects. CDBG monies allocated to the Black Repertory Theater in a previous year were still unspent pending the development and City acceptance of a building maintenance plan for that theater. The \$90,000 in PY 2001 ESG monies for improvement of the Multi-agency Service Center and the Harrison Street Shelter remained unspent because of unanticipated delays and will be spent in PY 2002.

**II. SUMMARY OF HOUSING AND COMMUNITY DEVELOPMENT RESOURCES AND EXPENDITURES**

**A. Resources**

During the July 1, 2001 through June 30, 2002 period, the City had available about \$15 million (about \$8.3 million in CDBG/ESG and Home monies, and about \$4.3 million in local monies, and \$1.4 in other resources) to meet the City's housing and community development needs. as follows:

<b>1. Federal:</b>	<b>Resources</b>
2001 CDBG Allocation:	\$4,182,538
CDBG carryover (to complete PY 2000 Projects) and program income:	841,335
2001 ESG:	135,656
2000 ESG carryover	68,852
2000 HOME Program:	1,170,000
HOME Program Income	122,420
Section 108 Loans (UNA, Outback, Adeline)	<u>1,731,000</u>
Total	\$8,251,801
<b>2. Local</b>	
General Funds anti/poverty	\$1,578,402
CSBG	176,842
Measure O Homeless Programs	1,099,604
HHS Local Homeless Emergency services	500,000
Homelessness Prevention Program	300,000
General Funds, Other <sup>2</sup>	500,000

<sup>2</sup>includes: 1/2 of Play Area/Totlot \$100,000, 1/2 Community agency funding: \$100K; South Berkeley Façade Grants \$50K, Berkeley Alliance \$50K, Section 8 housing activities \$30K, Support Services allocation \$35K, Homeless Winter Shelter \$67K, Downtown Public Restroom \$40K, Community Agency funding \$32,000, Taxi Scrip Program \$60K, Continuum of Care Consortium \$24,000).

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

General Funds to HTF	130,000
HIV/AIDS Housing Subsidy	60,000
Section 8 Housing Activities	<u>30,000</u>
Total	\$4,284,848

**3. State & Other Programs**

Weatherization Programs	\$ 431,400
PG&E Energy Assistance Program	200,000
State HELP Monies New allocation	500,000
State Rehab Monies for Sr. Housing Program	<u>250,000</u>
Total	\$1,381,400

**4. CDBG and HOME Program Income**

The City received program income totaling \$429,872 for the CDBG program (slightly higher than the \$400,000 projected) and \$122,420 for the HOME Program as follows:

**CDBG**

Rental Housing Inspection Program \$169,098  
 (previously known as Residential Rental Inspection Program)

Rehab programs loan repayments \$260,774  
 (Pilot Rehab, Emergency Repair, Physically Disabled and Seniors Rehab, Double Unit Program, Federal Rental Rehab).

**HOME Program**

Interest revenue on loans \$14,255  
 Principal Repayments (most loans are deferred until cash flow) \$2,255  
 First-time Homebuyers Loan repayments \$105,911

**B. Expenditures**

The Financial Summary in the Grantee Performance Report for the CDBG Program showed a total budget of \$5,216,772 million budgeted (2001 allocation and prior year carryover). Of that amount, \$3,680,454 were expended and \$453,187 were encumbered leaving an unexpended balance of \$1,083,131. Of that amount, \$959,105 will be carried over to allow the completion of the funded activities. A total of \$124,026 was recaptured; a total of \$106,894 was reallocated in PY 2002 and \$17,132 will be reallocated in PY 2003. Specific projects where funds were carried over or recaptured are contained in the attached report titled "CDBG Financial Report for FY ending June 30, 2002". Of note is that Adelante, Inc. became defunct and the remaining allocation was placed in the 2002-03 CDBG budget and allocated to other 2002 CDBG projects.

Some projects were "slow-moving". The noteworthy examples include:

- The Black Repertory Group (BRG) theatre improvements –approximately \$30,000 has been carried over for several years and will spend the CDBG monies when the City (owner of the building) and the BRG reach agreement on a maintenance plan for that building.

- BOSS – This organization did not spend its CDBG allocation of \$296,000 allocated last

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

year (total allocation \$600,250) for the Picante House Project because of delays to that project resulting from environmental concerns about expansion at the Harrison Street facility. The use of approximately \$59,000 in ESG monies to improve the family shelter portion of the Harrison Street facility has to be coordinated with the larger expansion plan but will be spent within the two year expenditure deadline (end of June 2003). There were some delays in expending the ESG (\$29,258) allocation to the MASC Project but those monies will be spent within the current PY.

- BYA's Kitchen Installation Project, and Tinkers Workshop Improvements – had delays because additional funding was necessary to complete their projects.

**C. Use of Monies**

**1. Summary of CDBG, ESG, and HOME Allocations**

<b>a. CDBG</b>	<b>PY 2001</b>	<b>PY 2000</b>
Housing projects	\$2,695,370	\$2,181,597
Public Services	759,460	728,698
Public/Community facilities	136,732	75,000
Planning and Administration	760,976	782,570
Economic Development	-0-	263,135

Notable changes from the last year's expenditures were a large increase in the housing category and the elimination of economic development monies. The increase of \$513,773 for housing projects was partly attributed to a switch of General Funds for the HTF Program to the Economic Development Projects in (\$263,135 in the Economic Development category and approximately \$22,000 in the Economic Development Planning and Administration section).

**b. ESG:**

Dwight Way Shelter and Drop-In Center Services	\$29,246
BOSS Harrison House Improvements	\$59,498 (0 expended) -
BOSS MASC Improvements	\$29,258 (0 expended)
BOSS Community Recovery & Case Management	10,954
Administration	6,700

**c. HOME (all HOME monies were committed)**

Inclusion into the HTF	\$1,053,000
Program Administration	\$ 117,000
Home Program Repayments to HTF	\$ 76,789
Home Repayments for 1 <sup>st</sup> Time	
Homeownership Program (3 loans repaid)	36,610
Total	\$1,529,599

All HOME Program monies were committed by the end of PY 2001. Additionally, a total of \$536,725 was also committed from PY 2002. A total of \$1,836,066 was expended. Six projects

City of Berkeley  
 2001 Consolidated Annual Performance and Evaluation Report

receiving HOME monies are in various phases of the development process.

**2. Resources Available for Housing**

Approximately \$9,644,000 was made available for housing programs last PY. The chart below shows the amount by source and gives additional information about those funds.

**Federal**

Source	Amounts Available	Administering Entity/Comment
CDBG Program	\$2,695,370	Administered by PPMB Division. Monies given to community agencies and City for housing development, rehab of senior homeowners, accessibility, and code enforcement programs.
HTF/ CDBG	\$402,136	This was \$138,864 less than last year's \$541,000 amount. This money was committed to Jubilee's 2577 San Pablo project.
* HOME commitments- -	\$2,117,108	Last year,\$1,053,000 of HOME allocation of \$1,170,000 was placed in the HTF. The difference between commitments is based on addition of last year's HOME carryover (\$527,353) and allocation of PY 2002 monies (\$536,725).
HUD LIHEAP (& Energy Conservation Fund (ECF)	\$579,300	Last year the Emergency Conservation Fund was increased by about \$162,000. The total number of households assisted by the two programs doubled (244 vs. 122 households).
PG&E Utility Bill Assistance (approx.)	\$200,000	About 1,800 households were assisted.
DOE Weatherization	\$14,100	15 low income HH assisted.
<b>TOTAL Federal Funds</b>	<b>\$6,008,014</b>	

**Local and State Funds Available for Housing (does not include fee waivers)**

Local Housing Trust Funds	\$974,424	Commitment made to 3222 Adeline Street and 1719 University Avenue Projects
HousingMitigat.	\$158,055	Includes Bayer monies.

City of Berkeley  
2001 Consolidated Annual Performance and Evaluation Report

HIV/AIDS Hsng. Ass't Prg.	\$60,000	Clients profile unavailable at this time.
Homelessness Prevention Prg. Subsidies	\$300,000	Of this amount \$181K, were for subsidies and \$119 for administration. Because of increased need, the City increased the allocation to this project. A total of 636 households were prescreened and 121 received grants to help them out of their emergency housing situation. Client ethnicity was approximately: 21% White, 71% Black, 1% Hispanic, 3% Native American, 4% other.
<b>TOTAL Local Funds</b>	<b>\$1,492,479</b>	
<b>State Funds to City</b>		
HELP Program	\$1,994,000	Used to fund Outback, Hillegass, 2577 San Pablo Avenue, 1001 Ashby
CalHome Program	\$ 250,000	Used in conjunction with the Seniors and Disabled Housing Rehab Program
<b>Total</b>	<b>\$2,144,000</b>	

**3. Resources for Services to Persons with Special Needs**

The table below indicates that about \$8.3 million was made available in federal and local funds for services for those with special needs, including those who are homeless. There were additional monies allocated to community agencies directly and local monies contracted with community agencies for provision of services by their clients.

**Table of Funds Available to the City for Services to Persons with Special Needs**

<b>Federal Funding</b>	<b>AMOUNT</b>	<b>ADMINISTERING AGENCY/COMMENT</b>
CDBG	\$ 759,000	PPMB Division
Emergency Shelter Grant	\$ 139,000	PPMB Division
Community Services Block Grant (CSBG)	\$1,578,000	PPMB Division
Welfare to Work	\$200,000	Part of DOL 2-year award to the Work Source.
Shelter + Care(apr).	\$1,170,000	PPMB/BHA. Approx. amount for Shelter Plus Care.
<b>TOTAL FEDERAL</b>	<b>\$3,847,000</b>	This amount does not include the McKinney SHP monies received directly by non-profits. Berkeley-based organizations receive about \$7 million but



City of Berkeley  
2001 Consolidated Annual Performance and Evaluation Report

Federal Funding	AMOUNT	ADMINISTERING AGENCY/COMMENT
		some of their facilities are not in Berkeley.

LOCAL FUNDING		
General Funds in connection w/ CSBG	\$1,578,000	PPMB Division
Measure O Program	\$ 817,000	Funds about 14homeless programs. Various Departments and community agencies involved.
Homeless Prevention Programs/Affordable Housing Advocacy)	\$ 341,000	Contracted to community agencies. Contract and monitoring functions in PPMB. (HPP: \$180K; HIV/AIDS Housing: \$60K; AHAP\$30K,
Jobs Training/BOSS	\$ 250,000	Approximately \$500K for two years
Rent Board Eviction Defense Activities	\$135,000	Eviction Defense Center, East Bay Community Law Center, Housing Rights, Inc.
Easy Does It	\$750,000	Emergency transportation services for disabled population
Various other funds distributed through City Council	\$500,000	The approximate share for low-income benefit.
<b>Total Local Funds (approx.)</b>	<b>\$4,416,000</b>	

**4. Resources to Assist Those Who Are Homeless**

Despite budgetary constraints, in PY 2001 the City continued to allocate over \$1.3 million for homeless programs in local Measure O and CSBG/GF Anti-Poverty Program and federal CDBG/ESG monies. Local Measure O and General Fund/CSBG funds contributed \$967,000. A total of \$321,000 was allocated through CDBG/ESG. As noted elsewhere, monies were also allocated through the HTF Program for homeless housing projects and the Shelter Plus Care for rental subsidies. About one million dollars in General Funds were allocated directly by City Council to such projects as BOSS's graffiti removal project, Dorothy Day House, and operations of the Homeless Multi-Agency Services Center. Berkeley was part of a countywide collaborative that received about \$11.2 million in federal McKinney monies to continue homeless programs in the County and to fund programs that the Continuum of Care Council had identified as priorities.

**E. Pattern of Investments**

The pattern of investments did not change in PY 2001 and was focused on assisting those who are

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

homeless, low income, and have special needs with both Housing Trust Funds and CDBG funds which are in keeping with the City's top housing priorities as contained in the Consolidated Plan and 2001 Action Plan. As expected, the first-time homebuyers program was not feasible in Berkeley because of high sales prices. Several past first-time homebuyer recipients sold their homes and repaid the City's assistance. The City continues to assist first-time homebuyers through participation in the Alameda County Mortgage Credit Certificate Program, and referral to programs that provide first-time homeownership counseling programs. In October 2002, the HAC will hold a workshop on homeownership to explore creative ways that homeownership opportunities could be made available even in a tight housing market.

The City continued to encourage for-profit development of affordable housing as well as for-profit/non-profit partnerships for development of affordable housing through its inclusionary zoning program and fee waivers for affordable housing. There was insufficient staff to re-examine at the inclusionary zoning program to determine if additional affordability could be leveraged from for-profit developments.

**F. Type and Degree of Leveraging**

The type and degree of leveraging was different depending on the type of project undertaken. Although the Housing Trust Fund has the goal of achieving a 60% leveraging ratio for its monies. This figure was exceeded with a median of 85% leveraging ratio (the Mason's Prince Hall Arms Project has been excluded from the calculations because of the uncertainty of that project). Due to the high cost of developing housing several funding sources, both public and private are needed for projects to be completed. Last year private lenders involved in affordable housing developments included Bayview Federal Bank, California Savings and Loan, Cal Fed Bank, and Bank of America.

- Section 108 was one source used to assist projects that had commercial usage on the first floor. A Section 108 request was made to make repayments of loans to the BHA to rehabilitate the LIPH units. Section 108 may also be considered for use for the Ed Roberts Campus project.

UNA Project	\$800,000
2517 Sacramento	\$431,000
3222 Adeline	\$500,000
BHA (LIPH Improvements	\$1,400,000 (under review)

The use of project-based Section 8 is also being used by the City as a strategy with the dual purpose of assisting with the feasibility of affordable housing projects and increasing the number of Section 8 housing in Berkeley. The BHA has approved a total of 143 Vouchers (in 7 developments, most of which are not yet completed) to project-based Section 8.

The City has streamlined review process (no City Council approval is necessary) for the HELP Program in order to facilitate non-profit acquisition of affordable housing. However, projects are reviewed by the Housing Advisory Commission and staff. This PY, the City allocated its \$1.5 million in State HELP Program monies and successfully applied for another \$500,000 which it has used toward purchase of 1001 Ashby. Projects funded were:

**City of Berkeley  
2001 Consolidated Annual Performance and Evaluation Report**

2517 Sacramento	\$526,000
2500 Hillgass	\$589,000
2577 San Pablo	\$379,000
1001 Ashby	\$500,000

The City also received \$250,000 funding under the State CalHome Program for its Seniors and Disabled Housing Rehab Program which is yet to be allocated to specific projects.

During the application period, the Housing Advisory Commission strongly encourages applicants to apply for funding from other sources and considers additional monies raised when making its funding recommendations. The Housing Department held a total of six workshops with non-profit housing agencies on: community outreach, financial management, housing development, and asset management.

Non-profit developers were able to obtain grants from LISC’s Affordable Housing Program, and HOPWA. However, although non-profits applied for funding under the Tax Credits, Section 202, and Section 811, their funding requests were not approved. Currently two applications are under review with the California Tax Credit Allocation Committee.

**III. ACTIONS TAKEN AND ACHIEVEMENTS IN IMPLEMENTING THE CONSOLIDATED PLAN**

**A. Beneficiaries and Location of Programs**

The City has met the Consolidated Plan priority of using federal and local monies to assist low and very low-income people and those with special needs (although for certain activities the results were lower than expected). Information on specific activities is contained in the Grantee Performance Report. The tables below indicate that over 1,200 received assistance with CDBG and ESG monies. Beneficiaries for all the federally and locally funded programs were also predominantly minorities, with Blacks being the largest group assisted, followed by Whites, Hispanics, Asians, and Native Indians. This is consistent with the City’s demographics that show Blacks as the largest minority group in the City with over half being in the low-income category.

The chart below contains information on income level and ethnicity by services area.

<b>Area</b>	<b>LI</b>	<b>VLI</b>	<b>Total</b>	<b>White</b>	<b>Black</b>	<b>Hispanic</b>	<b>Asian</b>	<b>Indian</b>
Housing	72	210	282	82	166	24	13	5
Job Training	19	339	358	229	291	17	109	1
Education	11	254	265	43	79	91	51	
Fair Housing	61	419	480	176	218	30	46	6
Special Needs	137	151	288	98	44	10	12	1

**City of Berkeley  
2001 Consolidated Annual Performance and Evaluation Report**

<b>Total*</b>	300	1373	1,673	628	798	182	232	13
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\*This chart does not contain the number of homeless persons assisted (approximately 1,000).

**Summary of Housing Accomplishments (HUD Exhibit B)**

**Name of Grantee: Berkeley State: CA**

**Program Year: 2000**

<b>Renters</b>	<b>Actual Units</b>	<b>Programs</b>
0-30% MFI		
31-50% of MFI	7	2500 Hillegass St.
51-80% of MFI	53	2500 Hillegass:12; Inclusionary units - 2002 Acton: 10; 2161 Allston Way:6; 2116 Allston:6. Another 19 units were made available to households at 81% of AMI (not included were 3 units at 90% of AMI).
<b>Total</b>	<b>60</b>	
<b>Owners</b>		
0-30% of MFI	20	Christmas in April/Rebuilding together
31-50% of MFI	6	Srs. & Disabled Rehab Loan Program
51-80% of MFI	0	
<b>Total</b>	<b>26</b>	
<b>Homeless (transitional &amp; permanent Hsng.)</b>		
Individuals	3	2418 Eighth St.
Families		
<b>Total</b>	<b>3</b>	
<b>Non-Homeless Special Needs</b>	485	BUiLD House: 7 beds for disabled children; Minor Home Repair 261 – extensive repairs 28, seismic retrofit 15), CIL (42), U.C. accessibility 27; HIV/AIDS hsng. subsidy ap.. 15; Homeless Prevention hsng. subsidy,121 shared housing: 12)
<b>Total Housing*</b>	<b>514</b>	
Total 215 Housing (units bought into compliance with Housing Quality Standards.	97(56 federally- assisted)	(AHA (19, CESC (28); Jubilee (3), portion of assisted; BuiLD (7); Rebuilding together (8); and inclusionary units 41.

\* Does not include rental housing subsidy programs such as Shelter Plus Care, Homeless Prevention Program.

**Program/Project Location**

Although many programs were Citywide many of the beneficiaries are from the Neighborhood Strategy Area (NSA), which is in South and West Berkeley, since the programs are targeted to low income people and most of these reside in the NSA. Some programs and planning activities were

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

focused on the NSA. In terms of housing, a number of factors contribute to site location. Site availability, cost, project need, and feasibility continued to be the driving forces for locating projects rather than any intentional focus on the NSA. In the coming year, staff will analyze census income data (once it becomes available at the tract level) to determine if the NSA boundaries need to be changed.

**B. Housing Programs**

As in past years, given increased costs, it is evident that fewer people can be assisted to maintain affordable housing and preserve the affordable housing stock unless additional resources can be made housing in Berkeley. The table that follows lists the various housing programs and activities undertaken, their status during PY 2001, and the ConPlan goals and priorities they help meet. The table is followed by a discussion and evaluation of the City’s housing programs.

The number of affordable housing units created this year was disappointing with only three projects being completed for a total of 23 units and one facility for disabled children containing 6 beds (HOME monies were used in two of the three projects completed). For a variety of reasons, including higher costs and weak developer capacity, several projects were kept from coming in “on-time” and “on-budget”. One major City-assisted project (the Prince Hall Arms Senior Housing) continued to be put on hold after having lost its tax credit allocation and developer.

<b>Summary of Housing Programs and Goals</b>			
<b>Programs</b>	<b>Units</b>	<b>Status</b>	<b>Beneficiary/priority/comment</b>
<b>Priority - Development of Affordable Housing through the HTF</b> - All projects assisted with HOME funds and other Housing Trust Fund monies are affordable at 60% of AMI and the majority is affordable to households at 30% - 50% of median income or below and special needs housing affordable to those at the extremely low income category			
1320 Haskell Street NCLT (South Berkeley)	5 units	continuing	Construction completed in August. One unit being marketed for sale to a Section 8 tenant.
1419 Ashby Avenue NCLT (South Berkeley)	4 units	continuing	This project was expected to be completed in FY 2001-2002 but is currently at a standstill.
2700 San Pablo Avenue Jubilee Restoration and Panoramic Interests (West Berkeley Inclusionary Units)	7 units	continuing	Non-profit owner partnering with a for-profit building a 35 unit building, 7 will be affordable at 50% of AMI. There was considerable opposition to this project because neighbors thought the proposed project was too large so number of units reduced. Use permit obtained.
2161 Allston Way (Creekside Plaza) Inclusionary units Avi Nevo	12 units	completed	This is a 60 unit building; 12 affordable. 6 units affordable at 50% of AMI, 5 units affordable at 81% of AMI and 1 unit affordable at 90% of AMI.
2116 Allston Way (Gaia Building,) Inclusionary units Panoramic Interests	12 units	completed	This project occupied in September 2001. A total of 10 affordable units were made available to low income tenants, 3 of which are Shelter Plus Care participants.

**City of Berkeley  
2001 Consolidated Annual Performance and Evaluation Report**

<b>Summary of Housing Programs and Goals</b>			
<b>Programs</b>	<b>Units</b>	<b>Status</b>	<b>Beneficiary/priority/comment</b>
2913 University/Acton Site (Inclusionary requirement) Panoramic Interest/Jubilee Restoration	20 units	continuing	A total of 75 units will be built on this site. A total of 15 units at 50% of AMI and 5 units at 80% of AMI are expected to be constructed in exchange for City provision of heavily discounted land and other mitigations. Demolition completed and Use Permit received. There is considerable neighborhood opposition that could result in a lawsuit.
Oxford Parking Lot City-initiated	90	New/predev.	At least 50% of the units available to persons with incomes at 60% AMI, or less; replacement of all public parking; low cost space for the arts; 50,000 sq. feet for the David Brower Center; retail and commercial space on the ground floor..
BART Air Right Project	UK	New/predev.	The City is exploring the feasibility of undertaking a mixed use project on this site
<b>Priority: Special Needs Housing</b>			
2575 San Pablo Avenue Jubilee Restoration and RCD, Inc.	27 units	continuing	The project has received \$1,252,108 in HTF reservation and submitted a HUD 202 loan application on 6/2/02. Project-based Section 8 also approved (5/21)
2500 Hillegass Street AHA, Inc.	19 units	completed	A total of \$589,000 in HELP monies has been allocated for this project, which is located outside the NSA. AHA received Section 8 Project-based assistance for all 19 units.
2110 Seventh St. (BUiLD Hous) RCD, Inc.	6 beds	completed	Acquisition and rehab of a house to turn into housing for severely disabled children.
2517 Sacramento Street, AHA, Inc.	38 units	continuing	Received Section 8 project-based and has applied for Section 108 and for tax credits. Use Permit received, all approvals in place.
1719-25 University Avenue AHA	27 units	continuing	New construction, mixed disabled & non-disabled affordable housing. Property acquisition, developer did not receive housing tax credits.

<b>Priority: Housing for Homeless People and Homelessness Prevention</b>			
3222-24 Adeline Street RCD, Inc.	18 units	continuing	New construction for disabled. Project received. HTF, Project based Section 8 and Section 108. Construction to be completed by 12/02
Shelter Plus Care (Citywide)	149 units	159 units, ongoing	Request has been made to have the seven vouchers used by Bonita House changed from tenant-based to project-based for use by dual

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

			diagnosed homeless persons only if they reside at the 2936 MLK site.
711 Harrison Expansion Project BOSS, Inc.  711 Harrison Expansion Project (Con't)	13	continuing	Project changed from rehab of single family house (Picante House) to new construction; increase the number of transitional housing for families with children on the site of BOSS' Harrison Shelter (City now owns the land). Initially the City allocated HTF and Bayer housing mitigation monies. In year 2000, \$296,000 in HTF/CDBG monies was allocated. Another \$150,000 was allocated in 2001 but there are environmental concerns that need to be addressed before the project can continue.
2111 McKinley St BOSS, Inc.	6	New	Rehab of a family transitional housing facility. \$190,000 in HTF monies approved. Project out to bid
1001 Ashby Avenue AHA	45	new	AHA has received \$500,000 in state HELP monies for acquisition of this site. The project is in its predevelopment stage. Total expected project cost is \$12,317,000.
Byron St. Transitional Housing Women's Daytime Drop-In	4	Continuing	\$371,000 budgeted, construction expected to begin 8/02.
2750 Adeline (NCLT)	6	new	Feasibility analysis being undertaken to determine if this property is suitable for live/work affordable units.
Board and Care facilities (1741/43 Russell Street and 1242/1811 Berryman St. City/BEFHP/Lifelong Medical Care	Two properties	completed	The City worked with non-profits to acquire one board and care facility and to lease up the other contingent on funds being available. Both properties are owned by the same person and were at risk of being lost if made available on the private market. The Russell St. Project was completed and is now operated by the Berkeley Food and Housing Project. The Berryman acquisition project fell through.

<b>Priority: Housing Rehabilitation/Repair (All rehab/repair programs targeted at 50% of median income or below. at least half benefit those who are extremely low income (30% of median or below))</b>			
Seniors and Disabled Rehab Loan Program (Citywide)	13 units	6 completed	No interest, deferred loans; loan limit increased to up to \$25,000. Beneficiaries: 3 Black, 3 White.
Christmas in April (Citywide)	25 units	completed	Program beneficiaries are minority, elderly and disabled, minority households w/ extremely low income
Minor Home Repair (Citywide)	157units	completed	Seismic retrofit on 9 homes. HH income primarily 30% of AMI. Program beneficiaries are elderly and disabled, minority households.
<b>Priority: Housing Rehabilitation/Repair (Continued)</b>			
Disabled Accessibility Program (ramps and interior retrofit) (Citywide)	42 units	completed	Program beneficiaries are those who are disabled. 13 wheelchair ramps; 27 interior retrofits.

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

Other Housing Programs			
Project Share (Citywide)	12 HH	ongoing	This project is no longer successful. It is being transitioned into the Homelessness Prevention Program.

**1. Housing Trust Fund (HTF) Development Projects**

The HTF Program continued to be the most important source for development of affordable housing. Although there was substantial housing development activity last year with a total of 18 HTF projects at the beginning of PY 2001: Only 3 projects were completed as proposed. The Prince Hall Arms continues to be at a standstill. There was considerable difference in progress on the remaining projects. Some continued as projected, although they all required more monies than initially budgeted either because of cost overruns or because expected financing (such as housing tax credits) did not materialize.

Northern California Land Trust has not totally recovered from the difficult period it has been going through for the last several years and last year focused on getting a new Executive Director, completing the projects begun, and determining where the agency’s focus should be. Jubilee Restoration, which was funded through the CDBG Program for the first time in 1999-2000, gained some strength in administrative and development capacity as it partnered with more experienced housing developers. AHA was successful in doing a live/work project in Oakland and will try to do a similar live/work project in Berkeley.

Last PY the City continued work on two projects for which it has site control: the Oxford Parking Lot, which it owns; and the Ashby BART Air rights, which it controls.

In July 2001 the City Council adopted recommendations for the development of the Oxford parking lot, located on Oxford St between Allston and Kittredge Street. . The recommendations included: at least 90 units of housing with at least 50% of the units available to persons with incomes at 60% AMI, or less; replacement of all public parking; low cost space for the arts; 50,000 sq. feet for the David Brower Center; retail and commercial space on the ground floor; and the building should be built to meet LEED silver standards for green building design. In June the City received 5 responses to a Request for Qualifications for the development of the site. Currently, staff and outside consultants are evaluating each response and will conduct interviews in October.

BART: The City has the air rights to the parking on the West side of the Ashby BART station. In September 2001 feasibility study was completed to evaluate possible development options for the site. Since BART requires a one-for-one replacement of all parking spaces the cost of doing development on the site were very expensive. Each of the 3 models showed financing gaps from \$3-16 million. If the site is developed, the housing will be mixed income and at the very least 20%

of the units would be affordable to persons with incomes of 50% AMI. The City is continuing to



investigate options for financing the project.

## 2. Special Needs Housing

### *a. Senior Housing Developments*

AHA's 2517 Sacramento Street Project, which would create additional senior housing, has received a use permit but was appealed by neighbors. The appeal was denied and the neighbors have filed a lawsuit. Jubilee's 2577 San Pablo Avenue Project is also to be developed as senior housing.

### *b. Senior and Disabled Rehab repair Programs*

The goals continued in the 2001 Annual Action Plan were reached by all agencies funded and the programs continue to be successful. Community based organizations (CBOs) continued to play important roles in rehabilitation/repair programs for seniors and met their expected goals. CESC continued the operation of its minor home repair program and continued the earthquake-retrofitting component of its program. Of note, is CESC's increase in the level of repairs to some of the units to address emergency needs. The City's rehab program complete only 6 of the 10 projected projects because of the extra time needed to meet the lead remediation requirements and find financing to address the major rehab needs which go beyond the \$25,000 maximum contained in the City guidelines (the City will consider increasing those limits in the coming year). The City was successful in receiving an additional \$250,000 in CalHome Program grants, which allowed additional repairs to be made that could not be covered with CDBG monies.

Housing Rights, Inc. continued its Affordable Housing Advocacy Program which brought together many seniors (and Section 8 tenants) to advocate for more funds for affordable housing and better administration of the BHA and other senior housing projects. The City began exploring the possibility of a prospective change in ownership to protect Section 8 units at the Harriet Tubman Terrace Senior Housing.

The City received federal SHP funding for the Russell Street project, which will provide permanent housing with services to seniors and disabled homeless persons.

### *c. Housing for those who are disabled*

As projected, one project was completed (BUiLD) in fall 2001 although the City had to allocate another \$65,780 to this already costly project. CIL's ramp project continued to change the lives of many disabled persons by making their housing accessible. Last year there was increased coordination between CIL, Rebuilding Together, and CESC to deal with the special housing needs of disabled elderly and other disabled.

### *e. HIV/AIDS Housing*

As reported last year, the City met its housing goals in providing housing for people with HIV/AIDS. It once again allocated \$60,000 in General Funds for housing subsidies for those with HIV/AIDS. RCD, Inc. has included some units for persons with HIV/AIDS in its Adeline Street Project.

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

*f. Housing for Victims of Domestic Violence*

No zoning changes to facilitate such housing have been made. Although the City continued to give priority for HTF monies for such housing, no new project was proposed. However, the Women's Refuge which had to close for a while was reopened. Agreement has been reached between the City and the Women's Daytime Drop-In Center to operate the Byron Street facility and although difficulty in obtaining financing delayed the rehabbing of that property, the site is expected to be rehabbed and available for occupancy in PY 2002.

*g. Housing for Families with Children*

As reported last year, no housing development was specifically targeted to families with children, although, as stated last year, both RCD's proposed Adeline Street project and AHA's University Avenue Housing contain two and three bedroom units that would serve families. The 711 Harrison Street proposal is to fund transitional housing for homeless families.

**3. Other Actions**

Many of the activities undertaken by the City serve multiple purposes including helping to maintain affordability (for example, project share, fair housing advocacy, eviction controls, inclusionary zoning, and BHA Programs). The City also uses its regulatory powers to increase affordability or to maintain housing (e.g., the Rent Stabilization and Just Cause for Eviction Program, the anti-demolition ordinance, the Relocation Ordinance).

**C. Programs to Improve the Housing Stock**

**1. Rehabilitation Programs**

The Rental Rehabilitation Program has been terminated because owners can get private financing and were no longer interested in the program because of the rent restrictions imposed by the program. The City's only CDBG funded rehab program assists low income senior and disabled homeowners. In PY 2001, six homes were completed and 14 other applications are in various stages of the process ranging from review of application to being under construction.

**2. Anti-blight Activities**

There was only one loan given out in the amount of \$368,000 (General Funds) under the Anti-Blight Program. The property is a four-unit building that was uninhabitable. The building caught on fire prior to rehabilitation work commenced. The project is now under construction.

Generally, market conditions are such that most owners are rehabilitating their properties without City assistance. Anti-blight activities primarily consist of code enforcement in order to persuade owners to either repair property or sell it to new owners who will repair the property.

**3. Code Enforcement**

In PY 2001 the City Council Program approved the Rental Housing Safety Program to replace the Residential Rental Inspection (RRI) Program. That pilot program requires owners to inspect their units and self-certify to the City that they meet certain safety standards. Last year the City in cooperation with owner and tenant organizations and U.C. Berkeley undertook major outreach to inform tenants and owners about the program. About 10,000 units were certified by the owners. The City's Housing Inspectors also inspected 332 units. In addition to CDBG funds, the City used

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

General Funds and received \$35,000 from the Rent Board and \$65,000 from U.C. Berkeley towards program start-up costs. This year, staff will analyze the program and is expected to propose a fee schedule to reduce the level of CDBG subsidy.

**4. Lead Abatement**

As in past years, in PY 2001, the City of Berkeley's Health Department continued participation in a collaborative of countywide and statewide programs dealing with lead poisoning prevention and lead abatement. In terms of housing-related lead activities, the County worked with Rebuilding Together to include a lead reduction component to their program and worked with the City's Senior and Disabled Rehab Loan Program staff who has received lead abatement training. Lead abatement activities were completed on two projects and two more are waiting assessment. Generally, the substantial federal lead-related requirements continue to be a challenge for the City. The monitoring of the contractor's work is especially onerous.

**5. Weatherization Program**

The City's Weatherization staff located in the Housing Department continues its very active involvement in energy conservation/weatherization programs, including outreach about available payments from PG&E for utility costs and other cost-saving methods and operating a free weatherization program for low income residents. Last year the amount received under LIHEAP Emergency Conservation Fund increased dramatically.

**D. Section 8 Programs and Public Housing Improvements**

As reported in the introduction, in PY 2001 the BHA continued to address problems faced with the Section 8 Program and the Public Housing Program. The BHA is taking many actions to deal with the crisis including allocating staff resources, shifting Housing Department monies for rehabbing the public housing units, and applying for use of Section 108 funds to help pay for loans to rehabilitate the LIPH units. Last PY, after a major outreach effort, and some difficulty with establishing correct preference and priorities, the BHA established the Section 8 Voucher Program Waiting List placing 4800 families on it. The lease up rate was increased by about 130 units to about 1,410 and another 200 families have been given Section 8 Vouchers but are still searching for housing. The BHA expanded options to its Voucher holders by revising its Administrative Plan to allow homeownership and shared housing. A total of 124 unused tenant-based Section 8 vouchers were changed to Project-based Section 8 and assigned to various housing development projects currently underway.

In regard to the LIPH Program, some units still need to be rehabilitated and there is still concern with the number of LIPH units that are still vacant. Important administrative changes also took place in the last PY, such as special consulting services for use of the new Section 8 and Public Housing software system and adding a Senior Housing Assistance Supervisor to improve the Section 8 and eligibility operations are part of a larger plan to reorganize the major functions of the agency to improve its effectiveness. The BHA continued working with the Section 8 Residents Council, which has been actively participating in pointing out the problems at the BHA and is involved in helping with some of the solutions being undertaken as well as looking into the possibility of homeownership for Section 8 tenants.

### **E. First-time Homebuyers Program**

As anticipated, the First Time Homebuyers Program to provide silent second mortgages of \$20,000 was discontinued in 2000-2001 because it is no longer viable in the high cost market in Berkeley. Prices in Berkeley during the last PY continued to increase with median price for a single family home well over \$400,000 making it impossible for even moderate income first-time homebuyers to purchase a home. The City continues to participate in the Alameda County Mortgage Credit Certificate Program, makes referrals to favorable lending programs, and provides assistance to creation of permanently affordable condominiums and cooperatives. The HAC is holding a workshop in October on homeownership to explore creative linkages that might be possible to encourage first-time homebuyers even in such a challenging housing situation.

### **F. Fair Housing**

Below is a summary of the impediments contained in the City of Berkeley's Analysis of Impediments to Fair Housing Choice as well as actions taken to address them.

- *Continuing discrimination based on race and other protected classes.*

Funded Housing Rights, Inc. to provide advocacy and individual counseling and fair housing advocacy; 278 persons were provided with counseling. A total of 54 discrimination complaints were investigated but 47 were closed without resolution. Although the City has witnessed an increase in “hate” crimes since September 11<sup>th</sup>, it is unknown what type of spillover there may have been in the area of fair housing.

The City considered the feasibility of passing legislation against predatory lending practices but is waiting to proceed until litigation is settled on a similar ordinance in Oakland.

- *Lack of Housing Affordability and the loss of low and moderate income housing.*

This problem was reported in past years and continued in PY 2001. Council continued to fund the HTF for creation of below market housing. It doubled the amount of funding to the Homelessness Prevention Programs aimed at providing limited housing assistance grants to persons at risk of homelessness.

- *Neighborhood opposition to publicly assisted housing.* The City continued to fund East Bay Housing Organizations, Inc. (EBHO) for its affordable housing educational campaign, although opposition to affordable housing projects still persists.

- *Lack of sufficient disabled accessible or adaptable housing.* The City continued to fund CIL and

Rebuilding Together to increase accessibility and the Commission on Disability reviewed HTF-assisted housing development proposals and made suggestions on increasing accessibility.

- *Landlords' reluctance to rent to Section 8 Certificate and Voucher holders.* The City increased Section 8 FMRs. Owners were more willing to place units on the Section 8 Program as the rental housing market showed a higher vacancy rate. One of the major issues remaining is given that the Section 8 total budget is fixed, with owners being paid at the top end of the Fair Market Rents

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

maximums, fewer families can be given vouchers. Another issue is the security deposit. Although the Homeless Prevention Program (HPP) at times can cover part of that deposit, monies may not always be available, and the maximum cap may also be too low to cover the deposit needed.

- *High rent to income ratios.* The City implemented a "living wage ordinance" which provides one of the highest compensation of all such ordinances. It requires entities doing business with the City to pay a minimum of \$9.50 per hour, plus \$1.68 per hour for businesses not providing health benefits. The One-stop Employment Center continued its CALWORKS Program to increase the skills level of employed TANF recipients so that they can get better-paying jobs.
- *Possible displacement from demolition of affordable housing.* There was no City-assisted demolition of affordable units in PY 2001.
- *Land use controls that downzone neighborhoods.* There was one down zoning of a block on Hearst Street last year. An initiative has been placed in the November ballot to downzone several areas of the City which could reduce the number of affordable units built. Some have criticized the Housing Element submitted by the City to the State which still needs to be approved as not addressing the impediments to housing placed by the Use Permit process because it delays and makes uncertain approval of any new development (including single family housing). In the coming year, the City will examine the use permit process more carefully to determine if it is possible to streamline the process without taking away local zoning controls
- *Low income and high unemployment among minority population.* The City funds First Source Hiring Program, the One-stop Employment Center, and job training/placement agencies.

Other continuing activities undertaken to further fair housing include:

- Having a number of agencies to help resolve tenant/landlord issues such as Housing Rights, East Bay Community Law Center, Tenant Action Project, East Bay Housing Organization (EBHO), Berkeley Rent Board, and providing information/counseling on the City's Relocation Assistance Ordinance. The City also funds a mediation agency to help resolve disputes out of court (Berkeley Dispute Resolution Service).
- The City's ADA Compliance Officer provided training about ADA and fair housing requirements for disabled persons.
- The City participates in the Countywide Homeless Continuum of Care Council.

**G. Anti-Displacement**

No households were displaced in PY 2001. However, there were some temporary relocations as a result of the BHA's construction work undertaken to improve the Low Income Public Housing units. City relocation staff provided technical advise to the BHA about URA requirements and direct services to assist the residents with the move. The BHA provided relocation payments. The City's relocation staff also provided services to tenants temporarily relocated as a result of General

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

Funded rehab project. Residents were offered the right to move back and were given relocation payments and services to assist them with their moves. The City continued CDBG funding for its staff to provide information and counseling on the City's ordinance on temporary relocations to reduce potential displacement resulting from code enforcement. In PY 2001, staff responded to about 130 inquiries.

## **H. Homeless Services and Homelessness Reduction**

The proposed activities/goals to assist those who were homeless or to reduce homelessness were generally successfully met, although there were a few problem areas.

### **1. Shelter Plus Care**

The City operations of the Shelter Plus Care Program continued to successfully place about 183 homeless people with more than one disabling condition (“dual-diagnosed”) into permanent housing (see Annual Progress Report submitted to HUD). The City matched the housing subsidies with approximately \$1.2 million in services ranging from outreach to mental health services, to legal assistance. About 14% achieved self-sufficiency, 80% adhered to their Self-Sufficiency Plan. This success can be partly attributed to the focus of City staff dedicated to finding solutions to bottlenecks and acting as mediators between service providers and their Shelter Plus Care clients when complaints were received. Coordination between the City and the BHA also improved and encouraged greater participation by owners and speedier move-ins by clients. BHA/Homeless Team coordination resulted in several clients moving from the Shelter Plus Care Program to the Section 8 program, freeing up vouchers for other homeless people living in the streets. Unfortunately, towards the last months of the program year, the staff role was reduced with the departure of one staff person (the position was not rehired until August of this year).

### **2. Housing Trust Funds**

Housing Trust Funds were allocated to two projects to house homeless people: 2111 McKinley transitional Housing Program) and 711 Harrison Street Shelter. This latter project has run into difficulties because of the large scope of the project and serious environmental concerns that have to be addressed. Rehab was completed on another project (2418 8<sup>th</sup> Street) funded the previous year to provide housing for homeless youth. The Youth House on King did not reach full occupancy because the level of services needed to house additional youths was not available. Housing youth coming out of foster care who are at risk of homelessness continues to be an important unmet need.

### **3. Housing for Victims of Domestic Violence**

There were some successes in meeting the needs of battered women. An important one was the willingness of Berkeley Daytime Drop-In Center to replace the Women’s Refuge in providing services to battered women in one of its facilities, which had closed down (rehab of the location will be completed in PY 2002). Additionally, the troubled Women’s Refuge was able to stay afloat, hire a new director, and continue operation at one facility in Oakland. Nonetheless, assisted housing for those who are victims of domestic violence continues to be a problem in Berkeley and no new housing facilities for this special needs group has been created despite the priority given for Housing Trust Fund monies for this type of housing.

### **4. Continuum of Care Implementation**

As noted the City continued to actively implement its Homeless Continuum of Care Plan by allocating

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

substantial funding for homeless programs as called for in the Plan, increasing coordination between City staff in various departments and between City staff and service providers.

The City also continues to have active representation on the Countywide Homeless Continuum of Care Council. Berkeley staff continued to have a lead role in implementing an integrated Management Information System (now changed to Data Collection and Management -DCM). The previously four-page intake form has been reduced to one page and approximately one-third of Countywide homeless service providers have begun using it. The system will be extremely useful in determining needs and service delivery as more agencies begin to use it. The Council has also approved the Health and Safety Standards and is encouraging localities to include them as part of contracts with homeless services providers (Berkeley has agreed to do so for its ESG and Measure O/General Funds contracts). Berkeley staff is also involved in undertaking a survey of homeless people who do not access services or are service-resistant to determine how best they can receive the assistance they need. The City's homeless services coordinator continued to be on the Countywide Council's steering committee, review SHP proposals, and undertake advocacy activities to obtain separate funding for the S+C Program.

The \$11.2 million in Supportive Housing Program monies obtained for PY 2001 allowed the continuation of existing homeless programs in the county and Berkeley. The only one new program funded was Berkeley's Russell Street Project.

**5. Homelessness Prevention Program**

The City continued funding for HIV/AIDS Housing Assistance Program and the Homeless Prevention Program (HPP). By the end of December 2001, all the funds for the HPP had been used because of increased need and the City council allocated additional monies to allow that program to continue. Approximately \$300,000 was allocated in General Funds during the PY. The City is seeking a permanent funding source for this program by having this as one of the affordable housing activities that would be funded if the November 2002 ballot initiative to increase the transfer tax is approved. If it is not approved, the program will likely run out of money again by December 2002.

**6. Berkeley Mental Health Housing and Services Coordination**

The Berkeley's Mental Health Treatment Services is a major component of providing services to homeless people through direct outreach to the homeless community and to services at its facility and to those in need of mental health assessment or treatment. In FY 2000-2001, that unit received a 3-year grant of approximately \$3 million to provide housing and services to homeless people under State AB 2034. In PY 2001, the Health and Human Services Department hired a Housing Services Coordinator who worked in close coordination with the Housing Department Homeless Services Team. Currently that Coordinator is working with Housing staff and other City Departments, homeless assistance agencies, and RCD, Inc. to provide services to the 69 persons displaced because of a fire at U.A. Homes.

**7. ESG Process and Match**

The ESG allocation process is merged with the CDBG allocation process for administrative efficiency purposes as well as to increase public review. The timeline for that process meets the Program regulations of committing the ESG monies within 180 from the time the federal allocation is made ( the allocation is known in December and the City allocates the monies in late

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

April). Page 14 contains the allocation of ESG funds for PY 2001. As noted, there was timely disbursement of the services and administrative portion of the ESG allocation but delay with the improvement portion (which, nonetheless, is expected to be fully used by the two-year deadline). The City more than met its \$34,000 match requirement for the ESG program by allocating \$170,275 in General Funds to the Berkeley Emergency Food and Housing Project's Homeless Shelter Program.

## **I. Anti-Poverty and Community Development Programs**

### **1. General Evaluation**

The roots of poverty are very deep and require actions on many levels to be effectively reduced. City programs aimed at reducing poverty and providing services to the poor generally met their proposed goals and began implementation of the new Living Wage Ordinance by setting aside General Funds to increase the salaries of those working for community agencies funded by the City allowing them to meet living wages requirements. A current major concern regarding poverty is the fear that the down turn in the economy will increase unemployment and underemployment and that the previous safety net provided by welfare will be gone under the TANF Program that replaced it.

In PY 2001 City staff of the CDBG funded Economic development activities aimed at increasing job opportunities to low income people were switched from CDBG to General funds to allow more program flexibility. The City's One-stop Employment Center was strengthened and a new permanent manager was hired. This year, the One stop Center has the goal of increasing coordination with community agencies providing job training/placement.

### **2. Public Services Projects**

In FY 2001, a total of 16 agencies were funded in the public services category, 4 were in job training/placement; 4 were for homeless services; 3 housing rights counseling; 5 special needs. Of note this year is the exchange of funding source by service areas. This proved successful in reducing bureaucracy and improving service delivery. CDBG child care subsidies for BALDCO were switched to General Funds and Bonita House, Berkeley Adult School, Center for Accessible Technology, and the East Bay Community Law Center, were moved to CDBG Program for funding.

In terms of job training/placement, except for Adelante, Inc, which became defunct, all other agencies (AJOB, ICS, WERC, and Jobs for Homeless Consortium) exceeded their projects goals.

The City of Berkeley has a variety of services primarily in the Health and Human Services Department and the Housing Departments to assist low income/poverty level residents. All the other supportive social services outlined in the Consolidated Plan that help address the special needs of that population (e.g., child care centers, sick child care program, health services) continued to be funded at the same level as in the previous years and achieved their contract goals.



**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

As in past year, the City's contribution to the CSBG/General Fund Anti-Poverty Program totaled about \$1.7 million. Approximately one million dollars were awarded through the regular General Fund Budget process to non-profit agencies for activities primarily in South and West Berkeley (economic development, job development, housing, parks, and services for youth and seniors programs). Another approximate amount of \$750,000 in General Funds (made available through passage of Measure B) was provided to Last Call for emergency services to Berkeley's disabled population. Not included are the many on-going health, recreational, and other programs for seniors and people who are disabled that are operated by the City for the population as a whole.

### **3. Improvement of Public/Community Facilities**

#### **a. New Projects**

There were five new community facilities projects funded in 2001-2002 for a total of \$136,732. Two were successfully completed and met projected goals (Rebuilding Together completed 12 facilities. Lifelong Medical Care completed improvements to its dental care facility). Nia House Learning Center virtually completed its proposed improvements. The other two projects, the BYA Commercial Kitchen Installation and Tinkers Workshop were not completed because additional monies were needed.

#### **b. Projects carried over to FY 2001 from Previous Years**

The status of carried over projects are as follows:

- Martin Luther King Jr. Youth Center. A total of \$68,500 out of \$80,000 has been spent and the project is now completed.
- Youth Drop-In and Shelter Facility (Chaplaincy) The Chaplaincy was unable to obtain site control on the Telegraph site. However, that money has been used for rehabilitation of Jubilee's project at 8<sup>th</sup> Street which will serve homeless youths and is now completed.
- Black Repertory Theatre Improvements – CDBG funds from past years plus \$22,730 in General Fund monies were to be used in FY 2000 to address repairs at that facility. However, those monies were not used because the BRG continued not to meet the contingency placed on those monies.

### **J. Administration and Monitoring Activities**

#### **1. Planning and Administration**

A total of \$741,518 (17% of the allocation) in CDBG monies was spent in PY 2001 for Planning and Administration. This amount funded the CDBG Audit and covered City Support Costs, and payment to Housing Rights, Inc. for fair housing activities. Included in this category were the Program Planning and Administration activities and the Community Planning and Housing Monitoring activities as follows:

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

The Program Planning and Administration project met all its established goals of properly administering the CDBG/ESG Program for PY 2001 and the PY 2002 allocation including: timely disbursement of CDBG/ESG monies; coordinating the public review and allocation process, timely preparation of all necessary reports and environmental reviews, developing and monitoring community-agency contracts, holding workshops for community agencies, coordinating the Single Audit and HUD monitoring of CDBG, ESG, and HOME programs, drawing down funds, and coordinated CDBG/ESG programs with the City's CSBG/GF Anti-Poverty Program and homeless services planning. Last fiscal year, coordination became more streamlined with the issuance of a single Request for Proposals and reducing the number of proposals to be reviewed by switching to a single funding source for particular projects. Four workshops were also held between staff and community agencies to share information and to discuss common problems and solutions. Staff was actively involved in a multi-departmental task force on developing an outcome reporting system for community agency, which is expected to be completed by the end of this fiscal year. In the coming year, as part of the effort for improved City administration, PPMB may increase its contracts preparation functions to include contracts with community agencies currently being prepared in other City departments.

Projects undertaken the Community Planning and Housing Monitoring included:

- Drafting the Housing Element of the City General Plan, getting Council approval, and submitting it to the California Department of Housing and Community Development.
- Participating in the regional and local coordination of activities called for under the respective Homeless Continuum of Care Plans including developing standard reports and streamlining coordination of services such as: participation in the regional DMC Committee, mental health/housing Department coordination, respite care planning, contract administration of two homelessness prevention programs and obtaining additional General Funds for one.
- Monitoring of HTF-assisted housing projects for rents charged and continued income qualification. These activities were begun but not totally completed because of staff turnover. No new units were inspected this PY but six units inspected in the previous year were re-inspected and cleared. Greater attention will be needed for this function this PY.

A total of \$117,000 was spent to administer the HOME Program and \$6,700 the ESG Program. This amount was the same as in the prior year.

**K. Certifications of Consistency with the Consolidated Plan**

In order to receive federal funding for many HUD programs, applicants must receive a certification from the City that the activities proposed are consistent with the City's Consolidated Plan. In PY 2001, the City provided Certifications of Consistency with the Consolidated Plan for federal funding for the following projects: (a) the McKinney "SuperNofa"; (b) ECHO's Housing Counseling, Project Share; and Homelessness Prevention programs (c) Alameda County's Project Independence (since it would also serve Berkeley residents); (d) Housing Rights, Inc.'s Peer

**City of Berkeley**  
**2001 Consolidated Annual Performance and Evaluation Report**

Educator Program.

**L. HOME Program Report**

In PY 2001 the City received \$1,170,000 in HOME monies; \$1,053,000 was placed in the Housing Trust Fund and \$117,000 went for program administration. Below is the status of HOME assisted projects. Greater detail can be found in the attached Housing Trust Summary.

- **Completed** – none.

- **Approved**

- 1419 Ashby (4 units, NCLT) – \$200,000.
- 3132 Martin Luther King Jr. Way (Prince Hall Arms Senior Housing, 37 units) – No monies expended this year. In PY 2000, a total of \$265,579 was expended. (Also expended were \$271,588 in CDBG, and \$57,768 in Housing Mitigation monies). This project is at a standstill with the owner looking for another developer.
- 3222 Adeline Street (19 units, RCD, Inc.) – A total of \$317,674 in HOME monies paid this year; \$487,000 paid in PY 2000. The project is slated to be completed in PY 2002.
- 1719-25 University Avenue (17 units, AHA, Inc.) - \$1,000,000 committed in PY 2000.

**CHDO Set-Aside**

Berkeley met its 15% (\$157,800) Community Housing Development Organization (CHDO) set-aside requirement by allocating an additional \$300,000 in HOME monies in PY 2001 for new construction by RCD, Inc. of its 3222 Adeline Street project. A total of \$917,674 was reserved and \$885,680 was disbursed to Resources for Community Development, the City's CHDO during PY 2001.

**HOME Match**

The City's matching funds requirement is \$273,150 (25% of the HOME allocation minus the 10% allowed for administration). The excess match to be carried over from PY 2000 is \$1,505,449. The City also added a match of \$130,000 in General Funds (placed into the HTF) bringing the total match to \$1,635,449. After the required match of \$273,150 is subtracted, a total of \$1,362,299 remains and will be carried over to be used to meet future HOME match requirements.

Matching funds are being used for the 1719 –25 University Avenue Project undertaken by AHA/UNA which received a \$450,000 commitment in HTF monies (which have lifetime affordability requirements and other requirements are consistent with the HOME Program).

**Home Loan Repayments**

In PY 2001, a total of \$76,789 in HOME monies was reported to IDIS as program income for the HOME Program. Approximately \$36,000 was received from repayments at sale of homes assisted under the City's First-Time Homeownership Program. These funds have been placed into the HTF as part of the HOME allocation and were committed for housing development for HOME-eligible activities.

### **Use of Minority and Women Business Enterprises (MWBE)**

There were no HOME-assisted projects completed this year. Three non-HOME projects were completed. Rehab on the Hillegass Street project was undertaken by its owner, AHA, Inc.; Jubilee Restoration, Inc. used a Black minority contractor on its 8<sup>th</sup> Street property; information has been requested, but not received, for RCD's BUiLD House on Seventh Street. In the coming year, the Housing Department will dedicate one of its workshops with non-profit housing developers on how to increase use of MWBEs.

### **Affirmative Marketing**

No HOME-assisted projects were completed this year. In general terms, the Housing Trust Fund Guidelines require that HTF recipients undertake affirmative marketing of their units.

### **Displacement**

In PY 2001, there were no displacements as a result of government-assisted programs. There were temporary relocations at 2418 Eighth Street (Jubilee Restoration, Inc.). In that case, Jubilee provided the appropriate services and payments and gave the occupants the right to move back. City Relocation staff assisted the BHA to provide direct services and payments to 12 households temporarily relocated out of the BHA's Low Income Public Housing (LIPH) units at the Ward Street site to other LIPH units. Most relocatees chose to return to their units once rehabbed, a few decided to keep their temporary unit as their permanent place of residence. City staff also responded to approximately 130 requests for information about the City's anti-displacement ordinance which requires owners to provide relocation assistance and right to move-back when tenants have to move to allow their units to be repaired for code compliance purposes. Revisions to this ordinance were planned for the last program year but had to be postponed to the current year because of staff's involvement with the LIPH moves had not been anticipated.

### **Inspection of HOME Properties**

No units were inspected this year.