



HOUSING DEPARTMENT

City of Berkeley

2002 Consolidated Annual Performance and Evaluation Report (CAPER)

for Housing and Community Development

September 2003

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CITY OF BERKELEY

2002 CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT (JULY 1, 2002 THROUGH JUNE 30, 2003)

I. INTRODUCTION, SUMMARY OF PRIORITIES, AND EVALUATION

A. Introduction

The City of Berkeley's 2002 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, 2002 - June 30, 2003, 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.¹

The availability of the draft CAPER was published in the Daily Californian, a local daily, on September 3, 2003; was announced at the Housing Advisory Commission's September 4, 2003 meeting; and it was also placed on the City's Housing Department Website. The public was given a 19-day period to comment on it. The CAPER was also made available for review by the general public at the Housing Department, at the Berkeley Central Library, and at the South Berkeley and West Berkeley branches of the public library to be readily available to low income and minority populations. No comments were received. 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 receiving CDBG, ESG, and other General Fund monies.

B. Summary of Priorities

In its 2002 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 2002 which were to continue to promote affordable housing for low income

¹ 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.

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persons and persons with special needs and those who are homeless; maintain the safety of the City's housing stock; promote fair housing; provide healthy youth alternatives; 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; assist the BHA's rehabilitation efforts for the Low Income Public Housing Units and encourage coordination/consolidation of programs and administration to make operations more efficient and to improve service-delivery; and promote 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 2002 Action Plan without putting it in the context of the conditions and needs during the last program year. In the last FY the continued slowdown of the state economy and local economy, and the war budget at the national level made less revenues available to undertake housing, public services, and other community development activities as the need for housing and services increased.

A major impact of the economic slowdown is an increase in unemployment. According to the State Employment Development Department, the unemployment rate in Berkeley in July 2003 stood at 6.6 % with 4,530 residents are unemployed, approximately 300 more than last year. These figures do not include those who are underemployed. Berkeley has the highest unemployment rate in Alameda County behind Oakland (11%) and Emeryville (6.9%).

Two other noticeable changes are the increase in the rental vacancy rate and the stabilizing of rental rates. According to Rent Board figures, in new vacancies there was a slight drop in one and two bedroom units from 2001 to 2002, these continued to drop in the first quarter of 2003 with median monthly rents as follows: Studio: \$820; one bedroom: \$1,100, 2bedroom, \$1,400, 3 bedroom, \$1,850. According to a Cal Rentals research study, rents for units advertised through that agency are down about 10% from last year. Nonetheless, most rents for available units are still beyond the affordability of low income tenants. One of the positive outcomes of the higher vacancy rate has been the increase in number of owners willing to rent to Section 8 tenants (the lease up of Section 8 units and Shelter Plus Care participants. Interestingly enough, despite the greater vacancy level, new construction of rental units is relatively high and the City is expected to meet its Housing Element requirement to provide its portion of overall new housing needed in the Bay Area as assigned by ABAG, except for the low income portion.

In terms of home ownership, a different pattern can be noted: sale prices of homes continued to rise in the Bay Area because of low interest rates and other market factors. For example, in August 2002, there were 20 single-family (including condos) sales in Berkeley with the lowest at \$235,000, the highest at \$894,000 and the average at \$548,000. These prices make homeownership for low and moderate income first-time buyers virtually impossible. Unlike rental housing, few new condominiums were built or planned in Berkeley last year.

D. General Evaluation of Activities to Meet Year 2002 Action Plan and ConPlan Goals

The City's activities to meet its Year 2002 Action Plan and ConPlan goals were generally successful, especially in view of the budgetary constraints faced. Despite a reduction in local revenues, Berkeley continued its local commitment to its housing, social services, and community development programs by allocating the same level of funding as it had done in previous year. However, the City had to reduce funding for Fiscal Year 2003-04 (see the 2003 Action Plan for details) and is preparing for further cuts for Fiscal Year 2004-05 as State revenues to Berkeley will be reduced an additional \$2.1 million under the new State budget and other revenues are also expected to be lower.

1. Housing

Of particular note in the area of housing is that the City received approval of its Housing Element, not only making the City in compliance with State law but also allowing it to apply for state funding for housing programs, including the new State Housing Trust Fund Program which Berkeley intends to apply for when the RFP is issued in September. The Housing category continued to receive the largest portion of CDBG funding (\$2,759,520). This amount is \$59,150 more than last year). Additional General Funds, and the HOME allocation continued to be placed in the City's Housing Trust Fund for affordable housing development. Two new construction developments were completed (19 units at 3222 Adeline Street and 5 units at 1320 Haskell Street, but only 4 were occupied on Haskell street) and another 13 are in different phases of development. A total of 16 low/moderate rental units were added to the housing stock through the City's inclusionary requirements for private, for profit development. One issue that has arisen as a result of decrease in rental housing prices is that the portion of rental inclusionary units not targeted to Section 8 tenants are virtually at market rents.

Developers continue to face the same problems identified in previous years in creating affordable housing; i.e., increased costs, neighborhood opposition, and additional requirements for use of government funds. Nonetheless, generally, Berkeley's housing developers have fared quite well. Last year AHA, Inc. and RCD, Inc. continued to provide a considerable number of affordable units not only in Berkeley but also on a countywide level. Two non-profits have entered into partnership with for-profits to undertake larger scale projects. Two developers successfully competed for federal housing tax credits and one received Section 202 funding. The use of federal Section 108 funds and HELP monies became institutionalized as mechanisms for making development projects possible. On the negative side, Jubilee had to drop its proposed housing development at 2700 San Pablo which it undertook in partnership with Panoramic Interests; Northern California Land Trust continued to show administrative weakness; and BOSS, Inc. faced major environmental difficulties in its attempt to create transitional housing for homeless people at its Harrison Street Shelter. Also disappointing is the very small number of minority or women contractors and subcontractors that are being used in undertaking projects using HTF or CDBG monies.

In terms of subsidies and public housing operated by the BHA, the BHA was successful in increasing the number of units leased from 1410 to 1612. However, the administrative problems identified in the past continued and the BHA was officially designated as "troubled" by HUD, meaning that HUD will provide more technical assistance and closer scrutiny to help resolve the

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problems faced by that agency. The use of Section 108 was instrumental in allowing the rehabilitation of the BHA-owned public housing units, although rehabilitation of those units moved slower than anticipated. City monies are still needed to balance the BHA budget.

The rehabilitation/repair programs undertaken by non-profits, including CESC, CIL, and Rebuilding Together, were generally successful and there was increased coordination between programs targeted to elderly and disabled residents with their housing repair/rehab needs. However, there were problems with the City's Seniors and Disabled Homeowners Program with fewer seniors than projected being able to complete the rehabilitation proposed because of the federal lead remediation requirements which results in owners' losing interest in the program, difficulty in finding bidders to do the work, and increased in rehab costs.

Last year, CDBG monies and General Funds were used to administer the Rental Housing Safety Program (RHSP) to help ensure safety of residential rental units. The program was successful in increasing the number of property owners who undertook safety inspections of their units. The RHSP outreach goals were also met as City staff and other entities such as U.C. Berkeley, the Rent Board, and the Berkeley Property Owners Association undertook major outreach to inform owners and tenants about their responsibilities in increasing in the safety of rental housing. However, there were concerns from the owners that aspects of the program were too cumbersome and bureaucratic. Accordingly, the City revised the program to eliminate the requirement that the City be notified when there was a vacancy and that a copy of the owner's inspection certification be provided only to the tenant but not to the City. The City also moved away from using CDBG and General Funds for the program and in July 2003, in order to make the RHSP self-sufficient, instituted a per rental unit fee to be paid by owners and restructured the fee schedules for City inspections.

Impediments to Fair Housing continued to be similar to those in previous years. That is, the high cost of rental and for-sale housing makes it more difficult for low income persons, who are disproportionately part of the "protected classes" under anti-discrimination regulations, to live in Berkeley. One probable impediment last year was predatory lending practices (i.e., charging higher mortgage and refinancing rates to certain individuals, who are primarily included as "protected classes"). Although figures were not available for Berkeley, the existence of such practices have been documented at the national, state, and county level and can be assumed to exist at the local level as well. Both federal and state legislation have been passed to reduce such practices with the actual impact of legislation not clear. Another phenomenon that may be indicative of increased impediments to fair housing was the rise of "hate crimes" last year in response to conflict in the Middle East. Housing Rights, Inc. received 73 discrimination complaints last year that included disability, race and national origins as the basis for the complaint.

2. Social Services

With a few notable exceptions, social services agencies survived the negative economic impacts faced last year and continued to meet or exceed their goals. 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. It is unclear

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how long that effort can be continued with dwindling resources. Continuing reduction in funding/private contribution, increased requests for services, and high staff turnover are problems faced last year by many community agencies.

In addition to maintaining funding for community agencies, the City combined the Request for proposal process and streamlined the contracting/reporting process by significantly reducing the number of reports and invoices to be submitted beginning in FY 2004-05, freeing up more time for services delivery. The City also continued to subsidize salaries of agency employees with salaries below the living wage level (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). It also "baselined" monies for living wages to certain agencies for this year, but it may not be able to do so for FY 04-05.

In the job training/placement area, most agencies met or exceeded their goals. The City tried to deal with better use of dwindling resources by instituting a contractual requirement beginning FY 2003-04 that job training/placement agencies have a formal Memorandum of Understanding with the City's WorkSource Program. The Multi-Cultural Institute began implementation of its Day-Laborer Program and AJOB also provided services to more persons of Hispanic background. ICS continued to find work for persons with prison records. One negative note, although the Women's Employment Resource Center met its contract goals, it was unable to meet its financial obligations to the IRS and must pay back monies owed or may be at risk of not receiving this year's CDBG allocation.

By and large the activities undertaken by community agencies were successful in serving the disabled community (identified as a special needs group in the Consolidated Plan), enabling that portion of the City to be better integrated and "mainstreamed" through the use of CDBG funds, disabled youth could actively participate in sports (BORP provided recreational facilities), art (the Cultural Art Institute), CIL was instrumental in increasing mobility and job opportunities. The Ed Roberts Campus project is moving ahead successfully. This multi-million dollar project will create a new facility to bring together on one site a myriad of services provided by community agencies serving the disabled community. Berkeley was especially pleased that on July 7th, the New York based American Foundation for the Blind awarded this city a "2003 AFB Community Award" recognizing it as one of the cities that (thanks to the efforts of so many individuals, groups, community agencies, and government) has facilitated the participation of blind or visually impaired people in community activities. Berkeley was one of only five cities in the country to win this award.

The use of CDBG funds for improvements to public/community facilities was also generally very successful and leveraged additional funding for needed projects. For example, the allocation to the Lifelong Medical Clinic for the West Berkeley Health Family Clinic resulted in nearly doubling the capacity of that clinic. Rebuilding Together used its \$20,000 to upgrade 13 community facilities through volunteer labor. Construction of a commercial kitchen at the BYA facility was completed.

Other facility improvement projects faced delays including the expansion of Better Way Therapy

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Offices, the Tinker's Workshop expansion, and improvements at the Black Repertory Theater.

3. Assistance to those Who Are Homeless

This is another area where despite budgetary difficulties; the City Council continued its commitment to this special needs group. The amount available for homeless services was kept at the same level not only in FY 02-03 but also for FY 03-04, although individual agencies may have had their amounts increased or decreased.

Coordination with the County Continuum of Care Collaborative continued to be a success (in addition to staff time, the City contributes \$12,180 to help staff the Collaborative, and \$20,000 for the homeless count survey). That survey, which was the most comprehensive countywide survey of homeless people in Alameda County, by end of September should give more definitive information on both the number of homeless people and their profile. The collaborative successfully applied for the federal Supportive Housing Program (SHP) and received \$19.50 million to support 52 existing housing and services programs in Alameda County, many of them in Berkeley (see attachments for projects funded). The award is over \$7 million more than the award received last year, and the second highest award in the State (behind only Los Angeles County).

The Shelter Plus Care Program is one of the programs that received renewed SHP funding and the City's most important program for housing those most in need. Last year, the program exceeded its outcome goals. Coordination among the BHA, agencies, and City staff (which had been problematic) was vastly improved. A total of 175 individuals and families were assisted with 135 being housed at the end of the year. Last year, more participants could be housed in Berkeley; 70% of them participated in drug and alcohol treatment program, 92% retained their housing for more than one year. Of those who had moved into housing 24 months prior to the end of the operating period, 95% retained their housing. In August 2003, the City collaborated with CIL, the Jobs Consortium, and other non-profits serving the homeless community to apply for federal funding from the DOL which would integrate job training and services subsidies with Shelter Plus Care housing subsidies for another 40 homeless persons.

Another example of regional coordination is the change of operations of the King Street Youth House from BOSS to the Fred Finch Youth Collaborative when BOSS could not raise the funding needed for the state-required staffing and services required to operate that site.

Last year, more General Fund monies were allocated to the Homeless Prevention Program (HPP) which by December had run out of funds due to increased usage. The HPP also faced some staffing difficulties which have now been rectified. To ease that situation, beginning this year, the BHA established its own Security Deposit Revolving Loan Fund, thus allowing the HPP to be used solely by non-Section 8 tenants, and monies being used for subsidies for those with HIV/AIDS were placed into the HPP and the clients given Section 8 certificates (which provided a deeper subsidy).

Issues regarding homeless programs in FY 2002-03 were:

- the environmental difficulties encountered by BOSS, Inc. in creating transitional housing at the Harrison Street site (if the environmental concerns cannot be mitigated, it will be difficult to build the proposed units elsewhere).

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- The elimination of the Homeless Program Coordinator position (the most important activities assigned to that position have been absorbed by other staff working with homeless programs)
- Completion of a respite care strategy for homeless people.
- Dealing with problems between merchants and homeless youth on Telegraph Avenue.
- One unmet need identified and discussed last year was how to provide housing for youth coming out of foster care since these are at high risk of homelessness. A presentation was made to the Housing Advisory Commission on this subject and staff is exploring whether those youths are eligible for Section 8 housing under the Emergency Prioritization Program.

II. SUMMARY OF HOUSING AND COMMUNITY DEVELOPMENT RESOURCES AND EXPENDITURES

A. Resources

During the July 1, 2002 through June 30, 2003 period, the City had available about \$20.7 million to meet the City's housing and community development needs. The federal and the local government contributed about an equal amount (\$8.3 million and \$8.7 million, respectively); the state contributed about \$3.7 million as contained below. This amount does not include Section 8 funds or Health and Human Services Department programs that help low income and homeless persons, except as noted.

1. Federal Resources (CDBG, HOME, ESG, CSBG Total – includes carryover)

- 2002 CDBG entitlement and program income:)	\$4,606,433
- CDBG carryover (for completion of Projects funded w/ FY2001-02 monies)	\$1,385,781
- 2002 HOME Program:	1,166,000
- 2002 ESG:	135,965
- 2001 HOME and ESG carryover	88,756
- CSBG (administered by the State)	175,776
- Shelter Plus Care (approximately)	<u>1,000,000</u>
Total	\$8,290,402

2. Local Funds

- General Funds to community agencies for anti/poverty, homelessness prevention, and community development (see attachment)	8,380,459
- General Funds to Alameda County for staffing the Implementation of the Continuum of Care Plan and for the Homeless Count Survey	32,180
Rent Stabilization Board funds to Community Agencies For Eviction counseling and tenant assistance services	<u>273,400</u>
Total	\$8,686,032

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3. State & Other Programs

- State monies received by the Health Dept. for homeless services	\$1,000,000
- LIHEAP Weatherization Program	185,239
- (LIHEAP, HEAP, ECIP) Utility Bill Payment	302,156
- DOE Weatherization	15,619
- State HELP Monies committed	1,994,000
- State Rehab Monies for Sr. Housing Program	<u>250,000</u>
Total	\$3,747,014

4. CDBG and HOME Program Income

The City received program income totaling \$521,361 of which \$362,801 was for the CDBG program (this was higher than projected) and \$158,560 for the HOME Program.

B. Expenditures and Use of Funds

1. CDBG Program

The Financial Summary (form HUD-4949.3) showed a total of \$6,062,090 was available for use during this reporting period and a total expenditure of \$4,094,755 leaving an unexpended balance of \$1,967,335. A large portion of that amount has been encumbered and was paid in FY 2003-04, another portion will be carried over to allow the completion of funded activities and the rest will be recaptured and included in the next CDBG funding cycle.

	PY 2002	PY 2001	PY 2000
Housing Activities	2,759,520	\$2,695,370	\$2,181,597
Public Services	723,104	759,460	728,698
Public/Community facilities	165,000	136,732	75,000
Planning and Administration	853,000	760,976	782,570
Economic Development	-0-	-0-	263,135

The major notable changes from the last year's expenditures were an increase in the housing category and in the Planning and Administration category and a reduction in the public facility category. The addition in the Planning and Administration category was for cost-of-living adjustments (\$44,000) and for Homelessness Prevention and Services Planning (\$48,000).

2. ESG Program

A total of \$74,564 was expended in ESG monies available. Another \$59,436 has been committed and will be used this fiscal year. Of note, the FY 2001 amount allocated to BOSS for improvements at Harrison House was reallocated to the City of Berkeley, which owns the site and spent for the Underground Storage Tanks (UST) Removal Project. Also reallocated for the UST project was the \$58,974 allocated in 2002 for improvements at the MASC. Those funds, along with a portion of the 2003-04 ESG allocation, will be spent by September 2003 to remove the tanks.

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The remaining ESG allocation was expended as follows:

Dwight Way Shelter and Drop-In Center Services	\$29,246
Shelter Improvements (reallocated and expended)	25,865
BOSS' Youth House Improvements	4,226
BOSS Community Recovery and Case Management	10,954
Program Administration	6,700

3. Home Program

A total of \$2,473,108 was committed in HOME monies (\$1,049,400 from the FY 2002-03 allocation, and \$1,423,708 from previous year's allocations as contained below leaving only \$72,462 in uncommitted HOME amounts at the end FY 2002-03. There was a \$927,674 drawdown for the Adeline Street Apartment development and \$116,000 for program administration, and \$1,500 for the Haskell Street Project.

2002 Home Monies into the HTF	\$1,049,400
2002 Home Program Administration	\$ 116,000
Home Commitments in 2002	
- 2111Mckinley St. (in progress)	\$ 190,000
- 3222 Adeline Street (completed)	\$ 310,000
- 2517 Sacramento Street (in progress)	\$1,400,000
- 2577 San Pablo Avenue (in progress)	\$ 573,108

C. Resources Available for Housing

Approximately \$7 million was made available for housing programs last year. The chart below shows the amount by source and gives additional information about those funds. The Chart does not include rental subsidies given under the Section 8 Tenant Subsidy Program or the low income public housing program.

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Source	Amount	Administering Entity/Comment
CDBG Program	\$2,759,520	Administered by PPMB Division. Monies given to community agencies and City for housing development, rehab of senior homes, accessibility, and code enforcement programs.
HTF	\$2,986,888	Includes CDBG to the HTF, HOME, General Funds, and Redevelopment monies.
HELP	879,000	Reviewed by the HAC and approved by the City Manager. Allocations coordinated with HTF monies (some monies repaid and reallocated to other projects).
Homelessness Prevention Program	\$170,000	General Funds for assistance to those with HIV/AIDS and HPP, administered by ECHO. An additional Revolving Loan Fund (amount) has been set up for Section 8 tenants and administered by BHA. In the next FY more of the General Funds monies will be used for grants to applicants with CDBG paying for administration.
CalHome Program	\$ 58,000	Used in conjunction with the Seniors and Disabled Housing Rehab Program

D. Resources for Services to Persons with Special Needs

The table below indicates that about \$5.6 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 and Those Who are Homeless

Federal Funding	Amount	Administering Agency/Comment
CDBG	\$ 759,000	PPMB Division
ESG	\$ 139,000	Program administered by the PPMB Division.
Community Services Block Grant (CSBG)	\$176K	PPMB Division.
Shelter+Care services	\$1,000,000	This is the one-to-one match provided by the City.

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Local Funding	Amount	Administering Agency/Comment
General Funds in connection w/ CSBG	\$1,578,000	PPMB Division
Measure O Program	\$ 817,000	Funds about 14 homeless 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	\$273,000	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.

E. Pattern of Investments

The pattern of investments did not change in PY 2002 and was focused on assisting those who are homeless, low income, and have special needs. CDBG, ESG, HOME monies were combined with Housing Trust Funds, and General Funds, funds from other sources to help meet the City's top housing and community development priorities as contained in the Consolidated Plan and 2002 Action Plan. The pattern of investment emphasized coordination between agencies and the leveraging of government funds with use of private resources and donations.

The City continued to encourage non-profits as well as partnership between for-profit and non-profits for development of affordable housing. It used its regulatory power and used state density bonus requirements to encourage the development of affordable housing through its inclusionary zoning program, fee waivers, and City staff technical assistance.

Housing Development staff began greater integration with two other City programs (the Green Building Program and Disaster Resistant Berkeley) with housing development projects to achieve important City goals. It continued its regular meetings with the non-profit housing working group (AHA, BOSS, Housing Rights, Jubilee, NCLT, and RCD) to discuss issues and resolve problems of mutual concern.

Assistance to first-time homebuyers was not a priority because of the level of subsidy needed to make such housing affordable. Repayments received were deposited into the Housing Trust Fund. Some loan recipients complained that the City's equity-sharing terms of the homeownership loans

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were unfair. Staff spent considerable time reviewing first time homebuyer claims for credit for work done. This requires an inspection of the house and determining value is often complicated. Last year there were several such reviews. The City may reconsider developing new terms if the program is ever activated again.

Last year, the BHA collaborated with Housing Rights Inc. and the Northern California Land Trust to allow Section 8 tenants to purchase units on the NCLT Haskell Street property. The City also continued 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. The Housing Advisory Commission continues to explore ways to make homeownership more available.

F. Type and Degree of Leveraging for Housing Activities

Last year non-profit developers were very successful in receiving other federal and state government subsidies to make their projects possible. The City's contribution to active projects has been approximately 15% of total cost for active or completed projects in 2002 *if no more requests are made from projects that have already received commitments*. Excluding, the Prince Hall Arms Project (which may not come to fruition), the City allocated approximately \$8.4 million while the total costs for projects is projected at \$62 million, resulting in a total of 473 units to be completed.

Federal Housing Tax Credits - AHA received approval of its housing tax credit applications submitted for its UNA Project and its Sacramento Senior Homes Project.

HOPWA – AHA received HOPWA funds for its UNA Project.

Section 108 – The Adeline and BHA application received funding, UNA received funding approval. Council approved application for \$6,000,000 for the Ed Roberts Campus (no housing in that project) with a two-year commitment with option to extend it for another year, if the project raises 40% from other funding. In FY 2003-04, Jubilee submitted an application for \$4 million in Section 108 monies.

Section 202 – Jubilee/RCD received \$3.1 million for its San Pablo Project.

Project-based Section 8 - 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. In FY 2002-03, additional commitments were made to AHA for the UNA (3) and Sacramento Street (12) developments. New application for 1001 Ashby (20) and Oxford Plaza (23) were submitted. One issue involved with use of Project-based section 8 is the need to pay careful attention to subsidy layering.

BEDI - Staff prepared a Brownfield Economic Development Initiative application for the Ed Roberts Campus in FY 02-03 and submitted it to HUD on July 11, 2003. This source of funding will be looked at more closely in the coming year as a possible resource.

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State

Last year's approval of the City's Housing Element by the California Department of Housing and Development allows the City to apply for state housing monies.

HELP - Four loans were funded in the past, two of those loans were repaid. Applications for two other HELP loans were submitted in FY 2003-04 and were approved in July 2003 (\$600,000 for site acquisition by Satellite Housing State and \$400,000 to Jubilee Village Multi-family Housing Program).

Multi-Family Housing (MHP) – AHA received a \$2 million commitment for its Sacramento Street Project.

CHFA –AHA received a \$3 million for its UNA Project.

CalHome - The City continued to use funding received under the State CalHome Program for its Seniors and Disabled Housing Rehab Program.

Other

Affordable Housing Program (AHP) - All projects received AHP monies.

LISC - this is another funding resource for many of the non-profit developers.

Staff considered possible use of HTF monies as loan guarantee as a way to reactivate the Prince Hall Arms project but no decision has yet been made.

Private lenders involved in affordable housing developments included Silicon Valley Bank.

As in the past, community agencies such as Rebuilding Together, CIL, and CESC were able to obtain voluntary labor, and substantial monetary and other contributions for their housing repair/accessibility programs.

The City 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.

That measure did not pass, a two-thirds voters' approval was necessary for it to pass but the measure received only a majority vote. Voters passed a housing measure at the state level which included funding for multi-family housing and for affordable housing development for localities with housing trust funds. AHA, successfully competed for MPH monies. The Request for Proposals for housing trust fund monies was not issued until August 2003.

During the application period, the ability of agencies to leverage other funds continued to be an important criterion for Housing Advisory Commission and the City in evaluating CDBG and HTF proposals.

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. Over 90% of its funds were used for this purpose. Information on specific activities is contained in the Grantee Performance Report (GPR). That report shows that last year thousands of persons received assistance with CDBG, ESG, and HOME monies. Beneficiaries were predominantly minorities, with Blacks being the largest group assisted, followed by Whites, Hispanics, Asians, and Native Americans. 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. However, the number of Hispanics assisted is low compared to the income status of those in the Hispanic category. Even though there are a large number of Hispanic that are assisted through General Funded and CSBG-funded programs and these are not reflected in the GPR. In this fiscal year, increasing outreach to the Hispanic residents will be the topic of discussion in one of the workshops to be held with the community agencies funded by the City.

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. For example, most of the repair/rehab programs assisting seniors and disabled (although the programs' eligibility are citywide) were in South and West Berkeley. 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. Whereas, both non-profit new construction projects completed were in South Berkeley (Adeline Street Apartments, and Haskell Street Project), the inclusionary units (non-federally funded) were in the Downtown area.

Summary of Housing Accomplishments (HUD Exhibit B)

Name of Grantee: Berkeley, CA

Program Year: 2002

Renters	Actual Units	Programs
0-30% MFI		
31-50% of MFI	30	19 units: 3222 Adeline Street. 2 inclusionary units at 2002 Addison and 6 ArTech Building. One unit: 1520 Haskell Street (4 other units completed but not occupied)
51-80% of MFI	8	2002 Addison:2; ArTech: 6.
Total	38	
Owners		
0-30% of MFI	26	Rebuilding together
31-50% of MFI	3	Srs. & Disabled Rehab Loan Program
51-80% of MFI	0	
Total	29	

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Renters	Actual Units	Programs
Homeless (transitional & permanent housing.)		Funds allocated but work still to be completed.
Individuals	0	
Families	0	
Total	0	
Non-Homeless Special Needs	309	Minor Home Repair 192; extensive repairs: 45; CIL 41, University Coop accessibility: 27, Senior Loans: 3; Bonita House: 1.
Total Housing*	376	
Total 215 Housing (units bought into compliance with Housing Quality Standards.	Approximately 120	RCD, incl. Zoning, 5, Haskell St., CESC (45); portion of rebuilding together, Univ. Coop, senior loans and Rebuilding together.

*Does not include rental housing subsidy programs such as Shelter Plus Care, Homeless Prevention Program, or the Rental Housing Safety Program where units are brought into code compliance through code enforcement rather than subsidies.

B. Housing Programs

In the last fiscal year there was varying degree of success in proposed and actual accomplishments. In general, housing development projects moved slower and were more costly than planned because of such factors as increased costs, continued neighborhood opposition, difficulty in finding financing. The table that follows lists the various housing programs and activities undertaken, their status during PY 2002, and the ConPlan goals and priorities they help meet. The table is followed by a discussion and evaluation of the City's housing programs.

Summary of Housing Programs and Goals			
Programs	Units	Status	Beneficiary/priority/comment
Priority - Development of Affordable Housing through the HTF - 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	completed	Construction was completed in December 2002. It was difficult for NCLT to sell the units because it targeted them to Section 8 tenants. After a long period of processing, it appears that sale of one unit may soon be completed; it is unclear how long it will be before the other units will be sold. NCLT had difficulties stemming from staff turnover and lender delays.
1419 Ashby Avenue NCLT (South Berkeley)	4 units	continuing	This project was expected to be completed in FY 2001-2002. Council has allocated another \$250,000 (in addition to the first \$220,000 in HTF monies received) to allow the project to continue. Use Permit revived.

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Summary of Housing Programs and Goals			
Programs	Units	Status	Beneficiary/priority/comment
2700 San Pablo Avenue Jubilee Restoration and Panoramic Interests (West Berkeley Inclusionary Units)	7 units	discontinued	Although this project finally received a Use Permit after neighborhood opposition, a developer decided to discontinue the project because it was not economically feasible. This project had proposed 35 new units, 7 of which would have been affordable. The \$20,000 City loan will have to be repaid when the building is sold.
2913 University/Acton Site (Inclusionary requirement) Panoramic Interest/Jubilee Restoration	20 units	continuing	A total of 75 units are close to completion. A total of 15 units at 50% of AMI and 5 units at 80% of AMI. The inclusionary units were constructed in exchange for City provision of heavily discounted land and other mitigations.
Oxford Parking Lot City-initiated	90	continuing.	This is a mixed use project on City-owned land; the total of affordable units is still to be determined. Council selected the developer (RCD and Equity Community Builders) in December. In June, the Housing Advisory Commission recommended \$300,000 in predevelopment costs (which Council approved in July). The developer is undertaking a parking revenue study.
BART Air Right Project City-initiated	UK	continuing.	Because of the size of this project and other priority developments, very little was done in the last fiscal year to explore the feasibility of undertaking a mixed use project on this site.
Priority: Special Needs Housing			
2577 San Pablo Avenue Jubilee Restoration and RCD, Inc.	27 units	continuing	A total of \$2,269,108 in HTF (including HELP loan replacement) has been approved and HUD awarded Section 202 capital advance and rent subsidy. Project required \$2 million more than originally projected. The Environmental review has been completed and the Use Permit approved. Construction will begin in early 2004.
2612 San Pablo Avenue Jubilee Restoration (Jubilee Village)	Mixed use, live/work	predevelopment	A total of 125 units is proposed for this project. The proposal received a \$25K predevelopment loan and a \$400K HELP loan for property acquisition was approved; Council approved a \$300,000 HTF loan in July 2003 and a Section 108 loan of up to \$4 million in September.
Satellite Housing	80 units	Acquisition/new construction	This is a new proposal received a \$600K Help loan in July to acquire an existing site and develop 80 affordable sr. housing units. Total development loan is \$16.2 million.
2517 Sacramento Street, AHA, Inc.	38 units/30 affordable	continuing	Received additional Section 8 project-based certificates and State Multi-family Housing Program funding for \$2 million, scoring the highest ranking in the state, and will receive 4% Low Income Housing Tax Credits. AHA also prevailed in a

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Summary of Housing Programs and Goals			
Programs	Units	Status	Beneficiary/priority/comment
			lawsuit brought by the neighbors against the project
1719-25 University Avenue AHA	27 units	continuing	New construction, universal designed allows for disabled & non-disabled affordable housing. This project received \$4 million in tax credits (tied for 3 rd highest rating in the state) and \$3 million permanent CHFA, also Affordable Housing Program grant and HOPWA monies. Construction work is scheduled to begin in September. Removal of a cottage on the property involved a lengthy permitting process.
3222-24 Adeline Street RCD, Inc.	19 units	completed	New construction for disabled. Project received. HTF, Project based Section 8 and Section 108. Construction completed 12/02.
1001 Ashby Avenue AHA	45 units	new	AHA has received \$500,000 in state HELP monies for site acquisition and \$1 million approved in HTF monies. Total expected project cost is \$12,317,000.
Inclusionary rental units -creekside Plaza 2161 Allston St.	16 units	completed	Total development contains 60 units.
Inclusionary rental units – ArTech Milvia Street at Addison	4 units	Completed	Total development contains 16 units.
Casa Zimbabwe & Cloyne Court University Students Coop Assoc.	278 beds	completed	Review of HTF application for \$187,500, approved by Council in July 2003 to undertake disabled access & seismic retrofit in student coop housing. USCA also received CDBG funds and did disabled accessibility rehab for several of their properties.
Bonita House Bathroom Accessibility Project	na	completed	That facility is now fully ADA compliant.

Priority: Housing for Homeless People and Homelessness Prevention			
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 diagnosed homeless persons only if they reside at the 2936 MLK site.
711 Harrison Expansion Project BOSS, Inc.	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'

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711 Harrison Expansion Project (Con't)			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. ESG monies were approved for the removal of the underground storage tank at the shelter site. ZAB approved Use Permit. In July another \$235K in HTF was approved
2111 McKinley St BOSS, Inc.	6	Continuing	Rehab of a family transitional housing facility. \$190,000 in HTF monies approved last year but lead assessment needed. environmental review completed.
3404 King Street	12 beds	Ownership transfer	Council approved transfer of this property from BOSS to Fred Finch Youth Center to allow its use as housing for homeless youth.
Byron St. Transitional Housing Women's Daytime Drop-In	4	Continuing	\$285,000 budgeted, project under construction; extension received from HUD. This agency serves up to 25 individuals a day providing breakfast, hot lunch, and snacks and social services. About 2/3 black, some other minorities as well.
2750 Adeline (NCLT)	6	discontinued	Feasibility analysis was undertaken but project on that property did not prove to be feasible.

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))			
Seniors and Disabled Rehab Loan Program (Citywide)	12 units	4 completed	No interest, deferred loans; 2 Asians, 1 Black, 1 Hispanic.
Rebuilding Together (Citywide)	26 units	completed	24-26 of program beneficiaries are minority, 22 elderly, 14 disabled, 18 single heads-of-household., all households are extremely low income.
Minor Home Repair/CESC (Citywide)	192 units	completed	HH income primarily 30% of AMI. Program beneficiaries are elderly and disabled, minority households.
Disabled Accessibility Program /CIL (ramps and interior retrofit) (Citywide)	41 units	completed	Program beneficiaries are those who are disabled. 11 wheelchair ramps; 30 interior retrofits; technical advise to landlords, architects and contractors on accessibility regulations.

1. Affordable Housing Development Projects

Although only two new HTF projects were completed, many others made considerable headway in receiving funding. Two projects were discontinued and the Prince Hall Arms Senior Housing continued to be on hold until a feasible new proposal can be put together. Several inclusionary zoning projects were also begun or continued, that, when completed, will bring a considerable number of low and moderate income housing to the City. The most successful housing agencies this year were AHA, Inc. and RCD. AHA was finally able to get full funding for its UNA and

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Sacramento Senior Homes developments (and won the lawsuit against the latter development) and construction work is scheduled to begin this year. RCD was also able to complete one project, obtain considerable federal funding for its other projects, and was chosen to develop the ambitious Oxford Plaza Development. Many projects required more monies than initially budgeted because of cost overruns. Northern California Land Trust continued to have administration problems: one proposed project (on Adeline Street) did not materialize and it was not able to sell the units completed on Haskell Street. City monitors are closely reviewing this agency's compliance with contract terms. Jubilee Restoration, which was funded through the CDBG Program for the first time in 1999-2000, initiated several large projects and received considerable federal and local funding for them. The partnership with the for-profit developer Panoramic Interests dissolved for the project at 2700 San Pablo when it proved unfeasible and the property was placed on sale. BOSS, Inc., the other non-profit agency receiving Housing Trust Fund monies also ran into serious environmental difficulty in moving forward with its plans to add transitional housing at its Harrison Shelter site. Although, it was finally successful in obtaining a Use Permit for that project, environmental mitigation costs will make the project more expensive.

Last year, housing development staff, in addition to providing technical assistance and monitoring of development projects undertaken by other entities, undertook considerable predevelopment and RFP activities related to finding and selecting a housing developer the Oxford Parking Lot Development, which the City owns. Less was done on the BART Right-of-Way Project to develop housing.

a. Senior Housing Developments

The two senior housing developments (AHA's 2517 Sacramento Street and Jubilee's 2577 San Pablo Avenue) successfully overcame serious obstacles and construction is expected to begin this year. Another senior housing project was proposed by Satellite Housing. Initiated in FY 02-03, in July, the Housing Advisory Commission approved HELP funding to allow Satellite Housing to acquire a property on University Avenue for senior housing. Although the HAC had some concerns about funding another senior project when no housing has been developed for other groups identified as having special needs, it still recognized that one more senior housing development would only make a small dent on the need for affordable senior housing. Moreover, some funding is more relatively available from federal government level for senior housing and not for other groups (such as family housing).

b. Senior and Disabled Rehab Repair Programs

The proposed contract goals contained in the 2002 Annual Action Plan were reached by all community agencies funded. CIL, CESC, and Rebuilding Together strengthened their coordination in increasing assistance that could be provided free of charge. Many testimonials were received about how crucial the assistance provided has been to keeping disabled and/or elderly people in their homes.

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. For FY 2003-04 when CDBG funds were no longer available to this project, the City allocated General Funds to continue it.

c. Housing for those who are disabled

The programs above for seniors also served those who are disabled. AHA's UNA project, because of its universal use design, will be available to the disabled population when completed. The need for services attached to housing for persons with mental disabilities continued to be made evident last year as a lot of staff and non-profit owner's time was taken up with tenant/landlord issues that arose. One facility for formerly homeless people with disabilities located on Russell Street has proven to be particularly successful. It was rehabbed with City funds and is managed by Emergency Food and Housing Project. The existence of that facility has made a qualitative difference in the lives of 17 persons; it is an excellent model of how services and housing can be successfully coordinated.

d. HIV/AIDS Housing

As reported last year, the City met its housing goals in providing housing for people with HIV/AIDS. Although \$60,000 in General Funds was originally allocated for housing subsidies for those with HIV/AIDS, in December, this program was terminated and participants were placed in the Section 8 Program so they could receive a deeper subsidy. The amount remaining from the \$60,000 was placed in the Homeless Prevention Program to assist other tenants at risk of homelessness. RCD, Inc. has included some units for persons with HIV/AIDS in its Adeline Street Project; AHA received HOPWA funding to make some units available at its UNA Project when completed.

e. Housing for Victims of Domestic Violence

The Women's Refuge which had to closed and then re-opened in FY 2001-02 continued to be funded by the City and continued to operate successfully. There were delays in completing the rehabilitation of the Byron Street facility (which will house four families), however, work is expected to be completed in October and a lease signed with the Women's Daytime Drop-In Center to operate it. The City contributed \$25,000 in General funds for a maintenance reserve, another \$25,000 for services, and \$25,000 for a case manager once the program is initiated.

f. 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 Adeline Street project (completed) 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 and Jubilee's 2612 San Pablo project may also includes some 2 and 3 bedroom units.

2. Other Actions

Many of the activities undertaken by the City serve multiple purposes including helping to maintain affordability (for example, fair housing advocacy, eviction controls, inclusionary housing, 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 City's only rehab program is the Seniors and Disabled Housing Rehabilitation Loan Program which assists low income senior and disabled homeowners. In PY 2002, 4 homes were completed; others are in the "pipeline", ranging from review of application to being under construction.

Last year, staff dealt with an issue of dissatisfaction with rehab work done from CALDAP loan recipients. CALDAP was a state program that made loans available with the City providing technical support services to undertake repairs resulting from the 1989 earthquake. Although the work was done over a decade ago, owners filed their complaints recently and the staff had to analyze the cases and determine if anything could be done where there were legitimate cases even if there was no legal requirement to do so (ultimately no additional funds were allocated).

2. Anti-blight Activities

Last year anti-blight activities primarily consisted through the Rental Housing Safety Program which combined code enforcement with the requirement that owners inspect their properties and address code violations. Last year, one property (4 units) was completed which had received a City General Fund loan in previous years and the tenant who was temporarily relocated returned to that property.

3. Code Enforcement

In May 2003, the City revised its Rental Housing Safety Program to streamline it by not requiring owners to report vacancies and not requiring that the City receive a copy of the inspection checklist required by each owner to be used in inspecting their unit yearly. The City also approved a per unit fee for owners to pay which is expected to make the program self-sufficient and no longer dependent on CDBG or General Funds. In addition to CDBG funds, in FY 2002-03 the City used General Funds and received 2nd year funding from the Rent Board and from U.C. Berkeley.

4. Lead Abatement

As in past years, in PY 2002, 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. The Alameda County Lead Poisoning Prevention Program has received another grant from HUD for lead hazard control work in privately owned housing. One of the main focuses of this grant is pre-1978 rental housing occupied by low-income tenants with young children with a special emphasis on Section 8 housing. Fliers were provided to the BHA and to the Building Permit Center. We are currently getting the word out about the funding available. Please see the attached flyer and display to distribute to interested owners. In terms of the federal lead-related requirements for federally-assisted projects, those requirements are seriously impacting the ability of the City's Seniors and Disabled Rehab Loan Program to function. Some owners are discouraged from participating in the program because of increased costs and it is difficult to find contractors willing to bid the project because of the lead requirements.

5. Weatherization Program

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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 for utility bills and other cost-saving methods and operating a free weatherization program for low income residents. Last year the amount received under all of these programs was reduced by about \$400,000 and about 440 fewer people were assisted.

D. Section 8 Programs and Public Housing Improvements

Last year as a result of BHA not being able to address administrative, financial, and other problems it was placed in the "troubled PHAs" category and will be closely monitored to ensure that its work plan and timetables are met. Despite the designation, there have been several positive occurrences. The main one is the increase in the lease up rate of the Section 8 Program. Last year, the number of units under that program rose from 1410 to 1612 and more owners are now interested in participating in that Program. The BHA created a Security Deposit Revolving Loan Fund which will begin in FY 2003-04 to facilitate Section 8 participants moving into their subsidized units. This frees up the Homelessness Prevention Program funds to be used for low income tenants at-risk of homelessness who are not on the Section 8 Program. The BHA also continued the Emergency Prioritization Program to assist those at risk of homelessness. While this was very helpful in keeping poor people housed, it did create another level of complexity for the BHA administration.

In regard to the Low Income Public Housing Units (LIPH), the BHA received the Section 108 loan funds and the BHA resumed its efforts to complete the remaining interior and exterior rehabilitation work identified in its public housing needs assessment. Staff recommended contracting with Affordable Housing Associates for the property management of the LIPH units and with another entity to do tenant outreach, respond to complaints, and interface with the Public Housing Residents Council. BHA Board expects to take action on this matter in September 2003. The Public Housing Resident Council continued to play an active role in giving feedback to the BHA about its programs, although they too had organizational issues that need to be resolved so that the organization can play an even greater role.

Last fiscal year, the BHA administration support for the Shelter Plus Care Program has greatly improved. The impact of a quicker inspection time has resulted in more Shelter Plus Care tenants being able to find housing. The BHA also worked with Section 8 tenants who were interested in purchasing units from the Northern California Land Trust (one such purchase is close to being finalized and three are being reviewed). While such homeownership is theoretically exciting, in reality, the difficulties of finding qualified buyers and obtaining financing were extremely difficult to overcome.

E. First-time Homebuyers Program

As mentioned above, it appears that there will be a sale of one unit in a Haskell Street property recently developed by the Northern California Land Trust. It is very frustrating for all involved that the remaining four units continue to remain unoccupied even though they were finally completed in December 2002 after many years of waiting. Because of high housing costs,

homeownership continues to elude low and moderate income households. The Housing Department and the HAC began considering the possibility of loosening restrictions on the City's Condominium Conversion Ordinance as a way to make units in multi-unit property available for homeownership by moderate income households. That discussion is being continued in this fiscal year.

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 impediments.

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

Housing Rights (HRI), Inc. was funded to individual counseling and fair housing advocacy. This agency moved its office to San Pablo Avenue in Berkeley to be accessible to populations more likely to suffer discrimination. HRI, Inc. provided housing counseling to 95 clients conducted investigations for 73 clients and held fair housing and tenant rights workshops for a number of community agencies (including the Berkeley Drop-In Center, Berkeley Head Start (staff and Parent), Berkeley Food and Housing Project, Berkeley Adult School, the ASUC Renters' Legal Assistance and UC Resolution Services). It also held two workshop with non-profit and for-profit property managers and distributed fair housing literature to 56 organizations. HRI, Inc. has numerous fair housing brochures and pamphlets both in English and Spanish which it makes readily available to individuals, groups, tenants, and landlords. In addition to CDBG funding, HRI, Inc. received \$30,000 in General Funds to staff the Affordable Housing Advocacy Program which brings together Section 8 and other tenants to advocate for affordable housing legislation and tenant rights. HRI, Inc. was also funded by the Rent Stabilization Board.

CDBG monies were used to fund the East Bay Community Law Center to provide legal representation to 18 clients and to conduct 29 tenant workshops on legal rights. The Rent Stabilization Board also funded this organization to provide legal assistance in tenant eviction cases.

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

Council continued to fund the Housing Trust Fund (HTF) for creation of below market housing as well as the Homelessness Prevention Program. The BHA instituted the Emergency Prioritization Program to assist very low income tenants at at-risk of homelessness and developed a Section 8 Security Deposit Revolving Loan Program aimed at providing limited housing assistance grants to help Section 8 tenants move into subsidized housing.

- ***Neighborhood opposition to publicly assisted housing.*** The City continued to fund East Bay Housing Organizations, Inc. (EBHO) for its affordable housing educational campaign. The City and Affordable Housing Associates, Inc. won a legal case brought against them by neighbors opposed to a senior housing development on Sacramento Street.

- ***Lack of sufficient disabled accessible or adaptable housing.*** CIL works in tandem with HRI, Inc. to inform the public about anti-discrimination laws (including fair housing laws) protecting

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those who are disabled. CIL, Rebuilding Together, CESC, University Student Housing Co-op, and Bonita House were all funded by the City to undertake projects to increase housing accessibility.

- ***Landlords' reluctance to rent to Section 8 Certificate and Voucher holders.***

The higherr vacancy rate in the City has greatly increased property owner's willingness to participate in the Section 8 and Shelter Plus Care programs.

- ***High rent to income ratios.*** The City continued to implement a "living wage ordinance" which assists low income employees of organizations receiving City of Berkeley funding or renting space from the City. The City's Work Center also tries to connect those who are under-employed or unemployed with living wage jobs. The City funds non-profit agencies which assist those eligible to get SSI or other benefits to which they are entitled. The Rent Board monitors to ensure that owners charge only legal rents.

- ***Possible displacement from demolition of affordable housing.*** There was no City-assisted demolition of affordable units in PY 2002.

- ***Land use controls that downzone neighborhoods.*** There was no down zoning of any area in Berkeley during FY 2002-03. In fact, the housing construction in the City was higher than it has been for several decades and the City's 20% inclusionary housing requirement allowed some of the new units to be affordable to low income households.

- ***High unemployment among minority population.*** The City continued to fund the WorkSource Center and the First Source Hiring Program, the One-stop Employment Center, and job training/placement agencies. CDBG monies were used to fund the Multi-Cultural Institute to provide services to day laborers seeking construction jobs as well as job training/placement community agencies.

Other continuing activities undertaken to further fair housing include:

- Continuing to fund mediation services court (the Berkeley Dispute Resolution Service) to help resolve issues that would otherwise result in possible loss of housing for tenants.

- Having a Rent Stabilization Board that controls rents and evictions.

Providing information/counseling on the City's Relocation Assistance Ordinance.

- 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 2002. Housing Department staff worked with Health and Human Services, community agencies, and RCD, Inc. to provide relocation services to the 69 persons temporarily displaced because of a fire at U.A. Homes at 1040 University Avenue (the City contributed General Funds to pay for relocation costs). There was also one temporary relocation as a result of the BHA's construction work undertaken to improve the Low Income Public Housing units. 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 FY 2002-03, staff responded to about 120 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 as was the City's participation in the implementation of the Countywide Continuum of Care Plan. Below are more details on accomplishments and problem areas.

1. Shelter Plus Care

The City operation 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. Continuum of Care Implementation

The City also continues to have active representation on the Countywide Homeless Continuum of Care Council. The Countywide Continuum of Care collaborative received about \$7 million more in federal SHP monies than the previous year to continue on-going programs (approximately \$19 million instead of \$12 million). The countywide health standards for homeless facilities are being integrated in this year's contracts with Berkeley homeless services providers and the City actively participated in the largest countywide survey to get the most up-to-date figures on number and profile of homeless people in the County and in Berkeley. 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.

3. Homelessness Prevention Program

The City continued funding for the Homeless Prevention Program (HPP). The HIV/AIDS Housing Assistance Program was eliminated and tenants given Section 8 Certificates, which constitute a deeper subsidy.

4. 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. Additionally, 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.

The City contracted with the state Department of Mental Health to enroll 100 homeless adults with serious mental illnesses who had been reluctant to accept services in the past. As of January 1, 2003 Berkeley has 106 consumers enrolled, about 85 who are currently active and 79 of whom were homeless on the street prior to enrollment. In the two years of program operation, about 156 consumers have been enrolled, all new or without recent treatment history with the Mental Health Division.

A rigorous and uniform data collection system was implemented statewide to demonstrate to the legislature, the human impacts of the AB 2034 program. A major question has been, "*What is the return on taxpayer investment in this population?*" The results have been very impressive and demonstrate the effectiveness of providing services that are flexible and tailored toward specific outcomes. The latest report to the State Department of Mental Health, for the period ending September 30, 2002 provides us with the following data:

- 69 of the 97 enrolled on 9/30 were housed outside of shelters
- Of 106 enrollees, 83 had been incarcerated in the twelve months preceding enrollment while only 43 were incarcerated from time of enrollment to the report date.
- Forty-three enrollees were hospitalized psychiatrically in the year prior to enrollment; and only 27 were hospitalized from time of enrollment to the report date, with a 73% reduction in hospital days.
- Of the 106 individuals, only 31 were receiving income support in the form of GA, SSI/SSDI, TANF, work income or VA benefits at the time of enrollment. Post enrollment, 102 received an income.

5. 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. There was delay in completing the rehab of that facility. The signing of the lease with the Drop-In Center is expected in fall 2003 with occupancy taking place soon after. Operation of the previously troubled Women's Refuge went well last year with the hiring of a new director. The City also continues to fund the Family Violence Law Center to provide legal assistance to victims of domestic violence. However, given the level of the need, having available assisted housing with services for victims of domestic violence continues to be a problem in Berkeley.

6. Homeless Youth

The City continued to be concerned with the problems of homeless youth and youth at risk of homelessness. Last year, BOSS was not able to fully operate the Youth House on King Street and to provide the necessary services required by the state. The facility was taken over by the Fred Finch Youth Collaborative which could provide the level of services needed.

Finding housing for youth coming out of foster care that are at risk of homelessness continues to be an important unmet need. The Housing Advisory Commission discussed this problem at one of its meetings. A First Place, which is a non-profit agency dealing with this problem, met with the BHA in September 2004 and it appears that the Emergency Prioritization Program will be used to provide the Section 8 subsidy needed to eligible youth.

7. ESG Process and Match

The ESG allocation process is merged with the CDBG allocation process for administrative efficiency as well as to increase public review. The timeline for that process meets the Program regulations of committing the ESG monies within 180 days from the time the federal allocation is made (the allocation is known in December and the City allocates the monies in late April). As noted, there was timely disbursement of the services and administrative portion of the ESG allocation. The \$58,974 allocated to BOSS was re-allocated to the City for the removal of underground storage tanks at the Harrison Shelter. The City more than met its \$34,000 match requirement for the ESG program by allocating \$194,903 in General Funds to the Berkeley Emergency Food and Housing Project's Multi-Service Center.

8. Respite Care Planning

Planning work was begun but not completed to create a respite care facility in Berkeley (see section on Planning and Administration for additional details.)

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. The continued economic slump increased unemployment (6.6%) and underemployment. Many of the newly unemployed are from high-tech and manufacturing industries. The City's WorkSource Center provides job counseling, training, and referrals. It is funded with city and federal Workforce Investment Act funds. In previous years, the WorkSource Center also received Welfare-to-Work monies, but that program has now been discontinued. The WorkSource Center participates in programs to help train unemployed workers in such fields as nursing, pharmacy, child care, and truck driving. The City's First-Source Program (whereby companies are encouraged to give Berkeley residents a first opportunity for new jobs created) has also been integrated into the Center. Last year the Center greatly increased the number of clients served, averaging about 1,000 visits and about 50 new customers a month and has placed 98 workers in jobs this past year (up from 57 in the previous years). Last year, as a condition of funding for FY 2003-04, CDBG-funded job training agencies have been required to sign Memorandum with the WorkSource Program to increase collaboration between those entities. The City also implemented the Living Wage Ordinance to increase wages of low paid employees of agencies receiving City

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funds and in FY 2003-04 has increased the living wage from \$9.75 to \$10.76 per hour. However, there is a concern that for FY 2004-05 the City will no longer be able to subsidize City-funded community agencies to cover the Living Wage requirement.

Last year the City of Berkeley continued to fund community agencies serving the poor at the same level as in the previous year. Although community agencies had two-year contracts, the City could have chosen to re-open those contracts in view of reduced revenues but did not do so. It subsidized over 50 community agencies to support supportive social services outlined in the Consolidated Plan that help address the special needs of that population (e.g., child care centers, food programs, health services, and other services). It slightly reduced funding this year (although the City's budget tentatively made up for the reduced funding contingent upon the level of further possible state cuts to localities). The expected reductions in state and local revenues will make it more difficult to assist those households in the following year and the City has begun to look at reduction to agencies as it plans for the FY 2004-05 budget.

In addition to the general services that are available to assist poor household, the Latino community is also the focus of coordinated services between social services agencies and the City Health and Human Services Department. The Latino Families in Action Program is an educational and preventive health campaign to reduce the stigma of mental illness, and support Latino families in their social, emotional, physical, and spiritual problems. Funded with General Funds, this program provided free workshops (with free child care) in Spanish on such topics as anger management, couples communication, adjustment by parents and children to new culture and understanding youth.. About 50-60 households were assisted.

2. Public Services Projects Funded with CDBG

Sixteen agencies continued to receive CDBG funds last year (Adelante became extinct, part of its funding was reallocated to the MultiCultural Institute to provide similar services). A total of 4 agencies were in job training/placement; 4 were for homeless services; 3 housing rights counseling; and 5 for other special needs. Generally, all agencies met or exceeded their goals (see Grantee Performance Report). While the Women's Employment Resource Center met its goal, it ran into financial difficulties. The City is holding up its 2003 monies until those are resolved. Below are some achievements of particular note in the services category which have been gleaned from the individual project reports:

- AJOB started to serve a more diverse group.
- BORP – surpassed all goals, although its funding from foundations decreased.
- The Barrel Project operated by the Chaplaincy to the Homeless changed from a “pick up” and “delivery” program to a program where clothing is dropped off at its store (which was closed for a few months while being upgraded).
- The Berkeley Food and Housing Program faced staff turnover problems which it was able to resolve and exceeded its goals by providing 33,700 meals to 1,150 new clients (Berkeley pays 22% of the cost for this program).

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- -BOSS provided 21,798 bednights to some 463 homeless men, women and children, and served 43,580 meals. The biggest problem reported this year was to keep up the morale of both staff and clients in light of the budget crisis, cutbacks, and downturn in the economy.
- -Center for Accessible Technology (which serves disabled residents) increased the number of clients from 29 to 41 and consulted with the Berkeley Public Library to make public use of computers accessible to Berkeley residents with disabilities and offered a 10-week after school art class for children with disabilities.
- CIL installed 11 ramps (by installing a lift it helped a disabled, homeless person with two sons to obtain housing) and was able to purchase material at a 50% discount. It gave technical advice to landlords, architects, and contractors on understanding accessibility regulations.
- CESC helped repair 192 houses occupied by low income residents.
- ECHO helped 153 persons with their security deposits through the Homeless Prevention Program and counseled 49 clients on home equity conversion and shared housing.
- East Bay Community Law Center, which provides eviction counseling and legal assistance to tenants added an intake specialist this year. That agency served fewer clients than anticipated (29 vs. 48 planned) but the types of cases were the hardest to assist. This agency also received funding from the Rent Stabilization Board.

3. Improvement of Public/Community Facilities

There were three community facilities projects funded in 2002-2003 for a total of \$165,000. Two were completed, the Lifelong Medical Care, and Rebuilding Together) and one (A Better Way) was continued to this year. Of the three projects carried over from fiscal year 2001-02, one was completed (BYA Commercial Kitchen Installation) and two were carried over to FY 2003-04 (Tinkers Workshop and the Black Repertory Theater Improvements).

Accomplishments/issues of the various projects are described below.

- Lifelong Medical Care – This agency provides health care to low income uninsured households. As a result of CDBG monies to expand its visiting rooms, it was able to nearly double the number of households that it could serve to 551.
- Rebuilding together – Improving facilities has become a preference for many volunteers (instead of housing repairs); 13 agencies were assisted with FY 2002-03. In a self-assessment, this agency indicated that it may have been overly ambitious as to what could be done with \$20,000.
- A Better Way – Most of the \$70,000 allocated to this agency was used for predevelopment

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costs. The construction bids received were much greater than expected. Additional monies were allocated in FY 2003-04 towards the project. A Better Way is refinancing its building to make the rehab work possible. Completion is expected in FY 2003-04. When completed, the counseling space will be greatly expanded.

- BYA Kitchen Project carried over from FY 2001-02 was completed last year.
- Tinkers Workshop Project. This unique agency has a myriad of “hands-on” projects for low income children and youth that range from bicycle and other machine repairs, welding, sewing, making musical instruments, and having workshops with leading tinkers and scientists. It has grown out of its present location and at the end of this summer it will expand to its “Seabird site”, a complex of city owned buildings at the foot of Addison Street near the bay. The City has made the expansion possible by leasing the property, allocating CDBG monies for facilities improvement, General Fund monies, and funding Rebuilding Together to help them make the expansion possible. The expansion allows Tinker’s Workshop to continue its Bike Repair Program and initiate new ones including having youth work on bio remediation projects, eco monitoring, and landscaping.
- A total of \$18,000 in 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.
- A total of \$29,258 in FY 2001-02 and \$58,974 in unspent FY 2002-03 ESG monies for improvement of the Multi-agency Service Center and the Harrison Street Shelter were reprogrammed to the Harrison Shelter Underground Storage Tanks Removal Project.

J. Planning, Administration, and Monitoring Activities

A total of \$853,000 in CDBG monies was spent in FY 2002-03 under the Planning and Administration funding category which includes the CDBG Audit, City Support Costs, and Housing Rights, Inc. for fair housing activities. Also included in this category were the Program Planning and Administration activities and the Homelessness prevention and Services Planning. This amount is higher than the previous year’s allocation of \$760, 976 with the increase going to cover the increased cost for Homelessness Prevention (\$49,000) to address bottlenecks in the Shelter Plus Care Program, help to undertake the countywide survey, work on a respite care program, and undertake other homelessness prevention planning activities. The remaining additional \$43,000 was used to cover increased Cost-of-Living adjustments.

The Program Planning and Administration project met all its established goals of properly administering the CDBG/ESG Program for PY 2002-03 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

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planning. Of note in the allocation process for use of FY 2003-04 funds, the RFP and allocation process was expanded to include review of General Fund proposals which previously were directly brought to the City Council for approval without any formal review process. The other major change developed last year (and to be implemented this year) is a major streamlining of the reporting and invoicing process. This should increase the amount of time community agencies can dedicate to services and deal with the expected reduction of staff assigned to deal with contracts/invoices/reports review.

In terms of respite care planning, in March 2003, HHS and Housing staff presented a work program for developing a service strategy for a medical respite care facility in Berkeley to commissions, the Public Health division, and the City Manager's office. The first key task is completion of a needs assessment for such a facility. Staff is gathering data from existing sources and preparing to conduct a survey of Berkeley homeless people to supplement both the County-wide homeless survey on health matters, as well as the other existing data sources we are collecting. These data sources include: LifeLong Medical Care, Alameda County Health Care for the Homeless, and Berkeley Mental Health Division. Staff expects to get a draft of the survey on medical respite care needs ready in the fall or winter.

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 2002 the City provided three Certifications of Consistency with the Consolidated Plan: the McKinney SHP application, the U.C. Berkeley application for Community Outreach Partnership Centers funding for its UC Community and Faith-based Partnership Initiative, and the Ed Roberts Campus BEDI application.

L. HOME Program Report

In PY 2002 the City received \$1,166,000 in HOME monies: \$1,049,400 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 April 30, 2003 Housing Trust Summary Report.

- **Completed** – 3222 Adeline Street (19 affordable units for disabled residents).

- **Approved** – **Home total approved \$2,473,108**

- 2111 McKinley Street - \$190,000
- 3222 Adeline Street – \$310,000 (A total of \$317,674 in HOME monies paid FY 2001 year; \$487,000 paid in PY 2000)
- 2517 Sacramento, AHA, \$1,400,000
- 2577 San Pablo, Jubilee Restoration \$573,108

- **Continuing from previous years' funding**

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- 1419 Ashby (NCLT),
- 1719-25 University (AHA, Inc.)

CHDO Set-Aside

Berkeley met its 25% (\$163,350) Community Housing Development Organization (CHDO) set-aside requirement by allocating \$1,400,000 to AHA, Inc. for its 2517 Sacramento Street Project.

HOME Match

The IDIS report C04PR33 (attached) shows the 2002 match requirement as \$490,609.75 (based on a total disbursement last year of \$1,962,439). The total amount of match liability (including PY 2002) based on disbursements since 1998 is \$1,209,464.06. The total local match disbursed since that time is \$3,712,814.75 leaving a balance of \$2,513,350.69 (total match minus total match liability) that will be carried over into the next program year. Please note that although some funds were committed funds prior to program year 1998, they were expended during that program year or in subsequent years. Also note, that in the past, the HOME Match was reported as match monies committed rather than expended. This year, the report has been adjusted to follow to keep records on match amount disbursed per HUD guidelines.

Home Loan Repayments

In FY 2002-03 a total of \$281,099 in HOME monies was reported to IDIS as program income for the HOME Program. A total \$268,713 was received from repayments at sale of homes assisted under the City's First-Time Homeownership Program \$7,912 from monthly loan repayments made by Bonita House; and \$4,474 loan repayments from RCD, Inc. 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)

The HOME-assisted projects completed this year were as follows:

- 3222 Adeline Street – Of the \$1,114,674 in HOME allocated, a total of 8 contracts were let for a total of \$3,707,052 in construction amount. All of the contractors were White, Non-Hispanic for a total of \$3,695,752. There was one woman-owned enterprise for a total of \$11,300. The five units at 1320 - Haskell Street are completed but not occupied. A total of \$424,281 was expended for that project. There was one contract which was given to a non-minority, male-owned business.

Affirmative Marketing

In general terms, the Housing Trust Fund Guidelines require that HTF recipients undertake affirmative marketing of their units. RCD, Inc. widely publicized the availability of the units, including information to community agencies.

The Northern California Land Trust (NCLT) for over 8 months has worked with the BHA and Housing Rights, Inc. to market its 5 homeownership units on Haskell Street for homeownership to Section 8 tenants. However, for a variety of reasons, none of the transactions has been completed, although 3 applications are being processed (one household with paperwork pending completion, has moved in as a tenant) and others are interested in participating in the program. Problems

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include difficulty of getting private financing, lack of interest for land trust types of ownership, difficulty in finding tenants who qualified for a mortgage loan, difficulty with loan closing for two Section 8 households whose applications were being processed because of the merger of Cal Fed and CityBank resulting in the loan application “falling through the cracks”; turn over of NCLT staff charged with screening applicants. NCLT is now expanding its affirmative marketing to non-Section 8 tenants as well and has put out a brochure which it is making generally available to the public and to realtors. It has also placed a notice on the Craig’s List internet site.

Displacement

In PY 2002, there were no displacements as a result of HOME-assisted programs.

Inspection of HOME Properties

No units were inspected this past fiscal year. Beginning in July, owners receiving City subsidies are now required to inspect their units yearly unless a City inspection has taken place (in that case, units do not have to be inspected for a three-year period).

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