

HOUSING DEPARTMENT

City of Berkeley

2003 Consolidated Annual Performance and Evaluation Report (CAPER) for Housing and Community Development

September 2004

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City of Berkeley
 Program Year 2003 Consolidated Annual Performance and Evaluation Report

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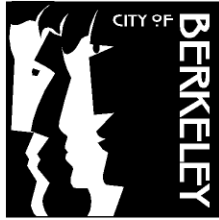
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HOUSING DEPARTMENT

**CITY OF BERKELEY
PROGRAM YEAR 2003
CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT
(JULY 1, 2003 THROUGH JUNE 30, 2004)**

Executive Summary

The City of Berkeley's 2003 Consolidated Annual Performance and Evaluation Report (CAPER) contains three parts: First, a set of narrative statements that discuss the City of Berkeley's achievements during Program Year 2003 (July 1, 2003 through June 30, 2004) in housing and community development in relation to its Consolidated Plan for Housing and Community Development (ConPlan). The second part provides narratives that focus on the financial and programmatic performances of the City of Berkeley's entitlement-formula grants, the Community Development Block Grant Program (CDBG), the Emergency Shelter Grant Program (ESG), and HOME Partnerships for Investment Program (HOME). Additional narratives in this part describe the abilities of the City and its community agencies to leverage additional resources for housing and supportive services activities as well. (The City of Berkeley is neither an entitlement nor participating jurisdiction in the Housing Opportunities for People With AIDS Program [HOPWA].) A third part of this CAPER compiles attachments of supporting data for the narratives found in the first two parts.

The City of Berkeley's Consolidated Plan for Housing and Community Development (ConPlan, adopted by the City Council in May 2000) lays out four sets of strategic goals and objectives addressing the following areas:

- Housing
- Homeless Priorities and the 1998 *Berkeley Homeless Continuum of Care Plan*
- Anti-Poverty Strategy
- Community Development

The CAPER describes the City's low income housing and community development activities carried out during the period July 1, 2003, to June 30, 2004, 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 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 City's activities to meet its Year 2003 Action Plan and ConPlan goals were generally successful, especially in view of the budgetary constraints faced. Despite a reduction in local

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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 absorbing further cuts in Fiscal Year 2004-05. In addition, two key homeless service provider agencies undergo significant restructuring of their operations in response to HUD audit findings. These findings require the agencies to develop repayment plans so that HUD is properly reimbursed.

In addition to maintaining funding for many community agencies, the City combined its Request for Proposal (RFP) processes for different funding sources for services, and significantly reduced the number and frequency of reports and invoices submitted to the City beginning in FY 2004-05. Efficiencies achieved from these changes will free up more time for services delivery by the agencies, and enable staff to work with agencies to develop more proactive initiatives for client problem-solving. In addition, the City implemented outcome reporting for all community agency contracts, and integrated information about outcome reporting into its RFP process in November 2003. Categories for outcome reporting include housing, employment, health, education, recreation, infrastructure, and community access.

The City of Berkeley has also chosen to create a Centralized Contracting Unit (CCU) in its Housing Department in order to achieve economies of scale using a cadre of staff skilled in the processing of contracts that are routinely executed for both City general funded programs as well as programs funded through federal formula grants. The CCU will be responsible for contract creation, assembly, and processing of all component documentation required, fiscal management of contracts, and processing of all contract amendments. In addition, the CCU will also be responsible for contractor communications and training, contract coordination and budgeting, and coordination with program monitors in other departments, who remain responsible for program implementation for each contract.

In response to a HUD Single Audit Finding during PY 2003, the City's Housing Department has compiled a draft manual documenting guidelines and procedures to facilitate CDBG, ESG, and HOME Program operations. This manual contains general administrative procedures (concerning time sheets, HUD reporting deadlines, and a draft signature and authorization list); contracting boilerplates concerning community agencies and City departments for use of CDBG/ESG funds, and development loan agreements implementing HOME financing; loan guidelines for the City's Housing Trust Fund, Single Family Rehabilitation Program, and the City's American Dream Downpayment Initiative; and procedures for a variety of accounting, disbursement, decision criteria, monitoring, and competitive bidding. Finally, the draft procedures manual contains sample forms referred to in the procedures discussions.

Environmental review actions were tightened up in PY 2003, including development and of an ongoing environmental review tracking sheet that tracks the environmental review and Section 106 status of projects under way in each of the City's housing development and rehabilitation programs. Procedures will be set down for the manual during PY 2004.

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The City of Berkeley, like many other large and small jurisdictions, faces challenging fiscal and programmatic times attempting to implement housing, community development, anti-homelessness, and anti-poverty policies and strategies called for in federal, state and local laws. Berkeley and its energetic and committed phalanx of community agencies remains committed to realizing these goals and following these policies, while we recognize more must occur with less.

Berkeley as a community and a municipality creates affordable housing, maintain and improve the housing stock, fight poverty and homelessness, and develop healthy and well-socialized children, youth, and communities; it does more than many cities of comparable size. To accomplish these community-based commitments in Program Year 2003, Berkeley intake and support service agencies collaborated creatively with the City's Housing Department and Mental Health staff to ensure continuing successes of the City's Shelter Plus Care Programs. This federal program is the City's centerpiece for achieving its Consolidated Plan and Homeless Continuum of Care Plan goals. In PY 2003, the Housing Department and Planning Department commenced interdepartmental coordinating meetings to address issues of permit streamlining, technical assistance and training about housing programs and analysis, housing and development policy in Berkeley, code enforcement, and other issues. The spirit of collaboration and coordination in the provision of government services and the use of scarce public taxpayer funds is alive and well in Berkeley and nowhere more in evidence than in Berkeley's spirited commitment to collaborative problem-solving in the situations facing Building Opportunities for Self-Sufficiency and the Jobs Consortium, discussed above.

Berkeley will continue funding for its anti-poverty programs despite surrendering WIA contracts with Alameda County in PY 2003. Berkeley continues to fund affordable housing developments that are under way and those in the planning stages in PY 2003, and in future years. Berkeley is committed to improving its coordination of Homeless Continuum of Care agencies here in Berkeley and regionally through timely policy deliberations and budget allocations, as well as through technical integration of a Homeless Management Information System that will greatly improve the collection and dissemination of information about homeless service clients.

Despite the challenges and setbacks, Berkeley is a community successfully pursuing its housing, anti-poverty and community development goals with a creative and varied fusion of financing sources, professional commitment and insight, and active community support.

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I. Introduction

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II. Goals and Objectives

The City of Berkeley's Consolidated Plan for Housing and Community Development (ConPlan, adopted by the City Council in May 2000) lays out four sets of strategic goals and objectives addressing the following areas:

- Housing
- Homeless Priorities and the 1998 *Berkeley Homeless Continuum of Care Plan*
- Anti-Poverty Strategy
- Community Development

These goals, objectives and priorities are summarized for each of these areas at the start of each discussion in Chapter IV, below.

The CAPER describes the City's low income housing and community development activities carried out during the period July 1, 2003, to June 30, 2004, 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 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.

In its 2003 Annual Action Plan, Berkeley also identifies housing and community development goals and priorities that are consistent with the 5-year Consolidated Plan as well as with City Council goals for FY 2003 to:

- Continue to promote affordable housing for low income persons and persons with special needs and those who are homeless;
- Maintain the safety of the City's housing stock;
- Promote fair housing;
- Provide healthy youth alternatives;

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- 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 and provide training and placement services for those who are unemployed, underemployed, or underpaid;
- Assist the Berkeley Housing Authority's rehabilitation efforts for the Low Income Public Housing Units;
- 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 Whites and other racial/ethnic populations in the City.

III. Background

The City's accomplishments in Program Year 2003 need to be placed in social and economic context. Between July of 2003 and June of 2004, the continued slowness of the state and local economy, rising construction material (concrete, steel, wood) costs resulting from greatly increased demand from Chinese development efforts, and the war budget at the national level meant that fewer funds were available to undertake housing, public services, and other community development activities, even as the social need for affordable housing and services increased.

Unemployment, Poverty, and Household Income

Despite slow job growth nationally and in California, unemployment remained a problem in Berkeley during Program Year 2003. Unemployment has declined statewide, in the Oakland Metropolitan Statistical Area, and in Berkeley, according to the California Employment Development Department, the unemployment rate in Berkeley in July 2004 stood at 5.8 percent with 3,830 residents estimated to be unemployed, approximately 700 less than last year at this time. These figures do not include those who are underemployed, working part-time, self-employed, or returning to school. They also do not record those who stopped seeking employment, since these individuals are neither counted as part of the labor force, nor do they receive unemployment benefits. Berkeley's unemployment rate is, however, lower than Alameda County's (6.2 percent) in July 2004. Berkeley has the third highest unemployment rate in Alameda County behind Oakland (11 percent) and Emeryville (6.9 percent).

Berkeley is home to an economically diverse resident population. Berkeley's total population below the poverty line increased by over 3,000 persons between 1989 and 1999 from 16,370 to 19,495, with most of this increase occurring among those of working age, 18 to 64 years old. Berkeley's poverty rate increased slightly during this period from 18 to 19 percent, as compared with the Bay Area's poverty rate of 7 percent (between 2000 and 2002). Factoring out Berkeley's low-income college student-age population reveals that in 2000 there remain about 16,300 residents under the poverty threshold in Berkeley, up 18 percent from 13,700 residents in 1990 under the poverty line.

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Despite lingering unemployment, household incomes in the Bay Area continue to rise. The U.S. Department of Housing and Urban Development (HUD) announced new household income guidelines in February 2004, showing that for Berkeley-Oakland Primary Metropolitan Statistical Area median household income rose from \$76,600 in 2003 to \$82,200 in 2004, a 7.3 percent increase. In the Bay Area, 26 percent of the region's families are affluent (family income exceeding \$127,000) according to the Public Policy Institute of California, the largest regional concentration of wealthy families in California. Berkeley's share of wealthy households (those reporting over \$100,000 in income in 1999 on the 2000 Census) is 21 percent.

Home Prices

Rapid price appreciation continues to characterize Berkeley's single-family home market (see Table 1, below). Where the median home price in 1999 was \$310,000, by 2003 the median rose in Berkeley to \$560,000, an 81 percent increase during that period. Single-family home prices increased about 7.6 percent between 2002 and 2003, according to data from the Alameda County Assessor's office. The 10th percentile sale price during 2003 was \$364,000 (for a 1,300 square-foot unit), and the 90th percentile sale price was \$925,000 for a 2,445 square-foot home.

Table 1: Sales Prices of Single-Family Homes and Condominium Units in Berkeley, 1999-2004						
Type of Property	1999	2000	2001	2002	2003	1st Third, 2004
Single Family Units						
Total # of units	770	554	532	540	661	148
Median Sales Price	\$310,000	\$425,500	\$491,000	\$520,500	\$560,000	\$597,500
Condominium Units						
Total # of units	120	87	105	92	113	25
Median Sales Price	\$228,500	\$305,000	\$301,500	\$335,000	\$355,000	\$427,500

Sale prices of condominium units in Berkeley also increased but not as rapidly as prices in the single-family market. Since 1999, median condominium prices rose 55.4 percent in 2003 to \$355,000. This median price is also a 6 percent increase over condo prices in 2002.

With condominiums a more affordable home ownership alternative (although getting increasingly difficult), City staff observe a growing interest in the community in either converting existing rental apartment buildings to condominium forms of ownership, or in developing new condominium units. However, California has seen a protracted stagnation in development of new condominium units since the early 1990s due to significant investment uncertainties created by construction defect litigation. (Between 1992 and 2003, Berkeley saw 25 rental units converted to condominiums as the City strived to protect the most affordable sector of its residential real estate market, rent-controlled apartments.) Passage of a 10-year statute of limitations on such litigation by the state Legislature helped alleviate risks involved in new condominium development. However, developers of new units must face with six- or seven-figure "wrap-around" insurance premiums for 10-year policies that cover the developer, the construction contractor, and all subcontractors until the statute of limitations lapses. These up-

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front insurance costs have been a continuing hindrance to new condominium construction in California, and Berkeley in particular.

Table 2: Change in Rental Housing Costs in the San Francisco Bay Area Since 2001		
Time period	Consumer Price Index	Price inflation/ (deflation)
From January 2001 to June 2004	240.6	8.1%
	261.7	
From September 2001 to June 2004	258.0	1.4%
	261.7	
From October 2002 to June 2004	262.5	(0.3%)
	261.7	

Source: U.S. Bureau of Labor Statistics.

Increasing Rents

The CPI for rent of primary residence varies widely depending on when you measure it. As shown in Table 2 above, the bulk of the increase in rents since January 2001 occurred in the first nine months of 2001, and the CPI-Rent data confirm that rents have been all but stagnant in the Bay Area since that time.

Rents overall in Berkeley continue to increase when viewed from the onset of vacancy decontrol in 1999, but they increase more slowly since 2002 (see Table 3). In addition, the total number of units rented in Berkeley fell slightly (-0.7 percent) between 2002 and 2003.

Table 3: Median Rents of New Tenancies						
	1999	2000	2001	2002	2003	1st Half, 2004
Studio	\$ 715	\$ 800	\$ 900	\$ 850	\$ 850	\$ 850
1-Bedroom	950	1,100	1,200	1,150	1,100	1,100
2-Bedroom	1,300	1,500	1,650	1,600	1,500	1,450
3-Bedroom	1,650	1,980	2,100	2,150	1,999	2,050

Median rents on newly renting vacant units and the number of newly renting units in Berkeley also declined slightly between 2002 and 2003; however, according to Berkeley Rent Stabilization Board data, median rents for studios and 1-bedroom units have stabilized in the first half of 2004. Also, in the first half of 2004, the median rent on new tenancies in 2-bedroom units declined slightly, while they went up slightly for 3-bedroom units (of which there are many fewer than 1- or 2-bedroom rental units in Berkeley).

IV. Meeting Consolidated Plan Goals and Priorities

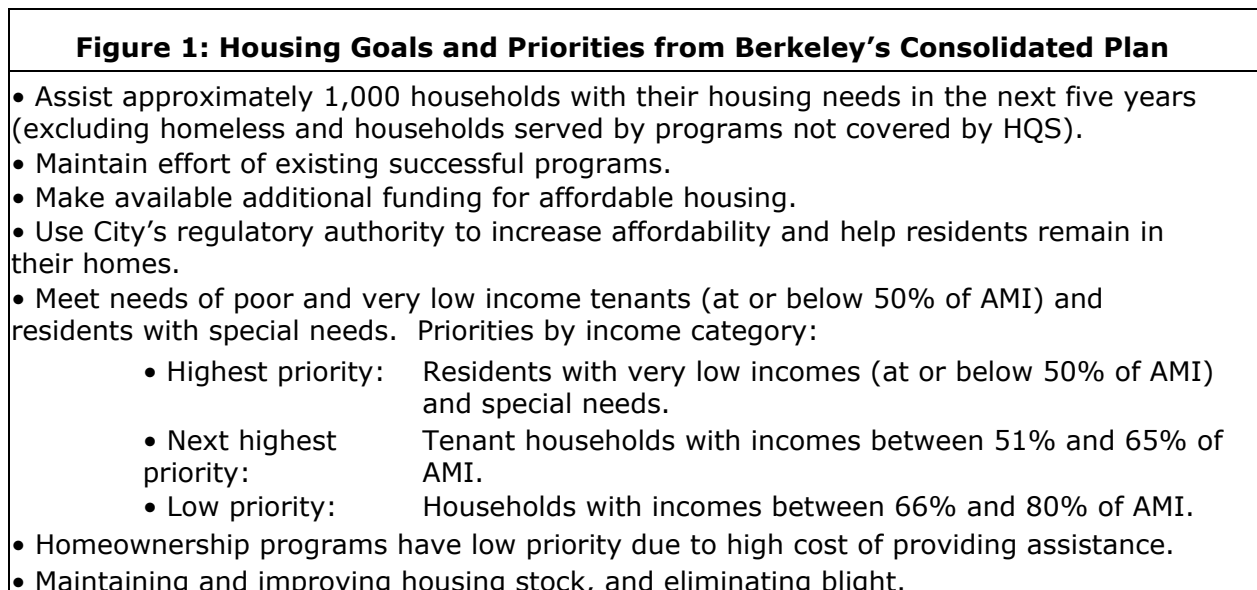
The City’s activities to meet its Year 2003 Action Plan and ConPlan goals were generally successful, especially in view of the budgetary constraints faced. Despite a reduction in local

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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 absorbing further cuts in Fiscal Year 2004-05. In addition, two key homeless service provider agencies undergo significant restructuring of their operations in response to HUD audit findings. These findings require the agencies to develop repayment plans so that HUD is properly reimbursed.

A. Housing

Berkeley’s housing goals and priorities from its 5-Year Consolidated Plan (from May 2000) are summarized below in Figure 1.



Meeting Housing Needs

Since Program Year 2000 (July 1, 2000 to June 30, 2001), the City has made considerable progress toward its goal of assisting approximately 1,000 households with their housing needs. Excluding programs assisting homeless people and housing programs that do not rely upon housing quality standard inspections, Berkeley was able to assist a cumulative total of 561 households since PY 2000:

- Low-Income Public Housing Units leased up to new tenants in period, 14
- Rental Housing Construction Program Units leased up to new tenants in period, 2
- Section 8 Vouchers newly leased up, 522, including 37 obtaining new inclusionary units in several new developments in Berkeley, and
- New, occupied Housing Trust Fund units, 23 units (18 at Adeline Apartments and 5 at 1320 Haskell Street)

The City of Berkeley anticipates that during PY 2004, another 27 units (1719-25 University Avenue) will be completed, and another 68 units will begin construction (1001 Ashby Avenue and 2577 San Pablo). Should 2517 Sacramento Street’s litigation end favorably for AHA,

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another 40 units could begin construction as well. Assuming these units commence within the Consolidated Plan horizon (ending in May 2005), the City will have made investments and ensured that 696 new households will have been assisted through Berkeley's auspices, approximately 70 percent of its Consolidated Plan target with one year remaining in the ConPlan planning horizon.

Berkeley continues to have a very active affordable housing community and local government. In PY 2003, Berkeley tracked 15 new housing projects (see Table 4) and the City was operating four other housing programs in addition to its Housing Trust Fund and Inclusionary Housing Ordinances in order to expand housing opportunities (including disabled accessible housing) and ensure preservation of affordable housing stock throughout Berkeley, including the City's Shelter Plus Care Program, Single Family Rehabilitation Loan Program, Residential Access for the Disabled Program (operated by the Center for Independent Living), Home Safety and Repair Program (operated by Community Energy Services Corporation), and the Safe Homes Project (operated with volunteer labor by Rebuilding Together).

Table 4			
Summary of Housing Developments and Programs Undertaken to Achieve Consolidated Plan Housing Goals, PY 2000-2004			
Programs	Affordable 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			
2200 block of Oxford between Allston Way and Kittredge Street Resources for Community Development and Equity Community Builders	90 units	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. The developer is undertaking a parking study and has applied for a \$2.2 million Housing Trust Fund Loan in PY 2004.
2121 7 th Street Affordable Housing Associates	48 units	Continuing	Negotiations opened to acquire this property using a \$300,000 HELP program loan, recommended by Housing Advisory Commission at end of PY 2003.
1001 Ashby Avenue AHA	50 units	Continuing in use permit process and for more funds from Housing Trust Fund.	AHA successfully refinanced this project at end of PY 2003 to cash out original private mortgage to acquire the property. Project has completed federal environmental review, and has applied to Housing Trust Fund in PY 2004.

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**Table 4
Summary of Housing Developments and Programs Undertaken to
Achieve Consolidated Plan Housing Goals, PY 2000-2004**

Programs	Affordable Units	Status	Beneficiary/priority/comment
2612 San Pablo Avenue Jubilee Restoration (Jubilee Village)	118 units	Continuing	Project will be developed in two phases. First phase would be about 64 units on San Pablo Avenue where project is consistent with commercial zoning. Second phase of 54 would need rezoning to accommodate unrestricted artisan loft units.
1419 Ashby Avenue NCLT (South Berkeley)	4 units	Discontinued	NCLT is having organization capacity issues, and was directed by the City to sell this property.
1320-22 Haskell Street Northern California Land Trust (NCLT)	5 units	Completed	Homebuyers found for finished units. One homebuyer purchased her unit with assistance from the Section 8 Homebuyer Program.
Priority: Affordable Housing Development through City's Inclusionary Housing Ordinance Program and/or California Density Bonus Law			
2006 University Avenue	7 units	Nearing completion	Panoramic Interests.
2119 University Avenue	8 units	Nearing completion	Panoramic Interests.
2471 Shattuck Avenue	20 units	Nearing completion	Panoramic Interests
1392 University/Acton Site (Inclusionary requirement) Panoramic Interest/Jubilee Restoration	20 units	Completed	Total 71 units in this project, a partnership between Jubilee Restoration, Inc., and Panoramic Interests, LLC. Project contains 10 Section 8 units and 10 units with rents affordable at 81 percent of AMI. Project benefited from write-down of City-owned land acquired from State of California.
2700 San Pablo Avenue (Inclusionary Units)	7 affordable units in a permitted 35-unit project	Continuing	Although this project finally received a Use Permit after neighborhood opposition, developer sold the project because it was not economically feasible. New owner is a developer who is expected to seek a use permit modification, possibly for condominium development.
Priority: Meet Special Housing Needs of Poor, Elderly, Disabled and Others with Special Needs			
2577 San Pablo Avenue Jubilee Restoration and RCD, Inc. Senior Housing	27 units	Continuing, nearing start of construction	\$2.7 million from HTF (including HELP loan replacement) has been approved and HUD awarded Section 202 capital advance and rent subsidy. Project required \$2

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**Table 4
Summary of Housing Developments and Programs Undertaken to
Achieve Consolidated Plan Housing Goals, PY 2000-2004**

Programs	Affordable Units	Status	Beneficiary/priority/comment
			million more than originally projected, and returned to the City for another \$450,000 loan in June 2004.
1535 University Avenue Satellite Housing Senior Housing	79 units	Continuing	Project would add new affordable senior housing in Central Berkeley near Sacramento Street and University Avenue. Site was acquired with assistance of a \$600,000 HELP loan during PY 2003 from the City of Berkeley.
2517 Sacramento Street, AHA, Inc. Senior Housing	38 units/30 affordable	Continuing, but in litigation over environmental issues	Litigation over environmental (aesthetic) issues continued when Superior Court decision was appealed. Decision on appeal expected by no later than mid-October 2004. AHA's costs rise, and have requested additional funds from the next HTF round.
1719-25 University Avenue AHA Disabled Housing in mixed- ability environment (mainstreaming model)	27 units	Under construction, nearing completion in PY 2004	New construction, universal designed allows for disabled & non-disabled affordable housing. Because of unanticipated underground water flow during springtime excavation, developer used up contingency and to keep private mortgage solvent, sought an additional \$539,000 to cover remaining costs of completing project construction.
Shelter Plus Care Program (Citywide, scattered site model) Permanent supported housing for formerly homeless and disabled individuals. Tenant- based subsidies with intensive case management and service provision for program clients.	198 units	Ongoing	City and Alameda County HCD have jointly applied for 22 more vouchers that would be split evenly between the County and the City of Berkeley.
Sankofa House at 711 Harrison Street, Phase I of Ursula Sherman Village BOSS, Inc. Transitional housing for homeless families	4	Under construction	Project obtained building permits, broke ground, and completed two stories of framing and roof at end of PY 2003.
2111 McKinley Street BOSS, Inc.	6 units	Continuing	Cost estimates undergoing final analysis. Unanticipated seismic retrofit work to be

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**Table 4
 Summary of Housing Developments and Programs Undertaken to
 Achieve Consolidated Plan Housing Goals, PY 2000-2004**

Programs	Affordable Units	Status	Beneficiary/priority/comment
Transitional housing for homeless families			done also.
3404 King Street Eunice Ann Finch Center Fred Finch Youth Center Transitional housing for homeless youth	12 beds	Ownership transfer	Transfer of this property from BOSS to Fred Finch Youth Center is in escrow to take ownership of the facility as housing for homeless youth. They are currently operating the services at the site under City contract.
Bridget House Transitional Housing Women's Daytime Drop-In Transitional housing for victims of domestic violence	4 units	Continuing	\$285,000 budgeted project completed during PY 2003. This agency serves up to 25 individuals a day providing breakfast, hot lunch, and snacks and social services. About 2/3 African-American, some other minorities as well.
Priority: Maintain and improve housing stock: 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))			
Single Family Rehabilitation Program (Citywide, formerly Seniors and Disabled Rehab Loan Program)	3 completed in PY 2003; 12 units in pipeline	Ongoing	No interest, deferred loans; 2 Blacks, 1 White assisted in PY 2003.
Rebuilding Together (Citywide)	20 units assisted in PY 2003	Completed	16 of 20 program beneficiaries are minorities, most African-American (14); 2 Hispanic. All 20 household beneficiaries were low-income, and of these, 16 were female-headed households. Repairs were coordinated with Alameda County Lead Poisoning Program to enhance lead paint safety.
Home Safety and Repair Program Community Energy Services Corporation	231 units assisted	Completed	22 extremely low-income, 112 low-income households assisted by CESC with minor repairs including smoke detectors, lock improvements, grab bar installations, and, less frequently, seismic retrofit (3 in PY 2003).
Residential Access for the Disabled Program (CIL, ramps and interior retrofit) (Citywide)	41 units assisted	Completed	10 lifts or ramps installed at homes of disabled individuals. 27 individuals also had interior or exterior modifications made to increase accessibility. 10 extremely low and 15 low income households assisted, as well as 17 female-headed households.

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Maintain Existing Successful Programs

The City continues to make investments in its successful and improving housing programs for:

- New construction through the City’s inclusionary housing ordinance and its Housing Trust Fund Program;
- Tenant-based assistance through its Section 8 Housing Voucher and Shelter Plus Care programs;
- Rehabilitation through its Single Family Rehab, Home Safety and Repair, Residential Access for the Disabled, and Safe Home Repair programs; and
- Homelessness prevention, through the City’s ongoing investment in its Homelessness Prevention Program, operated by ECHO.

Make Available Additional Funding for Affordable Housing

Table 5 shows that Berkeley allocated over \$11.3 million to affordable housing proposals through its Housing Trust Fund between July 1, 2000, and June 30, 2004, with about 13.7 percent of this investment coming from local general fund, housing mitigation, and redevelopment sources (mostly general funds). State HELP funds provided short-term loans to nonprofit housing developers to acquire sites for new developments; these acquisitions accounted for 23 percent of Berkeley’s HTF investments. These loans have all been repaid as of this writing.

Table 5: Berkeley Housing Trust Fund Allocations During the Consolidated Plan Period, Fiscal Years 2001-2004					
Fiscal Year ending:	General Funds, Housing Mitigation, and Redevelopment Funds	CDBG	HOME	State HELP Funds (site acquisition)	Total Allocations
June 2001	\$627,600	\$245,000	\$1,317,674	\$1,494,000	\$3,684,274
June 2002	696,820	404,000	2,584,708	500,000	\$4,185,528
June 2003	0	50,000	0	0	\$50,000
June 2004	228,125	1,052,500	1,516,675	600,000	\$3,397,300
Total Allocations	\$1,552,545	\$1,751,500	\$5,419,057	\$2,594,000	\$11,317,102

Berkeley will increase its leveraging of non-federal sources of funds for affordable housing production during Program Year 2004. With its conditional certification of compliance¹ with state housing element law from the California Housing and Community Development Department (State HCD), the City applied for \$1,000,000 from State HCD’s Local Housing

¹ The California Department of Housing and Community Development issued its compliance certification “conditioned on the City’s implementation of the commitments” in Berkeley City Council Resolution No. 61,955-N.S., adopted February 25, 2003, which involves insertion of language in the City’s General Plan Housing Element relating to the performance and history of Berkeley’s Zoning Ordinance and that the City is to provide written confirmation within a year of certification that it has reviewed its ordinances, regulations, and procedures to identify unnecessary impediments to housing development. These actions are currently under review by the Berkeley Planning Commission. The City of Berkeley takes the position that while it intends to comply with the Department’s conditions, there is no provision in state law that provides for “conditional certification” of housing elements, and it was on that basis that the City was eligible to apply for and receive a state local housing trust fund grant.

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Trust Fund Program under AB 1891 of 2002. The City was awarded this grant in February 2004 and has opened a new round of proposals from developers to the City's Housing Trust Fund that relies in part on these funds from the State. For more on the City's efforts to leverage other funding sources, see Chapter V, Section F, Leveraging Resources.

Using the City's Regulatory Authority

The City of Berkeley continues to use its regulatory authority to enforce the California housing code, to regulate evictions under its Eviction Control Ordinance, and to regulate housing developments to provide affordable housing units through its Inclusionary Housing Requirements, contained in the City's Zoning Ordinance (at Chapter 23C.12).

Berkeley's most important regulatory program for housing development is its Zoning Ordinance. Planning Department staff undertook to complete zoning revisions to bring the Zoning Ordinance into compliance with Council's 1996 adoption of the University Avenue Strategic Plan. That Plan creates regulatory nodes along University Avenue that result in areas of denser residential development along the Avenue to stimulate additional pedestrian traffic, and retail and commercial development in this corridor. During PY 2003, the Berkeley Planning Commission heard extensive public testimony from neighbors, developers, merchants, and staff regarding how to implement the University Avenue Strategic Plan, and the Commission completed its review in June and revised the Zoning Ordinance's C-1 and C-W and residential districts which comprise the UASP corridor. State law requires that decreases in regulated density in one area of a city must be compensated for by increases in another area of the same city. The result of the UASP zoning changes appear to be nearly neutral within the corridor, and thus will have negligible impact on the residential development capacity of its zoning ordinance.

Established in August 2001 in Ordinance No. 6,651-N.S., the City has continued vigilantly to monitor and improve its Rental Housing Safety Program. In PY 2002, the City revised the Rental Housing Safety Program (RHSP) to eliminate the requirement of property owners to notify the City for each new 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 during PY 2002. In PY 2003, RHSP staff concentrated on implementing these changes to the program, and also made additional changes to RHSP Ordinance definitions, certifications, and enforcement and appeal procedures. These most recent changes to the program are intended to provide for more efficient operation of the program for both City staff and Berkeley property owners by reducing the amount of paperwork to be processed, while also clarifying terminology and overall program administration.

The City also used its regulatory authority to increase affordable homeownership opportunities in Berkeley. The Berkeley City Council adopted revisions to its Inclusionary Housing Requirements Ordinance (Berkeley Municipal Code Chapter 23C.12 *et seq.*) that changed the pricing formula for inclusionary condominium (ownership) units. The new pricing formula took effect in February 2004. Under the adopted changes, developers seeking to construct new condominium units in inclusionary projects would be eligible to receive most or all of their per-

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unit development costs as the price of the new inclusionary ownership units in their projects, adjusting for bedroom size. The formula establishes that inclusionary ownership units may receive a base price of at least three times 80 percent of the area median income, while capping prices at a level no higher than three times 120 percent of the area median income (with prices also indexed to various square footage and household income ranges according to City regulations). In adopting the Ordinance revisions, the City Council also placed a sunset provision on the ordinance; these changes to the formula are set to expire after staff review on February 19, 2006.

As a result of this change to the City’s inclusionary housing requirements, developers show renewed interest in submitting new applications, or revising applications for use permits on rental projects so that they may become condominiums. Properties now in the planning phase for condominium development include:

- 1801 Shattuck Avenue (about 35 units, 7 inclusionary)
- 3075 Telegraph Avenue (10 units, 2 inclusionary)
- 2616-20 Telegraph Avenue (20 units, 4 inclusionary)

Other projects, including a proposed high-end 149-unit rental project on Center Street and 2700 San Pablo Avenue, are considering changing to condominium ownership to meet increased demand in the Berkeley market for more affordable home ownership opportunities; this proposed project includes 24 inclusionary units. It is not known yet whether this developer would retain these units as rentals or sell them off as affordable condominiums.

Table 6: Berkeley’s CDBG Beneficiaries by Income Category for Program Year 2003						
	Extremely Low, <=30% of AMI	Low, >30% and <=50%	Moderate, >50% and <=80%	Total, Low- Mod	Non Low- Mod	Total Beneficiaries
Housing Beneficiaries						
Persons	0	0	32	32	0	32
Households	274	500	116	890	0	890
Not Specified	0	0	0	0	0	0
Non-Housing Beneficiaries						
Persons	4,754	368	432	5,554	28	5,625
Households	165	3	0	168	0	168
Not Specified	0	0	0	0	0	0
Total Beneficiaries						
Persons	4,754	368	464	5,586	28	5,614
Households	439	503	116	1,058	0	1,058
Not Specified	0	0	0	0	0	0

Beneficiaries: Poor and Low-Income Tenants and Residents with Special Needs

The City of Berkeley places a high priority on meeting the housing and services needs of tenant households and individuals whose incomes are at or below 50 percent of Area Median Income

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(AMI). Table 6 indicates most beneficiaries of the City’s federal formula grant allocations possess incomes at or below 50 percent of AMI. Roughly one-quarter of these beneficiaries are actually extremely low income, defined as having a household income at or below 30 percent of AMI. These data are from the City of Berkeley’s IDIS report, “Program Year 2003, Summary of Accomplishments,” August 31, 2004.

In addition, this report shows that, for those agencies and programs reporting race and ethnic data on the individuals and households they serve, about 43 percent are White, 34 percent are Black or African-American, 10 percent are Asian, 1 percent are American Indian, and nearly 12 percent report two or more races in their heritage. Berkeley’s programs also served about 3,500 Hispanics and Latinos.

The City continues meeting its ConPlan priority of using federal, state, and local monies to assist and benefit low and very low-income people and those with special needs. Information on specific activities is contained in the Grantee Performance Report (GPR, Attachment F to this CAPER), and are summarized in Chapter V, Sections B and D.

Last year about 5,600 persons and over 1,000 households received assistance with CDBG, ESG, and HOME funding decisions and direct service and affordable housing provision in Berkeley. Beneficiaries were predominantly minorities (see Table 7), 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, 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.

Table 7: Berkeley CDBG Beneficiaries by Disclosed Race and Ethnic Categories, Program Year 2003				
Disclosed Race of Beneficiary	Persons		Households	
	Number	Hispanic	Number	Hispanic
White	1,311	81	295	19
Black/African-American	2,073	31	658	22
Asian	293	3	29	2
American Indian/Alaska Native	108	5	7	0
Native Hawai’ian/Other Pacific Islanders	17	0	7	0
Other Multi-Racial	1,586	1,104	2	0
Total Beneficiaries Disclosing Race and Ethnicity	5,388	1,224	998	43

Although many of Berkeley’s programs are defined Citywide, many beneficiaries are from the

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Neighborhood Strategy Area (NSA), which is in South and West Berkeley. The programs target low-income people, most of whom reside in the NSA. For example, most of the repair/rehab projects directly assisting seniors and disabled (although the programs' eligibility are citywide) were undertaken in South and West Berkeley, although during PY 2003 some new rehabilitation projects were initiated in north Berkeley neighborhoods not historically served by City programs. In terms of housing, a number of factors contribute to a housing project's site location. Site availability, cost, neighborhood resistance, project need, and feasibility continued to be the driving forces for locating projects rather than any intentional focus on the NSA. Whereas, non-profit new construction projects are typically completed in South Berkeley (for example, Adeline Street Apartments, and Haskell Street Project), inclusionary units (non-federally funded) were in the Downtown area and south Shattuck Avenue areas. Several new inclusionary projects will be opening in PY 2004, and will be documented at that time.

Table 8							
HOME Unit Completions by Percent of Area Median Income							
	Extremely Low, <=30% of AMI	Low, >30% and <=50%	Moderate, >50% and <=60%	>60% and <=80%	Total, 0% to 60%	Total 0% to 80%	Reported as vacant
Rentals	2	3	0	0	5	5	0
Tenant-Based Rental Assistance Families	0	0	0	0	0	0	0
First-Time Homebuyers	1	1	2	1	4	5	0
Existing Homeowners	0	0	0	0	0	0	0
Total, Rentals and TBRA	2	3	0	0	5	5	0
Total, Homebuyers and Homeowners	1	1	2	1	4	5	0
Total Beneficiaries	3	4	2	1	9	10	0

Beneficiaries: Renters and Owners by Income Status. Table 8 summarizes HOME unit completions for renter and owner beneficiaries in Berkeley during PY 2003. Seven (7) of 10 unit completed went to extremely low (3) and low-income (4) households during PY 2003. Of these 5 of the units were rentals, benefiting low- and extremely-low income tenant households, while 2 were for homeowners between 0% and 50% of area median income.

Home Ownership Assistance

As stated in Berkeley's ConPlan, active investment in creation of affordable homeownership opportunities has been low-priority in Berkeley. But in April 2004, the City Council adopted guidelines for the City's implementation of its American Dream Downpayment Initiative formula grant from HUD during PY 2003. The City's formula grant for ADDI is \$123,785 for program years 2003 and 2004. The City anticipates that ADDI funds may subsidize

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downpayments for up to six households in PY 2004. And in January 2004, the City also adopted changes to its Inclusionary Housing Requirements in the Zoning Ordinance that has already stimulated several new applications for new condominium developments, 20 percent of whose units will be affordable to low-income Berkeley households. To match qualified buyers with these affordable ownership units, the City:

- Maintains an interest list of people drawn to buying affordable condominiums, and
- Coordinates efforts with the Home Buyer Assistance Center in Oakland when affordable ownership units become available.

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 2003 the City again provided three Certifications of Consistency with the Consolidated Plan: the McKinney SHP application (spearheaded by staff of the Alameda County Housing and Community Development Department), the University of California at Berkeley application for Community Outreach Partnership Centers funding for its UC Community and Faith-based Partnership Initiative, and the Ed Roberts Campus BEDI application (see Section E, Other Actions, below).

Improving Housing Stock, Eliminating Blight

The City continues to address blight, seismic and personal safety, and energy efficiency issues through investment of CDBG funds into several housing rehabilitation programs that assist low-income disabled and senior residents with funds and active technical assistance in developing specifications for work, retaining contractors to repair and replace long-deferred maintenance, addressing structural deterioration, and providing safety and security measures (see Table 4, above). Much of Berkeley's private housing stock has been well-maintained over the last decade due in part to falling interest rates, rising incomes, and availability of equity lines of credit that enable many households to undertake repairs on their units, despite rising, material costs, and home prices independent of government programs.

As noted above, the City actively uses its regulatory authority in several ways to further ConPlan goals. The City's Inclusionary Housing Requirements of the Zoning Ordinance stimulates production of new rental apartments and condominiums to improve the housing stock in a single-family market where the median single-family home price is approaching \$600,000 (and the median condo price just \$350,000 by comparison). Prior to amendment of the Ordinance during Program Year 2003, there had been no new multi-unit condominium projects subject to the City's Inclusionary Housing Ordinance since the mid-1990s, and new production appears to have been stimulated here by this regulatory change. New condominium units created under this ordinance change will be permanently subject to resale controls that will limit price increases to the change in the Bay Area Consumer Price Index.

The City of Berkeley also uses its regulatory authority to regulate evictions and rents on occupied rental units within its jurisdiction. These units must adhere to the California Housing Code standards of habitability; if they do not, tenants are allowed, under Berkeley's rent stabilization ordinance, to withhold rents until repairs are completed. Through the City's

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Housing Code Enforcement Program, tenants may request service of an inspector to assess the condition of their unit.

Trends in vacancy registrations of rental units under Berkeley's rent stabilization ordinance are discussed below.

Rehabilitation Programs

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). City staff studying the problem learned that many of those with complaints about the CALDAP program were eligible for Single Family Rehab Program assistance, and their issues could be resolved.

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, including improved coordination with environmental review processes. CIL's Residential Access for the Disabled Program, mentioned above, provided 10 new ramps or wheelchair lifts at homes of disabled individuals, and provided another 27 disabled individuals with interior or exterior modifications to their homes to improve accessibility. The Berkeley Home Repair Program operated by the Community Energy Services Corporation (CESC) provided 196 clients with minor home repairs including smoke detectors, lock improvements, grab bar installations, and security bar upgrades. They also provided 3 clients with seismic retrofit measures.

The City's Single Family Rehabilitation Program (SFRP, formerly the Seniors and Disabled Rehabilitation Loan Program) provided loans up to \$35,000 in PY 2003 to senior and disabled homeowners for home improvements. Due to temporarily reduced project staffing levels during the year, just 3 units were completed during PY 2003, and another 12 projects are in the pipeline (see Table 4, above). The Program drew down 56 percent of its allocation during PY 2003.

Anti-Blight Activities and Code Enforcement

Last year anti-blight activities primarily occurred through the Rental Housing Safety Program, combining 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. Isolated properties around Berkeley remain blighted, but they are few in number.

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

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also approved a \$17 per unit fee for owners to pay which is expected to make the program self-sufficient and no longer dependent on CDBG. In addition to CDBG funds, in FY 2002-03 the City used General Funds for required code enforcement and received 2nd year funding from the Rent Board and from U.C. Berkeley for RHSP operations.

Lead-based Paint 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.

Weatherization Program

The City's Weatherization staff located in the Housing Department continues its very active involvement in energy conservation/weatherization programs, including outreach about available payments 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.

B. Homelessness

Figure 2: Homeless Priorities of the Berkeley Consolidated Plan and the 1998 Berkeley Homeless Continuum of Care Plan
<ul style="list-style-type: none">• 5-year goal to place an additional 250 households in transitional or permanent housing, 100 through Housing Trust Fund developments.• Maintain effort of existing successful programs a high priority.• Seek separation of Shelter Plus Care Program from Supportive Housing Program funding.<ul style="list-style-type: none">• Management Information Systems (MIS) use by homeless service providers is a high priority.• Adopt and implement standards of service for emergency shelters.• Provide winter shelter to homeless people through collaboration with the City of Oakland at the Oakland Army Base.

Adding Transitional or Permanent Housing

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The City of Berkeley exceeded its 5-year goal of placing an additional 250 households in transitional or permanent housing during Program Year 2003. Since June of 2000, a total of 276 new (unduplicated) households were placed in permanent supportive housing opportunities through the City's four Shelter Plus Care Program grants (providing an inventory of 159 tenant-based housing vouchers linked to supportive services for disabled, formerly homeless individuals). In Program Year 2004, Berkeley and Alameda County submitted a joint application for 22 more Shelter Plus Care vouchers to HUD's Supportive Housing Program, and if awarded, Berkeley would receive about half of these vouchers, increasing its inventory of supportive housing units into which new households may be placed. Berkeley's four permanent supportive housing programs currently house 198 persons as of the end of Program Year 2003.

Also addressing its goal of placing an additional 250 households in transitional or permanent housing, the City increased coordination between its Shelter Plus Care Program and the Section 8 Housing Voucher Program of the Berkeley Housing Authority. Between Program Year 2000 and 2003, 34 individuals in the Shelter Plus Care Program exited that program in order to receive a Section 8 Housing Voucher, enabling the Shelter Plus Care Program to provide certificates to new clients, so that these new clients may permanently exit homelessness.

Maintain Existing Successful Programs

Berkeley once again collaborated with Alameda County to submit a proposal through the Supportive Housing Program NOFA process in July 2004 for a total of 22 new Shelter Plus Care Vouchers. Should these new vouchers be awarded to the County, 11 of them would be dedicated to Berkeley's program to house eligible individuals in Berkeley and Oakland.

The City of Berkeley Housing Trust Fund allocated \$583,000 to two new transitional housing projects in this period as well (to 2418 8th Street in PY 2001 and Sankofa House at 711 Harrison Street in PY 2003).

The City continues its goal of maintaining through its budget allocations the efforts of successful programs serving homeless people in Berkeley, and even reoriented its priorities to allocate funding to services that address health and detoxification needs of chronically homeless individuals here. While 8 homeless programs received reduced or no funding in PY 2003 from the City of Berkeley, numerous programs saw level funding continue, and programs targeting substance abuse and detoxification, and health care were actually increased from funds available from other programmatic reductions. The Berkeley Homeless Commission, which is responsible for providing budget recommendations to the City Council on homeless programs and policies, has long been concerned about the need for a detox facility, the entry point into alcohol and other drug treatment for individuals who are current users. There is no detox facility in Alameda County. The Commission dedicated much of its deliberations hearing from substance abuse treatment experts, educating its members about different treatment modalities. From these deliberations, the Homeless Commission's recommendations significantly informed those of the City Manager's recommendations to Council on its homeless program budget priorities for PY 2003. In PY 2003, The City also began funding Options Recovery Services, a social model facility providing outpatient treatment, in line with the City's recognition of the gap in substance abuse treatment services.

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The City maintained, but shifted fiscal support for its Homelessness Prevention Program, operated for the City by Eden Council for Hope and Opportunity (ECHO), from the City's general fund to its CDBG budget in PY 2003. The City allocated \$140,000 to it, up from \$110,000 in previous years, and allocated an additional \$38,878 to the program to cover its administrative operating costs.

The City also maintained its transitional housing contract (administered by the Berkeley Mental Health Division[BMH]) with the Avondale Hotel, leveraging State of California AB2034 grant funds for this purpose. Berkeley Mental Health provides case management to homeless mentally ill clients under the state grant. As a strategy to effectively engage homeless and mentally ill adults who are not receiving any mental health services, BMH uses funds from the AB2034 grant to provide immediate shelter at the Avondale Hotel. The City's Homeless Continuum of Care Plan (adopted 1998) calls for implementing strategies that provide housing and intensive services for the homeless, and the state grant was obtained to help implement the City's Continuum of Care Plan.

Management Information Systems for Homeless Service Provision

Berkeley's 1998 Homeless Continuum of Care Plan calls for creation and implementation of a Homeless Management Information System, a computerized data collection application designed to capture client-level information over time on the characteristics and service needs of homeless persons. Berkeley Housing Department representatives have long participated with the Alameda County-wide Continuum of Care Council in the development of a Homeless Management Information System for Alameda County. Then in 2003, HUD issued an unfunded mandate to all local Homeless Continuums of Care to have a Homeless Management Information System in place by October 2004, since HUD is mandated by Congress to provide better data on homeless service usage and conditions to more appropriately justify proposals for funding submitted to the federal Supportive Housing Program. To defray the cost to the City and Berkeley community agencies serving the homeless, the Berkeley Housing Department applied for and received a grant of \$40,000 in CSBG funding from the California Department of Community Services and Development in November 2003. The grant will enable Berkeley agencies to purchase hardware, software licenses, and consultant services for implementation of an HMIS system here. The Housing Department will also use \$25,000 in ESG funds to purchase hardware and software licenses for three Berkeley homeless agencies and for the City of Berkeley Shelter Plus Care Program.

Emergency Shelter Standards of Service

The Alameda County-wide Homeless Continuum of Care Council adopted standards of service for emergency shelter in 2001, and the City of Berkeley followed suit since that time. Berkeley has allocated Emergency Shelter Grant funds to Berkeley's shelter sites as capital funds for bringing shelter facilities up to the standards of service called for. Recent projects have upgraded facilities at shelters operated by both the Berkeley Food and Housing Project and BOSS.

Operating Winter Shelter and Voucher Programs

During winter months the City of Berkeley operates a winter shelter and voucher program. The

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winter shelter at the Oakland Army Base provides 100 additional beds, and 50 of them are reserved for homeless individuals referred from Berkeley service providers and the City. The shelter, run by Operation Dignity, is a joint program organized by the cities of Berkeley and Oakland, and Alameda County. Berkeley contributed \$56,000 (plus another \$42,000 for transportation for all 100 residents to and from the Oakland Army Base) to its operation in PY 2003. The shelter operated from November 10, 2003 until March 31, 2004. The winter motel voucher program assists single adults who, due to medical conditions or disability, cannot be referred to the Oakland Army Base shelter; and families having either a male child over age 14 or special needs such that they are unable to be placed in one of the family shelters. The winter voucher program served 27 families and 35 single adults from December 15, 2003, through late April 2004, exceeding the anticipated 5 to 6 households.

Berkeley also funded an emergency overflow shelter run by Dorothy Day House that operated only on particularly stormy nights and was located at St. Mark's Episcopal Church. The shelter operated for 14 nights and housed up to 50 single men and women each night.

C. Anti-Poverty Strategy

Figure 3: Berkeley's Consolidated Plan Anti-Poverty Strategy
<ul style="list-style-type: none">• Funding and refinement of anti-poverty programs (including WorkSource and First Source Hiring).• Implement new Workforce Investment Act programs (which replaced JTPA programs).• Participate actively and effectively with CalWORKS programs (federal TANF).• Adopt and implement the City of Berkeley Living Wage Ordinance (LWO).• Foster regional coordination on economic development to direct benefits of Bay Area growth to low-income Berkeley residents.

Funding and Refinement of Anti-Poverty Programs

The City's own direct employment programs include WorkSource, YouthWorks, and First-Source Hiring. As of July 1, 2004, the City of Berkeley is no longer the operator of the One Stop Career Center for the North Cities area of Alameda County. First Source and YouthWorks are now the City's primary points of service for youth and adult jobseekers. Integration of the administrative as well as programmatic aspects of adult and youth employment programs will allow the City to form a continuum of employment services for Berkeley residents, beginning at the age of 14.

The adult and youth employment programs have completed their relocation to 1947 Center Street. Both programs are now co-located in the basement, allowing for the opportunity to improve service coordination and administrative functions, including consolidating cost/resource sharing and staff supervision.

The loss of WIA funding for both youth and adult programs does possess some positive results in that we can devote our full attention to our programs, and separate ourselves from the constant

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meetings and documentation requirements (which diverted much of our staffing resources away from our pre-existing programs).

The City of Berkeley continues to fund anti-poverty programs supplied by community-based organizations using both federal CDBG dollars as well as its own local general fund resources. Despite the City's continuing support, its programs underwent significant structural change this year in order to cope with program shortcomings. With notable exceptions, these agencies survived challenging economic times last year and continued to meet or exceed their goals. Nearly 600 unemployed or underemployed persons were assisted in meeting their special needs and moving towards greater self-sufficiency by four agencies in Berkeley alone: Multicultural Institute, Inter-City Services, Asians for Job Opportunities in the Bay Area (AJOB), and Women's Employment Resource Center. Of these 600, 229 were actually placed in jobs. It is unclear how long that effort can be continued with dwindling resources. Continuing reduction in public funding and private charitable contributions, coupled with increased requests for services, and high staff turnover are ongoing problems faced last year by many community agencies.

As these challenges have unfolded this year, regional coordination of anti-poverty employment programs has become more difficult for Berkeley to participate in, since County WIA resources and contractual obligations have been withdrawn. On the plus side, however, youth employment services through WIA auspices will continue in Berkeley through the efforts of Berkeley Youth Alternatives, and the City is committed to maintaining efforts of successful programs like Multicultural Institute, Inter-City Services, and AJOB that target employment and training services to specific race and ethnic communities in Berkeley.

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 must collaborate with the City's WorkSource Program. The Multi-Cultural Institute continued 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 (WERC) met its contract goals, it has struggled to meet its financial obligations to the IRS and worked for several months to pay back monies owed. Despite this difficulty, however, WERC continues to provide services, and succeeded in placing 11 clients in jobs during PY 2003, and served a total of 55 individuals total.

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 obtaining a use permit. This multi-million dollar project will create a new facility to bring together on one site a variety of services from community agencies serving the disabled community.

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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.

Workforce Investment Act and Regional Coordination

The City's employment programs should also partner with the as-yet unnamed One Stop operator to ensure the availability of Universal services to Berkeley residents. This can be accomplished through co-location (which would include cost and/or resource sharing) or a less formal memorandum of understanding.

There is also potential for a more extensive collaboration with Berkeley High School's Career Center, which up to now is under-resourced. The Career Center activities can be folded in as part of the continuum of services, however the planning of this particular strategy is in its very early stages. The collaboration would include possible out-stationing of City staff at the High School.

Table 9: Berkeley First Source Hiring Program Performance Measures, FYs 2003 and 2004		
Performance Measure	Fiscal Year 02/03	Fiscal Year 03/04
Job orders received	209	190
Referrals	281	244
Placements	109	98

The budget crisis continues to negatively impact jobs and unemployment in Berkeley and the East Bay. The preliminary June unemployment rate for Berkeley was 5.5%, a slight improvement from 5.7% as noted in the March report to Council. While placements through the Universal services in the One Stop Career Center were not tracked, the First Source program does track the job orders received, as well as referrals and placements. For the most recent two program years, First Source experienced the following activity (construction and non-construction) as shown in Table 9:

There are still some outstanding referrals pending for June 04, so that number will increase once we compile the data to close out the year. For early FY 05, we have received a job order for 28 positions in downtown Berkeley for seasonal employment, and since the wages are entry-level, we will target our recruitment to in-school youth and others seeking to augment existing income. This large job order has given First Source quite a jumpstart for FY05. It is also an excellent example of how a First Source job order will benefit integrated adult and youth programs.

Youth Works placed a cumulative total of 288 youth in both summer and year-round jobs in FY04. For this year's summer program alone, 300 applications were received for 178 available positions. Youth that were not selected to participate in General Fund subsidized positions, may meet the minimum qualifications for the above-mentioned job order and may be referred to those unsubsidized jobs.

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The City of Berkeley's WorkSource program gave up its WIA contracts for both adult and youth job services with Alameda County due to the high cost of operating them with City staff. Another agency, not named as yet, will be designated to assume the role of a one-stop job placement and training center for adults in northern Alameda County. The youth contract was subsequently awarded to Berkeley Youth Alternatives, a community agency here. The lost contracts resulted in a staff reduction of 4.2 full-time equivalent employees. The WIA contracts were lost because Berkeley's programs failed to meet performance standards for adult employment services of the Alameda County Workforce Investment Board. The City of Berkeley intends to maintain its programs, however, and will subsidize its operation with an allocation this year from the City's local general funds. The City's Office of Economic Development may resume supervision of these employment programs, which for a few years had been supervised by the Health and Human Services Department.

Berkeley Living Wage Ordinance Implementation

In 2000, the Berkeley City Council adopted a Living Wage Ordinance (Berkeley Municipal Code [BMC] Chapter 13.27 *et seq.*). In July 2003, Council amended the Ordinance to provide that the living wage be adjusted automatically commensurate with the change in the Consumer Price Index published in April of each year. Council also increased the living wage from \$9.75 to \$10.76 per hour (if medical benefits are provided) or \$11.37 to \$12.55 (if medical benefits are not provided); this change took effect in July 2003. The City initially estimated that community agencies would need another \$15,000 to \$17,000 to pay the higher wage rate to comply with the Ordinance, but did not anticipate significant impacts of the increase on the budgets of several Berkeley childcare providers. The City provided this subsidy to the agencies in November 2003. However, beginning in PY 2004, the City expects community agencies to plan and fundraise anticipating compliance with LWO requirements without City subsidies.

D. Community Development

Figure 4: Berkeley's Consolidated Plan Goals and Priorities for Community Development
<ul style="list-style-type: none">• Continue commissions that facilitate grassroots identification of needs and policies• Implementation of neighborhood services coordination and problem-solving.• Continue use of non-profit community-based organizations to meet social services and affordable housing needs.

Commissions Identify Needs and Policies

The City of Berkeley Housing Department continues to serve boards and commissions that provide input to the Department and the City Council regarding City needs and policies contained in the City's Consolidated Plan. During PY 2003, a formerly homeless Section 8 homebuyer was appointed to the Housing Advisory Commission. She participated in Commission recommendations on the CDBG and ESG program allocations to the City Council in April and May 2004, and in June she joined the Commission's subcommittee that will review and recommend Housing Trust Fund proposals to the larger Commission this coming December.

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Neighborhood Services for Problem-Solving

Berkeley continues operation of its “City Center” office, where the City’s three neighborhood services coordinators troubleshoot neighborhood problems that arise at intersections of the missions of multiple City departments, often including public works, police, fire, housing code enforcement staff, and mental health services.

Community-based Organizations to Meet Social Services and Affordable Housing Needs

Community-based non-profit organizations continue to be the backbone of Berkeley’s affordable housing, continuum of care and social service delivery system. Some of Berkeley’s agencies provide more than one kind of community service (e.g., affordable housing, child care, food, homeless or support services). This inventory suggests that Berkeley remains well-served by community agencies providing services that address the City’s Consolidated Plan and Annual Action Plan goals and priorities:

- 6 anti-poverty agencies
- 8 affordable housing providers
- 19 homeless service providers
- 7 agencies whose missions include activities to further fair and accessible housing
- 32 social service agencies (including health, meal programs, life skills, child care, etc.); and
- 8 affordable child care providers.

In Berkeley, some agencies provide more than one category of support services and so may be counted twice in this list.

V. Performance and Evaluation Report for Program Year 2003

A. Affirmatively Furthering Fair and Accessible Housing

Impediments to Fair Housing continued to be similar to those in previous years. 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.

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, Inc. (HRI), serves both Berkeley and Oakland with services promoting fair access, providing housing dispute mediation, and investigating housing discrimination complaints. In Program Year 2003, HRI reported assisting 55 households with fair housing complaints. Nearly 55 percent of the complaints HRI received (30) involved disability-related forms of housing discrimination. Of the 55 complaints, 47 of them were closed, and of the closed cases, 13 involved advising complainants only about their rights, while another 13 were actively resolved through conciliation efforts by HRI staff. HRI conducted outreach through public service announcements, its web site, and attendance and tabling at various festivals. HRI also provides fair and accessible housing workshops to educate the public and government workers about fair and accessible housing law and related issues.

The East Bay Community Law Center (EBCLC), located in south Berkeley, provides low- or no-cost legal services to Berkeley and Oakland’s low-income communities. Berkeley contracts with EBCLC for \$20,800 to provide free legal services and advocacy in the areas of housing, benefits, and HIV-related issues. In Program Year 2003, EBCLC reports that 51 clients avoided eviction through favorable court outcomes. EBCLC also conducts tenant workshops and provides information and referral outreach, counseling, direct representation and case management, negotiation, and advocacy in court and administrative proceedings.

- *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 closed its Emergency Prioritization Program to assist very low income tenants at at-risk of homelessness. But it continued implementing a Section 8 Security Deposit Revolving Loan Program aimed at providing limited housing assistance grants to help Section 8 tenants move into subsidized housing. And BHA continued to coordinate with the Berkeley Shelter Plus Care Program to move Shelter Plus Care clients onto Section 8 vouchers whenever possible.

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- *Neighborhood opposition to publicly assisted housing.*

The City and Affordable Housing Associates, Inc. (AHA) won a suit in Superior Court brought against them by neighbors opposed to a senior housing development at 2517 Sacramento Street. Plaintiffs appealed the case, but the Appellate Court ruled for the City and AHA, finding that neither hazardous materials nor aesthetic issues raised by the plaintiffs had merit under the California Environmental Quality Act.

- *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 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.

The Center for Independent Living has long been a leader in the Berkeley community promoting accessible housing, and CIL contracts with the City of Berkeley to operate its Residential Access for the Disabled Program, which provided 10 new ramps or lifts during Program Year 2003 at homes of disabled individuals in Berkeley. A total of 27 disabled individuals had interior or exterior modifications made to their homes to increase accessibility.

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

The higher 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 Homeless Action Center (HAC) provides Supplemental Security Income (SSI) advocacy to homeless and mentally ill people. Benefits advocacy is a critical service for redressing fair and accessible housing issues facing those who are homeless and mentally ill; when disabled, they are eligible for SSI as a source of income to help pay for their housing. But the application process for SSI is so challenging that mentally ill people need advocates for their applications. HAC provides legal representation at all stages of the SSI application process. In Program Year 2003, HAC reported exceeding its goals for service provision, providing benefit advocacy services to 171 clients, with 84 clients being granted SSI benefits. Over 90 percent of their clients are either White or African-American, and less than ten percent are Hispanic.

The City continues 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 2003.

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- *Land use controls that downzone neighborhoods.*

During PY 2003, the Berkeley City Council placed a moratorium on new applications for housing development along the University Avenue Strategic Plan corridor (a 4-block-wide corridor with the entire length of University Avenue as its spine). The Council exempted from the moratorium proposed projects already having submitted applications. The purpose of the moratorium was to allow the Planning Commission and the Planning and Development Department time to prepare revisions to the Zoning Ordinance to implement the University Avenue Strategic Plan, which had been adopted in 1996 but no conforming zoning had yet been enacted. Among the projects exempted from the moratorium were Satellite Housing's 1535 University Avenue and three other for-profit, unsubsidized housing developments.

State law requires that there should be no net loss to a zoning ordinance's capacity to produce new housing when zoning changes are adopted. The UASP zoning changes did alter density-related development standards somewhat, but staff concludes that the proposed changes lowering density on some sites within the Corridor would be offset with development of additional sites in the corridor as well, and that the UASP zoning changes are consistent with the UASP and state law.

New housing construction in the City continues to be greater than it has been for several decades and the City's 20 percent 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.

- *Anti-Displacement*

The City's Housing Department continued to provide relocation services to prevent residential displacement associated with public funding for affordable housing development, as well as actions associated with major rehabilitation work that upgrades residential buildings to comply with current codes. During Program Year 2003, 31 people were provided information concerning their rights under the City's Relocation for Repairs Ordinance (BMC Chapter 13.84). In September 2003, 22 emergency shelter residents at Harrison House in west Berkeley were briefly relocated to another section of the Harrison House shelter facilities while removal of underground storage tanks took place. Outreach and information about relocation options was provided to 15 tenants and owners facing displacement due to fire incidents. One tenant was displaced from a blighted property during the program year, while in one lead abatement project, a homeowner and caregiver had to be relocated for remediation to proceed. Finally, 52 tenants were temporarily relocated from a 60 unit development in west Berkeley undergoing rehabilitation, and City staff provided technical assistance to the owner for complying with the City's Relocation Ordinance.

Other continuing activities undertaken to further fair housing include:

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- 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.

For more information, see also Chapter VI, Section B.4 pages 66-69, on the funding of Berkeley’s civil rights activities.

B. Affordable Housing

Housing Actions Funded by CDBG, Program Year 2003

Table 10 provides a comprehensive summary of agencies funded in PY 2003 to undertake housing activities in Berkeley, primarily to benefit low-income Berkeley residents.

Table 10: City of Berkeley CDBG Housing Activities, Program Year 2003			
Agency	Description	PY 2003 Funding	Performance
Affordable Housing Associates, Inc.	Rental Housing Development	\$102,211	No projects completed during PY 2003, but significant work completed to acquire 1001 Ashby Avenue. Additional work remains to complete financing for entire project, and to work out neighborhood plan details relating to the proposed new Berkeley Bowl facility adjacent to the site, and acquisition and construction of a potential bicycle/pedestrian pathway along the adjacent Union Pacific ROW that would help complete a link with Emeryville's bike path.
Center for Independent Living	Residential Access Project for the Disabled	\$142,675	Project constructs ramps and wheelchair lifts, and provides interior retrofit and housing search services. 10 ramps and lifts were installed at homes of disabled individuals to increase their independence. Another 27 disabled individuals had interior or exterior modifications made to their homes to increase accessibility. 653 information and referral contacts were made to assist disabled individuals with housing accessibility.

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Table 10: City of Berkeley CDBG Housing Activities, Program Year 2003			
Agency	Description	PY 2003 Funding	Performance
City of Berkeley/Housing Authority	Public Housing Improvements - Loan Repayment	\$120,000	No funds were drawn in PY 2003 because the Section 108 loan funding rehabilitation of the City of Berkeley's low-income public housing units was not received until later than anticipated. Initial repayment did not begin until PY 2003 using PY 2002 funds from CDBG for this purpose. Future allocations to this activity are also expected to lag one year due to this initial delay.
City of Berkeley/Housing Department	Housing Development	\$368,490	Staff drew down \$357,353 during PY 2003, providing technical support for Housing Trust Fund projects. PY 2002 carryover was \$14,500. Staff worked on acquisition of Eunice Ann Finch Center at 3404 King Street (#477), Ashby Lofts at 1001 Ashby (#480), Oxford Plaza at Oxford and Kittredge Streets (#478), Jubilee Village at 2612 San Pablo Avenue (#425), and University Avenue Cooperative Housing at 1471 Addison Street, which is seeking to refinance the property.
City of Berkeley/Housing Department	Housing Trust Fund	\$311,103	Staff works to gain loan approvals from the HTF for new and acquired/rehabbed affordable housing in Berkeley, and provide technical assistance and staff support to developers in the process. CDBG Carryover to the HTF was \$595,351, and an additional \$26,300 in was transferred in and an equal amount of City general funds were transferred to Activity #444 (WERC) to avoid exceeding the services spending cap.
City of Berkeley/Housing Department	Housing Rehab Programs	\$244,344	These funds are used to provide staff support to the Single Family Rehabilitation Loan Program, including architectural drawings, drafting of specifications, and construction project management.
City of Berkeley/Housing Department	Rehabilitation Loans	\$150,000	Provides loans up to \$25,000 for loans to senior and disabled homeowners for improvements. The program has a carryover of \$432,050 for total funds available of \$801,394. In PY 2003, \$451,358 was drawn and 3 units were rehabilitated, benefiting 3 low-income homeowners, two of whom were African-American. These properties were located in south and west Berkeley.

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Table 10: City of Berkeley CDBG Housing Activities, Program Year 2003			
Agency	Description	PY 2003 Funding	Performance
City of Berkeley/Housing Department	Loan Servicing	\$83,940	Provides loan servicing and counseling to low-income homeowners, rental property owners, small businesses, and housing development projects funded through the City's Housing Trust Fund, Single Family Rehab Program, and its Section 108 loan guarantee program. \$72,249 was drawn in PY 2003 for this activity. Staff provided ongoing loan servicing for 272 loans and provided financial counseling to households, processed payoffs and subordination agreements.
City of Berkeley/Housing Department	Relocation Services	\$78,955	Staff involved with providing temporary relocation in conjunction with City-sponsored housing programs. Staff provided information relating to displacement prevention due to code violations and repairs to 31 people in PY 2003. Staff oversaw 22 emergency shelter residents at Harrison House were relocated within that facility when underground storage tanks were removed from beneath the building. Fire-related information and referrals were provided to 15 tenants and owners affected by fires in PY 2003. One tenant was relocated to a different unit from a blighted property. Lead paint abatement activity necessitated relocations of a homeowner and caregiver for work to proceed.
Community Energy Services Corporation	Home Safety and Repair Program	\$338,097	Provided minor home repair to 196 very low income senior and disabled homeowner clients in PY 2003, about two-thirds of whom were African-American and one-fourth were Whites. 182 were female-headed households, and 22 were extremely-low income households. They were assisted with smoke detector installations, lock improvements, grab bar installations, security bar upgrades, and 32 clients had significant home repairs. 3 clients received some seismic retrofit work as well.

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Table 10: City of Berkeley CDBG Housing Activities, Program Year 2003			
Agency	Description	PY 2003 Funding	Performance
Jubilee Restoration, Inc.	Housing Rehab and Development	\$62,400	Jubilee Restoration drew down \$46,800 of this grant during PY 2003 and completed application for a loan of \$3 million from the Section 108 loan guarantee program to acquire the three properties comprising the site of Jubilee Village in west Berkeley near San Pablo Avenue and Parker Street. JR's partnership with Related Companies of California have retained an architect to produce a site plan, and working with Planning and Housing staff are devising a two-phase approach to developing 118 units of rental and live-work housing on the site.
Northern California Land Trust	Community Land Trust Ownership	\$25,000	Construction work was completed on 1320 Haskell Street, a condominium project (#263) that included acquisition and rehabilitation as well as new construction. Homebuyers were found for the finished units. One home buyer purchased her unit through the Section 8 homebuyer program. \$25,000 drawn in PY 2003.
Rebuilding Together	Safe Home Project	\$88,393	Organizes volunteers to repair and renovate homes owned by low-income elderly and disabled residents in Berkeley. There was a carryover of \$9,335 from PY 2002. 20 low-income home-owners received over 100 home repairs through Rebuilding Together's efforts, providing a variety of home safety and other improvements. RT also developed their "site safety" program through volunteers from State Fund and Cal OSHA, and worked with Alameda County Lead Poisoning Prevention Program to enhance their lead paint safety program.
Resources for Community Development	Affordable and Supportive Housing	\$141,750	RCD specializes in developing long-term affordable housing, and in PY 2003 continued in partnership with Equity Community Builders to negotiate with the City to acquire the site for the Oxford Plaza project in downtown Berkeley. Accomplishments included execution with the City of a predevelopment loan agreement for this project. On 2577 San Pablo, which is a partnership with Jubilee Restoration, Inc., RCD completed swapping out the state HELP loan for final acquisition of the project site.

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Table 10: City of Berkeley CDBG Housing Activities, Program Year 2003			
Agency	Description	PY 2003 Funding	Performance
University Students Cooperative Association	Accessibility Program	\$35,000	USCA installed accessibility improvements at Sherman Hall benefiting 32 low-income students living there. Improvements included removal of dry rot, installation of new accessibility ramp to the front door, and rebuilding of a stairway. \$31,500 was drawn in PY 2003.
Total Housing Allocations, PY 2003 =		\$2,292,358	Rental Housing Safety Program was taken off CDBG, and only a portion (\$11,103) was reallocated to HTF. Remainder was allocated to community facilities projects, and to BFHP's services.

Non-Profit Community-Based Housing Developers

While private developer interest in Berkeley remains strong in an environment of historically low interest rates and continuing strong trends in regional household income, affordable housing developers continue to face the same problems identified in previous years in creating affordable housing: increased costs, neighborhood opposition, and additional requirements for use of government funds. Despite these obstacles, Berkeley's housing developers fare rather well. The City used its Housing Trust Fund in PY 2003 (Table 11, below) to allocate nearly \$2.8 million to five housing proposals that would create 84 new units and create disabled access to 159 bedrooms of University Students Cooperative Association (USCA) housing around the University of California at Berkeley. The housing projects receiving funding reservations are presented in the accompanying table. As noted below, however, the Ashby-Dohr project at 1419 Ashby Avenue was discontinued because of high development costs facing the Northern California Land Trust.

Table 11: Berkeley Housing Trust Fund Reservations During PY 2003	
Project Description	Housing Trust Fund Reservation, PY 2003
Ashby Lofts, 1001 Ashby Avenue, AHA, 55 units	\$1,000,000
Sankofa House, 711 Harrison Street, BOSS, 4 transitional units	\$325,000
Jubilee Senior Homes, 2577 San Pablo Avenue, Jubilee/RCD, 28 units	\$1,467,000
Ashby-Dohr, 1419 Ashby Avenue, NCLT, 4 units	\$250,000
Casa Zimbabwe & Cloyne Court, 2422 & 2600 Ridge Road, USCA (rehabilitation for accessibility in 159 beds)	\$187,500
Total: 84 new units	\$2,779,500

Funds remaining in the City's Housing Trust Fund were subsequently used to provide a cash match of \$1.5 million for an application submitted by the City to the California Department of Housing and Community Development's Local Housing Trust Fund Program (LHTFP) in November 2003. The City subsequently was awarded \$1 million in February 2004 from the LHTFP and is including it as part of funds to be allocated to new project reservations during PY

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2004.

The City of Berkeley continues to designate two Community Housing Development Organizations (CHDOs): Affordable Housing Associates, Inc. (AHA) and Resources for Community Development (RCD). AHA began construction on 1719-25 University Avenue (the University Neighborhood Apartments project). Unforeseen subsurface conditions on-site have resulted in delays and increased costs while delaying construction efforts, leading to higher lumber costs and reductions in tax credit equity due to construction delays. The HAC recommended in September 2004 that AHA receive another \$530,000 to complete the project. AHA reports the project is on schedule for completion in March 2005.

AHA obtained a use permit for its proposed artists development, Ashby Lofts at 1001 Ashby Avenue in west Berkeley. On this latter project, AHA is working with the developer of a new Berkeley Bowl grocery store nearby and City staff to address bicycle access and circulation issues involving the Union Pacific Railroad Right-of-Way at 9th Street and Ashby Avenue. Funds for acquisition of this site were secured, and acquisition completed during Program Year 2003. AHA's Sacramento Senior Homes project at 2517 Sacramento Street in central Berkeley remains in litigation, but is nearing a decision from the Appeals Court by mid-October 2004. In addition, AHA initiated negotiations to acquire 48 units of affordable housing at 2121 7th Street in west Berkeley, using a \$300,000 HELP (state) loan for the purchase option.

RCD continued its partnership with Equity Community Builders of San Francisco to develop its Oxford Plaza/David Brower Center project at the 2200 block of Oxford Street between Allston Way and Kittredge Street in downtown Berkeley. RCD also celebrated opening of its Adeline Street Apartments at 3224 Adeline Street in south Berkeley, containing 19 units, all fully disabled-accessible. In addition, RCD in partnership with Jubilee Restoration, Inc., on 2577 San Pablo (Jubilee Senior Homes) worked to swap out the HELP loan from State HCD used for site acquisition.

The Northern California Land Trust (NCLT) continues to struggle, however. For the past several years, the organization has been hampered by staff turnover. No one has been with the organization very long and a lot of time is spent recruiting and training new people. In addition to inexperienced staff, the organization encounters difficulties carrying out its mission of small homeownership projects of from one to ten units. This mission makes it difficult to obtain financing for cooperatives. Construction liability insurance ("wrap-around") premiums for new condominiums make it virtually impossible to build new units for ownership. Consequently, NCLT has not brought a new project to the Housing Trust Fund since 1999. Because of these difficulties, the Ashby-Dohr project was discontinued, and the City directed NCLT to sell the property.

During PY 2003, Jubilee Restoration, Inc., submitted a Section 108 loan guarantee proposal to HUD to acquire the site of Jubilee's proposed affordable housing development Jubilee Village on three properties (2612 San Pablo, 1050 Parker Street, and 2621-27 10th Street) in west Berkeley. This project would develop 118 new affordable housing units, including many new affordable loft units to be available to low-income artisans.

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Building Opportunities for Self-Sufficiency (BOSS) completed acquisition and rehabilitation of 3404 King Street (Youth House) in 1999, and began operating the residence as a transitional house for unemancipated homeless youth between ages 14 and 17 placed with permission of a parent or guardian. The facility can house up to 12 individuals under its Community Care License with the State of California. HUD funds the program through its Supportive Housing Program. However, BOSS experienced costs of operation higher than expected, and during PY 2003, transfer of title of 3404 King Street is now in escrow to the Fred Finch Youth Center, which contracts with the City of Berkeley to operate it as the Eunice Ann Finch Youth Center.

BOSS's Sankofa House transitional housing project (4 units), part of the larger Ursula Sherman Village project at 711 Harrison Street, obtained its use permit during PY 2003, completed federal environmental review, and broke ground in May 2004, and is now well under construction. ESG funds designated during PY 2002 for underground storage tank (UST) removal at Harrison House, were committed and disbursed under the supervision of the City's Public Works Department, and the tanks were removed in September 2003. To formalize the Sankofa House site, the City required BOSS to enter a lease agreement for the project, which is located on City property. Also, in March 2004, the City reallocated \$235,000 of Housing Trust Funds allocated to another building within Ursula Sherman Village to the Sankofa House project, in addition to allocation of another \$104,000 from the HTF in new funding for the project to cover application of prevailing wage rates to construction workers working on the project.

*Berkeley Housing Authority's Section Housing Choice Voucher Program
and Public Housing*

In terms of subsidies and public housing operated by the BHA, the BHA was successful in increasing the number of units leased from 1,572 to 1,785, a gain of 213 units in Program Year 2003. 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 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. The City allocates \$120,000 per year in CDBG revenues toward paying down this loan to HUD for the rehabilitation of the public housing units. City monies are still needed to balance the BHA budget.

Management of Public Housing Units

The Berkeley Housing Authority (BHA) settled on a plan to contract out management of its 75 Low-Income Public Housing Units (which include 14 state-funded public housing units). Affordable Housing Associates, Inc. (AHA), submitted the only bid to manage the public housing units during PY 2002, and the BHA executed a contract with AHA during PY 2003. The proposed annual operations budget for this contract was \$207,000, and ran from January 1, 2004, through the end of PY 2003 (June 30, 2004), a six-month contract. Per unit costs of operation were expected to be competitive with other public housing authorities in the region (including Dublin and Benicia) at \$498 per month. During PY 2003, AHA earned favorable marks for its maintenance and property management responsibilities. Residents of these units have

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overwhelmingly expressed satisfaction with the quality and timeliness of maintenance performed in response to requests for service. To provide more favorable response time to maintenance needs, AHA set up a 24-hour toll-free number for residents to call when they find a problem. HUD reported a significant reduction in resident complaints filed at its San Francisco office. With respect to its property management responsibilities, AHA focused efforts on implementing procedures for filling vacant units, conducting annual re-certifications of tenant eligibility, and executing repayment agreements for those residents owing back rent. In addition, through its agreement with Alton Management Company, AHA scheduled and held town hall meetings with public housing residents as part of its outreach and resident participation initiatives.

The BHA solicited new bids for property management for the coming program year (2004). HUD also provided a list of qualified property management companies to assist BHA with bid solicitation. Despite these increased efforts, AHA was the only bidder, and a contract with AHA was renewed for PY 2004. To date, the BHA finds that AHA does excellent work.

Rehabilitation of BHA's 75 public housing units completed its third year in PY 2003. At the end of PY 2003, the project was on hold until BHA could select new contractors to complete remaining interior and exterior rehabilitation work. In April 2004, the BHA Board approved solicitation of bids totaling \$705,000 for this purpose. All units are generally in fair condition and require general property improvements typical of buildings over 20 years old. There are some exceptions that require more substantial rehabilitation.

Section 8 Homeownership Program

The Section 8 Homeownership Program permits eligible participants in the Section 8 Housing Choice Voucher Program, including participants with portable vouchers, the option of purchasing a home with their Section 8 assistance, rather than continue renting. This option is limited to 10 percent of the total Section 8 Voucher program administered by BHA in any fiscal year, though disabled families are not subject to this 10 percent limit. Homeownership Program assistance may be used to purchase new or existing single-family housing, condominium, planned unit developments, cooperatives, lofts, live-work units, or manufactured homes. Portability of Section 8 homeownership assistance is allowed under BHA's program: homebuyers may use their Berkeley-originated program assistance to purchase a home outside of Berkeley under certain circumstances.

BHA had one successful home purchase by a Section 8 Voucher holder in October 2003. Although there have been no additional home purchases, mostly due to a lack of available properties allowing creative financing for purchase, there is still a great interest in the Section 8 Homeownership Program.

The Housing Authority previously used the services of the Homebuyer's Club, but now that the Homebuyer's Club is no longer active, the Berkeley Housing Authority has entered into partnership with ACORN Housing in June 2004 to provide housing counseling for participants referred by the Housing Authority.

ACORN Housing Corporation uses a housing counseling model targeting low- and moderate-

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income communities. They market to the needs of the community, tailor the lending products from its lending partnerships to match financial situations of qualified low and moderate income households, work closely with families to help them qualify for a mortgage and educate borrowers about their credit, financial management and appropriate vs. predatory loans.

Their Housing Counseling services cover basic aspects of homeownership, financial review, and assess the financial readiness of Voucher holders to purchase. They also provide access to ACORN Housing's low-income mortgage products arranged with lenders. BHA encourages our Section 8 Voucher holders participating in the Family Self-Sufficiency program to contact ACORN if they are interested in homeownership.

BHA's Troubled Status

During PY 2003, BHA staff worked with a HUD consultant (MDStrum Housing Service, Inc.), to address an intense work strategy intended to meet SEMAP (Section 8 Management Assessment Program) requirements of BHA's plan for correcting the "Troubled" status for its Section 8 Housing Choice Vouchers Program. During PY 2003, BHA accomplished several things:

- Completed over 800 income evaluations in accordance with new HUD requirements.
- Developed draft procedures for all operating policies, including initial, interim and annual recertifications, quality control and rent reasonableness.
- Assessed its computer systems for accuracy and conducted training for both operations staff and accounting staff. Implemented computer access for select staff to conduct on-line verification through the Social Security Department.
- Conducted all required quality control HQS (housing quality standards) inspections and quality control on all rent calculations to prevent errors.
- Prepared draft data entry protocols and file preparation protocols.
- Inspection of over 800 units for compliance under HQS to be concluded by August 2004.

BHA also received a Corrective Action Plan (CAP) report from the consultant indicating the status of each activity. All of the CAP's work plan items directly related to the improvement of BHA's SEMAP score have either been completed or are on target for completion by the established timeline.

Berkeley's Rent Stabilization System

Since 1980, the City of Berkeley has operated a voter-approved system of rent stabilization. Since January 1, 1999, this regulatory program has regulated rent levels only on occupied units; vacant rental units are allowed to seek market rent levels in the wake of full implementation of the 1995 Costa-Hawkins law adopted by the State Legislature. Owners of newly occupied units must register their units with the new rent, a process which enables the Berkeley Rent Stabilization Board to track actual market rents with considerable accuracy. Since 1999, the City has seen a rapid decline in the number of units for which no vacancy registrations have occurred.

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The Berkeley Homeless Continuum of Care reported that in 1990, when both occupied and vacant units were rented, there were an estimated 10,279 rental units in Berkeley with legal rent ceilings under \$400 per month. By 1996, the final year of vacancy control, there were just 1,300 units with legal rents below \$400.

The loss of affordability continues. Just under 6,300 rental units in Berkeley had no vacancy registrations at the end of 2002. By December of 2003, that figure decreased to 5,662 units, a decline of 10 percent of such units (a decline of 634 units with no vacancy registrations) in a year. Six months later, this inventory another 9 percent through the end of June 2004, a six month decline in which another 518 units underwent new vacancy registrations.

Table 12: Trends in Berkeley Median Rents, 2002-2004						
Bedroom Size	2002		2003		Through June 30, 2004	
	Rent	Number of VR Units	Rent	Number of VR Units	Rent	Number of VR Units
Studio	\$850	1,251	\$850	1,133	\$850	424
1-BR	\$1,150	1,932	\$1,100	1,868	\$1,100	732
2-BR	\$1,600	1,253	\$1,500	1,314	\$1,450	568
3-BR	\$2,150	182	\$1,999	183	\$2,050	74

Source: City of Berkeley Rent Stabilization Board, "Market Medians: January 1999 through June 2004," August 19, 2004. "VR Units" refers to units that underwent new vacancy registration in the reported year.

In the 18 months, rents on newly occupied units have flattened out. Median rents on studios since 2002 have remained at \$850 through June 30, 2004, while median rents for larger units have changed little, as shown in Table 12.

C. Berkeley's Homeless Continuum of Care

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.

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.

Shelter Plus Care

Berkeley's city government and community-based organizations matched the housing subsidies provided through Shelter Plus Care with approximately \$2.3 million in services ranging from outreach to mental health services, to legal assistance. The program's success leveraging matching funds can be partly attributed to coordination between the City and community-based organizations.

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As noted above, the Shelter Plus Care Program received renewed funding and is the City’s most important program for housing those most in need (see Table 13). Last year, the program exceeded its outcome goals. The Program assisted a total of 65 new unduplicated individuals and families, with 198 housed at the end of the year. Last year, 52 percent of them participated in drug and alcohol treatment program, 62 percent retained their housing for more than one year.

Table 13	
Supportive Housing Program Awards to the City of Berkeley and Berkeley Community Agencies, Program Year 2003	
Program	Funding
Channing Apartments - Bonita House	\$33,080
Peter Babcock House – AHA	\$33,665
Russell Street – BFHP	\$249,999
Regent House – BOSS	\$75,528
North County Women’s Center - BFHP	\$141,019
BFHP Women’s Transitional Housing	\$242,217
Harrison House Family Services - BOSS	\$114,997
Ashby House - RCD	\$56,424
McKinley Family Transitional Housing - BOSS	\$74,500
Berkeley Interfaith Youth Initiative - Jubilee	\$102,171
Homeless One-Stop Welfare-to-Work Employment System - JHC	\$1,016,786
City of Berkeley Shelter Plus Care Program Renewal	\$1,909,116
Total Direct Awards to Berkeley	\$4,049,502
Other Awards that serve Berkeley and other communities:	
Program	Funding
Housing Stabilization Team – BOSS	\$523,088
Homeless Youth Collaborative - Fred Finch Youth Center	\$719,667
Health, Housing and Integrated Services Network	\$539,398
Alameda County/Berkeley Shelter Plus Care Collaborative	\$720,072
Total of Other Awards serving Berkeley and other communities	\$2,502,225

Berkeley Mental Health Housing and Services Coordination

Homeless services. Berkeley’s Mental Health Division (Berkeley Mental Health, or BMH) engages the homeless with its Mobile Crisis and Homeless Outreach Teams, as well as clinic-based staff “out stationed” at five local agencies that serve the homeless. Since 2000, eligible clients have been enrolled in our AB 2034 program, funded by a grant from the State Department of Mental Health (State DMH). In addition to tracking specific outcomes, AB 2034 permits funds to be spent very flexibly. With the advent of AB 2034, BMH has become more effective at engaging homeless mentally ill into treatment and out of homelessness. The personal success stories of AB 2034 clients are powerful examples of how a treatment works and how it is working in the City of Berkeley (see www.ab34.org). Many of the previously “visibly homeless” clients served by AB 2034 are now housed and moving on with their lives. BMH is contracted with State

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DMH to serve 95 clients and has 102 clients enrolled as of 9/04.

Integration within BMH. Berkeley’s AB2034 services are integrated within the Mental Health Division’s overall adult services; they do not stand alone as a separate program. Thus, a subset of BMH’s clients is enrolled in AB2034. Front line staff are authorized to provide resources directly to these clients in the form of food, clothing and housing subsidies. These resources serve as tools for engaging and intervening with clients who might otherwise distance themselves from mental health services. They have helped us improve clinical services and client outcomes with a population that is often considered difficult to engage.

Housing services. During 2002, AB2034 funds helped rescue an 18-bed board and care home in south Berkeley from closure. In PY 2003, Berkeley Food and Housing Project now leases and operates the Russell Street Residence, a licensed board and care home which houses 12 of our AB2034 clients, all subsidized by a HUD SHP grant. This property also includes a 4-bedroom house, which provides supported housing to four AB2034 enrollees. (See www.charityadvantage.com/bfhp/Home.asp) BMH also uses residential hotels for short-term housing and sometimes long-term placements. BMH acts as lead agency in Berkeley’s Shelter Plus Care program, with 39 HUD-subsidized units awarded to Berkeley Mental Health clients (10 of these tenants are AB2034 clients). Requests For Proposals are also being offered to provide AB2034 clients with vocational services and expanded housing opportunities.

Outcomes. As of April 2004, 61 percent of our enrollees were permanently housed, 17 percent were housed temporarily with a 2034 subsidy, 12 percent were homeless “on the streets” and just 9 percent were in jail or hospital.

Table 14 was drawn from last year’s Legislative Report on AB2034, and apply to the **146** BMH clients who had been enrolled prior to 1/31/03:

Table 14		
Outcomes of AB2034 Services in Berkeley through April 2004		
Outcome Measure	Prior to enrollment	Since enrollment
Number of psychiatric hospitalization days:	2,775	1,005
Number of days incarcerated	3,574	1,773
Number of consumers receiving GA, SSI/SSDI	33	108
Number homeless days in previous 12 months	34,108	18,979
Number currently maintaining housing	NA	75
Number of consumers without health insurance	52	NA
Number obtaining health insurance	NA	32
Source: Berkeley Mental Health Division.		

Victims of Domestic Violence

An important success in meeting needs of domestic violence victims was the willingness of Women’s Daytime Drop-In Center to replace the Women’s Refuge in providing services to battered women at Byron Street (now called Bridget House) Transitional House, which had

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closed down. There was delay in completing the rehab of that facility, but the lease with the Women's Daytime Drop-In Center was executed during PY 2003 with occupancy taking place shortly after. 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.

The Women's Refuge was located on the border with Berkeley, but in Oakland. It closed its doors in January 2004, leaving an additional gap in shelter services for homeless women and survivors of domestic violence.

Homeless Youth

Berkeley contracts with three agencies to address needs of homeless youth in the community, Jubilee Restoration, Inc., A Better Way, and Fred Finch Resource Center.

Jubilee Restoration, Inc., provides outreach services to homeless and at risk youth in South and West Berkeley, an underserved population in Berkeley. They have just completed their third year of program operation and have experienced significant obstacles in their delivery of services. Because the agency has difficulty retaining staff for this program, service provision has been more difficult than expected. Jubilee also has difficulty properly tracking data needed for City reports and reporting on outcomes achievements. Jubilee is an agency with great vision seeking to fill an important niche in the community but must address significant agency capacity issues.

A Better Way combined its PY 2002 grant of \$70,000 with a PY 2003 grant of \$50,000 to pay for architectural, engineering, and permitting costs related to renovation of its upstairs offices at 3200 Adeline Street in south Berkeley. Drawings, calculations, and permits were completed during PY 2003, and the space was renovated so that its new offices could be used to provide therapy and meeting space for children and families in the foster care system going through adoptions. In addition, provision of these predevelopment funds enabled A Better Way to spend its other funds providing direct services assisting aging-out foster children avoid homelessness and assisting foster youth with achieving emancipation.

Continuing its work as one of the East Bay's premier homeless youth service providers, Fred Finch Resource Center obtained \$15,000 from the City's CDBG program to defray costs relating to the transfer of 3404 King Street (Youth House) from Building Opportunities for Self-Sufficiency, a transfer that was begun in PY 2002. The project appears to be stalled in escrow at the close of PY 2003, but is expected to be completed during PY 2004. Fred Finch Resource Center has already assumed responsibility for operation of the emergency and transitional housing program for homeless youth at this site.

HUD Audit Findings for BOSS and Jobs for Homeless Consortium

Program Year 2003 was a difficult year for several agencies providing key elements of Berkeley's Homeless Continuum of Care. HUD audits identified significant issues with accounting and documenting of spending by Building Opportunities for Self-Sufficiency and the

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Jobs For Homeless Consortium. These agencies are lynchpins in Berkeley's Homeless Continuum of Care, and are important resources providing services and housing to homeless people throughout Alameda County.

During its monitoring visit with BOSS in the spring of 2003, HUD made several findings related to ineligible uses of HUD funds and inadequate internal financial controls to track the application of HUD funds. HUD estimates the amount owed to be in the several hundreds of thousands of dollars. In addition, BOSS' has other debts to private entities. HUD has not yet determined whether a portion or all of this debt could be forgiven.

A Recovery Oversight Committee (made up of representatives from the Cities of Oakland and Berkeley, Alameda County, HUD and the BOSS consultants) has been meeting monthly since October 2003 to monitor BOSS' progress at implementing changes. HUD hired a consultant to analyze spending on current and past HUD grants and realign current grants with Technical Submissions. This consultant completed a one-year analysis of spending on HUD grants. HUD has released funding on some of the BOSS grants in reliance on this analysis and backup documentation to justify current expenditures. An analysis of the past three years of spending on HUD grants is still pending and will help determine the full amount of debt owed to HUD.

BOSS also retained Burr, Pilger & Mayer (BPM) Accountants and Consultants whose staff have designed and reinstalled a new financial accounting system in order to ensure better fiscal oversight. A new CFO has been hired and is working with staff on converting to and implementing the new software system. BPM notes a lack of staff capacity in some areas to convert to a new system.

BOSS management has taken steps to trim the budget, especially in administrative costs not billable under the HUD grants. Beginning November 1, 2003 staffing was cut and reorganized, estimated to amount to over \$100,000 per year in savings. This reconfiguration includes moving one of their downtown Berkeley offices to the Oakland Army Base.

The BOSS financial troubles have also negatively affected the Homeless Action Center (HAC) and the Women's Daytime Drop-In Center (WDDC), who subcontracted with BOSS to provide services on two of BOSS' HUD contracts. Partial payments of money owed by BOSS to HAC and WDDC will be forthcoming if and when HUD releases funding on those grants.

BOSS is also looking into restructuring some or all of its HUD contracts, to the extent this is possible under current HUD regulations. In Berkeley, these changes will not necessarily affect services provided at Harrison House but could affect the way services delivered at the MASC are accounted for. Since programs are revenue generating, BOSS will not seek to eliminate programs in order to address budget shortfalls but rather will adopt cost containment strategies on a program-by-program basis. Two other BOSS programs in Berkeley are currently operating at a loss: the 9th Street Transitional Housing Program and McKinley House Transitional Housing Program. Neither program receives City of Berkeley funding for operations. Housing Department staff are in conversation with BOSS to develop strategies for balancing the budgets of these programs.

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BOSS received a grant of \$200,000 from Alameda County, which BOSS is using as a revolving loan fund. In November 2003, Berkeley City Council authorized an advance payment to BOSS on their fourth quarter allocation. And on March 23, 2004 City Council approved the allocation of \$45,000 to BOSS to install and manage lockers for homeless people at the MASC.

In May 2004 at HUD's request, staff from the Cities of Berkeley and Oakland and from Alameda County began a program review of all BOSS HUD-funded programs, reviewing current and past client files dating back three years. The purpose of the program review is to find evidence that services were delivered, review programmatic outcomes such as housing achievement and increases in income at the program level, and review record keeping for service delivery to establish that BOSS is able to document their services for the APR's. The program review did not include fiscal monitoring. Results of this review will be reported for PY 2004.

Other challenges emerged during PY 2003 for the Jobs for Homeless Consortium (JHC), Inc. A provider of job training and placement services for homeless people, JHC receives most of its operating funds from the U.S. Department of Housing and Urban Development (HUD), about \$2.5 million in three separate HUD grants from the Supportive Housing Program (SHP). One grant, for about \$1 million, served disabled homeless individuals in Berkeley at JHC's Telegraph Avenue facility. SHP funding requires grantees to provide a 25 percent cash match to the support services portion of their HUD grants. For JHC, the total annual cash match is \$588,088, and the Berkeley site's cash match is \$233,705. JHC had included as part of its match an in-kind donation of training services provided by a local labor union. Recently, HUD monitors determined that these services did not satisfy the cash match requirement, and no written record of HUD approval for the in-kind donation as a cash match exists. Cumulated over four years, JHC may owe HUD retroactively as much as \$1.5 million. While negotiations continue into PY 2004, and the outcome will be updated in next year's CAPER, the prospects for JHC's future hinge on its willingness and capacity to work with new sponsor agencies that HUD prefers to have assume responsibility for SHP grants that were awarded to JHC in December 2003. For its Berkeley services grant, HUD is interested in having Rubicon, a homeless services provider in Richmond, assume fiscal and management responsibilities.

Alameda County Shelter and Services Survey

There is also good news for Berkeley's Homeless Continuum of Care agencies. The results of the Alameda County-wide Shelter and Services Survey (ACSSS) were completed and released in May 2004 and are undergoing analysis. This survey was the most comprehensive countywide survey of homeless people in Alameda County, and one of the most ambitious efforts to survey a homeless population ever undertaken in the United States. ACSSS results should give more definitive information on both the number of homeless people and their profile. During June and July 2004, Housing Department staff made eight separate presentations on the Berkeley results of the survey to boards and commissions. The City had invested \$20,000 in PY 2002 to ensure that survey results specific to Berkeley would be available. The information clearly indicates that Berkeley's homeless population is largely chronically homeless, and beset with numerous mental and physical disabilities, and relatively high rates of substance abuse. This information is expected to provide a useful baseline upon which data from HMIS investments (see below) can

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be compared and augmented. For the first time since the epidemic of homelessness struck in the 1980s, Berkeley and Alameda County are poised to have policy- and fiscally-relevant data on the homeless population used to make policy and allocation decisions.

As noted above, the City did reallocate some of its PY 2003 CDBG and general fund dollars (including “Measure O” funds) to agencies that address substance abuse problems with a variety of treatment strategies, including acupuncture detoxification, and other social models of treatment as well. This is a clear instance in which new data on homelessness from a relatively systematic source influenced a shift in policy and budget allocations in homeless programs.

Homeless Management Information Systems

The City and Berkeley’s Homeless Continuum of Care agencies, as noted above, are also preparing to implement a Homeless Management Information System that will further the use of data-driven policy and budgeting decisions in the areas of the provision of homeless support services and special needs housing in collaboration with the Alameda County-wide Continuum of Care Council, Alameda County’s Department of Housing and Community Development, and the City of Oakland. The City obtained \$40,000 in CSBG funding from the State of California for this purpose during PY 2003. Continuum of Care jurisdictions will allocate cost burdens for the SHP leveraged match to defray start-up and capital costs associated with initiation of the HMIS in Alameda County. Because public budgets are constrained this year, Continuum of Care community agencies may be asked to contribute to some of the costs on a sliding-scale basis.

Continuum of Care Council Collaboration

Berkeley staff provides ongoing leadership to and participation in the Alameda County-wide Continuum of Care Council. In addition to staff time, the City contributes \$12,180 to help staff the Council in PY 2003. The City’s Homeless Policy Coordinator is the jurisdictional co-chair of the Council and helps fashion constructive solutions for both the BOSS and Jobs for Homeless Consortium situations.

The City of Berkeley and many of its community agencies successfully applied for the federal Supportive Housing Program (SHP) and received \$21.2 million to support 52 existing housing and services programs in Alameda County, many of them in Berkeley (see Table 13, page 42, above), as shown in the table below. These funds leverage additional funds for homeless services, and are discussed below in the section on Leveraging Resources.

Issues regarding homeless programs in PY 2003 were:

- Maintenance of a successful transition for the Housing Department’s Homeless Services Team, to one focusing on homeless policy, Shelter Plus Care Program administration, program management and contract monitoring issues, despite emerging challenges in homeless services provision.
- Emergence of severe fiscal crises for two key homeless service providers operating in Berkeley, BOSS and the Jobs for Homeless Consortium, Inc.
- Development of a respite care strategy for homeless people was dropped in favor of relying on a strategy to get medical respite care addressed as part of the Alameda County-wide Comprehensive Plan for Special Needs Housing (“Multi-

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- Plan” process) addressing the special needs of chronically homeless people, people with severe mental disabilities, and people living with HIV/AIDS.
- Commencing continuous collaboration with Alameda County, the City of Oakland, and the Continuum of Care Council on the Multi-Plan process, which will continue into Program Year 2004.
 - Development of a data-driven approach to homeless service delivery, targeting resources and developing appropriate interventions for a homeless population we now know much more about through the homeless count and survey.
 - Development of a community-appropriate response to the Federal Government’s increased focus on the chronic homeless population.

D. Anti-Poverty Programs

The deep roots of poverty require actions on many levels to be effectively reduced. The City’s WorkSource Center provides job counseling, training, and referrals, and is discussed above under this CAPER’s Anti-Poverty discussion in Chapter IV, Section C.

In PY 2003, the City of Berkeley continued funding 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 social services outlined in the ConPlan 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 households, 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.

Public Services Projects Funded with CDBG

Table 15 summarizes Berkeley’s CDBG Public Services Allocations in Program Year 2003, along with a summary of program activities, beneficiaries of the programs, and achievements during the program year. In general Public Services projects include anti-poverty agencies funded by the City to provide employment counseling, training, referrals, and placements.

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Table 15 City of Berkeley CDBG Public Services Allocations, PY 2003							
Agency	Program Activity	PY 2003 Funding	Low/Mod Assisted	Total Low	Extremely Low	Female headed households	Achievements
Asians for Job Opportunities in Berkeley (AJOB)	Employment, training, and bilingual social services	\$156,000	72	3	68	13	Placed 21 clients in employment, served 72 primarily non-native English speakers with ESL tutoring, community education, information & referral,, employment counseling, and employment referrals. 68 of the 72 clients served were extremely low income, and 13 were female heads of households.
Berkeley Outreach and Recreation Program	Sports, recreation and fitness for the disabled	\$28,047	87	8	14	14	49 disabled individuals achieved improved socialization skills through participation in BORP's sports and recreation activities. Some 214 Berkeley participants were served through adventures and outings program offerings including hikes, picnics, theater trips, museum trips, adapted ski trips, sailing on the Bay, and a 3-day camping trip with the Sierra Club.
Berkeley Adult School (BUSD)	Life skills program	\$27,560	230	0	230	7	Delivered life skills and ESL workshops for ESL and homeless students. Topics covered included making emergency phone calls, accessing Internet resources for job and housing searches, immigration law, mental health services available and how to access them, preventing and treating STDs, sexual abuse recovery, volunteering to build skills and relationships, community presentations on Section 8 housing assistance, housing rights, workers' rights, and accessing consumer credit counseling.

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Table 15 City of Berkeley CDBG Public Services Allocations, PY 2003							
Agency	Program Activity	PY 2003 Funding	Low/Mod Assisted	Total Low	Extremely Low	Female headed households	Achievements
Bonita House	Supported independent living; Creative Living Center	\$25,020	77	0	77	1	The Supported Independent Living Program assisted 39 clients with persistent severe, disabling mental illness, maintaining them in housing through provision of case management. In this program, 5 clients transitioned to independent living in their own apartments in the community. The Creative Living Center (\$10,000) assisted 38 clients, many of whom have co-occurring disorders including substance abuse, with nutrition, mental health and substance abuse treatment, recreation, vocational services, life skills education, and socialization.
Center for Accessible Technology	Accessing tools for expression and technology tools for life	\$6,000	5	5	0	0	CAT provided access to technology to 5 disabled, low-income Berkeley residents, including acquiring and training to use alternative "keyboard" interfaces for computers; training in use of various technology tools for making computers accessible for those with disabilities. Adequate documentation not gathered on another 28 individuals.
East Bay Community Law Center	Housing advocacy	\$20,800	322	93	202	43	EBCLC enabled 51 clients to avoid eviction through favorable court outcomes; conducted tenant workshops providing outreach, information and referral, counseling, direct representation, and case management, negotiation and advocacy in court and administrative proceedings. Nearly half of all clients were African-Americans, and another 30 percent were Whites.
Eden Council for Hope and Opportunity	Homelessness Prevention Program Operations	\$36,878	25	8	10	20	Funds provided for operation of the City's General-funded Homelessness Prevention Program.

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Table 15							
City of Berkeley CDBG Public Services Allocations, PY 2003							
Agency	Program Activity	PY 2003 Funding	Low/Mod Assisted	Total Low	Extremely Low	Female headed households	Achievements
Eden Council for Hope and Opportunity	Senior Home Equity Conversions	\$7,461	25	8	10	20	\$7461 for ECHO's Senior Home Equity Conversion Program: 26 homeowners in Berkeley were served and provided counseling regarding reverse mortgages, of whom 7 took out reverse mortgages which assisted them in preventing mortgage delinquency and averting possible foreclosure. 50 seniors were provided intake for possible mortgage counseling services.
Inter-City Services	Employment, education, and training services	\$141,229	109	17	91	30	37 clients were placed in jobs. 26 clients were enrolled in GED programs, of whom 6 completed the GED. 83 took part in vocational training, while another 106 attended job readiness workshops. ICS provided job referrals and counseling to 120 clients.

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Table 15
City of Berkeley CDBG Public Services Allocations, PY 2003

Agency	Program Activity	PY 2003 Funding	Low/Mod Assisted	Total Low	Extremely Low	Female headed households	Achievements
Multicultural Institute	Life skills program, employment preparation, and placement	\$75,782	346	73	253	0	MI successfully placed individuals into 150 jobs, 30 more than their target of 120. They worked to reduce problems of day laborers accessing needed services and employment and to reduce conflicts with adjacent businesses. Complaints from the business community about day laborers has subsided as a result of greater organization of day labor job search activities, installation of porta-potties, trash containers, signage, and creation of "white zones" for day labor solicitation. In addition, medical services were arranged and provided for 161 day laborers. MI helped to raise awareness of day laborers' problems among community stakeholders. MI collaborated as well with COB's WorkSource. MI provided training and education to 98 individuals. 22 students passed the GED examination in Spanish; and outreach to faith-based organizations resulted in 32 new GED and ESL enrollments in PY 2003.
Women's Employment Resource Center	Family Stability Project for single parents	\$17,067	55	0	55	52	To avoid a potential problem with exceeding the City's public services cap, funds to this project were reduced from \$43,367 to \$17,067. These funds were offset with \$26,300 from the COB General Fund, to be carried over into PY 2004 and allocated to the Housing Trust Fund. Of those served, 11 obtained employment.

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Table 15 City of Berkeley CDBG Public Services Allocations, PY 2003							
Agency	Program Activity	PY 2003 Funding	Low/Mod Assisted	Total Low	Extremely Low	Female headed households	Achievements
Alameda County Homeless Action Center	SSI advocacy	\$26,878	171	4	167	11	Demographics of HAC's clientele are almost evenly split between Whites and African-Americans. HAC provided benefit advocacy services to all of these clients, and 84 of them had their SSI cases granted during PY 2003.
Berkeley Food and Housing Project	Emergency housing and support services	\$81,946	158	41	114	0	Provides hot meals, showers, laundry, and emergency shelter counseling services at the Men's Shelter, 1931 Center Street. Half of Men's Shelter clients were African American, and about one-fourth were Whites. Another quarter were multi-racial. These individuals were provided with 4100 bed-nights of shelter. Many were served with longer-than-anticipated stays allowing them to increase the rate at which they were able to move into long-term housing. BFHP's Quarter Meal, unfortunately, had to reduce its services because of a sharp increase in workers' compensation insurance costs. The program continues to operate XXX dinner meals each week.
Building Opportunities for Self-Sufficiency	MASC drop-in services and case management	\$26,301	330	6	224	3	MASC provides services to help people out of homelessness and into shelters, transitional, and permanent housing. 385 individuals were served with respite and socialization services and other basic services including showers, food, medical, referrals, clothing. 96y clients were served with more intensive services, including women's groups, men's groups, housing groups, and recovery focused counseling.

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Table 15 City of Berkeley CDBG Public Services Allocations, PY 2003							
Agency	Program Activity	PY 2003 Funding	Low/Mod Assisted	Total Low	Extremely Low	Female headed households	Achievements
LifeLong Medical Care	Supportive housing program at UA Homes (1040 University)	\$28,010	56	56	0	0	Project provides supportive services to residents of UA Homes (1040 University Avenue), Erna P. Harris Court (1330 University Avenue), and MLK House (2942-44 Martin Luther King, Jr. Way), many of whom are formerly homeless. IST intervened to prevent 35 individual evictions, including ongoing case management and support to 56 individuals, including coordination of services with mental health, ToolWorks vocational, medical providers, and recovery services.
Lutheran Church of the Cross	Youth Emergency Assistance Hostel	\$15,000	214	0	214	10	YEAH provided 3486 shelter bed-nights to 214 unique homeless youth, and was successful in outreach efforts to the community. 121 clients were Whites, 71 were African-Americans, and remainder were Indians and individuals reporting a multi-racial background.
Options Recovery Services	Day substance abuse treatment services	\$35,722	301	14	287	1	Clients participated in substance abuse treatment. Of the 301, 139 were placed into housing or shelter (emergency transitional or permanent housing). Many of these served are homeless with severe mental health and substance abuse problems.
Total Public Services Allocations, PY 2003 =		\$755,701	2,545	336	1,978	225	
Public Services Cap =		\$755,701					
Allocation Over/(Under) the Public Services Cap =		0					

Improvement of Public/Community Facilities

Table 16 summarizes CDBG funding provided to community agencies for facility improvements that will enable these agencies to offer safer, more efficient, or altogether new community and anti-poverty services in Berkeley.

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Table 16			
City of Berkeley Public/Community Facilities CDBG Allocations in Program Year 2003			
Agency	Activity	PY 2003 Funding	Achievements
A Better Way	Adoptions and Therapy Office Expansion	\$50,000	Funds to pay for architecture and engineering costs related to renovations to renovate upstairs office space. Project was completed and the space placed into service as offices, therapy rooms and meeting space for children and families in the foster care system, and going through adoptions. Combined with PY 2002 for \$120,000 total, project #415. Only \$116,907 were expended, and remaining \$3,093 will be reallocated in PY 2005.
Alzheimer's Services of the East Bay	Facility Improvements	\$30,000	ASEB provides dementia-specific services to Berkeley residents. Funds were for repair of facility's floor. Floor upgrade was completed on January 31, 2004. Project came in under budget, spending only \$28,559. \$1,441 available for reallocation in PY 2005
Center for the Education of the Infant Deaf	New campus architectural work for site construction	\$50,000	CEID completed its new campus project in early 2004, and CDBG community facility funds were used for architect and engineering costs associated with this development. CEID spent only \$49,928 of its allocation.
City of Berkeley Parks, Recreation and Waterfront	James Kenney Recreation Center	\$80,000	COB using CDBG funds within a larger project to improve accessibility and life-safety systems at this recreation center. In PY 2003, the project neared completion: HVAC system upgrades, fire alarm system, and air exchange systems in men's locker room. Stairway railing also improved to upgrade accessibility. Full amount spent.
City of Berkeley Parks, Recreation and Waterfront	West Side Campus Pool Roof	\$51,693	Project to replace and reinforce roof of the pool house for installation of solar collectors for heating showers. Project completed in PY 2003, including solar collectors.
LifeLong Medical Care	West Berkeley Family Practice drainage improvements	\$15,000	LLMC undertook to correct stormwater drainage problems at its 6th Street site. A contractor was selected and oversight from the City of Berkeley was arranged during PY 2003. Work to be completed in July 2004.
Rebuilding Together	Community Facilities	\$21,967	Coordinates volunteers to undertake improvements of Tinker's Workshop, Berkeley Adult Day Health, Berkeley Youth Alternatives, LifeLong Medical Care, Berkeley Food and Housing Project, Harrison House, Spiral Garden, South Berkeley Senior Center, Chaplaincy to the Homeless, and Multi-Agency Service Center.
Total Public Services Allocations, PY 2003 =		\$298,660	

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E. Other Actions

In addition to maintaining funding for many community agencies, the City combined its Request for Proposal (RFP) processes for different funding sources for services, and significantly reduced the number and frequency of reports and invoices submitted to the City beginning in FY 2004-05. Efficiencies achieved from these changes will free up more time for services delivery by the agencies, and enable staff to work with agencies to develop more proactive initiatives for client problem-solving. In addition, the City implemented outcome reporting for all community agency contracts, and integrated information about outcome reporting into its RFP process in November 2003. Categories for outcome reporting include housing, employment, health, education, recreation, infrastructure, and community access.

The City of Berkeley has also chosen to create a Centralized Contracting Unit (CCU) in its Housing Department in order to achieve economies of scale using a cadre of staff skilled in the processing of contracts that are routinely executed for both City general funded programs as well as programs funded through federal formula grants. The CCU will be responsible for contract creation, assembly, and processing of all component documentation required, fiscal management of contracts, and processing of all contract amendments. In addition, the CCU will also be responsible for contractor communications and training, contract coordination and budgeting, and coordination with program monitors in other departments, who remain responsible for program implementation for each contract.

In response to a HUD Single Audit Finding during PY 2003, the City's Housing Department has compiled a draft manual documenting guidelines and procedures to facilitate CDBG, ESG, and HOME Program operations. This manual contains general administrative procedures (concerning time sheets, HUD reporting deadlines, and a draft signature and authorization list); contracting boilerplates concerning community agencies and City departments for use of CDBG/ESG funds, and development loan agreements implementing HOME financing; loan guidelines for the City's Housing Trust Fund, Single Family Rehabilitation Program, and the City's American Dream Downpayment Initiative; and procedures for a variety of accounting, disbursement, decision criteria, monitoring, and competitive bidding. Finally, the draft procedures manual contains sample forms referred to in the procedures discussions.

Environmental review actions were tightened up in PY 2003, including development and of an ongoing environmental review tracking sheet that tracks the environmental review and Section 106 status of projects under way in each of the City's housing development and rehabilitation programs. Procedures will be set down for the manual during PY 2004.

The City of Berkeley in PY 2003 submitted an application to HUD for Ed Roberts Campus (ERC), a consortium of local and national disability rights and services organizations, for a \$2 million Brownfields Economic Development Initiative (BEDI) grant for construction of a major new disability services facility to be located at the east parking lot side of the Ashby BART station in south Berkeley. This facility would provide classroom and office space, and community facilities for ERC agencies that would capitalize on its transit accessibility at Ashby BART to become a regional hub for disability services and community life. Unfortunately, the

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BEDI grant was not awarded during PY 2003, but a revised application to the BEDI program was submitted at the start of PY 2004. ERC project development staff continue fundraising and pursuing the project's use permit from the City of Berkeley. They met numerous times with community members, and will be completing the Section 106 historic resources review process during PY 2004. Toward that end, they have produced a consultant's report on historic resources in the project's Area of Potential Effect, and will hold public consultation in collaboration with the City's Landmarks Preservation Commission during PY 2004.

F. Leveraging Resources

Leveraging Affordable Housing Resources

Funds remaining in the City's Housing Trust Fund from reservations made in PY 2003 were subsequently used to provide a cash match of \$1.5 million for an application submitted by the City to the California Department of Housing and Community Development's Local Housing Trust Fund Program (LHTFP) in November 2003. The City subsequently was awarded \$1 million in February 2004 from the state's LHTFP and is including it as part of funds to be allocated to new project reservations during PY 2004. This will be a one-time grant to the City of Berkeley, and will be held in a separate account to assure that the City's cash match is properly managed for eligible projects.

For projects that have applied to and received a funding reservation for a loan (including predevelopment loans) during the planning horizon of Berkeley's ConPlan starting in mid-2000, the City has reserved \$10.8 million from its Housing Trust Fund for 17 different developments (see Table 17). Total financing for these projects is estimated at about \$117.8 million. Thus, each dollar reserved from the City's Housing Trust Fund program (which includes CDBG and HOME investments) leverages about \$10 of financing from other state and federal sources (not including federal sources like CDBG and HOME in the City's Housing Trust Fund Program).

Non-profit developers from Berkeley are successful at obtaining other federal and state government subsidies to make their projects possible. During the program year, the ability of non-profit agencies to leverage other funds continued to be an important criterion for Housing Advisory Commission and the City in evaluating CDBG and HTF proposals.

Housing developers applying to the City's Housing Trust Fund have made use of a wide variety of other funding sources to bring their projects to life:

- **Federal sources** including the Section 108 Loan Guarantee program, the Low-Income Housing Tax Credit, HUD 202 funding for housing for seniors, and the Federal Home Loan Bank Board's Affordable Housing Program (AHP);
- **State sources** including mortgage revenue bonds (used by local private developers in Berkeley through a credit pool sponsored by the Association of Bay Area Governments), California Housing Finance Agency's Section 8 and Special Needs loan programs, and the state Housing and Community Development Department's Multi-Family Housing Program (MHP); and
- **Local** general fund dollars;

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Table 17			
Leveraging by Berkeley Housing Trust Fund of Other Funding Sources Since July 2000			
Address of property completed or loan approved	Status	Loan amount from City	Total Project Cost
Affordable Housing Associates (AHA):			
1719 University Ave. (UNA Apts.)	Under construction	\$1,903,000	\$11,100,000
2517 Sacramento (Sacramento Sr.)	Approved/litigation	\$1,400,000	\$11,200,000
1001 Ashby Ave. (Ashby Lofts)	Predevelopment	\$1,500,000	\$17,700,000
Total AHA		\$4,803,000	\$40,000,000
Building Opportunities for Self-Sufficiency (BOSS)			
711 Harrison St. (Sankofa House)	Under construction	\$938,250	\$1,547,000
2111 McKinley Ave.*	Redoing scope of work	\$190,000	\$190,000
3404 King Street*	Transfer in escrow	\$15,000	
Total BOSS		\$1,128,250	\$1,737,000
Jubilee Restoration:			
2577 San Pablo (RCD/Jubilee)	Approved	\$2,719,108	\$6,531,111
2700 San Pablo (Jubilee/Panoramic)	Sold to new developer	\$20,000	\$7,100,000
1392 University Ave. (Jubilee/Panoramic)	Completed	\$0	\$10,500,000
2612 San Pablo (Jubilee Village)	Getting use permit	\$75,000	Over \$30 million
Total Jubilee		\$2,814,108	\$24,131,111
Northern California Land Trust (NCLT):			
1320-22 Haskell Street	Completed	\$197,656	\$712,000
1419 Ashby Ave.	Cancelled/for sale	\$220,000	\$1,200,000
Total NCLT		\$417,656	\$1,912,000
Resources for Community Development (RCD):			
Oxford Plaza	Predevelopment	\$300,000	\$25,772,765
U A Housing Coop (University/Sacramento)	Feasibility analysis	\$25,000	0
Total RCD		\$325,000	\$25,772,765
Other Developers			
1535 University (Satellite Housing)	Seeking use permit	\$600,000	\$19,465,941
2422/2600 Ridge Rd. (USCA)	Rehab for accessibility	\$187,500	0
3132 MLK, Jr. Way (Prince Hall Arms)	Regrouping	\$537,167	\$4,765,711
Total Other		\$1,324,667	\$24,231,652
Grand Total, all projects		\$10,812,681	\$117,784,528
Leveraging Ratio		10.33	

- **Nonprofit loan makers** including the Local Initiative Support Corporation (LISC) and the Northern California Loan Fund.
- **Private mortgage financing** provided by commercial banks that strive to meet their

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federal Community Reinvestment Act obligations, most particularly Silicon Valley Bank; and

- Finally, for a project like the proposed David Brower Center and Oxford Plaza, **foundation grants** are also relied upon for a small portion of project financing.

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 applications 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 PY 2003, the City of Berkeley submitted an application to HUD on behalf of Jubilee Restoration, Inc., for \$3,008,000 in Section 108 monies to acquire three properties in west Berkeley for their proposed 118-unit Jubilee Village project.

Section 202 – The partnership of Jubilee Restoration, Inc. and Resources for Community Development received \$3.1 million for Jubilee Senior Homes at 2577 San Pablo Avenue.

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. One issue involved with use of Project-based section 8 is the need to pay careful attention to subsidy layering.

BEDI - After its first rejection in PY 2002, staff of the Ed Roberts Campus and the Berkeley Housing Department prepared a new Brownfield Economic Development Initiative (BEDI) application for the Ed Roberts Campus project in PY 2003 and submitted it to HUD in July 2004.

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 Local Housing Trust Fund grant monies. The City was awarded \$1,000,000 in a one-time grant in February 2004, receiving the funds from the state in May.

HELP – Berkeley has access to up to \$2 million in HELP loans to enable non-profit developers to acquire site control for affordable housing developments. In PY 2003, Satellite Housing obtained a \$600,000 HELP loan to help it acquire 1535 University Avenue for a proposed senior housing development (planned for 79 units), and AHA obtained a \$300,000 HELP loan to help it acquire 2121 7th Street. Developers of Sacramento Senior Homes (AHA) and Jubilee Senior Homes (RCD and Jubilee Restoration) have both repaid their HELP loans.

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

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Senior Homes development.

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 Single Family Rehabilitation Loan Program (formerly Seniors and Disabled Housing Rehab Program).

Other

Affordable Housing Program (AHP) - All projects coming to the City for funding report receiving AHP loans as part of their financing.

LISC - this is another funding resource for many of non-profit developers, but among current applicants to the City’s Housing Trust Fund in PY 2004, only Satellite Housing has obtained a LISC loan for its senior housing project on University Avenue.

Private lenders involved in affordable housing developments included Silicon Valley Bank, Bank of America, U.S. Bank, and Washington Mutual Bank.

Table 18 Leveraged Matches to Supportive Housing Program Awards for City of Berkeley and Berkeley Community Agencies, Program Year 2003		
Program	Funding	Leveraged Match
Channing Apartments - Bonita House	\$33,080	39,594
Peter Babcock House - AHA	\$33,665	19,040
Russell Street – BFHP	\$249,999	463,989
Regent House – BOSS	\$75,528	23,000
North County Women’s Center - BFHP	\$141,019	1,200,488
BFHP Women’s Transitional Housing	\$242,217	583,703
Harrison House Family Services - BOSS	\$114,997	265,810
Ashby House – RCD	\$56,424	37,444
McKinley Family Transitional Housing - BOSS	\$74,500	28,049
Berkeley Interfaith Youth Initiative - Jubilee	\$102,171	448,430
Homeless One-Stop Welfare-to-Work Employment System - JHC	\$1,016,786	2,883,547
City of Berkeley Shelter Plus Care Program Renewal	\$1,745,160	1,930,558
Total Direct Awards to Berkeley	\$3,885,546	\$7,923,652
Leveraged Matches to Other Awards that serve Berkeley and other communities:		
Program	Funding	Leveraged Match
Housing Stabilization Team - BOSS	\$523,088	\$277,688
Homeless Youth Collaborative - Fred Finch Youth Center	\$719,667	\$1,698,375
Health, Housing and Integrated Services Network	\$539,398	\$868,801
Alameda County/Berkeley Shelter Plus Care Collaborative	\$720,072	\$1,023,157

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Table 18		
Leveraged Matches to Supportive Housing Program Awards for City of Berkeley and Berkeley Community Agencies, Program Year 2003		
Program	Funding	Leveraged Match
Total of Other Awards serving Berkeley and other communities	\$2,502,225	\$3,868,021

Leveraging Supportive Services Through SHP

In addition to housing related leveraging, homeless service agencies participating in the Alameda County Supportive Housing Program (SHP) grants application must provide leveraged matches (in-kind services and/or cash for supportive services or other resources) for obtaining HUD’s SHP grants each year (see Table 18, above). As awarded during PY 2003, the Alameda County SHP grant awards from HUD specific to Berkeley are expected to leverage another \$7.9 million in leveraged matches pledged to Berkeley homeless service providers. For homeless services that benefit Berkeley as well as other jurisdictions in Alameda County, another \$3.86 million is anticipated as a leveraged match. For each HUD SHP dollar awarded for direct Berkeley SHP projects, nearly \$2 in leveraged matches are anticipated, and for each HUD SHP dollar awarded to Berkeley and other jurisdiction-serving programs, another \$1.55 in leveraged matches are expected.

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.

G. Citizen Participation

The availability of the draft CAPER was published in the *Daily Californian*, a local daily, on September 8, 2004; was announced at the Housing Advisory Commission’s September 2, 2004, meeting; and it was also placed on the City’s Housing Department Website on September 8th. The public was given a 15-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.

H. Self-Evaluation

The City of Berkeley, like many other large and small jurisdictions, faces challenging fiscal and programmatic times attempting to implement housing, community development, anti-homelessness, and anti-poverty policies and strategies called for in federal, state and local laws.

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Berkeley and its energetic and committed phalanx of community agencies remains committed to realizing these goals and following these policies, while we recognize more must occur with less.

Berkeley as a community and a municipality creates affordable housing, maintain and improve the housing stock, fight poverty and homelessness, and develop healthy and well-socialized children, youth, and communities; it does more than many cities of comparable size. To accomplish these community-based commitments in Program Year 2003, Berkeley intake and support service agencies collaborated creatively with the City's Housing Department and Mental Health staff to ensure continuing successes of the City's Shelter Plus Care Programs. This federal program is the City's centerpiece for achieving its Consolidated Plan and Homeless Continuum of Care Plan goals. In PY 2003, the Housing Department and Planning Department commenced interdepartmental coordinating meetings to address issues of permit streamlining, technical assistance and training about housing programs and analysis, housing and development policy in Berkeley, code enforcement, and other issues. The spirit of collaboration and coordination in the provision of government services and the use of scarce public taxpayer funds is alive and well in Berkeley and nowhere more in evidence than in Berkeley's spirited commitment to collaborative problem-solving in the situations facing Building Opportunities for Self-Sufficiency and the Jobs Consortium, discussed above.

Berkeley will continue funding for its anti-poverty programs despite surrendering WIA contracts with Alameda County in PY 2003. Berkeley continues to fund affordable housing developments that are under way and those in the planning stages in PY 2003, and in future years. Berkeley is committed to improving its coordination of Homeless Continuum of Care agencies here in Berkeley and regionally through timely policy deliberations and budget allocations, as well as through technical integration of a Homeless Management Information System that will greatly improve the collection and dissemination of information about homeless service clients.

Despite the challenges and setbacks, Berkeley is a community successfully pursuing its housing, anti-poverty and community development goals with a creative and varied fusion of financing sources, professional commitment and insight, and active community support.

The City of Berkeley Housing Department has long used demographic reporting and regular program status reporting together with annual accomplishment reporting for monitoring the performance of community agencies receiving CDBG funding. During Program Year 2003 an additional Outcomes Reporting system was implemented and piloted for use across all City of Berkeley community agency contracts. All projects (activities) funded with CDBG, ESG, CSBG and Housing Department administered General Funds were required to identify one to three outcomes from a predetermined list of 34 city-wide outcomes (Attachment M) and report (Attachment N) on accomplishment of the selected outcomes throughout the program year. The City's existing performance measurement system will be evaluated for effectiveness in meeting community needs and for compliance with guidelines contained CPD Notice 03-09 as part of consolidated plan development.

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VI. Programmatic Narratives

A. Summary of CDBG Financial Performance

Table 19 presents a financial summary that provides details about the City of Berkeley's compliance with CDBG regulations concerning public service and planning/administration spending caps, as well as the City's meeting of spending targets on activities that benefit low and moderate income persons as defined in HUD's CDBG regulations. In addition, it provides an introductory summary to the overall CDBG resources received and expenditures made during PY 2003.

Table 19 CDBG Financial Summary for PY 2003, July 1, 2003 to June 30, 2004 (from IDIS C04PR26)	
Summary of CDBG Resources	
Unexpended CDBG Funds at End of Previous Program Year	\$1,958,546
Entitlement Grant	\$3,956,000
Surplus Urban Renewal	\$0
Section 108 Guaranteed Loan Funds	\$0
Current Year Program Income	\$151,437
Returns	\$0
Adjustment to Compute Total Available	\$0
Total Available Resources	\$6,065,983
Summary of CDBG Expenditures	
Disbursements other than Section 108 Repayments and Planning/Administration	\$3,739,182
Adjustment to compute total amount subject to low/mod benefit	\$0
Amount subject to low/mod benefit	\$3,739,182
Disbursed in IDIS for Planning/Administration	\$794,187
Disbursed in IDIS for Section 108 repayments	\$120,000
Adjustment to compute total expenditures	\$0
Total Expenditures	\$4,653,339
Unexpended Balance	\$1,412,644
Low/Mod Benefit This Reporting Period	
Expended for Low/Mod Housing in Special Areas	\$0
Expended for Low/Mod Multi-Unit Housing	\$969,171
Disbursed for other Low/Mod activities	\$2,770,011
Adjustment to compute total Low/Mod credit	\$0
Total Low/Mod Credit	\$3,739,182
Percent Low/Mod Credit	100.0%
Low/Mod Benefit for Multi-Year Certifications	
Program years covered in certification	PY 2001, PY 2002, PY 2003

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Table 19 CDBG Financial Summary for PY 2003, July 1, 2003 to June 30, 2004 (from IDIS C04PR26)	
Cumulative Net expenditures subject to low/mod benefit calculation	\$3,739,182
Cumulative expenditures benefiting Low/Mod persons	\$3,739,182
Percent Benefit to Low/Mod Persons	100.0%
Public Service Cap Calculations	
Disbursed in IDIS for Public Services	\$776,180
PS unliquidated obligations at end of current PY	\$0
PS unliquidated obligations at end of previous program year	\$20,479
Adjustment to compute total PS obligations	\$0
Total PS obligations	\$755,701
Entitlement Grant	\$3,956,000
Prior Year Program Income	\$362,801
Adjustment to compute total subject to PS cap	-\$80,434
Total subject to PS cap	\$4,238,367
Percent funds obligated for PS activities	17.83%
Planning and Administration (PA) Cap	
Disbursed in IDIS for Planning/Administration	\$794,157
PA unliquidated obligations at end of current program year	\$19,927
PA unliquidated obligations at end of previous program year	\$0
Adjustment to compute total PA obligations	\$0
Total PA obligations	\$814,084
Entitlement Grant	\$3,956,000
Current Year Program Income	\$151,437
Adjustments to compute total subject to PA cap	\$0
Total subject to PA cap	\$4,107,437
Percent funds obligated for PA activities	19.82%

The Financial Summary (form HUD-4949.3) showed a total of \$6,065,983 was available for use during PY 2003, with a total expenditure of \$4,649,583 (excluding Section 108 repayments and Planning/Administration costs) leaving an unexpended balance of \$1,416,400. 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.

B. Resources for Consolidated Plan Implementation, Program Year 2003

1. All Activities – CDBG, ESG, HOME, Other

As shown in Table 20, during PY 2003, the City made available about \$17.6 million to meet the City's housing and community development needs. The federal government contributed about 54 percent of this amount through its formula-entitlement grants to Berkeley; the state contributed about \$3.2 million (or about 18 percent) as shown below; and the City of Berkeley

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contributed the remaining 28 percent, or about \$4.7 million of the resources available to Berkeley in PY 2003. This amount does not include federal Section 8 funds or Health and Human Services Department programs that help low income and homeless persons, except as noted.

Table 20	
Housing and Community Development Resources, Program Year 2003	
<i>Federal Resources (CDBG, HOME, ESG, CSBG Total – includes carryover)</i>	
2003 CDBG entitlement and program income:	4,107,437
CDBG carryover (for completion of Projects funded w/ FY2002-03 monies)	1,958,546
2003 HOME Program:	1,572,246
2003 ESG:	139,000
2002 HOME and ESG carryover	59,436
CSBG (administered by the State)	175,776
Shelter Plus Care (estimated)	1,745,776
<i>Federal Resources Total</i>	\$9,757,601
<i>Local Funds</i>	
General Funds to community agencies for anti/poverty, homelessness prevention, and community development	4,440,876
General Funds to Alameda County for staffing the Implementation of the Continuum of Care Plan	12,180
Rent Stabilization Board funds to Community Agencies for eviction counseling and tenant assistance services	205,000
<i>Local Funds Total</i>	\$4,658,056
<i>State & Other Programs</i>	
State monies received by the Health Department for homeless services	\$950,000
LIHEAP Weatherization Program	116,658
(LIHEAP, HEAP, ECIP) Utility Bill Payment	327,890
DOE Weatherization	22,467
State HELP Monies committed	600,000
State's Local Housing Trust Fund Grant Program	1,000,000
State Jobs-Housing Balance Incentive Grant Program (used for James Kenney Recreation Center improvements)	75,000
State Rehab Monies for Sr. Housing Program	\$125,000
<i>State & Other Programs Total</i>	\$3,217,015
<i>Grand TOTAL, All Resources</i>	\$17,632,672

CDBG and HOME Program Income

In PY 2003, the City of Berkeley received program income totaling \$313,932 of which \$151,437 was for the CDBG program and \$162,495 for the HOME Program.

2. Resources Available for Housing

About \$5.5 million was made available to and through Berkeley's housing programs during PY 2003, including CDBG, its Housing Trust Fund sources (see Table 21). This total includes

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funding sources available for special needs housing, covered below, which (while targeted to low-income people with special needs) often increases the stock of permanently affordable housing as directly as these funding sources do. 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, Shelter Plus Care, or the low income public housing program.

Table 21		
Funding Available for Housing by City of Berkeley Program, PY 2003		
Source	Amount	Administering Entity/Comments
CDBG Program	\$3,265,594	Administered by PPMB Division. Monies given to community agencies and City for housing development, rehab of senior homes, accessibility, relocation/displacement, and code enforcement programs.
Housing Trust Fund	\$1,312,529	Administered by the City's Housing Services Division. Includes HOME, General Funds, Housing Mitigation, and Redevelopment monies. Excludes the CDBG allocation in PY 2003 to the City's HTF of \$311,103, and state's Local Housing Trust Fund Grant of \$1 million.
HELP	\$648,488	Administered by the City's Housing Services Division. Reviewed by the HAC and approved by the City Manager. Allocations coordinated with HTF monies (some monies repaid and reallocated to other projects). While the City's HELP grant is for \$2,000,000, this is the amount that was actually available at the start of PY 2003, but amount varied during the City's fiscal year as some funds were repaid. Satellite Housing obtained a HELP loan of \$600,000 for 1535 University during this year, and AHA obtained one for \$300,000 to acquire 2121 7 th Street.
Homelessness Prevention Program	\$176,878	Contract administered by PPMB Division with ECHO. General Funds for assistance to those with HIV/AIDS and HPP. CDBG funds are provided to ECHO for direct administration of the HPP, \$36,878.
CalHome Program	\$125,000	Administered by the City's Housing Services Division. The City received 25 percent of its CalHome grant from State HCD during PY 2003. Used in conjunction with the Single Family Rehabilitation Program, which benefits low-income seniors and disabled homeowners.
Grand Total	\$5,528,489	

In May 2004, Berkeley received a State HCD Local Housing Trust Fund grant of \$1,000,000 to place in its Housing Trust Fund for affordable housing development. These funds will be administered by the Housing Services Division, and will be made available during PY 2004.

3. Resources for Services to Persons with Special Needs

Table 22 indicates that about \$10.4 million was made available in federal and local funds for services for those with special needs, including those who are homeless, of which \$4.3 million was from federal and \$6.0 million was from local sources. There were additional monies

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allocated to community agencies directly and local monies contracted with community agencies for provision of services by their clients.

Table 22		
Funds Available to the City of Berkeley in PY 2003		
For Services to Persons with Special Needs and Those Who are Homeless		
Federal Funding	Amount	Administering Agency/Comment
CDBG	\$1,682,789	PPMB Division
ESG	139,000	Program administered by the PPMB Division.
Community Services Block Grant	175,776	PPMB Division.
Shelter Plus Care services	2,333,525	Service match leveraged for all four grants, PY 2003.
Total Federal Funds Available	\$4,331,090	
Local Funding	Amount	Administering Agency/Comment
General Funds in connection w/ CSBG	\$3,153,089	PPMB Division
Measure O Program	\$1,287,787	Funds about 14 homeless programs. Various Departments and community agencies involved.
Homeless Prevention Programs	\$140,000	Contracted to community agencies. Contract and monitoring functions in PPMB. (HPP: \$180K; HIV/AIDS Housing: \$60K; AHAP\$30K)
Rent Board Eviction Defense Activities	\$205,000	Eviction Defense Center, East Bay Community Law Center, Housing Rights, Inc.
Easy Does It	\$694,138	Emergency transportation services for disabled population
Various other funds distributed through City Council	\$553,702	The approximate share for low-income benefit.
Total Local Sources	\$6,033,716	

4. Civil Rights Program Narrative

Table 23 summarizes the City's allocated funding to its civil rights programs, as identified above in Chapter V, Section A, Affirmatively Furthering Fair Housing. Berkeley defines its civil rights programs for purposes of this CAPER as including programs that prevent displacement (including relocation services, eviction controls, and homelessness prevention), address direct fair housing and discrimination complaints, and assist tenants and disabled individuals with needs for legal advocacy and counseling (including benefits advocacy).

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Table 23 City of Berkeley Civil Rights Program Activities Funded by CDBG and Other Federal Funds, Program Year 2003				
Agency	Description	PY 2003 Funding	Source of Funds	Activity
Housing Rights, Inc.	Counseling and referral regarding housing discrimination	\$35,147	CDBG	In Program Year 2003, HRI reported assisting 55 households with fair housing complaints. Nearly 55 percent of the complaints HRI received (30) involved disability-related forms of housing discrimination. Of the 55 complaints, 47 of them were closed, and of the closed cases, 13 involved advising complainants only about their rights, while another 13 were actively resolved through conciliation efforts by HRI staff. HRI conducted outreach through public service announcements, its web site, and attendance and tabling at various festivals. HRI also provides fair and accessible housing workshops to educate the public and government workers about fair and accessible housing law and related issues.
East Bay Community Law Center	Housing advocacy	\$20,800	CDBG	EBCLC enabled 51 clients to avoid eviction through favorable court outcomes; conducted tenant workshops providing outreach, information and referral, counseling, direct representation, and case management, negotiation and advocacy in court and administrative proceedings. Nearly half of all clients were African-Americans, and another 30 percent were Whites.
BHA Security Deposit Revolving Loan Program	Assists new applicants with securing new Section 8 units once tenant receives Housing Choice Voucher	\$250,000	\$225,000 of local funds, \$25,000 from BHA.	Program loans funds to offset the cost of the initial security deposit required before an applicant leases a unit. In providing loans, applicants are able to use their Housing Voucher to secure a rental unit, thus helping to improve BHA's lease-up rate. This program is limited to applicants who will be renting in Berkeley, and requires the applicant to enter into a repayment agreement and contribute a partial match. To date, 201 have been granted since the program started in PY 2002.

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Table 23 City of Berkeley Civil Rights Program Activities Funded by CDBG and Other Federal Funds, Program Year 2003				
Agency	Description	PY 2003 Funding	Source of Funds	Activity
Center for Independent Living	Residential Access Project for the Disabled	\$142,675	CDBG	Project constructs ramps and wheelchair lifts, and provides interior retrofit and housing search services. 10 ramps and lifts were installed at homes of disabled individuals to increase their independence. Another 27 disabled individuals had interior or exterior modifications made to their homes to increase accessibility. 653 information and referral contacts were made to assist disabled individuals with housing accessibility.
Section 8 Housing Choice Voucher Program	Tenant-based housing assistance	\$22,422,238	Other HUD funding	As reported elsewhere in this CAPER, BHA enabled 213 newly leased-up subsidized units for a total of 1,785 units at the close of PY 2003. This averages out to \$12,561 per unit per year, or about \$1,047 in subsidies per unit per month.
Shelter Plus Care Program	Tenant-based housing assistance linked to supportive services	\$2,333,525	Other HUD funding	As reported elsewhere in this CAPER, the Shelter Plus Care Program in PY 2003 housed 198 disabled and formerly homeless individuals. Average annual subsidy per unit was \$11,785, or about \$982 per unit per month.
Alameda County Homeless Action Center	SSI advocacy	\$26,878	CDBG	Demographics of HAC's clientele are almost evenly split between Whites and African-Americans. HAC provided benefit advocacy services to all of these clients, and 84 of them had their SSI cases granted during PY 2003.
City of Berkeley/Housing Department	Relocation Services to prevent displacement	\$78,955	CDBG	Staff involved with providing temporary relocation in conjunction with City-sponsored housing programs. Staff provided information relating to displacement prevention due to code violations and repairs to 31 people in PY 2003. Staff oversaw 22 emergency shelter residents at Harrison House were relocated within that facility when underground storage tanks were removed from beneath the building. Fire-related information and referrals were provided to 15 tenants and owners affected by fires in PY 2003. One tenant was relocated to a different unit from a blighted property. Lead paint abatement activity necessitated relocations of a homeowner and caregiver for work to proceed.

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Table 23 City of Berkeley Civil Rights Program Activities Funded by CDBG and Other Federal Funds, Program Year 2003				
Agency	Description	PY 2003 Funding	Source of Funds	Activity
Eden Council for Hope and Opportunity, Inc.	Operates Berkeley's Homelessness Prevention Program	\$176,878	CDBG	\$36,878 in CDBG funds provided to ECHO by Berkeley for operation of the City's General-funded Homelessness Prevention Program. \$140,000 available for direct assistance to clients.
City of Berkeley Rent Stabilization Board	Eviction Control Ordinance Administration	\$425,000	Local Registration Fees	Includes administration of non-federally funded contracts with Eviction Defense Center, Housing Rights, Inc., and East Bay Community Law Center; Public Information Unit's eviction counseling efforts, publications, Ellis Ordinance administration, and Measure Y tracking.
Subtotal, Local Funding Sources		\$650,000		
Subtotal, CDBG Funds		\$481,333		
Subtotal, Other Federal Funds		\$24,780,763		
Total Funding for Civil Rights Program in PY 2003		\$25,912,096		

C. Expenditures and Use of Funds

1. CDBG Program

Table 24 reports CDBG expenditures by activity area of the Program for PY 2003. Note that total allocations by activities include repayment of Section 108 loan (\$120,000, under Housing Activities) and Planning/Administration Activity costs. Actual expenditures in PY 2003 for Housing activities decreased by 9.6 percent and Planning and Administration activities expenditures decreased by 3.8 percent to keep the City of Berkeley under the Planning and Administration spending cap imposed by federal CDBG regulations.

Expenditures in other categories of activities increased, however. Public Services activities spending increased by 4.6 percent and Community Facilities spending increased by 35 percent in PY 2003.

Berkeley successfully drew down most remaining prior years' CDBG funding during PY 2003, leaving just \$379,109 unspent from prior years of CDBG funding. The City drew down \$147,600 in spending on activities (most of which was the City's first loan repayment of \$120,000 for the Section 108 loan to rehabilitate its Low-Income Public Housing units). Remaining Housing activities funds not drawn down from prior years are encumbered for the Jubilee Village project (\$50,000). As these projects get farther along, the City anticipates these funds will be drawn down in PY 2004. Community Facilities expenditures were mostly drawn down, leaving just \$33,109 remaining unspent for these activities. Public Services and Planning and Administrative prior year funds were fully spent down during PY 2003, with zero balances.

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Table 24			
Berkeley CDBG Expenditures by Activity			
Program Years 2001 through 2003			
Activity	Program Year 2003	Program Year 2002	Program Year 2001
Housing Activities	\$2,495,112	\$2,759,520	\$2,695,370
Public Services	755,701	723,104	759,460
Public/Community Facilities	222,683	165,000	136,732
Planning and Administration	794,157	823,000	760,976
Economic Development	0	0	0
Total, All Activities	\$4,267,653	\$4,470,624	\$4,352,538

2. ESG Program

The City of Berkeley received \$139,000 for PY 2003 from its Emergency Shelter Grant. A total of \$59,171 was drawn down during the program year (see Table 25, below). Another \$79,829 remains committed to Berkeley emergency shelter services and will be used during PY 2004. Of note, the Underground Storage Tanks (UST) Removal Project at Harrison House was undertaken and completed in September 2003 using ESG funds reallocated to BOSS from Program Year 2001. Also reallocated for the UST project was the \$58,974 allocated in 2002 for improvements at the MASC. Those funds, together with \$13,768 from Program Year 2003 were allocated to completion of the UST removal project at Harrison House. This project's total cost was \$164,600 to complete the UST removal at Harrison House.

Table 25	
Berkeley ESG Expenditures by Activities, Program Year 2003	
Activity	Use of Funds
Harrison House Community Recovery Program	\$10,954
Homelessness Prevention Program Administration	\$3,703
Harrison House Homeless Shelter Rehabilitation	\$0
BFHP Homeless Shelter Program	30,746
Program Planning and Administration – Admin costs	3,703
Total (including UST Removal Project at Harrison House)	\$59,171

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.

3. HOME Program

Table 26 presents the net position of the City of Berkeley's HOME program funds and activities. In PY 2003, Berkeley had \$1,675,823 available from its formula grant, including funds for

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program administration (10 percent of the City’s entitlement grant allowed by HOME regulations), and funds from loan repayments to the Housing Trust Fund (and allocated to HOME). Three projects applying to the City’s Housing Trust Fund program in PY 2003 were given funding reservations totaling \$1,516,675: Bridget House, 2577 San Pablo Avenue, and 1001 Ashby Avenue. The net position of the City’s HOME funds is estimated to be \$159,148 in PY 2003.

Table 26	
Berkeley HOME Program Investments Net Position	
Program Year 2003	
HOME Program Activity	Use of Funds
PY 2003 HOME Monies into the HTF	\$1,268,776
PY 2003 HOME Program Administration	140,975
PY 2003 Loan Repayments (HTF Schedule 2)	266,072
Total HOME Program Resources Available	\$1,675,823
HOME Reservations in PY 2003	
Bridget House (WDDC)	(\$25,000)
2577 San Pablo Avenue (in progress)	(\$991,675)
1001 Ashby Avenue (in progress)	(\$500,000)
Total HOME Reservations, PY 2003	(\$1,516,675)
Net Position of HOME Funds during PY 2003 (Resources Available less Reservations)	\$159,148

D. Other Federal Formula Grant Program Requirements

1. CDBG Program Requirements – Public Services and Planning & Administration Public Services Activities Cap

Planning, Administration, and Monitoring Activities Cap

Table 27 presents Berkeley’s activities counted toward the Planning and Administration Expenditure cap called for in federal CDBG regulations. Eligible activities in this calculation include Housing Rights, Inc.’s fair housing work, two Housing Department activities (Program Planning and Contract Administration, and Homelessness Prevention and Services Planning), City support costs, and the single audit performed annually on federal CDBG activities. According to IDIS records, the City allocated \$814,084 to these activities and spent down 97.6 percent of these funds (\$794,157) during PY 2003.

The Program Planning and Administration project met all its established goals of properly administering the CDBG/ESG Program for PY 2003 including:

- Timely disbursement of CDBG/ESG monies;
- Coordinating the annual public review and allocation process;
- Timely preparation of all necessary reports and environmental reviews;
- Developing and monitoring community-agency contracts as part of the City’s new Centralized Contracting Unit (CCU);
- Holding workshops for community agencies;

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- Coordinating the Single Audit and HUD monitoring of CDBG, ESG, and HOME programs;
- Drawing down funds; and
- Coordinated CDBG/ESG programs with the City’s CSBG/GF Anti-Poverty Program and homeless services planning.

Table 27		
Berkeley Activities Counted Toward the Planning and Administration Cap		
Program Year 2003		
CDBG Planning and Administrative Activities	Funds Allocated	Funds Drawn In
Housing Rights, Inc.	\$35,147	\$35,147
Program Planning & Contract Administration	418,337	398,588 ²
Homelessness Prevention & Services Planning	106,600	106,427
City Support Costs	238,000	238,000
Single Audit	16,000	16,000
Total, Planning and Administrative Costs	\$814,084	\$794,157

Of note in the allocation process for use of FY 2003-04 funds, Berkeley’s RFP and allocation process were expanded to include review of General Fund proposals previously brought to the City Council for approval without formal review. Streamlining of reporting and invoicing process continued this year with monitoring reports for the best-performing agencies only being required twice a year (for smaller sized contracts of \$10,000 or less) and for many other larger contracts, quarterly reporting. This should increase the amount of time community agencies can dedicate to services and help deal with of staff reductions affecting contracts/invoices/reports review.

2. HOME Program Requirements

CHDO Set-Aside

Berkeley met its 15% (\$211,463) Community Housing Development Organization (CHDO) set-aside requirement by allocating \$500,000 to AHA, Inc for its Ashby Lofts Project at 1001 Ashby Avenue.

HOME Match

IDIS report C04PR33 (Attachment H) shows the 2003 match requirement (25%) to be \$192,101.50 based on disbursements requiring match during the year of \$768,406. The City of Berkeley entered the year with excess match carried over from previous years of \$2,513,350.69. During PY 2003 \$724,880 in additional match was added to create total match available of \$3,238,230.69. After the match requirement for 2003 was satisfied there remained excess match of \$3,046,129.19. Two projects during the year were used to provide HOME match. The Bridget House renovation project received a \$25,000 HOME contribution and was matched with \$284,400 in local housing mitigation funds. The University Neighborhood Apartments (UNA) project

² Total reflects an additional \$1,270 that was drawn in PY2002 for PY2003.

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received City of Berkeley General Fund disbursements of \$413,144 and \$27,336 for a total of \$440,480 during the year.

Home Loan Repayments

In PY 2003 a total of \$162,495 was received in HOME program income and reported in IDIS. \$82,592 was received as a result of loan repayments on development loan agreements from Bonita House (\$10,127.40), Northern California Land Trust (66,654.49), Resources for Community Development (\$26.00), and Affordable Housing Associates for Shattuck Senior Home (\$5,783.76). \$79,903 was received in repayments from the First-Time Homebuyer Program. These funds have been placed in the Housing Trust Fund as part of the HOME allocation and will be committed for housing development for HOME-eligible activities.

Use of Minority and Women Business Enterprises (MWBE)

The only HOME assisted project completed this year was the Bridget House renovation project at 2213 Byron Street. The Bridget House project contracted with a partially, minority-owned (Asian) contractor for one contract in the amount of \$309,400. 1320 Haskell Street condominium project was reported last year though all the units were not sold until this year.

Affirmative Marketing

Berkeley's Housing Trust Fund Guidelines require that HTF recipients undertake affirmative marketing of their units. These requirements are incorporated directly into the City's Development Loan Agreements that are executed with developers to provide development funding.

Anti-Displacement

In PY 2003, there were no displacements as a result of HOME-assisted programs. See also Chapter V, Section A, pages 30-31, for a discussion of the City's relocation efforts and programs whose purposes are prevention of displacement from acquisition and rehabilitation projects, major repairs, or from new development.

Inspection of HOME Properties

175 units at 33 properties that had received HOME funding in the past were inspected in PY 2003. 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).

3. ESG Program Match Requirement

The ESG award of \$139,000 requires a dollar for dollar match. That match requirement was exceeded by allocating \$194,903 in City of Berkeley General Funds to the Berkeley Emergency Food and Housing Project's Multi-Service Center.

E. Pattern of Investments

The pattern of investments did not change significantly in PY 2003 and was focused on assisting

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those who are homeless, low income, and have special needs. CDBG, ESG, HOME monies were combined with Housing Trust Funds, and General Funds, as well as funds from other sources, to help meet the City's top housing and community development priorities as contained in the Consolidated Plan and 2003 Annual 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 continued coordinating with two other key City programs (the Green Building Program and Disaster Resistant Berkeley), to use housing development projects to achieve important City goals. It continued its regular lunchtime 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. Topics addressed included housing monitoring, and issues in affordable housing development, including organizational capacity building.

Assistance to first-time homebuyers has not been a priority because the level of subsidy needed to make such housing affordable is prohibitive given the range and magnitude of the City's other housing subsidy needs. Repayments of principal and interest on earlier homebuyer assistance agreements were deposited into the Housing Trust Fund when assisted buyers chose to sell their homes. Some loan recipients complained that the City's equity-sharing terms of the homeownership loans 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 of Berkeley adopted program guidelines for implementing the new federal American Dream Downpayment Initiative (ADDI) during PY 2003. The City anticipates coordinating expenditure of this program's funds during PY 2004 through coordination of efforts to identify prospective first-time homebuyers who would qualify for purchasing new inclusionary condominium units to be completed soon by private developers in Berkeley (see discussion of Background housing information above in this CAPER). Staff outreach to local homebuyer assistance programs and developers should help initiate program activities in a productive direction.

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. One Section 8 tenant used the Section 8 homeownership program to purchase her unit and is using its subsidy to make her mortgage payment. 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.

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