

HOUSING DEPARTMENT

City of Berkeley

Program Year 2004

**Consolidated Annual Performance
and Evaluation Report (CAPER)**

for Housing and Community Development

September 2005

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City of Berkeley
Program Year 2004 Consolidated Annual Performance and Evaluation Report

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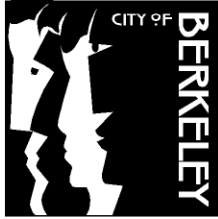
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HOUSING DEPARTMENT

**CITY OF BERKELEY
PROGRAM YEAR 2004
CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT
(JULY 1, 2004 THROUGH JUNE 30, 2005)**

Executive Summary

This report is the City of Berkeley's 2004 Consolidated Annual Performance and Evaluation Report (CAPER) covering the fifth and final year of Berkeley's Consolidated Plan for Housing and Community Development, completed in May 2000.¹

It contains three parts: First, a set of narrative statements that discuss the City of Berkeley's achievements during Program Year 2004 (July 1, 2004 through June 30, 2005) 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); and of these performances in relation to the City's Annual Action Plan (AAP) for Program Year 2004. 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 grantee 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.

Recurring Acronyms Used in this Report:

- ❑ **AAP** = Annual Action Plan for housing and community development
- ❑ **CAPER** = Consolidated Annual Performance and Evaluation Report
- ❑ **ConPlan** = Consolidated Plan for Housing and Community Development
- ❑ **CDBG** = Community Development Block Grant
- ❑ **ESG** = Emergency Shelter Grant
- ❑ **HOME** = HOME Partnership for Investment Program
- ❑ **HTF** = Housing Trust Fund, a City of Berkeley housing loan program.
- ❑ **CCU** = Centralized Contracting Unit, monitoring community agency contracts for the City of Berkeley

¹ The City of Berkeley submitted its new *Consolidated Plan for Housing and Community Development, 2005-2010*, in May 2005, revised in July 2005. Next year's CAPER will review the first year of this new ConPlan starting with Program Year 2005.

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This CAPER covers the final year in which the City of Berkeley implemented its 5-year Consolidated Plan adopted in 2000. 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:

- Cumulative housing efforts from July 1, 2000 through June 30, 2005;
- The City's low income housing and community development activities carried out during the period July 1, 2004, to June 30, 2005;
- Funds made available for those activities; and
- The number of low income persons and households assisted.

The CAPER also 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 Consolidated Plan goals.

The City's activities to meet its Program Year 2004 AAP and ConPlan goals were generally successful, especially in view of the budgetary and agency capacity constraints faced. Despite a reduction in local revenues, Berkeley continued its local commitment to its housing, social services, and community development programs by allocating about the same level of funding as it had done in previous year. However, the City had to reduce funding for Fiscal Year 2004-05 (see the 2004 Action Plan for details) and is absorbing further cuts in Fiscal Year 2005-06 (Program Year 2005 to come). 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 an increment of additional time for service delivery by Berkeley's agencies, and enable staff to work with agencies to develop more proactive initiatives for client problem-solving and administrative efficiencies. 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. Since then, categories for outcome reporting include housing, employment, health, education, recreation, infrastructure, and community access.

The City of Berkeley created 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

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through federal formula grants. The CCU is 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 is 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 during PY 2004 a 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, Seniors and Disabled Home Rehabilitation Loan 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 and Section 106 historic resource review actions were implemented in PY 2004, including use of a tracking system for environmental review and Section 106 projects under way in each of the City's housing development and rehabilitation programs. Procedures were set down for the manual during PY 2004.

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, maintains and improves the housing stock, fights poverty and homelessness, and develops 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 2004, 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 2004, the Housing Department and Planning Department continued interdepartmental coordinating meetings to address issues of permit streamlining, technical assistance, mutual information sharing, 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, Jubilee Restoration, the Jobs for Homeless Consortium, and the addition of Rubicon Programs, Inc., to Berkeley's services discussed below.

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The City of Berkeley Employment Programs are First Source and YouthWorks. First Source provides employment referral services for Berkeley businesses (including construction jobs), linking the jobseekers with local businesses seeking to fill vacancies. Enabled by ordinance, First Source requires new commercial development over 7,500 square feet, and new jobs created by the new development, to enter into a First Source Agreement, which requires that Berkeley residents be given first opportunity to compete for jobs created by the new development. Additionally, any contractor receiving city funds over \$100,000, is also required to enter into a First Source agreement. Also marketed as a business service, First Source invites voluntary participation by area businesses, and will assist in:

- Developing and assessing job descriptions and salary schedules;
- Accessing on-the-job training and customized training funds available under the Workforce Investment Act (WIA).

First Source is administered through the City of Berkeley Office of Economic Development, which also provides support and technical assistance to small business and micro-enterprises located in low-income neighborhoods.

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.

I. Introduction

This report is the City of Berkeley's 2004 Consolidated Annual Performance and Evaluation Report (CAPER) covering the fifth and final year of Berkeley's Consolidated Plan for Housing and Community Development, completed in May 2000.² It contains three parts: First, a set of narrative statements that discuss the City of Berkeley's achievements during Program Year 2004 (July 1, 2004 through June 30, 2005) 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); and of these performances in relation to the City's Annual Action Plan (AAP) for Program Year 2004. 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 grantee 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.

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, 2004, to June 30, 2005, 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 2004 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

² The City of Berkeley submitted its new *Consolidated Plan for Housing and Community Development, 2005-2010*, in May 2005, revised in July 2005. Next year's CAPER will review the first year of this new ConPlan starting with Program Year 2005.

Council goals for PY 2004 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;
- 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;
- 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 2004 need to be placed in social and economic context. Between July of 2004 and June of 2005, continued state and local fiscal crisis, 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 funds remained scarce 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 relatively slow job growth nationally and in California, unemployment remained a problem in Berkeley during Program Year 2004. Unemployment has continued declining statewide and in Alameda County. In Berkeley, according to the California Employment Development Department, the unemployment rate in Berkeley for July 2004 stood at 6.4 percent with 3,900 residents estimated to be unemployed; in July 2005, Berkeley's unemployment rate was 5.3 percent, with an estimated decline of 600 in the ranks of the unemployed here. 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 the same as Alameda County's in July 2005. Berkeley has the second highest unemployment rate in Alameda County behind Oakland (8 percent, down from 11 percent a year ago).

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

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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.

With lowered unemployment regionally, household incomes in the Bay Area continue to rise. But these trends were not acknowledged by the federal government. The U.S. Department of Housing and Urban Development (HUD) announced new household income guidelines in February 2005, holding the median household income for the Berkeley-Oakland Primary Metropolitan Statistical Area at \$82,200 in 2004 *and* 2005.

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 2004 the median rose in Berkeley to \$631,000, a 104 percent increase during that period. Single-family home prices increased about 12.7 percent between 2003 and 2004 (the 2002-03 change was a slower 7.6 percent), according to data from the Alameda County Assessor's office. The 10th percentile sale price during 2004 was \$429,000, up from \$364,000 a year ago, and the 90th percentile sale price was \$1,186,000, a 28 percent increase over last year's \$925,000 90th percentile sale price.

Table 1: Sales Prices of Single-Family Homes and Condominium Units in Berkeley, 1999-2004						
Type of Property	1999	2000	2001	2002	2003	2004
Single Family Units						
Total # of units	770	554	532	540	661	663
Median Sales Price	\$310,000	\$425,500	\$491,000	\$520,500	\$560,000	\$631,000
Condominium Units						
Total # of units	120	87	105	92	113	122
Median Sales Price	\$228,500	\$305,000	\$301,500	\$335,000	\$355,000	\$443,000

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 93.9 percent by 2004 to \$443,000 (nearly doubling in that 5-year period). This median price is also a 25 percent increase over condo prices in 2003.

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. In August 2004, the *Tom* decision (which applied directly to San Francisco) invalidated Berkeley's ban on conversion of rental properties with four units or more to owner-occupancy through creation of tenant-in-common (TIC) projects. This creates the potential for extensive conversion of rental housing to owner-occupancy, and while additional relatively lower-priced ownership housing is needed in Berkeley, there is a general policy consensus that this should not come at the expense of even greater need for rental

housing available to people who cannot afford to buy, and that TICS are a very problematic form of ownership for those who buy them. In addition the unregulated conversions could be combined with wholesale eviction of tenants through use of the Ellis Act to withdraw accommodations from rent or lease in the housing market. This issue will be addressed more specifically in the section below on the City's use of its regulatory powers.

The *Tom* decision affecting San Francisco in October 2004 pre-empted California local governments' ability to regulate tenancy-in-common (TIC) buildings on grounds that it was an unconstitutional invasion of privacy. (San Francisco is appealing the decision currently.) In 1992, the City had banned creation of TICs of over 3 units, and established regulations for conversion of existing TICs to condominiums. Since TICs are a generally undesirable form of homeownership and since conversion of multi-family property to owner occupancy through TIC ownership will reduce the stock of housing available to low-income residents of Berkeley, it is more desirable to encourage limited conversion of some multi-family property to condominiums and obtain fees that can be used to help make other units permanently affordable to low-income residents of Berkeley. The Berkeley City Council adopted an amendment to the City's subdivision ordinance to eliminate regulation of TICS and limit fees for conversion of rental units to condominiums. In addition, Council's action in April 2005 referred refinement of the subdivision ordinance and drafting of priorities to apply to units seeking condominium conversions to the Housing Advisory Commission. The Commission is taking up the Ordinance during PY 2005, as will the Planning Commission.

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 2005	240.6	9.4%
	263.1	
From September 2001 to June 2005	258.0	2.0%
	263.1	
From October 2002 to June 2005	262.5	0.2%
	263.1	

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, registering only a slight increase between October 2002 (the first month in the Bay Area in which rents declined) and June 2005.

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Rents overall in Berkeley continue to increase when viewed from the onset of vacancy decontrol in

Median Rents of Units with New Tenancies in Berkeley							2005 (1st half)
Unit Size	1999	2000	2001	2002	2003	2004	
Studio	\$ 715	\$ 800	\$ 900	\$ 850	\$ 850	\$ 800	\$ 850
1 BR	950	1,100	1,200	1,150	1,100	1,065	1,095
2 BR	1,300	1,500	1,650	1,600	1,500	1,400	1,425
3 BR	1,650	1,980	2,100	2,150	1,999	2,000	1,950
Source: Berkeley Rent Stabilization Board, August 2005.							

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. Median rents on newly renting vacant units and the number of newly renting units in Berkeley also declined between 2002 and 2004; however, according to Berkeley Rent Stabilization Board data, median rents for studios, 1-bedroom, and 2-bedroom units have rebounded slightly in 2004. In the first half of 2005, the median rent on new tenancies in studios, 1- and 2-bedroom units increased slightly, while declining 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 2004 Action Plan and ConPlan goals were generally successful, especially in view of the budgetary constraints faced. Despite continued reductions in local revenues, Berkeley continued to tackle its substantial structural deficit. This deficit is caused by recurring expenditures outpacing recurring revenues, primarily due to:

- ❑ Continued loss of State and Federal funding;
- ❑ Slow economic recovery since 2001
- ❑ Limited new revenues; and
- ❑ Continued increases in labor and State retirement costs.

The economic downturn impacts Berkeley over the last several years, resulting in a reduction of sales, hotel tax, and other local tax revenue. Also affected by the economy’s poor performance, the California Public Employees Retirement system (PERS) suffers from significant investment losses that result in benefit rates that have grown far beyond annual projections provided by PERS to local jurisdictions.

In Program Year 2004 (Berkeley’s FY 2005) the State of California took \$1.83 million from Berkeley’s revenues to balance its own budget. Passage of Proposition 1A by California voters in November 2004 provides that these revenues will be returned by the State to the City in Program Year 2006 (Berkeley’s FY 2007), and will hopefully, limit additional loss of revenue to the State in future years.

To help balance the FY 2005 budget, most City employees agreed to a one-time give-back to the City amounting to 2.2 to 3 percent of their salary, which resulted in around \$1.2 million in savings to the City’s General Fund, and around \$2.4 million in savings to other funds. The City also successfully reduced Workers’ Compensation costs—so much that a negotiated one-time

bonus to City employees (excluding sworn employees) was paid at the beginning of FY 2006 in recognition of this achievement. City employees in the next two fiscal years will continue to participate in achieving savings to protect programs by participating in Voluntary Time Off (VTO) days, which is estimated to save \$3 million in savings across all funds and \$750,000 in General Fund savings over three years.

In this context, the City of Berkeley continues its local commitment to housing, social services, and community development programs by allocating the same level of funding to most Berkeley agencies, as it had done in previous year. However, the City had to reduce funding for Fiscal Year 2004-05 (see the PY 2004 Action Plan for details) and is absorbing further cuts in Fiscal Year 2005-06. In addition, one key homeless service provider agency continues to undergo significant restructuring of their operations in response to HUD audit findings. Another homeless service agency closed its doors, but another agency stepped in to fill the gap in services during PY 2004. Audit findings required the two troubled agencies to develop repayment plans so that HUD is properly reimbursed. The City of Berkeley Housing Department is actively committed to maintaining the stability and effectiveness of key Homeless Continuum of Care agencies in the present and for the future.

A. Housing

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

Figure 1: Housing Goals and Priorities from Berkeley's Consolidated Plan	
<ul style="list-style-type: none">• Assist approximately 1,000 households with their housing needs in the next five years (excluding homeless and households served by programs not covered by HQS).• Maintain effort of existing successful programs.• Make available additional funding for affordable housing.• Use City's regulatory authority to increase affordability and help residents remain in their homes.• Meet needs of poor and very low income tenants (at or below 50% of AMI) and residents with special needs. Priorities by income category:<ul style="list-style-type: none">• Highest priority: Residents with very low incomes (at or below 50% of AMI) and special needs.• Next highest priority: Tenant households with incomes between 51% and 65% of AMI.• Low priority: Households with incomes between 66% and 80% of AMI.• Homeownership programs have low priority due to high cost of providing assistance.• <u>Maintaining and improving housing stock, and eliminating blight.</u>	

Meeting Housing Needs

Since Program Year 2000 (July 1, 2000 to June 30, 2001), the City continues to 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 588 households since PY 2000:

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- 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, 27 units (at University Neighborhood Apartments)

Unfortunately, approximately LIPH and RHCP units are vacant, awaiting repairs prior to leasing up again. In addition, HUD reduced the Berkeley Housing Authority's (BHA's) budget authorization for the Section 8 Housing Choice Voucher (HCV) Program from 1,841 units to 1,781 units during PY 2004, a loss of 60 units of authority. This squeezes BHA's ability to assist low-income Berkeley residents with affordable housing arrangements. The City of Berkeley anticipates that during PY 2005, another 108 units (1001 Ashby Avenue, 2517 Sacramento, and 2577 San Pablo) would be completed, and another 176 could begin construction (Oxford Plaza with 96 units and University Avenue Senior Housing with 80 units for seniors).

Berkeley continues to have a very active affordable housing community and local government. In PY 2004, Berkeley tracked many new housing projects (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, Seniors and Disabled Housing 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			
David Brower Center/Oxford Plaza at 2200 Block of Fulton Street Resources for Community Development and Equity Community Builders	96 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 2002. Developer undertaking a parking study and received a \$2.5 million Housing Trust Fund Loan in PY 2004. Project nears completion of its Section 106 and federal environmental review processes during PY 2005. along

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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
			with its use permit.
3132-38 Martin Luther King, Jr. Way Prince Hall Arms	42 units	Continuing	Mixed-use project in south Berkeley. Project received City and federal funding in 1999, and demolished existing buildings. Was not able to break ground for new construction. Project seeking use permit modification during PY 2005 to accommodate 5 additional units over earlier permit. Project will need a new Section 106 review and environmental review process, since the reviews completed in 1999 have lapsed.
2121 7 th Street Affordable Housing Associates	48 units	Completed	Property acquired during PY 2004, and is undergoing environmental review prior to commitment of Project-based Section 8 HCV assistance. Project used \$91,990 in CDBG funds in PY 2004. Beneficiaries included 5 whites, 18 blacks, and 4 Asian households; all 27 households were low income, and 7 were female-headed households.
1001 Ashby Avenue AHA	55 units	Continuing.	Financing completed. Attempting to break ground by February 2006. Completion date scheduled for May 2007.
2612 San Pablo Avenue Jubilee Restoration (Jubilee Village)	118 units	Continuing	Section 108 Loan Guarantee approved by HUD was subsequently withdrawn due to questions about Jubilee Restoration's use of funds during PY 2004.
1419 Ashby Avenue NCLT (South Berkeley)	4 units	Discontinued	NCLT is having organizational capacity issues. The City directed NCLT to sell this property, which it did during PY 2004.
1320-22 Haskell Street Northern California Land Trust (NCLT)	5 units	Completed in PY 2003.	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			
2526 Durant Avenue	6 units	Continuing	44 total units. State Density Bonus Project. Project is in permit review, seeking to demolish a structure of merit and replace with a mixed-use building with 2800 SF of retail space in 5 stories.

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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
1414 Harmon Street	1 unit	Continuing	5 new units to be built in 3 new buildings and raise existing dwelling to construct new dwelling below. Total of 7 units on property when completed.
1797 Shattuck Avenue	16 units	Completed (2004)	65 total units. Density Bonus Project.
1801 Shattuck Avenue	7 units	Continuing	35 total units. Project nearing completion in PY 2005
1122 University Avenue	11 units	Continuing	65 total units. Project approved during PY 2004.
2701 Shattuck Avenue	5 units	Continuing	29 total units. Project in permit review during PY 2004 and 2005.
3075 Shattuck Avenue	2 units	Continuing	10 total units approved PY 2003.
2076 Ashby Avenue	2 units	Continuing	11 total units. State Density Bonus Project approved in PY 2004.
2025 Channing Way	4 units	Continuing	30 total units. State Density Bonus Project. Project applicant now seeking to convert rental project to condominium, obtaining subdivision map approval from the Planning Commission.
1885 University Avenue	39 units	Continuing	197 units total
1698 University Avenue	4 units	Continuing	25 total units proposed. State Density Bonus Project. Project approved, but appealed because of density bonus issues in PY 2004.
2041-67 Center Street – Seagate Project	24 units	Continuing	149 total units. State and local density bonus project.
2498 Martin Luther King, Jr. Way	3 units	Under construction	21 total units.
2006 University Avenue – Touriel Building	7 units	Completed (2004)	35 total units. Developer: Panoramic Interests.
2119 University Avenue – Bachenheimer Building	7 units	Completed (2004)	44 total units. State Density Bonus Project. Developer: Panoramic Interests.
2471 Shattuck Avenue – Fine Arts Building	20 units	Completed (2004)	88 total units. State Density Bonus project. Developer: Panoramic Interests.
2002 Addison Street – Artech Building	4 units	Completed	21 total units.
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.

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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
2700 San Pablo Avenue (Inclusionary Units)	6 units	Continuing	Project originally approved in 2002 as a rental with 7 restricted rent units and 35 total units; new owner has change project to condominium units for sale, 6 restricted and 30 units total for sale. City approved project's use permit in March 2005 during PY 2004.
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	Under construction	\$2.7 million from HTF (including HELP loan replacement) has been approved and HUD awarded Section 202 capital advance and rent subsidy. Project now under construction.
1535 University Avenue Satellite Housing Senior Housing	80 units	Continuing	Project to be built in central Berkeley near Sacramento Street and University Avenue. In PY 2004, project was awarded tax credit financing, and neared completion of federal environmental review (including Section 106 review).
2517 Sacramento Street, AHA, Inc. Senior Housing	39 units	Under construction	CEQA Litigation resolved in October 2004.
1719-25 University Avenue AHA Disabled housing in mixed- ability environment (mainstreaming model)	27 units	Completed.	Project completed during PY 2004. New construction, universal designed allows for disabled & non-disabled affordable housing. All units were funded with Project-based Section 8.
Shelter Plus Care Program (Citywide, scattered site model) Permanent supported housing for formerly homeless and disabled individuals. Tenant-based subsidies with case management and service provision for clients.	198 units	Ongoing	City and Alameda County HCD were jointly awarded 22 more Shelter Plus Care Program vouchers that would be split evenly between the County and the City of Berkeley Chronically homeless, single adults, with mental illness and/or chronic history of substance abuse, and who are frequent users of emergency medical and psychiatric services.
Sankofa House at 711 Harrison Street, Phase I of Ursula Sherman Village BOSS, Inc. Transitional housing	4	Completed	Project completed during PY 2004. Four homeless families moved in, March 2005.

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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
2111 McKinley Street BOSS, Inc. Transitional housing for homeless families	6 units	Continuing	Costs have risen, and project seeks additional funding from the Housing Trust Fund in PY 2005. Rehabilitation work under way during PY 2005.
3404 King Street Eunice Ann Finch Center Fred Finch Youth Center Transitional housing for homeless youth	12 beds	Ownership transfer continuing	Transfer of property is still in escrow. Project continues to operate.
Bridget House Transitional Housing Women's Daytime Drop-In Transitional housing for victims of domestic violence	4 units	Completed.	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))			
Seniors and Disabled Rehab Loan Program	7 completed in PY 2004	Ongoing	No interest, deferred loans; 3 black/white households, 1 white, 1 Asian/white household, 1 Asian, and 1 other multi-racial household assisted during PY 2004.
Rebuilding Together (Citywide) Safe Home Project	21 units assisted in PY 2004	Completed	Coordinated coordinated volunteers and community resources to perform minor home repairs and improvements to 21 homes of low-income Berkeley households.
Home Safety and Repair Program Community Energy Services Corporatino	181 units assisted	Completed	A total of 181 households – including 113 extremely low-income households, 39 low-income households, and 159 female-headed households – were assisted by CESC with minor repairs, including 276 energy improvements, 500 seismic improvements, and 1,193 general improvements in PY 2004.
Residential Access for the Disabled Program (CIL, ramps and interior retrofit) (Citywide)	44 units assisted in PY 2004	Completed	Installed 11 ramps and lifts for low-income and disabled Berkeley residents. Additionally, the project completed 26 interior modifications, including grab bars, door widenings, and other safety features.

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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 Seniors and Disabled Housing Rehabilitation Loan, 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 \$19.5 million to affordable housing proposals through its Housing Trust Fund between July 1, 2000, and June 30, 2005, with about 17 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 19.4 percent of Berkeley’s HTF investments. To do this, however, Berkeley had to amend its Annual Action Plan to accommodate reservation of HOME program funds from PY 2005 to keep projects going.

Fiscal Year ending:	General Funds, Housing Mitigation, and Redevelopment Funds	CDBG	HOME	State HTF and HELP Funds (site acquisition)	Total Allocations
June 2001	\$627,600	\$245,000	\$1,317,674	\$1,612,400	\$3,802,674
June 2002	606,820	404,000	2,584,708	571,360	\$4,166,888
June 2003	95,690	50,000	0	0	\$145,690
June 2004	318,125	815,000	1,516,675	735,200	\$3,385,000
June 2005	1,669,410	1,235,545	4,280,878	876,336	\$8,062,169
Total Allocations	\$3,317,105	\$2,749,545	\$9,699,933	\$3,795,296	\$19,561,889

Berkeley will increase its leveraging of non-federal sources of funds for affordable housing production during Program Year 2005. With its certification of compliance³ 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 Trust Fund Program

³ The California Department of Housing and Community Development (State HCD) 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 remain under review by the Berkeley Planning Commission; once completed, they will be forwarded to State HCD.

under AB 1891 of 2002. 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, to regulate rents under its Rent Stabilization Ordinance, and to regulate new 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. The Berkeley City Council formally adopted these ordinance changes in November 2004.

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 (during PY 2003). 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-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 (about \$138,000 for small units to nearly \$229,000 for larger units) while capping prices at a level no higher than three times 120 percent of the area median income (about \$207,000 for smaller units to about \$343,000 for larger below-market rate units). (It should be recalled that the median condominium price in Berkeley in 2004 exceeded \$440,000.) 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 on February 19, 2006. A number of new projects have received zoning approvals under the new pricing formula, and prior to the sunset of the Ordinance, the Housing Department will review the City's experience with its provisions. The City Council will have options of extending and/or altering the pricing formulae.

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:

- ❑ 1698 University Avenue (25 total units)
- ❑ 700 University Avenue (212)
- ❑ 1122 University Avenue (65)
- ❑ 2041 Center Street (149)
- ❑ 3075 Telegraph Avenue (10)
- ❑ 2020 Kittredge Street (176)

This list alone contemplates production of 637 new condominium units in Berkeley. Other projects may consider changing to condominium ownership to meet increased demand in the Berkeley market for more affordable home ownership opportunities for first-time buyers.

The City of Berkeley also uses its regulatory authority to regulate evictions and rents on existing occupied rental units within its jurisdiction. (New units built since 1980 are exempt from rent controls.) 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 Housing Code Enforcement Program, tenants may request service of an inspector to assess the condition of their unit.

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 (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-fifth 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

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Year 2004, Summary of Accomplishments,” September 21, 2005.

Table 6 CDBG Beneficiaries by Income Category for Program Year 2004						
	Extremely Low, <=30% of AMI	Low, >30% and <=50%	Moderate, >50% and <=80%	Total, Low- Mod	Non Low- Mod	Total Beneficiaries
Housing Beneficiaries						
Total Households	123	113	351	587	0	587
Owners	122	76	319	517		
Tenants	1	37	32	70	0	0
Non-Housing Beneficiaries						
Persons	2,861	579	2,188	5,628	502	6,130
Households	77	2	4	83	0	83
Not Specified	0	0	0	0	0	0
Total Beneficiaries						
Persons	2,861	579	2,188	5,628	502	6,130
Households	200	115	355	670	0	670
Not Specified	0	0	0	0	0	0

In addition, this report shows in Table 7 that, for those agencies and programs reporting race and ethnic data on the individuals they serve, about 35 percent are white, 38 percent are black or African-American, 5 percent are Asian, 3 percent are American Indian, 2.5 percent are Native Hawai’ian or Pacific Islander, and about 16 percent report two or more races in their heritage. Berkeley’s programs also served about 1,200 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.

In PY 2004, about 6,130 persons and 664 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 Hispanic are assisted through General Funded and CSBG-funded programs, these are not reflected in the GPR. For its joint community needs hearing before the Human Welfare and Community Action and Homeless commissions in October 2004, the City arranged to have translations into Chinese, Vietnamese, and Spanish of its hearing notice. They were distributed widely in Berkeley, and a substantial turnout occurred.

Table 7: Berkeley CDBG Beneficiaries by Disclosed Race and Ethnic Categories, Program Year 2004

Disclosed Race of Beneficiary	Persons		Households	
	Number	Hispanic	Number	Hispanic
White	2,148	488	231	48
Black/African-American	2,351	3	371	0
Asian	298	2	43	0
American Indian/Alaska Native	155	141	5	0
Native Hawai'ian/Other Pacific Islanders	118	0	1	0
Other Multi-Racial	1,060	572	13	-
Total Beneficiaries Disclosing Race and Ethnicity	6,130	1,206	664	48

Although some Berkeley programs are defined Citywide, many beneficiaries are from the 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 2004 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 undertaken throughout central, south, and west Berkeley (for example, Adeline Apartments, University Avenue Senior and Ashby Lofts), new inclusionary units (non-federally funded) were located in the Downtown area and south Shattuck Avenue areas during PY 2004.

Beneficiaries: Renters and Owners by Income Status. Table 8 summarizes HOME unit completions for renter and owner beneficiaries in Berkeley during PY 2004. Thirty HOME-funded units were completed in PY 2004: four units at Sankofa House at 711 Harrison Street in West Berkeley. Affordable Housing Associates completed construction of its University Neighborhood Apartments (UNA) project at 1719 University Avenue (26 units). Another 50 units were made affordable to renters through the City's Density Bonus/Inclusionary Zoning requirements (see table 4). Half of these were leased to Section 8 tenants and the other half to tenants at 80% of AMI or below.

Home Ownership Assistance

As mentioned on page 20 of this report, the City of Berkeley has a number of proposed condominium projects in its use permit pipeline. By applying its inclusionary housing requirements from the Berkeley Zoning Ordinance, and assuming each of the projects listed on page 20 gets completed, the City could see as many as 211 new inclusionary condominium units with sale prices restricted to affordable levels in the next few years.

No household was assisted under the American Dream Downpayment Initiative during PY

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2004. However, one household was in escrow at the close of the Program Year, and concluded the purchase at the beginning of PY 2005.

Table 8 HOME Unit Completions by Percent of Area Median Income in Program Year 2004							
	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	6	10	14	0	30	30	0
Tenant-Based Rental Assistance Families	0	0	0	0	0	0	0
First Time Homebuyers	0	0	0	0	0	0	0
Existing Homeowners	0	0	0	0	0	0	0
Total, Rentals and TBRA	6	10	14	0	30	30	
Total, Homebuyers and Homeowners	0	0	0	0	0	0	0
Total Beneficiaries	6	10	14	0	30	30	0

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 2004 the City again provided Certifications of Consistency with the Consolidated Plan: the McKinney SHP application (spearheaded by staff of the Alameda County Housing and Community Development Department), and the Ed Roberts Campus BEDI application (see Section E, Other Actions, below). A Consolidated Plan certification was provided to the California Department of Housing and Community Development to accompany AHA's application to the state's Multi-family Housing Program (MHP) for its Ashby Lofts project, 1001 Ashby Avenue.

Improving Housing Stock, Eliminating Blight, Weatherizing Homes

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, providing safety and security measures, and in some cases providing seismic strengthening measures (see Table 4, above). Much of Berkeley's private housing stock has been well-maintained over the last decade due in part to historically low mortgage rates, rising incomes, and availability of equity lines of credit (also at historically low interest rates) that enable many households to undertake repairs on their units, despite rising, material costs, and home prices independent of government programs.

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

Rehabilitation Programs

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, installed 11 new ramps and wheelchair lifts at homes of disabled individuals, and provided another 26 disabled individuals with interior or exterior modifications to their homes to improve accessibility (including grab bars, door widenings, and other safety features). The Berkeley Home Repair Program operated by the Community Energy Services Corporation (CESC) provided 181 clients with 500 seismic improvements, 276 energy improvements, and 1,193 general improvements.

The City's Seniors and Disabled Housing Rehabilitation Loan Program provided loans up to \$35,000 in PY 2004 to senior and disabled homeowners for home improvements. Seven (7) low-income senior and disabled households were helped to remain in their units during PY 2004 with rehabilitation and repairs that would otherwise have been unaffordable. \$280,000 in CDBG loans were matched with \$170,000 in loans provided through the CalHOME program.

Last year anti-blight activities primarily occurred through the Rental Housing Safety Program and the City's Coordinated City Services Task Force, combining code enforcement with the requirement that owners inspect their properties and address code violations. Isolated properties around Berkeley have deferred maintenance conditions, but they are few in number.

The City of Berkeley also continued its weatherization efforts on behalf of low-income, senior, and disabled through its SuperWeatherization and Home Safety and Repair Programs. These programs provide free weatherization and repair services in Berkeley, and assisted several hundred households combined in PY 2004. In addition to weatherization efforts, the City also uses the Low-Income Home Energy Assistance Program (LIHEAP) to subsidize utility bills of low-income households in Berkeley. During PY 2004, the City served 1,638 households with \$460,215 in utility bill assistance. These figures represent a decrease due to demographic changes reflected in the 2000 Census in Berkeley, and due to lower federal appropriations for the program as well.

Also related to energy issues, the City of Berkeley undertook during PY 2004 to study the potential for community aggregation in order to increase the amount of renewable energy in Berkeley's energy resource portfolio and achieve savings relative to PG&E power rates. As a significant step toward managing rising energy costs while simultaneously increasing the consumption of "green power" from renewable energy sources, the City of Berkeley and about 20 other California cities participated in the Community Choice Aggregation (CCA) Demonstration Project during PY 2004. The project investigates the feasibility of CCA for purchasing power at discounted rates due to volume and the lower cost of public financing, and passing that price, or very near to it, on to participating jurisdiction members. The results of the

study will be available during PY 2005.

Lead-based Paint Abatement

In PY 2004, the City of Berkeley's Health Department continued participation in State and County programs focused on lead poisoning prevention and lead hazard control. Activities include case management of lead-poisoned children and related environmental investigations, medical provider outreach, primary prevention education and events, and the development of an enforcement infrastructure. Services available to property owners included risk assessments, HEPA vacuum loans, lead-safe paint preparation starter kits, and classes on lead poisoning and lead-safe work practices.

Lead-based paint evaluations, lead hazard control, and clearances have been incorporated into the City's Seniors and Disabled Housing Rehabilitation Loan programs to comply with the Federal Lead-Safe Housing Rule. While improving lead safety of projects, it has also led to an increase in average project costs because of additional work required and a more limited contractor pool. This increase in cost discourages some owners from participating in the Rehabilitation Loan programs. Housing Rehabilitation staff for the City have been trained in lead hazard evaluation and control. Lead-safe practices and clearances have also been incorporated into the City's Weatherization program. In addition, the Alameda County Lead Poisoning Prevention Program (ACLPPP) has performed lead hazard control projects in the City of Berkeley under a grant from the HUD Office of Healthy Homes and Lead Hazard Control that focused on low-income rental housing with an emphasis on Section 8. One joint project between the Housing Department and the ACLPPP was completed on an owner-occupied duplex. Forty other units had lead hazard control completed including two joint projects with Rebuilding Together. Staff and volunteers with the local chapter of Rebuilding Together (formerly Xmas in April) also received lead awareness and lead-safe work practices training. The program was marketed to Berkeley property owners through the Berkeley Housing Authority and in the Building Permit Center.

B. Homelessness Priorities

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, and added to its total during PY 2004. During PY 2004, another 53 individuals were assisted through the auspices of Berkeley's Shelter Plus Care Program and the opening of Ursula Sherman Village's transitional housing units at Sankofa House (711 Harrison Street). Since June of 2000, a total of 329 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, which was awarded. Berkeley will receive about half of these vouchers during PY 2005, 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 2004.

Also addressing its goal of placing an additional 250 households in transitional or permanent housing, the City continued coordination between its Shelter Plus Care Program and the Section 8 Housing Choice Voucher (HCV) Program of the Berkeley Housing Authority. During PY 2004, 20 individuals in Shelter Plus Care exited that program to receive a Section 8 HCV, enabling the Shelter Plus Care Program to provide certificates to new clients, so that these new clients could permanently exit homelessness.

Maintain Existing Successful Programs

The City of Berkeley continues to coordinate and collaborate with Alameda County's Department of Housing and Community Development, the City of Oakland, and numerous homeless service providers to prepare the annual application to HUD for Supportive Housing Program grant renewals. During PY 2004, this collaboration yielded one new grant from SHP, the COACH Project, for \$1,426,320 for 22 additional Shelter Plus Care Program supportive housing units. The target population for this grant is chronically homeless single adults, with mental illness and/or chronic history of substance abuse, and who are frequent users of emergency medical and psychiatric services. The 2004 application to HUD from this collaboration resulted in over \$22 million in grant awards in January 2005 to Alameda County homeless service providers, most of which were renewals of existing grants.

The City continued its goal of maintaining through its budget allocations the efforts of successful programs serving homeless people in Berkeley, and has reoriented its priorities to allocate funding to services that achieve positive housing outcomes and provide the support homeless people need in order to maintain housing. While many community agencies saw funding reductions during this PY 2004, the City slightly increased the overall funding level for homeless programs. 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 permanent housing and related supportive services and recommended funding for programs that are well-designed to provide these needed services. In Program Year 2005, the Homeless Commission will challenge community agencies to re-tool

their programs and focus less on emergency interventions and more on housing and intensive services that result in people permanently exiting homelessness.

The City maintained support for its Homelessness Prevention Program, operated by Eden Council for Hope and Opportunity (ECHO) of Hayward in PY 2004. The City allocated \$140,000 to it, and allocated an additional \$36,878 to the program to cover its administrative operating costs. The program provided cash assistance to 119 individuals in order to avoid homelessness, and provided cash assistance to 10 other individuals who were homeless so that they could cover move-in costs for permanent housing.

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. BMH 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 difficult to serve and not receiving any mental health services, BMH uses funds from the AB2034 grant to provide immediate shelter at the Avondale Hotel. The Berkeley'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

Since calling for creation originally in its 1998 *Homeless Continuum of Care Plan*, the City of Berkeley obtained \$25,000 in ESG funding to support implementation of a Homeless Management Information System (HMIS) among priority homeless services agencies in Berkeley. Participating agencies will include: Building Opportunities for Self-Sufficiency, Berkeley Food and Housing Project, Women's Daytime Drop-In Center, LifeLong Medical Care and the City of Berkeley Shelter Plus Care Program. To date \$15,450 has been spent, leaving \$9,550 left to spend. This project was also leveraged with \$40,000 in CSBG funds. The City will also spend \$10,000 in FY2006 in General Funds for further HMIS implementation as a match towards the County's SHP InHOUSE budget.

ESG funding for this project was requested to support the following activities:

- ❑ The purchase of computers for four community agencies at their shelter or transitional housing site: Building Opportunities for Self-Sufficiency (BOSS), Berkeley Food and Housing Project (BFHP), Women's Daytime Drop-In Center (WDDC), and Women's Refuge.
 - ❑ Install DSL lines in three agencies to improve Internet connectivity (BFHP already has DSL).
 - ❑ Purchase software licenses and pay first-year hosting and maintenance start-up fees. Hosting, licensure and maintenance fees are ongoing costs (approximately \$1,500/year) that agencies will roll into future ESG applications.
 - ❑ Contract with a consultant to create custom reports generated by Service Point including City of Berkeley, CSBG, ESG, and other reports as necessary.
 - ❑ Contract with a consultant to provide technical assistance to agencies and trouble-shoot problems as they begin to use the Service Point software.
-

To date, all computers have been purchased for participating agencies (the Women’s Refuge has since ceased its operations), Internet connectivity installed where needed, licenses purchased, and a consultant hired for technical assistance. All Berkeley agency staff were trained in privacy and security standards and four of the five agencies (City of Berkeley Shelter Plus Care Program, BFHP, WDDC and LifeLong Medical Care) were trained in utilizing the software system. Three agencies are already entering data into the software (LifeLong Medical Care, BFHP, WDDC). Custom reports have not yet been generated due to a delay in the release by the software vendor of a new reporting module within the software. Training on this new reporting module will take place in August 2005 (PY 2005).

Operating Winter Shelter and Voucher Programs

During winter months the City of Berkeley operates a winter shelter and voucher program. The 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 Phoenix Programs, is a joint program organized by the cities of Berkeley and Oakland, together with Alameda County. Berkeley contributed \$56,000 to the City of Oakland for operating costs at the Oakland Army Base shelter. The shelter operated from November 15, 2004 until April 15, 2005. The City also purchased \$42,000 worth of BART tickets to dispense to homeless individuals seeking to get to the winter shelter site, which is located near the West Oakland BART station.

The City also funded motel vouchers during the winter, making \$40,000 available for emergency vouchers. 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 20 single adults in suitable lodging for 146 nights. 20 families were assisted with vouchers for 86 nights at lodgings in Berkeley.

The City of Berkeley also provided \$10,000 for an emergency overflow storm shelter run by Dorothy Day House (DDH) that operated only on particularly stormy nights and was located at St. Mark’s Episcopal Church. DDH provided overflow shelter for a total of 1,873 guest nights, serving on average 49 guests per night over 38 nights. Of these guests, 87 percent of guest nights were spent by males, 13 percent by females. A little over half of those using the overflow shelter were white, about 37 percent were black, and the remainder were Asian, Native American, or Hispanic. Just 2 percent of overflow shelter users were under 25 years of age, 8 percent were over 55, and most of the remainder (84 percent) age 25 to 55.

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).

Figure 3: Berkeley’s Consolidated Plan Anti-Poverty Strategy

- 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.

Anti-Poverty Programs

The City of Berkeley Employment Programs are First Source and YouthWorks. First Source provides employment referral services for Berkeley businesses (including construction jobs), linking the jobseekers with local businesses seeking to fill vacancies. Enabled by ordinance, First Source requires new commercial development over 7,500 square feet, and new jobs created by the new development, to enter into a First Source Agreement, which requires that Berkeley residents be given first opportunity to compete for jobs created by the new development. Additionally, any contractor receiving city funds over \$100,000, is also required to enter into a First Source agreement. Also marketed as a business service, First Source invites voluntary participation by area businesses, and will assist in:

- ❑ Developing and assessing job descriptions and salary schedules;
- ❑ Accessing on-the-job training and customized training funds available under the Workforce Investment Act (WIA).

First Source is administered through the City of Berkeley Office of Economic Development, which also provides support and technical assistance to small business and micro-enterprises located in low-income neighborhoods.

YouthWorks provides subsidized on-the-job work experience opportunities for in-school youth during the summer as well as year-round. Integration of the administrative as well as programmatic aspects of adult and youth employment programs allows the City to form a continuum of employment services for Berkeley residents, beginning at the age of 14. Both programs are co-located, allowing for the opportunity to improve service coordination and administrative functions, including consolidating cost/resource sharing and staff supervision.

Table 9a First Source Program Year 2004	Total
Orientation	187
One:One counseling	264
Placements	62

Lower placement totals for First Source since PY 2003 can be attributed to reduction in staffing (from two Employment Specialists to one) and the economic downturn, which is now finally improving. The preliminary June 2005 unemployment rate for Berkeley was 5.3 percent, a slight improvement from 5.5 percent as noted in June 2004.

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Youth Works placed a total of 155 youth in the FY 05 summer program . Over 300 applications were received for the available positions.

By PY 2006 both adult and youth employment will be administered through the Office of Economic Development in the City Manager’s office.

Table 9b Youth Work Program Year 2004 sites	# of youth
City offices/agencies	104
City offices (nonYouthworks GF)	3
AC transit	6
Graffiti	6
CA Youth Energy Services	13
UC Berkeley	17
Bio-tech	2
Cypress Mandela	4
Total	155

Regional Coordination: Workforce Investment Act, CalWORKS, CDBG

While the City of Berkeley no longer operates the One Stop Career Center for the North Cities area of Alameda County, it maintains a strong collaborative partnership with the current operator, allowing for cross-referrals and maximizing of resources, including access to Workforce Investment Act (WIA) funds for Berkeley residents seeking intensive & training services. Berkeley businesses may also access on-the-job training and customized training funds via the One Stop operator. First Source staff will facilitate those business referrals since First Source works closely with local businesses. From November 2004 through June 2005, the North Cities One Stop Career Center was co-located with the City of Berkeley’s Employment Programs, operated by Pro-Path Inc. By August 2005, a new operator, Rubicon Workforce Services, commenced services at a new site on Bonita Avenue in downtown Berkeley. This new site combines One Stop services in addition to vocational and employment services targeting the chronically homeless and mentally ill.

Employment and training programs funded by the City of Berkeley, either through its’ General Fund or CDBG, are all required to partner with the local One Stop Operator in a manner which is mutually beneficial to each agency. Additionally, the COB now evaluates the programs utilizing the 4 common performance measures, as set forth by the federal Office of Management and Budget and U. S. Department of Labor, intended to institute uniform definitions for performance.

Vista Community College in Berkeley participates in CalWORKS by providing support to student participants who in turn may access employment services from First Source and/or the North Cities One Stop Career Center.

High unemployment among minority population.

In an effort to address high unemployment among older youth/young adults with multiple barriers to employment, the COB implemented a pilot cohort project, which brings together vocational and academic services as a means to provide wrap-around services to a core group of 7 older youth.

The demonstration cohort emphasizes the creation of academic, vocational education and job opportunities for at-risk, hard-to-serve young adults, aged 18 to 24 from the South and West Berkeley communities. Vista College and the City of Berkeley coordinate the effort, utilizing Vista's Student Ambassador program to mentor the cohort group as they maneuver through an assortment of services, education and work experience. As of this writing 7 participants are enrolled in either one or a combination of, GED preparation, community college, subsidized and unsubsidized work experience, and pre-apprenticeship training. The cohort will be followed for a minimum of 2 years. It is understood that these young adults, with multiple barriers to employment, will require a long-term commitment by the collaborating agencies.

A matrix of Berkeley's vocational and academic programs targeting this population was also developed so that parole/probation officers, counselors, case managers and therapists would have access to detailed program and contact information in order to make appropriate and productive referrals.

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.*). The Ordinance provides that the living wage be adjusted automatically commensurate with the change in the Consumer Price Index published in April of each year, and in July 2003, Council amended the Ordinance to create an administrative procedure by which City staff updates the wage rates annually. Council also increased the living wage from \$10.76 per hour to \$12.61 (if medical benefits are provided) during PY 2004.

D. Community Development

Figure 4: Berkeley's Consolidated Plan Goals and Priorities for Community Development
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- | |
|---|
| <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, and she continues participating on the commission, including recommendations on CDBG, ESG and Housing Trust Fund allocation decisions in PYs 2004 and 2005.

In addition to inform decision making on the Annual Action Plan for PY 2004, a public hearing on community needs was held on December 4, 2003, before the Housing Advisory Commission to take public testimony from the community about the City's priorities for funding housing, homeless, anti-poverty, and community development needs in Berkeley. No speakers commented.

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.

The City of Berkeley funds the East Bay Community Mediation Service to provide dispute resolution and mediation services, and has for a number of years.

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
- 10 affordable housing providers
- 19 homeless service providers
- 10 agencies whose missions include activities to further fair and accessible housing
- 36 social service agencies (including health, meal programs, life skills, child care, etc.); and
- 11 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 2004

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 2004, HRI reported assisting 53 households with fair housing complaints. 57 cases were closed (which exceeded the number of new cases assisted because some cases were carried over from the previous year). HRI conducted outreach through public service announcements, collaborative meetings with the East Bay Community Law Center, HRI’s web site, and attendance and tabling at various festivals, including the south Berkeley Juneteenth festival. 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 \$20,126 to provide free legal services and advocacy in the areas of housing, benefits, and HIV-related issues. In Program Year 2004, EBCLC reports that 377 low-income Berkeley residents were served with funds from CDBG and local funds from the Rent Stabilization Board for housing advocacy. 60 clients were allocated to the CDBG program based on the percentage of funds in the project. 51 of EBCLC clients avoided eviction through favorable court outcomes via EBCLC intervention.

- *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 to help prevent unnecessary incidences of homelessness. The BHA 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. 20 individuals in the Shelter Plus Care program were able to make the transition to

Section 8 Housing Choice Vouchers during PY 2004.

- *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. CIL contracts with the City of Berkeley to operate its Residential Access for the Disabled Program, which provided 11 new ramps and lifts during Program Year 2004 at homes of disabled individuals in Berkeley. A total of 26 disabled individuals had interior or exterior modifications made to their homes to increase accessibility.

University Students Cooperative Association completed a ramp project for disabled residents at its Sherman House property .

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

Continuing elevated vacancy rates in Berkeley contributes property owners' ongoing 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; SSI is a reliable source of income that helps pay for their housing. But the application process for SSI is so complicated that mentally ill people need advocates to be successful in their applications. HAC provides legal representation at all stages of the SSI application process. In Program Year 2004, HAC reported exceeding its goals for service provision, providing benefit advocacy services to 171 clients, with 99 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 2004.

- *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. This project is expected to break ground by February 2006.

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. As noted above, the UASP zoning changes were adopted by the Berkeley City Council in November 2004.

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 required some new units to be affordable to low-income households. With historically low interest rates, but with high costs for construction materials, new housing development has gotten more difficult of late. However, Berkeley has three projects in the pipeline alone that will provide in excess of 600 new units alone should they each get completed. About two-thirds of the new supply will be in the downtown area, with another 200 units proposed for lower University Avenue (west of San Pablo Avenue).

- *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. The City Relocation Specialist responded to direct requests for information from 54 tenants and 11 owners, and apprised them of their rights and responsibilities regarding temporary relocation under Section 13.84 of the Berkeley Municipal Code, when the tenants needed to be temporarily relocated as a result of repairs necessary to bring the unit into code compliance. During this reporting period, an additional 6 tenants facing eviction contacted the Relocation Specialist for assistance, and were provided with referrals for legal services.

In addition, the City Relocation staff completed the following activities:

- Coordinated relocation assistance to four elderly and disabled homeowners, who

had received low-interest loans through the City of Berkeley Senior Rehab Program for lead-paint removal, improving handicap accessibility, and other necessary structural repairs. The homeowners were provided financial assistance to stay in a hotel while the work on their homes was completed.

- ❑ Provided relocation counseling and assistance to tenants who were being forced to vacate a building that was determined by to be an imminent fire and safety hazard by the City's Fire Marshall and Building Official.
- ❑ Provided oversight and technical assistance to the property management company for the Harriet Tubman Terrace, a 91-unit building for seniors and/or disabled. All 91 tenants needed to be temporarily displaced due to the need for structural repairs and improvements being made to each unit.
- ❑ Coordinated efforts among staff at the Rent Stabilization Board and the City Planning Department to implement procedures to assure that, as part of the building permit process, property owners notify their tenants of their rights under the City's relocation ordinance to help protect tenants from being wrongfully evicted.
- ❑ Provided consultation to two non-profit housing developers regarding voluntary acquisitions of property, which could trigger relocation assistance for businesses located on each site.
- ❑ Continued coordinate efforts with City Fire Department to respond to provide relocation assistance to tenants displaced by fire.

Other continuing activities undertaken to further fair housing include:

- Continuing to fund mediation services (East Bay Community Mediation) 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 on the funding of Berkeley's civil rights activities.

B. Affordable Housing

Housing Actions Funded by CDBG, Program Year 2004

Table 10 provides a comprehensive summary of agencies funded in PY 2004 to undertake housing activities in Berkeley, primarily to benefit low-income Berkeley residents.

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Table 10: City of Berkeley CDBG Housing Activities, Program Year 2004

Agency	Description	PY 2004 Funding	Performance
Affordable Housing Associates, Inc.	Rental Housing Development	\$91,990	AHA negotiated an option to purchase with a master lease on Allston House (2121 7 th Street), an occupied 48-unit building. They conducted a physical needs assessment, began drafting relocation plan, assembling necessary financing to purchase the property and renovate it. Sacramento Senior Homes has started construction for 39 units, and finished predevelopment work during January 2005. Ashby Lofts, 55 units, saw more work to complete financing commitments.
Center for Independent Living	Residential Access Project for the Disabled	\$142,675	CIL's program installed 11 ramps and lifts for low-income and disabled Berkeley residents. Additionally, the project completed 26 interior modifications, including grab bars, door widenings, and other safety features. The project also conducted a consumer satisfaction survey.
Community Energy Services Corporation	Home Safety and Repair Program	\$338,097	Provided minor home repair to 181 very low income senior and disabled homeowner clients in PY 2003, about two-thirds of whom were African-American and one-fourth were Whites. 159 were female-headed households, and 113 were extremely-low income households. 181 households total received 500 seismic improvements, 276 energy improvements, and 1,193 general improvements.
City of Berkeley/Housing Department	Housing Rehab Programs	\$257,559	City staff administers a program for improvements and rehabilitation for low-income senior and disabled Berkeley residents. 7 total persons were assisted, all of them having moderate incomes; 5 were female-headed households. 1 was white, 1 Asian, 5 were multi-racial, all of whom were helped to remain in their homes with rehab and repairs that would have otherwise been unaffordable. \$280,000 in CDBG loans were matched with \$170,000 in loans provided through the CalHOME program.
City of Berkeley/Housing Department	Loan Servicing	\$92,858	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. Ongoing loan servicing to 265 loans provided in PY 2004.
City of Berkeley/Housing Authority	Public Housing Improvements - Loan Repayment	\$120,000	Repayment of Section 108 loan to repair 75 units of public housing owned by the Berkeley Housing Authority.

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Table 10: City of Berkeley CDBG Housing Activities, Program Year 2004			
Agency	Description	PY 2004 Funding	Performance
City of Berkeley/Housing Department	Housing Development	\$484,743	<ul style="list-style-type: none"> ❑ Substantial work was completed on Oxford Plaza/Brower Center, including HTF reservation of \$2.5 million, and start of environmental review (Section 106 process). Disposition agreement also begun, and Project-based Section 8 housing choice vouchers (HCVs) were approved for 24 units in the project. ❑ State MHP and tax credit financing was secured for Sacramento Senior Homes. ❑ Ashby Lofts received HTF reservation for \$1,955,964 and a \$500,000 HELP loan, and BHA approved 20 units of Project-based Section 8 HCVs for the project. BHA ordered appraisal for subsidy layering review. ❑ Margaret Breland Homes (formerly Jubilee Senior Homes) moved through permitting into construction during PY 2004. ❑ University Avenue Senior Housing received \$1.9 million HTF reservation, and received 9% tax credits. Appraisal was ordered for a subsidy layering review as well. ❑ 2121 7th Street received a 5-year lease with option to purchase, using a \$300,000 HELP loan to assist with acquisition. ❑ 2500 Hillegass was refinanced and a portion of the HELP loan was repaid.

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Table 10: City of Berkeley CDBG Housing Activities, Program Year 2004			
Agency	Description	PY 2004 Funding	Performance
City of Berkeley/Housing Department	Relocation Services	\$99,996	The City relocation specialist responded to direct requests for assistance from 54 tenants and 11 landlords. Six additional tenants facing eviction were provided with legal referrals. Additionally, the relocation specialist coordinated assistance to four elderly and disabled, low-income homeowners, who had received loans through the senior rehab program for lead paint removal, improving accessibility. Homeowners were provided with financial assistance to stay in hotels while work on their homes from City rehab programs was completed. The relocation specialist provided counseling and assistance to tenants who were being forced to vacate a building that was determined to be an imminent fire hazard by the City fire marshal. The relocation specialist also provided oversight and technical assistance to the property management company for Harriet Tubman Terrace, a 91-unit building for seniors and disabled people. All 91 tenants were temporarily displaced for improvements to be made to each unit. Provided two non-profit housing developers with consultation regarding voluntary acquisitions of property which could trigger relocation assistance for businesses located on each site.
Eden Council for Hope and Opportunity, Inc.	Senior Home Equity Conversion Counseling	\$7,219	Provides home equity conversion counseling and shared housing counseling and placement. 22 extremely low and 4 low-income persons were assisted; a total of 32 persons assisted by ECHO. 17 were white and 14 were black; one was an American Indian.
Jubilee Restoration, Inc.	Housing Rehab and Development	\$0	This activity/project was cancelled due to Jubilee's apparent non-compliance with federal funding guidelines. The \$62,400 that was initially reserved for funding this activity was de-obligated and made available to the next CDBG funding round.
Northern California Land Trust	Community Land Trust Ownership	\$25,000	No projects were completed during the Program Year.
Rebuilding Together	Safe Home Project	\$88,393	Rebuilding Together organizes volunteers to repair/renovate homes owned by low-income elderly and disabled households. 21 low-income Berkeley households benefited from their program during PY 2004.

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Table 10: City of Berkeley CDBG Housing Activities, Program Year 2004			
Agency	Description	PY 2004 Funding	Performance
Resources for Community Development	Affordable and Supportive Housing	\$127,575	No projects under development were completed during PY 2004. However, progress was made on acquisition and predevelopment of Oxford Plaza, obtaining Design Review approval, and near-completion of Section 106 review. \$50,000 in funding was secured from the Enterprise Foundation's Green Communities Initiative Grant Program, and a \$200,000 grant was received from Surdna Foundation. During PY 2004, RCD also closed a HUD 202 loan for Margaret Breland Senior Homes at 2577 San Pablo Avenue. RCD also worked with the California Housing Partnership to develop realistic financial scenarios for buying out the for-profit partner at University Avenue Cooperative Homes to maintain affordability and assist residents in gaining control of the project.
Sobriety Through Education and Peer Support, Inc.	Transitional Housing Improvements	\$0	Project cancelled because agency failed to demonstrate site control.
Total Housing Activity Allocations, PY 2004		\$1,876,105	

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 obstacles, Berkeley's housing developers fare rather well. The City used its Housing Trust Fund in PY 2004 (Table 11, below) to allocate nearly \$8.1 million to seven housing proposals that would create 422 new units

Table 11: Berkeley Housing Trust Fund Reservations During PY 2004	
Project Description	Housing Trust Fund Reservation, PY 2004
Ashby Lofts, 1001 Ashby Avenue, AHA, 55 units	\$1,955,964
Oxford Plaza/Brower Center, 2200 Block of Fulton Street	\$2,200,000
Jubilee Senior Homes, 2577 San Pablo Avenue, Jubilee/RCD, 28 units	\$450,000
University Avenue Senior Housing, 1535 University Avenue	\$1,900,000
Sacramento Senior Homes, 2517 Sacramento Street	\$727,072
University Neighborhood Apartments, 1719-25 University Avenue	\$529,133
Allston House, 2121 7 th Street (HELP funds)	\$300,000
Total units: 422	\$8,062,169

Allocations to funding reservations made by the City Council in January 2005 left the Housing

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Trust Fund depleted. In January 2005, the City Council adopted Resolution 62,771-N.S. approving an amendment to the City's PY 2004 Annual Action Plan to allocate \$1,162,333 in PY 2005 HOME Program funds to the Housing Trust Fund to use in the above reservations listed in Table 11.

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 completed construction on 1719-25 University Avenue (the University Neighborhood Apartments project) during PY 2004. The HAC recommended in September 2004 that AHA receive another \$529,133 to complete the project.

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. In addition, RCD remains in partnership with Jubilee Restoration, Inc., to complete construction on 2577 San Pablo (Margaret Breland Homes).

The Northern California Land Trust (NCLT) completed no projects during PY 2004.

Satellite Housing, Inc., has been a long-time developer and operator of senior housing in the East Bay. Satellite is based in Berkeley on Martin Luther King, Jr. Way. This nonprofit developer nears completion of its construction drawings and building permit application prior to their efforts to start construction on University Avenue Senior Housing, an 80-unit mixed use development at 1535 University Avenue in central Berkeley.

Jubilee Restoration, Inc.

Effective March 22, 2005, HUD terminated Supportive Housing Program funding to Jubilee's *Interfaith Youth Initiative Satellite Drop-In Project*. The City of Berkeley did not disburse any funds to Jubilee during fiscal year 2005 (PY 2004) and the CDBG and general fund contracts the City had with Jubilee during that time period were terminated. Jubilee has not been awarded any City of Berkeley funding for fiscal year 2006 (PY 2005). Jubilee has ownership of one four-unit affordable housing project and has been in compliance with its Development Loan Agreement with the City of Berkeley on that project.

Jubilee Restoration Inc. engages in both social service provision and affordable housing development in Berkeley and Oakland. In December 2000 HUD awarded Jubilee Restoration Supportive Housing Program (SHP) funds to support the *Berkeley Interfaith Youth Initiative Satellite Drop-In Project*. Initially the project was intended to be run by a coalition of local churches located in south and west Berkeley, who would provide a range of social services to homeless youth, with Jubilee as the non-profit vehicle for receiving and disbursing the funds. When the coalition was unable to come together as a functioning organization, Jubilee took over operation of the project and began drawing down HUD funds in April 2002. At the time, Jubilee also received financial support from the City of Berkeley, with \$26,000 in General Fund for homeless youth outreach services, and \$62,400 in CDBG for housing development activities.

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In early Fall 2004, HUD initiated a review of Jubilee out of concern that Jubilee violated HUD's conflict of interest regulations because Rev. Gordon Choyce served on the Board of Directors as well as serving as the unpaid Executive Director, while his son Gordon Choyce II also served on the Board and was employed as the Development Director. During their review, HUD uncovered other concerns including the use of SHP funds for ineligible activities, unsubstantiated expenditures, and ineligible cash match. HUD froze its funds until Jubilee was able to satisfactorily address the findings. At the time, Jubilee was already experiencing difficulty related to the operation of the *Interfaith Youth Initiative*. A couple of key staff members had resigned their positions, limiting the hours of operation of the program, the scope of services provided, and the ability to complete City of Berkeley program and financial reports. These positions were not refilled. Due to failure to comply with City contractual reporting requirement, the Housing Department withheld general funds for this project effective July 1, 2004.

With HUD funds and City of Berkeley funds frozen, City staff were concerned about Jubilee's ability to keep the staff in place necessary to address HUD's negative findings. To provide support, on November 16, 2004 the City Manager asked Council to adopt a resolution authorizing the City Manager to rescind the existing general fund contract (for PY 2004) in the amount of \$26,000 for homeless youth outreach services and to execute a new general fund contract for general organizational support. Per Resolution No. 62,716, Council rescinded the existing contract and authorized the City Manager to execute a new general fund contract with Jubilee Restoration in the amount of \$13,000 for the period through June 20, 2005 for general organizational support and to reserve \$13,000 for funding youth services for the second half of the fiscal year. Action was contingent upon Jubilee furnishing the City of Berkeley with a letter authorizing HUD to release information regarding its findings. Jubilee decided not to proceed with use of this funding and a new contract was never executed.

On November 15, 2004 Jubilee provided a written response to HUD's monitoring report. Some of the statements Jubilee made to HUD were contradictory to statements previously made to the City of Berkeley. On November 30, 2004 Stephen Barton, Housing Director, wrote to Rev. Gordon Choyce, Executive Director of Jubilee, informing the agency that the City of Berkeley was freezing funding until Jubilee received both clearance from HUD and provided the City with a satisfactory explanation of the discrepancies. The City had not yet disbursed any CDBG funds for fiscal year 2005 because Jubilee had failed to invoice the City for these funds.

Jubilee was unable to satisfactorily respond to HUD's concerns and HUD terminated their SHP grant effective March 22, 2005 and asked for reimbursement of funds previously drawn down. Jubilee also failed to satisfactorily respond to the City's concerns. On April 19, 2005, the City of Berkeley exercised its contractual right to terminate its CDBG contract with Jubilee.

Jubilee's 2577 San Pablo Avenue project, now called Margaret Breland Homes, is a 28-unit senior housing project being jointly developed by Resources for Community Development and Jubilee Restoration. RCD has majority control of the partnership that will own and operate the housing once construction is completed.

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Its 2612 San Pablo Avenue project, Jubilee Village, was intended to be a combination of nearly 120 affordable apartments and live-work units that would be jointly developed by Jubilee Restoration and the Related Companies of California. The City was preparing to use a HUD 108 Program loan to help Jubilee purchase the land but this did not go forward due to Jubilee's other difficulties with HUD.

On October 5, 2004, Jubilee Restoration received a monitoring report from HUD regarding the agency's *Interfaith Youth Initiative Satellite Drop-In Project*—a project funded under the HUD Supportive Housing Program (SHP) in the amount of \$121, 633 annually. The project originally received SHP funds in December 2000 and began drawing down funds in April 2002. HUD awarded funds to Jubilee to enable them to expand the agency's homeless youth services by adding three full-time positions. However, the October 2004 report found that Jubilee never fully implemented the *Interfaith Youth Initiative Project* and Jubilee possessed insufficient evidence to document that the three additional SHP-funded employees were ever hired. HUD found that SHP funds were distributed to existing staff who did not have the necessary qualifications to provide the funded services nor could Jubilee document that these employees time were dedicated to homeless youth service activities. HUD requested repayment of all SHP program funds previously received by Jubilee.

Jubilee provided a written response to HUD's monitoring report on November 15, 2004 and furnished the City of Berkeley Housing Department with a copy of that response. The documentation Jubilee provided as part of their response made it clear that Jubilee had charged two staff members' time to HUD-SHP for employees funded under the City of Berkeley CDBG contract during the period of April 2002 through June 2004.

The two employees in question were project managers who were engaged in housing development activities under the City of Berkeley contract. In Contract No. 5393 for the period of July 1, 2001 through June 30, 2003, Jubilee represented to the City of Berkeley in their Community Agency Composite Program Budget that both project managers were 100% FTE though the City contract only paid 71% of each employees salary. In Contract No.6046 for the period of July 1, 2003 through June 30, 2005, Jubilee represented to the City of Berkeley in their Community Agency Composite Program Budget that the senior project manager was engaged 100% of his time in housing development activities with the City funding 50% of the position, and the project manager was engaged 100% of his time in housing development activities with the City funding 100% of his position.

The City believes, substantiated by HUD's findings, that the project managers' time Jubilee billed to HUD was for time actually engaged in housing development activities. HUD found that Jubilee had not fully implemented the homeless youth program and that the staff billed under that grant were not qualified to provide social services. We believe that Jubilee's City of Berkeley funded project managers were engaged in housing development activities and provided the contracted for services during the relevant period.

With regard to Jubilee's housing development activities, most were in partnership with other organizations that have primary responsibility for reporting to the City. For the Jubilee Village

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project at 2612 San Pablo Avenue the City provided a \$25,000 predevelopment loan to Jubilee, of which \$20,000 was used as a deposit on the land. The Choyce family subsequently purchased the land on a private basis. The City has requested that the \$20,000 be repaid. No response has yet been received.

No further action is necessary at this time with regard to services and administrative funding. City staff is confident that City funds were spent for authorized activities. Neither CDBG nor general funds were disbursed to Jubilee during fiscal year 2005, the time period in which we had concerns about the agency's accounting practices. No City funds were approved for this agency for fiscal year 2006. The City will continue to monitor completed housing projects to ensure they are used for the purposes intended. The City will pursue return of the \$20,000 deposit provided for 2612 San Pablo Avenue.

Building Opportunities for Self-Sufficiency

BOSS completed four new transitional housing units at Sankofa House, part of the agency's Ursula Sherman Village master plan. Approaching the City about completing the master plan, however, the City advised BOSS to address capacity issues and issues about the changing priority of public funding for supportive housing projects as opposed to continuing to develop transitional housing on this site.

Berkeley Housing Authority's Section 8 Housing Choice Voucher Program

During PY 2004, BHA adopted a new payment standard schedule for the Section 8 Housing Choice Voucher (HCV) Program, which took effect December 1, 2004. They are based on the FMRs published by HUD in October 2004. Payment standards for studios, one-bedroom, and four or more-bedroom units will remain the same. The payment standard for two-bedroom units fell \$35, and fell \$14 for three-bedroom units. Changes take effect on the annual renewal date for each housing assistance program contract, so effects of the payment standard changes are spread throughout the year. Landlords affected by this change would be able to choose between lowering the rent to the new maximum payment standard or falling under the rent stabilization ordinance in Berkeley.

The HCV program also experienced a reduction in funding during PY 2004 of \$360,977 for housing assistance program expenditures (i.e., direct subsidies on behalf of participating tenants) and \$250,685 in BHA administrative fees associated with HCV, a 17 percent reduction from what BHA would normally receive to administer the Section 8 program. The administrative fee reduction has jeopardized current program operations, delivery of services to clients, and forced reductions of operating hours and staffing levels.

Until recently, BHA received funding to match the actual cost of housing vouchers based on leasing and cost data, averaged for the months of May, June, and July of 2004. Under the new 2005 Consolidated Appropriations Act passed by Congress, BHA will be provided an annual budget at a fixed level of funding to manage the HCV program for 2005. This change means that the Section 8 HCV program has effectively been block-granted by Congress. BHA's budget authority has effectively reduced its voucher inventory from 1,841 to 1,781 units, a loss of 60 units in Berkeley's efforts to provide affordable housing units to qualified low-income

households here.

BHA continued to operate its Section 8 Security Deposit Revolving Loan Program. During PY 2004, BHA issued security deposit assistance to 55 new families totaling \$52,362 from the fund. During the same period, BHA collected \$35,862 from 235 families participating in the program in repayments of earlier security deposit loans. Unfortunately, not all families pay their monthly payments, and loan terms require that they are prohibited from moving until they catch up with their balance or pay off their loans.

Project-Based Section 8 Program

As with the HCV Program, BHA approved new payment standards for the Project-Based Section 8 Program (where housing assistance payments are anchored to units, rather than tenants in newly constructed multi-family units). Under this program, the City is able to make a ten-year commitment that provides a guaranteed revenue base in the form of rental subsidies for affordable housing projects. The amount of subsidy is based on the number of approved project-based units and the adopted payment standard establishes the maximum rent subsidies permitted under the program. Payment standards for studios and one-bedroom units remained the same, starting December 1, 2004, but BHA adopted reductions for two-, three-, and four or more-bedroom units.

During PY 2004, the Berkeley Housing Authority issued a request for proposals from owners and developers of rental property to submit proposals for participating in the Section 8 Project-Based Voucher Program (PBS8). The primary purpose of the RFP is to create or rehabilitate rental units that are safe, decent, and sanitary for rental to low-income families. BHA amended its Administrative Plan for the program during PY 2004 to address needed changes to advertisement procedures and the evaluation and selection criteria, as well as to update PBS8 with the most recent revisions from the Code of Federal Regulations. These changes were adopted in December 2004.

Subsequently, BHA approved allocation of 104 new PBS8 Vouchers for six housing development and rehabilitation applications:

- ❑ 2121 7th Street (12 vouchers in an existing 48-unit building);
- ❑ 1001 Ashby Avenue (20 vouchers in a proposed 55 unit building);
- ❑ 2500 Hillegass Avenue (4 vouchers in an existing 19-unit building);
- ❑ 3132-38 Martin Luther King, Jr. Way (4 vouchers in a proposed 42-unit building);
- ❑ 2200 Fulton Street (Oxford Plaza/Brower Center—24 vouchers in a proposed 96-unit building); and
- ❑ 1535 University Avenue (40 vouchers in a proposed 80-unit building).

The estimated value of the rental subsidies for 104 units over 10 years is approximately \$13 million. Use of Project-Based Section 8 Vouchers reduces the amount of City Housing Trust Fund Program funding needed to support affordable housing development in Berkeley.

Management of Public Housing Units

During PY 2004, BHA continued its property management contract with Affordable Housing

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Associates, Inc. (AHA), to operate and maintain the Authority's 61 Low-Income Public Housing and 14 state-funded Rental Housing Construction Program units. In addition, the City of Berkeley made its annual \$120,000 payment from its CDBG entitlement to HUD for the Section 108 Loan Guarantee that was taken out in PY 2000 to undertake deferred maintenance and repairs to all 75 of these units. BHA completed an annual management assessment in PY 2004 that indicates a slight improvement in average unit turnaround days, work order completion days, and inspection requirement of the program due in part to administration of the program by AHA.

In addition to the assessment, progress on the LIPH rehabilitation work continued in PY 2004 with initiation of the final phase of rehabilitation work under the Section 108 loan. Window and sliding glass door replacements were conducted during PY 2004, using \$477,734 from proceeds of the Section 108 loan. Fire wall and attic ventilation improvements were also made to the 61 LIPH and 14 RHCP units as well during PY 2004 at a cost of \$132,000 from the Section 108 loan.

Berkeley's public housing Resident Council has been in office since November 2000. To remain in compliance with federal standards for fair and frequent election of resident council officers, elections are required at least once every three years for each member. Without elections, the resident council would not be a recognized organization by HUD or BHA. HUD provides \$15 per public housing units per year to support Resident Council activities (about \$915 for the 61 public housing units in Berkeley). A Resident Council election was concluded February 4, 2005. BHA enlisted assistance from the League of Women Voters of Berkeley, Albany, and Emeryville (LWVBAE) to receive and tabulate ballots for the election. Each candidate submitted their nomination through independent resident meetings and self-addressed ballots were mailed to every eligible voter with instructions and a return envelope addressed to the LWVBAE. Results were announced February 18, including a total of 14 legitimate ballots cast (out of 130 eligible voters, a 10 percent turnout rate). Five elected council members were seated, and two alternates were recognized.

Section 8 Homeownership Program

There were no participants in PY 2004 in the Section 8 Homeownership Program.

BHA Coordination with Other Agencies and Departments

The Berkeley Housing Authority continues to provide administrative support to the City's highly successful Shelter Plus Care Program. At the close of PY 2004, about 159 persons were being served by Shelter Plus Care.

Along with its ongoing Shelter Plus Care Program administration, BHA works with the Berkeley Police Department (BPD) to implement HUD regulations that require housing authorities to deny or terminate assistance to applicants or participants for crimes relating to health, safety, or peaceful enjoyment of property and drug-related crimes in Public Housing Programs. Federal regulations authorize housing authorities to obtain criminal records from a law enforcement agency to screen applicants for admission to housing programs or use criminal records for terminating a participant's benefits when the participant engages in drug-

related activity, violent criminal activity, or if the participation is a registered sex offender.

BPD/BHA procedures for addressing known drug-related criminal violations at subsidized residences or by tenants of those residences are as follows:

1. Designated staff from BPD sends the Daily Log that lists all drug-related arrests directly to a designated staff person at BHA.
2. BHA staff reviews names and addresses from the Daily Log and compares them to names and addresses of applicants and participants of BHA subsidized programs.
3. If a match is made with a BHA participant or applicant, the designated BHA staff person requests the relevant police report.
4. After reviewing the police report, BHA staff assess whether termination or denial of assistance is warranted. If made, a notice of termination or denial is sent to the participant or applicant, who then has 14 days to request a hearing or review of the determination before the determination is deemed final.
5. When hearings are held, BHA provides the Police Department with two weeks' notice of the hearing date, and the reporting police officer is subpoenaed.
6. BHA maintains a tracking log of all cases brought and actions taken.

BHA also coordinates with the State Employment Development Department (EDD) to have EDD provide BHA with wage, claim, and employer address data in order to verify income of all applicants and participants through a third-party verification process. EDD has been under contract with BHA since 1995 to provide this information. BHA uses the information for purposes of verifying applicants' and tenants' eligibility for, and continued entitlement to, housing assistance in accordance with federal regulations and laws.

Office of Fair Housing and Equal Opportunity (FHEO) Preliminary Findings

Federal law prohibits discrimination in any activity or program receiving Federal financial assistance. It further provides that no otherwise qualified individual with disabilities be excluded, solely by reason of her or his disability, from participation under any program or activity receiving federal financial assistance. Federal law also prohibits discrimination in such activities and programs and provides otherwise qualified individual be denied participation in denied benefits of, or otherwise subjected to discrimination solely on the basis of race, color, or national origin.

HUD's Office of Fair Housing and Equal Opportunity (FHEO) conducted compliance reviews with these laws in PY 2004, and issued preliminary findings to the Berkeley Housing Authority in October 2004. The major issue raised in FHEO's review was whether Berkeley should continue using a preference for people who live or work in Berkeley. FHEO raised concerns that Berkeley serves a disproportionately high number of African-Americans and underserves Hispanic, Asian, and White applicants and suggests that elimination of the Berkeley resident preference would help eliminate this disparity. It also suggests that the BHA do outreach to Asian and Hispanic Berkeley community organizations and to students at the University of California, including advertising in the *Daily Californian*. While outreach to minority community organizations is completely appropriate, BHA staff does not agree that there should be a greater emphasis on serving students at the University or that Berkeley

resident preference should be eliminated.

Subsequently, BHA completed negotiation of an Agreement for Voluntary Compliance with HUD, establishing a compromise on the issue of Berkeley resident preference, in which the BHA agrees to issue as many vouchers to non-residents as it issues to residents. This maintains a significant resident preference, since there are about 1,000 Berkeley residents on the waiting list, and about 4,000 non-residents. As is currently, the case, once all Berkeley residents are served, the BHA will be required to complete serving all non-residents before reopening the wait list to residents and non-residents alike.

In addition, the agreement provides that BHA will carry out additional multilingual outreach efforts to Asian and Hispanic people currently on the wait list to ensure they understand the importance of maintaining current contact information to avoid being dropped from the list and that when the waiting list is reopened, BHA will make a concerted effort to reach out to underserved populations, especially including people with limited command of English.

BHA's Public Housing "Troubled" Status

During PY 2004, BHA approved a resolution accepting a new Memorandum Agreement between HUD and BHA that sets forth their mutual responsibilities to improve ratings and assist BHA in achieving performance targets and recovery from its "Troubled" status for the Public Housing program. The MA was a plan to accomplish tasks to ensure deficiencies were corrected as detailed in the Public Housing Assessment System (PHAS, HUD's online reporting system, mentioned above). BHA underwent five reviews by HUD and one by the State of California after adoption of the initial MA on April 20, 2004. Most of these events occurred during the same time HUD contractors for the Section 8 program were at BHA providing technical assistance and training, and assigning near impossible tasks to staff and management to complete. The confluence of these events compromised BHA's ability to correct deficiencies outlined in the April 20th MA. HUD recognized these barriers to performance faced by BHA, and prepared a new MA, which includes new target dates and strategies suited for the BHA to achieve a passing score on the PHAS. BHA agrees that the targets, strategies and corrective action time frames as outlined in the MA are now reasonable. BHA is responsible for provide HUD with monthly reports updating the BHA's progress toward addressing the targets, strategies and corrective actions.

Berkeley's Rent Stabilization System

Berkeley's Rent Stabilization Board contracts with three community agencies to provide direct services that intervene on behalf of tenants to prevent needless evictions and counsel tenants on their rights in housing matters. These agencies include the Eviction Defense Center, Housing Rights, Inc., and the East Bay Community Law Center. These contracts are administered by the City of Berkeley Housing Department as part of its Centralized Contracting Unit functions (CCU).

C. Berkeley's Homeless Continuum of Care

Despite budgetary difficulties, the City Council continued its commitment to this special needs

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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.

Table 12	
Supportive Housing Program Awards to the City of Berkeley and Berkeley Community Agencies, Program Year 2004	
Program	Funding
COACH Project (Alameda County and Berkeley Shelter Plus Care collaborative for chronically homeless individuals, including those who historically are high users of emergency rooms; 11 of 22 units for Berkeley clients)	\$1,426,320
Russell Street - BFHP	\$249,999
BFHP Women's Transitional Housing	\$242,217
North County Women's Center - BFHP	\$141,019
Bridget Transitional House	\$68,975
Harrison House Family Services - BOSS	\$114,997
Ashby House - RCD	\$55,392
McKinley Family Transitional Housing - BOSS	\$74,500
Peter Babcock House - BOSS	\$36,665
Channing Way Apartments - Bonita House	\$33,080
Regent House - BOSS/RCD	\$75,528
Berkeley Interfaith Youth Initiative - Jubilee	\$102,171
Homeless One-Stop Welfare-to-Work Employment System	\$1,016,786
City of Berkeley Shelter Plus Care Program Renewal	\$1,909,116
Total Direct Awards to Berkeley	\$5,546,765
Other Awards that serve Berkeley and other communities:	
Program	Funding
Housing Stabilization Team - BOSS	\$523,088
Homeless Youth Collaborative - Fred Finch Youth Center	\$696,434
Health, Housing and Integrated Services Network	\$539,398
Alameda County/Berkeley Shelter Plus Care Collaborative	\$688,848
Total of Other Awards serving Berkeley and other communities	\$2,447,768

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 12). 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.

Berkeley Mental Health Housing and Services Coordination

Blending AB 2034 into BMH Service Teams. Since beginning 2001, Berkeley's AB2034 program has been integrated within the Mental Division's adult services, which has three levels of service intensity - it has never been operated as a separate team or program. Staff from all three Berkeley Mental Health (BMH) service teams are assigned a number of clients enrolled in AB 2034. The 105 individual clients enrolled in BMH's AB 2034 program are equal to almost 20% of active BMH clients, though on average they receive more intensive services. As a result of this model, non-AB2034 clients have benefited indirectly from our grant – in areas such as skills and knowledge around housing and vocational outcomes, interagency collaboration, and systems for expending program funds directly on individual clients. Staff resources and skills at addressing clients' severe medical, drug and alcohol addiction, housing and psychiatric needs have risen across the board at BMH.

Initial engagement often begins with the Homeless Outreach (HOT) or Mobile Crisis (MCT) Teams. MCT, working daily until 11 PM, provides crisis intervention and assessments and connects people with a range of services. Referrals to MCT come from the emergency services dispatchers, local agencies, and others in the community. HOT provides crisis intervention, education, service brokerage and transportation to many homeless individuals with a range of mental health and substance use problems. Referrals to our BMH service teams often originate from MCT and HOT, as well as local hospitals and individuals walking in, often referred by local agencies. In addition, BMH staff who are "out-stationed" at about six local social service agencies which serve the homeless often facilitate such referrals.

BMH's Assertive Community Treatment (ACT) and Comprehensive Community treatment (CCT) Teams provide wrap-around individualized case management for more than 250 individual consumers with histories of multiple or lengthy hospitalizations and incarcerations as a result of severe and persistent mental illness, co-occurring substance dependence disorder, unmet primary healthcare needs and poor community integration and lack of psychosocial support. Our Crisis Services (CS) team conducts initial assessments for new requests for services, and oversees services to clients needing the lowest intensity of services. Enrolled AB 2034 clients are on all three teams. CS clients enrolled in AB 2034 have either been transferred from CCT or ACT due to their demonstrated ability to maintain community integration and stability with less frequent contacts, or they have been enrolled in the program at the CS level based upon their needs and eligibility with the possibility of transfer to the more intensive team services if their assessed need is consistent with eligibility criteria for entrance.

Services are consumer-centered from the beginning. This may include flexible spending on food, hotels and/or clothing, service planning determined by client input, and culturally competent services that are grounded in strengths-based and recovery models.

Flexible Housing Strategy. We have developed a range of housing options to support our clients. Immediate placement for purposes of initial engagement and safety is accomplished through placements in hotels with time-limited rental subsidies which range in amount depending upon a client's budget, and are woven into client service plans. As clients stabilize, they are assisted in pursuing alternative, long-term housing. Clients may select residential treatment which focuses on their substance use and/or mental health problems. Others live with family, in market rate housing, or other arrangements. Many are able to take advantage of housing units for which BMH controls access, or other subsidized housing with service linkages to BMH, described below.

Leveraging federal HUD SHP funds with AB 2034 dollars, we opened the Russell Street Residence and Annex in 2002. The Residence is an 18-bed licensed board and care home, and the Annex is a 4-bedroom house on the property. Management is provided by the Berkeley Food and Housing Project - a local agency that serves the homeless. Additional supportive services are provided by Berkeley Mental Health staff at the site. Twelve AB 2034 clients live at RSR and the Annex, with rental subsidies.

Martin Luther King House in Berkeley, with 12 bedrooms in shared housing, was transferred to BMH in December 2003 thanks to a successful new partnership with the owner, Resources for Community Development. Most of the tenants at MLK House receive rental subsidies through Berkeley's or Alameda County's Shelter Plus Care grants, and about half of them are AB2034 enrollees. BMH has taken a lead role in overseeing supportive housing services for the entire house, with assistance from LifeLong Medical's Supportive Housing Program and a private management company.

In 2004, Temescal Apartments were opened in partnership with Bonita House, Inc, a well-known residential treatment agency for individuals with co-occurring severe mental health and substance abuse problems. Three furnished, one bedroom apartments were secured for BMH clients and made available to AB2034 enrollees, who must qualify for both Bonita House's residential treatment services as well as HUD Shelter Plus Care subsidies.

Since 2002, BMH has managed over 30 Shelter Plus Care rental subsidies at units scattered around the East Bay, ranging from SRO rooms to shining new apartments. Services are provided by BMH with support from the Housing Departments, which oversees the HUD grants. A significant number of our AB 2034 enrollees have successfully secured HUD-subsidized units in Shelter Plus Care units managed by other local social service agencies, as well as several Project-Based Section 8 buildings in the area.

Turnover from Russell Street Residence and Annex, Temescal Apartments, MLK House, and BMH's Shelter Plus Care certificates is replaced by other BMH clients identified from the BMH client caseload according to a waiting list policy. AB 2034 clients are given explicit preference for the Russell Street and Temescal units.

Numerous other BMH clients – many of them AB 2034 enrollees – reside in local Sponsor-

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Based Section Eight housing, at sites such as UA Homes, Erna P. Harris and Oaks Hotel.

Vocational, Flexible Spending and Recovery. Services are driven by the consumer’s choices in the recovery process, which tend to be stable housing and income. We develop individualized service plans that are culturally competent and assesses for strengths, recovery goals and treatment needs. As housing and other basic needs are addressed and clients come to feel safer and more connected inter-personally in their lives, we have learned to respond better to our clients’ other recovery needs. The measurable outcomes emphasized under AB 2034 have also contributed to our increased focus on vocational and educational outcomes. Early in 2005, we began a contract with Rubicon Programs, a well-known job-training agency serving individuals with mental health disabilities. This contract with Rubicon, which has also taken over Berkeley’s One-Stop Career Center, is also used to leverage funding from Rubicon’s HUD contracts. Within months, a number of our AB 2034 enrollees enjoyed significant increases in employment outcomes.

AB 2034 funds have consistently been used at local stores to purchase clothing, food, transit cards, and miscellaneous other items. Used in conjunction with time-limited hotel subsidies, AB 2034’s emphasis on flexible spending has enabled our service providers to develop trust and hope with many individuals who previously would have rejected mental health and helpful services altogether. To a significant degree, we have woven these non-traditional interventions (i.e., spending program funds directly on clients) into our initial engagement and ongoing services for homeless mentally ill individuals. As our skills grow, we are managing our AB 2034 funds more efficiently, we are engendering better outcomes, and we are developing strategies to spend these funds more flexibly.

Table 13 Key Annualized Outcomes of Berkeley AB 2034 Program through June 2005 (Source: www.ab34.org, annualized data)		
Outcome	In 12 months prior to enrollment	Since enrollment
Number of unduplicated consumers hospitalized	55	17
Number of psychiatric hospitalization days	3,912	1,080
Number of unduplicated consumers incarcerated	41	12
Number of days incarcerated	4,142	967
Number homeless days (excluding shelter and temporary housing)	27,956	7,421
Number of consumers receiving GA, SSI/SSDI at time of enrollment	40	103
Source: City of Berkeley Mental Health Division.		

Statewide outcomes of AB 2034 programs. These data were reported in the 2003 Legislative Report on Effectiveness of Integrated Services for Homeless Adults with Serious Mental Illness

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(Source: <http://www.dmh.ca.gov/Reports/default.asp>). In June of 2005, more than 4,650 individuals were enrolled in 35 AB 2034 programs across the State, including 106 with BMH.

- A 56 percent reduction in the number of days hospitalized
- A 72 percent reduction in the number of days incarcerated
- A 67 percent reduction in the number of days spent homeless
- A 65 percent increase in the number of days employed full time
- A 53 percent increase in the number of days employed part-time

Victims of Domestic Violence

The City of Berkeley continued funding Women's Day-time Drop-in Center (WDDC) and Family Violence Law Center (FVLC) to provide drop-in services, legal counseling, and support for victims of domestic violence. These programs are funded with local sources, and represent additional leveraging of local resources to support Homeless Continuum of Care activities operated by homeless service providers in Berkeley.

Homeless Youth

Berkeley contracts with three agencies to address needs of homeless youth in the community, Chaplaincy to the Homeless, Lutheran Church of the Cross--Youth Emergency Assistance Hostel (YEAH), and Fred Finch Resource Center. Reduced resources, overlapping missions, and administrative capacity issues have led the City to require the Chaplaincy and YEAH to merge. In Program Year 2005, Housing Department staff will work closely with these two agencies to strengthen their services and to consolidate into one stronger agency.

A Better Way, which provides counseling, support, and reunification services to foster children, was able to acquire its building with the assistance of a City of Berkeley loan, and renovate its interior during PY 2004.

HUD Audit Findings for BOSS and Jobs for Homeless Consortium

BOSS. During Program year 2004, BOSS made some forward progress in resolving its HUD issues that resulted from a 2003 HUD monitoring visit. BOSS successfully completed a one-year analysis of expenditures on HUD grants with the aid of consultants and caught up with programmatic reporting to HUD for all current grants. BOSS' new CFO worked on operationalizing its sophisticated accounting software package. BOSS can now track expenditures by funding source, program, and activity, and has incorporated payroll expenditures into this system, a vast improvement over the old accounting system. A three-year financial analysis of all programs remains outstanding, however. This analysis will form the basis for calculating the amount of debt owed to HUD.

The Recovery Oversight Committee met sporadically during the first half of Program Year 2004, but has not met since February 2005. City of Berkeley staff have been working with BOSS to rectify financial reporting issues and to identify service delivery improvements needed, especially as regards improvement to the Self-Sufficiency Program HUD grant, which provides funding for Harrison House shelter and the Multi-Agency Service Center.

As reported last year, in May through August 2004, staff from the Cities of Oakland and

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Berkeley and from Alameda County performed a program review of all HUD-funded programs at the request of HUD. This Program Review Team concluded that, 1) the general type and variety of services as outlined in the HUD grants were delivered consistently during the 3 year period that was examined; 2) in some cases the actual staffing patterns and mechanics of service delivery were different from what was stipulated in the original grant, however these changes are supported by the Program Review Team and are consistent with the original grants; 3) the quality of the documentation of services delivered varies from acceptable to superior; and 4) in each program where the Program Review Team made a comparison of the goals and objectives reported to those actually observed as part of the program review, the majority of goals were met or exceeded. The Program Review Team recommended that BOSS implement the following measures to help rectify the issues identified above:

- Train staff on standardized case noting, referrals and documentation of eligibility;
- Develop deeper relationships with education/training referral partners and with low-income housing developers to expand the universe of housing opportunities for BOSS clients;
- Improve alcohol and drug addiction services and referrals in some programs and/or cross train staff to ensure quality of AOD services throughout BOSS programs.

BOSS continues to subcontract one of its HUD grants to the Women's Daytime Drop-In Center (WDDC) and now has a detailed MOU which spells out roles and responsibilities of each agency and method of service delivery and reimbursement. BOSS has paid WDDC only a portion of what is owed them and it is unclear whether this back payment will be made in future.

Jobs for Homeless Consortium, Inc. Jobs for Homeless Consortium (JFHC) had three HUD Supportive Housing Program (SHP) Grants. The largest grant, the Homeless One-Stop Welfare-to-Work Employment Support System (HOWWESS I), provides employment services to homeless individuals in Berkeley with multiple barriers to self-sufficiency. HUD funded this grant at \$1,016,786 annually.

From May 17 through July 1, 2004, HUD conducted a financial management compliance and programmatic review of JFHC's Supportive Housing Program Projects. HUD determined that although funds were being expended to serve the homeless population grant funds were intended to serve, there were two Supportive Housing Program (SHP) statutory financial findings that HUD considered serious enough to freeze grant funds. The first finding was that JFHC had inadequate cash match. Per federal requirements, all funds awarded for services must be matched by the grantee in the amount of 25 percent of the funding. HUD found that a significant portion of JFHC's cash match, nearly 70 percent, were in-kind services rather than cash and did not satisfy the cash match requirement. The second finding was that JFHC had inadequate financial controls over SHP funds resulting in an inappropriate apportionment of expenses between grants, ineligible cost being charged to the grants, and insufficient documentation of staff time spent on eligible grant-funded activities.

Since July, HUD has not released any funds to JFHC. Without financial resources, JFHC has not been able to maintain the staff necessary to respond to HUD's requests for information. The collaborative effort of City of Berkeley, Alameda County, and the Walter and Elise Haas Sr.

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Foundation who funded a consultant to assist JFHC, has resulted in nearly complete grant agreements between HUD and JFHC with Goodwill Industries of the East Bay as sponsor on the Oakland grants, and Rubicon as sponsor on the Berkeley grant. While unfortunately JFHC will not likely come out of this crisis as a viable agency, it is more than likely that the HUD grant funds will be preserved to provide vocational services to homeless people in Berkeley.

Rubicon will become the sponsor of the JFHC Berkeley HUD grant and in November begin to provide services out of JFHC's offices at 2801 Telegraph Avenue. Since 1973, Rubicon has built and operated affordable housing and provided employment, job training, mental health, and other supportive services to individuals who have disabilities, are homeless, or are otherwise economically disadvantaged. Based in Richmond, California, the agency employs upwards of 300 people and offers service throughout Contra Costa County and the San Francisco Bay Area. Each year, more than 3,000 people participate in one or more of Rubicon's programs. Rubicon owns and operates affordable housing units with 10 sites in Contra Costa County and two on Treasure Island that offer 180 units. Several of the sites have their own on-site housing counselor and supportive services. Through Rubicon's job training and placement programs more than 450 people find jobs each year. Some find jobs within Rubicon Enterprises, a supporting corporation of Rubicon Programs Incorporated. Rubicon Enterprises creates business ventures that train and employ individuals who are entering or re-entering the work force. Its two businesses - Landscape Services and Bakery - employ 81 individuals.

The cash match for the Berkeley HUD grant will come from a variety of sources including funds Rubicon brings with it, along with tenant rents, funding from Alameda County Social Services Agency, philanthropic donations, and City of Berkeley funds. Rubicon will need the \$19,000 already allocated to Jobs Consortium to fill the remaining cash match gap and to preserve these services in Berkeley.

On June 22, 2004, by Resolution No. 62,556-N.S, Council allocated \$19,000 to Jobs for Homeless Consortium (JFHC). The funds were intended to provide cash match to the agency's \$1,126,981 HUD—Supportive Housing Program grant in Berkeley. Since Council allocated these funds, JFHC has experienced extraordinary hard times. Negative findings in JFHC's HUD audit in July have resulted in HUD freezing all funds. HUD funds provide a large percentage of the agency's funding and funding from other sources supports only limited staffing costs and overhead expenses. Therefore, JFHC has had to lay off or furlough much of its staff. But for the emergency assistance from the City of Berkeley and Alameda County, JFHC would have closed its doors permanently.

Since July when HUD froze its grant funds to JFHC, City and Alameda County staff have worked with JFHC to address HUD's concerns and to identify and finalize agreements with non-profit agency sponsors to assume programmatic and fiscal control over HUD-funded activities, a requirement HUD has imposed before releasing funds. Our priority has been to preserve the nearly \$2.5 million in HUD funds that JFHC has across three SHP grants—two in Oakland and one in Berkeley. With a grant from the Walter and Elise Haas Sr. Foundation, we have hired a consultant who has worked on JFHC's behalf to develop sponsor agreements, finalize agreements with HUD regarding repayment, develop a methodology through which HUD will release a portion of grant funds to JFHC for currently unreimbursed expenses. Given the serious financial blow JFHC has

sustained and the loss of much of its staff, it is unlikely the organization will survive. Our current goal is to preserve JFHC long enough to transfer grants to sponsors and to repay HUD.

Rubicon Programs Incorporated has agreed to act as sponsor on the Berkeley grant assuming all the programmatic and fiscal responsibilities. The technical submissions and documentation necessary to enter into a grant agreement with HUD are substantially complete. Assuming no unanticipated delays, we expect Rubicon to begin providing services to Berkeley's homeless by November. However, Rubicon will need the \$19,000 previously allocated to JFHC to meet the cash match requirements of the HUD grant.

Rubicon's job training and supportive services will bring new and innovative services to Berkeley's homeless. Other employment programs in the community do not well serve this population. City of Berkeley financial support toward the cash match is needed to preserve a more than \$1.1 million HUD grant. These funds have already been identified and set aside for Jobs for Homeless Consortium for this very purpose. With Rubicon as successor in the Berkeley HUD grant, these funds should be reallocated to Rubicon.

Alameda County-wide Homeless and Special Needs Housing Plan

The City of Berkeley, the City of Oakland, and three Alameda County agencies (addressing housing, mental health, and AIDS programs) have released a public review draft of their Alameda County-wide Homeless and Special Needs Housing Plan. This plan—referred to as the “Multi-Plan”—represents a year-long effort to address four key planning needs:

- ❑ The need to update local homeless continuum of care plans that were adopted back in the late 1990s by the three jurisdictions.
- ❑ The need for a planned and coordinated response to the federal initiative to end chronic homelessness within 10 years.
- ❑ The need by Alameda County's Behavioral Health Care Services Agency (BHCS) to plan for the provision of housing for its mental health services clients.
- ❑ The need to plan for services and housing to benefit the large, overlapping populations of people in different systems of care (AIDS services and housing, homeless services and housing, mental health services and housing).

The Multi-Plan was sponsored by the following agencies:

- ❑ Alameda County Housing and Community Development Department (HCD);
- ❑ Alameda County Behavioral Health Care Services Agency (BHCS);
- ❑ Alameda County Office of AIDS Administration;
- ❑ The City of Berkeley (represented by Housing Department and Mental Health Division staff); and
- ❑ The City of Oakland

A Stakeholder Steering Committee, representing key players in homeless, mental health, AIDS and affordable housing communities throughout Alameda County, assisted the sponsoring agencies with plan preparation and active participation. They began work in June 2004 and

completed the draft plan in July 2005, which you now have before you.⁴

ISSUES. Overarching issues that affect all three systems of care (Homeless Continuum of Care, Behavioral Health Care, HIV/AIDS Services) that participated in this planning process made planning together for systems change even more important. These issues include:

- ❑ Lack of affordable and accessible housing;
- ❑ The similarities of issues presented by consumers, such as difficulty negotiating excessive red tape, cycling in and out of prisons and other institutions, and the prevalence of co-occurring disorders that are not comprehensively assessed, diagnosed, and treated;
- ❑ Similarities of constraints faced by systems and providers, including budget reductions and eligibility barriers to services and housing;
- ❑ System fragmentation in which there is no one-stop center for coordination of services that would otherwise benefit consumers with special needs, or who are homeless. They are afflicted instead by often duplicative request for information, assessments, and offers of services; or, at the other end of the spectrum, consumers fall through the system's cracks, falling into homelessness and unable to obtain affordable housing to stabilize their lives.

PURPOSE. The purposes of the plan are to:

- ❑ Identify needed improvements to existing programs.
- ❑ Increase coordination among services that have to date been fragmented and partial in their delivery of services and housing to consumers.
- ❑ Attract additional financial resources to put toward addressing gaps in services contemplated in the Multi-Plan.

PLAN RECOMMENDATIONS. The sponsoring agencies and stakeholder committee came up with five policy areas where they recommend specific courses of action: Prevention, Housing, Services, Measuring Success, and Leadership Development.

Prevention Recommendations

- ❑ Ensure that all households at risk of homelessness, including households in affordable or public housing, can find complete information about prevention programs, and can access assistance in time to prevent homelessness.
- ❑ Ensure that no youth becomes homeless when exiting state or local care, including the foster care system and institutional settings (treatment or corrections).
- ❑ Link community-based housing and services with institutions, including hospitals, foster care, and incarceration, so that people do not become homeless when discharged.

Housing Recommendations

- ❑ Using existing resources, increase and sustain the amount of housing for the targeted populations in Alameda County.
- ❑ Work with Public Housing Authorities (PHAs) throughout the county to enhance and increase the availability of subsidized vouchers and units for the target populations.

⁴ The full plan is available at <http://www.cityofberkeley.info/housing/specialneeds/Multi-PlanHome.html>.

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- ❑ Through advocacy efforts, maintain and increase the resources necessary to develop, operate, and preserve appropriate and affordable housing options for single adults, youth, and families whose incomes are at or below 30 percent of the area median income in Alameda County.
- ❑ Expand and sustain the range of housing models operating in Alameda County to include options ranging from intensely supported to fully independent affordable housing.

Flexible Services Recommendations

- ❑ Expand the availability of needed clinical services that can provide culturally- and age-appropriate care to Alameda County's diverse populations.
- ❑ Ensure coordination and accessibility of services.
- ❑ Prepare consumers for tenancy and support them to maintain their housing over the long term.
- ❑ Ensure that culturally appropriate, long-term services are offered to individuals and families experiencing homelessness and/or living with disabilities so that they can retain stable housing over the long-term, increase their independence, and have improved quality of life.

Measures of Success Recommendations

- ❑ Coordinate collection of client data between systems.
- ❑ Track outcomes to measure program and system successes and use information about outcomes to target resources and best practices.

Leadership and Political Will Recommendations

- ❑ In consultation with civic, faith, and community leaders from throughout Alameda county, the sponsoring agencies will create an interim leadership structure that can initiate plan implementation immediately through outreach and engagement with the many partners who are essential to the plan's ultimate success.
- ❑ The Interim Leadership entity, consisting of the sponsoring agencies group and the advisory committee, will establish the Permanent Leadership Structure that is responsible for guiding and financing the plan's implementation.

PROCESS FOR PLAN APPROVAL. The Multi-Plan is being circulated for public review to commissions and city councils of cities throughout Alameda County, and the Board of Supervisors will be asked to review and adopt the plan late in the fall of 2005 or early in the winter of 2006.

In Berkeley, the Multi-Plan has already been provided to the Human Welfare and Community Action Commission for their review. The Multi-Plan will also be provided to the Planning Commission, the Commission on Disability, the Homeless Commission, and the Mental Health Advisory Commission and staff will make a presentation describing the Multi-Plan and its provisions. Other commissions will receive copies of the plan for their review and comment (but no staff presentation), including Peace and Justice, Aging, and the Community Health Commissions. The Berkeley City Council will be asked to review and adopt the Multi-Plan later in the Fall of 2005.

Mental Health Services Act Planning and Implementation

In November 2004, California voters passed Proposition 63, the Mental Health Services Act (MHSA), which is intended to expand and transform California's county-based mental health service systems. Berkeley is also a mental health jurisdiction here in California, and will also see expansion and change in its mental health services as a result of MHSA implementation. Berkeley Mental Health Division and Housing Department staff have been involved in county-wide efforts to begin planning for the system expansion and transformation, as led by the Alameda County Behavioral Health Care Services Agency (BHCS).

Implementation efforts specifically involve immediate planning beginning in the last quarter of PY 2004, continuing into PY 2005, with the BHCS completing a plan for submittal to the California Department of Mental Health (DMH) in November 2005. Berkeley's own MHSA implementation plan will be due at that time as well. Implementation planning must address how new MHSA funds are to be allocated between Berkeley and Alameda County mental health and substance abuse services, and how those services are to be restructured and client access reprioritized. DMH approval of local plans is expected in March 2006 in order for MHSA funds to be received locally by July 1, 2006.

Alameda County Shelter and Services Survey

During PY 2004, a consultant executed a survey update following on the methodology used in the Alameda County Shelter and Services Survey conducted in PY 2002 (February 2003). New results from the survey update are expected to be available during PY 2005.

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. Specific accomplishments include:

- ❑ Identifying Agency Implementation Teams, which include key staff in each agency that will play a role in implementing HMIS;
- ❑ Developing an Agency Privacy Notice for posting at all participating HMIS agencies that alerts clients to the HMIS system and informs them of their privacy rights;
- ❑ Customizing Data elements so that they are tailored to each individual agency and meet reporting requirements;
- ❑ Developing agency "dataflow charts" which detail how information on clients and services flows within each participating agency and among collaborative agencies;
- ❑ Developing a Client Information Sheet and Consent Form which complies with the HUD Privacy/Confidentiality and Security standards. Discussions here also included HIPAA compliance and agencies that are covered under both HIPAA and the HMIS standards;

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- ❑ Developing an Agency User Agreement, which stipulates the roles and responsibilities of staff who are entering data into the HMIS system.
- ❑ Technical Readiness Forms and workstation checklist forms: these were developed to ensure that all agencies had appropriate hardware and software to implement the HMIS system. All Berkeley agencies are in compliance with the minimum readiness standards;
- ❑ Screen designs for agencies and Shelter Plus Care Program; Hillyard and Associates worked with the software vendor and with community agencies to personalize each agency's screens to include standardized information that needs to be collected and information that is specific to service delivery of each individual agency;
- ❑ Standard Services Quicklist: All services agencies throughout Alameda County will utilize standardized language for the provision of services, captured in this Services Quicklist;
- ❑ Finalizing Partner MOUs between individual agencies and the Alameda County-wide Homeless Continuum of Care Council that govern the use of the web-based software system;
- ❑ Completing and adopting revised Policies and Procedures for use with the InHOUSE system;
- ❑ Developing a staff Privacy Agreement to be signed by all staff processing intakes that will be input into the HMIS system

Projected Outcomes are to include:

- ❑ By August 2004, provide Berkeley's shelters and transitional housing programs with all of the hardware, software, internet connectivity and licenses they need to fully participate in an HMIS system.
- ❑ By June 2005, begin producing client-level data to improve referrals, case management coordination, and access to data.
- ❑ By June 2005, develop the ability to generate funding reports automatically.

Despite all of the activity listed above, all projected outcomes have been delayed mainly due to delays in implementation at the County level over which the City of Berkeley has no control. Most agencies achieved hardware and software connectivity by the end of December 2004. Data and reports will begin to be generated in FY2006 due to the delay mentioned in implementing a new reporting module and delays in implementation and training that were spearheaded by the County-wide Homeless Continuum of Care. Despite these delays, agencies have now begun entering data and since training on reports generation will take place in the Fall of 2005, we expect to see reports and access to data by the end of this Fiscal Year.

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 2004. The City's Homeless Policy Coordinator is the jurisdictional co-chair of the Council which has embarked on an organizational analysis and strategic planning process to modify the structure of the Council to best support the implementation fo the

Alameda Countywide Special Needs and Housing Plan.

The City of Berkeley and many of its community agencies successfully applied for the federal Supportive Housing Program (SHP) and received \$22 million to support 59 housing and services programs in Alameda County, many of them in Berkeley (see Table 18, page 65, 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 2004 were:

- ❑ Collaboration with community agencies and the Homeless Commission on a shift of resources from emergency services to housing and supportive services.
- ❑ Successful transfer of funding and services from the now defunct Jobs for Homeless Consortium to Rubicon .
- ❑ Emergence of funding and capacity issues for non-profits providing homeless services. Staff worked closely with agency staff on program improvement, collaboration and possible merger, and shoring up financial and administrative infrastructures.
- ❑ Completion of the Alameda Countywide Homeless and Special Needs Housing Plan in collaboration with Alameda County, the City of Oakland, and the Continuum of Care Council. Plan adoption will continue into Program Year 2005.
- ❑ Implementation of a Homeless Management Information System (HMIS). The City of Berkeley's Shelter Plus Care Program and four community agencies are now entering data into the system with other agencies joining in Program Year 2005.
- ❑ 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

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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 14 summarizes Berkeley's CDBG Public Services Allocations in Program Year 2004, 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.

Agency	Program Activity	PY 2004 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	\$150,947	103	16	86	36	Served 103 low-income clients with vocational English as a second language (VESL), 13 clients with tutorial assistance, 11 with community education, 45 with information and referral services, 40 with support services related to employment acquisition, 50 with employment counseling, and 40 with employment referrals. 21 low-income clients were placed in 28 jobs.
Berkeley Outreach and Recreation Program	Elderly and Disabled Mobility Project	\$27,138	81	38	6	0	Program provides transportation and recreational opportunities for low-income older adults and the disabled. Provided recreational and outdoor programs to following disabled populations during program year: children and youth sports, 9; adult recreational sports, 36; family adventures and outings, 36.
Berkeley Adult School (BUSD)	Life skills program	\$26,667	289	150	139	18	Provides basic adult education, GED, literacy, ESL job preparedness, counseling and case management services. Created classroom workshops to better serve English as Second Language (ESL) and adult basic education (ABE) students. In workshops counselors worked with students to understand things like how to find subsidized housing, requirements for subsidized housing, i.e., clean records regarding drugs and system fraud and good credit and rental history. They then addressed resources and processes for cleaning up their situations from drug rehabilitation programs to credit counseling/repair to criminal

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Table 14							
City of Berkeley CDBG Public Services Allocations, PY 2004							
Agency	Program Activity	PY 2004 Funding	Low/Mod Assisted	Total Low	Extremely Low	Female headed households	Achievements
							record expungement. Students also received support in identifying and accessing resources for mental health related issues from depression to post-traumatic stress disorder. The project relocated during the year to the new adult school campus location, 1701 San Pablo Avenue. Full contract balance of \$26,667 expended during FY 2004, but \$13,334 not drawn down until PY 2005.
Bonita House	Supported independent living; Creative Living Center	\$24,209	77	0	77	0	The Supported Independent Living Program assisted 38 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 (\$9,676) assisted 39 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	\$5,806	54	10	10	0	Increases ability of low-income residents to gain access to adaptive technology. Provided services to 54 disabled individuals under this contract. Services included access to adaptive technology for use of computer equipment as well as training in the use of those technologies.
East Bay Community Law Center	Housing advocacy	\$20,126	60	1	59	30	377 low-income Berkeley residents were served with funds from CDBG and local funds from the Rent Board for housing advocacy. 60 clients were allocated to the CDBG program based on the percentage of funds in the project. 51 of the clients served avoided homelessness as a result of successful intervention by EBCLC.
Eden Council for Hope and Opportunity	Homelessness Prevention Program Operations	\$35,684	119	0	35	66	Provides prescreening for rental assistance, support counseling, information & referral, delinquent rent grants, and rent guarantees. Assisted 119 low-income Berkeley residents with 121 homelessness prevention grants. 225 prospective clients were pre-screened with 104 receiving information & referral.

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Table 14							
City of Berkeley CDBG Public Services Allocations, PY 2004							
Agency	Program Activity	PY 2004 Funding	Low/Mod Assisted	Total Low	Extremely Low	Female headed households	Achievements
Eden Council for Hope and Opportunity	Senior home equity conversion counseling	\$7,219	32	4	22	22	Provides home equity conversion counseling and shared housing placement. Of 32 senior homeowners counseled about their home equity and reverse mortgages, 11 took out reverse mortgages. Three group presentations were made during the program year to senior groups.
Inter-City Services	Employment, education, and training services	\$136,654	101	8	93	38	Training in computer operation and repair, medical lab technicians, GED, and job search assistance. 38 clients participated in GED and adult basic education; 63 attended vocational skills training, 80 participated in job search workshops, 80 received job development and referrals, 4 of 5 successfully completed their GEDs, and 30 were placed in jobs.
Multicultural Institute	Life skills program, employment preparation, and placement	\$73,328	203	72	131	0	Facilitated 178 temporary jobs for day laborers. Other activities included educational efforts on occupational safety, referral for social and medical services, referrals for education. The lack of Spanish language training courses remains a barrier to training. MI has organized clean-up days in the neighborhood and developed Friday afternoon activities to build rapport with and community among day laborers. 25 Berkeley residents enrolled in GED classes. 143 day laborers received health or dental care on-site treatment once a month.
Alameda County Homeless Action Center	SSI advocacy	\$26,007	171	7	164	8	Provides SSI advocacy to homeless and mentally ill people, including legal representation at all stages of SSI application. 99 Berkeley residents won SSI approvals during PY 2004 with assistance of the Homeless Action Center. Financial difficulties led to elimination of 1/2 of a staff position and remaining staff reducing their pay 20 percent in order to maintain operations. 171 low-income residents were provided with legal advocacy to assist with acquisition of SSI benefits.

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Table 14 City of Berkeley CDBG Public Services Allocations, PY 2004							
Agency	Program Activity	PY 2004 Funding	Low/Mod Assisted	Total Low	Extremely Low	Female headed households	Achievements
Berkeley Food and Housing Project	Emergency housing and support services	\$79,292	207	41	148	0	Successfully moved 158 men from emergency shelter into transitional or permanent housing. Provided shelter to 207 homeless men in Berkeley under this grant. Services included shelter beds, access to case management, access to money management services, support for mental health and recovery program participation, and meals.
Building Opportunities for Self-Sufficiency	MASC drop-in services and case management	\$25,449	429	133	294	4	Provides services to help people out of homelessness and into shelters, transitional and permanent housing. During final four months of the year, MASC staff assisted 38 clients in obtaining permanent housing, the program provided 35,961 client contacts while serving an average of 99 homeless persons daily. 429 new intakes were performed during the year. 30,556 contacts for basic services and 3,987 contacts for basic services were reported.
LifeLong Medical Care	Integrated Services Team at UA Homes (1040 University)	\$27,102	73	52	21	0	Supportive Housing Program at UA Homes provided case management interventions that helped 73 unique, formerly homeless residents retain their housing and avoid return to homelessness. Services included money management, drug and alcohol counseling, mental health counseling and referrals, community building, and food distribution.
Lutheran Church of the Cross	Youth Emergency Assistance Hostel	\$14,514	231	0	231	58	Provides emergency shelter and services to homeless youth. Youth Emergency Assistance Hostel (YEAH!) served 231 homeless youth, providing 3,700 bednights of shelter of shelter. Huge demand has agency searching for ways to build capacity to respond to need.
Options Recovery Services	Day substance abuse treatment services	\$34,565	508	28	479	4	Provides day treatment services to homeless and low-income residents. Provided intakes to 508 individuals for services in their program. 98 clients graduated from their 15-month program during the year. 235 of their clients were placed into housing during the course of the year.
Total Public Services Allocations, PY 2004 =		\$714,707	2,738	560	1,995	284	

Improvement of Public/Community Facilities

Table 15 summarizes CDBG funding provided to community agencies for facility improvements that will enable these agencies to offer safer, more efficient, or altogether new

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community and anti-poverty services in Berkeley.

Table 15			
City of Berkeley Public/Community Facilities CDBG Allocations in Program Year 2004			
Agency	Activity	PY 2004 Funding	Achievements
A Better Way	Adoptions and Therapy Office Expansion; seismic retrofit of URM at 3200 Adeline Street	\$0	Will pay for seismic reinforcement and strengthening of unreinforced masonry wall in building where ABW operates a program serving foster children, adoptees, and their families. Project cancelled due to failure meet project readiness timelines established as a condition of funding. The funding was de-obligated and made available for re-allocation for future projects.
Asians for Job Opportunities	Roof repair at 1911 Addison Stret	\$3,600	Funds provided for improvements to rooftop drainage to alleviate leakage. Project was completed under budget and roof improvements appear to have been successful.
Center for the Education of the Infant Deaf	Pediatric audiology suite installation	\$25,000	Install a new infant audiology suite during PY 2004. Work completed. Applications made to California Children's Services (CCS) and medical and are pending approval. Initial acceptance of CEID by CCS has been received to serve as an outpatient infant hearing screening provider. They are still awaiting full approval to provide diagnostic audiological services from CCS. In the meantime, CEID is scheduled to open its pediatric audiology suite to provide follow-up screening services only. This activity will remain open into PY 2005 to allow for demographic data capture on clients benefiting from its services.
City of Berkeley Parks, Recreation and Water Front	Young Adult Project - 1730 Oregon Street	\$10,000	Parks, Recreation, and Waterfront Department project for improvements at the Young Adult Project serving low-income at-risk youth, including scoreboard installation and sound-proofing of gym walls during PY 2004.
City of Berkeley Parks, Recreation, and Waterfront/Ephesians Child Care Center	Greg Brown Park repairs and play structure upgrades - 1907 Harmon Street	\$35,000	Project to be carried out by Ephesians Child Care with oversight by the COB Parks, Rec & Waterfront Department, to remove and replace two unsafe play structures in low-income neighborhood. Project was extended for a second year; work to begin July 28, 2004, and end by September 22, 2005. Initial bid solicitation was unsuccessful in getting a proposal within budget. Project redesigned to reduce cost and a bidder was eventually selected.
LifeLong Medical Care	Dental clinic HVAC repair	\$13,660	LLMC to use funding to purchase and install three new HVAC units for the dental clinic serving low-income residents in PY 2004. LLMC was able to increase dental services to ethnically diverse low-income area residents. Overall services increased by almost a third.
Rebuilding Together	Community Facilities	\$21,967	Coordinates volunteers to undertake improvements of community facilities. Performed repairs to 21 low-income Berkeley low-income elderly and disabled households.
Total Public Services Allocations, PY 2004 =		\$109,227	

E. Other Actions

During PY 2004, the City of Berkeley took actions to protect its scarce fiscal resources and the various programs dependent on those resources. During the Federal Fiscal Year 2006 deliberations this past winter, President Bush's administration proposed to eliminate the CDBG entitlement program. A new program focused on economic development at the U.S. Department of Commerce at reduced funding levels was proposed instead to take the place of CDBG. The Berkeley Housing Advisory Commission and the City Council adopted resolutions opposing this action, and informed the City's elected representative, Congress member Barbara Lee, of Berkeley's position on this proposal.

A recent study by the Alameda County Homeless Action Center (ACHAC) helps to illustrate potential direct and indirect losses to Berkeley's economy of eliminating CDBG investments here. ACHAC helps the homeless and people with serious mental disabilities obtain public benefits through established programs for which they are eligible, including Supplemental Security Income (SSI). ACHAC performed an economic analysis of its community impact recently. The agency found that on an annual basis, ACHAC's services on behalf of its 150 clients generated over \$6.5 million in total economic activity in the Berkeley area combined in food (e.g., food stamps) and money for needy individuals in the community. ACHAC's annual budget is about \$360,000, and the City allocates about \$26,900 to ACHAC in CDBG funds. By supporting ACHAC, the City helps the agency leverage nearly \$18 per dollar of the ACHAC's budget each year in economic activity in the Berkeley economy (or a total of about \$6.5 million, about 30 percent of which goes for food and discretionary income for their clients).

Were CDBG eliminated, the indirect economic loss to the Berkeley economy from not funding ACHAC would be approximately 7.4 percent or about \$480,000 per year from just one community agency's lost CDBG funding. The City of Berkeley provides CDBG funding to 28 other agencies besides ACHAC. Thus, the overall economic impact of CDBG elimination is much larger, and would greatly diminish services here in Berkeley on which low-income households depend. Fortunately, this proposal was met nationwide with opposition, and has been at least delayed until next year.

In addition, while no legislative initiative has yet been proposed in Congress, HUD is considering approaches to altering the CDBG allocation formulæ to ensure that CDBG funds go to communities in amounts that are proportional to documented community need.⁵ HUD studied four different formula alternatives that incorporated two changes in formula factors that, if adopted by the federal government, would affect Berkeley directly:

- Changing the indicator of number of pre-1940s housing units to units constructed within the last 50 years *and* having households living in them which have incomes at or below the poverty line; and
- Removing from the definition of poverty used by HUD the number of college student households in the community.

⁵ The report may be viewed at <http://www.huduser.org/publications/commdev/cdbgAssess.html>.

It is not known at this time whether the Bush Administration or HUD intends to move forward with any of the particular formula changes. HUD's study shows that Berkeley would see a substantial loss of CDBG entitlement funds, on the order of 38 to 50 percent in each of the four alternatives HUD considered.

In January 2005, the City amended its *Consolidated Plan for Housing and Community Development (2000-2005)* to enable the City to allocate future HOME entitlement funds to current projects provided direct action is taken by the City Council based on a majority recommendation of the Housing Advisory Commission, in order to leverage currently available funding and enable affordable housing projects seeking other funds to remain competitive.

In June 2005, near the end of PY 2004, the City amended its *Consolidated Plan for Housing and Community Development (2005-2010)* to enable permit the City to apply to both the Brownfields Economic Development Initiative Grant (BEDI) and HUD Section 108 Loan Guarantee Programs. This action was taken to accommodate a request from the developer of the proposed Oxford Plaza/David Brower Center project in downtown Berkeley that the City of Berkeley apply for a \$2 million BEDI grant before it submits a separate loan application to HUD's Section 108 Loan Guarantee Program. The City submitted the BEDI application on at the end of PY 2004, and expects to submit the Section 108 application during PY 2005.

Finally, the City Council adopted a recommendation from the Housing Advisory Commission in June 2005 that proceeds from the sale of surplus City property is to accrue to the Housing Trust Fund.

F. Leveraging Resources

Leveraging Affordable Housing Resources

For projects that have applied to and received a funding reservation for a loan (including predevelopment loans) and are active and completed since PY 2002, during the planning horizon of Berkeley's ConPlan, the City has reserved nearly \$26 million from its Housing Trust Fund for 9 different developments (see Table 16). Total financing for these projects is estimated at nearly \$100 million. Thus, each dollar reserved from the City's Housing Trust Fund program (which includes CDBG and HOME investments) leverages nearly \$7 of financing from other state and federal sources (not including federal sources like CDBG and HOME in the City's Housing Trust Fund Program). Last year's leveraging ratio was estimated at about \$10 from other sources for a dollar of Berkeley assistance. However, projects have seen rising materials and labor costs from the international development boom, and have returned to the City to seek additional funds to close financing gaps.

Non-profit developers from Berkeley continue to be successful at obtaining other federal and state government subsidies to make their projects possible. Satellite Housing, Inc., obtained tax credit financing from the California Tax Credit Allocation Committee in May 2005 for its University Avenue Senior Housing project at 1535 University Avenue. During the program year, the ability of non-profit agencies to leverage other funds continued to be an important

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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;

Table 16			
Leveraging by Berkeley Housing Trust Fund of Other Funding Sources			
Address of property completed or loan approved:	Project Status	Loan Amount from City	Total Project Cost
Affordable Housing Associates (AHA):			
2517 Sacramento (Sacramento Sr.)	under construction	\$2,127,072	\$11,189,619
1001 Ashby Ave. (Ashby Lofts)	begin construction February 2006	\$1,500,000	\$17,874,580
1719-25 University (UNA)	completed in early PY 2005	\$2,432,133	\$11,105,590
Total AHA		\$6,059,205	\$40,169,789
Building Opportunities for Self Sufficiency			
711 Harrison Street (Sankofa House)	completed	\$938,250	\$1,547,172
2111 McKinley St. (McKinley house)	under construction	\$190,000	\$190,000
Total BOSS		\$1,128,250	\$1,737,172
Jubilee Restoration:			
2577 San Pablo (RCD/Jubilee)	under construction	\$2,269,108	\$6,876,369
Total Jubilee		\$2,269,108	\$6,876,369
Resources for Community Development (RCD):			
Oxford Plaza	completing financing	\$2,500,000	\$25,491,022
Total RCD		\$2,500,000	\$25,491,022
Other Developers			
1535 University (Satellite Housing)	begin construction November 2005	\$1,900,000	20,953,119
3132 MLK, Jr. Way (Prince Hall Arms)	regrouping	\$537,167	\$4,765,711
Total Other		\$2,437,167	\$25,718,830
TOTAL		14,393,730	99,993,182

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Table 16			
Leveraging by Berkeley Housing Trust Fund of Other Funding Sources			
Address of property completed or loan approved:	Project Status	Loan Amount from City	Total Project Cost
Leveraging Ratio			6.95

- **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 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. Satellite Housing, Inc., also obtained tax credit financing for its University Avenue Senior Housing project at 1535 University.

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. The funding request for Jubilee Restoration was withdrawn at the request of the City, however.

Section 202 – The partnership of Jubilee Restoration, Inc. and Resources for Community Development received \$3.9 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. However, the Berkeley Housing Authority during PY 2004 allocated 104 PBS8 units to six different projects (see Berkeley Housing Authority discussion in Chapter V, above).

BEDI - The City submitted a BEDI application for \$2 million on behalf of Ed Roberts Campus, and it was awarded in PY 2004. The City also submitted a BEDI application for \$2 million the Oxford Plaza/David Brower Center project downtown in PY 2004.

State

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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 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.

Table 17 Supportive Housing Program Awards to the City of Berkeley and Berkeley Community Agencies, Program Year 2004		
Program	Funding	Leveraged Match
COACH Project (Alameda County and Berkeley Shelter Plus Care collaborative for chronically homeless individuals, including those who historically are high users of emergency rooms; 11 of 22 units for Berkeley clients)	\$1,426,320	2,100,000
Russell Street - BFHP	\$249,999	564,565
BFHP Women's Transitional Housing	\$242,217	558,835
North County Women's Center - BFHP	\$141,019	1,057,851
Bridget Transitional House	\$68,975	155,000
Harrison House Family Services - BOSS	\$114,997	271,177
Ashby House - RCD	\$55,392	87,000
McKinley Family Transitional Housing - BOSS	\$74,500	28,049
Peter Babcock House - BOSS	\$36,665	18,418
Channing Way Apartments - Bonita House	\$33,080	15,601
Regent House - BOSS/RCD	\$75,528	29,991
Berkeley Interfaith Youth Initiative - Jubilee	\$102,171	532,330
Homeless One-Stop Welfare-to-Work Employment System	\$1,016,786	2,337,923

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City of Berkeley Shelter Plus Care Program Renewal	\$1,909,116	1,921,032
Total Direct Awards to Berkeley	\$5,546,765	\$9,677,772
Leveraging	1.74	
Other Awards that serve Berkeley and other communities:		
Program	Funding	Leveraged Match
Housing Stabilization Team - BOSS	\$523,088	\$162,688
Homeless Youth Collaborative - Fred Finch Youth Center	\$696,434	\$1,672,646
Health, Housing and Integrated Services Network	\$539,398	\$918,652
Alameda County/Berkeley Shelter Plus Care Collaborative	\$688,848	\$933,300
Total of Other Awards serving Berkeley and other communities	\$2,447,768	\$3,687,286

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.

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 17, above). As awarded during PY 2004, the Alameda County SHP grant awards from HUD specific to Berkeley are expected to leverage another \$9.7 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 \$1.74 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 Consolidated Annual Performance and Evaluation Report (CAPER) was published in the *Daily Californian*, a local daily, on September 7, 2005; was announced at the Housing Advisory Commission's September 1, 2004, meeting; and it was also placed on the City's Housing Department website on September 8th at <http://www.cityofberkeley.info/housing/publications/CAPER/CAPER.html>. 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 in response to the draft CAPER were received by September 23, 2005. 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. Berkeley and its energetically committed phalanx of community agencies remains dedicated to realizing these goals and following these policies, while we recognize more must be done with less.

Berkeley as a community and a municipality creates affordable housing, maintains and improves its housing stock, fights poverty and homelessness, and develops healthy and well-socialized children, youth, and communities; it does more to achieve these tasks than many other cities of comparable size. To accomplish these community-based commitments in Program Year 2004, 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 2004, the Housing Department and Planning Department continued 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, client support services, Mental Health Services Act planning and implementation, 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, Jubilee Restoration, Inc., and the Jobs Consortium, discussed above. It is this spirit of commitment that enabled Berkeley to replace services once operated by the Jobs Consortium with those to be taken on by Rubicon Programs.

Berkeley will continue funding for its anti-poverty programs in PY 2004. Berkeley continues to fund affordable housing developments that are under way and those in the planning stages in PY 2004, 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

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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, creativity 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 2004 an additional Outcomes Reporting system was implemented and piloted for use across all City of Berkeley community agency contracts. 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.

VI. Programmatic Narratives

A. Summary of CDBG Financial Performance

Table 18 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 2004.

Table 18 CDBG Financial Summary for PY 2004, July 1, 2004 to June 30, 2005 (from IDIS C04PR26)	
Summary of CDBG Resources	
Unexpended CDBG Funds at End of Previous Program Year	\$1,412,644
Entitlement Grant	\$3,881,000
Surplus Urban Renewal	\$0
Section 108 Guaranteed Loan Funds	\$0
Current Year Program Income	\$160,403
Returns	\$0
Adjustment to Compute Total Available	-\$1,844
Total Available Resources	\$5,452,203
Summary of CDBG Expenditures	
Disbursements other than Section 108 Repayments and Planning/Administration	\$3,247,911
Adjustment to compute total amount subject to low/mod benefit	\$0
Amount subject to low/mod benefit	\$3,247,911
Disbursed in IDIS for Planning/Administration	\$768,475
Disbursed in IDIS for Section 108 repayments	\$120,000
Adjustment to compute total expenditures	\$0
Total Expenditures	\$4,136,386
Unexpended Balance	\$1,315,817
Low/Mod Benefit This Reporting Period	
Expended for Low/Mod Housing in Special Areas	\$0
Expended for Low/Mod Multi-Unit Housing	\$1,265,873
Disbursed for other Low/Mod activities	\$192,038
Adjustment to compute total Low/Mod credit	\$0
Total Low/Mod Credit	\$3,247,911
Percent Low/Mod Credit	100.0%
Low/Mod Benefit for Multi-Year Certifications	

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Table 18 CDBG Financial Summary for PY 2004, July 1, 2004 to June 30, 2005 (from IDIS C04PR26)	
Program years covered in certification	PY 2002, PY 2003, PY 2004
Cumulative Net expenditures subject to low/mod benefit calculation	\$3,247,911
Cumulative expenditures benefiting Low/Mod persons	\$3,247,911
Percent Benefit to Low/Mod Persons	100.0%
Public Service Cap Calculations	
Disbursed in IDIS for Public Services	\$701,374
PS unliquidated obligations at end of current PY	\$13,333
PS unliquidated obligations at end of previous program year	\$0
Adjustment to compute total PS obligations	\$0
Total PS obligations	\$714,707
Entitlement Grant	\$3,881,000
Prior Year Program Income	\$169,953
Adjustment to compute total subject to PS cap	-\$18,516
Total subject to PS cap	\$4,032,437
Percent funds obligated for PS activities	17.72%
Planning and Administration (PA) Cap	
Disbursed in IDIS for Planning/Administration	\$768,475
PA unliquidated obligations at end of current program year	\$0
PA unliquidated obligations at end of previous program year	\$19,927
Adjustment to compute total PA obligations	\$0
Total PA obligations	\$748,548
Entitlement Grant	\$3,881,000
Current Year Program Income	\$160,403
Adjustments to compute total subject to PA cap	-\$1,844
Total subject to PA cap	\$4,039,559
Percent funds obligated for PA activities	18.53%

The Financial Summary (form HUD-4949.3) showed a total of \$5,452,203 was available for use during PY 2004, with a total expenditure of \$4,136,386 (excluding Section 108 repayments and Planning/Administration costs) leaving an unexpended balance of \$1,315,817. A portion of that amount is encumbered and was paid in FY 2004-05; another portion will be carried over to allow the completion of funded activities, and any remainder would be recaptured and included in the next CDBG funding cycle.

B. Resources for Consolidated Plan Implementation, Program Year 2004

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

As shown in Table 19, during PY 2004, the City made available about \$19.5 million to meet

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the Berkeley's housing and community development needs. The federal government contributed about 67 percent of this amount through its formula-entitlement grants to Berkeley; the state contributed about \$1.5 million (or about 7 percent) as shown below; and the City of Berkeley contributed the remaining 26 percent, or about \$5.1 million of the resources available to Berkeley in PY 2004. 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 19 Housing and Community Development Resources Program Year 2004	
<i>Federal Resources (CDBG, HOME, ESG, CSBG Total – includes carryover)</i>	
2004 CDBG entitlement and program income:	4,039,559
CDBG carryover (for completion of Projects funded with prior years' funds)	1,412,644
2004 HOME Program:	1,533,688
2004 ESG:	144,708
2003 HOME and ESG carryover	2,825,830
CSBG (administered by the State)	174,535
Federal Energy Assistance Programs (estimated)	452,569
Shelter Plus Care (estimated)	2,402,568
<i>Federal Resources Total</i>	\$ 12,986,101
<i>Local Funds</i>	
General Funds to community agencies for anti/poverty, homelessness prevention, and community development	4,845,006
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	207,000
<i>Local Funds Total</i>	\$ 5,064,186
<i>State & Other Programs</i>	
State HELP Monies committed	300,000
State's Local Housing Trust Fund Grant Program	576,336
State Rehab Monies for Sr. Housing Program	571,500
<i>State & Other Programs Total</i>	\$ 1,447,836
<i>Grand TOTAL, All Resources</i>	\$ 19,498,123

CDBG and HOME Program Income

In PY 2004, the City of Berkeley received program income totaling \$365,133 of which \$158,559 was for the CDBG program and \$206,574 for the HOME Program.

2. Resources Available for Housing

About \$5.8 million was made available to and through Berkeley's housing programs during PY 2004, including CDBG, its Housing Trust Fund sources (see Table 20). 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 20 Funding Available for Housing by City of Berkeley Program PY 2004		
Source	Amount	Administering Entity/Comments
CDBG Program	\$1,856,042	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	\$2,936,533	Administered by the City's Housing Services Division. Includes HOME, General Funds, Housing Mitigation, and Redevelopment monies. Funding reservations were also made from anticipated HOME entitlement grants in coming years, for which Berkeley's Consolidated Plan was amended.
HELP	\$300,000	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).
Homelessness Prevention Program	\$140,000	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, \$35,684.
CalHome Program	\$571,500	Administered by the City's Housing Services Division. Used in conjunction with the Seniors and Disabled Housing Rehabilitation Loan Program, which benefits low-income seniors and disabled homeowners with home repairs.
Grand Total	\$5,804,075	

3. Resources for Services to Persons with Special Needs

Table 21 indicates that about \$7.0 million was made available in federal and local funds for services for those with special needs, including those who are homeless, of which \$3.6 million was from federal and \$3.4 million was from local sources. There were additional monies allocated to community agencies directly and local monies contracted with community agencies for provision of services by their clients.

4. Civil Rights Program Narrative

Table 22 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). Non-local, non-CDBG sources account for 96 percent of Berkeley's civil rights program, since it

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includes tenant-based rental assistance strategies such as the Section 8 Housing Choice Voucher Program and the Shelter Plus Care Program.

Table 21		
Funds Available to the City of Berkeley in PY 2004		
For Services to Persons with Special Needs and Those Who are Homeless		
Funding	Amount	Administering Agency/Comment
CDBG	\$765,002	PPMB Division. Activities include Disability, homeless, health, legal/advocacy, seniors, and youth services from Community Agency budget.
ESG	204,708	PPMB Division
Community Services Block Grant	174,535	PPMB Division
Shelter Plus Care services	2,402,568	Service match leveraged for all four grants, PY 2004.
Total Federal Funds Available	\$3,546,813	
General Funds in connection w/ CSBG	\$1,344,358	PPMB Division. Activities include Disability, homeless, health, legal/advocacy, seniors, and youth services from Community Agency budget.
Homeless Prevention Programs	\$212,484	Contracted to community agencies ECHO and Family Violence Law Center.
Rent Board Eviction Defense Activities	\$207,000	Eviction Defense Center, East Bay Community Law Center, Housing Rights, Inc.
Easy Does It	\$704,794	Emergency transportation services for disabled population
Other General Funds	\$937,487	General Fund Other resources spent on disability, homeless, health, legal/advocacy, seniors, and youth services from Community Agency budget.
Total Local Sources	\$3,406,123	
Total All Sources	\$6,952,936	

C. Expenditures and Use of Funds

1. CDBG Program

Table 23 reports CDBG expenditures by activity area of the Program for PY 2004. 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 2004 for Housing activities increased by 2.4 percent; Planning and Administration activities expenditures decreased by 3.2 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 changed as well. Public Services activities spending decreased by 7.2 percent and Public/Community Facilities spending decreased by nearly 50 percent in PY 2004.

Berkeley continued to do an excellent job of meeting timeliness requirements starting PY 2004 below the timeliness ratio of 1.5. Approximately \$636,403 remain from projects begun in PY 2003 and before. All of those funds are expected to be fully expended during PY 2005.

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Agency	Description	PY 2004 Funding	Source of Funds
Housing Rights, Inc.	Counseling and referral regarding housing discrimination	\$34,509	CDBG
East Bay Community Law Center	Housing advocacy	\$20,126	CDBG
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.
Center for Independent Living	Residential Access Project for the Disabled	\$142,675	CDBG
Section 8 Housing Choice Voucher Program	Tenant-based housing assistance	\$25,228,758	Other HUD funding
Shelter Plus Care Program	Tenant-based housing assistance linked to supportive services	2,402,568	Other HUD funding
Alameda County Homeless Action Center	SSI advocacy	\$26,007	CDBG
City of Berkeley/Housing Department	Relocation Services to prevent displacement	\$99,996	CDBG
Eden Council for Hope and Opportunity, Inc.	Operates Berkeley's Homelessness Prevention Program	\$35,684	CDBG
City of Berkeley Rent Stabilization Board	Eviction Control Ordinance Administration	\$435,688	Local Registration Fees
Subtotal, Local Funding Sources		\$660,688	
Subtotal, CDBG Funds		\$358,997	
Subtotal, Other HUD funding		\$27,656,326	
Total Funding for Civil Rights Program in PY 2004		\$28,676,011	

Activity	Program Year 2004	Program Year 2003	Program Year 2002
Housing Activities	\$2,554,349	\$2,495,112	\$2,759,520
Public Services	701,374	755,701	723,104
Public/Community Facilities	112,188	222,683	165,000
Planning and Administration	768,475	794,157	823,000
Economic Development	0	0	0
Total, All Activities	\$4,136,386	\$4,267,653	\$4,470,624

2. ESG Program

The City of Berkeley expended \$114,199 for PY 2004 from its Emergency Shelter Grant. Available funding for expenditure during PY 2004 included the entitlement of \$144,708 and \$60,00 from PY 2003 that was not spent during the previous year. \$9,925 was de-obligated

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from the \$60,000 carryover funds and re-allocated to a PY 2004 shelter project to bring the total funds available for PY 2004 projects to \$154,633. \$164,274 in ESG was drawn down for ESG projects during the program year with \$39,301 carrying over into PY 2005 for completion and \$1,133 freed from the Program Planning and Administration allocation for re-allocation in PY 2005.

Table 24 Berkeley ESG Expenditures by Activities, Program Year 2004	
Activity	Use of Funds
Harrison House Homeless Shelter Rehabilitation PY 03	\$50,075
Harrison House Community Recovery Program	\$10,954
BFHP Homeless Facilities Improvements	\$28,873
Family Violence and Homelessness Prevention	\$20,890
Homeless Management Information Systems	\$15,457
Harrison House Homeless Shelter Rehabilitation PY 04	\$0
BFHP Homeless Shelter Program	\$32,458
Program Planning and Administration – Admin costs	\$5,567
Total Expenditures, PY 2004	\$ 164,274

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.

Table 25: Berkeley HOME Program Investments Net Position, Program Year 2004	
HOME Program Activity	Use of Funds
PY 2004 HOME Monies into the HTF	\$1,530,688
PY 2004 HOME Program Administration	489,572
PY 2004 Loan Repayments (HTF Schedule 2)	216,697
Total HOME Program Resources Available	\$2,236,957
HOME Reservations in PY 2004	
2200 Fulton/Oxford Plaza-Brower Center	1,222,220
2517 Sacramento Street	599,158
1719-25 University Avenue	529,133
2577 San Pablo Avenue	450,000
1001 Ashby Avenue	1,480,367
Total HOME Reservations, PY 2004	\$ 4,280,878
Net Position of HOME Funds during PY 2004 (Resources Available less Reservations)	(\$2,043,921)

3. HOME Program

Table 25 presents the net position of the City of Berkeley's HOME program funds and

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activities. In PY 2004, Berkeley had \$1,530,688 available from its formula grant, including funds for 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). Five projects (listed in Table 26 below) applying to the City’s Housing Trust Fund program in PY 2004 were given funding reservations totaling nearly \$4.3 million. The net position of the City’s HOME funds is estimated to be a negative \$2.0 million in PY 2004, meaning that the City will reserve future HOME funds to current projects.

D. Other Federal Formula Grant Program Requirements

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

As shown in Table 18, Berkeley’s Public Services obligations were \$714,707; its Public Services cap amount was \$719,387 (17.84%), so the City of Berkeley is under this cap.

Planning, Administration, and Monitoring Activities Cap

Table 26 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 \$799,600 to these activities and spent down 96.1 percent of these funds (\$768,475) during PY 2004.

Table 26: Berkeley Activities Counted Toward the Planning and Administration Cap, Program Year 2004		
CDBG Planning and Administrative Activities	Program Year 2004	
	Funds Allocated	Funds Drawn In
Housing Rights, Inc.	\$34,509	\$34,509
Program Planning & Contract Administration	410,745	380,749
Homelessness Prevention & Services Planning	104,665	103,536
City Support Costs	233,681	233,681
Single Audit	16,000	16,000
Total, Planning and Administrative Costs	\$799,600	\$768,475

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;

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- Developing and monitoring community-agency contracts as part of the City's new Centralized Contracting Unit (CCU);
- Holding workshops for community agencies;
- Coordinating the Single Audit and HUD monitoring of CDBG, ESG, and HOME programs;
- Drawing down funds; and
- Coordinated CDBG/ESG programs with the City's General Fund Anti-Poverty Program and homeless services planning.

Of note in the allocation process for use of PY 2004 funds, Berkeley's RFP and allocation process continued 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, and reports review.

2. HOME Program Requirements

CHDO Set-Aside

Berkeley met its 15% (\$229,603) Community Housing Development Organization (CHDO) set-aside requirement by allocating \$430,961 to AHA, Inc for its Ashby Lofts Project at 1001 Ashby Avenue.

HOME Match

IDIS report C04PR33 (Attachment H) shows the 2004 match requirement (25%) to be \$158,122.50 based on disbursements requiring match during the year of \$632,490. The City of Berkeley entered the year with excess match carried over from previous years of \$3,046,129. After the match requirement for 2004 was satisfied there remained excess match of \$2,888,007.

HOME Loan Repayments

In PY 2004 a total of \$206,571 was received in HOME program income and reported in IDIS.

Use of Minority and Women Business Enterprises (MWBE)

The Bridget House renovation project at 2213 Byron Street was reported as completed last year. It shows up in this year's statistical reports due to occupancy being completed and entered into IDIS during PY 2004. As reported in last year's CAPER, the Bridget House project contracted with a partially, minority-owned (Asian) contractor for one contract in the amount of \$309,400.

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 2004, there were no displacements as a result of HOME-assisted programs or projects. See also Chapter V, Section A, 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

35 units that had received HOME funding in the past were inspected in PY 2004.

3. ESG Program Match Requirement

The ESG award of \$144,708 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. It was also met by allocating \$176,808 to the Multi-Agency Service Center operated by BOSS in PY 2004.

E. Pattern of Investments

The pattern of investments did not change significantly in PY 2004 and was focused on assisting those who are homeless, low income, and have special needs. CDBG, ESG, HOME monies were combined with Housing Trust Funds, and General Funds, 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 PY 2004 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.

Assistance to first-time homebuyers has not been a high 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. One first-time buyer was assisted to purchase a unit at 1314 Haskell Street in south Berkeley using ADDI.

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The City of Berkeley implemented the new federal American Dream Downpayment Initiative (ADDI) during PY 2004. The City anticipates coordinating expenditure of this program's funds during PY 2005 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.

Ref: G:\PPMB\CPCAPER\2003\CAPER03 Final.DOC