

HOUSING DEPARTMENT

City of Berkeley

Program Year 2005

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

for Housing and Community Development

September 29, 2006

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City of Berkeley
Program Year 2005 Consolidated Annual Performance and Evaluation Report

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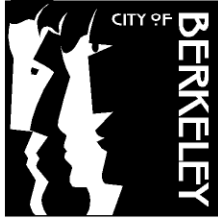
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HOUSING DEPARTMENT

**CITY OF BERKELEY
PROGRAM YEAR 2005
CONSOLIDATED ANNUAL PERFORMANCE AND EVALUATION REPORT
(JULY 1, 2005 THROUGH JUNE 30, 2006)**

Executive Summary

This report is the City of Berkeley's 2005 Consolidated Annual Performance and Evaluation Report (CAPER) covering the first year of Berkeley's Consolidated Plan for Housing and Community Development, completed in May 2005, and revised in July 2005.¹

It contains three parts: First, a set of narrative statements that discuss the City of Berkeley's achievements during Program Year 2005 (July 1, 2005 through June 30, 2006) 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 2005. 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 This plan may be viewed online at <http://www.cityofberkeley.info/housing/publications/ConPlan2005-2010July2005revision.pdf>.

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Consolidated Plan adopted in 2005 and 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, 2005 through June 30, 2006;
- The City's low income housing and community development activities carried out during the period July 1, 2005, to June 30, 2006;
- 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 2005 AAP and ConPlan goals were generally successful, especially in view of the budgetary and agency capacity constraints faced. Despite another reduction in local and federal revenues, Berkeley committed to its housing, social services, and community development programs by allocating funding as it had done in previous year. However, the City had to reduce funding for Fiscal Year 2005-06 (see the 2005 Action Plan for details) and is absorbing further cuts in Fiscal Year 2006-07 (Program Year 2006 Annual Action Plan). Berkeley had available \$13.8 million in PY 2005 from local, state, and federal sources (not including the Housing Authority's Section 8 Housing Choice Voucher [HCV] Program funds) down from \$19.5 million in PY 2004 (see Table 22, Chapter VI, below). As a result, Berkeley has had to become more strategic in its budget allocations; agency performances have come to the fore.

Berkeley exceeded its spending targets for low and moderate income beneficiaries of its affordable housing and public services and facilities programs during PY 2005. Berkeley also stayed under mandated caps on public services spending and expenditures for planning and administrative functions (see Table 19, Chapter VI, below).

In addition to striving to maintain funding for its most consistently performing community agencies, the City again 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

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process in November 2003. Since then, categories for outcome reporting include housing, employment, health, education, recreation, infrastructure, and community access.

Berkeley had \$5.4 million available for housing activities (again, excluding Section 8). The City also had available about \$7.1 million for services to people with special needs and those who are homeless during PY 2005. Its civil rights program—including the spectrum of programs addressing housing discrimination and advocacy, supportive housing, housing assistance (the Section 8 HCV program), homelessness prevention, and eviction regulation—totaled \$24.5 million available resources during PY 2005.²

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 routine contract processing for both City general funded programs as well as programs funded through federal formula grants. The CCU is responsible for contract creation, assembly, and processing of all required documentation, fiscal management of contracts, and processing of all contract amendments. In addition, CCU staff communicate with contractors, provide training, coordinate contracts and budgets, and collaborate with program monitors in other departments responsible for program implementation for each contract.

Environmental review and Section 106 historic resource review actions were carried out during PY 2005, 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, and refined during PY 2005.

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 2005, 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 2005, 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

² These allocations do not add to \$13.5 million because they exclude Section 8 HCV funds, or may double-count some services that may be construed as, for example, providing services for persons with special needs and performing a civil rights protection function.

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analysis, housing and development policy in Berkeley, code enforcement, and other issues. The spirit of collaboration and coordination in provision of government services and 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, and the addition of Rubicon Programs, Inc., to Berkeley's services discussed below.

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 mandates 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 businesses and micro-enterprises located in low-income neighborhoods.

Despite challenges and cutbacks, 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 Program Year 2005 Consolidated Annual Performance and Evaluation Report (CAPER) covering the first year of Berkeley's Consolidated Plan for Housing and Community Development, completed in May 2005, and revised in July 2005.³ It contains three parts: First, a set of narrative statements that discuss the City of Berkeley's achievements during Program Year 2005 (July 1, 2005 through June 30, 2006) 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 2005. 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, 2005-2010 (ConPlan) lays out four sets of strategic goals and objectives addressing the following areas:

- Housing
- Homeless Priorities
- 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. Each discussion also summarizes the City of Berkeley's progress toward meeting its ConPlan goals and objectives in PY 2005.

In Chapter V, the CAPER describes the City's low income housing and community development activities carried out during the period July 1, 2005, to June 30, 2006, 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.

³ This plan may be viewed online at <http://www.cityofberkeley.info/housing/publications/ConPlan2005-2010July2005revision.pdf>.

goals and priorities that are consistent with its new 5-year Consolidated Plan as well as with City Council goals for PY 2005 to:

- Promote affordable housing for low income persons and persons with special needs and those who are homeless;
- Promote fair housing;
- Provide healthy youth alternatives;
- Increase business opportunities for low income residents (General Funds are used for the City's WorkSource Program);
- Reduce poverty;
- Promote neighborhood stability;
- Ensure public safety;
- Implement and coordinate needed public/private improvements;
- Provide solutions for the health disparities problem in our community; and
- Rehabilitate/upgrade the BHA's low-income public housing units.

III. Background

The City's accomplishments in Program Year 2005 need to be placed in social and economic context. Between July of 2005 and June of 2006, 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 2005. Unemployment continued declining statewide and in Alameda County. In Berkeley, according to the California Employment Development Department, the unemployment rate in Berkeley for July 2005 stood at 5.6 percent with 3,900 residents estimated to be unemployed; in July 2006, Berkeley's unemployment rate was 4.9 percent, with an estimated decline of 400 in 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 believed to be the same as Alameda County's in July 2006.

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

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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. The U.S. Department of Housing and Urban Development (HUD) announced new household income guidelines in March 2006, increasing the median household income for the Berkeley-Oakland Primary Metropolitan Statistical Area from \$82,200 in 2004 *and* 2005 to \$83,800 in 2006.

Single-Family and Condominium Sale 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 2005 the median rose in Berkeley to \$740,000, a 139 percent increase during that period. The 10th percentile sale price during 2004 was \$490,000 up from \$429,000 a year ago, and the 90th percentile sale price was \$1,190,000 as compared with \$1,186,000, a 0.3 percent increase over last year's 90th percentile sale price.

Table 1: Sales and Prices of Single-Family Homes and Condominium Units in Berkeley, 1999-2005							
Type of Property	1999	2000	2001	2002	2003	2004	2005
Single Family Units							
Total # of units	770	554	532	540	661	663	632
Median Sales Price	\$310,000	\$425,500	\$491,000	\$520,500	\$560,000	\$631,000	\$740,000
Condominium Units							
Total # of units	120	87	105	92	113	122	136
Median Sales Price	\$228,500	\$305,000	\$301,500	\$335,000	\$355,000	\$443,000	\$480,000
Source: Alameda County Assessor's Office.							

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 111 percent by 2004 to \$480,000 (more than doubling over that 6-year period). This median price is also a 35 percent increase over condo prices in 2003.

With condominiums a somewhat more affordable home ownership alternative (although getting increasingly difficult), City staff observe a growing interest in the community in converting existing rental apartment buildings to condominium forms of ownership, and 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

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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.

Since TICs are a more challenging form of homeownership and since conversion of multi-family property to owner occupancy through TIC ownership would 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 October 2005 referred refinement of the subdivision ordinance and drafting of priorities to apply to units seeking condominium conversions to the Housing Advisory 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	11.1%
	267.3	
From September 2001 to June 2005	258.0	2.0%
	263.1	
From October 2002 to June 2005	262.5	1.8%
	267.3	

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.

Table 3: Median Rents of Units with New Tenancies in Berkeley								
Unit Size	1999	2000	2001	2002	2003	2004	2005	2006 (1st half)
Studio	\$ 715	\$ 800	\$ 900	\$ 850	\$ 850	\$ 800	\$ 850	\$ 875
1 BR	950	1,100	1,200	1,150	1,100	1,065	1,095	1,100
2 BR	1,300	1,500	1,650	1,600	1,500	1,400	1,450	1,550
3 BR	1,650	1,980	2,100	2,150	1,999	2,000	2,000	2,150

Source: Berkeley Rent Stabilization Board, August 2005.

Rents overall in Berkeley continue to increase when viewed from the onset of vacancy decontrol in 1999, but they increase more slowly since 2002 (see Table 3).

Median rents on newly renting vacant units and the number of newly renting units in Berkeley rebounded in 2005, and have continued increasing during the first half of 2006.

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Affordability of Rental Units

The burden of rents relative to overall rental household income is measured in the census. However, such analysis is subject to the limitation that the census does not distinguish between student and non-student households. As of the 1990 census, the median rent to household income ratio for all tenant households was 27 percent, and as of the 2000 census the ratio was 30 percent.

Significant rent burdens among Berkeley tenant households predate the onset of full vacancy decontrol, as Table 4 shows. Tenant households paying 30 percent or more of their incomes for rent comprise nearly half (47 percent) of Berkeley's tenant households, and 29 percent of all Berkeley tenant households pay 50 percent or more of their income for rent.

Assuming a tenant continues paying just 30 percent of household income in gross rent even in the newly occupied unit, in order to maintain adequate housing affordability in Berkeley's rental market today, such a tenant would need a percentage increase in annual income ranging from 59 to 103 percent. Otherwise, housing affordability to any given household needing to relocate in Berkeley decreases.

Since Berkeley is a university community, a substantial minority of its low-income tenant (non-family) households are composed of college-age students. The U.S. Census does not cross-tabulate incomes of tenant households with student-

Table 4: Gross Rent as Percent of Household Income in Berkeley, 1999

	Households in Ratio Group	Percent of Total
Total:	25,704	
Less than 20%	6,677	26.0%
20 to 29 percent	5,026	19.6%
30 to 39 percent	2,769	10.8%
40 to 49 percent	1,819	7.1%
50 percent or more	7,518	29.2%
30 percent or more	12,106	47.1%
Not computed	1,895	7.4%
Note: Data for this census were collected shortly after full vacancy decontrol increases were introduced in Berkeley.		
Source: U.S. Census, 2000.		

Table 5: Gross Rent and Household Income Distribution of Berkeley Tenants

	Total Households	Under Age 25	Over Age 25
Total in Tenure Table	45,015	6,569	38,446
Homeowner	19,207	189	19,018
Renter	25,808	6,380	19,428
Gross Rent over 35% of gross Renter Household Income	10,437	4,280	6,157
Income Below Poverty Level - Renter Hhds	7,292	4,087	3,205
Income Below Poverty Level - Homeowner Hhds	907	99	808
Tenant Households			
Total in Income Table	45,007	6,731	38,276
Less than \$25,000	14,482	5,058	9,424
\$25,000 to \$49,999	9,729	1,022	8,707
\$50,000 to \$99,999	11,443	451	10,992
\$100,000 or more	9,353	200	9,153
Note: Different totals for renter households in the two tables represents a small difference in renter households from whom income information was available.			
Source: U.S. Census Bureau; City of Berkeley Housing Department			

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enrollment status or occupation. However, the census does report data on household income and tenure by age group. For Berkeley the 2000 Census indicates that in most households with an income under \$25,000 the householder is 25 years old or more. Table 5 indicates there are 14,482 households with incomes under \$25,000 annually, of which 9,424 (65 percent) are households where the head of household is age 25 or older, while there are 5,058 (35 percent) households where the head of household is age 24 or less. Most of these younger households are likely to be college students, since well over half of the University of California's student enrollment of over 30,000 resides in Berkeley.⁴ The very low-income category for the Census year of 1999 was set at \$23,000 for a one-person household and \$26,000 for a two-person household, and the Census reported a total of 12,697 very low-income renter households in that year so these figures are a reasonable approximation of the number of very low-income student versus non-student tenant households. Not all heads of household under the age of 25 are students, and not all students are under the age of 25, but this gives a general sense of the likely proportions. In addition, 56.3 percent of children enrolled in Berkeley public schools reside in tenant households here.

Vacancy Rates

Historically, 5 percent has been considered to be a reasonable vacancy rate in the rental market, enabling an appropriate level of tenant mobility. Vacancy rates below that level have been considered evidence of a tight housing market, which reduces tenant mobility and often serve as the definition of a rental housing emergency. Limited available evidence indicates that rents do not actually stabilize until vacancy rates reach 6 percent to 9 percent and do not decline until vacancy rates exceed 9 percent.⁵

There are no reliable data on the current vacancy rate in Berkeley. Vacancy rate data are compiled as a part of the decennial census, but not in intervening years between census counts. As of the 2000 Census, the rental rate was approximately 3 percent. A 2005 survey by East Bay property owners found that the vacancy rate for a sample of 234 units in 20 buildings was 4.2 percent.⁶ It was not clear from this study, however, that the sample reported on was random. Owners are required to report turnover of their units to the Rent Stabilization Board for roughly 19,500 multi-family units. Calculating the number of days units reported to the Rent Board were vacant between tenancies, the Rent Board found vacancy levels that are similar to the property owners' estimates for Berkeley multi-unit rentals.

Vacancy rates in Berkeley also vary depending on whether the University of California and Vista College are in session. Also, in a university community there can be a high rate of turnover (move-ins and move-outs), reflecting a high rate of tenant (that is, student) mobility.

⁴ Total college student population (not non-family households) in Berkeley was reported in 2000 as 27,016, which also includes community college and private college-enrolled students.

⁵ See John Gilderbloom and Richard Applebaum, *Rethinking Rental Housing*, Philadelphia, PA: Temple University Press, 1988, pp. 52-54.

⁶ Corkery, "A Persistent Soft Rental Market," *Rental Housing*, March 2005, p. 36, published by the Alameda County Rental Housing Association.

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Profit maximization strategies by property owners may shape vacancy rates as well. For example, an apartment owner might prefer a rent level in a building that results in a 10 percent vacancy rate if the average rent per unit received with that vacancy rate is 10 percent higher than the rent level that results in a 5 percent building vacancy rate. This is because under this scenario, the overall net operating income of an apartment building with a 10 percent vacancy rate might be higher than the yield with a 5 percent vacancy rate (in part because operating expenses could be lower from fewer units in operation).⁷

Housing markets are also typically cyclical and can be affected by short-term changes in the rate of new construction and changes in employment. In the Bay Area, where the underlying demand for rental housing (either for ownership or rental) is extremely strong, short-term increases in vacancies may easily be offset by modest decreases in rents. Such decreases are usually short-term, lasting only until the next upward cycle.

⁷ “Property owners face an optimizing problem in which they seek to maximize net rents through setting the gross rents and accepting the level of vacancies that rent implies.” Rosen and Smith, “The Price Adjustment Process for Rental Housing and the Natural Vacancy Rate”, *American Economic Review*, Vol. 73, No. 4, p.782 (Sept. 1983). Another expert states: “With given demand and cost curves, each property owner will set his rent so as to maximize the difference between his total costs and total rent receipts. These rents may be such that only a portion of his apartments will be occupied.” Blank and Winnick, “The Structure of the Housing Market”, *Quarterly Journal of Economics*, Vol. 67, No. 2, 188 (May 1953).

IV. Meeting Consolidated Plan Goals and Priorities

The City's activities to meet its Year 2005 Action Plan and ConPlan goals were generally successful, especially in view of the budgetary constraints faced. The past four years (FYs 2003 through 2006) marked the City's most difficult periods of fiscal reduction, resulting from recurring reductions to the General Fund of close to \$20 million and the reduction of almost 10 percent of the City's workforce. The FY 2006 and 2007 budget adopted in June 2005 represented a two-year approach that is part of a larger four-year plan to erase the City's structural deficit. Consequently, Berkeley undertook further program and service cuts, yet still provided funding for priority programs such as affordable housing, homeless and social programs, and disaster preparation and infrastructure improvements.

City employees in the next two fiscal years 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 the next several years, City management looks to prudent fiscal decisions with re-negotiation of the City's labor contracts. Council policy is to pay at the median of Berkeley's comparable cities. City management anticipates that by the time contracts expire, the City will be above median for most positions, and that there should be no increase in labor costs for the first two years following the conclusion of the labor contracts.

In this context, the City of Berkeley continues its local commitment to housing, social services, and community development programs by allocating similar levels of funding to most Berkeley agencies, as it had done in previous years. Overall, its community agencies budget allocation declined 7 percent from \$10.6 million in FY 2005 (PY 2004) to about \$9.9 million in FY 2006 (PY 2005). Funding for health and homeless-related services saw increases while most other services saw decreases for FY 2006.

The following sections of this CAPER summarize the City of Berkeley's Consolidated Plan for Housing and Community Development goals and objectives, and then describes what actions and programs the City used to address and meet these goals and objectives. The areas addressed include:

- ❑ Affordable housing
- ❑ Homelessness
- ❑ Anti-poverty strategies
- ❑ Community Development

Program Year 2005 has seen restructuring of City services and programs, particularly for the system of care addressing chronic homelessness and low-income households with special needs (including people with serious mental disabilities and those living with HIV/AIDS).

A. Housing

Berkeley's housing goals and priorities from its *Consolidated Plan for Housing and Community Development* (from July 2005) 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 1,500 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.• Maintaining and improving housing stock, and eliminating blight.	

Meeting Housing Needs

In the first year of its new Consolidated Plan, the City progressed toward its goal of assisting approximately 1,500 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 33 households during PY 2005:

- Low-Income Public Housing Units leased up to new tenants in period, 4.
- Rental Housing Construction Program Units leased up to new tenants in period, 2.
- New, occupied Housing Trust Fund units, 27 units (at University Neighborhood Apartments).

The City may be overoptimistic in setting its goal for households to be assisted this high during the Con Plan horizon (which ends with PY 2009, in June 2010). During its last Con Plan horizon (ending June 30, 2005), the City and the Berkeley Housing Authority were working hard to improve the lease-up rate of the Section 8 Housing Choice Voucher Program, and to date has improved the rate from around 70 percent a few years ago to 94.4 percent as of the end of June 2006. BHA continues its efforts to end its "troubled status," which are described below in Section V. During PY 2005, BHA reports no new voucher holders were arranged from its waiting list.

While rehabilitation work is completed, 3 LIPH and 2 RHCP units remain vacant in PY 2005. In addition, HUD reduced the Berkeley Housing Authority's (BHA's) budget authorization for

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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 2006, another 199 units (1001 Ashby Avenue, 2517 Sacramento, 1535 University, and 2577 San Pablo) could be completed, and another 97 could begin construction at Oxford Plaza.

Berkeley continues to have a very active affordable housing community and local government. In PY 2005, Berkeley continued tracking many new housing projects (Table 6) 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). In addition, private sector developers have proposed at least 9 multi-family housing developments in the pipeline in Berkeley that have or are seeking underlying condominium subdivision maps. Some of these are expected to come online as condominiums; others are more likely to start out as rental projects, and then, when the California statute of limitations on construction defects lapses after ten years, they would possibly convert to condominiums.

Table 6			
Summary of Housing Developments and Programs Undertaken to Achieve Consolidated Plan Housing Goals, PY 2005			
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	Continuing	In addition, one manager's unit. Mixed use project on City-owned land comprising David Brower Center (office and conference space) and Oxford Plaza (affordable housing). Project is still completing its financing. Oxford Plaza will provide 96 units for low-income families and individuals with affordable downtown living. It is anticipated that construction will start in February, 2007.
3132-38 Martin Luther King, Jr. Way Prince Hall Arms	41	Continuing	Mixed-use project in south Berkeley. All 41 units are for low-income seniors; also one manager's unit as well. Project received City and federal funding in 1999, and demolished existing buildings. Currently completing new financing structure.

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Table 6			
Summary of Housing Developments and Programs Undertaken to Achieve Consolidated Plan Housing Goals, PY 2005			
Programs	Affordable Units	Status	Beneficiary/priority/comment
2121 7 th Street Affordable Housing Associates	46	Undergoing rehabilitation	Property acquired during PY 2004, underwent rehabilitation work with Project-based Section 8 HCV assistance. Property temporarily housed six Hurricane Katrina evacuees during PY 2005. Project completed financing efforts and AHA will assume ownership during PY 2006.
1001 Ashby Avenue AHA	53	Continuing - under construction	All 53 units will be affordable to low-income families, plus one manager's unit. Financing completed. Started demolition and construction activities in March, 2006. Completion date scheduled for Summer, 2007.
2500 Hillegass Avenue Affordable Housing Associates	18	Continuing - undergoing rehabilitation	Property acquired during PY 2004, and completed environmental review prior to commitment of Project-based Section 8 HCV assistance. Rehabilitation work should be completed during PY 2006.
Subtotal, Priority	254		
Priority: Affordable Housing Development through City's Inclusionary Housing Ordinance Program and/or California Density Bonus Law			
2526 Durant Avenue	6	Continuing	44 total units. State Density Bonus Project. At this time, it is planned to be a rental project, located in the Southside neighborhood near the University of California campus.
1809 Shattuck Avenue	7	Continuing	35 total units. Project nearing completion in PY 2005. This project is expected to become condominiums.
1116-32 University Avenue	11	Continuing	65 total units. Project approved during PY 2004. This project may become condominiums.
2701 Shattuck Avenue	5	Continuing	29 total units. Project in permit review during PY 2004 and 2005. This project may become condominiums.
3075 Shattuck Avenue	2	Completed	10 total condominium units approved PY 2003. Inclusionary condominium units were sold at beginning of PY 2006.
2076 Ashby Avenue	2	Continuing - under construction	11 total units. State Density Bonus Project approved in PY 2004. This property is expected to be rental housing.
2025 Channing Way	4	Continuing	30 total units, may become condominiums. State Density Bonus Project.
1885 University Avenue	39	Continuing	156 units total, seeking an underlying condominium map.
1698 University Avenue	4	Continuing	25 total units proposed, may become condominiums. State Density Bonus Project. Project approved, but appealed because of density bonus issues in PY 2004.
2041-67 Center Street – Seagate Project	24	Continuing	149 total units. State and local density bonus project. May become condominiums.
2498 Martin Luther King, Jr. Way	3	Under construction	21 total units.

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Table 6			
Summary of Housing Developments and Programs Undertaken to Achieve Consolidated Plan Housing Goals, PY 2005			
Programs	Affordable Units	Status	Beneficiary/priority/comment
2700 San Pablo Avenue	6	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 condominium units total for sale.
Subtotal, Inclusionary Units	113		
Priority: Meet Special Housing Needs of Poor, Elderly, Disabled and Others with Special Needs			
2577 San Pablo Avenue Jubilee Restoration and RCD, Inc. Margaret Breland Senior Homes	27	Under construction	Plus one manager's unit. \$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 University Avenue Senior Housing	79	Under construction	Plus one manager's unit. 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. Sacramento Senior Homes	39	Under construction	Plus one manager's unit. CEQA Litigation resolved in October 2004. All 39 units are Project-Based Section 8 units for seniors.
1719-25 University Avenue AHA - University Neighborhood Apartments Disabled housing in mixed-ability environment (mainstreaming model)	27	Completed.	Project completed during PY 2004. New construction, universal designed allows for low-income disabled & non-disabled affordable housing. Fourteen units were funded with Project-based Section 8.
Shelter Plus Care Program (scattered site, Berkeley and north Oakland). Permanent supported housing for formerly homeless and disabled individuals. Tenant-based subsidies with case management and service provision for clients.	224	Ongoing	Berkeley's primary client-based supportive housing program combining tenant-based housing assistance with supportive services to aid disabled and formerly homeless individuals obtain and retain housing. Berkeley administers five separate grant programs including the most recently implemented COACH program during PY 2005. Overall, the program saw 39 new participants in PY 2005.
2111 McKinley Street BOSS, Inc. Transitional housing for homeless families.	6	Continuing	Project received \$40,000 in additional funding from the Housing Trust Fund in PY 2005. Rehab work expected to continue during PY 2006.
3404 King Street Eunice Ann Finch Center Transitional housing for homeless youth.	12	Completed	Transfer of property completed during PY 2005.
Subtotal, Special Needs Housing	414		

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Table 6			
Summary of Housing Developments and Programs Undertaken to Achieve Consolidated Plan Housing Goals, PY 2005			
Programs	Affordable Units	Status	Beneficiary/priority/comment
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	5 completed in PY 2005	Completed	City staff administer's program for improvements and rehabilitation for low-income senior or disabled homeowners. A total of 5 low-income homeowners were assisted during PY 2005. CDBG loans of up to \$35,000 per homeowner were matched with \$165,000 in state and local funding.
Rebuilding Together (Citywide) Safe Home Project	18 units assisted in PY 2005	Completed	Organizes volunteers to repair/renovate homes owned by low income elderly and disabled individuals. PY 2005 allocation was \$88,393. Assistance was provided to 18 units, serving 13 extremely low and 5 low-income households. In all, 28 persons benefited from this activity, 21 of whom were African-Americans.
Home Safety and Repair Program Community Energy Services Corporatino	143 units assisted in PY 2005	Completed	CESC provided minor home repairs, including weather related issues and furnace and water heater problems to 143 households, 126 of whom were low income and 17 of whom were extremely low-income.
Section 108 Loan Repayment - Berkeley Housing Authority	75 units of public housing rehabbed through end of PY 2005`	Nearly completed	Repayment of Section 108 loan to repair 75 units of public housing owned by the Berkeley Housing Authority. Payment is \$120,000 per year from CDBG to HUD.
Residential Access for the Disabled Program (CIL, ramps and interior retrofit) (Citywide)	35 units assisted in PY 2005	Completed	Construction of ramps, lift installations, and interior modifications to ensure safe accessibility to homes for low-income disabled persons.
Source: City of Berkeley Housing Department			

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, including BHA's Security Deposit Revolving Loan fund;
- 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.

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Make Available Additional Funding for Affordable Housing

Table 7 shows that during its previous Consolidated Plan horizon, 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.

Table 7: Berkeley Housing Trust Fund Allocations					
During the Consolidated Plan Period, Program Years 2000-2004, and PY 2005					
Fiscal Year ending:	General Funds, Housing Mitigation, and Redevelopment Funds	CDBG	HOME	State HTF and HELP Funds (site acquisition)	Total Allocations
Total Allocations, PY 2000-2004	\$3,317,105	\$2,749,545	\$9,699,935	\$3,795,296	\$19,561,881
PY 2005 (as of June 2006)	\$185,000	\$0	\$0	\$200,000	\$385,000

Source: City of Berkeley Housing Department.

Allocations to funding reservations made by the City Council in January 2005 left the Housing Trust Fund depleted. The City currently anticipates having funds sufficient to warrant issuing a request for proposals to the Housing Trust Fund probably in PY 2007. Because two years’ worth of Berkeley’s HOME entitlement grant revenues were committed to the David Brower Center/Oxford Plaza project, and because the City budget has seen significant structural deficits and not budgeted new general funds to the Housing Trust Fund, the City has not conducted a new Housing Trust Fund allocation process. The City’s priority has been to use available HTF dollars for projects that are either entering construction or trying to complete their financing in order to begin construction. As discussed below, however, the City Council adopted amendments to Berkeley’s condominium conversion ordinance (CCO) that should result in significant new affordable housing mitigation fee revenues to the Housing Trust Fund. The circumstances and provisions of these amendments are discussed below under “Using the City’s Regulatory Authority.”

Berkeley will strive to increase its leveraging of non-federal sources of funds for affordable housing production during Program Year 2006. With its certification of compliance⁸ with state

⁸ 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

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housing element law from the California Housing and Community Development Department (State HCD), the City will be eligible to apply for state housing funds as available. For more on the City's efforts to leverage other funding sources, see Chapter V, Section F, Leveraging Resources.

Finally, the City of Berkeley adopted revisions to its Condominium Conversion Ordinance (Berkeley Municipal Code Chapter 21.28 *et seq*) that amended its affordable housing mitigation fee. Previously, the fee was set as the difference in the capitalized value of the costs of homeownership versus the capitalized value of rents, a figure that typically dissuaded property owners from converting rental housing units to condominiums. With amendments during PY 2005, the affordable housing mitigation fee is now defined as 12.5 percent of the initial sale price of newly converted condominium units. For example, on a condominium selling for \$500,000, the affordable housing mitigation fee would be \$62,500. The fee may either be paid up front or may be the subject of a lien placed on the property until it is next sold. In either case, when the affordable housing mitigation fee is paid, the revenues go directly to Berkeley's Housing Trust Fund. Other amendments allow as many as 100 units to convert to condominium ownership each year in two blocks of 50. These and other amendments are discussed in the section below.

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).

Rental Housing Safety. 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 (RHSP). The RHSP is in its third year of operation following implementation of major structural and fee-related changes to the housing code enforcement program. These changes sought to promote community awareness and responsibility for improving safety in Berkeley rental units; and to make the program financially self-supporting. It includes a proactive inspection agenda that identifies and correct housing code violations in rental units before they become serious health or safety risks for tenants occupying them. Owners are obliged to inspect their units annually to certify that specific standards are met, and to have the local utility company or a licensed mechanical contractor inspect their units every five years to certify that gas-heating appliances are in proper working order. To offset costs for inspections, and for administering owner compliance with the gas-heating certification program, owners are charged an annual fee for each rental unit or room.

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 were adopted by the City Council on 18 October 2005 and forwarded to State HCD.

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Since implementation of RHSP began, the City finds that overall tenant requests for service of housing code enforcement inspectors has decreased. In July 2005, the City adopted new fees which took effect in September 2005 affecting late payments and providing for an administrative lien fee, both of which are intended to encourage punctual compliance by property owners.

Zoning Ordinance and Density Bonus. Berkeley's most important regulatory program for housing development is its Zoning Ordinance. In the fall of 2005, the City Council appointed a Joint Subcommittee on Density Bonus, consisting of members of the Planning Commission, Housing, Advisory Commission, and Zoning Adjustments Board, to make recommendations to the Council on possible changes to the City's existing Density Bonus procedures. The City's Inclusionary Housing Requirements (BMC Chapter 23C.12 of the Zoning Ordinance) trigger eligibility for a density bonus under State Density Bonus law (California Government Code Section 65915). Density bonus projects are typically larger than projects allowed only under jurisdiction of the City's Zoning Ordinance. Neighbors often oppose these larger projects. Additionally, the State's affordable housing laws limit the Board's discretion over ultimate size and shape of these projects. From August 2005 through June 2006, the Joint Subcommittee worked on recommendations related to development standards, the City's inclusionary requirements, and density bonus law implementation.

Recommendations from the Joint Subcommittee were brought to the City Council in September 2006 because Berkeley Planning and Development Department staff informed them of that Proposition 90 on the November ballot in California may preclude several of their recommendations. Council actions in PY 2006 on density bonus procedures and administration will be further discussed in the next CAPER.

Inclusionary Housing Actions. Berkeley continues to implement its Inclusionary Housing Requirements (Berkeley Municipal Code Chapter 23C.12 *et seq.*) as part of application of the City's Zoning Ordinance. The City also uses its regulatory authority to increase affordable homeownership opportunities by requiring that 20 percent of all units in newly constructed condominium projects (of 5 units or more) must be sold to low-income households at prices that are affordable. These prices are limited to three times 80 percent of the annual area median income. From February 2004 through February 2006, in projects that did not obtain a state density bonus, prices could exceed the foregoing ceiling on the basis of development costs, but could not exceed three times 120 percent of the annual area median income. In February 2006 this provision sunsetted and the three times 80 percent of annual area median income became applicable to all inclusionary condominium units. Also the affordability of inclusionary units is maintained upon resale by limiting the resale price to the original price adjusted by the Consumer Price Index. .

The Planning Commission during PY 2005 amended these requirements to allow developers an in-lieu fee option in which they may choose to provide fees directly to the Berkeley Housing Trust Fund rather than on the site of the proposed development.

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The new in-lieu fee is equal to 62.5 percent of the difference between the permissible sale price of the inclusionary condominium unit (that is, its ordinance-restricted price) and its anticipated market sale price. It is expected that in-lieu fee revenue could be used by the Housing Trust Fund to produce deeper levels of affordability in either rental or condominium conversion projects than are required for inclusionary condominium units. At the same time, the in-lieu option attracts developers because it allows them to retain the remaining difference between the allowable inclusionary sale price and the market price (37.5 percent of the difference). The fee would not become due to the City until units are actually sold.

Developers show continuing 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)
- ❑ 1116-32 University Avenue (65)
- ❑ 2041 Center Street (149)
- ❑ 1885 University Avenue (156)
- ❑ 2700 San Pablo Avenue (35)
- ❑ 2025 Channing Way (25)
- ❑ 2526 Durant Avenue (44)
- ❑ 2501 Haste Street (20)
- ❑ 2701 Shattuck Avenue (24)

This list alone contemplates production of 667 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.

Overall Housing Production. Berkeley maintains a running total of housing production by income category as required by the State of California. Since July 1, 1999, the City of Berkeley has seen zoning approvals totaling 1,715 units (an average 245 per year). Subsequently, 581 units have been completed, of which 122 are for very low income households, 44 are for low-income households, and 73 are for moderate income households. The City has also issued building permits for another 664 units, of which 256 will target very low, low, and moderate income households.. Another 242 units have pending building permit applications, of which 33 target very low, low, and moderate income households.

Eviction Control. 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 an inspector to assess the condition of their unit.

Condominium Conversion. Finally, the City of Berkeley amended its condominium conversion ordinance (CCO) in October 2005. It enables the City to regulate conversion of rental housing units and tenant-in-common (TIC) properties to condominiums, cohousing communities, community apartments, and stock cooperatives. Because condominium conversion deletes rental units from the rental housing stock, the CCO regulates the condominium conversion process by:

- Allowing subdivision of a rental housing building into separate housing unit properties as specified formally on a subdivision map, subject to specific conditions.
- Controlling the rate at which the number of new condominium units may enter the housing market. The CCO presently limits conversion of rental housing to condominiums to 100 new units per year.
- Requiring payment of an affordable housing mitigation fee of 12.5 percent of the initial sale price of each newly converted unit, which accrues to the City of Berkeley Housing Trust Fund, a program by which the City directly invests in creation of permanently affordable housing units here. (Some exemptions and reductions to this fee exist.)
- Requiring owners wishing to convert rental units to provide sitting tenants with a right of first refusal to purchase their units and at least 12 months from public approval of the conversion to acquire financing to purchase their units upon notice from the property owner of the owner's intention to convert the rental units to condominium ownership.
- Requiring subdivision map conditions that address seismic safety, overall local law compliance, and tenant notification of their right of first refusal to purchase their unit.
- Providing significant protections and incentives to sitting tenants to remain in their units long-term.

In June 2006, the City Council received an initiative petition sponsored by Berkeley property interests that would further amend the City's condominium conversion regulations.⁹ The proposed condominium conversion initiative would significantly reduce regulatory oversight of condominium conversion in Berkeley but would increase staff time needed to process the increased volume of applications. Passage of the proposed CCI would require the City of Berkeley Planning and Development Department to:

- Eliminate priorities in the selection process, a provision of the existing CCO that would be repealed by the proposed CCI. Planning staff review would be to ensure completeness of the application, and would exclude any considerations of whether tenant purchasers would be part of any applications.
- Increase staffing to handle processing of up to 500 converting units, rather than the currently allowed 100 units. The Planning Department anticipates that applications would increase from the baseline of 26 received for the existing CCO to 130 applications. The Department further anticipates that most of these (over 70 percent) would still be for properties with 1 to 4 units on them, and the remainder would be for properties with 5 or more units. Staffing for condominium conversions would increase from 1.0 FTE

⁹ The Berkeley Housing Department produced an impact study of the proposed initiative that may be viewed online at http://www.cityofberkeley.info/citycouncil/2006citycouncil/packet/071806/2006-07-18_Item_36_Condo_Conversion_TBD.pdf.

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currently to an estimated 4.4 FTE in order to handle application processing.

- Make demonstration of local law compliance optional. Currently, property owners wishing to convert their properties to condominiums are required to obtain a Notice of Local Law Compliance from the Planning and Development Department before they can even submit a subdivision map application, the final step of the conversion process in Berkeley.

This initiative will appear on the November 2006 ballot as Measure I, and will be reported on in the PY 2006 CAPER.

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 8 indicates most beneficiaries of the City’s CDBG allocations possess incomes at or below 50 percent of AMI. Roughly three-fourths of CDBG beneficiaries have extremely low incomes, defined as having a household income at or below 30 percent of AMI. These data are from the City of Berkeley’s IDIS report, “Program Year 2005, Summary of Accomplishments.”

Table 8						
CDBG Beneficiaries by Income Category for Program Year 2005						
	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	139	395	0	534	1	535
Owners	139	395	0	534	1	535
Tenants	0	0	0	0	0	0
Non-Housing Beneficiaries						
Persons	1,774	563	0	2,337	0	2,337
Households	0	0	0	0	0	0
Not Specified	0	0	0	0	0	0
Total Beneficiaries						
Persons	1,774	563	0	2,337	0	2,337
Households	139	395	0	534	1	535
Not Specified	0	0	0	0	0	0

Source: IDIS; City of Berkeley Housing Department.

In addition, this report shows in Table 9 that, for those agencies and programs reporting race and ethnic data on the individuals they serve, about 27 percent are white, 46 percent are black or African-American, 6 percent are Asian, 3 percent are American Indian, 1 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 380 Hispanics and Latinos during PY 2005.

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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 2005, about 2,337 persons and 535 households benefited from CDBG funding decisions and direct service and affordable housing provision in Berkeley. Beneficiaries were predominantly racial and ethnic minorities (see Table 9), with Blacks being the largest racial 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 Hispanics 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 9: Berkeley CDBG Beneficiaries by Disclosed Race and Ethnic Categories, Program Year 2005

Disclosed Race of Beneficiary	Persons		Households	
	Number	Hispanic	Number	Hispanic
White	636	47	125	6
Black/African-American	1,084	3	300	0
Asian	137	1	25	0
American Indian/Alaska Native	80	64	5	5
Native Hawai'ian/Other Pacific Islanders	23	0	7	0
Other Multi-Racial	378	267	39	33
Total Beneficiaries Disclosing Race and Ethnicity	2,338	382	501	44

Sources: IDIS; City of Berkeley Housing Department.

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 2005 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 site location. Site availability, cost, neighborhood resistance, project need, and feasibility continue to be driving forces for locating projects rather than intentional focus on the NSA. Non-profit

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new construction projects during PY 2005 were undertaken central, south, and west Berkeley (for example, University Avenue Senior Housing, Sacramento Senior Homes, and Ashby Lofts).

The overall number of CDBG beneficiaries decreased markedly from PY 2004 to PY 2005. This is in large part to completion of a public facilities project in PY 2004 (LifeLong Medical Care's dental clinic improvements, with over 2000 claimed beneficiaries; of course these beneficiaries are still benefiting from the improvements at the clinic, though they are not claimed in IDIS). Other beneficiary decreases resulted from shifting of agency funding allocations from CDBG to local General Funds so that the City of Berkeley could remain under its Public Services cap of 17.84 percent. Agencies that were shifted off of CDBG but which continued to receive funding from Berkeley included Alameda County Homeless Assistance Center, Berkeley Adult School, Lutheran Church of the Cross, LifeLong Medical Care, and Options Recovery. Combined, these agencies claimed nearly 1,300 beneficiaries in PY 2004 that were not claimed in PY 2005, yet their services continue operating in Berkeley.

Table 10							
HOME Unit Completions by Percent of Area Median Income							
in Program Year 2005							
	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	15	0	0	0	15	15	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	15	0	0	0	15	15	0
Total, Homebuyers and Homeowners	0	0	0	0	0	0	0
Total Beneficiaries	15	0	0	0	15	15	0

Sources: IDIS; City of Berkeley Housing Department.

Beneficiaries: Renters and Owners by Income Status. Table 10 summarizes HOME unit completions for renter and owner beneficiaries in Berkeley during PY 2005. Fifteen HOME-funded units were completed at 1719 University Avenue (26 units).

Home Ownership Assistance

As summarized in Table 6 (above) 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 in Table 6 is completed, the City could see as many as 103 new inclusionary condominium units with sale prices restricted to affordable levels in the next year or two, among the 667 total condominium units estimated above.

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 2005 the City again provided Certifications of Consistency with the Consolidated Plan for the McKinney SHP application (spearheaded by staff of the Alameda County Housing and Community Development Department), and the Section 108 and BEDI applications to HUD for the Oxford Plaza/David Brower Center project in downtown Berkeley (see Section V, 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 Allston House project, 2121 7th Street in west Berkeley.

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 8, 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 CESC, CIL, and Rebuilding Together, were successful. 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

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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 \$70,000 in PY 2005 to senior and disabled homeowners for home improvements. Five (5) low-income senior and disabled households were helped to remain in their units during PY 2005 with rehabilitation and repairs that would otherwise have been unaffordable. \$120,000 in CDBG loans were matched with \$165,000 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, Albany, and Emeryville, 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, Albany, and Emeryville. 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 2005 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 use 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 2005. The project investigates the feasibility of CCA for producing power at discounted rates due to 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 early 2007.

Lead-based Paint Abatement. In PY 2005, the City of Berkeley's Health Department continued participating 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 work on the development of an enforcement infrastructure. Services available to property owners included in-home consultations, HEPA vacuum loans, lead sampling test kits, and classes in 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 grants from the HUD Office of Healthy Homes and Lead Hazard Control that focused on low-income rental housing with an emphasis on Section 8. During a 30-month grant period that ended July 31, 2005, the ACLPPP completed lead hazard control work in 48 units with low-income occupants in Berkeley. The ACLPPP also worked with the East Bay Community Law Center to train local attorneys on lead laws and supported their efforts to hold legal workshops for tenants. ACLPPP also conducted lead awareness education with Rebuilding Together volunteers and at Berkeley Housing Authority tenant briefings. A new round of HUD Lead Hazard Control funding began on November 1, 2005. The ACLPPP has approved 35 units to date in Berkeley for financial and technical assistance to remediate lead hazards including units owned by a non-profit affordable housing provider.

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.

Consolidated Plan goals (shown in Figure 2) for homelessness priorities were held over from the previous Consolidated Plan (May 2000). That Con Plan relied on Berkeley's *Homeless Continuum of Care Plan* (adopted September 1998). In light of new policy frameworks described in Chapter V, below, the City of Berkeley intends to amend its Consolidated Plan during the upcoming preparation of the PY 2007 Annual Action Plan to reflect the policy changes that have been made. This PY 2005 CAPER, however, will report on the City's efforts to address its existing Con Plan homelessness priorities as stated above.

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Homeless Persons Newly Assisted with Transitional and Permanent Housing

During PY 2005, the City does not yet track the number of homeless people who obtained transitional housing in a comprehensive fashion. However, during PY 2005, the City did make substantial inroads on meeting its 5-year goal of assisting 250 households in providing permanent/supportive housing. Berkeley's Shelter Plus Care Program provided new housing opportunities to 34 formerly homeless people, and BHA's Section 8 HCV Program was able to assist 27 households displaced and made homeless from the Gulf Coast by Hurricanes Katrina and Rita with vouchers in Berkeley and Oakland locations.

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 2005, 10 individuals in Shelter Plus Care exited that program to take advantage of other housing opportunities (whether with a public subsidy or with family or friends).

In addition, among the new tenants at 1719-25 University Avenue, University Neighborhood Apartments, are 2 formerly homeless people. The total number of formerly homeless persons known to be assisted by Berkeley housing and supportive services is at least 63 in PY 2005.

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 2005, this collaboration yielded one new grant from SHP, the HOST Project, for \$ 1,910,100 to create 30 additional Shelter Plus Care Program supportive housing units for seriously mentally ill, chronically homeless individuals. The project is a collaboration between Alameda County Housing and Community Development Department and Alameda County Behavioral Health Care Services. The 2005 application to HUD from this collaboration resulted in over \$21 million in grant awards in January 2006 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 2005, 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 May 2006, the Homeless Commission invited representatives from the City's Housing Advisory Commission and Human Welfare and Community Action Commission, Commissions

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that oversee the allocation of City funds for housing and services, to a joint meeting. The meeting was intended to coordinate the City's efforts to increase affordable housing and supportive housing opportunity for our homeless residents. Commissioners in attendance agreed to establish this priority. The three commissions will meet again prior to the release of the City's *Request for Proposals* in November 2006.

The City maintained support for its Homelessness Prevention Program, operated by Eden Council for Hope and Opportunity (ECHO) of Hayward in PY 2005. The City allocated \$125,600 to it, and allocated an additional \$35,684 to the program to cover its administrative operating costs. The program provided cash assistance to 82 individuals in order to avoid homelessness, and provided cash assistance to 4 other individuals who were homeless so that they could cover move-in costs for permanent housing.

The City's Division of Mental Health (BMH) completed a competitive bidding process to secure immediate access to short-term hotel stays at The Menlo, the Avondale Hotel, and the Lakehurst Residential Hotel for adults who are homeless and experience mental illness. BMH uses State of California AB2034 grant funds for this purpose. Providing immediate access to housing helps engage and stabilize participants in AB2034 services, which are targeted toward adults who are homeless, have a serious mental illness, and have previously been unengaged in mental health services. 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 allocated \$25,000 in ESG PY 2003 funding, \$6,700 in ESG PY 2004 funding and \$7,000 in ESG PY 2005 to support implementation of a Homeless Management Information System (HMIS) among priority homeless services agencies in Berkeley. This System, called InHOUSE, currently contains over 5,000 unduplicated clients and is being used by 24 agencies countywide. Currently, the following Berkeley agencies are entering data into the InHOUSE database:

- ❑ Building Opportunities for Self-Sufficiency,
- ❑ Berkeley Food and Housing Project,
- ❑ Women's Daytime Drop-In Center,
- ❑ LifeLong Medical Care and
- ❑ City of Berkeley Shelter Plus Care Program.

In PY 2005, the City spent the remaining \$9,550 in ESG funds on payments to the Alameda County-wide Homeless Continuum of Care Council for operation of the County's InHOUSE system. Funds were also spent to hire data entry personnel to input data into the InHOUSE system on existing Shelter Plus Care clients. The City allocated an additional \$7,000 in ESG funds in PY 2005 as a match towards Alameda County's SHP InHOUSE budget. This project was also leveraged with \$40,000 in CSBG funds in PY 2004 to assist in setting up the InHOUSE system.

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Specific accomplishments for PY 2005 include:

- ❑ Training and setting up 24 agencies county-wide in the Service Point software;
- ❑ Training and certifying 553 individual staff in privacy and security standards;
- ❑ Training and setting up 174 licensed software users;
- ❑ Creating standard County-wide reports and individually tailored reports for all participating agencies;
- ❑ Entering Data for over 5,200 clients overall and 450 City of Berkeley Shelter Plus Care clients into the Service Point software;
- ❑ Revising and refining reports to streamline the intake process for clients; and
- ❑ Troubleshooting data entry errors in the system and developing reports and protocols for data cleanup.

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, 2005 until April 15, 2006. 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 \$25,000 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 36 single adults and 24 families with vouchers for a total of 453 nights at lodgings in Berkeley.

The City of Berkeley also provided \$15,000 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 36 dates during the winter storm season, serving 1,913 persons total at an average of 53 persons per date.

C. Anti-Poverty Strategy

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

Anti-Poverty Programs

The City of Berkeley Employment Programs are First Source and YouthWorks. First Source, which targets adults 18 yrs of age and older, 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;
- Conducting outreach and recruitment specific to the needs of the employer;
- Accessing on-the-job training and customized training funds available under the Workforce Investment Act (WIA) through a partnership with the local One Stop Operator.

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

Table 11a –First Source Program Year 2005	Total
Orientation	243
One:One counseling	215
Placements	59

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 age 14. Both programs are co-located, allowing for the opportunity to improve service coordination and administrative

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functions, including consolidating cost/resource sharing and staff supervision.

Youth Works placed a total of 174 youth in the PY 2005 program. Through cost-saving measures in the City's General Fund, YouthWorks was able to redirect funds in order to increase the summer placements from 104 to 125 youth; the UC Berkeley summer program also increased its departmental participation for the summer program. The California Youth Energy Services grant was not continued in PY 2005.

Table 11b Youth Work PY 2005 sites	# of youth in PY 2006	# of youth in PY 2005
City offices/agencies	125	104
City offices (nonYouthworks GF)	NA	3
Non-general fund (Metropolitan Transportation Commission)	5	NA
AC transit	6	6
Graffiti	6	6
CA Youth Energy Services	NA	13
UC Berkeley	25	17
Bio-tech	3	2
Cypress Mandela	4	4
Total	174	155

Source: City of Berkeley Health and Human Services Department.

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. The new operator, Rubicon Workforce Services, continues at its 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. Additionally, the City of Berkeley contracts with Rubicon's landscaping program to provide landscaping services to city properties. Rubicon's program trains and hires local residents with multiple barriers to employment, to perform the landscaping duties.

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.

Berkeley City College, formerly known as 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 works closely with community agencies and youth advocates to maximize existing youth-serving programs. The City of Berkeley contracted with the Cypress Mandela/Women in Skilled Trades program to provide pre-apprenticeship training to South and West Berkeley older youth. Four individuals were in this training program during PY 2005. While there is capacity in the City's contract with Cypress Mandela for up to 12 their regimented program is challenging. The program locks its doors at 7:00 in the morning and if apprentices are not there, training goes on without them. The City prefers flexibility on how many are referred as it is not the only tool in the City's anti-poverty "toolkit" of referral options for those who are not immediately college-bound.

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 2005, Council amended the Ordinance to create an administrative procedure by which City staff updates the wage rates annually. In PY 2005, wage rates were updated by the Finance Department to \$11.04 if medical benefits are provided, and \$12.87 if medical benefits are not provided.

D. Community Development

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

Commissions Identify Needs and Policies

The City of Berkeley Housing Department continues to serve boards and commissions that provide input to the Department and the City Council regarding City needs and policies contained in the City's Consolidated Plan. During PY 2003, a formerly homeless Section 8 homebuyer was appointed to the Housing Advisory Commission, and she continues participating on the commission through PY 2005, including participating in subcommittee recommendations to the full HAC on CDBG, ESG, and Housing Trust Fund allocation decisions in PYs 2004 and 2005.

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To inform decision-making on the Annual Action Plan for PY 2005, a public hearing on community needs was held on December 9, 2004, 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. One speaker commented, addressing specific personal concerns about a homebuyers' assistance program that the City of Berkeley no longer operates. No other speakers appeared to comment.

Neighborhood Services for Problem-Solving

Berkeley continues to operate its "Neighborhood Services" program, in which City Manager's Office staff coordinate the City's efforts to address complex neighborhood problems whose resolution require the coordinated efforts of multiple City departments. These efforts often including public works, police, fire, housing code enforcement staff, and mental health services. A current issue before the Neighborhood Services staff is addressing issues on Telegraph Avenue that have led to the diminished economic vitality of the neighborhood. The issues include street homelessness, graffiti, the need for façade improvement, and crime. Improvements to the neighborhood will require coordination among various City Departments, neighborhood and merchant groups.

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:

- 5 anti-poverty agencies
- 6 affordable housing providers
- 12 homeless service providers
- 7 agencies whose missions include activities to further fair and accessible housing
- 31 social service agencies (including health, meal programs, life skills, child care, etc.); and
- 6 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 2005

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 2005, HRI reported assisting 69 households with fair housing complaints. HRI provided outreach activities to the Berkeley community, UC Berkeley, and Fair Housing trainings to Berkeley Housing Authority and John Stewart Management Company. HRI also trained YMCA staff and staffed a booth at the Juneteenth celebration in south Berkeley.

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 2005, EBCLC reports that 93 low-income Berkeley residents were served with funds from CDBG. 51 clients avoided eviction through favorable court outcomes as evidenced by favorable court outcome, case assistance, or other result.

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

The City 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. To facilitate matriculation of Shelter Plus Care Program clients to the Section 8 Housing Choice Voucher Program, the Berkeley Housing Authority may sponsor an opening of its Section 8 waiting list that would provide a limited opportunity for Shelter Plus Care Program clients to apply to the waiting list.

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Such an opportunity could occur sometime during PY 2006.

- *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 9 new ramps and lifts during Program Year 2005 at homes of disabled individuals in Berkeley using CDBG funds. (Another 8 ramps and lifts were provided with local and donated funds.) By leveraging CDBG funds with these other funds, CIL was able to eliminate their 2-year wait list. A total of 26 disabled individuals had interior or exterior modifications made to their homes to increase accessibility.

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

Continuing elevated vacancy rates in Berkeley contributes to property owners' ongoing willingness to participate in the Section 8 and Shelter Plus Care programs. BHA Section 8 Fair Market Rent Payment Standards remained essentially unchanged for PY 2005, with the FMR for 2 and 3-bedroom units declining slightly (\$4 for 2-bedroom units, and \$6 for 3-bedroom units).

- *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 2005, HAC was funded with local general funds to continue these operations.

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 2005.

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- *Land use controls that downzone neighborhoods.*

During PY 2003, the Berkeley City Council placed a moratorium on new applications for housing development along the University Avenue Strategic Plan corridor (a 4-block-wide corridor with the entire length of University Avenue as its spine). The Council exempted from the moratorium proposed projects already having submitted applications. Among the projects exempted from the moratorium were Satellite Housing's 1535 University Avenue and three other for-profit, unsubsidized housing developments. This project broke ground in December 2005 and could be completed by April 2007.

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.

As of June 30, 2006 the Berkeley Planning Commission was considering adoption of an in-lieu fee option as an alternative to actually providing affordable condominium units pursuant to the City's inclusionary housing ordinance. Under the existing ordinance, 20 percent of all the residential units in a new construction project must be affordable to low or very low income households. The in-lieu option (which was adopted in July 2006) authorizes the payment of an in-lieu fee into the City's Housing Trust fund. This option is not available to projects that obtain density bonuses.

The fee would be equal to 62.5 percent of the difference between the permissible sale price of the inclusionary condominium unit and the market price. It is expected that in-lieu fees could be used by the Berkeley Housing Trust Fund to produce deeper levels of affordability than are now required for inclusionary condominium units. At the same time, the in-lieu option is attractive to developers because it allows them to retain the remaining difference between the allowable inclusionary sale price and the market price (37.5 percent of the difference) and because the fee does not come due until units are actually sold.

In Fall 2005, the City Council appointed a Joint Subcommittee on Density Bonus, consisting of members of the Planning Commission, Housing, Advisory Commission, and Zoning Adjustments Board, to make recommendations to the Council on possible changes to the City's existing Density Bonus procedures. The City's Inclusionary Housing Requirements (BMC Chapter 23C.12 of the Zoning Ordinance) trigger eligibility for a density bonus under State Density Bonus law (California Government Code Section 65915). Density bonus projects are typically larger than projects allowed only under jurisdiction of the City's Zoning Ordinance. Neighbors often oppose these larger projects. Additionally, the State's affordable housing laws limit the Board's discretion over ultimate size and shape of these projects. Through June 2006, the Joint Subcommittee worked on recommendations related to development standards, the

City's inclusionary requirements, and density bonus implementation.

Recommendations from the Joint Subcommittee were brought to the City Council in September 2006 because Berkeley Planning and Development Department staff informed them of that Proposition 90 on the November ballot in California may preclude several of their recommendations. Council actions in PY 2006 on density bonus procedures and administration will be further discussed in the PY 2006 CAPER.

The City of Berkeley also revised its condominium conversion ordinance to provide a means by which tenants-in-common and rental apartment properties may convert to condominium, in the wake of the *Tom* decision in San Francisco in October 2004. Revisions included significant protections for sitting tenants including:

- ❑ Limiting the rate at which new condominiums may convert to 100 units per year;
- ❑ Requiring owners wishing to convert rental units to provide sitting tenants with a right of first refusal to purchase their units and at least 12 months from public approval of the conversion to acquire financing to purchase their units upon notice of the owner's intention to convert the rental units to condominium ownership.
- ❑ Providing significant protections and incentives to sitting tenants to remain in their units long-term should they opt not to purchase their unit.
- ❑ Requiring subdivision map conditions that address seismic safety, tenant notification of their right of first refusal to purchase their unit, and protect tenants right to continued occupancy of their unit while owner brings unit into compliance with local laws.

In June 2006, the City Council received an initiative petition sponsored by Berkeley property interests that would further amend the City's condominium conversion regulations.¹⁰ The proposed condominium conversion initiative would significantly reduce regulatory oversight of condominium conversion in Berkeley but would increase staff time needed to process the increased volume of applications. Passage of the proposed CCI would require the City of Berkeley Planning and Development Department to:

- ❑ Eliminate priorities in the selection process, a provision of the existing CCO that would be repealed by the proposed CCI. Planning staff review would be to ensure completeness of the application, and would exclude any considerations of whether tenant purchasers would be part of any applications.
- ❑ Increase staffing to handle processing of up to 500 converting units, rather than the currently allowed 100 units. The Planning Department anticipates that applications would increase from the baseline of 26 received for the existing CCO to 130 applications. The Department further anticipates that most of these (over 70 percent) would be for properties with 1 to 4 units on them, and the remainder would be for properties with 5 or more units. Staffing for condominium conversions would increase from 1.0 FTE currently to an estimated 4.4 FTE to handle application processing.

¹⁰ The Berkeley Housing Department produced an impact study of the proposed initiative that may be viewed online at http://www.cityofberkeley.info/citycouncil/2006citycouncil/packet/071806/2006-07-18_Item_36_Condo_Conversion_TBD.pdf.

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- ❑ Make demonstration of local law compliance optional. Currently, property owners wishing to convert their properties to condominiums are required to obtain a Notice of Local Law Compliance from the Planning and Development Department before they can even submit a subdivision map application, the final step of the conversion process in Berkeley.

This initiative will appear on the November 2006 ballot as Measure I, and will be reported on in the PY 2006 CAPER.

- *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 Relocation Specialist responded to direct requests for information from 69 tenants and property 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 14 tenants facing eviction or otherwise at risk of becoming homeless contacted the Relocation Specialist for assistance, and were provided with referrals for legal and advocacy services.

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

- ❑ Coordinated relocation assistance to 5 elderly and disabled homeowners and their households who had received low-interest loans through the City of Berkeley Senior Rehab Program for improving handicap accessibility and other critical structural repairs. The homeowners were provided financial assistance to stay in a hotel while the work on their homes was completed.
- ❑ Coordinated efforts among staff at the Rent Stabilization Board and the City Planning Department 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.
- ❑ Continued to coordinate with the City Fire Department to provide urgent relocation assistance to tenants displaced by fire. During this period, 13 tenants who had been displaced from their units as the result of fires in the buildings where they had been residing, received relocation counseling and assistance.

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.

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- ❑ Ongoing funding for Easy Does It, which provides low-income disabled residents of Berkeley with attendant care on an as-needed basis.
- ❑ 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 2005

Table 12 provides a comprehensive summary of agencies funded in PY 2005 to undertake housing activities in Berkeley, primarily to benefit low-income Berkeley residents.

Table 12: City of Berkeley CDBG Housing Activities, Program Year 2005			
Agency	Description	PY 2005 Funding	Performance
Affordable Housing Associates, Inc.	Expanded Housing acquisition and renovation of family housing	\$45,000	\$30,000 allocated to AHA for renovation of family housing. Installed new railings at 1303-1317 Ashby Avenue and repaired hot water boiler and heating system at 2500 Hillegass. \$15,000 allocated to AHA for expanded housing acquisition in which AHA secured all financing need for acquisition of Allston House at 2121 7 th Street, 47 occupied apartment units. 42 units currently occupied by low-mod tenants. Financing includes MHP loan, tax-exempt bond financing and tax credits. AHA held community meetings with existing tenants and contracted to provide social services. Full renovation begins in PY 2006, although emergency repairs were completed.
Center for Independent Living	Residential Access Project for the Disabled	\$142,675	CIL completed installation of 9 ramps with CDBG funds (and an additional 8 ramps with non-CDBG funds) and performed 54 interior modifications at 26 different addresses.
Community Energy Services Corporation	Home Safety and Repair Program	\$338,097	Provided minor home repair to 143 households. 233 minor and 49 major repairs were accomplished. Fewer minor repairs occurred than were planned, but more major repairs occurred than were planned. CEXC underspent the allocation by utilizing \$2,994 carried over from PY 2004. \$2,994 from PY 2005 will be recaptured and reallocated.
City of Berkeley/Housing Department	Housing Rehab Loans – Administration	\$250,000	Provides loans up to \$35,000 to senior and disabled low-income homeowners for home improvements. 5 low-income seniors/disabled households were helped to remain in their homes with repairs that would otherwise be unaffordable. CDBG loans were matched with \$165,000 in state/local funding. \$181,454 was actually disbursed in CDBG funds in PY 2005.

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Table 12: City of Berkeley CDBG Housing Activities, Program Year 2005			
Agency	Description	PY 2005 Funding	Performance
City of Berkeley/Housing Department	Housing Rehab Programs	\$210,326	City staff administers a program for improvements and rehabilitation for low-income senior and disabled Berkeley residents. 5 low-income senior or disabled households were helped to remain in their homes with rehabilitation and repairs that would have otherwise been unaffordable. CDBG loans were matched with \$165,000 in state/local funding.
City of Berkeley/Housing Department	Loan Servicing	\$90,676	Provides loan servicing and counseling to low-income homeowners, rental property owners, small businesses. Ongoing loan servicing to 255 loans provided in PY 2005.
City of Berkeley/Energy and Sustainable Development Division	Super-Weatherization	\$41,700	This program installed extensive home weatherization measures and made home repairs free-of-charge to low-income households. Services include window and door replacements, and wall and envelope repairs. \$23,798 will be carried over and spent in PY 2006.
City of Berkeley/Housing Authority	Public Housing Improvements - Loan Repayment	\$120,000	Section 108 loan was not received from HUD until later than anticipated, which has created a delay each year in repayments. PY 2005 funds will be paid in PY 2006.
City of Berkeley/Housing Department	Housing Development - MF Rehab	\$143,802	<p>Staff actively seek development opportunities, facilitate development, rehab or preservation of affordable housing, working with nonprofit developers. Allston House, 2121 7th Street, received \$200,000 in HELP funds from the City and secured all financing for rehab work. Project also received project-based Section 8 assistance, though HUD approval of AHAP is pending. AHA will acquire the building in November 2006 and begin rehab work shortly thereafter.</p> <p>Staff continues to assist BOSS in managing improvements to Harrison House shelter. In PY 2005, this included installation of a sprinkler system and new windows. Staff also managed renovations at the BOSS McKinley Family Transitional House including new bathrooms for 5 units, one kitchen remodel, refinished floors in 5 units and the hallway, exterior painting and seismic improvements. Staff also managed replacement of all windows 60 units of public housing, and firewall construction between 30 of those units. Environmental review completed for 2500 Hillegass; HUD approval of AHA is pending. Planning for refinancing of the University Avenue Cooperative Housing (1471 University) is under way to accomplish future major rehabilitation work, including a new roof and painting. \$3,535 will be deobligated and reallocated in PY 2006.</p>
City of Berkeley/Housing Department	Housing Trust Fund	\$315,642	Accomplishments will be reported under Oxford Plaza, University Avenue Senior Housing, Margaret Breland Homes, Sacramento Senior Homes, McKinley Family Transitional House, and Ashby Lofts.
City of Berkeley/Housing Department	Housing Development - New Construction	\$300,000	Work accomplished on Oxford Plaza project included securing all land use entitlements, executing disposition and development agreement (DDA), and

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Table 12: City of Berkeley CDBG Housing Activities, Program Year 2005			
Agency	Description	PY 2005 Funding	Performance
			securing most of competitive financing need to develop the project. Staff also applied for, and project received, \$1.77 million from BEDI grant, a \$4 million HUD Section 108 loan application is currently under review by HUD in Washington, DC. Accomplishments on Ashby Lofts project included obtaining tax-exempt bond financing, Low-Income Housing Tax Credits, and an Affordable Housing Program grant from the Federal Home Loan Bank. Building permits were awarded in April 2006 and construction began in May. It is anticipated that Sacramento Senior Homes will be completed within a month, providing 40 units of affordable senior housing. Staff also worked with a Mason's Lodge to get through environmental review for the Prince Hall Arms Apartment project, 42-units of senior housing. Developer works to obtain a use permit modification and secure construction and permanent financing. \$9,435 will be carried over for spending in PY 2006.
City of Berkeley/Housing Department	Relocation Services	\$112,960	Temporary relocation in conjunction with housing programs. The City's relocation specialist responded to direct requests for information from 69 tenants and property owners. During PY 2005 an additional 14 tenants facing eviction or otherwise at risk of becoming homeless contacted the City and were provided with referrals for legal and advocacy services. In addition, 5 elderly and disabled homeowners served by the Senior Rehab Program received relocation assistance. \$94,559 spent in PY 2005.
Rebuilding Together	Safe Home Project	\$88,393	Rebuilding Together organizes volunteers to repair/renovate homes owned by low-income elderly and disabled households. 18 homes were repaired, serving a total of 28 people with interior and exterior improvements.
Resources for Community Development	Acquisition of Oxford Plaza Location for new construction	\$45,000	RCD secured land use entitlements for the project, finalized and secured DDA, and secured majority of competitive financing needed to develop the project. Additional financing includes \$1.77 million in BEDI grant, \$1.54 million in Housing Trust Funds, \$250,000 in HOPWA, \$100,000 in private foundation grant, and \$6.6 million in MHP funds from the State. Applications were submitted for tax credit and bond financing.
Total Housing Activity Allocations PY 2005 =		\$2,244,271	

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Non-Profit Community-Based Housing Developers

The City used its Housing Trust Fund in PY 2005 (Table 13, below) to allocate about \$385,000 to three housing proposals that would affect 150 new units (96 of which would be new, in Oxford Plaza).

Table 13: Berkeley Housing Trust Fund Reservations During PY 2005	
Project Description	Housing Trust Fund Reservation, PY 2005
Oxford Plaza/Brower Center, 2200 Block of Fulton Street	\$120,000
2111 McKinley Avenue	\$40,000
Allston House, 2121 7 th Street (HELP funds)	\$225,000
Total units involved: 150	\$385,000

Allocations to funding reservations made by the City Council in January 2005 left the Housing Trust Fund depleted. The City currently anticipates having funds sufficient to warrant issuing a request for proposals to the Housing Trust Fund probably in PY 2007.

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, and has 1001 Ashby Avenue under construction (54 units).

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 Fulton 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 Senior Homes, 28 units).

The Northern California Land Trust (NCLT) completed no projects during PY 2005.

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.

Berkeley Housing Authority's Section Housing Choice Voucher Program

Over the past several years the Berkeley Housing Authority (BHA) has been classified as "troubled" under HUD management indicators in both the Public Housing and Section 8 Housing Choice Voucher programs. During this time, the BHA made significant changes in its internal organization and procedures in order to meet HUD requirements. BHA has put in place a new internal management team with over 60 years of experience at other housing authorities,

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including several that were high performers by HUD standards. They have made substantial improvements at BHA as outlined in a Corrective Action Plan (CAP) and Memorandum of Agreement (MOA) with HUD during PY 2005 and worked to upgrade BHA's computer software to a Windows-based system.

BHA also made progress toward lifting its Section 8 HCV program out its troubled status and during PY 2005 presented a plan to HUD to complete the process by the end of PY 2005. HUD provided \$104,000 in additional funding to meet a staffing need that would make the program's improvements possible. In recent years, the Section 8 HCV program increased its lease-ups by 40 percent, cut unnecessary expenditures and streamlined operations by renegotiating services with vendors at reduced costs, reducing office supply and printing costs, and reducing mileage costs with internal restructuring of fieldwork functions.

Based on the most recent assessment by BHA's Acting Manager in PY 2005, performance of BHA on Section 8 Management Assessment Program (SEMAP) indicators demonstrates that BHA will be able to submit a report to HUD claiming sufficient points to achieve a "standard performer" rating for PY 2005. BHA made a major effort to submit all required data and made final corrections in early PY 2006. Several SEMAP indicators are subject to interpretation, and will depend on how standards are applied during third-party review of BHA's self-report as commissioned by HUD.

Concurrently with this process, BHA entered into discussions with HUD regarding future management of BHA. These discussions include approaches that range from including HUD representatives in the hiring process for a permanent BHA Manager to requirements that would be included in a Request for Proposals for another organization to take over BHA management. Berkeley has critical interests in the BHA, and the City acknowledges that it would be possible to preserve most of these interests under an alternative management structure. These interests include preservation of the allocated 1,841 vouchers for use in Berkeley; priority in allocating these vouchers to people who live or work in Berkeley; and coordination between the Section 8 voucher program, the Shelter Plus Care program, and other programs such as the newly established Mental Health Services Act (MHSA) that serves homeless people and people with severe mental disabilities who are at risk of homelessness.

Ongoing issues associated with BHA will include quality control measures, staffing levels, training and internal communication, and improving SEMAP indicators.

Project-Based Section 8 Program

As with the HCV Program, BHA approved new payment standards in PY 2005 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 stream 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

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subsidies permitted under the program. Payment standards for studios, one-bedroom, and four or more bedroom units remained the same, starting February 2006, but BHA adopted small reductions for two-, and three-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).

HUD has so far approved only 40 PBS8 vouchers for 1535 University Avenue (out of an 80-unit building now under construction) and is negotiating with the City of Berkeley regarding the status of the remaining 64 vouchers for the other five projects. 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 2005, BHA continued its property management contract with Affordable Housing 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. Under AHA's management they have successfully increased the tenant certification submission rate from 55 percent to 98.2 percent.

Progress on the LIPH rehabilitation work continued in PY 2005. Funds were dedicated to window replacements in 60 units and constructing firewalls in 32 public housing units, and 3 units received wall heaters, and kitchen and bathroom renovations.

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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). The Resident Council Meetings have moved to Affordable Housing Associates office and have occurred regularly every month. This year the Resident Council purchased back to school supplies for the residents and children that included binders paper notepads, pens and pencils and snacks.

During PY 2005 BHA made substantial progress improving management and physical condition of its 75 public housing units. As a result HUD informed BHA that its Public Housing Program would be removed from troubled status, although no final decision has yet been made by HUD.

Section 8 Homeownership Program

There were no new participants in PY 2005 in the Section 8 Homeownership Program, and one continuing participant who purchased a unit in PY 2003.

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 2005 about 224 persons were served by Shelter Plus Care.

Along with its ongoing Shelter Plus Care Program administration, BHA works with the Berkeley Police Department (BPD) to enforce 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, an allegation hearing is held to hear evidence provided

by the tenant and it is then determined whether a proposed termination is warranted. If so, 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.

During PY 2005, BHA also coordinated 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.

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 population. 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. Many of these activities were carried out through the Berkeley Housing Department's Homelessness Prevention and Services Planning activity. Below are more details on accomplishments and problem areas. Table 12 below summarizes the HUD Supportive Housing Program grants awarded during PY 2005.

Changing Homelessness Policy Frameworks

Homeless and Anti-Poverty Programs Council Workshop. The Berkeley City Council held a public workshop on homelessness and anti-poverty programs in Berkeley on 29 November 2005. Materials presented at the workshop are available online at the City's web site: <http://www.cityofberkeley.info/citycouncil/2005citycouncil/packet/112905/11-29ws.htm>.

The goal of the workshop was to orient Council to our evolving strategy. The Housing Department's focus is to coordinate anti-poverty and homeless service efforts to achieve greater integration and better outcomes. The work of the Department and the community agencies with whom we partner is to prevent homelessness, increase permanent housing

opportunities, and provide comprehensive supportive services that enable very low income and homeless people to become and remain housed.

Mental Health Services Act Planning and Implementation. In November 2004, California voters passed Proposition 63, the Mental Health Services Act (MHSA), which aimed to transform California's mental health system to a "wellness and recovery model," which is based on the idea that people living with a mental illness can recover, experience measurable improvements in their quality of life, and participate positively in their family and community. Throughout California, counties are responsible for the provision of mental health services. Berkeley is one of just two California cities that is authorized as a mental health jurisdiction. Berkeley Mental Health conducted an extensive community-based planning process, starting in the last quarter of PY 2004, to develop its Community Services and Supports (CSS) Plan. The state approved Berkeley's CSS Plan in June 2006, funding it at nearly \$900,000 annually for the first three years.

BMH's CSS Plan allows for enrolling approximately 25 homeless adults, particularly older adults and transition age youth (16-25), in services modeled on the AB2034 program, contracting with a community agency for more services for transition age youth, adding an employment specialist, hiring peer counselors, and increasing capacity for culturally competent services to Asian, Latino, and African-American communities. BMH has also agreed to operate an additional service program for transition age youth, under contract with Alameda County's MHSA program. Transition age youth were identified as a seriously underserved population in both the MHSA planning process, as well as in the Alameda Countywide Homeless and Special Needs Housing Plan, and providing the needed support services and housing to this age group will be an important strategy in ending homelessness. Enrollment in MHSA services is expected to begin in late 2006.

Alameda County Homeless and Special Needs Housing Plan/City of Berkeley's Action Plan. On 16 May 2006, the Berkeley City Council approved Resolution No. 63,301-N.S., adopting the Alameda County-wide Homeless and Special Needs Housing Plan (the Multi-Plan) and directing the City Manager to use it as a guide for allocation of available resources within programs assisting those who are homeless or living with serious mental illness and/or HIV/AIDS.¹¹ In adopting the Plan, Berkeley committed to a specific action plan derived from the Multi-Plan that lays out five major goals:

- ❑ End homelessness by avoiding it in the first place, by making appropriate services accessible when needed.
- ❑ Increase housing opportunities for targeted populations.
- ❑ Deliver flexible services to support stability and independence.
- ❑ Measure success and report outcomes.

¹¹ The Plan is available online at <http://www.cityofberkeley.info/housing/specialneeds/Multi-PlanHome.html>. The City's Action Plan may be viewed currently online as Attachment 2 of Item 44.a, starting on page 13 at <http://www.cityofberkeley.info/citycouncil/2006citycouncil/packet/051606/2006-05-16%20Item%2044a%20Alameda%20County%20Homeless%20Special%20Needs%20-%20CM.pdf>.

- Develop long-term leadership and build political will.

While there are no immediate fiscal impacts to the City of adopting the plan, Berkeley will need to pursue multiple strategies (13 are outlined in the City's action plan) to increase the financial and administrative resources necessary to implement the Multi-Plan and to target existing resources toward plan implementation. First, the City must continue to monitor community agencies it funds and invest more deeply in programs that achieve good housing outcomes in both placement and retention. Second, the City must explore strategies for using existing resources to increase the number of housing units we can provide with subsidies deep enough to support homeless and special needs households with incomes well below 30 percent of Area Media Income. Finally, the City will need to pursue additional Federal and State funding to expand housing opportunities. Adoption of this plan will improve Alameda County's ability to effectively compete for Federal funds, and the City of Berkeley can be positioned to benefit from these additional resources.

Berkeley also stands to benefit from implementation of the Multi-Plan because the needs of chronically homeless people, the majority of Berkeley's homeless population, are significantly prioritized in the Plan. The Plan's adoption will position Berkeley and Alameda County to garner additional resources for supportive housing and services not previously available in the years ahead.

Many of the steps in the Action Plan are activities that are now under way or are possible with existing resources. Other steps will require new resources and staff is actively pursuing ways to fund them. These action steps are also consistent with policy direction Council provided at the 29 November 2005 workshop on Homeless and Anti-Poverty Programs.¹²

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 2005. The City's Homeless Policy Coordinator is the jurisdictional co-chair of the Council which has completed an organizational analysis and strategic planning process to redesign the structure of the Council to best support implementation of the Alameda Countywide Homeless and Special Needs Housing Plan (Multi-Plan). Once the Multi-Plan puts in place a leadership structure that to oversee Plan implementation and has sufficient staffing to take over current functions of the Continuum of Care Council, the Council will merge with the Multi-Plan leadership structure. City of Berkeley staff will continue to provide leadership and support to this emerging body.

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 17, page 65,

¹² Action Plan steps are available online in Attachment 2 to the Council report at [http://www.cityofberkeley.info/citycouncil/2006citycouncil/packet/051606/2006-05-16 Item 44a Alameda County Homeless Special Needs - CM.pdf](http://www.cityofberkeley.info/citycouncil/2006citycouncil/packet/051606/2006-05-16%20Item%2044a%20Alameda%20County%20Homeless%20Special%20Needs%20-%20CM.pdf)

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below). These funds leverage additional funds for homeless services, and are discussed below in the section on Leveraging Resources.

Issues facing the Continuum of Care Council in PY 2005 included:

- Implementation 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. In addition, Berkeley adopted its own Action Plan for specific steps it will take which are within the framework of the Plan.
- Continued implementation of a Homeless Management Information System (HMIS). The City of Berkeley's Shelter Plus Care Program and six community agencies are now entering data into the system. Our goal in the next few years is to increase our ability to use HMIS to increase programmatic coordination and to provide reliable data about individuals and families who use our services and housing.
- Continued evolution of a community-appropriate response to the Federal Government's increased focus on the chronic homeless population.
- Participation of Council members in development of the county-wide and Berkeley-specific Mental Health Services Act implementation plans for Alameda County and the City of Berkeley.
- Continued efforts to work regionally with other Bay Area counties to increase coordination and ability to well serve homeless populations who seek services across jurisdictional lines.

California's Ten Year Chronic Homelessness Action Plan. In June 2006 (during PY 2005) the co-chairs of the Alameda County-wide Continuum of Care Council were invited by the California Inter-Agency Council on Chronic Homelessness—along with representatives from all 57 other California counties—to participate in a three-day conference to develop California's Ten-Year Chronic Homelessness Action Plan. The jurisdictional co-chair of the Continuum of Care Council is Berkeley's representative, Jane Micallef, the City of Berkeley's homeless policy coordinator.

Homeless Youth Strategies and Programs

Youth homelessness is a serious issue in Berkeley. In its planning process for implementing the Mental Health Service Act—funding that is newly available to community mental health programs to improve access to mental health services for underserved populations—City of Berkeley residents identified homeless youth between the ages of 18 and 25 (transition aged youth) as a high priority group desperately in need of dedicated services. As a result, the City is in the development stage of a number of housing and services programs targeting these youth. Concurrently, City staff are working with community agencies to consolidated and focus their services. The Youth Emergency Assistance Hostel (YEAH!) and the Chaplaincy to the Homeless have merged. Also during this program year, in response to negative HUD monitoring findings, the Alameda County Homeless Youth Collaborative reorganized to strengthen and improve services. In Berkeley, the result has been that the Fred Finch Youth Center is now the sole provider of services under this grant. The grant once funded transitional housing and drop-in

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services for homeless youth. Since HUD will no longer fund support services that are not directly related to housing, Fred Finch will now use the grant funds to operate 18 beds of transitional housing. The housing is located at two sites—3034 King Street (a transitional housing site formerly housing minor youth under the age of 18) and 2418 Eighth Street. Fred Finch obtained HUD approval to change the age of the target population for the King Street site to better serve the needs of the community.

To mobilize the community to respond to youth homelessness and to provide a range of immediate services, the City of Berkeley now hosts a twice-yearly "Youth Connect" event. A community-based event featuring on-site services, Homeless Youth Connect helps ensure that these vulnerable young people obtain the critical services they need to begin to address their problems and get back on track for healthy, productive lives. At the first Homeless Youth Connect this past April 2006, 60 young men and women living on the streets received services and/or information related to housing, food, medical care, substance abuse, mental health, education, employment, transportation, etc. from numerous local and regional agencies, volunteers, and the City of Berkeley. Our second Homeless Youth Connect will take place on December 4, 2006 in Berkeley from 1:00 - 5:00 p.m.

Some highlights of the April 2006 event include:

- 30 young people received HIV testing and/or dental screening
- 25 youth received eye exams and 20 prescription glasses
- Close to 30 people received employment counseling
- 21 young people received information on continuing education
- 17 youth received places in supportive or transitional housing programs

Property Transfer: 3404 King Street. In 1997 the City granted Building Opportunities for Self-Sufficiency (BOSS) \$305,000 in funds for the acquisition and rehabilitation of 3404 King Street to enable them to participate in the Homeless Youth Collaborative and operate a transitional housing program for homeless youth in conjunction with a HUD SHP grant. When BOSS opted out of the Homeless Youth Collaborative, the City required BOSS to transfer ownership of the 3404 King Street property to Fred Finch Youth Center, which assumed operation of the transitional housing program for homeless youth. The property transfer had been stalled due to non-payment of back taxes and fees. BOSS subsequently paid the back taxes and fees owed and BOSS and City staff completed the property transfer by the HUD deadline of June 30, 2006. In 2003, the City, BOSS, and Fred Finch Youth Center executed a Deed of Trust and Assignment Agreement, as well as a Promissory Note and Regulatory Agreement for the City's \$305,000 acquisition loan and HUD Supportive Housing Program Grant. The Deed of Trust and Regulatory Agreement has now been recorded.

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 during PY 2004, will remediate the building's unreinforced masonry wall during PY 2006.

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Supportive Housing Activities

Shelter Plus Care. Berkeley’s city government and community-based organizations matched the \$1.95 million in housing subsidies provided through Shelter Plus Care with approximately \$1.96 million in services ranging from outreach to mental health services, to legal assistance (see Table 14, below). The program’s success leveraging matching funds can be partly attributed to coordination between the City and community-based organizations.

Table 14: Supportive Housing Program Awards to the City of Berkeley and Berkeley Community Agencies, Program Year 2005	
Program	Funding
Channing Way Apartments	\$33,080
Russell Street Residence	\$249,999
Regent Street	\$75,528
Peter Babcock House	\$36,665
BFHP Transitional House	\$242,217
McKinley Family Transitional House	\$74,500
North County Women's Center	\$141,019
Ashby House	\$55,393
Bridget Transitional House	\$68,975
Harrison House Family Services Program	\$114,997
Rubicon Berkeley Services	\$1,016,786
City of Berkeley Shelter Plus Care Renewal	\$1,954,452
City of Berkeley Shelter Plus Care Pathways	\$115,068
Total	\$4,178,679
Other Awards that serve Berkeley and other communities:	
Program	Funding
Alameda County Homeless Youth Collaborative (I)	\$696,433
InHouse (HMIS)	\$384,582
Alameda County Health Housing and Integrated Services	\$539,398
Alameda County/City of Berkeley Shelter Plus Care	\$702,552
Total of Other Awards serving Berkeley and other communities	\$2,322,965
Source: Alameda County Department of Housing and Community Development	

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. Last year, the program exceeded its outcome goals. The Program assisted a total of 39 new unduplicated individuals and families, with 224 housed at the end of the year. During PY 2005, 15 percent participated in drug and alcohol treatment program, 89 percent retained their housing for more than one year (many for two years or more as well).

Shelter Plus Care COACH Implementation. The City of Berkeley implemented new Shelter Plus Care COACH grant. Berkeley received 11 new certificates as of January 2006 and has

conducted intensive outreach for 11 chronically homeless and severely disabled adults, and successfully moved 7 of them into permanent housing.

Berkeley Mental Health Housing and Services Coordination. Since 2000, Berkeley Mental Health (BMH) has operated a state-funded program called AB 2034 (after the bill which authorized it) focused on making real, measurable improvements in the quality of life for people who are homeless and have a mental illness. AB 2034 combines intensive services with flexible spending for basic needs. It emphasizes tailoring services to an individual's needs, rather than offering a one-size-fits-all approach.

AB 2034 services have made measurable improvements in the quality of life for people with serious mental illness and histories of homelessness. Truly remarkable results have been persistent combining intensive services with the flexibility to pay for food, shelter and other needs can have for people with long histories of homelessness and serious mental illness. From the outset, the AB 2034 program statewide has focused on quality-of-life measurements, keeping careful records that show the impact of this investment. For the 100 adults now enrolled in AB 2034, the changes have been dramatic:

- **At least 68 adults with serious mental illness are no longer homeless as a result of AB 2034.** Although 81 participants were homeless or living in an emergency shelter on the day they were enrolled in AB 2034 services, just 13 were homeless by May 2006.
- **People with long histories of homelessness are getting into permanent housing.** Two-thirds (66) of participants are now in permanent housing, including nearly half (47) in permanently affordable housing with connected support services.
- **Participants are successful at keeping their housing.** Nearly half (48%) have stayed in the same place for a year or more.
- **Participants spend much less time in psychiatric hospitals because mental health crises are prevented.** A total of 51 participants had a psychiatric hospitalization in the year prior to their enrollment in AB 2034, while just 16 have been hospitalized since enrollment. Viewed another way, participants spent a total of 3,982 days in psychiatric hospitals in the 12 months prior to enrollment, compared with 1,185 days annually since enrollment, a reduction of 70%.
- **With stable housing and improved mental health, participants spend significantly fewer days in jail.** The number of participants who spent some time in jail shrank from 37 in the year prior to enrollment to 11 annually after enrollment, a two-thirds reduction. In other terms, participants spent a total of 3,602 days incarcerated in the 12 months prior to enrollment, compared with 931 days annually after enrollment, a 75% reduction.
- **Total participant income increased by more than \$500,000 annually through qualifications for SSI and SSDI.** After enrolling in AB 2034, 52 participants gained approval for SSI or SSDI. The additional federal resources help participants pay for necessities such as food and housing, and Berkeley Mental Health provides payee services for 59 participants to help ensure their income is available for these expenses.

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AB 2034 has gotten participants off the street by combining mental health services with affordable housing and partnerships with local nonprofits. Most participants in AB 2034 services have Supplemental Security Insurance (SSI) as their only form of income. SSI provides just \$836 per month for rent, food, clothing, transportation, and other expenses, while most studio and one-bedroom apartments in Berkeley rent for \$900 a month or more. So housing assistance is critical, and many of these housing success stories are a result of the partnerships Berkeley Mental Health has developed with local nonprofit organizations. These include:

- **The Russell Street Residence.** Collaboration between BMH and the Berkeley Food and Housing Project (BFHP) kept this previously privately operated facility from closing. Operated by BFHP, this program houses 17 adults in need of intensive supports, providing 3 meals a day, laundry, and group activities, as well as 4 adults who live more independently.
- **Martin Luther King House.** A collaboration between BMH and Resources for Community Development, a local housing nonprofit, this program is home to 12 adults in a shared setting. Most residents have a housing subsidy through Alameda County or the City of Berkeley which keeps their rent affordable.

Once in AB 2034 services, with access to affordable housing and support services, participants use high cost publicly funded services much less frequently. The impact of AB 2034 on public emergency-response systems is not as obvious as its impact on individuals, but is also remarkable. Before enrollment in AB 2034, participants they frequently received high-cost public services in the form of psychiatric hospitalizations, days in jail, and emergency room visits.

Data from Berkeley's AB 2034 records shows an annual reduction of 2,797 days in psychiatric hospitalization for the 101 consumers enrolled as of February 2006. At an estimated \$1,278 per day for psychiatric hospitalization, this represents an annual cost savings of \$3,574,566 in psychiatric hospitalization. The AB 2034 data also documents an annual reduction of 2,671 days of incarceration. At an estimated \$94 per day in jail, this represents an annual cost savings post-enrollment in AB 2034 of \$251,074 in incarceration. That's equivalent to a total \$37,878 on average per person savings to publicly funded services annually. By comparison, the state funds Berkeley's AB 2034 services at \$917,000 per year, or \$9,262 per person.

National studies have shown that when people with disabilities and long histories of homelessness are in affordable housing with supportive services, they go to emergency rooms for medical care much less often. Although data is not available to measure emergency room use for Berkeley Mental Health's AB 2034 program participants accurately, there are probably significant savings in medical care as well.

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

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for victims of domestic violence. In PY2005, WDDC received \$71,060 in CDBG public services funding to provide housing case management to their Drop-In Center clients, a program which provides respite and meals to over 1,100 women and children. WDDC staff engaged over 200 adults in housing case management and other services which resulted in 118 positive housing and employment outcomes. FVLC received \$42,584 in ESG funds in PY2005 to run its Family Violence and Homelessness Prevention Project, which resulted in direct legal assistance to 48 Berkeley residents. FVLC also staffs a crisis counseling call service and runs an In-Court Attorney Assistance Project, providing immediate, in-Court advice and support for self-represented litigants at restraining order hearings. FVLC stations a victim advocate at the Berkeley Police Department. Both WDDC and FVLC are also funded with local sources, and represent additional leveraging of resources to support Homeless Continuum of Care activities operated by homeless service providers in Berkeley.

Administrative Activities

Building Opportunities for Self-Sufficiency. During Program year 2005, Building Opportunities for Self-Sufficiency (BOSS) continued negotiations with HUD on the organization's debt and amounts billed to HUD for services but not yet reimbursed by HUD. Early in 2006, BOSS sent HUD its estimate of the debt owed by BOSS to HUD and is still waiting for a response. HUD paid BOSS one-half of the amount BOSS claims HUD owes the organization, and responded that instructions would be forthcoming on payment of the remainder. BOSS is in the process of developing a more streamlined billing system that links directly with their financial accounting software.

City of Berkeley staff continue working with BOSS to identify service delivery improvements needed, especially as regards improvements to the Self-Sufficiency Program HUD grant, which provides funding for Harrison House shelter and the Multi-Agency Service Center. A monitoring visit by City of Berkeley staff to BOSS programs revealed in general that documentation of services is improved and housing outcomes for clients of the Multi-Agency Service Center, a drop-in center for homeless men and women, have improved since one licensed staff member has begun actively engaging Berkeley landlords to house clients with an income.

BOSS continues to subcontract one of its HUD grants to the Women's Daytime Drop-In Center (WDDC) and has a detailed MOU which spells out roles and responsibilities of each agency and method of service delivery and reimbursement. BOSS has paid both WDDC and the Alameda County Homeless Action Center the full amounts owed to these organizations by BOSS. Both organizations subcontracted services as part of a HUD grant.

BOSS was awarded \$172,047 in CDBG and \$43,077 in ESG funds for continued renovation of the Harrison House Shelter. The Shelter accommodates both single adults and families. In PY 2005 significant safety hazards were mitigated with CDBG funding including installation of a new sprinkler system and of new windows in the men's and women's dormitory areas. These funds will be carried over in PY 2006 to complete accessibility improvements, including creation of an accessible bathroom and ramps for the family shelter.

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Rubicon Berkeley Services

Rubicon became the sponsor of the Jobs for Homeless Consortium (JFHC) Berkeley HUD grant and in November 2004 began providing services out of JFHC's offices at 2801 Telegraph Avenue. Rubicon subsequently moved to its new facilities at 1918 Bonita Avenue near Berkeley Way in downtown Berkeley (a more accessible location by transit). Rubicon's PY 2005 activities were the agency's first full year operating in Berkeley.

Rubicon Programs Inc. operated its Rubicon Berkeley program on the strength of a HUD Supportive Housing Program grant to provide workforce services (vocational counseling, job preparation, job search assistance, paid transitional work in Rubicon businesses and work experience with community employers and job retention support services), case management (housing counseling, housing readiness, service and mainstream resource planning, housing placement and housing retention support services) and substance abuse services to 450 eligible homeless persons annually. Rubicon had several stated objectives with its Berkeley programs:

- ❑ To see that 150 homeless participants would be fully prepared to enter housing (based on income obtained through employment and/or mainstream resources, plus completion of workshop components and counseling goals).
 - **Outcome:** Of the total 420 served, 230 (55%) were prepared to enter housing (or retain permanent supportive housing for formerly homeless persons) with either mainstream resource income (71) or job income (159).
- ❑ That 100 homeless participants would obtain permanent housing.
 - **Outcome:** 106 homeless participants obtained housing during the project year.
- ❑ That 150 participants would obtain employment.
 - **Outcome:** 159 participants obtained jobs during the project year.
- ❑ That 75 participants would retain jobs for at least 13 weeks.
 - **Outcome:** 67 of 116 persons placed between 1 April 2005 and 28 February 2006 (58 percent) retained employment for at least 13 weeks.
- ❑ That half of participants exiting during the program year would show a net gain in monthly income while in the program, with the average net gain exceeding \$1,000/month.
 - **Outcome:** 144 of 302 persons who exited during the program year (48 percent) achieved a net gain in monthly income. The average net gain was \$1,575.
- ❑ That 75 percent of participants who respond to consumer satisfaction surveys administered throughout the year would indicate they are satisfied or very satisfied with services Rubicon provided them.
 - **Outcome:** Over 75 percent of participants indicated that overall they were satisfied or very satisfied with services received.

Shelter, Transitional Housing, and Drop-In Services

Additional ESG Funds to Berkeley Food and Housing Project. HUD requires that ESG funds be used no later than two years after the initial allocation is made. Funds from the Harrison House shelter, Youth House on King Street and ESG program administration funds from FY 2004 and 2005 (PYs 2003 and 2004) were reallocated for use by the Berkeley Food

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and Housing Project (BFHP). A total of \$24,797 in unused Emergency Shelter Grant funds were provided to BFHP for office space expansion, improvement of a staff bathroom at the Men's Shelter at 1931 Center Street, and installation of a kitchen exhaust fan at the Independent House on 2140 Dwight Way. BHFP accomplished these items, leaving just \$378 in unused ESG funds at the end of PY 2005.

Continuing Use of the Veterans Memorial Building for Shelter and Services. In October 1992, the Berkeley City Council declared a shelter crisis and suspended application of local laws to facilitate shelter operations that would be installed in the basement of the Veterans Memorial Building at 1931 Center Street. The shelter crisis was given a term of duration that was to last from January 1, 1993, through December 31, 1997, a five-year period. This period lapsed, and the City took no further action. On October 18, 2005, Council re-declared a shelter crisis, an action that should have been taken in 1997. Both the Men's Shelter and the Multi-Agency Service Center continue operating successfully at this location, and no new uses are proposed as part of this present action. Their activities continue to provide opportunities for homeless persons to escape daily difficulties of being homeless and to help some find pathways to end their homelessness.

The Berkeley City Council unanimously adopted Ordinance No. 6,879-N.S. on October 18, 2005, to declare a continuing "shelter crisis," suspend applicable provisions of local law, including those contained in the City's Landmarks Preservation and Zoning Ordinances, and authorizing continued operation of the Men's Shelter and the Multi-Agency Service Center operations at the Veterans Memorial Building at 1931 Center Street.

Berkeley Drop-In Center Status. The Berkeley Drop-In Center (BDIC) was taken over by the Alameda County Network of Mental Health Clients during PY 2004. During PY 2005, Berkeley Mental Health Division and Housing Department staff supervised the City's contract with BDIC after a series of funding and neighborhood problems surfaced in BDIC's operations and activities in 2003 and 2004. A neighborhood grievance process was instituted by the Network which meets on a quarterly basis.

The Network's mission is to fulfill an essential need for service in South Berkeley: providing self-help mental health services to people with mental disabilities. Improving Network services is critical, not only to respond to complaints from the surrounding community, but to ensure that those served receive appropriate services. Addition of approximately \$40,000 during PY 2005 in funding/staffing shifted from another Network member organization, was expected to add to services delivered at BDIC. The Network engaged a part-time general services support staff member and hired a full-time substance abuse counselor. Responsibility for the Network's contract for BDIC was shifted entirely to the Berkeley Mental Health Division in PY 2006.

Lease Agreement with Women's Daytime Drop-In Center. Since 1987, 2213 Byron Street, a City-owned property, has been used for transitional housing for homeless women and children. The original operator was Women's Refuge until 2001, when the City selected

Women's Daytime Drop-In Center (WDDC) to operate the program. WDDC subsequently obtained a transitional housing grant from HUD for renovation and ADA compliance.

The Berkeley City Council amended Ordinance No. 6,782-N.S. to ratify a 20-year lease agreement with 10-year option to extend with WDDC by adopting Ordinance No. 6,873-N.S. on 12 July 2005.

Sale of 2344 6th Street to Lifelong Medical Care, Inc. This site was formerly occupied by the City of Berkeley's Public Health Division administrative services. When those services were consolidated with other Health and Human Services Department functions at 1947 Center Street in downtown Berkeley, 2344 6th Street became a surplus City property. It was subsequently sold to LifeLong Medical Care, Inc., for \$2.2 million, including closing costs. The sale was approved unanimously by the Berkeley City Council in Ordinance No. 6,880-N.S. on October 18, 2005.

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 2005, the City of Berkeley continued funding community agencies serving the poor at the approximately 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—with both federal CDBG and local general funds—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).

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

Readers should also refer to the narrative about Rubicon Berkeley Services in the previous section for additional information about anti-poverty services in the context of Berkeley's homeless priorities and service activities.

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Public Services Projects Funded with CDBG

Table 15 summarizes Berkeley's CDBG Public Services Allocations in Program Year 2005, 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.

Table 15						
City of Berkeley CDBG Public Services Allocations, PY 2005						
Agency	Program Activity	PY 2005 Funding	Low/Mod Assisted	Total Low	Extremely Low	Comments
Asians for Job Opportunities in Berkeley (AJOB)	Employment, training, and bilingual social services	\$141,050	69	16	53	Originally proposed number of people served was for entire program, not for that portion served with CDBG funds. 67 clients were served, 25 were placed into employment. AJOB also continues to work with the City's WorkSource Program.
Berkeley Food and Housing Project	Emergency housing and support services	\$126,557	780	17	763	130 men moved from shelter to transitional housing and 47 other men moved from shelter to permanent housing.
Bonita House	Supported independent living	\$14,533	22	0	22	The Supported Independent Living Program assisted 22 clients with persistent severe, disabling mental illness, maintaining them in housing through provision of case management. 6 clients found paid employment, 3 clients accessed benefits, 5 clients resolved criminal justice issues, and 8 clients transitioned to permanent housing. 36 total clients were served (22 were new in PY 2005). 16 clients maintained their housing for a year or more.
Bonita House	Creative Living Center	\$9,676	33	0	33	The Creative Living Center assisted 33 clients through CDBG funding, 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. CLC provides a supportive therapeutic day program for more than 50 Berkeley residents. An additional Berkeley Adult School teacher joined the program to begin a wellness recovery action plan group.
East Bay Community Law Center	Housing advocacy	\$20,126	93	30	63	During PY 2005 a total of 549 Berkeley residents were served with legal advocacy, 93 directly served with CDBG funding. Services included outreach, information, and referral, counseling and advice direct representation and case management, negotiation and advocacy in court proceedings and administrative hearings. Three to four workshops for tenants were held each month at two Berkeley locations.

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Table 15						
City of Berkeley CDBG Public Services Allocations, PY 2005						
Agency	Program Activity	PY 2005 Funding	Low/Mod Assisted	Total Low	Extremely Low	Comments
Eden Council for Hope and Opportunity	Homelessness Prevention Program Operations	\$35,684	83	60	23	ECHO counseling staff assisted 83 Berkeley residents with 86 homelessness prevention grants. ECHO was able to provide more grant assistance than originally planned since not all client required full funding. 208 prospective clients were pre-screened with 122 receiving information and referral services.
Eden Council for Hope and Opportunity	Senior home equity conversion counseling	\$5,000	32	29	2	Provides home equity conversion counseling and shared housing placement. ECHO had contact with 127 individuals and provided counseling to 32 different individuals. This resulted in 6 households taking out a reverse mortgage loan. Four group presentations were made throughout the year to seniors groups and 382 flyers were distributed to promote the program.
Housing Rights, Inc.	Fair housing advocacy and discrimination complaint investigation	\$34,509	69	29	40	HRI assisted 69 individuals with fair housing complaints. Services included letters to landlords for reasonable accommodation or modifications. HRI did outreach to UC Berkeley and implement fair housing trainings for the YMCA, property managers, and the Berkeley Housing Authority.
Inter-City Services	Employment, education, and training services	\$128,950	94	0	94	Training in computer operation and repair, medical lab technicians, GED, and job search assistance. ICS served 97 low-income Berkeley residents with employment training and services. 28 clients received GED and ABE instruction, 66 received vocational skills training in electronics, microcomputer repair and word process. 63 were assisted with job placements, including attendance at job fairs (UC Berkeley and WIA One-Stop) and 23 clients received job retention assistance. 37 clients were placed in jobs.
Multicultural Institute	Life skills program, employment preparation, and placement	\$74,300	137	0	0	Teaches English as a second language, GED preparation, life skills and job placement for low-income south and west Berkeley residents. Funds paid for services resulting in 199 temporary jobs for 129 new clients, and led to six workers receiving permanent full-time work. Jobs were paid at more than the living wage. Other activities including organizing neighborhood clean-up days every 4 to 8 weeks. Over 100 clients received medical care, and 96 received dental treatment as a result of referrals. 12 attended GED classes and passed the exam.

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Table 15						
City of Berkeley CDBG Public Services Allocations, PY 2005						
Agency	Program Activity	PY 2005 Funding	Low/Mod Assisted	Total Low	Extremely Low	Comments
Resources for Community Development	Social services	\$21,054	225	225	0	Provided supportive services to low-income residents of special needs housing sites. RCD's resident services coordinators provided services to 225 residents of RCD's 9 special needs housing sites, including Mabel Howard Apartments, UA Homes Erna P. Harris Court, MLK House, and Adeline Street Apartments. RCD staff coordinates with other providers of social services including Berkeley Mental Health, Bonita House and Rubicon.. Services this year included programs for monolingual elderly and other homeless and low-income singles and families at various sites.
Women's Daytime Drop-in Center	Housing case management	\$71,060	366	0	366	Funds were provided for three housing case managers. Outcomes included 75 individuals moving from street to shelter, 35 moving to transitional housing, and 25 obtaining permanent housing. 30 improved their income (27 by obtaining jobs and 3 with award of disability income).
Total Public Services Allocations, PY 2005 =		\$682,499	2,003	406	1,459	

Improvement of Public/Community Facilities

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

Table 16			
City of Berkeley Public/Community Facilities CDBG Allocations in Program Year 2005			
Agency	Activity	PY 2005 Funding	Achievements
A Better Way	Seismic retrofit of URM wall at 3200 Adeline Street	\$99,218	Funds 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. No work was completed on this project in PY 2005 pending further analysis of structural issues. The PY 2005 allocation of \$99,218 will be added to the PY 2006 allocation of \$136,782 for a total for the project of \$236,000. Work is expected to start during PY 2006.
Alzheimer's Services of the East Bay	Improvements and repairs to roof of ASEB facility, 2320 Channing Way	\$45,200	Roof improvements were successfully completed during PY 2005. 11 extremely low income persons housed at ASEB benefited from the improvements.

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Table 16			
City of Berkeley Public/Community Facilities CDBG Allocations in Program Year 2005			
Agency	Activity	PY 2005 Funding	Achievements
LifeLong Medical Care - West Berkeley Family Practice	Dental clinic HVAC repair	\$37,200	LLMC Used funding to improve and repair roof at West Berkeley Family Practice, 2240 6th Street, No work accomplished yet on this project in PY 2005 pending LLMC demonstrating 5 years of site control, which will be addressed during PY 2006.
Rebuilding Together	Community Facilities	\$21,967	Coordinates volunteers to undertake improvements of community facilities. RT renovated 7 community facilities including West Berkeley Senior Center, La Peña Cultural Center, Chaparral House, Berkeley Food and Housing Project's Men's Shelter, Berkeley Humane Society, and Berkeley Youth Alternatives.
Total Public Services Allocations, PY 2005 =		\$203,585	

E. Other Actions

Hurricane Katrina Disaster-Related Homelessness Response

On August 28, 2005, Hurricane Katrina hit the Gulf Coast of Louisiana and Mississippi, resulting in displacement and homelessness for thousands of individuals and families residing in the region, including the City of New Orleans.

In early September 2005, Mayor Bates and the City Council appealed for assistance from the community and directed that staff respond to needs of evacuees. This response also included significant participation of the faith community, business, community-based organizations, the University of California, and the general public—all working together to welcome and support displaced families and individuals now in Berkeley and Alameda County from the Gulf states region.

The City of Berkeley established its own Hurricane Evacuee Resource Center on the first floor of its Civic Center Building at 2180 Milvia Street within a few weeks of the disaster and through the end of PY 2005 coordinated with Alameda County, the American Red Cross, and Catholic Charities of the East Bay to provide services and emergency housing to those displaced by Hurricane Katrina. Affordable Housing Associates volunteered to host six evacuees in Project-Based Section 8 subsidized units at its recently acquired Allston House property at 2121 7th Street.

Since opening the evacuee center in September 2005 through February 2006, the Center served 181 individuals and 40 families. Services provided included case management, individual and group mental health trauma and stress counseling, public health and primary health care services, housing referrals, placement, and subsidies, and provision of food, clothing, medicine and transportation. City costs incurred for Hurricane Katrina-related activities through February 2006 came to nearly \$27,000 in staff costs were identified for FEMA reimbursement.

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Berkeley officials participated in a County-wide Hurricane Recovery Working with the cities of Oakland and Hayward, Alameda County, the State Office of Emergency Services, the American Red Cross, the faith community and county-wide representatives of housing and social service community-based organizations. The working group arranged through Alameda County to have Rubicon Programs and Catholic Charities provide housing advocacy and related case management services to Katrina evacuees on a countywide basis. The City of Berkeley's staff caseload was transferred to Rubicon in Berkeley for continued processing. From January through March 2006, Rubicon served 20 families containing 49 individuals, providing 12 families with food vouchers and referrals to housing placements, mainstream services, furniture and bedding, and FEMA advocacy (including rental assistance).

Among the federal government's response to the disaster was HUD's permitting housing authorities to establish immediate preferences without opening their wait lists for victims of Katrina. On September 20, 2005, the Berkeley Housing Authority amended its Administrative Plan to include prioritization for families displaced by Hurricane Katrina. As reported in Chapter V, Section C, Homeless Priorities, BHA was able to directly assist 27 households with Section 8 Housing Choice Vouchers so they could begin rebuilding their lives.

Walk to End Poverty

The "Walk to End Poverty" took place on Saturday, May 13, 2006 around Lake Merritt in Oakland and was hosted by the Oakland, Berkeley and Alameda County Community Action Partnership Agencies and Catholic Charities of the East Bay. (Community Action Partnership Agencies are those that administer programs with Community Services Block Grant - CSBG - funding). This community walk was intended to raise awareness about the conditions of those who live in poverty and the impact of poverty within Alameda County, and to raise funds to help support local anti-poverty fighting organizations. Local agencies providing services to low-income residents within Alameda County, community organizations and the community at-large were encouraged to participate in the event by organizing teams of supporters to walk.

More than 150 people participated in the walk and over \$15,000 was raised in funding for the event from the State Department of Community Services and Development and the United Way, and in-kind donations of energy bars and pedometers were raised from Cliff Bar and the California Nevada Community Action Partnership (CalNeva). Participants filled out questionnaires on community needs which will be incorporated into the planning process for spending CSBG Funding. Plans are underway to host this walk again in May 2007.

Near-Relative Policy for Community Agencies

The City of Berkeley contracts with a multitude of community agencies that provide vital services to low-income Berkeley households and homeless people. Nepotism in hiring and promotional actions can undermine the effectiveness of an agency and the quality of their services. It is for this reason that in 2003, the City of Berkeley instituted an "Employment of Near Relatives Policy" (A.R. Number 2.12) to govern the City's hiring and promotional

practices. However, the City of Berkeley does not currently require that community agencies with whom we contract with local funds adhere to policies that prevent these types of conflicts of interest.

Programs funded with Community Development Block Grant Program (CDBG) funds (and other federal funds) the City of Berkeley passes through to community agencies must comply with federal regulations. Under CDBG regulations, “No person who is an employee... of [the] recipient...who exercises any function or responsibilities with respect to CDBG activities...may obtain a financial interest or benefit from a CDBG activity...for themselves or those they have business or immediate family ties.” (24 CFR §570.611) These regulations prevent the “near relatives” employment relationships that the City’s nepotism policy prohibits. However, the City of Berkeley did not have policies that prevent general funded agencies from engaging in such conflicted employment practices. This created a lack of parity in conflict-of-interest standards to which the City holds similarly situated community agencies.

To remedy this lack of parity, the Berkeley City Council adopted Resolution No. 63,124-N.S. on 29 November 2005, approving a near-relative policy applicable to community agencies and authorizing the City Manager to implement the policy through immediate voluntary compliance from community agencies.

Consolidated Plan Amendment

In July 2005, 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 received notice from HUD of the BEDI award for the project in PY 2005. The City also submitted a Section 108 loan guarantee application in PY 2005 for the project.

F. Leveraging Resources

Affordable Housing Development

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 Brownfields Economic Development Initiative (grant 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

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- programs, and the state Housing and Community Development Department's Multi-Family Housing Program (MHP); and
- **Local** general fund dollars;
 - **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.

For projects that have applied to and received a funding reservation for a loan (including predevelopment loans) and are active, during the planning horizon of Berkeley's 2005-2010 ConPlan, the City has reserved \$16.6 million from its Housing Trust Fund for seven different new developments not yet completed (see Table 17A). Total financing for these projects is estimated at nearly \$142.6 million. Thus, each dollar reserved from the City's Housing Trust Fund program (which includes CDBG and HOME investments) leverages over \$8 of financing from other 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 \$6 from other sources for a dollar of Berkeley assistance. Projects have seen rising materials and labor costs from the international development boom, but this slight rise in leveraging is a pleasant surprise.

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 criterion for Housing Advisory Commission and the City in evaluating CDBG and HTF proposals.

A complex economic development and housing project with a large green building commitment like the David Brower Center (DBC)/Oxford Plaza development proposal provides a study in the complexities of financial leveraging. The commercial portion consists of retail space, the DBC, and an underground parking garage; it is expected to cost in excess of \$30.3 million and relies for its financing on HUD Section 108 funds, a Brownfields Economic Development Initiative grant, private bank loans, New Market Tax Credit equity (about \$8.1 million), charitable contributions (exceeding \$3 million), and other lesser sources.

Oxford Plaza will contain 97 units (96 targeting low-income families and a small number of units for low-income persons living with HIV/AIDS) and is expected to cost nearly \$34 million. Its financing sources include tax exempt bonds, HOME funds through the City's Housing Trust Fund, Berkeley Redevelopment Agency funding, California Multi-Family Housing Program funds (nearly \$6.5 million), Federal Home Loan Bank Board Affordable

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Housing Program funds, HUD funding of \$500,000 through Housing Opportunities for People with AIDS (HOPWA), foundation grants, and nearly \$15 million in low income housing tax credits. In all, the two components of this project combine 21 different sources of funds, public and private.

Table 17A: Leveraging by Berkeley Housing Trust Fund of Other Funding Sources - New Housing Projects Not Yet Completed in PY 2005					
Address of property completed or loan approved:	Project Status	Loan Amount from City	Section 108	BEDI	Total Project Cost
Affordable Housing Associates (AHA):					
2517 Sacramento (Sacramento Sr.)	under construction	\$2,653,072	\$0	\$0	\$11,189,619
1001 Ashby Ave. (Ashby Lofts)	begin construction February 2006	\$3,455,964	\$0	\$0	\$17,874,580
1719-25 University (UNA)	completed in early PY 2005	\$2,432,274	\$0	\$0	\$11,105,590
Total AHA		\$8,541,310	\$0	\$0	\$40,169,789
Resources for Community Development (RCD):					
Oxford Plaza/David Brower Center	completing financing	\$2,500,000	\$4,000,000	\$2,000,000	\$69,883,862
2577 San Pablo (RCD/Jubilee)	under construction	\$3,098,108	\$0	\$0	\$6,876,369
Total RCD		\$5,598,108	\$4,000,000	\$2,000,000	\$76,760,231
Other Developers					
1535 University (Satellite Housing)	begin construction November 2005	\$1,900,000	\$0	\$0	21,229,968
3132 MLK, Jr. Way (Prince Hall Arms)	seeking use permit modification and federal funding	\$537,167	\$0	\$0	\$4,765,711
Total Other		\$2,437,167	\$0	\$0	\$25,718,830
TOTAL		\$16,576,585	\$4,000,000	\$2,000,000	\$142,648,850
Leveraging Ratio - Total Costs to Loan Amounts from City					8.61
Leveraging Ratio - Total Costs to All Public Sources					6.32
Source: City of Berkeley Housing Department. "BEDI" refers to HUD grants from its Brownfields Economic Development Initiative.					

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.

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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).

Table 17B: Leveraging of HUD Section 108 and Brownfield Economic Development Initiative Grant Funds by Development Projects Not Yet Completed in PY 2005			
Project Address/Name	Section 108 Loan Guarantee Amount	Brownfield Economic Development Initiative Amount	Total Project Costs
3222-24 Adeline Street	\$500,000	\$0	\$5,535,327
1719-25 University Avenue	\$705,000	\$0	\$11,105,590
Ed Roberts Campus	\$6,000,000	\$2,000,000	\$47,000,000
Berkeley Housing Authority - Low-Income Public Housing Units Rehabilitation	\$1,400,000	\$0	\$1,400,000
Oxford Plaza/David Brower Center	\$4,000,000	\$2,000,000	\$69,883,862
Totals	\$12,605,000	\$4,000,000	\$134,924,779
Source: City of Berkeley Housing Department.			

Section 108 – Table 17B summarizes project leveraging by Berkeley housing and economic development projects cumulatively through PY 2005. The City has authorized applications totaling \$12.6 million out of a total capacity of \$XX million. 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. Currently in PY 2005, both Ed Roberts Campus and Oxford Plaza/David Brower Center’s applications for Section 108 loans are under review by HUD. The HUD 108 Program allows the City to apply for up to five times the City’s latest approved CDBG entitlement minus any outstanding Section 108 commitments or principal balances on Section 108 loans for which it has pledged its CDBG entitlement as security. Should both the Oxford Plaza/DBC and Ed Roberts Campus Section 108 loans be approved by HUD during PY 2006, the City’s remaining Section 108 lending capacity would be approximately \$3,895,000, as estimated during PY 2005.

BEDI - Table 17B also summarizes BEDI grants received by proposed developments in Berkeley. The City submitted a BEDI application for \$2 million on behalf of Ed Roberts

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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, the award for which was received in April 2006.

State Sources

Approval of the City's Housing Element by the California Department of Housing and Development enables the City to apply for state housing programs that require the City have a certified Housing Element of the General Plan. The City was awarded \$1,000,000 in a one-time grant of state Housing Trust Funds in February 2004. These funds are now fully committed to projects through Berkeley's Housing Trust Fund.

HELP – The City of Berkeley received an award of \$2 million from the State of California's HELP program, for a revolving loan fund whose purpose is to assist non-profit developers with timely acquisition of properties suitable for affordable housing development. Since the original award, the City has committed \$3.1 million from HELP sources (the loans are repaid from other affordable housing monies so that HELP is replenished over time), and reflects the fact that for each \$1 of the original HELP award, Berkeley has used it to assist non-profit developers with acquisition of \$1.50 worth of land for new affordable housing.

Multi-Family Housing (MHP) – In PY 2005, AHA was the only Berkeley non-profit receiving MHP funds and did so for 2121 7th Street (Allston House). AHA received \$2,175,558 from MHP.

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), but further funds from a new application by the City for additional CalHome funds was denied by State HCD during PY 2005.

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.

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 process each spring must provide leveraged matches (in-kind services and/or cash for supportive services or other resources) for obtaining HUD's SHP grants each year (see Table 18). As awarded during PY 2005, the Alameda County SHP grant awards from HUD specific to Berkeley amounted to nearly \$4.2 million and are expected to leverage another \$5.6 million in leveraged matches pledged to Berkeley homeless service providers. SHP grant awards for homeless services benefiting Berkeley as well as other jurisdictions in Alameda County came to another \$2.3 million anticipated with a leveraged match of another \$2.8 million. For each HUD SHP dollar awarded for direct Berkeley SHP projects, nearly \$1.33 in leveraged matches is anticipated,

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and for each HUD SHP dollar awarded to Berkeley and other jurisdiction-serving programs, another \$1.23 in leveraged matches is expected.

Table 18		
Supportive Housing Program Awards to the City of Berkeley and Berkeley Community Agencies, Program Year 2005		
Program	Funding	Leveraged Match
Channing Way Apartments	\$33,080	16,495
Russell Street Residence	\$249,999	556,315
Regent Street	\$75,528	34,467
Peter Babcock House	\$36,665	19,040
BFHP Transitional House	\$242,217	523,092
McKinley Family Transitional House	\$74,500	28,049
North County Women's Center	\$141,019	941,863
Ashby House	\$55,393	182,587
Bridget Transitional House	\$68,975	158,750
Harrison House Family Services Program	\$114,997	236,793
Rubicon Berkeley Services	\$1,016,786	765,065
City of Berkeley Shelter Plus Care Renewal	\$1,954,452	1,956,000
City of Berkeley Shelter Plus Care Pathways	\$115,068	135,000
Total	\$4,178,679	\$5,553,516
Leveraging ratio:	1.33	
Other Awards that serve Berkeley and other communities:		
Program	Funding	Leveraged Match
Alameda County Homeless Youth Collaborative (I)	\$696,433	\$1,554,639
InHouse (HMIS)	\$384,582	\$214,965
Alameda County Health Housing and Integrated Services	\$539,398	\$451,000
Alameda County/City of Berkeley Shelter Plus Care	\$702,552	\$633,300
Total of Other Awards serving Berkeley and other communities	\$2,322,965	\$2,853,904
Source: Alameda County Department of Housing and Community Development		

G. Citizen Participation and Outreach to Protected Classes

The availability of the draft Consolidated Annual Performance and Evaluation Report (CAPER) was published in the *Daily Californian*, a local daily, on September 11, 2006; letting the public know that the CAPER would be available for review at the Berkeley Public Library Reference Desk and the Berkeley Housing Department. This was also announced at the Housing Advisory Commission's September 7, 2006, 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 notice was provided via electronic mail to the City's community agency list as well with a request to post

the notice in a prominent place in their facilities. 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 28, 2006. 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.

The City of Berkeley Housing Department also forwarded the notice of release of the public review draft of this CAPER on September 13, 2006, to community agencies requesting that they post the notice in their premises so that low-income and special needs persons and households would have additional opportunity to be aware of the CAPER and the opportunity provided by the City of Berkeley to comment on it.

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.

As a community and a municipality, Berkeley creates affordable housing, maintains and improves its housing stock, fights poverty and homelessness, and develops healthy and well-socialized children, youth, and communities by leveraging its federal grant funds from CDBG, HOME, and ESG; it does more to achieve these tasks than many other cities of comparable size. To accomplish these community-based commitments in Program Year 2005 (PY 2005), Berkeley intake and support service agencies continued collaborating with the City's Housing Department and Mental Health Division staff to ensure continuing successes of the City's Shelter Plus Care Programs. This federal program is the City's centerpiece for achieving its Berkeley's Action Plan for Homeless and Special Needs Housing Plan goals (as Berkeley's part of the Alameda County-wide Homeless and Special Needs Housing Plan). Numerous other collaborative efforts described here attest to Berkeley's efficient, culturally-sensitive, and effective service provision as hallmarks of Berkeley government.

In PY 2005, the Housing Department and Planning and Development Department continued interdepartmental coordinating meetings to address issues of permit streamlining, project prioritization and trouble-shooting, technical assistance and training about housing programs

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and analysis, housing and development policy in Berkeley, and code enforcement. Other interdepartmental coordination occurs between Housing staff and staff of Berkeley Mental Health Division regarding client support services, Mental Health Services Act planning and implementation, Shelter Plus Care Program service coordination, and other issues. The spirit of collaboration and coordination in the provision of government and social services and the use of scarce public taxpayer funds is alive and well in Berkeley. Thanks to intergovernmental collaborations, Berkeley is well-positioned for continued success in program outcomes, and program and policy innovations—as long as state and federal policy and funding partnerships continue.

Despite challenges and cutbacks, Berkeley is a community successfully pursuing its housing, anti-poverty, anti-homelessness, and community development goals with a creative and varied fusion of financing sources; professional commitment, creativity and insight; and active community support. Berkeley has also long used demographic reporting and regular program status reporting together with annual accomplishment reporting for monitoring performance of community agencies receiving CDBG funding. During Program Year 2005, outcomes reporting saw continued implementation and use across all City of Berkeley community agency contracts.

VI. Programmatic Narratives

A. Summary of CDBG Financial Performance

Table 19 presents a financial summary that provides details about the City of Berkeley's compliance with CDBG regulations concerning public service and planning/administration spending caps, as well as the City's meeting of spending targets on activities that benefit low and moderate income persons as defined in HUD's CDBG regulations. In addition, it provides an introductory summary to the overall CDBG resources received and expenditures made during PY 2005.

Table 19	
CDBG Financial Summary for PY 2005, July 1, 2005 to June 30, 2006	
(from IDIS C04PR26)	
Summary of CDBG Resources	
Unexpended CDBG Funds at End of Previous Program Year	\$1,315,817
Entitlement Grant	\$3,699,315
Surplus Urban Renewal	\$0
Section 108 Guaranteed Loan Funds	\$0
Current Year Program Income	\$163,708
Returns	\$696,481
Adjustment to Compute Total Available	(\$26,709)
Total Available Resources	\$5,848,612
Summary of CDBG Expenditures	
Disbursements other than Section 108 Repayments and Planning/Administration	\$2,953,327
Adjustment to compute total amount subject to low/mod benefit	\$0
Amount subject to low/mod benefit	\$2,953,327
Disbursed in IDIS for Planning/Administration	\$736,628
Disbursed in IDIS for Section 108 repayments	\$23,459
Adjustment to compute total expenditures	(\$176,491)
Total Expenditures	\$3,536,923
Unexpended Balance	\$2,311,689
Low/Mod Benefit This Reporting Period	
Expended for Low/Mod Housing in Special Areas	\$0
Expended for Low/Mod Multi-Unit Housing	\$930,721
Disbursed for other Low/Mod activities	\$1,846,211
Adjustment to compute total Low/Mod credit	\$0
Total Low/Mod Credit	\$2,776,932
Percent Low/Mod Credit	94.03%
Low/Mod Benefit for Multi-Year Certifications	
Program years covered in certification	PY 2003, PY 2004, PY 2005
Cumulative Net expenditures subject to low/mod benefit calculation	\$2,953,327

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Table 19	
CDBG Financial Summary for PY 2005, July 1, 2005 to June 30, 2006	
(from IDIS C04PR26)	
Cumulative expenditures benefiting Low/Mod persons	\$2,953,327
Percent Benefit to Low/Mod Persons	100.00%
Public Service Cap Calculations	
Disbursed in IDIS for Public Services	\$695,832
PS unliquidated obligations at end of current PY	\$0
PS unliquidated obligations at end of previous program year	\$0
Adjustment to compute total PS obligations	(\$13,333)
Total PS obligations	\$682,499
Entitlement Grant	\$3,699,315
Prior Year Program Income	\$160,403
Adjustment to compute total subject to PS cap	(\$1,844)
Total subject to PS cap	\$3,857,874
Percent funds obligated for PS activities	17.69%
Planning and Administration (PA) Cap	
Disbursed in IDIS for Planning/Administration	\$736,628
PA unliquidated obligations at end of current program year	\$0
PA unliquidated obligations at end of previous program year	\$0
Adjustment to compute total PA obligations	\$7,058
Total PA obligations	\$743,686
Entitlement Grant	\$3,699,315
Current Year Program Income	\$163,708
Adjustments to compute total subject to PA cap	(\$26,709)
Total subject to PA cap	\$3,836,314
Percent funds obligated for PA activities	19.39%

The Financial Summary (IDIS report C04PR26) showed a total of \$5.8 million was available for use during PY 2005, with a total expenditure of \$3.5 million (excluding Section 108 repayments and Planning/Administration costs) leaving an unexpended balance of \$2.3 million. Any remainder would be recaptured and included in the next CDBG funding cycle.

National Spending Goal for Low and Moderate Income Beneficiaries. HUD requires that grantees meet a national goal of spending more than 70 percent of their non-Planning and Administrative CDBG funds on activities benefiting low and moderate income households (either in the form of housing units or through investment in public services and facilities). Berkeley exceeded this national goal in PY 2005, spending 94 percent of its CDBG funds to benefit low and moderate income households in Berkeley.

Public Services Cap. HUD rules also require that no more than 17.84 percent of a grantee's entitlement be spent on public services. Berkeley spent over \$689,499 on public services during PY 2005, 17.69 percent of Berkeley's CDBG funds subject to, but less than, the cap.

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Planning and Administrative Cap. HUD rules further require that no more than 20 percent of a grantee's entitlement grant plus its program income be spent on Planning and Administrative functions (see Table 20). Note that total allocations by activities include repayment of Section 108 loan (\$23,459 in PY 2005, under Housing Activities) and Planning/Administration Activity costs; from PY 2004 to PY 2005, total expenditures decreased 29 percent. Actual expenditures in PY 2005 for Housing activities decreased by 43 percent; Planning and Administration activities expenditures decreased by 4.1 percent to keep the City of Berkeley under the Planning and Administration spending cap imposed by federal CDBG regulations. Also, Public Services activity expenditures decreased 2.2 percent from PY 2004 to PY 2005.

Table 20
Berkeley CDBG Expenditures by Activity, Program Years 2003 through 2005

Activity	Program Year 2005	Program Year 2004	Program Year 2003
Housing Activities	\$1,477,285	\$2,554,349	\$2,495,112
Public Services	695,832	701,374	755,701
Public/Community Facilities	107,188	112,188	222,683
Planning and Administration	736,628	768,475	794,157
Economic Development	0	0	0
Total, All Activities	\$3,016,933	\$4,136,386	\$4,267,653

Source: IDIS, Report C04PR23; City of Berkeley Housing Department.

As shown in Table 19 above, Berkeley's Public Services obligations were \$682,499; its Public Services cap amount was \$688,245 (17.84%), so the City of Berkeley is under this cap.

Table 21: Berkeley Activities Counted Toward the Planning and Administration Cap, Program Year 2005

CDBG Planning and Administrative Activities	Program Year 2005	
	Funds Allocated	Funds Drawn Down
Program Planning & Contract Administration	230,720	230,720
Homelessness Prevention & Services Planning	106,384	106,384
City Support Costs	388,815	397,757
Single Audit	16,000	0
Total, Planning and Administrative Costs, PY 2005 =	\$741,919	\$734,861

Source: IDIS; City of Berkeley Housing Department.

Table 21 presents Berkeley's activities counted toward the Planning and Administration expenditure cap called for in federal CDBG regulations. Eligible activities in this calculation include two Housing Department activities (Program Planning and Contract Administration, and Homelessness Prevention and Services Planning), City support costs, and the single audit

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performed annually on federal CDBG activities. According to IDIS records, the City allocated \$741,919 to these activities and spent down 99.1 percent of these funds during PY 2005.

B. Resources for Consolidated Plan Implementation, Program Year 2005

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

As shown in Table 22, during PY 2005, the City made available about \$13.8 million to meet the Berkeley's housing and community development needs, down from \$19.5 million a year ago. The federal government contributed nearly 69 percent of this amount through its formula-entitlement grants to Berkeley and other smaller federal sources; the state contributed about \$200,000 in HELP funds committed to acquiring property (or about 1.4 percent) as shown below; and the City of Berkeley contributed the remaining 29.7 percent, or about \$4.1 million of the resources available to Berkeley in PY 2005. 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 22 Housing and Community Development Resources Program Year 2005	
Federal Resources (CDBG, HOME, ESG, CSBG Total – includes carryover)	
PY 2005 CDBG entitlement and program income:	3,699,315
CDBG carryover (for completion of Projects funded with prior years' funds)	\$1,315,817
PY 2005 HOME Program:	1,367,450
PY 2005 ESG:	141,945
PY 2004 HOME and ESG carryover	163,333
CSBG (administered by the State)	173,556
Federal Energy Assistance Programs (estimated)	531,975
Shelter Plus Care (estimated)	2,145,798
Federal Resources Total	\$9,539,189
Local Funds	
Childcare	570,112
Community Media	195,000
Disability Programs	213,855
Employment Training	47,000
Health	265,380
Homeless Services	1,413,628
Legal/Advocacy	34,047
Other Community Development (animal rescue, community mediation, community gardening, nutrition and meals)	198,477
Recreation	82,400
Seniors	85,734

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Table 22	
Housing and Community Development Resources	
Program Year 2005	
Federal Resources (CDBG, HOME, ESG, CSBG Total – includes carryover)	
Youth	784,672
Total, Local Housing and Community Development Allocations, FY 2006	3,890,305
General Funds to Alameda County for operation of the Alameda County-wide Continuum of Care Council	12,545
Rent Stabilization Board funds to Community Agencies for eviction counseling and tenant assistance services	195,500
Local Funds Total	\$4,098,350
State & Other Programs	
State HELP Monies committed	200,000
State & Other Programs Total	\$200,000
Grand TOTAL, All Resources	\$13,837,539
Source: City of Berkeley Housing Department.	

2. Resources Available for Housing

About \$2.1 million was made available to and through Berkeley’s housing programs during PY 2005, including CDBG, and its Housing Trust Fund sources (see Table 23). This total includes 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 does not include rental subsidies given under the Section 8 Tenant Subsidy Program, Shelter Plus Care, or the low income public housing program.

Table 23		
Funding Available for Housing by City of Berkeley Program		
PY 2005		
Source	Amount	Administering Entity/Comments
CDBG Program	\$3,288,041	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; also includes program income to housing activities and PY 2004 housing-related carryover.
Housing Trust Fund	\$1,789,137	Administered by the City’s Housing Services Division. Includes HOME, General Funds, Housing Mitigation, and Redevelopment monies, and loan payment revenues. Funding reservations were also made from anticipated HOME entitlement grants in coming years, for which Berkeley's Consolidated Plan was amended.

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Table 23		
Funding Available for Housing by City of Berkeley Program		
PY 2005		
Source	Amount	Administering Entity/Comments
HELP	\$200,000	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	\$125,600	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.
Grand Total	\$5,402,778	

Source: City of Berkeley Housing Department.

3. Resources for Services to Persons with Special Needs

Table 24 indicates that about \$7.1 million was made available in federal and local funds for services for those with special needs, including those who are homeless, of which \$3.3 million was from federal sources (down from \$3.6 million last year) and nearly \$3.8 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.

Table 24		
Funds Available to the City of Berkeley in PY 2005		
For Services to Persons with Special Needs and Those Who are Homeless		
Funding	Amount	Administering Agency/Comment
CDBG	\$641,438	PPMB Division. Activities include Disability, homeless, health, legal/advocacy, seniors, and youth services from Community Agency budget.
ESG	128,245	PPMB Division - includes Family Violence Law center homelessness prevention activities (included below).
Community Services Block Grant	173,556	Allocated to BOSS MASC and Harrison House operations.
Shelter Plus Care services	2,402,568	Service match leveraged for all four grants, PY 2005.
Total Federal Funds Available	\$3,345,807	
General Funds in connection w/ CSBG	\$2,721,385	PPMB Division. Activities include Disability, homeless, health, legal/advocacy, seniors, and youth services from Community Agency budget.
Homeless Prevention Programs	\$137,026	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
Total Local Sources	\$3,770,205	
Total All Sources	\$7,116,012	

Source: City of Berkeley Housing Department.

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4. Civil Rights Program Narrative

Table 25 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 includes tenant-based rental assistance strategies such as the Section 8 Housing Choice Voucher Program and the Shelter Plus Care Program.

Table 25			
City of Berkeley Civil Rights Program Activities Funded by CDBG, Other Federal Funds, and Local Funding Sources			
Program Year 2005			
Agency	Description	PY 2005 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	Local Funds (recycled)
Center for Independent Living	Residential Access Project for the Disabled	\$142,675	CDBG
Section 8 Housing Choice Voucher Program	Tenant-based housing assistance	\$21,137,335	Other HUD funding
Shelter Plus Care Program	Tenant-based housing assistance linked to supportive services	\$2,145,798	Other HUD funding
Alameda County Homeless Action Center	SSI advocacy	\$55,202	Local General Funds
City of Berkeley/Housing Department	Relocation Services to prevent displacement	\$112,960	CDBG
Eden Council for Hope and Opportunity, Inc.	Operates Berkeley's Homelessness Prevention Program	\$35,684	CDBG
Eden Council for Hope and Opportunity, Inc.	Subsidy funds	\$125,600	Local General Funds
City of Berkeley Rent Stabilization Board	Eviction Control Ordinance Administration (estimated)	\$450,000	Local Registration Fees
Subtotal, Local Funding Sources		\$880,802	
Subtotal, CDBG Funds		\$345,954	
Subtotal, Other HUD funding		\$23,283,133	
Total Funding for Civil Rights Program in PY 2005 =		\$24,509,889	

Source: City of Berkeley Housing Department.

C. Expenditures and Use of Funds

1. ESG Program

The City of Berkeley expended \$122,733 for PY 2005 from its Emergency Shelter Grant, drawing down 73.7 percent of the City's entitlement allocation. Available funding for expenditure during PY 2005 included the entitlement of \$166,364.

Activity	Use of Funds
Harrison House Improvements – BOSS	\$0
Harrison House Community Recovery Program - BOSS	\$10,126
BFHP Quarter Meal	\$32,458
Family Violence and Homelessness Prevention	\$42,584
Homeless Management Information Systems	\$6,446
BFHP Homeless Shelter Program	\$24,419
Program Planning and Administration – Admin costs	\$6,700
Total Expenditures, PY 2005	\$122,733

Source: City of Berkeley Housing Department.

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.

HOME Program Activity	Use of Funds
PY 2005 HOME Monies into the HTF	\$1,287,442
PY 2005 HOME Program Administration	(128,744)
PY 2005 Loan Repayments	139,183
Total HOME Program Resources Available in PY 2005	\$1,297,881
Reservation of PY 2005 HOME Funds	
2200 block Fulton Street - Oxford Plaza/Brower Center (reserved during PY 2004)	1,046,100
Total HOME Reservations, PY 2005	\$1,046,100
Net Position of HOME Funds during PY 2005 (Resources Available less Reservations)	\$251,781

Source: IDIS; City of Berkeley Housing Department.

2. HOME Program

Table 27 presents the net position of the City of Berkeley's HOME program funds and activities. In PY 2005, Berkeley had \$1,287,442 available from its formula grant, including

funds for program administration (10 percent of the City's entitlement grant allowed by HOME regulations), and \$139,183 in funds from loan repayments to the Housing Trust Fund (and allocated to HOME). One project received a reservation from the HTF program in PY 2004 for PY 2005 funds totaling just over \$1 million. The net position of the City's HOME funds is estimated to be \$251,781 in PY 2005, reflecting the fact that the City in past years reserved future HOME funds to current projects. This position is expected to relax by the start of PY 2007.

D. Other Federal Formula Grant Program Requirements

1. HOME Program Requirements

CHDO Set-Aside. Berkeley met its 15-percent (\$205,118) Community Housing Development Organization (CHDO) set-aside requirement by allocating \$1,078,460 to AHA, Inc. and Resources for Community Development for their Ashby Lofts and Oxford Plaza projects, respectively.

HOME Match. IDIS report C04PR33 (Attachment I) shows the 2005 match requirement (25 percent) to be \$409,213 based on disbursements requiring match during the year of \$1,636,852. The City of Berkeley entered the year with excess match carried over from previous years of \$2,888,007. After the match requirement for 2005 was satisfied there remained excess match of \$2,478,794.

HOME Loan Repayments. In PY 2005 a total of \$154,646 was received in HOME program income and reported in IDIS.

Use of Minority and Women Business Enterprises (MWBE). Minority and women-owned contractors were used in projects of the City of Berkeley Seniors and Disabled Home Improvement Loan Program and on rehabilitation work on the McKinley Family Transitional Housing during PY 2005.

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 2005, 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. No units that had received HOME funding in the past were inspected in PY 2005.

2. ESG Program Match Requirement

The ESG award of \$141,945 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 \$140,324 to the Multi-Agency Service Center operated by BOSS in PY 2004.

E. Pattern of Investments

Berkeley's pattern of investments did not change significantly in PY 2005 in the aggregate, but in attempting to maintain services with falling federal, state, and local funds, the City of Berkeley responded by restructuring how certain services were paid for, and eliminated funds for agencies that performed inadequately. At all times, the City of Berkeley and its advisory commissions (the Housing Advisory, Homeless, and Human Welfare and Community Action commissions) focused on assisting those who are homeless, low income, and have special needs in the midst of making difficult funding decisions. 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 2005 Annual Action Plan. The pattern of investment also emphasized coordination between agencies and 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. However, the City of Berkeley, with leadership from the Housing Advisory Commission and Planning Commission, has revised its condominium conversion and inclusionary housing ordinances to encourage greater access to homeownership and affordable rental housing opportunities for low-income sitting tenants and residents of Berkeley.