



Office of the City Manager

SUPPLEMENTAL AGENDA MATERIAL

Meeting Date: March 28, 2017

Item Number: 32

Item Description: Acquisition of Real Property at 1001 University Avenue, 1007 University Avenue, 1011 University Avenue, and 1925 Ninth Street

Submitted by: Jovan Grogan, Deputy City Manager
Phillip Harrington, Director of Public Works

This supplement to the staff report provides a preliminary repayment schedule of the \$6,650,000 to acquire the subject property. The repayment schedule will be presented to the City's Housing Advisory Commission and finalized by the City Council with the upcoming biennial budget for FY 2017-18 and FY 2018-19.

As noted in the staff report, the City has expressed interest in purchasing three parcels along University Avenue between Ninth and Tenth streets. The City's long-term vision for the property includes redeveloping the majority of the site for below market rate housing. Additionally, there are potential interim uses for portions of the property. Depending on the development program and the availability of funding, staff estimates that interim uses for two of the existing buildings (1001 and 1011 University Avenue) can occur for 5-10 years.

One interim use that the City is currently exploring involves using the ground floor of the building located at 1011 University Avenue for an interim City Council Chamber. This area was a showroom for prior property owner (Premier Cru) and can be converted to an interim Council Chamber with a seating capacity of 150-200 persons. Doing so will allow the City to cease having public meetings in Old City Hall (2134 Martin Luther King Jr. Way), which is in need of seismic upgrades. Meetings of the City Council, the Rent Board, and the Zoning Adjustments Board would utilize the interim Council Chamber.

The staff report states that, "the City intends to fund the entire \$6,650,000 purchase price from Workers' Compensation Fund 875, and repayment to the Workers' Compensation Fund will be made with revenue generated from a combination of the Business License Tax of five or more units (U1) and excess Property Transfer Tax."

In the following repayment schedule, staff proposes a 5-year payback of funds to the Workers' Compensation Fund 875 with interest¹. The proposal utilizes \$2 million (30% of the purchase price) from General Fund excess Property Transfer Tax and \$4.650 million (70% of the purchase price) from Measure U1 revenue (the recent voter-approved increase in business license tax on rental buildings of five or more units).

Proposed Repayment Schedule

Summary of Proposed Funds for Repayment

Total Purchase Price: \$6,650,000

Repayment Source	Principal Repayment Amount	Percent of Purchase Price
General Fund Excess Property Transfer Tax	\$ 2,000,000	30%
Measure U1 Business Tax Revenue	\$ 4,650,000	70%

Annual Repayment Amounts by Source (with interest)

Total Repayment Amount: \$6,765,575

Repayment Source	General Fund Excess Property Transfer Tax*	Measure U1 Business Tax Revenue**
FY 2017-18	406,952	946,163
FY 2018-19	406,952	946,163
FY 2019-20	406,952	946,163
FY 2020-21	406,952	946,163
FY 2021-22	406,952	946,163
Total	\$2,034,760	\$4,730,815

* Total General Fund excess Property Transfer Tax has averaged \$5.8 million over the last two years.

** Total Measure U1 Business Tax revenue is estimated at \$3 million annually.

It is important to note that the sources of repayment and the amounts from each funding source are subject to change. Staff will submit the above repayment plan to the Housing Advisory Commission, as that Commission is charged with making funding recommendations to increase affordable housing and protect Berkeley residents from homelessness. Subsequently, on or before June 30, 2017, the City Council will be asked to adopt a final repayment schedule that will be included in the biennial budget for FY 2017-18 and FY 2018-19.

¹ Staff uses the State of California Local Agency Investment Fund (LAIF) rate for the loan repayment. Current LAIF rates are 0.68%.