



Office of the City Manager

CONSENT CALENDAR
July 11, 2017

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Paul Buddenhagen, Director, Health, Housing & Community Services
 Subject: Housing Trust Fund Recommendation – Harper Crossing

RECOMMENDATION

Adopt a Resolution:

1. Approving a Housing Trust Fund (HTF) reservation for Satellite Affordable Housing Associates' Harper Crossing in the amount of \$285,464.
2. Authorizing the City Manager to execute all original or amended documents or agreements to effectuate this action.

FISCAL IMPACTS OF RECOMMENDATION

The HTF balance is currently approximately \$3.6 million. If the Council approves funding SAHA, there will be approximately \$3.3 million remaining. If Council approves SAHA's request as well as Northern California Land Trust's request for \$569,692, also up for consideration on tonight's agenda, the available balance will be approximately \$2.75 million.

CURRENT SITUATION AND ITS EFFECTS

At its June 1, 2017 meeting, the Housing Advisory Commission supported the staff and HAC HTF Subcommittee recommendation to fund Harper Crossing at the requested amount. (M/S/C: Slaughter/Martinucci) Vote: Ayes: Amezcua, Johnson, Lewis, Lord, Martinucci, Slaughter, Tregub, and Vasquez. Noes: None. Abstain: None. Absent: None. Recused: Wolfe.

This request for development funding is eligible for consideration outside of a competitive funding cycle. Harper Crossing, a Satellite Affordable Housing Associates (SAHA) project, was previously funded by the City (through a competitive process) and is nearing completion. SAHA requested that the City increase its existing development loan by \$285,464 to account for increases in construction costs caused by project delays.

Harper Crossing is a 42-unit senior housing development that started construction in December 2015 and is expected to be completed by June 2017. The HTF guidelines allow the City to consider development funding outside an RFP round if other funds are at risk, which is the case for Harper Crossing. Heavy winter rains, in addition to initial delays in treating soils, delayed the project completion by about 4 months. SAHA has requested an additional \$285,464 for increased costs resulting from project delays. The

additional City funds would help SAHA clear all the liens on the project by February 2018 to meet a state financing deadline.

BACKGROUND

Of the additional \$285,464 requested, the largest single item is a construction contract increase for general conditions (the cost to keep the contractor mobilized every month) for the added four months. The next largest items are added time in the architect (\$19K) and site security (\$14K) contracts. The other costs are also for additional time in service contracts: construction inspections, insurance during construction, third party monitoring, construction project manager, and third party prevailing wage monitoring. These are typical costs for a project like this one, and SAHA has worked through the construction process to contain costs.

The City has invested \$3.8M in the project already—a loan of \$1.8M and a land contribution valued at \$1.9M. The proposed funds would increase the City's contribution to the new construction project from \$92K per unit to \$99K per unit. By comparison, this is well under the \$250K+ in city funds per unit cited by San Francisco and in Oakland's housing plan. It would increase the City's investment in the project from 21% to 22% of the \$18M total development cost, within the HTF limit of 40%. Due to cost increases, the total development cost would increase from \$428K per unit to \$435K per unit, still within the \$500K+ per unit that is common and rising for affordable housing construction in Alameda County.

ENVIRONMENTAL SUSTAINABILITY

Harper Crossing was designed to achieve GreenPoint Rated Gold status, and to exceed Title 24 Energy Code standards by 30%. The project is in a walkable area, directly across from Ashby BART station.

RATIONALE FOR RECOMMENDATION

Harper Crossing helps meet several community objectives, by providing affordable senior housing near high-quality transit, including eight apartments affordable to seniors with extremely low incomes. The City initiated the Harper Crossing project with a Request for Proposals for the site in 2012 after obtaining the site in the foreclosure of a previously funded affordable housing development. The project's state funds will be at risk if property liens are not cleared before the February 2018 deadline. The City's additional support could enable SAHA to pay its final construction payment on time, and prevent a property lien.

ALTERNATIVE ACTIONS CONSIDERED

None.

CONTACT PERSON

Jenny Wyant, Community Development Project Coordinator, HHCS, 510-981-5228

Attachments:

1: Resolution

RESOLUTION NO. ##,###-N.S.

APPROVAL OF HOUSING TRUST FUND RESERVATION FOR HARPER CROSSING

WHEREAS, the City Council established a Housing Trust Fund Program (HTF) to assist in the development and expansion of housing affordable to low and moderate income persons who either work or reside within the City of Berkeley, and authorized the City Manager to implement the Program; and

WHEREAS, there is a great need for affordable and special needs housing in the City of Berkeley as stated in the General Plan Housing Element and the City of Berkeley's Consolidated Plan; and

WHEREAS, the HTF Guidelines allow the City to consider development funding outside an RFP round if other project funds are at risk; and

WHEREAS, the City has invested \$3.8 million in Harper Crossing, a senior housing project developed by Satellite Affordable Housing Associates (SAHA); and

WHEREAS, in May 2017, SAHA requested \$285,464 in additional funds for Harper Crossing due to cost overruns caused by project delays; and

WHEREAS, at its June 1, 2017 meeting, the Housing Advisory Commission approved a motion recommending an HTF funding reservation for Harper Crossing; and

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it approves an HTF funding reservation for Satellite Affordable Housing Associates' Harper Crossing, for \$285,464 for increased costs associated with project delays, to be added by amendment to the project's existing Housing Trust Fund loan.

BE IT FURTHER RESOLVED that all funding reservations are conditioned upon the completion of the environmental review process, except as authorized by 24 CFR, Part 58, and that should HOME and/or CDBG funds constitute a portion of the funding for any project, a final commitment of HOME and/or CDBG funds shall occur only upon the satisfactory completion of the appropriate level of environmental review and also upon the receipt of approval of the request for release of funds and related certification from the U.S. Department of Housing and Urban Development, when applicable. The funding reservation for any of the HOME and/or CDBG funded projects is conditioned upon the City of Berkeley's determination to proceed with, modify, or cancel the project based on the results of subsequent environmental review under the National Environmental Policy Act.

BE IT FURTHER RESOLVED the City Manager, or her designee, is hereby authorized to execute all original or amended documents or agreements to effectuate this action; a signed copy of said documents, agreements and any amendments will be kept on file in the Office of City Clerk.

