

**SOPHIE HAHN**

Berkeley City Council, District 5
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ACTION CALENDAR
 January 30, 2018

To: Honorable Mayor and Members of the City Council
 From: Councilmember Sophie Hahn, Mayor Jesse Arreguín, and
 Councilmembers Linda Maio and Kate Harrison
 Subject: Direction and Referral to the City Manager Regarding “Premier Cru”
 Property

RECOMMENDATION

1. Adopt a Resolution re-affirming that the Premier Cru property (Real Property at 1001, 1007 and 1011 University Avenue and at 1925 Ninth Street, collectively) was purchased for and will be used by the City of Berkeley to develop affordable housing.
2. Refer to the City Manager to take the following actions to initiate the process of developing Affordable Housing at Premier Cru, and report back to Council at or before the June 12, 2018 Council Meeting:
 - a. Create a preliminary term sheet outlining the full development potential of the parcel, including maximum allowable parcel buildout with a density bonus, either as a single or two/multi-phased project. Include rough estimates of number of units possible, allowing for a mix of unit sizes from small studios to multi-bedroom family units and space for anticipated on-site services, and demonstrate possible massing options that would maximize height on the San Pablo and other commercial frontages. Explain the status of the historic central building at 1007 University Ave and consider possible use or adaptation that preserves the building and conforms to historic preservation standards.
 - b. Provide an estimated timeline for development of the site.
3. The Berkeley Way Affordable Housing Project is the City’s top affordable housing priority. Premier Cru, as a City property, to be developed for affordable housing falls under the “High Priority” on the list of housing initiatives passed by Council on November 28, 2017. In light of the above, refer to the City Manager to take the following actions to move Premier Cru forward as a High Priority initiative:
 - a. Based on recommendations from Health, Housing and Community Services and other Departments, the Housing Advisory Commission, and on

- consultation with local affordable housing providers, and taking into consideration requirements and restrictions associated with potential funding sources, create a recommendation or recommendations to Council regarding levels of affordability, unit sizes, on-site services and other features to be included in the proposed project or projects.
- b. Based on the above analyses and recommendations, and on Council direction, develop and issue an RFQ or RFP to affordable housing developers for proposals to develop affordable housing at the site.
4. Provide direction to the City Manager on appropriate interim uses for the property during the planning, funding and approvals process for affordable housing, until the property must be vacated to commence development of affordable housing.

FINANCIAL IMPLICATIONS

Staff time to analyze the parcel, prepare reports and conceptual designs and to issue and review the RFQ. Potential costs or benefits to the city could occur in the future, depending on interim uses and necessary expenditures to fund and maintain affordable housing.

BACKGROUND

Due to unusually rapid jobs growth in the Bay Area, Berkeley, like all Bay Area cities, is experiencing a crisis of affordability, resulting in displacement of low and middle income residents and an increase in homelessness. While the pressures precipitating this crisis are regional in nature, Berkeley is committed to increasing affordable housing to ensure the City retains its working families, diversity and creativity, and to house the homeless.

Numerous measures have been undertaken in recent years to address the crisis of affordability. The City Council has also taken steps to prioritize affordable housing projects through expedited permitting, fee waivers, and removing other barriers to rapid development of affordable housing. Specifically, on November 28, 2017, Council approved a prioritized list of over 20 Affordable Housing Action Plan referrals and adopted an interdepartmental implementation plan to execute these referrals¹.

In accordance with General Plan Policy H-18, which encourages the use of city-owned sites for affordable housing, the City is also exploring the repurposing of existing city property and the purchase of additional properties suitable for affordable housing. On March 28, 2017², the City Council authorized the acquisition of Real Property at 1001, 1007, and 1011 University Avenue, and 1925 Ninth Street (the "Premier Cru" property) in pursuit of this goal. These parcels were acquired with monies available from the Workers' Compensations Fund. Repayment to the Fund for a portion of the property will be paid from excess property transfer tax, and the remainder will be paid from an

¹ https://www.cityofberkeley.info/Clerk/City_Council/2017/11_Nov/Documents/11-28_Annotated.aspx Item 22 as amended, pages 8 - 10

² https://www.cityofberkeley.info/Clerk/City_Council/2017/03_Mar/Documents/2017-03-28_Item_32_Acquisition_of_Real_Property.aspx

appropriate source after the use of the building is determined and has been reviewed by the Housing Advisory Commission, if required.³

Developing, funding and building affordable housing takes time. This item provides direction to the City Manager to initiate the first steps required to begin developing the property for its intended affordable housing use. In addition, while the affordable housing development process is in progress, the City should use the vacant property to house temporary uses that support Council priorities. This item asks Council to provide direction to the City Manager, defining acceptable interim uses of the space and empowering the City Manager to move forward in selecting and contracting with potential temporary occupants.

Planning for Affordable Housing

It is imperative that the full development potential of this parcel be explored so that affordable housing can be maximized. Through a detailed analysis, report, and schematic drawings, Council, affordable housing developers and the public will understand the maximum allowable parcel buildout. This analysis should consider, but is not limited to, the following elements:

- Sketch scenarios for development as a single project or as a two/multi-phase project;
- Assume the project or projects will be entitled to the state density bonus and include additional units in accordance with BMC § 23C.12.050;
- Suggest percentages of units at various levels of affordability, taking into account local needs, financing opportunities and constraints, and all other relevant factors;
- Propose one or more mixes of units, from small studios to multi-bedroom units designed for larger families;
- Estimate a timeline for rapid development of the parcel in one, two or more phases, to expedite development of much needed affordable housing.

Issuing a Request for Quotation (RFQ)

The City has in the past dedicated city-owned property expressly for the purpose of developing affordable housing (including the Berkeley Way Project), and has issued RFPs or RFQs to affordable housing developers as an early step in the development process. Subsequent to the preparation of the above reports, and based on City Council's further direction, the City should issue an RFQ or RFP to affordable housing developers to provide preliminary/schematic proposals for the site.

Discussion of Appropriate Interim Uses

Council should discuss and provide direction to the City Manager regarding potential interim uses for 1011 University Avenue. A number of formal and informal proposals have come forward and should be considered, as well as other possibilities. Ideas to consider include, but are not limited to:

³ https://www.cityofberkeley.info/Clerk/City_Council/2017/03_Mar/Documents/03-28_Regular_Annotated_Agenda.aspx, Item 32 as amended, page 13

- Providing temporary free or low cost space for not-for-profit, community based organizational partners, as a means of supporting their work in the community and allowing them to build capacity and/or find alternative space from which to operate on a permanent basis (e.g., Berkeley Food Network, Berkeley Free Clinic, etc.);
- Housing regular or new City of Berkeley uses on a temporary/interim basis, while other buildings are being identified or upgraded for long term use, or housing temporary/short term uses such as winter shelters;
- Renting a portion or all of the facility at market rates to not-for-profits or businesses on a temporary basis;
- Otherwise generating revenues or housing important community or City functions.

ENVIRONMENTAL SUSTAINABILITY

This recommendation supports Berkeley's environmental sustainability goals.

CONTACT PERSON

Councilmember Sophie Hahn, Council District 5, (510) 981-7150

ATTACHMENTS

1. Resolution

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

REAFFIRMING THAT THE PREMIER CRU PROPERTY WAS PURCHASED AND WILL BE USED BY THE CITY OF BERKELEY FOR THE PURPOSE OF DEVELOPING AFFORDABLE HOUSING

WHEREAS, Berkeley and all Bay Area cities are experiencing a crisis of affordability due to unusually rapid regional job growth, resulting in displacement of low and middle income residents and an increase in homelessness; and

WHEREAS, Berkeley is committed to increasing affordable housing to ensure the City retains its working families, diversity and creativity; and

WHEREAS, on March 28, 2017, the City Council authorized the acquisition of Real Property at 1001, 1007, and 1011 University Avenue and at 1925 Ninth Street (collectively, "Premier Cru") to be used for affordable housing, in accordance with General Plan Policy H-18, which encourages the use of city-owned sites for affordable housing; and

WHEREAS, the City of Berkeley may engage to use portions or all of the Premier Cru property on an interim basis, to support city or community goals and/or to generate income, and such interim uses shall be temporary until such time as the property must be vacated to build affordable housing.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that Premier Cru was purchased for and will be used by the City of Berkeley to develop affordable housing.

BE IT FURTHER RESOLVED that development of the Premier Cru property as affordable housing is a "High Priority" within the context of the list of housing initiatives passed by Council on November 28, 2017.

BE IT FURTHER RESOLVED that interim uses will be temporary and will end prior to such time as the Premier Cru property must be vacated for development of affordable housing.

