



Kate Harrison
Councilmember District 4

REVISED AGENDA MATERIAL for Supplemental Packet 1

Meeting Date: April 3, 2018

Item Number: 10

Item Description: Allocating \$50,000 to the Bay Area Community Land Trust for the Small Sites Program

Submitted by: Councilmember Harrison

Adding Councilmember Bartlett as a co-sponsor to the item.



Kate Harrison
Councilmember District 4

CONSENT CALENDAR
April 3, 2018

To: Honorable Mayor and Members of the City Council
From: Councilmembers Harrison, Maio, ~~and~~ Hahn, and Bartlett
Subject: Adopt a Resolution allocating \$50,000 to the Bay Area Community Land Trust for the Small Sites Program

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to increase the City's contract with the Bay Area Community Land Trust (BACLT) by \$50,000 to enable BACLT to hire an additional half-time staff person to work on locating appropriate small properties for conversion from rental to limited-equity cooperatives and assisting the residents in the conversion process. Funds would be appropriated from the \$1,000,000 Council set aside for the Small Sites Program.

FINANCIAL IMPLICATIONS

\$50,000 from the Small Sites Program set-aside. This would increase the contract with BACLT to approximately \$55,000. This cost is less than were the City to hire a half-time staff person to administer the program.

BACKGROUND

In the USA, only our wealthiest citizens have access to the benefits of homeownership. Tens of millions of middle- and low-income individuals participate instead in a rental market growing less and less affordable by the day. This crisis operates both regionally and nationally, and the City of Berkeley, as a municipality, is limited in its capacity to make a dent in a crisis of such scope.

This does not imply the City itself is powerless. Berkeley is pursuing a Small Sites Program, under which properties can be purchased and set aside as affordable housing in perpetuity. One effective, if limited, approach to acquiring small sites is through community land-trust supported co-op conversion, under which tenants themselves own the property.

Bay Area Community Land Trust (BACLT) requested funding for a cooperative housing conversion project last year through the normal community agency funding process but was turned down on the grounds that the Small Sites Program had not yet been established. This request should now be reconsidered. Council formally made the Small Sites program a top priority and proposed a priority for "creation of limited- and non-equity cooperatives affiliated

with a democratic community land trust.” Council set aside funding of \$1,000,000 from the first-year proceeds of the Measure U1 tax increase for the program and this funding has now been received. If Council commits funding for BACLТ to hire an additional part-time staff person, the BACLТ can move immediately to undertake this program, as described below.

Through approximately 2010, the City provided funding for staff to several community housing organizations, including Resources for Community Development and Affordable Housing Associates when they were similar in size to the BACLТ, enabling them to grow into the substantial, self-supporting organizations they have now become.

Mission and Structure of the BACLТ

BACLТ creates permanently affordable, limited equity, cooperatively owned and resident controlled housing in the East Bay Area; provides education, training and technical assistance for housing cooperatives and the community at large; and works to establish elder-friendly, diverse, multigenerational communities. BACLТ is the only organization in the East Bay that specializes in limited-equity co-ops and is the only affordable housing organization in the East Bay that is accountable to the community through an elected board, with representation from member co-ops.

BACLТ currently owns all or part of the land under two affiliated cooperatives with five and three units, and owns an eleven-unit property that is resident-managed and in transition to full cooperative status. BACLТ is also working with the McGee Avenue Baptist Church to renovate eight vacant church-owned apartments and restore them to use. BACLТ provides ongoing support and training to both its affiliated cooperatives and to several Berkeley limited and non-equity cooperatives and collective households that are not affiliated with a land trust.

The BACLТ governing Board of Directors is elected by the membership and includes representatives of the residents of affiliated properties. The Executive Director and sole paid staff of the BACLТ, has thirty years of experience in developing and rehabilitating housing, in coop conversion and in ongoing coop education and support. Along with representatives from affiliated properties, the Board of Directors includes several public interest representatives with a strong background in housing financing, construction, inspection and non-profit management.

BACLТ Role in the Small Sites Program

The City Council has allocated \$1,000,000 to the Small Sites Acquisition Program, and City staff is currently developing guidelines for this program. The

Bay Area Community Land Trust will focus on properties with 5–25 units where a core group tenants would like assistance in purchasing the property and turning it into a limited-equity cooperative.

BACLT provides invaluable experience organizing and educating tenants on the detail-oriented and arduous process of converting their domicile into a cooperative land trust. They work with City staff and neighborhood organizations to locate buildings with long-term tenants; they oversee inspections of the buildings to determine condition and cost of renovations; they provide ongoing coop education and technical assistance to the residents. Generally, they provide institutional knowledge and know-how to a process otherwise unfamiliar to a City agency.

Earlier City coordination with and funding for non-profit housing developers such as SAHA and RCD allowed those organizations to grow to be self-sustaining. The objective is to generate developer fees as well as land fees from additional coops in order for BACLT to join SAHA and RCD as self-sustaining organizations.

Importance of Cooperative Conversion to the Feasibility of the Small Sites Program

The majority of Berkeley's rent stabilized housing stock is in buildings with 15 units or less. Most non-profit housing developers focus on properties with more than 20 units as these properties cost less per unit to centrally operate and maintain than smaller properties. Alternatively, cooperative ownership and other forms of resident control enable the residents to gain skills and take on management responsibilities as homeowners in smaller buildings. This reduces the monetary cost of operation and is the only way to ensure that affordable housing can remain present in the many neighborhoods in Berkeley that are not zoned to allow larger rental properties.

Berkeley's smaller and older rental housing includes buildings where a significant percentage of the units are occupied by long-term low-income tenants who have controlled rents far below current market levels. Over time, many units in these buildings have been left vacant; there are now over 200 vacant units in rent controlled buildings with between five and twenty-five units. These buildings are likely, if not converted to cooperative ownership, to be eventually sold on the open market and their affordability lost.

Many of these tenants have a deep commitment to their neighborhoods and would be interested in cooperative ownership by the residents. Such buildings typically have a mix of income levels, from extremely low to moderate, and have a significant minority population. In addition, some owners of small rental properties form strong positive relations with their long-term tenants and may be willing to consider sale of such a property to the tenants at its current value,

rather than at the speculative prices typical for rental properties currently advertised on the market.

The Berkeley Rent Stabilization Program has the ability to locate buildings with relatively high proportions of long-term tenants and has the addresses of all tenants in these buildings. Working through the Rent Board, tenants in the target population of properties and the building owners can be notified of the potential for cooperative conversion through the Small Sites Program. The BACLТ will also do outreach to neighborhood organizations, such as the Friends of Adeline, to ask for their assistance in locating interested tenants and helping them organize. BACLТ also has a large membership base that lives in the community. Having 'eyes and ears' in the community to help locate appropriate projects will be critical to program success.

Importance of a Community Land Trust to Cooperative Conversion

Co-ops provide their residents with valuable experience in both democratic participation and property management. Both of these require education and ongoing technical support because management is more complex than in a single-family home. Education on democratic group decision-making is necessary and residents often need help locating professional assistance, such as skilled maintenance and repair people and financial planners. The BACLТ is experienced in providing technical assistance and education in the necessary areas. This process of education and technical assistance is necessary up front, to ensure that tenants who would like to become owners fully understand what they are taking on.

This cooperative housing conversion program will take time to implement. Working with the community, with current tenants and with owners who have not yet decided to put a property on the market is not as easy as simply buying property currently offered for sale, usually at speculative prices, but the end result will be far more satisfactory. In order to get underway in a timely fashion, now that the City has received funds from the Measure U1 tax increase, the BACLТ needs a commitment of funds so that it can engage in a hiring process for a qualified half-time project manager as soon as possible.

ENVIRONMENTAL SUSTAINABILITY

Conversion of investor-owned rental housing to cooperative ownership with the land held by a land trust improves social equity, prevents displacement and gentrification and preserves the existing housing stock. The Bay Area Community Land Trust has developed educational materials to assist housing cooperatives increase their environmental sustainability and actively works to encourage such actions. (See www.baclt.org/docs/green_living_in_housing_co-ops.pdf)

CONTACT PERSON

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Attachments:

1: Resolution Allocating \$50,000 to the Bay Area Community Land Trust for the Small Sites Program

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

Allocating \$50,000 to the Bay Area Community Land Trust for the Small Sites Program

WHEREAS, the City Council desires to preserve and improve housing affordability in smaller multi-family properties; and

WHEREAS, the City Council also desires to create opportunities for homeownership and democratic participation through limited-equity housing cooperatives; and

WHEREAS, these objectives are well met through affiliation of the cooperative housing with a democratic community land trust; and

WHEREAS, a sole source contract is appropriate because the Bay Area Community Land Trust is the only democratic Community Land Trust ("CLT") in the East Bay as defined under the 1992 Housing and Community Development Act Section 212 and the only CLT working to establish and support housing cooperatives in Berkeley; and

WHEREAS, the Small Sites Program is the appropriate City program for jointly meeting these objectives; and

WHEREAS, the City Council has set aside \$1,000,000 for the Small Sites Program from Measure U1 funds; and

WHEREAS, the City of Berkeley has a history of providing financial support to local housing organizations to help them implement City programs and grow into self-sufficiency; and

WHEREAS, in order to get this program underway expeditiously, now that funding has been received through the Measure U1 tax increase, the Bay Area Community Land Trust needs a commitment of City funds to hire additional staff to carry out the proposed Cooperative Conversion program as a means to implement the Small Sites Program;

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to increase the City contract with the Bay Area Community Land Trust by \$50,000.