



Councilmember Ben Bartlett

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CONSENT CALENDAR

April 23rd, 2019

To: Honorable Mayor and Members of the City Council
 From: Councilmember Ben Bartlett and Mayor Jesse Arreguin
 Subject: U1 Funds for Predevelopment Costs of Proposed Development at 2001 Ashby Avenue

RECOMMENDATION:

Adopt a Resolution allocating \$368,000 of General Funds from Measure U1 tax receipts to Resources for Community Development (RCD) for predevelopment costs at 2001 Ashby Avenue.

CURRENT SITUATION:

The Housing Trust Fund guidelines allow project sponsors to apply for predevelopment funding at any time, with all recommendations for greater than \$50,000 going to the City Council for consideration.

RCD is proposing approximately 88 units of Affordable Housing at 2001 Ashby Avenue, the current site of the Cooperative Center Federal Credit Union (CCFCU). The development will include a mix of studio, one-, two- and three-bedroom apartments affordable to households at 20% to 80% of area median income. A number of units would be set-aside for a to-be-determined special needs population perhaps people who are homeless. RCD has been using its own predevelopment working capital and staffing since starting the project in 2017. The predevelopment costs RCD requests assistance which include architecture and engineering expenses, related testing, permits and fees, and a purchase deposit to CCFCU, the current site owner. These represent typical predevelopment costs and are reasonable for a project of this size.

In November 2018 RCD submitted an application to the City requesting \$368,000 in predevelopment funds. On December 10, 2018 the Housing Advisory Commission's Housing Trust Fund Subcommittee voted to recommend RCD's predevelopment loan application for \$368,000 for its proposed development at 2001 Ashby. On January 28, 2019 the Housing Advisory Commission (HAC) recommended that the City Council support RCD's predevelopment loan application. At issue is the availability of affordable housing trust fund dollars due to prior commitments to the Berkeley Way project.

BACKGROUND:

CCFCU issued an RFP in April 2017 to select an organization to develop their site at 2001 Ashby and selected Berkeley-based RCD. CCFCU and RCD have entered into a purchase and sale agreement for RCD to acquire the site by November 2019 and build 88 affordable apartments with ground floor commercial space, including space for the

non-profit organization Healthy Black Families. Because CCFCU wishes to sell by fall 2019, RCD is working to gain land use entitlements and complete its due diligence before then.

Measure U1 was passed by voters in November 2016 with the goal of providing \$3 to \$4 Million annually to the Berkeley General Fund. The measure designated the HAC to advise the Council on expenditures to create affordable housing to prevent homelessness. The proposed affordable housing development at 2001 Ashby meets the objectives of Measure U1.

RATIONALE FOR RECOMMENDATION

The City's fund commitment is needed at this time to enable the project to conduct predevelopment activities.

The proposed development for the site includes affordable housing which will benefit the public.

FISCAL IMPACTS OF RECOMMENDATION

RCD has requested \$368,000 from the City for predevelopment activities.

ENVIRONMENTAL SUSTAINABILITY

There are no negative environmental sustainability impacts directly associated with this action, which is for planning, environmental testing, and design activities.

CONTACT PERSON

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

RESERVING \$368,000 IN U1 FUNDS FOR PREDEVELOPMENT COSTS TO RESOURCES FOR COMMUNITY DEVELOPMENT'S PROPOSED DEVELOPMENT OF 2001 ASHBY AVENUE

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 Housing Advisory Commission reviewed the proposal and the staff's analysis on January 28, 2019 and agreed with the staff and Housing Trust Fund subcommittee recommendation to fund predevelopment costs at \$368,000.

WHEREAS, Measure U1 designated the Housing Advisory Commission to advise the Council on expenditures to create affordable housing to prevent homelessness.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it approves the following for RCD's development of 2001 Ashby Avenue:

- A reservation of \$368,000 in U1 Funds for predevelopment costs of the proposed project.

BE IT FURTHER RESOLVED that 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 the City Clerk.

