



Office of the City Manager

CONSENT CALENDAR
January 28, 2020

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Kelly Wallace, Interim Director, Health, Housing & Community Services
 Subject: Jointly Apply for Infill Infrastructure Grant Funding for 1601 Oxford

RECOMMENDATION

Adopt two Resolutions that enable Satellite Affordable Housing Associates to access State of California Infill Infrastructure Grant (IIG) funds for its 1601 Oxford project by:

1. Authorizing the City Manager to prepare and submit a joint application for IIG funds; and
2. Authorizing the City Manager to take actions needed for the City's participation in the IIG program by adopting state-required terms about submitting an application, entering into the State's Standard Agreement and other documents.

FISCAL IMPACTS OF RECOMMENDATION

There are no direct fiscal impacts for being a joint applicant for IIG funds. However, as a joint applicant, the City may share responsibility for completing the affordable housing development. Staff will evaluate the requirements and risks, and if needed, enter into a side agreement with Satellite Affordable Housing Associates (SAHA) or its affiliate to clarify responsibilities and mitigate risk to the City.

CURRENT SITUATION AND ITS EFFECTS

SAHA intends to pursue IIG funds for its 1601 Oxford project, a 35-unit affordable housing development for low-income seniors. The City reserved \$6 million for the project in 2018, and SAHA has been seeking state and local funds to complete the financing package, and secured Alameda County A1 bond funding and state No Place Like Home funding. Housing staff recommend that Council adopt the attached resolutions so the City can support SAHA's IIG application for 1601 Oxford.

The IIG Notice of Funding Availability (NOFA) and final program guidelines were released on October 30, 2019, and include a requirement for developers to apply jointly with a jurisdiction. Applications are due in February. The IIG NOFA did not include specific resolution language, so the attached resolution is based on language required for a joint application for a different state funding program. On December 10, 2019,

Council approved joint applications for IIG to support projects that applied for funding through the 2019 Housing Trust Fund Request for Proposals.

Jointly applying for IIG funds is a Strategic Plan Priority Project, advancing our goal to create affordable housing and housing support service for our most vulnerable community members.

BACKGROUND

IIG promotes infill housing development and funds infrastructure improvements related to site preparation or demolition, utility service, pedestrian and bicycle infrastructure, environmental remediation, and other improvements related to the affordable housing development.

Other state funding programs have required joint applications between the City and developer, and the City submitted successful joint applications for Affordable Housing and Sustainable Communities funds (for Grayson Apartments at 2748 San Pablo) and No Place Like Home funds (for Berkeley Way). Joint applicants are typically required to accept joint liability, but the City and joint applicant may enter into a side agreement that establishes project responsibilities and indemnifies the City. Joint applications also demonstrate the City's commitment to advancing affordable housing locally.

ENVIRONMENTAL SUSTAINABILITY

There are no environmental sustainability effects directly associated with the recommendations in this report.

RATIONALE FOR RECOMMENDATION

Council has identified housing affordability as a critical issue facing the City. Pursuing all available sources of affordable housing funding is consistent with City priorities.

ALTERNATIVE ACTIONS CONSIDERED

The City could decline to jointly apply to the State for housing funds, making 1601 Oxford ineligible for IIG funds unless the County agreed to serve as a joint applicant. This could delay the project and would not be consistent with the City's Strategic Plan goal; it is therefore not recommended.

CONTACT PERSON

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

Attachments:

- 1: Resolution – Joint Application for Infill Infrastructure Funds for 1601 Oxford
- 2: Resolution – Authorization to Participate in the Infill Infrastructure Grant Program

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

JOINT APPLICATION FOR INFILL INFRASTRUCTURE FUNDS FOR 1601 OXFORD

WHEREAS, on October 16, 2018, City Council reserved \$6 million to support the development of 1601 Oxford, Satellite Affordable Housing Associates' (SAHA) affordable housing project for seniors; and

WHEREAS, SAHA indicated an interest in pursuing Infill Infrastructure Grant (IIG) funding from the State of California's Housing and Community Development Department (HCD); and

WHEREAS, on October 30, 2019, HCD released a Notice of Funding Availability and program guidelines for IIG funds, which require applicants to jointly apply for IIG funds with the jurisdiction in which the project is located; and

WHEREAS, the City of Berkeley (City) may be required to accept a portion of the project's liability as a condition of the joint application, though the risk may be mitigated by a side agreement negotiated between the City and SAHA.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it approves the submission of a joint application with SAHA, or SAHA's affiliate for the IIG application in the upcoming round or future IIG funding rounds.

BE IT FURTHER RESOLVED that the City Manager shall work to mitigate risk to the City from serving as a joint applicant, including negotiating an agreement with SAHA regarding mutual responsibilities.

BE IT FURTHER RESOLVED that the City Manager, or her designee, is authorized to execute the IIG Program Application Package and the IIG Program Documents as required by HCD for participation in the IIG program.

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.

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

AUTHORIZATION TO PARTICIPATE IN THE INFILL INFRASTRUCTURE GRANT PROGRAM

WHEREAS, the State of California, Department of Housing and Community Development (“Department”) issued a Notice of Funding Availability for Infill Infrastructure Grant Program funds dated October 30, 2019, as may be amended from time to time, (“NOFA”), under the Infill Infrastructure Grant Program (“IIG” or “Program”) authorized by Assembly Bill 101 (Stats. 2019, ch. 159, § 20) and Part 12.5 (commencing with section 53559) of Division 31 of the Health and Safety Code.

WHEREAS, the NOFA relates to the availability of approximately \$194 million in funds for projects located in Large Jurisdictions under the IIG Program; and

WHEREAS, the City of Berkeley (“City”) is an Eligible Applicant within the meaning of Section 302(j) of the IIG Program Guidelines, dated October 30, 2019 (“Guidelines”).

NOW, THEREFORE, BE IT RESOLVED, that the Council of the City of Berkeley does hereby determine and declare as follows:

SECTION 1. That City is hereby authorized and directed to apply for and if awarded, accept the IIG Program funds, as detailed in the NOFA, up to the amount authorized by the Guidelines and applicable state law.

SECTION 2. That the City Manager, or his or her designee, is hereby authorized and directed to act on behalf of City in connection with an award of IIG Program funds, and to enter into, execute, and deliver any and all documents required or deemed necessary or appropriate to evidence the loan of IIG Program funds, the City’s obligations related thereto, and the Department’s security therefore. These documents may include, but are not limited to, a State of California Standard Agreement (“Standard Agreement”), a regulatory agreement, a promissory note, a deed of trust and security agreement, and any and all other documents required or deemed necessary or appropriate by the Department as security for, evidence of, or pertaining to the IIG Program funds, and all amendments thereto (collectively, the “IIG Program Documents”).

SECTION 3. That City shall be subject to the terms and conditions that are specified in the Standard Agreement; that the application in full is incorporated as part of the Standard Agreement; that any and all activities funded, information provided, and timelines represented in the application are enforceable through the Standard Agreement; and that City will use the IIG Program funds in accordance with the Guidelines, other applicable rules and laws, the IIG Program Documents, and any and all IIG Program requirements.