



Office of the City Manager

CONSENT CALENDAR
July 14, 2020

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Lisa Warhuus, Director, Health, Housing, and Community Services
Subject: Local Housing Trust Fund Application

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to apply for and accept funds from the State of California's Local Housing Trust Fund program in an amount not to exceed \$5,000,000, and to apply such funds to the City's existing funding reservations for affordable housing development at 2001 Ashby Avenue and 2527 San Pablo Avenue via the City's Housing Trust Fund program.

FISCAL IMPACTS OF RECOMMENDATION

The City of Berkeley is eligible to apply for up to \$5,000,000 from the State's competitive Local Housing Trust Fund (LHTF) program. The final award will be decided as part of the competitive application. This funding would be applied to the City's Housing Trust Fund program to fund the City's existing funding reservations for the pipeline projects at 2001 Ashby Avenue and 2527 San Pablo Avenue, reducing the amount of Measure O funds that would be required for each project. As a result, Measure O funds would become available for other housing priority projects if the City receives an award.

CURRENT SITUATION AND ITS EFFECTS

Approving the City's Local Housing Trust Fund application is a Strategic Plan Priority Project, advancing our goal to create affordable housing and housing support service for our most vulnerable community members.

The LHTF is a newly established State funding source to finance new affordable housing construction. The program is administered by the State's Department of Housing and Community Development (HCD). The program is funded by a \$4 billion bond approved by voters in 2018.

The City is eligible to apply for between \$1 million and \$5 million with a one-to-one matching funds requirement. Applications will be scored on several criteria including the source of matching funds (prioritizing sources that do not come from residential projects like the Affordable Housing Mitigation fee), existing local funding commitments, project

readiness, and affordability. There are also points awarded for being a regional Housing Trust Fund.

The City can apply to support two eligible projects in the City's HTF development pipeline: 2001 Ashby and 2527 San Pablo Avenue.

On December 10, 2019, Council committed Measure O funds to these projects, which provides them the best position to meet the scoring criteria due to the funding mix, unit mix, and construction schedule. The City's current local commitments in these projects would potentially be offset by the LHTF award. Since 2001 Ashby is planned to be funded from the second issuance of Measure O bonds, having LHTF funds will free up Measure O funds for the Council's identified second priority for that issuance or another Council-identified housing priority.

BACKGROUND

The LHTF was created by the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1). HCD is awarding a total of \$57M to the LHTF program.

Program funds awarded must be designated to provide construction loans and/or permanent financing loans to pay for construction or rehabilitation of affordable rental housing projects, emergency shelters, permanent supportive housing, transitional housing and affordable homeowner projects.

Program funds may also be used to assist income-eligible first-time homebuyers to purchase homes and to rehabilitate houses owned by income-eligible occupants. Accessory Dwelling Units (ADUs) or Junior Accessory Dwelling Units (JADUs) construction and conversion programs are also eligible.

The City is eligible to apply as it maintains an existing Housing Trust Fund. The City of Berkeley's Housing Trust Fund program was established in 1990 to support affordable housing development and rehabilitation. It is funded by several sources including Affordable Housing Mitigation fees (AHMF), Condominium Conversion fees and federal HOME funds. Measure O was approved by voters in 2018 to provide \$135 million in additional bond funding for affordable housing development. Any LHTF funding the City receives will compliment these funding sources.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental effects or opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

Measure O bond supported pipeline projects provide the City with the most competitive application. The application weighs the percentage of matching funds derived from sources other than local impact fees (such as the AHMF). The Measure O bond

provides this advantage. These projects are also suited to provide unit mixes at a deeper affordability. This is another key factor to submitting a competitive application.

Competitive applications must also demonstrate project readiness and a construction timeline provided by these projects. This also provides better security that the funds will be expended in line with the NOFA requirements.

ALTERNATIVE ACTIONS CONSIDERED

HCD's scoring criteria provides points specifically for Regional Housing Trust Funds. Alameda County and the East Bay region do not have Regional Housing Trust Funds. The timing of the NOFA release and application did not allow sufficient time to organize and create a new regional body.

Staff do not recommend applying the funds to a first-time home buyer, ADU or JADU program as the application scoring criteria is designed to favor new construction affordable housing.

CONTACT PERSON

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Attachments:

1: Resolution

Resolution Attachment 1: City of Berkeley Housing Trust Fund Pipeline Projects Eligible for the California Local Housing Trust Fund

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

LOCAL HOUSING TRUST FUND APPLICATION

WHEREAS, the State of California (the "State"), Department of Housing and Community Development ("Department") is authorized to provide up to \$57 million under the Local Housing Trust Fund ("LHTF") Program from the Veterans and Affordable Housing Bond Act of 2018 (Proposition 1) (as described in Health and Safety Code section 50842.2 et seq. (Chapter 365, Statutes of 2017 (SB 3)) ("Program"); and

WHEREAS, the Department issued a Notice of Funding Availability ("NOFA") dated 04/30/2020 under the LHTF Program; and

WHEREAS, the City of Berkeley is an eligible Local Housing Trust Fund applying to the Program to administer one or more eligible activities using Program Funds; and

WHEREAS, the City of Berkeley may approve funding allocations for the LHTF Program, subject to the terms and conditions of H&S Code Section 50842.2, the LHTF Program Guidelines, NOFA, Program requirements, the Standard Agreement and other related contracts between the Department and LHTF award recipients; and

WHEREAS, on December 10, 2019, the City Council committed Measure O bond funds to support new affordable housing developments.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that if the City of Berkeley receives an award of LHTF funds from the Department pursuant to the above referenced LHTF NOFA, it represents and certifies that it will use all such funds on Eligible Projects in a manner consistent and in compliance with all applicable state and federal statutes, rules, regulations, and laws, including, without limitation, all rules and laws regarding the LHTF Program, as well as any and all contracts Applicant may have with the Department ("Eligible Project").

BE IT FURTHER RESOLVED that the City of Berkeley's local Housing Trust Fund is hereby authorized to act as the trustee in connection with the Department's funds to Eligible Projects pursuant to the above described Notice of Funding Availability in an amount not to exceed \$5,000,000 (the "LHTF Award").

BE IT FURTHER RESOLVED that the City of Berkeley hereby agrees to match on a dollar-for-dollar basis for the same Eligible Project for which Program Funds are used, as required by HSC Section 50843.5(c).

BE IT FURTHER RESOLVED that pursuant to Attachment 1 and the Applicant's certification in this resolution, the LHTF funds will be expended only for Eligible Projects and consistent with all program requirements.

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BE IT FURTHER RESOLVED that the City of Berkeley shall be subject to the terms and conditions as specified in the Standard Agreement, H&S Section 50842.2 and LHTF Program Guidelines.

BE IT FURTHER RESOLVED that the City Manager and/or her designee is authorized to execute the LHTF Program Application, the LHTF Standard Agreement and any subsequent amendments or modifications thereto, as well as any other documents which are related to the Program or the LHTF Award to the City of Berkeley, as the Department may deem appropriate.

Attachment 1

City of Berkeley Housing Trust Fund Pipeline Projects Eligible for the California Local Housing Trust Fund

Jurisdiction Served: City of Berkeley

Funding Request Summary

The City of Berkeley will apply any Local Housing Trust Fund (LHTF) award to the City's Housing Trust Fund program. The LHTF award will fund the City's existing funding reservations for the pipeline projects at 2527 San Pablo Avenue and 2001 Ashby Avenue. The City will match the LHTF funding with money from its affordable housing bond issuance, "Measure O". These projects are planned to provide 148 units between 30-60% AMI.

Project	Sponsor	Percent of Total Funds Requested	AMI Level Served
2527 San Pablo Avenue, Berkeley CA	Satellite Affordable Housing Associates	50%	30%-60%
2001 Ashby, Berkeley, CA	Resources for Community Development	50%	30%-60%