




Berkeley Housing Authority

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Office of the Executive Director

Item 5C
INFORMATION
July 8, 2010

To: Honorable Chairperson and
Members of the Berkeley Housing Authority

From: *for* Tia Ingram, Executive Director 

Subject: Financial Information – Ashby Arts, Proposed New Senior Housing Development

Background

In March 2009 BHA issued a Request for Proposals (RFP) for new awards of Section 8 Project Based Vouchers. The RFP stressed BHA's preference for awarding vouchers to projects that would have families housed with Section 8 assistance by May 30, 2010. CityCentric Investments, owner/developer, submitted an application for Section 8 Project Based Vouchers, for a new construction project, with a projected construction end date of July 31, 2011.

On July 9, 2009 the Board, noting that critical financial information on the project was not provided in the staff report, and following extensive discussion, amended the staff recommendation (which did not include an award to the project), and awarded 87 vouchers.

The RFP was reopened due to a technical deficiency in the posting requirement, and on February 11, 2010 the Board reaffirmed the July 2009 award of 87 vouchers to the project, with added Conditions that were to be met by June 30, 2010. These added conditions required the developer to provide evidence of: (a) an award of \$1.4 million in Housing Trust Funds from the City of Berkeley by June 30, 2010, or other replacement funding equal to or greater than \$1.4 million; and (b) an award of \$15.9 million in Low Income Housing Tax Credits by June 30, 2010, or other replacement funding equal to or greater than \$15.9 million. While neither of these conditions have been met, the developer has: (c) secured a \$970,000 Affordable Housing Program grant from the Federal Home Loan Bank; and, (d) brought Bridge Housing Corporation on as a Managing Partner. The developer also has indicated that it will be appealing to the City Council for an extension of the Housing Trust Fund allocation on July 13, 2010.

On June 10, 2010, staff, without further assessment of the project, but in specific response to the developer's appeal for more time, recommended that the Board extend the 87 vouchers that had been reserved for the project. Ali Kashani, Principal, CityCentric Investments, and Brad Wiblin, Vice President, Bridge Housing Corporation, were present to entertain questions at that Board meeting, and address issues not sufficiently addressed in the staff report. The Board approved extension of 45 of the

previously approved 87 Vouchers. The new projected initial leasing date for the project is March 2013.

STATUS

On June 14, 2010 the owner advised BHA that the project could not move forward without the commitment of a minimum of 62 Project Based vouchers (Attachment 1).

On June 25, 2010 the owner provided financial information on the project (Attachment 2). The construction proforma the developers provided evidences a significant funding gap for which there is no real source. There are two sources the developers say they will pursue to fill the gap. The first is MHP funding. This is a highly competitive program and the higher the funding request, the lower the competitiveness of the application. The second source they identify is the National Housing Trust Fund. This program is in its infancy and we have no idea when a NOFA will be released. As stated previously, staff lacks development expertise to fully evaluate the financial feasibility of the project.

The owner further advised that the City Council would take up the request for an extension of the Housing Trust Fund allocation at its July 13th meeting. Our understanding, after speaking with City staff, is that they will advise the City on the feasibility of the project, but will not make any recommendation with regard to the City's Housing Trust Fund allocation. We will provide the Board a copy of the report as soon as it is available.

In closing note that (1) the project is already delayed by more than one-year; (2) full funding is not yet in place; (3) the project has 45 confirmed Project Based vouchers; (4) any voucher reserved lessens the number of vouchers available to assist the 1,500 families currently on the wait list; (5) any voucher **committed** to "Project Basing" counts against the total number of vouchers BHA can project base; and (6) BHA does not earn an administrative fee for any voucher not in use by an eligible household.

Finally, if the award remains at 45 units, BHA will have the ability to consider other projects for project based assistance, or to simply lease the units in the Tenant Based Section 8 Program.

Attachments:

1. June 14, 2010 Email from Ali Kashini
2. June 25, 2010 Financials
3. National Low Income Housing Coalition - National Housing Trust Fund Article

Subject: FW: Ashby Arts

From: Ali Kashani [mailto:akashani@citycentric.net]
Sent: Monday, June 14, 2010 1:41 PM
To: Ingram, Tia; 'Carole Norris (CNorris@icfi.com)'
Cc: Brad Wiblin; Mark Rhoades
Subject: Ashby Arts

Dear Tia and Carole:

Thank you for your positive recommendation to the BHA Board to extend 87 PB Section 8 Vouchers to Ashby Arts. Unfortunately, the Board's final vote on Thursday June 10th in allocating only 45 vouchers to Ashby Arts makes the project's financing infeasible at this time. We are writing to request a reconsideration of the Board's vote at its upcoming meeting on June 25, 2010.

We fully appreciate the Board's predicament in needing to allocate some number of the vouchers to an existing project that is in need of rehabilitation, while providing immediate overhead fees for the BHA. As you recall, we agreed at the meeting that we feel taking away 25 of the 87 vouchers from Ashby Arts would keep our project in the competitive realm for the upcoming funding competitions for State HCD's MHP program as well as other Federal funding competitions later this year.

We hope that you will be able to agendize our request for your Board's reconsideration of their action in the upcoming meeting on June 25, 2010.

Sincerely,

Ali Kashani

Brad Wiblin

Ali R. Kashani | CityCentric Investments, LLC
5715 Claremont Avenue | Oakland, CA 94618

510-420-6900 ext 301 | 510-420-7060 fax
akashani@CityCentric.net | www.citycentric.net



citycentric

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BUILDING • SUSTAINING • LEADING

June 25, 2010

Ms. Tia M. Ingram
 Executive Director
 Berkeley Housing Authority
 1901 Fairview Street
 Berkeley, CA 94703

RE: Ashby Arts

Dear Ms. Ingram:

I am writing to provide an update regarding Ashby Arts, specifically the funding gap that currently exists (with an allocation of 87 vouchers), and an analyses of the increased gap with fewer vouchers (25 less and 42 less). The attached spreadsheet summarizes our sources of funding, our total development costs and the gap for these three scenarios.

As you know we have asked BHA for additional time in order to pursue a variety of funding sources to fill the funding gap. We are preparing to make an application to CA HCD for the MHP program. This is the final round of this particular source, and it is expected to be highly competitive especially since they only have \$35 million for the entire State. We believe that the less MHP funding we request, the greater our chances of getting an allocation. With each voucher less than the 87 currently allocated, our request will be increased, effectively reducing our competitiveness. It is our judgment that the additional gap of approx \$1.5 mil (with the loss of 25 vouchers), is manageable, but the loss of 42 vouchers which makes our overall gap more than \$5 million, puts the project beyond feasibility.

Thank you very much for your continued consideration and support for Ashby Arts.

Please feel free to call me if you have any questions.

Sincerely,

A handwritten signature in black ink, appearing to read "Brad Wiblin", with a long horizontal flourish extending to the right.

Brad Wiblin
 Vice President
 BRIDGE

Enclosure

BRIDGE HOUSING
 CORPORATION

BRIDGE PROPERTY
 MANAGEMENT COMPANY

BAY AREA SENIOR SERVICES, INC.

BRIDGE ECONOMIC
 DEVELOPMENT CORPORATION



**ASHBY ARTS
Sources of Funds**

Funds	Source of Funds	Number of Vouchers provided by BHA		"Current" Proforma		Less 25 Vouchers		Less 42 Vouchers	
		87 Vouchers	62 Vouchers	Amount	Amount	45 Vouchers	Amount		
Affordable Housing Program	Federal Home Loan Bank	\$	\$	970,000.00	\$	970,000.00	\$	970,000.00	
Capital Magnet Funds	US Treasury	\$	\$	8,109,000.00	\$	8,109,000.00	\$	8,109,000.00	Uncertain allocation schedule
Debt Supported by Tax Credit units	CA Debt Limit Allocation Cmte.	\$	\$	4,834,000.00	\$	3,334,000.00	\$	2,314,000.00	Assumes each voucher contributes \$60,000 in debt capacity
Debt Supported by PB Section 8 Vouchers	Berkeley Housing Authority	\$	\$	8,219,406.00	\$	8,219,406.00	\$	8,219,406.00	
4% Low Income Housing Tax Credits	CA Tax Credit Allocation Cmt.	\$	\$	1,380,000.00	\$	1,380,000.00	\$	1,380,000.00	
Residual Receipt Loan	Berkeley HTF	\$	\$	2,000,000.00	\$	2,000,000.00	\$	2,000,000.00	Assumes we can be competitive for MHP
Multifamily Housing Program	CA Housing Community Dev Dept - MHP	\$	\$	2,250,000.00	\$	2,250,000.00	\$	2,250,000.00	
Retail Equity	Rawson Blum & Leon	\$	\$	1,039,563.00	\$	1,039,563.00	\$	1,039,563.00	
Deferred Developer Fees	BRIDGE/CityCentric	\$	\$	750,000.00	\$	750,000.00	\$	750,000.00	
Internal BRIDGE Source	BRIDGE Social Equity Fund	\$	\$	29,551,969.00	\$	28,051,969.00	\$	27,031,969.00	
Total Sources		\$	\$	30,706,350.00	\$	30,706,350.00	\$	30,706,350.00	
	Total Development Costs	\$	\$	(1,154,381.00)	\$	(2,654,381.00)	\$	(3,674,381.00)	
	Gap	\$	\$	(3,154,381.00)	\$	(4,654,381.00)	\$	(5,674,381.00)	
	Actual Gap (including no MHP allocation)	\$	\$		\$		\$		

Possible sources to fill the gap
Housing Trust Fund - Federal
Capital Magnet Funds
MHP Funds

ATTACHMENT 3



A home is the
foundation.

Materials for NHTF Visits and Calls

NHTF Support Letter
with all Signatories
Listed

Letters to Senators
Listed by State

Roll Call Ad

Distribution of Funds
by State

About the NHTF Campaign

Press Releases

Congressional
Testimony

Letters to Congress and
the Administration

Related Research

Endorsers

Do you want to Endorse
the Campaign?
Endorser Signup

For information about
state and local housing
trust funds visit the
Center for Community
Change's Housing Trust
Fund site.

National Housing Trust Fund

Call Today: CONGRESS MUST PASS NHTF Funding Before Recess!

This week, Congress has found money--and legislative vehicles--for three housing items: \$1 billion more for the Neighborhood Stabilization Program, \$1 billion to make loans to unemployed homeowners so they can make their mortgage payments, and \$140 million for yet another extension of the homebuyer tax credit.

But Congress still has not funded the National Housing Trust Fund. The House passed H.R. 4213, the tax extender bill, with \$1.065 billion for the NHTF in late May, but the Senate has not been able to get enough votes to pass the whole bill. Yesterday, a slimmed down substitute for H.R. 4213 including unemployment insurance and extension of the homebuyer credit was offered by Senate leadership.

We can't let legislators off the hook on the NHTF. Not only are the homes the NHTF will produce desperately needed to address the increase in family homelessness due to the recession, but \$1.065 billion in NHTF funding will produce 18,900 jobs.

Congress must provide \$1.065 billion in funding for the National Housing Trust Fund THIS WEEK before adjourning for its July 4th recess. Several bills could move before Congress adjourns, including the unemployment extension bill, a small business bill, and a supplemental appropriations bill that will include significant domestic spending.

We need you to help fight to have the NHTF included in one of these bills.

Call the Capitol switchboard at 877-210-5351 today and ask to speak to your Senators and Representative. Tell them that before they go on recess, they MUST provide \$1.065 billion in funding for the National Housing Trust Fund, as part of any bill that moves forward this week. Our families and communities cannot wait!

Remind them that in an unprecedented show of support, organizations in every Congressional district in the country have signed a letter in support of funding the National Housing Trust Fund. And remind them how much in funding your state will receive from the initial NHTF allocation.

Thank you for your continued support. Please email outreach@nlihc.org with the reports of any calls.

Prospects Dim for Action on Extender Bill Before Fourth of July Recess

Senate leaders introduced another pared-down version of H.R. 4213, the American Jobs and Closing Tax Loopholes Act of 2010 (the extender bill), on Thursday, June 24. Funding for the National Housing Trust Fund and the several Low Income Housing Tax Credit provisions remained in the bill. Unfortunately, another cloture vote on June 24 failed 57-41, signaling that even the new version would not attract the 60 votes required to move the bill forward.

Most likely the bill will not be taken up again until after the July 4 recess.

Read a Summary of H.R. 4213 The American Jobs and Closing Tax Loopholes Act

Click here or paste the link below in your browser.

<http://www.nlihc.org/doc/Summary-Extender-Bill.pdf>

The National Housing Trust Fund Campaign has sent a letter to every Member of Congress calling for the immediate funding of the National Housing Trust Fund. The letter has been signed by organizations in each of the 435 Congressional districts, plus the District of Columbia and Puerto Rico. More than 2,225 national, state, and local organizations have signed the letter.

Click here to read the letter and the complete list of signers.

The letter reads:

We, the undersigned organizations, urge Congress to act soon to provide the initial funding for the National Housing Trust Fund (NHTF). We are requesting \$1.065 billion be provided immediately to the NHTF: \$1 billion to capitalize the NHTF and \$65 million for project-based vouchers to couple with NHTF capital grants.

The NHTF was created in the Housing and Economic Recovery Act of 2008 (HERA) to address the severe shortage of rental homes that are affordable for the lowest income families, but it has not yet been funded. The President proposed funding for the NHTF in his FY10 and FY11 budget requests.

In the United States today, there are only 37 rental homes available and affordable for every 100 households with incomes below 30% of their area median. A scarcity of housing that the poorest families can afford is the principal cause of homelessness in the United States.

Investment in the NHTF will create good jobs. Every \$1 billion provided to the Trust Fund will support the immediate construction of 10,000 rental homes, creating 15,100 new construction jobs and 3,800 new jobs in ongoing operations.

We urge Congress to provide this badly needed funding at the soonest possible opportunity.

Thank you to all the organizations that have signed the letter to date, especially national and state member of the NHTF Campaign who reached out their networks.

The NHTF Campaign will continue to collect organizational sign-ons. Sign on at: www.nlihc.org/sign.

NHTF State Allocation Estimates

HUD Updates its NHTF Estimated State Allocation Numbers. To see the updated allocation estimates click [here](#)

Listen to a recording of Sheila Crowley's January 19, 2010, national conference call to discuss the current state of play on the National Housing Trust Fund. Click [here](#) to listen to the call. Note: Play this audio recording from the 1:20 mark for best quality.

Read NLIHC's Preliminary Estimates of State Allocation Amounts from NHTF for Every Billion Allocated and Invested - [click here](#)

Read HUD's reg impact analysis on NHTF. Also includes state allocation estimates and reasoning behind allocation proposed rule - [click here](#)

Read the NHTF FAQ - [click here](#)

NHTF Background

After years of hard work, challenges, and setbacks, advocates across the country celebrated the creation of a National Housing Trust Fund in July of 2008.

The National Housing Trust Fund was established as a provision of the Housing and Economic Recovery Act of 2008, which was signed into law by President George W. Bush. The passage of National Housing Trust Fund legislation is a major victory for low income housing advocates and the lowest income people in our country with the most serious needs.

The housing trust fund will, once capitalized, provide communities with funds to build, preserve, and rehabilitate rental homes that are affordable for extremely and very low income households. The Housing Trust Fund's most important features are:

- It is a permanent program, and will have dedicated source of funding not subject to the annual appropriations process.
 - At least 90% of the funds must be used for the production, preservation, rehabilitation, or operation of rental housing. Up to 10% can be used for the following homeownership activities for first-time homebuyers: production, preservation, and rehabilitation; down payment assistance, closing cost assistance, and assistance for interest rate buy-downs.
 - At least 75% of the funds for rental housing must benefit extremely low income households and all funds must benefit very low income households.
-

Support the National Housing Trust Fund

The National Housing Trust Fund was signed into law because of the incredible and ongoing support of the more than 5,750 national, state, and local endorsers of the National Housing Trust Fund Campaign. Add your organization's name to the endorser list by [clicking here](#)

Take Additional Action

"What We Mean By Housing" More than 1,000 national, state and local organizations have come together to call for funding for decent, affordable homes for households with the lowest incomes. Click [here](#) to read the open letter to Congress and the Administration. Then, to add your organization's name to the list, send the name of the organization, city, and state to outreach@nlihc.org, and please write in the "Subject" line, "What We Mean By Housing".

Learn More About National Housing Trust Fund

- Listen to a recording of Sheila Crowley's January 19, 2010, national conference call to discuss the current state of play on the National Housing Trust Fund. [Click here to listen to the call.](#) Note: Play this audio recording from the 1:20 mark for best quality.
- Read a letter from NLIHC President Sheila Crowley to Speaker of the House Nancy Pelosi [click here](#) and Congressman Reid [click here](#) urging them to make sure that at least \$1 billion is provided for the National Housing Trust Fund (NHTF) before the year is out.
- Listen to a recording of Sheila Crowley's August 22, 2008, national call describing the new National Housing Trust Fund [click here](#) to listen to the call. For more information [click here](#).

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