



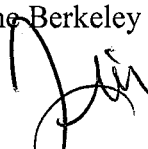
Berkeley Housing Authority

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Office of the Executive Director

Item 6B
NEW BUSINESS
March 13, 2014

To: Honorable Chair and Members of the Berkeley Housing Authority Board

From: Tia M. Ingram, Executive Director 

Subject: Contract Amendment - EJP/Praxis Consulting
Low Income Public Housing Disposition Project

RECOMMENDATION

Authorizing the Executive Director to amend the contract with EJP/Praxis (1) adding a post-transaction phase; (2) extending the term through July 31, 2014; and (3) increasing the contract authority by \$23,241

BACKGROUND

BHA executed a Memorandum of Agreement (MOA) with the U.S. Department of Housing and Urban Development (HUD) in 2009 that required improvements in the management and physical condition of the 61 federally funded Low Income Public Housing units. Specifically, BHA was required to develop a plan (including financing) to rehabilitate the units, or dispose of the units by June 30, 2010.

We issued a Request for Proposals for a consultant to evaluate our options for addressing the requirements in the MOA. EJP/Praxis responded and was awarded the contract in March 2009. Ultimately, the decision was made to dispose of the 61 LIPH units, and the 14 remaining units in BHA's portfolio (Rental Housing Construction Program).

We knew going in that the project would be challenging, but no one anticipated the magnitude or complexity of difficulties we would experience over the ensuing three year period complying with, and working within the various federal, state and local requirements.

There were four primary goals for the project: (1) preservation of the units as affordable rental housing; (2) complete interior and exterior rehabilitation/modernization of all 75 units; (3) protection and quality rehousing for existing residents; and (4) sufficient proceeds to allow for continued operation of BHA. We are well on our way to achieving all of these goals.

EJP/Praxis has been a critical player on the project, beginning with the analysis, and development of the Strategic Plan (March 2009). The technical assistance, especially in the development and refinement of the business terms, has been and remains invaluable

STATUS

We successfully transferred title to all 75 units to Berkeley 75, the new ownership entity. However, there are still a few critical issues to be resolved, that have significant impacts on the proceeds to BHA, including but not limited to final construction costs (the budget includes a significant contingency for environmental costs), initial leasing, and the outstanding loan for the RHCP units. These items need to be tracked closely, and negotiated with Berkeley 75 LP, the state, and other entities.

We have Jon Orovecz & Associates under contract to serve as our Construction Advisor. His role is to (1) review and approve change order requests, including evaluating the need for the item and the cost effectiveness of the proposed solution; (2) monitor construction in the field; (3) approve progress payments (draws); and (4) provide BHA monthly reports.

The expertise of ELP/Praxis is required to represent BHA in negotiations with Berkeley 75 LP, and as appropriate with other entities – to ensure all the business terms are satisfied, and to minimize any adverse impacts on the projected proceeds to BHA.

FINANCIAL IMPLICATIONS

\$23,241 is the cost of the contract. This amount is insignificant when measured against the potential impact on BHA proceeds during the construction and loan conversion processes. This expenditure will be funded with LIPH reserves /to the extent they are available, and/or disposition proceeds.

CONTACT PERSONS

Tia M. Ingram, Executive Director, (510) 981-5471
Carole Norris, Chair

Attachment: Resolution

BERKELEY HOUSING AUTHORITY
RESOLUTION NO 14-_____

AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A SIXTH AMENDMENT TO THE OCTOBER 1, 2009 CONTRACT WITH EJP/PRAXIS, PLANNING CONSULTANT FOR THE PUBLIC HOUSING DISPOSITION PROJECT EXTENDING THE TERM THROUGH JULY 31, 2014, AND INCREASING BUDGET AUTHORITY

WHEREAS, Berkeley Housing Authority was party to a Memorandum of Agreement (MOA) with the U.S. Department of Housing and Urban Development (HUD) that required certain goals be met within specific time frames; and

WHEREAS, the MOA required BHA to achieve "Standard" performer in the Public Housing Program, or submit a "disposition application" to HUD on or before December 31, 2009; and

WHEREAS, BHA, unable to achieve the "Standard" certification, engaged in a competitive process to procure a consultant to identify the options BHA could consider under a disposition project; and

WHEREAS, in December 2009, BHA submitted an "Inventory Removal Application" to the U.S. Department of Housing and Urban Development for the 61 units of Low Income Public Housing; and

WHEREAS, EJP/Praxis has assisted BHA in every phase of this project, beginning with the critical assessment of options under the MOU; and

WHEREAS, EJP/PRAXIS Consulting served as lead agent for BHA in negotiations with the Related Company achieving favorable business terms for BHA; and

WHEREAS, title for the 75 units successfully transferred to Berkeley 75 on February 14, 2014, with a few, but significant outstanding financial contingencies that will not be fully resolved until the end of construction and conversion of the construction loan; and

WHEREAS, financial transactions during the construction phase can have a significant adverse impact on BHA's proceeds; and

WHEREAS, it is critical that BHA's project team remain intact for ongoing negotiations with the new ownership entity, Berkeley 75 LP, the State and other entities through the end of construction and loan conversion.

NOW, THEREFORE BE IT RESOLVED, that the Executive Director is authorized to amend the October 1, 2009 contract with EJP/Praxis extending the term through July 31, 2014, and the

contract authority increased by \$23,241 for a not to exceed total of \$98,711

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on March 13, 2014 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____
Tia M. Ingram, Secretary