



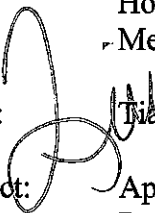
**Berkeley Housing Authority**

1901 Fairview St., Berkeley, CA 94703  
Telephone: (510) 981 5470 Fax: (510) 981 5480

Office of the Executive Director

Item 6C  
NEW BUSINESS  
June 10, 2010

To: Honorable Chairperson and  
Members of the Housing Authority Board

From:  Tia M. Ingram, Executive Director

Subject: Approve a resolution approving the request by CityCentric to extend, through December 31, 2010, the 87 Section 8 Project Based Vouchers allocated on February 11, 2010 to the "Ashby Arts" project, a proposed 98 unit senior housing development, provided a similar extension is granted by the City of Berkeley on or before July 6, 2010.

RECOMMENDATION

Approve a resolution approving the request by CityCentric to extend, through December 31, 2010, the 87 Section 8 Project Based Vouchers allocated on February 11, 2010 to the "Ashby Arts" project, a proposed 98 unit senior housing development, provided a similar extension is granted by the City of Berkeley on or before July 6, 2010.

BACKGROUND

Berkeley Housing Authority (BHA) is authorized to assist 1,841 households in the Section 8 Housing Choice Voucher Program. BHA has been under-leased, assisting fewer families than authorized, for several years. Under-leasing (a) adversely impacts our earned revenues, (b) reduces our score under Indicator 13 (Lease Up) on the Section 8 Management Assessment Program (SEMAP), (c) was cited as a deficiency by HUD, and included in the Corrective Action Plan, and means we are not assisting the maximum number of families possible. As part of the plan (submitted to HUD) to address the under-leasing to at least 95%, we proposed: (1) continuing to issue vouchers to families on the Section 8 Wait List (new admissions); (2) absorbing all incoming vouchers; and (3) awarding additional vouchers for Project Based assistance.

I. Initial Funding Round

- On March 26, 2009 we issued a Request for Proposals (RFP) and expressed a preference for projects that could be under lease (occupied by an eligible household) by May 2010.
- CityCentric submitted a proposal for a *new construction* project, with an anticipated construction start date of February 1, 2010, and an initial date of occupancy of July 31, 2011; and
- On July 9, 2009, the Board awarded 87 Project Based Vouchers to the project (without any conditions).

In the intervening period we learned that our noticing of the Request for Proposal (which included our Website, a posting on NAHRO – National Association of Housing and Redevelopment Officials, and mailing to seven local non-profit housing developers) did not include the additional requirement in our Administrative Plan ~ three week's notice in a public newspaper.

## II. Second Funding Round

We corrected this noticing oversight, allowed project owners an opportunity to reapply, scored the proposals, and prepared a new set of recommendations for Board approval.

CityCentric responded by resubmitting a proposal in the second round, also for Ashby Arts. The projected start date for construction was reported as October 2010, and the anticipated initial occupancy date as March 2013.

Armed with information of significant challenges with funding for the Ashby Arts project, specifically, the owner's: (1) application to the State for Tax Credits was not approved, and (2) failure to satisfy the conditions attached to the City of Berkeley's allocation of Housing Trust Fund award, we recommended, in February, award of Project Based vouchers, but under the condition that the award would expire on June 30, 2010 if the owner failed to meet both of the following conditions:

1. Provide evidence of award of \$1.4 million in Housing Trust Fund monies from the City of Berkeley by June 30, 2010 or other replacement funding equal to or greater than \$1.4 million; and
2. Provide evidence of award of \$15.9 million in CA Tax Credits by June 30, 2010 or other replacement funding equal to or greater than \$15.9 million.

On February 11, 2010 the Board approved award of the 87 Project Based Vouchers with the conditions stated above (Attachment 2).

## III. Current Request

The following occurred after the second application was submitted:

1. One of the major partners on the project (EAH Housing) withdrew from the project. We were pleased to learn subsequently that Bridge Housing Corporation had been substituted on the project.
2. On May 12, 2010, we were contacted by CityCentric and Bridge Housing Corporation (Attachment 3) with a request to extend the Section 8 Project Based Voucher award through December 31, 2010.
3. CityCentric has requested an extension from the City of Berkeley with regard to the Housing Trust Fund allocation for the project. That fund reservation is contingent upon CityCentric partnering with a non-profit developer and the City Manager's approval of the financing package, to include the following:
  - Construction and permanent financing loans in amounts sufficient to build the project.
  - Partnership agreement with Bridge or another non-profit partner to provide the necessary developer equity.

- Agreement with the retail partner to provide the funds to construct the retail space and purchase the space at completion of construction.
- Additional sources of financing necessary to fill any funding gaps.

No information was available with regard to any action by the City Council/City Manager at the time this report was written.

4. We learned on June 1, 2010, that the project was awarded a \$970,000 Affordable Housing Program grant from the Federal Home Loan Bank (Attachment 4). And, CityCentric has provided a specific plan of funding options that they are actively pursuing in order to pull the financing needed to begin construction, in 2011.

### STATUS

An award of Section 8 Project Based Vouchers is often a critical element of financing for a new construction or rehabilitation of affordable housing projects. BHA is limited by Federal regulations as to the number of Section 8 Vouchers that can be allocated for Project Based Assistance, and the demand for these units is high.

We have been approached recently by at least two other non-profit housing organizations with a request for Project Based vouchers. BHA could not award Project Based Vouchers to any projects without a formal process, but it is important to note that we revised the Administrative Plan earlier this year to allow us the option of selecting projects for award by (1) issuing a Request for Qualifications or (2) adding Project Based Vouchers to projects awarded Housing Trust Fund monies through the City's competitive process.

In difficult economic times such as these, and at a time when HUD and Congress are evaluating Public Housing Authorities ability to administer all allocated assistance to qualified families, it is imperative that we do everything we can to achieve and maintain 98-100% utilization in the Section 8 Program.

Housing Authority only earns an "Administrative Fee" for units under contract on the 1<sup>st</sup> of the month, having families under lease with an accompanying Housing Assistance Payment (HAP) contract is critical to our ability to generate maximum income for our operations.

BHA is continuing to strive for full program utilization by issuing vouchers to families on the wait list, but must carefully plan to reduce program size, if necessary, as new construction projects awarded Project Based assistance come on line in the next few years. This can be achieved by planning for monitoring port outs, and cancelled contracts due to normal attrition of program participants (death, voluntarily opting out of the program, being terminated from the program).

### FINANCIAL IMPACTS OF RECOMMENDATION

Significant. Could be as high as \$102,249 in foregone earned administrative fee per year (87 vouchers x 12 months x \$97.94 Administrative Fee unit month).

### CONTACT PERSON

Jesy Yturalde, Finance Manager, 981-5488  
 Rachel Gonzales-Levine, Management Analyst, 981-5485  
 Tia M. Ingram, Executive Director, 981-5471

**Attachments:**

1. Resolution
2. February 11, 2010 BHA Award for 87 Project Based Vouchers, to Expire on June 30, 2010
3. May 12, 2010 CityCentric Request for Extension of Award
4. Federal Home Loan/Affordable Housing Program Award (2010)

BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 10-\_\_\_\_\_

APPROVING A RESOLUTION APPROVING THE REQUEST BY CITYCENTRIC TO EXTEND, THROUGH DECEMBER 31, 2010, THE 87 SECTION 8 PROJECT BASED VOUCHERS ALLOCATED ON FEBRUARY 11, 2010 TO THE "ASHBY ARTS" PROJECT, A PROPOSED 98 UNIT SENIOR HOUSING DEVELOPMENT, PROVIDED A SIMILAR EXTENSION IS GRANTED BY THE CITY OF BERKELEY ON OR BEFORE JULY 6, 2010.

WHEREAS, Berkeley Housing Authority (BHA) is authorized to assist 1,841 households in the Section 8 Housing Choice Voucher Program; and

WHEREAS, BHA has been under-leased, assisting fewer families than authorized, for several years; and

WHEREAS, On February 11, 2010 the BHA Board approved award of the 87 Project Based Vouchers to the Ashby Arts Project, with the following conditions: (1) Provide evidence of award of \$1.4 million in Housing Trust Fund from the City of Berkeley by June 30, 2010 or other replacement funding equal to or greater than \$1.4 million; and (2) Provide evidence of award of \$15.9 million in CA Tax Credits by June 30, 2010 or other replacement funding equal to or greater than \$15.9 million; and

WHEREAS, Bridge Housing Corporation has replaced EAH as a partner on the project; and

WHEREAS, on June 1, 2010 we learned that the project has been awarded a \$970,000 Affordable Housing Program grant from the Federal Home Loan Bank; and

WHEREAS, the City of Berkeley is yet to respond to a request for an extension on the reservation of the \$1,381,450 Housing Trust Fund allocation.

NOW, THEREFORE, BE IT RESOLVED by the Board of the Berkeley Housing Authority, that CityCentric's request for an extension of the approved Project Based Voucher award of 87 Project Based vouchers for Ashby Arts through December 31, 2010 is conditionally approved, subject to the project obtaining a similar extension of the Housing Trust Fund allocation on or before July 6, 2010.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on June 10, 2010 by the following vote:

Ayes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
Tia M. Ingram, Secretary

## ATTACHMENT 2

**From:** Ali Kashani  
**Sent:** Wednesday, May 12, 2010 3:46 PM  
**To:** Ingram, Tia  
**Cc:** 'Carole Norris'; Brad Wiblin; Mark Rhoades; Gonzales-Levine, Rachel  
**Subject:** Ashby Arts PB S8 Voucher Extension  
**Attachments:** Sec8\_HTF Sources\_Status.pdf

Dear Tia:

Together with BRIDGE Housing Corp., we are writing to request an extension of the BHA's commitment of 87 PB Section 8 Vouchers to the above project until December 31, 2010. Though the BHA's participation represents approximately 13% of the total development costs, it is a critical piece, and most of the balance of financing with award dates beyond June 30, 2010 (BHA's commitment expiration date) depend on it. The attached table shows all sources of funds needed to build Ashby Arts each with its own application and award dates along with current status.

As you know, the extension to the end of this year was included in our original request both to the BHA and the City, as we knew that putting together 10 different sources of funds would require more time than just a few months. This extension is critical to our ability to secure the balance of the financing of nearly \$30 million for the project. We are making a similar request to the City of Berkeley for their consideration.

The upshot of the BHA's current extension is that our team has already made two funding applications for a total of \$2,970,000 on April 1 and on April 15, 2010. The Federal Home Loan Bank's Affordable Housing Program (AHP) is favorably reviewing the application for a \$970,000 grant and is expected to make an award on June 1, 2010. The US Treasury's Capital Magnet Fund is also reviewing the application for \$2 million for Ashby Arts, but they will not make the awards until November 2010.

In order to secure both tax-exempt bonds and 4% low income housing tax credits, we must submit funding applications no later than July 28, 2010 for an award of bonds on September 28, 2010, followed by an award of LIHTC on October 28, 2010. Though there is an earlier application window for the bonds and LIHTCs on May 28, 2010, the award of the funds will not be made earlier than July 28, 2010, which is well beyond the expiration of the BHA and the City's HTF commitment.

While we understand that the BHA faces competing needs for its funds, we trust you know that our team has a very successful track record in completing hundreds of such permanently affordable housing projects throughout the State of California.

Finally, the total amount of time that BHA vouchers will have been committed to this project, is consistent with the normal practices for similar 100% affordable housing developments in the industry. As you well know, the public funding process is arduous and lengthy, especially in these unprecedented economic times. We hope that BHA does not abandon its commitment to this great project at this critical point.

Sincerely

Ali R. Kashani  
Principal  
CityCentric Investments, LLC

Brad Wiblin  
Vice President  
BRIDGE Housing Corp.

**Ali R. Kashani | CityCentric Investments, LLC**  
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**citycentric**

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1200 Ashby Avenue

CityCentric Investments, LLC

<u>Funds</u>	<u>Source of Funds</u>	<u>Amount</u>	<u>Application Date</u>	<u>Award Date</u>	<u>Status</u>
Affordable Housing Program (AHP)	Federal Home Loan Bank	\$ 970,000.00	4/1/2010	6/1/2010	Application submitted; looks promising
Capital Magment Funds (CMF)	US Treasury	\$ 2,000,000.00	4/15/2010	11/15/2010	Application submitted; looks promising
Multifamily Tax Exempt Bonds (TEB)	CA Debt Limit Allocation Cmt	\$ 8,000,000.00	7/28/2010	9/28/2010	putting application together follows CDLAC
New Issue Bond Program (NIBP)	CalHFA	\$ 4,000,000.00		6/30/2010	Vouchers committed, but expire on 6/30/2010
Project Based Section 8 Vouchers	Berkeley Housing Authority	\$ 8,000,000.00	7/28/2010	10/28/2010	follows CDLAC
4% Low Income Housing Tax Credits (LIHTC)	CA Tax Credit Allocation Cmt	\$ 1,381,450.00		6/30/2010	Funds committed, but expire on 6/30/2010
Residual Receipt Loan (HTF)	Berkeley HTF				Will attend workshop and are prepared to submit application
Multifamily Housing Program (MHP)	CA Housing Community Dev Dept	\$ 1,000,000.00	7/22/2010	11/22/2010	Funds are committed and will be held in escrow
Retail Equity	Rawson Blum & Leon	\$ 2,250,000.00			Committed
Deferred Developer Fees	BRIDGE/CityCentric	\$ 1,500,000.00			Committed
BRIDGE Mezzanine Debt		\$ 2,000,000.00			
<b>Total Sources</b>		<b>\$ 31,101,450.00</b>			



BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 10-21

APPROVING THE ALLOCATION OF PROJECT BASED SUBSIDY TO 87 UNITS (72 ONE-BEDROOMS AND 15 TWO-BEDROOM) AT ASHBY ARTS, A NEW CONSTRUCTION PROJECT, DEVELOPED BY CITYCENTRIC, UPON (a) SATISFACTORY COMPLETION OF ALL HUD REQUIREMENTS AND APPROVALS, (b) SECURING NECESSARY FINANCING NO LATER THAN JUNE 30, 2010, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AGREEMENTS TO ENTER INTO HOUSING ASSISTANCE PAYMENT CONTRACTS, AND ALL OTHER RELATED DOCUMENTS

WHEREAS, in December 2009 the Berkeley Housing Authority invited and broadly disseminated notice to property owners and developers in the City of Berkeley to apply for Project Based Section 8 subsidy; and

WHEREAS, 2 applications for new construction projects and representing a total of 92 new units were received by the Berkeley Housing Authority by the January 13, 2010 deadline; and

WHEREAS, both applications were reviewed and scored by the criteria listed in BHA's Administrative Plan; and

WHEREAS, both of the applications for new construction projects scored the same score, using the Administrative Plan scoring criteria for project based subsidy; and

WHEREAS, Ashby Arts serves the special needs population of senior citizens from age 62 and up; and

WHEREAS, the approved project based subsidy will provide at least 15 years of continued affordable housing stock for this population within the City of Berkeley, with an option for up to an additional 15 years of master HAP contract extension after the first 15 year term; and

WHEREAS, this project is applying for both a State tax credit allocation, and possibly an extension on the City of Berkeley Housing Trust Fund allocation, both of which will have responses affirming or denying these requests on or before June 30, 2010; and

WHEREAS, the Executive Director will request and obtain all the required approvals from the U.S. Department of Housing and Urban Development prior to executing the Agreement to Enter into a Housing Assistance Payment Contract and then a Housing Assistance Payment Contract.

NOW THEREFORE, BE IT RESOLVED that the Executive Director is hereby authorized to allocate project based subsidy to 87 units to Ashby Arts located at 1200 Ashby Avenue, Berkeley, California:

FURTHER RESOLVED, that this award will expire if the owner does not provide evidence of (a) award of \$1.4 million in Housing Trust Fund from the City of Berkeley by June 30, 2010 or other replacement funding equal to or greater than \$1.4 million; and (b) award of \$15.9 million in CA Tax Credits by June 30, 2010 or other replacement funding equal to or greater than \$15.9 million.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on February 11, 2010 by the following vote:

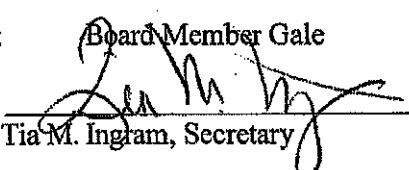
Ayes: Chairperson Norris; Board Members Cox, Agostino, Austin, and Hunt

Noes: None

Abstain: Board Member Moody

Absent: Board Member Gale

Attest:

  
\_\_\_\_\_  
Tia M. Ingram, Secretary



Federal Home Loan Bank of San Francisco  
2010 Round A Affordable Housing Program Award Recipients

Arizona

County	City	Project Name	Member	Sponsor	Type	Subsidy	Total Units	VLI Units
Coconino	Flagstaff	Flagstaff Senior Meadows	Alliance Bank of Arizona	Foundation for Senior Living	Rent	800,000	60	42
Maricopa	Phoenix	Encanto Pointe	RepublicBank/Az	Native American Connections, Inc.	Rent	665,096	54	54
Maricopa	Surprise	Johnson Townhomes Phase II	Alliance Bank of Arizona	Habitat for Humanity Central Arizona	Own	540,000	24	24
Pima	Tucson	Corazon del Pueblo - Phase 2	Alliance Bank of Arizona	Habitat for Humanity - Tucson	Own	160,000	10	0
Pima	Tucson	Dragonfly Village at Circle Tree Ranch	Canyon Community Bank	Amity Foundation	Rent	1,000,000	48	48
Yavapai	Camp Verde	Yavapai-Apache Homes IV	Bank of Arizona	Yavapai-Apache Nation Tribal Housing	Rent	400,000	36	22
Yuma	San Luis	Sunshine Homes	A. E. A. Federal Credit Union	Comite de Bien Estar, Inc.	Own	750,000	30	12

California

County	City	Project Name	Member	Sponsor	Type	Subsidy	Total Units	VLI Units
Alameda	Berkeley	Ashby Arts	Bank of the West	BRIDGE Housing Corporation	Rent	970,000	98	60
Alameda	Berkeley	Harmon Gardens	Alta Alliance Bank	Affordable Housing Associates	Rent	150,000	16	15
Alameda	Oakland	Fairmount Apartments	Mechanics Bank	Affordable Housing Associates	Rent	300,000	31	30
Alameda	Oakland	Kinsell Commons at Tassafaronga Village	Bank of the West	Habitat for Humanity - East Bay	Own	500,000	22	11
Alameda	Union City	Staifon District Family Housing I	Union Bank	Mid-Peninsula Housing Coalition	Rent	990,000	100	99
Contra Costa	Antioch	Habitat for Humanity East Bay	Silicon Valley Bank	Habitat for Humanity - East Bay	Own	195,000	13	7
Contra Costa	Lafayette	Foreclosure Rehab Program	Silicon Valley Bank	Eden Housing, Inc.	Rent	450,000	46	45
Fresno	Firebaugh	Miller & Lux Family Apartments	Bank of the West	California Community Builders	Rent	370,000	37	23
Fresno	Firebaugh	Miller & Lux Senior Apartments	Bank of the West	California Community Builders	Rent	408,000	22	14
Fresno	Fresno	Trinity Gardens Apartments	Bank of the West	Housing Authority, City & County of Fresno	Rent	200,000	21	20
Fresno	Kerman	Hacienda Heights Apartments	Pacific Capital Bank	Central Valley Coalition for Affordable Housing	Rent	816,000	69	50
Fresno	Kerman	Kearney Palms Senior Apartments Phase III	Pacific Capital Bank	Central Valley Coalition for Affordable Housing	Rent	660,000	44	34
Los Angeles	Bell Gardens	Terra Bella	Citibank, N.A.	Abode Communities	Rent	640,000	65	64
Los Angeles	Calabasas	Canyon Creek	JPMorgan Bank & Trust Company	Housing Corporation of America, Inc.	Rent	740,000	75	53
Los Angeles	Carson	Carson City Center Senior Housing	JPMorgan Bank & Trust Company	Housing Corporation of America, Inc.	Rent	850,000	86	61
Los Angeles	Glendale	The Gardens on Garfield	Union Bank	Housing Corporation of America, Inc.	Rent	290,000	30	21