




Berkeley Housing Authority

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Office of the Executive Director

Item 6Cb
NEW BUSINESS
April 10, 2014

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

From: Tia M. Ingram, Executive Director 

Subject: Contract Amendment - Overland, Pacific and Cutler
Low Income Public Housing Disposition Project

RECOMMENDATION

Authorizing the Executive Director to amend the contract with Overland, Pacific and Cutler, increasing the contract authority by \$18,000 for a not to exceed total of \$300,000.

BACKGROUND

Under the Development Disposition and Loan Agreement (DDLA) Berkeley Housing Authority (BHA) executed with Berkeley 75 Housing Partners in March 2012, BHA assumed responsibility for "*all permanent relocation costs and expenses.*" The intent, as also noted in the DDLA, was to use "*funds provided by the City to the Authority for such relocation costs and expenses.*"

At initiation of the project, 36 of the 3 and 4 bedroom units that were occupied, were housing families that required a 1 or 2 bedroom unit (based on household composition) to be adequately housed; the majority of the residents had been in tenancy for 10 or more years. Relocation of households that would not be eligible to remain in tenancy with a project based voucher was of critical concern for Related, and a goal for BHA. We used various resources, internal and via contracts, to identify re-housing options for (a) over-housed families, (b) households ineligible for admission to the S8 voucher program because their annual income exceeded 80% AMI, and (c) otherwise eligible households that sought to exercise the opportunity given them to move to a private market unit with S8 tenant based rental assistance.

As we approached the mid-February 2014 deadline to complete the transaction – we reached agreement with Related regarding the six remaining households that would not be eligible for project based assistance. Proceeds to BHA were adjusted (downward) accordingly to recognize the reduced cash flow from these six tenancies.

STATUS

The transfer process concluded with a close and recording by Alameda County on Friday February 14, 2014, with Related assuming the leases for all 24 occupied units, including the six households referenced above.

We ceased relocation activity, and utilization of the services of Overland, Pacific and Cutler effective February 14th with the exception of completing the moves of three households that had identified replacement housing; we terminated the contract effective February 28th. OPC remains

under contract with Berkeley 75 for relocation assistance during the rehabilitation phase. As planned, some residents will have one move – to the new unit; others will have two moves: one to a temporary unit (approximately 10-days for rehab) before returning to their permanent unit.

We have advised the six households that we will continue to honor the S8 tenant based voucher (with extensions as necessary) through the end of the rehabilitation phase – should they desire to move off site to a privately owned rental unit – with S8 rental assistance. Any additional relocation assistance is at the discretion of Berkeley 75 (Berkeley 75 partnership's development budget includes \$516,558 for relocation).

The contract amendment allows for final payment to OPC for services received through the February 28th contract termination.

FINANCIAL IMPLICATIONS

\$18,000. The City awarded BHA a Housing Trust Fund allocation of \$300,000 (to be repaid in 10 years) for relocation expenses. Direct relocation expenses for the forty-one households was approximately \$224,000, with an additional \$250,000 in consultant fees (OPC and a supplemental contract with Envirocom). The \$174,000 in excess of \$300,000 was funded from reserves and BHA 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 FIFTH TOAMENDMENT TO THE OCTOBER 26, 2009 CONTRACT WITH OVERLAND, PACIFIC AND CUTLER (OPC), RELOCATION CONSULTANT FOR THE PUBLIC HOUSING DISPOSITION PROJECT INCREASING BUDGET AUTHORITY BY \$18,000.

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 that was approved in December 2010; and

WHEREAS, relocation of all current households that did not require a three or four bedroom unit to be adequately housed was a requirement of HUDs approval of the disposition application; and

WHEREAS, the Development Disposition and Loan Agreement between BHA and Berkeley 75 Partners also required BHA to complete the permanent relocations as a condition of the agreement; and

WHEREAS, the City awarded a \$300,000 Housing Trust Fund loan for project related relocation expenses which BHA must repay in 10 years; and

WHEREAS, title to the properties transferred effective February 14, 2014, completing the DDLA; and

WHEREAS, Berkeley 75 assumed the leases for all 24 units occupied on February 14, 2014; and

WHEREAS, BHA will continue to honor the tenant based voucher awarded to any household remaining in the project through completion of the rehabilitation phase; and

WHEREAS, Overland, Pacific and Cutler has submitted a final invoice for services rendered through contract termination, February 28, 2014; and

WHEREAS, Overland, Pacific and Cutler served BHA well, and is under contract with Berkeley 75 Partners to provide relocation assistance to households during the rehabilitation phase.

NOW, THEREFORE BE IT RESOLVED, that the Executive Director is authorized to amend the October 16, 2009 contract with Overland, Pacific and Cutler, increasing contract authority by \$18,000 for a not to exceed total of \$300,000.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on April 10, 2014 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____
Tia M. Ingram, Secretary