



Berkeley Housing Authority

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Office of the Executive Director

Item 6C

NEW BUSINESS

June 14, 2012

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

From: *Tia M. Ingram*
Tia M. Ingram, Executive Director

Subject: Rental Housing Construction Program- Extension of the 1982 Regulatory Agreement

RECOMMENDATION

Authorize the Executive Director to approve an extension of the RHCP Regulatory Agreement from August 2012 to be coterminus with the RHCP Promissory Note, which expires August 2014.

BACKGROUND

The disposition project includes 61 federaly funded units with no outstanding loan balance, and Declarations of Trust controlling the land, plus 14 state funded units with existing debt (note) and a Regulatory Agreement. The actions proposed are only relevant to the 14-state funded units.

The existing Regulatory Agreement has a term that expires August 2012. Once the Regulatory Agreement expires, the current RHCP operating subsidy received by BHA will cease. In order to keep the RHCP operating subsidy in place prior to the anticipated transfer to Related Co., the Regulatory Agreement would need to be extended to be co-terminus with the Promissory Note. Should the Regulatory Agreement not be extended, the Housing Authority would experience a loss of approximately \$59,000 in operating subsidy from RHCP.

As owner, any action to revise, amend or extend these agreements will required action by BHA's Executive Director and/or Board. Given that the Board only meets once each month, and is scheduled to be at recess for the month of August, we are seeking advance approval to execute the two documents specifically referenced in this report, and any related documents that may be required.

FISCAL IMPACTS OF RECOMMENDATIONS

Adopting the recommendation will result in preserving \$59,000 in annual operating subsidy from the RHCP program, until such a time that the units are transferred to the new ownership entity.

CONTACT PERSON

Tia M. Ingram, Executive Director, (510) 981-5471
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Attachment: Resolution

BERKELEY HOUSING AUTHORITY
RESOLUTION NO. 12- _____

AUTHORIZING THE EXECUTIVE DIRECTOR TO APPROVE AN EXTENSION OF THE 1982 REGULATORY AGREEMENT WITH THE CALIFORNIA DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT

WHEREAS the Berkeley Housing Authority (BHA) is in the process of disposing of the 14 units developed under financial agreements with California Housing and Community Development (HCD); and

WHEREAS the Regulatory Agreement will expire in August 2012; and

WHEREAS , the operating subsidy currently received from the State will terminate upon the expiration of the Regulatory Agreement; and

WHEREAS, BHA needs the operating subsidy to manage and maintain the units until the transfer to Related; and

WHEREAS, Staff proposes having the Regulatory Agreement be coterminous with the Promissory Note, and expire in August 2014; and

WHEREAS, an extension of the Regulatory Agreement will necessitate execution of one or more documents and/or certifications by the Executive Director on behalf of BHA.

NOW THEREFORE, BE IT RESOLVED, that the Housing Authority Board authorizes the Executive Director to approve an extension of the RHCP Regulatory Agreement through February 2014.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on June 14, 2012 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____
Tia M. Ingram, Secretary