Office of the Executive Director

To: Honorable Chairperson and
   Members of the Housing Authority Commission

From: Jesy Yturralde, Acting Executive Director

Subject: Approve A Resolution Authorizing Formation Of A Non-Profit Corporation And Filing The
         Articles Of Incorporation

Item 5A
NEW BUSINESS
March 12, 2020

Background
At the February Board meeting, staff was asked to request from BHA’s legal counsel, Goldfarb Lipman,
to provide information on formation of a non-profit corporation that would provide opportunity to
enter into development agreement partnerships, and/or embark on developing affordable housing in
Berkeley. Attached you will find that memo from Goldfarb Lipman.

Status
Present at this evening’s Board meeting, is Isabel Brown, an attorney from Goldfarb Lipman, to help
guide the Board through the points made in the memo, and answer any questions the Board has.
Some examples of development projects she has assisted housing authorities with include: entering
into development agreements in a 4% tax credit bond partnership; purchase of a distressed tenanted
building with code violations now being rehabbed it with 9% tax credits for special needs persons;
and another where the Authority is partnering with a nonprofit developer for a rehab/new
construction project.

Further decisions need to be made such as the name of the non-profit entity, Board composition, and
staffing.

Fiscal Impacts
Initial formation costs for non-profit entity range from approximately $5,000 to $10,000.

Attachments:
  1. Resolution
BERKELEY HOUSING AUTHORITY
RESOLUTION NO. 20—__

AUTHORIZING FORMATION OF A NON-PROFIT CORPORATION AND FILING THE
ARTICLES OF INCORPORATION

WHEREAS, The BHA Board has embarked on a strategic planning process for the long term
stability of the agency; and

WHEREAS, The BHA Board has expressed desire in positioning the agency to have the option to
partner with developers, or independently develop affordable housing units in Berkeley, in order to
add to the long term housing stock; and

WHEREAS, The Board indicated an interest in consideration of use of disposition proceeds to
develop and/or partner with developers to produce affordable housing that could also provide
potential income streams for the agency; and

WHEREAS, HUD allows Net Proceeds of a disposition deal to be utilized for the provision of low
income housing including acquisition/rehab, or new construction; and

WHEREAS, BHA has incoming Net Proceeds from the disposition of the formerly owned Low
Income Public Housing units; and

WHEREAS, BHA’s legal counsel, Goldfarb Lipman, has provided a memo regarding housing
authority considerations in non-profit corporation formation; and

WHEREAS, the legal memo suggests steps to be taken by the Board including first passing a
resolution authorizing formation and filing of the Articles of Incorporation; and

WHEREAS, following steps will include determining a name for the entity; deciding on
Board and staffing structures; drafting and filing with the Secretary of State the Articles of
Incorporation and a Statement of Information; drafting Bylaws for the Corporation; holding
a first meeting of the Corporation to ratify the actions of the Incorporator (attorneys)
including directors, officers, terms of directors; authorizing filing a tax exemption adopting a
conflict in interest policy; authorizing opening of a bank account; obtaining an EIN; entering
into a staffing agreement between the Authority and the Corporation; and preparing and
filing a federal tax exemption application for the Corporation.

NOW THEREFORE, BE IT RESOLVED, that the Board of Commissioners of the Berkeley
Housing Authority authorizes the formation of a non-profit corporation and filing the articles of
incorporation.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on March
12, 2020 by the following vote:

Ayes:

Noes:

Absent:

Attest: ____________________________
Jesy Yturralde, Secretary