



Berkeley Housing Authority

DRAFT MINUTES
BOARD OF THE BERKELEY HOUSING AUTHORITY
SPECIAL MEETING

Friday, July 25, 2014

Berkeley Housing Authority Office
1936 University Ave, Suite 150
Berkeley, CA 94704

8:30 a.m.**CAROLE NORRIS, CHAIR**

VALERIE AGOSTINO
MARJORIE COX

ADOLPH MOODY
DANIEL ROSSI
MARVA CREMER

1. **Call to Order**

The meeting was called to order at 8:50 a.m.

2. **Roll Call**

Present: Chairperson Norris, Commissioners Agostino, Cox, Cremer, Moody and Rossi.

3. **Comments from the Public**

None

4. **Study Session**

a. **Strategic Planning Project Update**

Surlene Grant, consultant (Center for Collaborative Policy) provided a brief overview of the process that will be used during the Board workshop. Will utilize (1) a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats) of current operations/resources; (2) review of the City's Housing Element and General Plan with an eye for collaborative opportunities; and (3) review of various grant opportunities that relate to services currently performed by BHA. Commissioners can anticipate a written survey and a one-on-one conversation prior to the group session. Board will be polled for possible dates, September to October. Staff will create a new poll to identify a Friday or Saturday when all/most Commissioners are available [*Grant was late in arriving; this discussion occurred mid-way through the "Dispo project" update*]

b. **Public Housing Disposition Project Update**

Executive Director Ingram had praise for the quality and progress of construction, and in keeping with the goal of transparency adopted by the Board, shared administrative issues being addressed by staff including (1) **Construction contract**: the form of the

construction contract utilized by Related has presented some interesting challenges as we (Related and BHA) attempt to manage costs on the project; details of the various change orders and use of allowances are being tracked all parties (consultant Jon Orcovez for BHA, Related, and funders with their own representatives); (2) **Rehab Contractors/Employment Opportunities**: notwithstanding evidence presented by Related of outreach efforts, noted significant percentage of labor commuting from Southern CA, compared to local hires; additional concern about lack of payroll reporting (Davis Bacon), and lack of timely evidence that pay discrepancies have been addressed; (3) **Proceeds/Cash Flow**: though BHA is not a party to the construction contract, construction cost remain a concern of BHA, as per the contract, BHA receives 50% of the savings, minus any loss of tax credit equity; (4) **Leasing**: Related acted quickly to early concerns about the application being used, and some of the screening decisions (that delayed or denied housing); issues resolved, and the process to house families is moving forward at quick pace; BHA staff have been redirected to give priority to processing to these tenancies; approximately 30 families now housed; (5) **4-bedroom households**: staff on alert regarding stability of some of the qualified 4-bedroom households [recall at Related's request, the Occupancy Standard was revised (lowered) to allow smaller families to qualify for a 4-bedroom unit]; this also means a family moves more quickly to becoming over-housed; (6) **Relocation**: Related provided assurances throughout the planning phase, that based on previous experience, returning residents would be out of their homes for 7, at most, 10 days for rehab; unfortunately some residents have been in temporary housing (hotels) for 3 months or more, and complaints are being registered with BHA; we have requested information on the actual relocation activity from Related/Overland Pacific and Cutler (OPC); some delay attributed to Related's unsuccessful efforts to obtain mitigations from City Building Official for ADA improvements; (7) **S8 Assistance**: Few outstanding issues with S8 eligibility for previous residents, including newly identified family with annual income greater than 80% AMI, and thus not S8 or Tax Credit eligible; BHA staff following up; (8) **RHCP**: issue of repayment of RHCP loan remains unresolved; significant impact on cash proceeds; (9) **Post Rehab**: important reminder that project will deliver 75 fully rehabilitated units (minimum of 70) housing extremely low income households.

Lydia Tan, Related: (1) Described project as *most complicated* she has worked on, noting multiple challenges occurring simultaneously; (2) advised relocation schedule revised early in project, with residents being told 4-6 weeks for relocation; (3) acknowledged construction challenges and encouragement that issues are being resolved; (4) shared concern about potential over-housed family, noting project financials reflect a higher vacancy rate to offset any loss of rental subsidy; (5) described exhaustive efforts to work with Building Official regarding delays to construction schedule, and increase in cost, caused by requirement to comply with current ADA requirements; permits have been obtained, and work is proceeding on accessible units.

Don Lusty, Related: provided an overview of the project and the financial projections: (1) 38 fully rehabilitated units under lease to qualified households; 11 additional families cleared and scheduled to take occupancy in new few weeks; (2) construction phase scheduled for completion mid-October; (3) project scoring good with regard to Tax Credits: 10 points for completing specified work, additional 10 points for quality of work; (4) to preserve tax credit equity, construction costs must increase by approximately \$300,000; Related does not anticipate a problem meeting this goal; systems in place in Tax Credit program to certify reasonable cost at conclusion of project; (5) latest projections favorable to BHA, but do not reflect adjustment for the newly identified over-income household or the rental income (S8 subsidy) that is now in place for the 38 units under lease; (6) there are two newly identified households that

are either over-housed or over-income bringing the total over-income/over-housed households to 10 and resulting in a reduction in the projected annual fair market rent by \$12,144 (from \$1,833,840 at closing to \$1,821,696); (7) anticipates construction savings that could potentially generate additional net proceeds of \$510,000 (after reduction in equity) in March 2015.

Jon Orvecz, BHA Construction Monitor: (1) shared praise for the quality of construction and complexity of the project; (2) described concerns about the "Stipulated Sum" construction contract, and prior meetings with Related and associated contractors; (3) discussed challenges within the order process; additional costs now totaling \$2.7 million in addition to the \$1.23 million (15%) construction contingency; and new cost certification controls to better document expenses; (4) shared specifics where push back resulted in significant savings (interior wall texture; tub enclosures, fencing).

Commissioner comments: (1) praise for Related taking on such a difficult, challenging project; (2) praise and appreciation for the quality of the rehabilitation (based on exterior observations); (3) desire that any additional investments to meet Tax Credit requirements add value, i.e. improved conditions for residents; (4) praise and appreciation to Jon for close monitoring of construction and cost concerns; (5) acknowledgement that while BHA is concerned about cost, Related is the entity with the most at risk, and thus is highly motivated to produce a quality product; (6) stressed importance of completing the project and having the units serve large, low-income households; (7) expressed confidence in Related's post construction property management division.

c. BHA Section 8 Voucher Program

No discussion of this item

d. Tour – Berkeley 75 Rehabilitation Project

5. Adjournment

The meeting adjourned to the site tour at 11:15 a.m.

This meeting is held in a wheelchair accessible location. If you need special assistance to participate in the meetings of the Berkeley Housing Authority's Board of Commissioners, please contact Rachel Gonzales-Levine, Reasonable Accommodation Coordinator, at (510) 981-5485, rgonzales-levine@ci.berkeley.ca.us or via California Relay Service (711). Notification 48 hours prior to the meeting will enable the Authority to make reasonable arrangement to ensure accessibility. Please refrain from wearing scented products at the meeting, as attendees may be sensitive to various scents in products and materials, whether natural or manufactured.



This agenda was posted on the doors of the Berkeley Housing Authority at 1936 University Ave., Suite 150, Berkeley, CA 94704; at North Berkeley Senior Center, 1901 Hearst Avenue, Berkeley, CA 94709; as well as the Berkeley Housing Authority website, www.cityofberkeley.info/bha. The Board will be in recess in August; the next regular meeting is scheduled for **Thursday, September 11, 2014** at 6:00 p.m. at the North Berkeley Senior Center.