



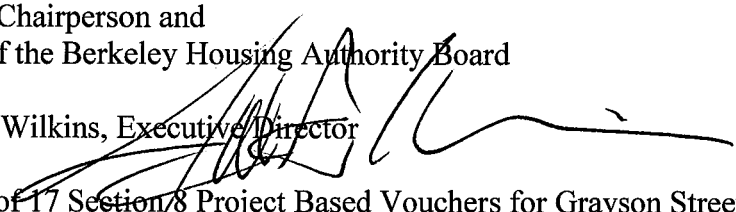
Berkeley Housing Authority

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Office of the Executive Director

Item 6D
NEW BUSINESS
November 9, 2016

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

From: William E. Wilkins, Executive Director 

Subject: Allocation of 17 Section 8 Project Based Vouchers for Grayson Street Apartments

RECOMMENDATION

Approve a resolution awarding 17 Section 8 Project Based Vouchers (PBVs) to Satellite Affordable Housing Associates (SAHA) for Grayson Street Apartments, a new construction project.

BACKGROUND

Grayson Street Apartments is a 23 unit, one and two bedroom project housing families, transition aged youth, and people with disabilities. The project is requesting 17 PBVs; cost to build is \$13.6 million; and expected groundbreaking is spring 2017. This project is located on a long-term vacant lot, one block South of the intersection of San Pablo and Ashby Avenues and would greatly improve this gateway to the City.

Staff recommends award of 17 PBVs. Affordable housing for disabled adults, families, and youth exiting the foster care system is in high demand, and extremely limited supply in Berkeley. The 17 units of long term affordable housing will also increase BHA's lease up rate, in a crucial time where we are losing units monthly, to those who can afford to pay market rate rents in Berkeley.

Under current HUD rules, housing authorities may allocate up to 20% of their Annual Budget Authority (ABA) for the Project-based Section 8 Program. Note: ABA is not the agency's operational budget; rather, it is rental subsidy BHA receives from HUD, also known as Housing Assistance Payment (HAP) funds, directly passed through to the landlords that provide housing for Section 8 program participants. Under the calculation of 20% of ABA, BHA has capacity to award up to 30 Project-based Vouchers. There are 286 PBVs allocated at this time.

Project-based contracts are in effect for 15 years, with the option to extend the contract for up to an additional 15 years, which is what makes the Project-based program so enticing to developers of affordable housing. Those long term funding commitments can be leveraged with other funding sources for building new construction projects.

STATUS

Previously in 2013, staff had recommended that PBVs be awarded to Grayson Street Apartments, however, it was later rescinded because the award method was deemed invalid. Satellite Affordable Housing Associates (SAHA), the non-profit developer building Grayson Street Apartments has recently returned to BHA with a request for 17 Project-based Vouchers.

Based on HUD regulations and BHA's Administrative Plan, housing authorities may award PBVs utilizing a solicitation by another government entity, rather than opening up an RFP, as long as "... *the earlier competitive selection proposal did not involve any consideration that the project would receive PBV assistance (24 CFR 983.51(b)(2))* (Attachment 1). Additionally, the PBV allocation has to be made within 3 years of the other competitive process.

Grayson Street Apartments was recently awarded funds through the State of California's *Affordable Housing and Sustainable Communities Program* (also known as "*Cap and Trade*" funding) in the Oct. 2016 funding round. Since the State approved proposal did not contain any consideration of Project-based Vouchers, BHA is free to make a PBV award to this project without opening up an RFP (Attachment 2).

RATIONALE FOR RECOMMENDATION

The recommendation for award of Project Based Vouchers is based on BHA's desire to create hard units that can begin providing much needed housing for Section 8 eligible households. Most of the projects built in Berkeley recently have been luxury apartments/condos, for those who can well afford market rate rents. BHA has an opportunity to provide subsidy for housing those with the lowest of incomes, 30 – 50% of Area Median Income (AMI). For a 1 person household the annual income range translates to \$0 - \$20,500 (30% AMI), and no more than \$34,150 (50% AMI). Note: the majority of our households (upwards of 80%) BHA serves are at or below 30% AMI.

Additionally, as mentioned in previous board meetings, the new federal "Housing Opportunity through Modernization Act" (HOTMA), will expand the formula housing authorities will use to calculate a new threshold of Project-based subsidy allowable. We foresee this increase to provide upwards of almost 200 additional PBVs that BHA can allocate, after the law is codified (hopefully sometime in 2017).

FINANCIAL IMPLICATIONS

Once the project is complete and the 17 units are housing our program participants, BHA will benefit from an increase in lease up rate, and administrative fee, by 17 units.

CONTACT PERSON

William E. Wilkins, Executive Director, 981-5471

Rachel Gonzales-Levine, Management Analyst, 981-5485

Attachments:

1. Code of Federal Regulations, Chapter 24 (HUD), Project-based Voucher Program: 983.51 "Owner Proposal Selection Procedures"
2. State of California Affordable Housing and Sustainable Communities Funding Award info. for Grayson Street Apartments
3. Resolution approving award of 17 Project Based Vouchers to Satellite Affordable Housing Associates for the Grayson Street Apartment Project

§983.51 Owner proposal selection procedures.

(a) *Procedures for selecting PBV proposals.* The PHA administrative plan must describe the procedures for owner submission of PBV proposals and for PHA selection of PBV proposals. Before selecting a PBV proposal, the PHA must determine that the PBV proposal complies with HUD program regulations and requirements, including a determination that the property is eligible housing (§§983.53 and 983.54), complies with the cap on the number of PBV units per project (§983.56), and meets the site selection standards (§983.57).

(b) *Selection of PBV proposals.* The PHA must select PBV proposals in accordance with the selection procedures in the PHA administrative plan. The PHA must select PBV proposals by either of the following two methods.

(1) *PHA request for PBV Proposals.* The PHA may not limit proposals to a single site or impose restrictions that explicitly or practically preclude owner submission of proposals for PBV housing on different sites.

(2) *Selection based on previous competition.* The PHA may select, without competition, a proposal for housing assisted under a federal, State, or local government housing assistance, community development, or supportive services program that required competitive selection of proposals (e.g., HOME, and units for which competitively awarded low-income housing tax credits (LIHTCs) have been provided), where the proposal has been selected in accordance with such program's competitive selection requirements within 3 years of the PBV proposal selection date, and the earlier competitively selected housing assistance proposal did not involve any consideration that the project would receive PBV assistance.

(c) *Public notice of PHA request for PBV proposals.* If the PHA will be selecting proposals under paragraph (b)(1) of this section, PHA procedures for selecting PBV proposals must be designed and actually operated to provide broad public notice of the opportunity to offer PBV proposals for consideration by the PHA. The public notice procedures may include publication of the public notice in a local newspaper of general circulation and other means designed and actually operated to provide broad public notice. The public notice of the PHA request for PBV proposals must specify the submission deadline. Detailed application and selection information must be provided at the request of interested parties.

(d) *PHA notice of owner selection.* The PHA must give prompt written notice to the party that submitted a selected proposal and must also give prompt public notice of such selection. Public notice procedures may include publication of public notice in a local newspaper of general circulation and other means designed and actually operated to provide broad public notice.

(e) *PHA-owned units.* A PHA-owned unit may be assisted under the PBV program only if the HUD field office or HUD-approved independent entity reviews the selection process and determines that the PHA-owned units were appropriately selected based on the selection procedures specified in the PHA administrative plan. Under no circumstances may PBV assistance be used with a public housing unit.

(f) *Public review of PHA selection decision documentation.* The PHA must make documentation available for public inspection regarding the basis for the PHA selection of a PBV proposal.

(g) Owner proposal selection does not require submission of form HUD-2530 or other HUD previous participation clearance.



CALIFORNIA STRATEGIC
GROWTH COUNCIL



FOR IMMEDIATE RELEASE

October 11, 2016

Contact: Evan Gerberding, HCD Deputy Director of Communications
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Strategic Growth Council Approves \$289.4 Million Investment in Housing Affordable to Hardworking Californians and Transit Infrastructure Designed to Help People Drive Less

*Second Round of Climate Investment Projects
Centered on Combating Climate Change*

SACRAMENTO—The California Strategic Growth Council today unanimously approved \$289.4 million in competitive grants and loans to 25 housing developments and transit-friendly infrastructure projects that will help Californians drive less and reduce the greenhouse gas emissions contributing to climate change.

Today's awards are part of the Affordable Housing and Sustainable Communities (AHSC) Program, administered by the California Department of Housing and Community Development in coordination with the Strategic Growth Council and California Air Resources Board. This is one of the California Climate Investment programs financed by the Greenhouse Gas Reduction Fund using proceeds from the state's cap-and-trade auctions.

"The Strategic Growth Council is using cap-and-trade proceeds to fund over a quarter of a billion dollars in housing and transportation projects throughout California, primarily in disadvantaged communities, that are reducing greenhouse gas emissions, improving lives, and benefiting the economy, reflecting California's commitment to fight climate change and build for the future," said Ken Alex, Strategic Growth Council Chairman.

The program funds statewide affordable-home development that is close to transit in dense urban areas, suburban transit centers, and compact rural communities. When completed, the developments will provide nearly 2,500 new homes affordable to Californians with modest incomes.

“These investments demonstrate the multiple benefits of California’s ambitious programs to fight climate change,” said Matt Rodriguez, California Secretary for Environmental Protection. “Not only will they reduce our global warming emissions, but they will improve the lives of some of the most vulnerable Californians by helping to build communities that are cleaner, healthier and more affordable.”

“These investments in affordable-housing clearly demonstrate the State’s full commitment to direct cap-and-trade auction proceeds into the California communities that need them the most,” said CARB Chair Mary D. Nichols. “These sustainability projects improve the quality of life in Disadvantaged Communities, reduce greenhouse gas emissions and provide a broader range of transportation choices throughout the State.”

These grants and loans help reduce greenhouse gas emissions by supporting more compact development in urban areas and encouraging people to walk, bike, and use public transit, while also protecting agricultural land from suburban sprawl. This year’s 25 recommended developments will reduce Californians’ driving by approximately 770 million miles – the equivalent of removing every single car going both directions on the Golden Gate Bridge for a full week.

The Council continues its commitment to investments that benefit communities with the highest pollution burden, with more than \$246 million in funding, or 85 percent, committed to these communities. This year the Council piloted a technical assistance program to support applications from disadvantaged communities, and five of these applicants were awarded funds in today’s Council action.

“The healthy share of funding going to over-exposed and socially vulnerable communities – and the investment in providing technical assistance to maximize success in the application process—represents a continued state commitment to equity as a guiding principle and key criterion in addressing California’s climate challenge. The upcoming Transformative Climate Communities and other programs will offer more opportunities to make progress together,” said Manuel Pastor, Strategic Growth Council Public Member and Director, USC Program for Environmental and Regional Equity.

The awards adopted by the Council today represent a wide geographic distribution throughout the state, reflecting regional priorities for affordable housing development plus transportation and transit investments. Each development must include transit, bike, and pedestrian improvements, requiring well-coordinated housing and transportation infrastructure that reduce greenhouse gas emissions. The AHSC program also funds annual transit passes, ridership

programs, active transportation education, and other outreach programs necessary to help people move away from automobiles to other, healthier transportation options.

“These cap-and-trade investments will improve access to housing, transit, jobs and other opportunities in communities throughout the state, while advancing climate and health equity and creating more livable, vibrant communities” said Strategic Growth Council Executive Director Randall Winston.

“The selected AHSC developments throughout California represent a true ‘win-win’ for residents and our environment,” said Ben Metcalf, Director of the California Department of Housing and Community Development. “When people are able to choose walking, biking, and transit options over hopping in their cars, we’re all healthier.”

A complete list of projects that received funding can be found at:

<http://sgc.ca.gov/resource%20files/10112016AHSC1516AppendixA1&2.pdf>

For more information on California’s Climate Investments visit:

<http://www.arb.ca.gov/cc/capandtrade/auctionproceeds/ggrfprogrampage.htm>.

The Strategic Growth Council (the Council, or SGC) was created in 2008 by Senate Bill 732 (Steinberg). The SGC brings together agencies and departments within the Business, Consumer Services and Housing; Transportation; Natural Resources; Health and Human Services; Food and Agriculture; and Environmental Protection Agencies, with the Governor's Office of Planning and Research and three public members to coordinate activities that support sustainable communities emphasizing strong economies, social equity and environmental stewardship. More information on the SGC can be found at www.sgc.ca.gov. More information on the Affordable Housing and Sustainable Communities Program can be found here. http://www.sgc.ca.gov/s_ahscprogram.php

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Table 1: Staff Recommendations: AHSC 2015-16 Awards

PIN	Project	Applicant	Project Location	Project Area Type	DAC Eligibility	DAC %	% of Total AHSC Funds Available	Final % Score	Total AHSC Requested
35258	Six Four Nine Lofts	Skid Row Housing Trust	Los Angeles	TOD	Located Within	96-100%	1.8%	94.50%	\$5,315,000
35213	Lakehouse Connections	East Bay Asian Local Development Corporation	Oakland	TOD	Located Within	81-85%	6.3%	94.00%	\$18,127,203
35247	Empyrean & Harrison Hotel Housing and Transportation Improvements	Resources for Community Development	Oakland	TOD	Located Within	86-90%	5.8%	92.78%	\$16,807,556
34781	Rolland Curtis West	Abode Communities	Los Angeles	TOD	Located Within	91-95%	2.0%	90.25%	\$5,668,074
34767	St. James Station TOD	First Community Housing	San Jose	TOD	Located Within	81-85%	4.5%	90.00%	\$12,889,611
34708	7th & Wilmer	Deep Green Housing & Community Development	Los Angeles	TOD	Located Within	91-95%	5.8%	85.00%	\$16,760,000
35538	Coliseum Connections	UrbanCore Development, LLC	Oakland	TOD	Located Within	96-100%	5.1%	81.75%	\$14,844,762
35254-455	Fel	Mercy Housing California	San Francisco	TOD	25% of Project w/ hr	86-90%	5.5%	79.25%	\$16,056,563
Subtotal TOD Projects: \$106,468,769									
35326	Hunter Street Housing	Visionary Homebuilders of California, Inc.	Stockton	ICP	Located Within	86-90%	3.1%	90.50%	\$8,941,370
34818	Renascent San Jose	Charities Housing	San Jose	ICP	Located Within	96-100%	5.2%	89.00%	\$14,979,486
34845	MDC Jordan Downs	The Michaels Development Company I, LP	Los Angeles	ICP	Located Within	96-100%	4.1%	88.00%	\$11,969,111
34786	Grayson Street Apartments	Satellite Affordable Housing Associates	Berkeley	ICP	Located Within	81-85%	1.3%	87.00%	\$3,755,326
35241	Santa Ana Arts Collective	Meta Housing Corporation	Santa Ana	ICP	Within an 1/2 mile	86-90%	4.2%	85.41%	\$12,028,626
34866	Creekside Affordable Housing	Neighborhood Partners, LLC	Davis	ICP	N/A	N/A	4.1%	84.25%	\$11,881,748
35198	Cornerstone Place	Dornus Development, LLC	El Cajon	ICP	Located Within	76-80%	4.2%	83.50%	\$12,090,713
34713	Sun Valley Senior Veterans Apts & Sheldon Street Pedestrian Improvement	East LA Community Corporation	Los Angeles	ICP	Located Within	91-95%	3.8%	80.25%	\$11,110,020
34761	Redding Downtown Loop and Affordable Housing Project	City of Redding	Redding	ICP	N/A	N/A	6.9%	78.25%	\$20,000,000
Subtotal ICP Projects: \$106,756,400									
34874	Coldstream Mixed Use Village - RIPA app	StoneBridge Properties	Truckee	RIPA	N/A	N/A	3.7%	85.50%	\$10,682,140
35378	Lindsay Village Affordable Housing & Transportation Improvement	Proje Self Help Enterprises	Lindsay	RIPA	Located Within	86-90%	1.9%	85.00%	\$5,518,353
34791	Wasco Farmworker Housing Relocation Project	Wasco Affordable Housing, Inc.	Wasco	RIPA	Located Within	86-90%	6.4%	84.00%	\$18,637,432
Subtotal RIPA Projects: \$34,837,925									
34720	PATH Metro Villas Phase 2	PATH Ventures	Los Angeles	TOD	Located Within	96-100%	4.8%	76.00%	\$13,750,183
35348	Sierra Village Affordable Housing & Transportation Improvement	Proje Self Help Enterprises	Dimuba	RIPA	within an 1/2 mile	96-100%	1.6%	80.25%	\$4,646,731
34886	Kings Canyon Connectivity Project - (Kings Canyon)	Cesar Chavez Foundation	Fresno	ICP	Located Within	96-100%	5.4%	77.50%	\$15,579,426
34771	South Stadium Phase I TOD	City of Fresno	Fresno	ICP	Located Within	96-100%	2.0%	74.00%	\$5,738,730
35219	Avena Bella (Phase 2)**	EAH Inc.	Turlock	ICP	Located Within	96-100%	2.6%	64.15%	\$1,661,667
Subtotal DAC (96-100%) Projects: \$41,376,737									
TOTAL: \$289,439,831									

** Reduced funding award because of availability of funds in this NOFA. Original request was \$7,474,676 (\$6,862,451 in AHD and \$612,225 in STI).

BERKELEY HOUSING AUTHORITY
RESOLUTION NO. 16-_____

APPROVING AWARD OF 17 PROJECT BASED VOUCHERS TO SATELLITE
AFFORDABLE HOUSING ASSOCIATES (SAHA) FOR GRAYSON STREET
APARTMENTS FOR AN INITIAL TERM OF 15 YEARS

WHEREAS, Grayson Street Apartments will provide long term housing consistent with the goal of creating affordable one, and two bedroom rental units for households qualifying for Section 8 rental assistance; and

WHEREAS, Grayson Street Apartments will house disabled, family, and transition aged youth; and

WHEREAS, there has been a slowdown in the building of long term affordable housing in the City of Berkeley; and

WHEREAS, in 2013, BHA originally awarded 17 PBVs to Grayson Street Apartments but had to rescind the award based on selection criteria inconsistent with the Administrative Plan and HUD regulations; and

WHEREAS, in Oct. 2016 Grayson Street Apartments was awarded \$3.755 million in State of California Affordable Housing and Sustainable Communities (AHSC) funding; and

WHEREAS, BHA may award PBVs to this project utilizing the facts that it was awarded State AHSC funds without a consideration of PBVs and the award was made within 3 years of the PBV allocation; and

WHEREAS, SAHA plans to break ground in the spring of 2017; and

WHEREAS, SAHA acknowledges that in order for the Project-based subsidy to begin and prior to any construction: an Environmental Review must be performed for the agreed upon scope of work; Subsidy Layering Review must be approved by HUD; SAHA agrees to hire a Davis-Bacon wage monitor; and an Agreement to Enter into a Housing Assistance Payment Agreement (AHAP) must be signed with BHA including all subject compliances therein as outlined by HUD; and

WHEREAS, post-construction, inspections of units must take place; signing of HAP contract, and, an intake process of waitlist households must occur; and

WHEREAS, HUD regulations allow housing authorities to execute initial master HAP terms for up to 15 years, with an option to extend after that period expires;

NOW THEREFORE, BE IT RESOLVED, that the Executive Director is hereby authorized to allocate 17 Project Based Vouchers to Satellite Affordable Housing Associates for Grayson Street Apartments for an initial term of 15 years.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on November 9, 2016 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____
William E. Wilkins, Secretary