

Parker Place

Proposal for Dispersion of Inclusionary Units

The Project

The Parker Place Condominiums (the “Project”) consist of 155 residential units and 22,948 square feet of ground-floor commercial space along with up to 188 total parking spaces located both at the ground level for commercial, and at an underground level for residential. The residential component of the Project includes a mix of a total of 140 units of studio, junior 1-bedroom, 1-bedroom and 2-bedroom flats along with 11 two-story micro-cottages and 4 three-story town houses. The commercial component of the Project includes 637 square feet of small micro-retail, 1,948 square feet of café/restaurant/retail space and a large, but divisible 20,363 square foot space for retail/restaurant/café uses.

The Project site spans from the north-westerly corner of Parker Street along Shattuck to the north-westerly corner of Carleton Street consisting of over 60,304 square feet of land. Parker Street divides the Project between 2598 Shattuck lot of 16,161 square feet and 2600 Shattuck lot of 44,142 square feet. The Project design consists of three distinct and separate structures that include 2600 Shattuck with 123 units and 20,363 square feet of commercial with at-grade and underground parking, 2598 Shattuck (east) with 28 units and 2,585 square feet of commercial and 2598 Shattuck (west) with 4 three-story town-houses.

Although the Project is being processed as a condominium development (with the exception of the proposed affordable units at 2598), the sponsor plans to build and rent the Project until condominium market demand returns.

Berkeley’s Inclusionary Requirements

The City of Berkeley’s inclusionary ordinance requires 20% of the units, or 31 units, be made available as Below Market Rate (BMR) units and sold to households with incomes at 80% of Area Median Income (AMI) and be reasonably dispersed throughout the Project. Additionally, these BMR units must be of comparable design, size, number of bedrooms, amenities and overall quality of finishes to the market-rate units.

Proposed Inclusionary Unit Dispersion to Allow Greater Community Benefit

Description

The sponsors are proposing to deliver the inclusionary housing in a way that is more beneficial to Berkeley than typical market rate projects have provided them in the past. Citycentric’s proposal for dispersion locates 28 of the 31 units so that they can be included in a stand-alone building on the Project site. This means of dispersion facilitates creation of more deeply affordable, service-enriched, accessible

housing for a special needs population. The sponsors intend to partner with the Center for Accessible Technology to develop a demonstration affordable housing development for persons with disabilities.

The proposed method of dispersion includes significantly deeper affordability by targeting households with incomes at an average of 55% of Area Median Income (30% AMI to 60% AMI) versus the City's inclusionary requirement of 80% AMI. The proposal will also allow flexibility to make the units available as rental versus ownership-only units, making the units available to persons with disabilities, ownership by a local nonprofit organization and more as described below.

As a standalone building, 2598 Shattuck is designed based on the principles of Accessible Design, with full ADA compliance; it includes a generous community room for exclusive use of the residents and 100% of the units are designed and built as fully accessible or adaptable to the residents' varying needs.



Rationale for Reasonable Dispersion

As explained below, this method of dispersing the 28 units in a standalone building as a rental project meets the Zoning Ordinance's requirements of reasonable dispersion and comparability in design, size, and number of bedrooms. It also facilitates the provision of many additional benefits to the community and to the City of Berkeley.

The dispersion of 28 of the 31 units into one 5-story building (ground floor is retail and three BMR units will remain at 2600) meets the intent of the 'reasonable dispersion' test as these BMR units are located on all four residential floors of the building and that building is located within the Project. Since the adoption of the Inclusionary Ordinance the City's interpretation of 'reasonable dispersion' has evolved. Initially, the City approved BMR units that were located only in the lower levels and in less desirable locations of the proposed projects. Later, the City approved projects that included BMR units on each floor, and finally, the City has approved projects that excluded BMRs from the top floors of the project.

This proposed methodology of dispersion is not new to the City Council. In October 2009 the City Council held a housing workshop in response to the Palmer case. The recent Palmer decision has made it impossible for local jurisdictions to require inclusionary housing for rental projects. The issue was to understand the potential impact of the Palmer decision on the supply and future pipeline of the City's inclusionary housing program.

In preparation for that workshop, the Council and staff solicited input from the Berkeley Rent Stabilization Board (BRSB). The BRSB consulted with Dr. Stephen Barton (former City of Berkeley Housing Director) on preparing recommendations for the Council's consideration. One of the BRSB's recommendations was the dispersion methodology that is proposed by this Project.

In general, the benefits of the proposed dispersion can be organized in three categories; Physical Benefits, Programmatic Benefits and Financial Benefits, as further described below.

Physical Benefits

Citycentric is planning to partner with the Center for Accessible Technology (C-for-AT) to create a demonstration project at 2598 Shattuck. The C-for-AT provides cutting edge computer and technology training and advocacy for people with disabilities. They will be consulting with the team in the design and construction of 2598 Shattuck and would provide ongoing educational computer classes for the residents. Citycentric plans to design and build the units at 2598 according to the guidelines set forth in the Americans with Disabilities Act of 1990.

The ADA principles of Accessible Design refer to a wide range of design disciplines that include products, built environments and means of communication. Examples of Accessible Design are: smooth ground surfaces in entryways, wide interior doors and hallways, lever handles for opening doors instead of twisting knobs, buttons on control panels that can be distinguished by touch. The building at 2598 Shattuck Avenue will be equipped according to the ADA Accessibility Guidelines, which include, detailed specifications for fixtures, bathrooms, kitchens, signage and alarms, telephones, community areas, parking areas and ground and floor surfaces.

The residences at 2598 Shattuck will be larger than standard units and will have wider doorways (e.g. 36" instead of the standard 32"), hallways (e.g. wide enough to allow two wheelchairs to travel side-by-side. i.e. minimum of 7 feet) and more square footage in all the rooms to allow for wheelchair access and mobility. The average unit size at 2598 is 637 square feet while the average unit size at 2600 is only 606 square feet.

The BMR units at 2598 have a higher percentage of one and two bedroom units versus studio units than 2600. 2598 provides more one and two bedroom units and fewer studio units than 2600 as shown in the table, below.

2598 Unit Types		
Unit Type	Number	% of Units

Studio	4	14
1 Bedroom	20	72
2 Bedroom	4	14
Total	28	100%
2600 Unit Type		
Unit Type	Number	% of Units
Studio	35	42
1 Bedroom	76	58
2 Bedroom	12	10
Total	123	100%

The quality of construction and finishes will be appropriately durable for persons using wheelchairs, such as wainscoting on all walls to protect them from sheetrock from wheelchair bumping. Furthermore, as a prerequisite to receiving federal and state funding, the sponsors will be required to exceed Title 24 by fifteen percent, which will result in a high quality, energy efficient building.

In addition, the building at 2598 Shattuck will have amenities that are appropriate for residents with special needs—amenities that may not ordinarily be included in a development for people without disabilities, such as community and exercise rooms that are equipped with accessible design features:

- computer and portable device controls;
- Remote environmental controls for heating and/or cooling; and
- Video monitoring for guest access.

Programmatic Benefits

Parker Place’s proposed dispersion allows for efficient and meaningful delivery of services and solves many of the logistical problems that would result from scattering the units. The project provides a ground floor community room that will allow the residents to gather and receive the services that will be provided. According to Dmitri Belzer, Executive Director of the Center for Accessible Technology and President of the Ed Roberts Campus Board of Directors, dispersing the units at 2598 Shattuck will empower the residents and create a greater sense of community than if they were located amongst the balance of the project’s 155 units on over 60,000 square feet of land.

The proposed dispersion of the affordable housing units into a standalone building with the inclusion of a non-profit housing partner will allow the project to qualify for public financing. As such, the services provided by the C-for-AT could include providing additional services to the residents, such as financial management/education, exercise or yoga classes, nutritional classes and art/craft workshops. Flexible programmatic space will be a part of the design to meet the needs of the residents and accommodate the various users.

No market rate project built in Berkeley in the last 13 years that has inclusionary units has provided services or a community room for their very low income tenants. It is not a requirement of the City's Inclusionary Ordinance and it is an extra cost and management coordination function that no market rate development project has proposed or provided.

Service-enriched housing for independent living follows State of California Tax Credit Allocation Committee (TCAC) Regulations. Section 10325(c)(5)(B) of the regulations (Service Amenities) requires that the services must be appropriate to the population served and committed for at least 10 years with a minimum financial commitment of \$10,000 per annum. These include a host of possibilities including:

1. Free high-speed internet access in each unit;
2. After school program for family projects;
3. Educational classes such as ESL, computer training, etc;
4. Licensed childcare;
5. Direct client services, such as assistance with activities for daily living, or provision of counseling services, where a contract is in place at the time of application
6. Bona fide service coordinator/social worker available.

All affordable housing developers pick and choose from among the items and receive the maximum possible points in the competition for tax credits. For example, for Ashby Arts, Citycentric proposed to provide free high-speed internet plus a bona fide service coordinator secured by a contract with Life Long Medical Care.

Once the project is built and the building populated, the service coordinator prepares an assessment of the specific group of residents' needs and develops a services plan for the building. Citycentric proposes to follow the same path that all other service-enriched housing developers follow.

Financial Benefits and Housing Stability

The financial benefits of the proposed dispersion the units at 2598 Shattuck financially benefits future residents and Berkeley in general. The current economy will make it difficult for any new construction to proceed. The proposed method of dispersion provides a greater range of financing tools for the affordable housing component, even if the market rate component cannot proceed at the same time. The proposed dispersion of units will give the developer and their non-profit partner access to funding sources that would not otherwise be available if the inclusionary units were not in a standalone building—such as Tax Credits, HUD programs, City of Berkeley funds, and grants from foundations.

Dispersing the units as proposed allows the provision of significantly lower affordability thresholds and also allows the rental housing to be affordable for the life of the unit. Citycentric will be able to offer deeper affordability levels—an average of 45% AMI (with some units affordable as low as 30% AMI and no higher than 60% AMI)—compared to the City of Berkeley's requirement of 20% at 80% AMI for an otherwise for sale project. Citycentric will also be able to increase the number of Below Market Rate

units (eight more), providing the full 20%, or 31 BMR units. Typical projects that use the state density bonus are not required to provide for inclusion in the bonus units; so typically only about 17% of those projects' units are affordable.

The proposed method of dispersing the BMR units allows them to remain as rental units even as the balance of the project's units may eventually be sold as condominiums, which will provide more stable housing for a special needs population. According to Dmitri Belzer, Executive Director of the Center for Accessible Technology and President of the Ed Roberts Campus Board of Directors, very low income tenants with disabilities would likely be displaced if rental units are converted to condos and sold. According to Mr. Belzer, few individuals with disabilities on fixed incomes have the financial resources to provide a down payment for property ownership, even at the reduced prices that would be required of a for sale BMR unit.

The benefits for the City and for Persons with Disabilities include:

Parker Place - Below Market Rate Units		
Benefits of Clustering		
<i>Benefit</i>	<i>Clustering Proposal</i>	<i>Current Zoning Requirement</i>
Deeper BMR Affordability	30% AMI to 80% AMI (up to 55% AMI average)	20% @ 80% AMI
More BMR Units (+8)	Full 20% BMR Units (31 units)	15% Net BMR Units in Typical Density Bonus Project (23 units)
Services for BMR Tenants	Service Enriched Housing Provided for Separately Financed Building	No Services Provided
Permanently Affordable Rental Housing for Special Needs Population	Permanently Affordable Rental Housing, no Housing Displacement	If In-Lieu fee is paid no BMR units result; Potential Displacement of Sitting Tenants if Units are Rented and Later Sold
No Financial Liabilities for Fixed Income Tenants	Tenants in Permanent BMR Rentals are not Subject to Asset Ownership Liabilities	Potential for Financial Liabilities Due to Fixed Income vs. Asset Ownership (Condominium)
Lower Financial Threshold for Residency & Increased Housing Security	No Down Payment; Project Managed by Mission-Driven Affordable Housing Provider	Down Payment Requirement, Even for BMR (Condominium); Project Managed by Profit-Motivated Property Management Company
Addresses Housing Needs of Special Needs Population & Incorporates Accessible Design	Units Designed per Accessible and ADA Guidelines and Reserved for Tenants with Disabilities	No Requirement

Higher Quality Construction and Finishes	Designed and Built to ADA Design Guidelines; Receipt of public funds requires higher design and environmental standards.	No requirement in the Zoning Ordinance.
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“Disability” Defined:

Federal laws define a person with a disability as “Any person who has a physical or mental impairment that substantially limits one or more major life activities; has a record of such impairment; or is regarded as having such impairment.” In general, a physical or mental impairment includes hearing, mobility and visual impairments, chronic alcoholism, chronic mental illness, AIDS, AIDS Related Complex, and mental retardation that substantially limit one or more major life activities. Major life activities include walking, talking, hearing, seeing, breathing, learning, performing manual tasks, and caring for oneself.