



Office of the City Manager

CONSENT CALENDAR
July 16, 2013

To: Honorable Mayor and Members of the City Council

From:  Christine Daniel, City Manager

Submitted by: Jane Micallef, Department of Health, Housing & Community Services

Subject: FY 2014 Funding for Resources for Community Development and Satellite Affordable Housing Associates

RECOMMENDATION

Adopt two Resolutions approving operating funding in the amount of \$28,638 each for FY 2014 for non-profit affordable housing developers, Resources for Community Development (RCD) and Satellite Affordable Housing Associates (SAHA).

FISCAL IMPACTS OF RECOMMENDATION

A portion of the funds needed (\$23,696) will be allocated from the City's HOME Investment Partnership Program (HOME) award for FY2014 (Budget Code: 040-7902-463-3510). The remainder (\$33,580) will be allocated from non-federal funds in the City's Housing Trust Fund (HTF) as part of the First Amendment to the FY 2014 Annual Appropriations Ordinance (Budget Code: 250-7902-463-3510).

CURRENT SITUATION

The City of Berkeley currently is home to two nonprofit affordable housing developers – Resources for Community Development (RCD) and Satellite Affordable Housing Associates (SAHA). Historically, the City supported both at the rate of \$60,000 per agency, per year, using a combination of HOME and CDBG funds from the HTF account. The amount recommended for funding (\$28,638) is the same level as FY2013, a lower level than in the past due to a 52% reduction in the amount of HOME funding the City received last year and is projected to receive in FY2014. HOME Community Housing Development Organization (CHDO) operating funds can be granted to any CHDO which will have a HOME project under development within 24 months. City General Funds may be used for general operating expenses. At this time, RCD, a CHDO, has a number of HOME projects which make them eligible for CHDO operating funds: UA Homes, UA Co-op and William Byron Rumford Jr. Plaza. SAHA is currently working on the acquisition and development of a lot on Grayson Street and San Pablo Avenue for supportive housing.

At its May 2, 2013 meeting, the Housing Advisory Commission voted to recommend \$40,000 each in funding for RCD and SAHA (M/S/C: Sawicki/Soto-Vigil. Ayes: Sawicki,

Feller, Kingeter, Murphy, Soto-Vigil, McDonald. Noes: None. Excused Absence: Casalaina. Absent: Skjerping. Recused: Wolfe). Staff discussed whether to support the recommendation to award each developer with an almost 40% increase in funding over the current year. While staff highly values the work of RCD and SAHA and sees them as critical partners in housing development in Berkeley, the City can expect continued reductions in HOME and CDBG funding for the HTF, and it is unclear how much in local fees will be generated for the HTF in the near future. For that reason, increasing HTF support to the two developers for operating expenses would require substantial support from non-federal funds. Staff will explore strategies for incorporating funding for non-profit developers into the overall community agency funding process in future, allowing the developers to compete with other community agencies seeking to access City General Fund support.

BACKGROUND

The City of Berkeley has the option of allocating up to five percent of its HOME funding to assist non-profit developers designated as Community Housing Development Organizations (CHDO's) with their operating expenses. The maximum allocation for operating funds for Fiscal Year 2014 is \$23,696 (or 5% of the City's Fiscal Year (FY) 2014 annual HOME entitlement amount of \$526,582). The recommendation is to utilize non-federal funds from in the Housing Trust Fund (HTF) to make up the difference between the amount of HOME CHDO Operating funds available and the amount needed to provide each developer with the same amount of operating funding as in FY2013. Eligible operating expenses for which CHDOs may use the funds allocated by participating jurisdictions include: salaries, wages, and other employee compensation, rent and utilities, communication costs, taxes and insurance, equipment, materials and supplies.

RATIONALE FOR RECOMMENDATION

Without operating support, the two Berkeley CHDOs will not be able to continue to develop affordable housing within the City. Although the amount recommended is smaller than that historically granted to RCD and AHA, it represents a significant source of ongoing support from the City.

ALTERNATIVE ACTIONS CONSIDERED

Staff considered recommending a higher award to match that recommended by the Housing Advisory Commission. This would further deplete flexible dollars in the HTF available for housing development.

CONTACT PERSON

Kristen Lee, Community Services Specialist III, HHCS, (510) 981-5427

Attachments:

- 1: Resolution – RCD
- 2: Resolution – SAHA

RESOLUTION NO. ##,###-N.S.

APPROVAL OF OPERATING FUNDING FOR RESOURCES FOR COMMUNITY DEVELOPMENT

WHEREAS, the City Council established a Housing Trust Fund Program (HTF) to assist in the development and expansion of housing affordable to low and moderate income persons who either work or reside within the City of Berkeley, and authorized the City Manager to implement the Program; and

WHEREAS, there is a great need for affordable and special needs housing in the City of Berkeley as stated in the General Plan Housing Element and the City of Berkeley's Consolidated Plan; and

WHEREAS, Resources for Community Development is a HUD-approved Community Housing Development Organizations (CHDO), a non-profit developer, and promotes and develops affordable housing within the City and need additional operating funds to continue their work; and

WHEREAS, the City has funding available in the HTF which can be used to support the ongoing operations for approved CHDOs, with funding in budget code 250-7902-463-3510 and 040-7902-463-3510; and

WHEREAS, on May 2, 2013, the Housing Advisory Commission recommended continued funding for Resources for Community Development and Satellite Affordable Housing Associates.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Council fund Resources for Community Development with \$28,638 in HOME CHDO operating funding and non-federal HTF funding for FY 2014.

BE IT FURTHER RESOLVED that the Council waives Section III of the HTF Guidelines to allow for the allocation of HOME CHDO operating funding.

BE IT FURTHER RESOLVED that the City Manager, or her designee, is hereby authorized to execute all original or amended documents or agreements in accordance with the intent of this Resolution; a signed copy of said documents, agreements and any amendments will be kept on file in the Office of City Clerk.

RESOLUTION NO. ##,###-N.S.

APPROVAL OF OPERATING FUNDING FOR SATELLITE AFFORDABLE HOUSING ASSOCIATES

WHEREAS, the City Council established a Housing Trust Fund Program (HTF) to assist in the development and expansion of housing affordable to low and moderate income persons who either work or reside within the City of Berkeley, and authorized the City Manager to implement the Program; and

WHEREAS, there is a great need for affordable and special needs housing in the City of Berkeley as stated in the General Plan Housing Element and the City of Berkeley's Consolidated Plan; and

WHEREAS, Satellite Affordable Housing Associates is a non-profit developer and promotes and develops affordable housing within the City and need additional operating funds to continue their work; and

WHEREAS, the City has funding available in the HTF which can be used to support the ongoing operations for approved CHDOs, with funding in budget code 250-7902-463-3510; and

WHEREAS, on May 2, 2013, the Housing Advisory Commission recommended continued funding for Resources for Community Development and Satellite Affordable Housing Associates.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Council fund Satellite Affordable Housing Associates with \$28,638 in non-federal HTF funding for operating expenses for FY2014.

BE IT FURTHER RESOLVED that the Council waives Section III of the HTF Guidelines to allow for the allocation of HOME CHDO operating funding.

BE IT FURTHER RESOLVED that the City Manager, or her designee, is hereby authorized to execute all original or amended documents or agreements in accordance with the intent of this Resolution; a signed copy of said documents, agreements and any amendments will be kept on file in the Office of City Clerk.