

Office of the City Manager

COUNCIL ACTION  
July 15, 2003

To: Honorable Mayor and  
Members of the City Council

From: Weldon Rucker, City Manager

Subject: Contracts: Housing Trust Fund Allocations 2003-2004

RECOMMENDATION

Adopt a Resolution approving fund reservations in the amount of \$3,079,500 from the FY 2003-2004 Housing Trust Fund, with conditions, and authorizing the City Manager to execute loan agreements, any amendments, and all other related documents for the following project proposals:

<u>Project Name/Address/Sponsor</u>	<u>Recommendation</u>
Ashby Lofts/1001 Ashby Ave./Affordable Housing Associates	\$1,000,000
Ursula Sherman Village/711 Harrison St./BOSS	325,000
Jubilee Senior Homes/2577 San Pablo Ave./Jubilee Restoration and Resources for Community Development	1,017,000
Ashby Dohr Condominiums/1419 Ashby Ave./Northern California Land Trust	250,000
Oxford Plaza/Kittredge & Oxford/Resources for Community Development and Equity Community Builders	300,000
Casa Zimbabwe & Cloyne Court/2422 and 2600 Ridge Rd./University Students Cooperative Association	187,500
Total Recommended Fund Reservations	<u>\$3,079,500</u>

### SUMMARY

On February 21, 2003, the Housing Services Division of the Housing Department received a total of eight applications from nonprofit housing providers requesting a total of \$10,443,229 in Housing Trust Funds (HTF). One application was withdrawn prior to staff review.

Two applications were also received for consideration for HUD Section 108 Loan Guarantees. A 108 application was received from Ed Roberts Campus, requesting \$6,000,000 in financing assistance. One housing provider (Affordable Housing Associates) also requested \$683,000 in HUD 108 financing for the commercial space proposed in conjunction with its housing proposal, the Ashby Lofts. The total amount of HUD 108 financing requested is \$6,683,000. The 108 application for Ed Roberts Campus was before the City Council for consideration under a separate City Council item on July 8th.

The Housing staff assisted the Housing Advisory Commission's (HAC) HTF Subcommittee in the analysis and review of the applications. The HTF Subcommittee held a total of six meetings to review the applications and make recommendations for consideration by the HAC. Copies of the HTF proposals were also sent to the HAC, the Planning Commission, and the Commission on Disability, the Technical Advisory Committee (TAC), and the Housing Department's Project Review Committee. The Commission on Disability reviewed the applications concerning accessibility issues and made recommendations on the applications. The Planning Commission and the Housing Department's Project Review Committee reviewed the proposals and made comments on the applicability of the development proposals according to guidelines within their purview.

The Subcommittee and staff met to review and analyze the various development proposals and compiled a list of additional questions and issues regarding each of the applications for the applicants to discuss when they met with staff and the Subcommittee. The Subcommittee also met with the Technical Advisory Committee to review the financial analysis and feasibility of each proposal.

After several meetings and discussions with the Subcommittee, the developers, and staff, the Subcommittee made some preliminary recommendations for consideration by the full HAC on June 5, 2003. The members of the HAC reviewed the Subcommittee's recommendations and voted 6 to 2 with 1 abstention to recommend the project funding, with conditions found in Exhibit A of this report to the City Council. The HAC also approved 20 Project Based Section 8 units for the Ashby Lofts and 23 Project Based Section 8 units for the Oxford Plaza. The Project Based Section 8 units will need final approval from the Berkeley Housing Authority Board.

### FISCAL IMPACTS OF THE RECOMMENDATION

The Housing Trust Fund has an available balance of \$3,312,058, which includes carryover from previous years and the HOME and CDBG allocations for FY 2003-04. If all recommended projects are approved for funding, there will be a remaining balance of \$232,558. Funds will be disbursed as follows:

<u>Project Name</u>	<u>HTF Allocation</u>	<u>CMS No.</u>
Ashby Lofts	\$1,000,000	QZWYQ
Ursula Sherman Village	325,000	ID2WR
Jubilee Senior Homes	\$1,017,000	NYPI5
Ashby Dohr Condos	250,000	ANBLU
Oxford Plaza	300,000	IYVFM
Casa Zimbabwe/Cloyne Court	<u>187,500</u>	A46SD
<b>TOTAL</b>	<b>\$3,079,500</b>	

Funding from the FY 03 carryover and FY 04 allocations under the following Budget codes:

<u>Fund</u>	<u>Budget Codes</u>	<u>Current Balance</u>
General Fund	610-8151-465-9922	\$ 502,915
CDBG	370-8151-465-9922	552,139
Housing Mitigation	250-8151-465-9922	334,910
Savo Island Redevelopment	663-8151-465-9922	325,000
Redevelopment	662-8151-465-9922	23,298
HOME	040-8151-465-9922	<u>1,341,238</u>
<b>TOTAL</b>		<b>\$ 3,079,500</b>

## BACKGROUND

### Project Descriptions and Recommendations

<b>Project Name:</b>	<b>The Ashby Lofts</b>
<b>Developer:</b>	<b>Affordable Housing Associates</b>
<b>Project Address:</b>	<b>1001 Ashby Avenue</b>
<b>Amount Requested:</b>	<b>\$2,000,000</b>
<b>Amount Recommended:</b>	<b>\$1,000,000</b>
<b>Total Project Costs:</b>	<b>\$14,641,051</b>
<b>Number of Units:</b>	<b>50 units (8 studios, 19 one-bedrooms, 8 two-bedroom units and 15 three bedrooms units)</b>
<b>HTF Requested Per Unit:</b>	<b>\$40,000</b>

Affordable Housing Associates (AHA) purchased the site at 1001 Ashby (currently occupied by the Asphalt Products and Oil Company) to build 50 new residential units for low-income artists, artisans and business people and their families. A total of 17 of the units would be designated for households below 60% of Area Median Income and 32 of the units would be designated for households below 50% of AMI. One unit would be for the manager and would be above 80% of AMI. Approximately 5 of the units will be set aside for people with disabilities and another 5 units will be set aside for special-needs/family use. Twenty (20) units are requested for project based Section 8. AHA secured a \$500,000 HELP loan from the City of Berkeley to assist in the acquisition of the property. AHA was the developer of the first affordable low-income artists loft project in California, the Adeline Street Lofts in Oakland. The HAC is also recommending that the Berkeley Housing Authority approve 20 units of Project-based Section 8.

**Project Name:** Ursula Sherman Village  
**Developer:** Building Opportunities for Self Sufficiency  
**Project Address:** 711 Harrison Street  
**Amount Requested:** \$470,922  
**Amount Recommended:** \$325,000  
**Total Project Costs:** \$743,238  
**Number of Units:** 2 (one unit is 2 two-bedroom unit to house two families and the other unit is a one-bedroom unit for two adults)  
**HTF Requested Per Unit:** \$235,461

Building Opportunities for Self Sufficiency (BOSS) is working to continue to develop the Ursula Sherman Village. The Village seeks to create an environment whereby homeless families and single adults with disabling health and economic barriers will engage in a shared living environment that promotes personal transformation. BOSS has been previously approved for a total of \$750,250 in Housing Trust Funds for part of the development of 711 Harrison Street. These funds were to be used for the development of the "Picante House," for which the HTF funding was awarded. However the name of that development has changed to the "Sankofa House" and will not require additional HTF funding even though the number of transitional bedrooms is changing from 6 to 10 bedrooms. The expanded development of the Harrison Street site has required the preparation of an Environmental Impact Report (EIR). The Zoning Adjustments Board will hold a public hearing on the Draft EIR on June 26, 2003. A new Use Permit application is also being reviewed.

The Picante House and associated laundry facilities would be funded for approximately \$235,000. The recommendation replenishes \$70,000 in predevelopment funds used by BOSS for the consultant for the EIR and \$20,000 to fund a consultant for development assistance.

**Project Name:** Jubilee Senior Homes  
**Developer:** Jubilee Senior Homes, Inc. (Jubilee Restoration and Resources for Community Development)  
**Project Address:** 2577 San Pablo Avenue  
**Amount Requested:** \$1,194,548  
**Amount Recommended:** \$1,017,000  
**Total Project Costs:** \$6,083,556  
**Number of Units:** 28 units  
**HTF Requested Per Unit:** \$87,380

Jubilee Restoration, Inc. and Resources for Community Development have partnered to complete this development proposal. The Jubilee Senior Homes proposal includes a 28-unit apartment building for low-income seniors. The building is proposed to be a mixed-use structure, consisting of 23 one-bedroom and 5 studio apartments built above a small retail space on the first floor. The units will be affordable to seniors with income less than 50% of Area Median Income. With HUD 202 operating subsidies, rents will be maintained at 30% of tenants' income. Community amenities include a central courtyard on the third floor and a smaller courtyard on the fourth floor.

The Jubilee Senior Homes (JSH) project has received a commitment for funding through the HUD 202 program. Following approval for the HUD 202 program, JSH received bids for the

construction of the project. Construction bids were much higher than anticipated and the developers have submitted another application to the HTF for consideration. Jubilee Senior Homes was previously approved for \$1,252,108 HTF financing in 2002. If the project is funded for the current recommended amount, HTF contribution will be a total of \$2,269,108.

**Project Name:** Jubilee Village  
**Developer:** Jubilee Restoration  
**Project Address:** 2612 San Pablo, 2627 & 2621 10<sup>th</sup> Street, 1050 Parker Street  
**Amount Requested:** \$3,000,000; Prior \$25,000 HTF Approved for Predevelopment  
**Amount Recommended:** 0  
**Total Project Costs:** \$27,433,943  
**Number of Units:** 125 units  
**HTF Requested Per Unit:** \$24,200

Jubilee Restoration is the developer of a proposed project that will be located on a two-parcel site bounded by San Pablo Avenue, Parker Street and 10<sup>th</sup> Street. The site is approximately 68,418 square feet and is in two zoning districts, MULI and C-W. The development includes the demolition of 25,500 square feet of warehouse and two vacant single-family residential buildings. The developer is proposing to construct 125 units of one, two, and three-bedroom apartments for low-income families, artisans, craftsmen, permanent housing for graduates from transitional housing programs, and provide retail and parking space on the site. The apartments will include both flats and loft style apartments. There will be 38 one-bedroom units, 33 two-bedroom units, and 54 three-bedroom units. The rents will range from 20% to 60% of the Area Median Income.

Jubilee Restoration was previously approved for a total of \$25,000 in predevelopment funds for this project. Monies have been expended for environmental reports, architectural drawings, and attorney's fees, and as part of the deposit to purchase the property. Jubilee Restoration proposes that The Related Companies of California have lead responsibility for getting the project financed and built. As the financial partner with Jubilee Restoration, The Related Companies of California would also have responsibility of all predevelopment funding and for providing all lender and investor guarantees. Related Companies is also proposed to be the property manager.

The HAC does not recommend funding at this time. In discussions with Jubilee prior to the Housing Advisory Commission meeting in June, Jubilee proposed revising their request for \$3 million to purchase the site. The HAC expressed interest in supporting the project and asked the sponsor to come back with a revised request for consideration at the July meeting.

**Project Name:** Ashby Dohr Community Land Trust Condominiums  
**Developer:** Northern California Land Trust  
**Project Address:** 1419 Ashby Avenue  
**Amount Requested:** \$277,759 HTF Request; Prior HTF Approved:\$220,000  
**Amount Recommended:** \$250,000  
**Total Project Costs:** \$1,265,759  
**Number of Units:** 4 units for home ownership  
**HTF Requested Per Unit:**\$124,439

The Northern California Land Trust (NCLT) is proposing to construct four new, three-bedroom homes for ownership on a vacant lot at 1419 Ashby Avenue at Dohr Street. These homes will be affordable to low-income households. The emphasis of the project will be to provide homes for families who are currently renters in Berkeley. NCLT acquired the site with HTF monies. The preliminary design, zoning approvals and Use Permit were completed in 2000 and an extension for the Use Permit has been approved. Each home will include three bedrooms and two bathrooms. If the current HTF application is approved, a total of \$470,000 in HTF funds will be used in the project. The Developer anticipates that construction could start in 2003.

**Project Name:** Oxford Plaza and David Brower Center  
**Developer:** Resources for Community Development  
**Project Address:** Oxford Street between Allston Way and Kittredge Street  
**Amount Requested:** \$2,500,000 Housing Trust Fund; Requesting \$300,000 in Predevelopment Funds as Part of Total Request  
23 Units Project-based Section 8  
**Amount Recommended:** \$300,000  
**Total Project Costs:** \$20,898,789  
**Number of Units:** 90 units (9 studios, 19 one-bedrooms, 33 two-bedroom units, 28 three bedrooms, one four bedroom unit)  
**HTF Requested Per Unit:** \$27,778

The Oxford Plaza and David Brower Center is a mixed-use development that brings together affordable housing, the arts, and a world-class environmental center. The project is located on City-owned property known as the "Oxford Street Parking Lot." The housing component of the development will consist of 90 affordable family units, with a range of affordability to support very low-income families and individuals. The 90 units will be a combination of studios, one, two and three-bedroom units available to persons with incomes between 30-60% of Area Median Income. The commercial component includes approximately 70,000 square feet of environmental office space, arts space, and ground floor retail space.

In order to move the project forward, the Developer is requesting that the City commit \$2,500,000 in Housing Trust Funds and that \$300,000 of that amount be funded immediately for predevelopment costs. The HAC has recommended funding for \$300,000 in predevelopment funds. Predevelopment funds would be used for architectural and engineering plan development, further financial analysis, and beginning the public review and permitting process.

**Project Name:** Casa Zimbabwe and Cloyne Court  
**Developer:** University Students' Cooperative Association  
**Project Address:** 2422 and 2600 Ridge Road  
**Amount Requested:** \$1,000,000 Housing Trust Fund  
**Amount Recommended:** \$187,500  
**Total Project Costs:** \$6,165,000  
**Number of Units:** 94 bedrooms units in Cloyne Court and 71 bedrooms in Casa Zimbabwe or a total of 165 bedrooms that serve 278 individuals. Bedrooms units in both buildings include singles, doubles, and triples. A total of 7 bedrooms and places for 10 individuals will be lost due to the installation of new elevators.  
**HTF Requested Per Unit:** \$6,289

The University Students' Cooperative Association (USCA) is a student owned and operated housing cooperative in Berkeley. Since it was founded in 1933, the USCA has provided low cost housing to university students in the Bay Area. USCA has 11 Room and Board Houses, 6 Specialty Houses, and 3 Apartment complexes.

In the fall of 2000, the University Students' Cooperative Association (USCA) began planning for seismic and disabled accessibility improvements in all of their co-op houses and apartments. Currently the USCA has less than 2% of its beds available to disabled students and the USCA must expand this in order to provide a diverse living environment for all of its members. The board decided to make two of their largest room and board houses priorities. These are Cloyne Court and Casa Zimbabwe. Cloyne Court houses 151 people and Casa Zimbabwe houses 127 for a total of 278 individuals.

USCA leases Cloyne Court from the University of California and is USCA's largest house. USCA is currently in negotiations with UC for a 30-year lease term on its lease. Cloyne Court, built in 1904, is a registered historic landmark and is in need of extensive seismic improvements and is generally inaccessible to persons with disabilities. The addition of an elevator, doorway widening, and other accessibility improvements will make all 40 bedrooms in Cloyne Court and approximately 50 bedrooms in Casa Zimbabwe accessible. Seismic work will include retrofitting both residential towers.

USCA has been encouraged to apply to the State Housing and Community Development Department for Multifamily Housing Program (MHP) that will have funds available for student housing. USCA plans to use nonprofit bonds and financial donations to complete the project. The HAC has recommended HTF funds for half of the amount requested for the development architectural and engineering plans, or \$187,500, in order to apply for the MHP funding. We recommend that the HTF funds be contingent on a match of \$187,500 from UC Berkeley.

#### RATIONALE FOR RECOMMENDATION

After several months of review of each application for funding, discussions with each development proponent, review by the HAC Housing Trust Fund Subcommittee, the Technical Advisory Committee and discussion with staff, the recommendations for funding were made based on the need for these types of affordable housing, the readiness of the projects to move forward, and the capacity of the developer.

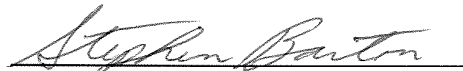
#### ALTERNATIVE ACTIONS CONSIDERED

A variety of funding options could be considered if the Housing Advisory Commission recommendations are not taken in total.

CONTACT PERSON

Janet H. Kennedy, Housing Services Manager 981-5430

Approved:

  
Stephen Barton, Housing Director

Attachment A: Resolution – Exhibit A

RESOLUTION NO. – N.S.

APPROVING FUND RESERVATIONS IN THE AMOUNT OF \$3,079,500 FOR THE FOLLOWING PROJECT PROPOSALS FROM THE 2003-2004 HOUSING TRUST FUND (HTF), WITH CONDITIONS, AND AUTHORIZING THE CITY MANAGER TO EXECUTE LOAN AGREEMENTS AND ANY AMENDMENTS WITH THE VARIOUS APPLICANTS AND ALL OTHER DOCUMENTS RELATED TO THESE FUND RESERVATIONS

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

WHEREAS, several applicants responded to the City’s January 2003 Request for Proposals for funding assistance under the Program; and

WHEREAS, the Housing Advisory Commission reviewed these applications, and the Planning Commission and the Commission on Disability were able to review the applications in accordance with the Program Guidelines adopted by the City Council on January 23, 1996 and revised on November 23, 1999, and were found to be consistent with said Guidelines; and

WHEREAS, all the following fund reservations are subject to all the provisions outlined in Housing Trust Fund Guidelines, as revised on November 23, 1999. Additionally, the fund reservations are subject to the project-specific conditions outlined in Exhibit A, attached hereto.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the following projects are approved for funding assistance under the City Housing Trust Fund, as follows, and the City Manager is authorized to execute Loan Agreements, any amendments, and any other loan documents with various applicants related to these fund reservations.

<u>Sponsor/Project Name</u>	<u>HTF Fund Reservation</u>	<u>CMS No.</u>
Affordable Housing Associates/ Ashby Lofts	\$1,000,000	QZWYQ
BOSS/Picante House	\$ 325,000	ID2WR
Jubilee Restoration & Resources for Community Development/ Jubilee Senior Homes	\$1,017,000	NYPI5
Northern California Land Trust/Ashby Dohr Condominiums	\$ 250,000	ANBLU

Resources for Community Development/Oxford Plaza	\$ 300,000	IYVFM
University Students Cooperative Association/Casa Zimbabwe & Cloyne Court	\$ 187,500	A46SD
TOTAL	\$3,079,500	

Funding from FY 03 carryover and FY 04 allocations under the following budget codes:

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CDBG	370-8151-465-9922	552,139
Housing Mitigation	250-8151-465-9922	334,910
Savo Island Redevelopment	663-8151-465-9922	325,000
Redevelopment	662-8151-465-9922	23,298
HOME	040-8151-465-9922	<u>1,341,238</u>
		\$3,079,500

A record signature copy of Agreements, Promissory Notes, and Deeds of Trust executed for the preceding Projects to be on file in the Office of the City Clerk.

**EXHIBIT A**

**HOUSING TRUST FUND  
JULY 2003 FUNDING APPROVAL \***

<b>PROJECT NAME/SPONSOR ADDRESS</b>	<b>PROJECT DESCRIPTION</b>	<b>HAC/ CITY MANAGER RECOMMENDATION</b>	<b>CITY COUNCIL APPROVAL</b>	<b>REASON FOR VARIANCE/FUNDING RESERVATION CONDITIONS</b>
Ashby Lofts Affordable Housing Associates (AHA) 1001 Ashby Avenue	New Construction of 50 units housing (40 affordable)	\$1,000,000		<p><b>CONDITIONS:</b></p> <ul style="list-style-type: none"> <li>a) Verification of all other funding sources.</li> <li>b) All approvals received from Permit Center.</li> <li>c) Any significant change in use or number of units requires review by HAC.</li> <li>d) Funding commitment until July 2006.</li> </ul>
Ursula Sherman Village Building Opportunities for Self Sufficiency (BOSS) 711 Harrison Street	New construction of 2 units transitional housing	\$325,000		<p><b>CONDITIONS:</b></p> <ul style="list-style-type: none"> <li>a) Verification of all other funding sources.</li> <li>b) Resolution of environmental issues.</li> <li>c) All approvals received from Permit Center.</li> <li>d) Construction of Sankofa House to begin within six months of Use Permit and resolution of environmental issues.</li> <li>e) Any significant change in use or number of units requires review by HAC.</li> <li>f) Funding commitment until December 2005.</li> </ul>
Jubilee Senior Homes Jubilee Restoration/Resources for Community Development (RCD) 2577 San Pablo Avenue	New construction of 28 units senior housing	\$1,017,000		<p><b>CONDITIONS:</b></p> <ul style="list-style-type: none"> <li>a) Verification of all other funding sources.</li> <li>b) All approvals received from Permit Center.</li> <li>c) Any significant change in use or number of units requires review by HAC.</li> <li>d) Funding commitment until January 2005.</li> </ul> <p>Sponsor to revise proposal and pursue other sources of funding for acquisition.</p>
Jubilee Village Jubilee Restoration/Related Companies 2612 San Pablo Avenue	New construction of 125 affordable housing units	\$0		<p><b>CONDITIONS:</b></p> <ul style="list-style-type: none"> <li>a) Contingent on sale of all 5 units at 1320-22 Haskell Street by December 31, 2003.</li> <li>b) Construction to begin within 3 mos. of sale of Haskell St. units.</li> </ul> <p>Predevelopment for housing development</p>
Ashby Dohr Condominiums Northern California Land Trust 1419 Ashby Avenue	New construction of 4 units for first-time homebuyers	\$250,000		
Oxford Plaza Resources for Community Development (RCD) Kittredge & Oxford	New construction of 90 affordable housing units	\$300,000		
Casa Zimbabwe & Cloyne Court University Students Cooperative Assoc. 2422 & 2600 Ridge Road	Disabled Access & Seismic Retrofit 159 bedrooms	\$187,500		<p><b>CONDITIONS:</b></p> <ul style="list-style-type: none"> <li>a) Loan for architectural expenses for Casa Zimbabwe &amp; Cloyne Ct.</li> <li>b) Require matching funds or in-kind donations from UC.</li> <li>c) Funding commitment until December 2005.</li> </ul>
<b>Total</b>		<b>\$3,079,500</b>		

\* Housing Trust Fund reservations are subject to all provisions in the HTF Guidelines, in addition to the project specific conditions outlined herein.