



Office of the City Manager

CONSENT CALENDAR
September 27, 2005

To: Honorable Mayor and
Members of the City Council

From: *PK* Phil Kamlarz, City Manager

Submitted by: Stephen Barton, Director, Housing

Subject: Additional Funding for the McKinley House Rehabilitation

RECOMMENDATION

Adopt a Resolution authorizing the City Manager to execute an amendment to the development loan agreement with Building Opportunities for Self-Sufficiency (BOSS) for renovation of McKinley House at 2111 McKinley Avenue increasing it by \$40,000 for an amount not to exceed \$230,000.

FISCAL IMPACTS OF RECOMMENDATION

The City of Berkeley, through the Housing Trust Fund, has approved a total of \$190,000 towards the renovation the McKinley House. Approximately \$92,000 has been expended to date. The Housing Department is recommending an additional \$40,000 be allocated from the City's 610 General Fund/Capital Improvement Fund, for a total allocation of \$230,000. These additional funds are available from a recent repayment of a First-time Homebuyer loan.

CURRENT SITUATION AND ITS EFFECTS

The original scope of work proposed when the Housing Trust Fund application was submitted in 2001 was for a comprehensive rehabilitation of the property. The costs of the project have increased because of increased seismic work and higher costs than estimated. The consulting engineer recommended the seismic improvements and the higher costs are mainly due to State prevailing wage requirements. Bids submitted to do the work were considerably higher than budgeted and the scope of work was scaled back to do the most crucial items. In May of 2005, Community Energy Services Corporation (CESC) was the low bid for the bathroom renovations. Work is being done on two units at a time since the work requires that the units be vacant. Work is underway on the second pair of units. In addition, BOSS is moving the office into one of the smaller one-bedroom units in order to make a two-bedroom unit available for a family. In order to complete work on all six units, additional funds are needed.

BACKGROUND

McKinley House is a City-owned property managed by BOSS since 1987 to provide transitional housing and housing services to the homeless population. Council approved \$190,000 for repairs from the Housing Trust Fund in January 2002. Approximately \$92,000 has been expended to paint the exterior, conduct lead assessment and testing, completely replace bathrooms and refinish wood floors in two units.

BOSS provides a supportive environment at the McKinley Avenue site where homeless families with economic barriers will engage in a personal transformation. Transitional housing provided by BOSS serves the lowest income families and individuals. There are a total of seven apartments. Six apartments provide transitional housing for up to 18 months and one unit serves as an office, private counseling area, and community meeting space. There is an outdoor garden area, and small play area for children. The renovations at McKinley House are addressing deferred maintenance, code compliance concerns, and seismic upgrades to the building. McKinley House is one of several residential building sites managed by BOSS to provide emergency or transitional housing and supportive services.

RATIONALE FOR RECOMMENDATION

BOSS has dedicated the Housing Trust Fund allocation to the ongoing renovation. Additional funds are necessary to completely address the deferred maintenance and take advantage of the opportunity to conduct the work while the units are vacant. We are recommending that City Council approve the use of an additional \$40,000 for work at McKinley House.

Funds for the construction of transitional housing for the homeless are difficult to obtain and many of the federal and state funding sources that are available to other nonprofit housing providers for affordable rental and homeownership projects are not available to the groups whose clientele are the homeless. When the Housing Trust Fund assistance exceeds 40% of project cost, the City Council shall make a finding that a higher level of funding is justified by the nature of the assisted project and the unavailability of alternative funding. For this project, the City will be providing 100% of the McKinley House project funding.

ALTERNATIVE ACTIONS CONSIDERED

This is a City-owned property and as property owner the City needs to address the deferred maintenance and assure safe and decent housing for the residents.

CONTACT PERSON

Ruth Nazario, Community Development Project Coordinator, 981-5419

Attachments:

1: Resolution

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

AUTHORIZING THE CITY MANAGER TO EXECUTE AN AMENDMENT TO THE DEVELOPMENT LOAN AGREEMENT WITH BUILDING OPPORTUNITIES FOR SELF SUFFICIENCY (BOSS) FOR RENOVATION OF MCKINLEY HOUSE INCREASING THE LOAN AMOUNT BY \$40,000 FOR AN AMOUNT NOT TO EXCEED \$230,000

WHEREAS, on January 22, 2002 by Resolution No. 61,433-N.S., the City Council authorized Contract No. 5856 with Building Opportunities for Self Sufficiency (BOSS) for renovation of McKinley House at 2111 McKinley Avenue, in an amount not to exceed \$190,000 for the period of thirty years; and

WHEREAS, staff from the Housing Department in conjunction with Building Opportunities for Self Sufficiency have solicited bids for the work through a competitive process; and

WHEREAS, additional funds are necessary to complete seismic upgrades and bathroom renovations, in an amount not to exceed \$40,000; and

WHEREAS, funds are available as the result of loan repayment to the Housing Trust Fund to perform this work in the current year budget, budget code 610-8151-465-9922, General Fund/Capital Improvement Fund; and this contract amendment has been set up in the Citywide contracts database, CMS No. AYTYP.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to execute an amendment to the development loan agreement with Building Opportunities for Self sufficiency (BOSS) for renovation of McKinley House to increase it by \$40,000, for an amount not to exceed \$230,000. A record signature copy of said amendment to be on file in the Office of the City Clerk.