



**City of Berkeley**

**2001 ANNUAL ACTION PLAN**

**(for Housing and Community Development)**

May 2001

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**City of Berkeley  
2001 Annual Action Plan**

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**Attachments:**

- A. Project Map and Chart Containing Project Address, ConPlan Priority, and Service Area.**
- B. Comments on needs and proposed projects from Public Hearings**
- C. City Manager's Council Report Containing Funding Recommendations for CDBG, ESG, CSBG, General Fund Anti-Poverty Program, and General Fund Measure O Homeless Services Program.**
- D. Housing Trust Fund Budget Summary**
- E. Federal Supportive Housing Program list of Proposals Submitted for Prioritization and Submittal to HUD**

**YEAR 2001 ANNUAL ACTION PLAN  
TO MEET THE CITY OF BERKELEY'S CONSOLIDATED PLAN  
FOR HOUSING AND COMMUNITY DEVELOPMENT**

**A. Overview**

**1. Review and Allocation Process**

In order to receive federal Community Development Block Grant (CDBG), Emergency Shelter Grant (ESG), and HOME Program monies, localities must develop an Annual Action Plan (which includes applications for CDBG, ESG, and federal HOME Program) for meeting its 5-year Consolidated Plan (ConPlan) goals. The City undertook an extensive public participation process which began in November 2000 with the issuance of a Request for Proposals, the holding of four public hearings and many public meetings, and ending on May 8, 2001 with the City Council approval of funding recommendations for 90 projects (45 of which were funded through CDBG and 5 through ESG). The 2001 Annual Action Plan and projects proposed are consistent with the City's 2000-2005 Consolidated Plan's primary goals of maintaining the City's ethnic, social, and economic diversity through activities to maintain affordable housing, social services, job creation, and other programs which assist the poor and low/moderate income Berkeley residents. The federal HOME Program allocation (except for administration) will be placed into the Housing Trust Fund (HTF) and will go through the selection process established for the HTF Program.

The 2001 Annual Action Plan is also in keeping with City Council goals for FY 2001 which are to continue to promote affordable housing for low income persons and persons with special needs and those who are homeless; provide healthy youth alternatives; increase employment opportunities for low income residents; assist those in poverty; promote neighborhood stability and ensure public safety; implement and coordinate needed public/private improvements in predominantly low income census tracts; create jobs for those who are unemployed, underemployed, or underpaid; and encourage coordination/ consolidation of programs and administration to make operations more efficient and to improve service-delivery. This year another priority has been added to the above, after a study showing a great disparate in health between Blacks and the rest of Berkeley residents, the City is focusing on programs that reduce that gap. The City's use of CDBG, ESG, and HOME Programs is crucial to meeting the City's goals.

In terms of changes in trends and conditions from what was reported last year in the Consolidated Plan, according to the 2000 Census there is practically the same number of residents as in 1990 (102,743 vs. 102,743). However, there have been significant racial/ethnic changes. There has been a decline in Whites (55.2% vs. 58.3%) and Blacks (13.3% vs. 18.2%) and an increase in Asians (16.4% vs. 14.4%) and Latinos (9.7% vs. 8.2%). Income data is still unavailable to determine changes in the low/moderate income make-up of the City.

The trends and conditions that made providing affordable housing and services so difficult

last year have only gotten worse this year. That is, rental and sales costs for housing have increased, as have construction costs. For example, the changes in home prices from gone from a median of \$310,000 in 1999 to \$425,000 in 2000 (a 37.3% increase). There has also been an increase in commercial rents making it more difficult for non-profit agencies to operate. For the first time in decades, the State began contributing to housing programs. However, the energy crisis in the State is certain to reduce or eliminate funding again. At the federal level, in FY 2001-2002, there was a slight increase in CDBG and HOME monies.

Of note in this year's allocation process are the following:

- There is stronger administrative collaboration and streamlining between the CDBG/ESG, the GF/CSBG Anti-Poverty Program; and the Measure O homeless assistance programs. The City's public participation Plan has been revised accordingly to reflect the collaborative process above.

Collaborative measures included:

- There was a single Request for Proposals issued for the CDBG, ESG, CSBG/GF, and Measure O programs.
- Measure O funding (approximately \$800,000) was also added to fund homeless proposals through the same review process as those funded through CDBG, ESG, CSBG, and GF. Previously, the allocation of those funds was done through administrative review only.
- All homeless programs, except for those dealing with shelter facility improvements (which remain with the HAC), have been delegated to the Homeless Commission for review and recommendation regardless of funding source.
- Services proposals assigned to different commissions based on categories rather than funding source as was done in previous years. There was often overlap of agencies asking for funding for both CDBG/ESG and GF/CSBG funding and having to go through two review processes. This year, the Housing Advisory Commission (HAC) reviewed the job preparation and placement, legal services and housing-related services. The Human Welfare and Community Action Commission (HWCAC) reviewed senior programs, youth services, and health services. And, as stated, the Homeless Commission reviewed homeless services.
- Three of the City staff responsible for administering homeless programs have been transferred from the Health and Human Services (HHS) Department to the Housing Department for better coordination of services. Functions performed include the Shelter Plus Care, the Winter Shelter Program, monitoring the Continuum of Care Program, participating in the countywide Continuum of Care Plan, and staffing the Homeless Commission contracting with community agencies for services for homeless services.

- Staff will be working together on standardizing invoicing, developing meaningful outcome reporting and holding workshops with community agencies to discuss improved service delivery.

- For the first time since inception of the CDBG program, there has been no CDBG funding requested by the City's for its economic development project, which was approximately \$260,000 per year. Changes in that program which now responsible for administering the Workforce Investment Act (WIA) made it more suitable for funding through General Funds.

## **2. Funding Allocations**

The City Council funding allocations reflect the City Manager's and the various Commissions' funding recommendations for the CDBG, ESG, General Fund (GF) Anti-Poverty Program, the Measure O and CSBG Homeless Services Program are contained in the April 24, 2001 report to City Council (see Attachments). As an indication of the viability of the combined allocation process, virtually consensus was reached between the City Manager's and the Commissions' recommendations.

As in the past four years, all public services projects will be provided with two year contracts with the provision that funding will be proportionally reduced if the CDBG allocation received by Berkeley is also reduced except for two projects which will receive one year funding (Housing Rights' Affordable Housing Advocacy Project and the Ecology Center's Farmers Market Expansion Project).

Under the ESG Program the total available is \$135,656. Of that amount only \$40,200 can be spent for services since there is 30% cap on services, 5% can be spent for program administration (\$6,700 is being recommended for that purpose), and the rest must be spent for shelter improvements. There will be continued partial funding for homeless case managers employed by Berkeley Emergency Food and Housing Project (\$29,635) and Building Opportunities for Self-Sufficiency (\$10,565). The remaining \$78,756 be allocated to BOSS for the improvement of the shelters at the Multi-Agency Services Center (MASC) and Harrison House.

General Fund contributions to the General Fund Anti-poverty Program (\$1.6 million), and , Community Services Block Grant (\$160,000/ Measure O (about \$800,000) for homeless activities are about the same in FY 2001-2002. More may be available in General Funds for anti-poverty program but the exact amount will not be known until the General Fund budget process is completed.

## **B. Housing and Community Development Budget**

### **1. Resources**

This coming year the City is making available approximately \$7 million in CDBG, ESG, GF, CSBG, Measure O/GF, and \$1,170,000 in HOME monies for housing, services, and community

development. The vast majority of those funds are being used for meeting the needs of very low income persons and persons at the poverty level. Below is a list of resources and funding level. Not contained in the list are federal allocations to the Berkeley Housing Authority (BHA). The City amount of CDBG/ESG available for the 27<sup>th</sup> year round (2001-2002) allocation is \$4,488,194. A total of 46 CDBG/ESG proposals were received with a total request of \$5,768,044. The gap between amounts requested and available was over \$1.3 million. There were 14 new requests for funding (1 in housing, 5 new services proposals, 6 new facility improvements, and 2 facility projects for ESG funding). Given budgetary constraints, only 7 of them were able to be funded (at a level that is less than the amount requested).

The City has been successful in applying for and receiving funding under the following State programs:

- Housing Enabled by Local Partnerships (HELP) Program. Approximately \$1.5 million has been allocated for affordable housing (loans must be repaid within 10 years and have a 3% simple interest rate). The HELP Program has been so successful that the City has requested an additional \$500,000 in funding which would bring the City's allocation to the maximum \$2 million funding level available.

Cal Home Loan Program. The City has applied for, and received, \$250,000 in State rental rehab monies to match the \$270,000 it expects to allocate in CDBG monies.

AB2034 Grant. The City's HHS Department has also received a \$3 million AB2034 grant (\$1 million per year) for services and housing for dual-diagnosed mentally ill residents. HHS is coordinating with the Housing Department on use of those funds. A staff person paid with AB2034 monies will be assigned to the Housing Department to assist those with special needs to find housing.

The City continues to participate in the Mortgage Credit Certificate Program for first-time homebuyers but is not optimistic that anyone will be able to take advantage of that tax credit program because there is virtually no housing for sale in Berkeley within the maximum sales price limits.

The City will apply for other state resources as they become available. It has also applied for approximately \$200,000 in State Emergency Homeless Assistance Program to rehabilitate a transitional housing site for victims of domestic violence. Staff is planning to apply for funding in the next funding cycle of State Supportive Housing Initiative Act ((SHIA) Program and is in the process of determining how that program can best meet the City's housing needs. This year, a collaborative of non profit agencies which includes BOSS, Lifelong, and Bonita House has applied for SHIA monies. Although most of the services are to be provided in senior Satellite homes outside of Berkeley, some benefits to seniors served by Lifelong's Over 60 Clinic should benefit as well. Another source of funding that is available at the State level is the Metropolitan Transportation Commission's HIP (Housing Improvement Program) which provides funds to housing development projects near public transportation nodes/corridors.

In terms of federal programs, the City Council has approved the participation in the HUD Section 108 Loan Guarantee program as a means to leverage CDBG funds for eligible projects. Under this program the City can get a line of credit that is five times its CDBG allocation amount which would make available approximately \$19 million in below market financing for economic development and certain aspects of affordable housing development. At the present time, several 108 loan applications are being prepared for affordable housing development.

Federal:

- FY 2001-2002 CDBG Allocation	\$3,932,000
- CDBG program income & carryover monies	230,000
- Rental Rehab Loan Repayment	170,000
- HOME	1,170,000
- CSBG	176,842
- ESG	134,000
- Shelter Plus Care (approx.)	1,000,000
<b>Total</b>	<b>\$6,812,842</b>

State Funds

- AB 2034 (approx.)	1,000,000
- HELP Program	1,500,000
- Cal Home Loan	250,000
<b>Total</b>	<b>\$2,750,000</b>

Local Funds

(does not include staffing costs for the Anti-poverty and Homeless Services Coordination team about 5 FTE)

- General Funds (GF) as part of the CSBG/GF Anti-Poverty Program	1,578,402
- Local Measure O and related Homeless Program monies (Measure O = \$816,491)	1,099,604
- Housing Trust Fund Monies recaptured from the Prince Hall Arms Senior Housing Project	1,500,000
- HHS Local Homeless Emergency Services (approx.)	500,000
- Bayer Mitigation Monies	50,000
- Homelessness Prevention Program	110,000
- General Funds to Housing Trust Fund	130,000
- HIV/AIDS Housing Subsidy Program	60,000
- Affordable Housing Advocacy	30,000
<b>Total</b>	<b>\$5,08,006</b>

Other Resources

- LIHEAP monies dispersed through the state	150,000
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- Weatherization (LIHEAP)	87,000
- Weatherization (DOE)	15,000
- PG&E Energy Crisis Intervention (assumed to be the same as last year.)	200,000
- Federal Workforce Implementation Act monies to City's one-stop center (approx.)	300,000
- Projected City's expected GF budget allocation (based on this year's allocation)	150,000
<b>Total</b>	<b>\$902,000</b>

## **2. Investment and Leveraging Plan for Affordable Housing Developments**

The City's investment and leveraging plan to create and maintain affordable housing is to use both government and private financing, including socially responsible investors and lenders, and to encourage cooperation between the private non-profit sector and the public sector.

Major components of this year's City leveraging plan are as follows:

- Use the HTF Program to allow comparison and competition among housing proposals.
- Work with developers of affordable housing who are not willing to meet the HTF requirements but are willing to provide some level of affordable housing beyond what is required by the City's Inclusionary Zoning Ordinance.
- Use the federal State HELP programs to obtain below market financing.
- Require City-funded non-profit housing developers to attend peer evaluation workshops to share ideas on how to strengthen areas of weaknesses.
- Carefully assess proposals by considering feasibility and cost-effectiveness in producing immediate and direct impacts; having applicants show evidence of substantive and effective past performance in similar activities (or willingness to joint venture with an experienced developer); and requiring evidence of capacity in attaining greater self-sufficiency and less reliance on City funding.
- Encourage housing developers to apply for government and other funding as a way of leveraging City Housing Trust Fund monies.
- Encourage private financing under the Community Reinvestment Act to obtain partial funding for housing projects. Staff has initiated discussions with lending institutions on how they can participate in the City's housing programs.
- Establish a revolving loan fund program to address anti-blight by providing short-term loans to property owners until a building is rehabilitated and the owner can get private financing.

- Except in limited situations, continue to give loans instead of grants and allow re-use of repayments for the initial purposes.
- Use City's Control of BART Air Rights for affordable housing and community development projects.
- Require inspection fees for the Rental Housing Safety Inspection Program

### **C. Strategies for Meeting Housing Needs**

In addition to using the resources cited above and leveraging existing funds better, new funding sources will need to be found if the City is to take a more active role in dealing with the housing crisis. In this coming year, the City will:

- Coordinate staff of the Planning and Housing departments to help ensure implementation of the Housing Element which is expected to be approved by July 2001. Included in this is monitoring of the Inclusionary Zoning Ordinance and the Condominium Conversion Ordinance. .
- Support current state and federal proposals that will increase housing resources.
- In terms of regulatory programs the City will:
  - Re-examine the Inclusionary Zoning Ordinance, the Avenues Plan, and the Condominium Conversion Ordinance to determine if they can be revised to assist in maintaining/creating affordable housing.
  - Lobby for state bills aimed at reducing the negative impacts of vacancy decontrol.
  - Consider increasing the business property tax for rental property.
  - Revise the Residential Rental Inspection Program to allow inspection of more rental units to increase safety of the rental housing stock.

The City's housing development strategy is to use the Housing Trust Fund (HTF) Program as the main source to assist development of housing which has long-term affordability (55 years), assist those with special needs (seniors, disabled residents, families with children), those who are homeless or at risk of homelessness, and very low income families (especially through the Section 8 Program). Assistance to moderate income households (60%-80% of AMI) has a lower priority. Projects receiving City assistance that do not meet the HTF guidelines but are being funded to meet other City goals shall also be reviewed by the HAC before being sent to Council for funding consideration.

Revisions to the City's housing rehabilitation programs are being proposed because market conditions have reduced their effectiveness. Rental property owners can now obtain private financing more easily and are not attracted to the City's rental rehabilitation program because of its restrictions on rents. That program is being discontinued. A revolving loan program to deal with blighted properties is being undertaken but is funded through the General Fund Program. Under that program, owners will receive short-term loans until their properties are rehabilitated. Because loans are returned to the program, over time the program should become self-sufficient.

The Residential Rental Inspection (RRI) Program is expected to go through major revisions to address current needs and to help reduce housing-related deaths and health problems (several people died recently as a result of fire and carbon monoxide poisoning). The proposed program will be one component of a larger code enforcement program aimed at ensuring the health and safety of tenants throughout the City, the majority of which are low income. In addition to complaint-driven inspections, and inspections in conjunction with anti-blight activities, and inspection of City-assisted buildings, the City is expected to initiate a Owner Self-Certification as to the safety of their rental units with considerable City-monitoring of units for Uniform Housing Code compliance. The City is working with the University and with property owners to help bring properties up to code and to advise tenants about types of dangers to avoid. Inspecting units at the time that a tenant vacates should make inspections easier and more cost effective. Both CDBG and General Funds will be used for property inspections. The City will work with U.C. Berkeley to apply for FEMA or other resources that might be available. The University has indicated its willingness to contribute human resources to undertake outreach efforts and to coordinate with the City. The Rent Stabilization Board has also voiced its willingness to be a participant. The Rental Housing Safety Program is expected to go to Council for approval before the beginning of the new fiscal year. Depending on funding level, approximately 1,00 to 2,000 units are planned to be inspected each year. Fees will be charged for inspections which will go back to the CDBG Program proportionally to its funding. The exact fee amount is expected to be the same as the existing fees with a discount for owners who voluntarily ask for an inspection.

#### **D. Berkeley Housing Authority (BHA) Actions**

The BHA is currently facing considerable difficulty both in terms of administration and the current market situation that makes the Section 8 Existing Housing Program unattractive to property owners. That program is still witnessing a reduction in number of Section 8 units in the City which are now down to 1266 units and still declining. Unless this trend is reversed there will be a \$250,000 per year budget deficit. This year the deficit can be covered by operating reserves but for next fiscal year that deficit would have to be covered by General Funds. If the situation does not improve, the BHA Board may need to be restructured. Among one of the options they would consider is merging the BHA with the Alameda County Housing Authority. However, there is opposition to such a move and measures are being taken to address the BHA problems, the City will:

- convert more of the tenant-based Section 8 authorization to project-based Section 8 to be used in new or existing housing.

- It will use the new Fair Market Rents which have been requested by the BHA and approved by HUD to reflect better the current market situation.

The new FMR are as follows:

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<u>\$913</u>	\$1,105	\$1,386	\$1,900	\$2,269	\$2,610	\$2,950

- The BHA has just hired a new Director .

- will continue a recently passed security deposit guarantee fund (\$25,000) to cover unpaid rent or damages caused by Section 8 tenants. And allow more time to tenants with Section 8 vouchers can seek housing (180 days). The detailed activities for FY 2001-02 are contained in the BHA annual plan. An Update Report, which was submitted to the BHA Board on February 6, 2001 contains the priority goals and actions proposed for the following year. The top five goals cited are:

- Maximize Section 8 lease up and administrative fee revenue
- Improve the productivity and efficiency of BHA's housing operations
- Establish partnerships between BHA and tenants, landlords, and the community
- Create an enhanced working environment and upgrade work areas
- Improve program compliance, reporting, performance, and accountability
- Provide funding for training and staff support to work with, and enhance the Resident Council.

Activities to achieve related to achieving those goals include:

- Hire additional staff resources to assist in the proper administration of the BHA.
- Continue to implement the Emergency Placement Program which will give preference to those immediately at risk of homelessness.
- Coordinate with the Shelter Plus Care Program to allow use of a Section 8 Voucher to those who are ready to leave the Shelter Plus Care Program. This will use Section 8 Certificates and free up Shelter Plus Care Certificates for dual-diagnosed homeless persons who need services before being transitioned into Section 8.
- Ensure full lease up of the 61 units of public housing and the 14 Rental Housing Construction Program (RHCP) units and address the drainage problem at the Sojourner Truth site and attic repairs at the Fairview site. Additional repairs needed will be prioritized by the Public Residents Council. How many of those can be addressed will depend on how much of its maintenance budget HUD will allow the BHA to use (currently that budget is frozen pending completion of

review of the BHA Plan by HUD).

- Strengthen the permanent Section 8 Resident Council.
- Improve operations of the Self-Sufficiency Program.
- Continue effective administration of the Section 8 Mod Rehab Program (100 units).
- Implement the second year of the BHA's 5-year Plan.

## **E. Homeless Services**

### **1. Priorities**

Assisting those who are homeless continues to be a very high priority for Berkeley. In FY 2001-2002 the City's Continuum of Care Plan will guide the homelessness prevention effort. That plan's overall goals are to maintain existing services and facilities, homelessness prevention, and provide transitional and permanent housing with services

There will continue to be close coordination between the Housing and HHS departments on the use of AB2034 monies and other areas since HHS still provides an array of health and social support services to homeless persons in Berkeley. Service delivery will be another regional area of focus of the one-year anti-homelessness strategy. Continued participation in the Countywide Continuum of Care is a priority this year although there is expected to be a reduction in the level of staff time than was allocated in previous years. The Housing Department is determining how to effectively interface with the Continuum of Care Council. One continued area of involvement is to require that City-funded homeless services providers adhere to the region wide standards of health and safety practices for homeless facilities, including shelters and transitional housing developed this year.

The City Council has approved the Homeless Commission recommendation for funding based on the City's Continuum of Care Plan. Projects funded are contained in the attached City Manager's Council Report.

As proposed last year, the Homeless Services Team has become a part of the Housing Department, which should allow for better coordination of housing and services. Better coordination has already taken place in the receipt and review of homeless services proposals through use of a common Request for Proposals and a coordinated review process, having the Homeless Commission as the citizen's review body, holding a joint public hearing with the HWCAC, having weekly staff meetings, and considering applying for SHIA funding.

The Homeless Team work program for 2001 includes:

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- Improvement of contract administration and monitoring of homeless services providers.

- Continuation of regional state/federal policy coordination and advocacy. Staff has been involved in the countywide request for proposals and application-preparation process in response to the SuperNOFA for Supportive Housing Program funding. And will prioritize the 29 proposal received (see attachments) and submitted them to HUD. Thereafter staff will continue to take an active role in the Countywide Continuum of Care Council and its subcommittees.
- Proper implementation and fiscal administration of the Shelter Plus Care Program and the Winter Shelter and Vouchers Program.
- Improved Interdepartmental coordination (especially with HHS on AB 2034 activities).
- Exploration service-enriched permanent housing for 40 severely disabled people
- Monitoring of two Housing Trust Funds transitional housing projects to ensure timely completion (Harrison Street Expansion (formerly the Picante House) and 8<sup>th</sup> Street Transitional Housing for Youth).
- Establishment of a Housing Search, information and referral system.
- Staffing the Homeless Commission.

In the coming year, special emphasis will continue to be placed on services for homeless youth. This includes ensuring full occupancy at BOSS' Youth House. The Homeless team will continue to deal with issues arising between homeless youth and other residents and merchants. Finding transitional housing for persons in drug/alcohol rehabilitation programs is another area of need.

In terms of homeless battered women, the City will place strong conditions on the continued funding of the Women's Refuge which has not been performing well. It may recommend collaboration with an experienced entity with a proven track record to administer that agency. Lease of the City-owned Byron Street transitional housing facility will most likely be transferred from the Women's Refuge to the Berkeley Women's Daytime Drop-In Center which has tentatively agreed to administer that program and has received federal Supportive Housing Program monies to do so. The City is applying to the State for Emergency Homeless Assistance Plan monies to rehabilitate the property.

The City is continuing its efforts to work with Alta Bates Hospital and others to develop a Homeless Respite Center.

The City will continue participation in the countywide collaboration to reduce homelessness and to apply for federal McKinney Act monies. Berkeley will also work with the Continuum of Care Council to develop a strategy for dealing with expected federal cuts. The biggest challenge faced by Homeless Programs this year will be how to maintain existing viable

programs (top priority in the Continuum of Care Plan). The City is currently participating as part of the Countywide Collaborative preparing the RFP and going through the process for submitting its Supportive Housing Program application for the coming year.

## **F. Programs/Projects to Meet Housing Priorities**

To meet its affordable housing priorities, the City plans to use CDBG monies to continue funding four non-profit housing developers for activities related to the creation/maintenance of affordable housing. One new housing project is being proposed for funding that will increase disabled accessibility for students residing in student cooperative housing. Below is a list of housing projects/programs followed by a short narrative on each. Please note that Tenant-based Assistance (TBA) programs are not included in this list (Section 8 Program, Shelter Plus Care, Homelessness Prevention Program, HIV/AIDS Housing Assistance Program).

Summary of Housing Programs and Goals			
Program	Units	Status	Beneficiary/priority/comment
<b>Program: HTF Priority - Development of permanently affordable housing</b>			
<b>Priority – Creating housing for people with special needs.</b> All HTF projects are required to be affordable at 60% of AMI. The majority are affordable to households at 30% - 50% of median income or below. Since November 1999, 20% are to be affordable at households at 30% of AMI. The vast majority of projects are targeted to households with special needs.			
1320 Haskell Street NCLT (South Berkeley)	3 units		New construction of limited appreciation condominiums to be completed in FY 2001-2002.
2517 Sacramento Street Affordable Housing Associates	25-30 units	new	Rentals over ground floor commercial. AHA owns property. This year it will be undertaking predevelopment activities.
2418 8 <sup>th</sup> Street (Hope Homes) Jubilee Restoration, Inc.	4 units	continuing	This project involves major rehabilitation of a four unit building with two units to be leased for housing for homeless youth and two as affordable rentals.
2575San Pablo Avenue Jubilee Restoration, Inc./RCD	25.	New	Predevelopment stage; senior housing. Property acquired w/ \$379HELP loan& will be submitting an applicationfor HUD 202 funding & project-based Section 8.
3132 M.L. King, Jr. Way Prince Hall Arms (South Berkeley)	37 units	continuing	Mixed-use bldg. w/ low income senior housing in South Berkeley. Demolition completed. This project has run into serious difficulties.. The project now has a new development team but still has to get financing for the project. City commitment of \$1.5 million has expired.
3222 Adeline St. RCD, Inc. (approval May 9th)	19 units	continuing	Disabled households. RCD has completed property acquisition. City assistance is in the form of CDBG, HTF monies, Section 8 Project-based Assistance, HELP Program Monies and is expected to receive Section 108 Assistance.
2110 Seventh St. BUiLD/RCD	4-bdrms	continuing	Rehab/new construction for group occupancy by developmental disabled children. HTF monies were allocated this year and the development is expected to be occupied in FY 2001-02.

<b>Summary of Housing Programs and Goals</b>			
<b>Program</b>	<b>Units</b>	<b>Status</b>	<b>Beneficiary/priority/comment</b>
1725 University Avenue AHA, Inc.	30 units	continuing	Disabled & non-disabled low income housing. Property acquisition completed. City assistance includes CDBG, HTF Section 8 Project-based, and Section 108 assistance,
Picante House BOSS, Inc.	6 bdrms	continuing	Transitional housing for homeless households with children; homeless men with children. This project has been changed from what was originally envisioned and may involve new construction instead of relocating and rehabbing an existing structure.
2500 Hillegass Avenue Affordable Housing Associates	19	New (acqu/rehab)	12 units will be affordable between 40%-80% of AMI with 9 units of Project-based Section 8. Help Program used to help acquire site.
1419 Ashby Ave. Northern California Land Trust	4 units	continuing	New construction of limited appreciation condominiums.
3126 Shattuck (at Woolsey Street) Northern California Land Trust	Up to 20 units	new	Develop affordable housing over commercial property NCLT owns.
Pre-development of special needs housing RCD, Inc.	n.a.	new	Predevelopment stage for a new special needs housing – hopes to use Section 811, Tax Credits, SHIA and other resources available for this type of housing.
Predevelopment of Affordable Housing on Oxford St. Parking Lot City of Berkeley	90	new	At the direction of City Council, staff is working with the Planning Commission and the HAC on the development of a mixed-use affordable housing, low-cost space for arts, environmental center, commercial/retail space, and parking on a city-owned parking lot on Oxford Street.
South Berkeley Ashby Bart Station City of Berkeley	n.a.	new	Explore creation of affordable housing for teachers and City employees on its air rights over the South Berkeley BART Station.
<b>Inclusionary Zoning and other Housing Development Projects</b>			
2002 Acton (at University) Panoramic Interests/Jubilee Restoration	20 units	continuing	15 units at 50% of AMI, 5 units at 80% of AMI out of a total 60-72 units. In exchange for the affordable units, the State will sell land (approx. 22,000 sq. ft.) for \$118,000.
2160 Allston Way (Gaia Bldg) (Panoramic Interests)	15 units	continuing	Inclusionary units - 6 units at 80% of AMI and 9 units at 50% of AMI (Section 8) in a 91 unit bldg.
2161 Allston Way	12 units	continuing	Inclusionary units – 6 units at 80% of AMI and 6 units at 50% of AMI (Section 8) in a 60 unit bldg.
2700 San Pablo Avenue Jubilee Restoration/Panoramic	9 units	new	Owner partnering with a for-profit. Receiving Redev. & Bayer monies but not through the HTF program. Total

Summary of Housing Programs and Goals			
Program	Units	Status	Beneficiary/priority/comment
Interests			number of units 39 (9 of these are affordable).
1741 & 1743 Russell Street; 1242/1811 Berryman	n.a.	new	Predevelopment stage of possible acquisition of Board & Care facilities for elderly w/ special needs. If successful could house up to 40 severely mentally ill persons. The City is working with non-profits to explore acquisition/lease of these properties.
<b>Priority: Housing Rehabilitation/Repair for residents with special needs</b> (All rehab/repair programs targeted at 50% of median income or below, at least half benefit those who are extremely low income [30% of median or below])			
Seniors and Disabled Rehab Loan Program (Citywide)	12 units	projected	HH income requirement 50% of AMI or below. Deferred, zero interest loans. About 12 households expected to be assisted.
Rebuilding Together through Christmas in April (Citywide)	20-25 units	projected	Program beneficiaries are poor elderly and disabled, minority households. Most of the houses to be rehabbed will be in the NSA. About 1500 volunteers provide labor. Some materials discounted or donated.
Minor Home Repair Community Energy Services Corp. (Citywide)	300 units	projected	Minor repairs and disaster resistance repairs. Security window bars. HH income primarily 30% of AMI. Please note that program beneficiaries may include for the first time low income families in addition to those who are elderly and disabled.
Disabled Accessibility Program CIL (ramps and interior retrofit)	39 units	projected	Program beneficiaries are those who are disabled. 10 wheelchair ramps; 29 interior retrofits.
University Students' Cooperative Association	n.a.	projected	Help to increase disabled accessibility in student housing.
<b>Other Housing Programs</b>			
Weatherization Programs Housing Dept. (Citywide)	approx. 600 units	projected	Most HH with 30% of AMI or below.
Project Share (Citywide)	25 HH	projected	Project benefits both the low income tenant and homeowner which is usually low income as well.

### 1. Housing Development

The Housing Trust Fund will be used as the principal source to fund housing development for permanently affordable housing and transitional housing, especially for people with special needs. It is difficult to determine how many affordable units will actually be created since many of the projects are still at the pre-development stage. However, based on the above projects, an estimated guess is that:

- 100 affordable units will be completed (of these, 47 will be through the Inclusionary Zoning Program, with half being affordable to households at 80% of AMI and half

those at 50% with further Section 8 subsidy).

- 104 units will be continued from previous years but are not likely to be completed in FY 2001-2002.

- about 50 -150 units may result at a future time if the predevelopment proposals materialize. The biggest actor in this category is the City itself with the Council request that the creation of affordable housing be explored for both the BART air rights and Oxford Street Parking lot. As many as 100 affordable units could be created on those two sites.

Additional projects not necessarily “in the pipeline” may materialize when the HTF Request for Proposals is sent out. This is expected in the summer of 2001.

## **2. HOME Program**

The federal HOME Program is the largest contributor to the HTF with an allocation for FY 2001-2002 of \$1,170,000. Of that amount, \$1,053,000 is to be placed in that HTF and \$117,000 (10%) is to be used to administer the program. Any HOME repayments received will also be placed in the HTF and used for HOME-eligible projects during the second HTF round. The City will allow use of HOME monies for refinancing purposes if such a proposal is submitted and the HTF review process indicates that such use would be an effective way of maintaining low income housing.

The City's required HOME match of \$421,000 can be easily met through excessive matches paid in previous years and the City's General Fund contributions to the Housing Trust Fund. Affordable Housing Associates and Resources for Community Development (RCD), Inc. will continue to act as the City's Community Housing Development Organizations (CHDOs) for use of the 15% HOME set-aside for such organizations. There are currently two CHDO-eligible projects which have received City Council approval and which will be used to meet the City's CHDO requirements for past years (3222 Adeline Street and 1725 University). Another possible project is acquisition and rehab of 2500 Hillegass Street but a HTF proposal has not yet been submitted for that project.

The projects to use HOME monies in 2001 are unknown at this time since the HTF Request for Proposals is not expected to be issued until the fall 2001. This year the set-aside for the Masons' Prince Hall Arms Senior Housing Project (which included about \$1.5 million in General Funds, CDBG and HOME monies) were withdrawn and added to the HTF. However, the Masons have reapplied for those, and an additional \$600,000 and if approved, the amount of HTF funding available for other projects will be less than expected.

Allocations of HOME monies are subject to HTF Guidelines requirements, which are stricter than the HOME requirements. There will be an extensive public review process for all proposals submitted which is detailed in the Housing Trust Fund Guidelines. That process

involves review by staff, the Housing Advisory Commission (which will also hold a public hearing) and its HTF Subcommittee, the City Manager's Technical Advisory Committee, and ultimately approved by the City Council. Monitoring of HOME and HTF-assisted projects will be done by the Housing Development and Rehabilitation Division of the Housing Department. After completion, monitoring will be done by the Program Planning, Management, and Budget Division.

### **3. Section 108 Funding**

If HUD approves the City's Section 108 line of credit, the City will have between \$15-19 million it can use to provide below market financing for affordable housing and economic development projects. Activities eligible under the Section 108 programs are similar to those for CDBG and include:

- Economic development activities
- Acquisition of real property
- Rehabilitation of publicly owned real property
- Housing rehabilitation eligible under CDBG
- Construction, reconstruction or installation of public facilities
- Related relocation, clearance and site improvements
- Payment of interest on the guaranteed loan and issuance costs of public offerings
- Debt service and loan loss reserves
- In limited circumstance, housing construction as part of economic development

This year the City is may use the Section 108 Program for the previously described Adeline Street Apartments, the University Avenue Apartments, the Masons' Prince Hall Arms Project, 2500 Hillegass Street, the Oxford Street, Bart Station Air Rights Project, Hope Homes, and other projects which have gone through the Section 108 review process. However, actual usage of the Section 108 Program or amount for which each of those projects is eligible still needs to be determined.

In the coming year, the HAC will be considering what type of review process would be appropriate for use of those funds. One possibility is for Section 108 proposals (whether or not it goes through the Housing Trust Fund Program) to go through a similar public review process as used for the HTF Program. That is, proposals would be reviewed by the HAC, its subcommittee, and the City Manager's Technical Advisory Committee before it is brought before the City Council for approval.

### **4. Housing Programs to Maintain the Housing Stock**

Using City programs to maintain the housing stock is a less important priority for the City given the current market, which generally makes available private financing to undertake rehab activities. The CDBG-assisted Rental Rehabilitation Program has been eliminated since it was non-functional in today's rental housing market and is expected to be replaced by a short-term revolving loan fund funded through General Funds to deal with blighted properties. The City will continue to fund housing rehab/repair programs (Christmas in April, Minor

Home Repair, and the Seniors and Disabled Housing Rehabilitation Program), because these have been successful and fill the priority of assisting people with special needs (low income seniors and disabled persons), and will also help maintain the housing stock. Of note this coming year is the extension of the Minor Home Repair to low income homeowners who are not elderly or disabled. Approximately 200 low income residents are expected be assisted. The City will explore funding earthquake-safety activities that will benefit low income residents. The City also plans to hire an extra inspector to monitor the City program requiring owners to certify that their gas heating appliances are working properly (this year, one person died as a result of carbon monoxide poisoning).

### **5. Lead Abatement Program**

Alameda County is working with Christmas in April to undertake lead identification and abatement activities through its home repair program. The City federally-assisted rehabilitation projects will follow federal guidelines for lead remediation. The City has trained staff with the proper Certification has coordinated with Alameda County. Seven lead assessments are currently underway on active rehabilitation projects under the Seniors and Physically Disabled Homeowners Program.

### **6. Fair Housing**

The City has as a primary goal a commitment to maintaining the diversity of its population. It actively promotes fair housing and reducing impediments to it and discourages housing discrimination by funding Housing Rights, Inc. and coordinating with that organization to implement the City's anti-housing discrimination program. To deal with the discrimination problem, Housing Rights, Inc. will educate about discrimination laws and take actions to help ensure enforcement of the law in instances where violations occur. It will investigate discrimination complaints, hold workshops, disseminate housing rights information, and undertake housing rights advocacy. Other activities that the City plans to undertake in the following year are included below:

- Continue to establish April as Fair Housing Month.
- Continue to educate City staff and Commissions about fair housing and ADA requirements and include reviews of publicly assisted projects for disability/ADA compliance.
- Continue to refine the City's Analysis of Impediments to Fair Housing by: (a) analyzing 2000 Census Data, (b) completing the bank lending practices study initiated this year.
- If necessary and appropriate, subsidize the BHA so more low income families can continue to live in Berkeley.
- Fund the Affordable Housing Advocacy Project to help organize and empower tenants.

- Add substantial General Fund monies and take other measures to create/maintain affordable housing.

## **7. Anti-Displacement**

No displacement is expected from use of CDBG or HOME monies. Temporary relocations are expected to result from rehabilitation of the 8<sup>th</sup> Street Transitional Housing for Youth. It is unknown at this time whether there will be any temporary relocations under the Seniors or Physically Disabled Homeowners Rehab Program or other housing developments assisted which may be assisted with government funds. If there are, temporary displacees will be given the proper relocation notices and assisted with services and payments to alleviate hardships that may result from the move. Housing Department staff will also provide information about the City 's Relocation Ordinance and referral to available services to persons who have to move temporarily to bring properties into code compliance even where no City monies are involved.

The Housing Department has several programs to assist those who have to relocate due to private action, including a relocation ordinance, an emergency housing assistance program, and will institute a referral system to help tenants with special needs to find housing. The City is also considering revising the Ordinance that implements the State Ellis Bill Act (allowing eviction of tenants if an owner is "going out of business") to make such evictions more difficult. The City held a workshop this year on displacement of non-profit agencies resulting from increase in commercial rents. Proposed solutions coming out of that workshop are expected to be implemented in FY 2001-2002.

## **G. Anti-Poverty Strategy/Public Services**

The City is continuing to use a multi-faceted approach to reducing poverty by funding over 50 community agencies that offer needed services such as child care and health care, being actively involved in job creation/job placement activities, and funding community development activities. The overall priority in the area of reducing poverty is the continuation of existing public services programs.

At total of \$759,460 in CDBG funds was allocated to Public Service activities. This amount is below the grandfathered Public Service cap of 17.83%. Due to a switch in funding, several community projects previously funded with General Funds (Berkeley Adult School/Life Skills Program, Bonita House/Supported Independent Living Program and Creative Living Center, Center for Accessible Technology/Technology Tools for Life, and East Bay Community Law Center/Legal Services) will be funded with CDBG.

CDBG monies will continue to be used for funding non-profit job training/placement agencies (Adelante, AJOB, ICS, WERC, and Jobs Consortium). These agencies will be asked to coordinate activities with the City's One Stop Employment Center.

The City will continue to fund the First-Source Hiring Program but will do so using

General Funds rather than CDBG monies.

The City General Fund anti-poverty budget is expected to be the same as last year (about \$1.3 million; this does not include funds for homeless programs). One problem which will affect the City's anti-poverty strategy which relies heavily on non-profit service providers is the much higher commercial rents in Berkeley which have put at risk those agencies who do not own their own building or do not lease from the City. One such agency is Adelante, which has had a 100% rent increase this year.

Every year additional General Fund monies to community agencies are allocated on a case-by-case basis but the total amount being considered through the General Fund budget process for FY 2001-2002 is still unknown.

The City will also operate the Workforce Investment Act's One-Stop Employment Center, which provides a variety of services to those who are unemployed and underemployed.

- Require, and monitor, use of the First Source Hiring Program for City-assisted housing development projects.
- Implement a living wage ordinance requiring entities (for profits and non-profits) doing business with the City of Berkeley or leasing Berkeley property to pay employees a minimum wage of approximately \$9.75 per hour (plus a \$1.62 supplement if health benefits are not provided). The City is considering subsidizing non-profit entities covered by the Ordinance in order that they can meet the City's living wage requirements.
- Continue coordination with the County and community agencies and between departments to help ensure that the CALWORKS Program can be used effectively to assist eligible households. Problem areas that need to be address include: absence of night public transportation, childcare, and placing people in living wage jobs.
- Continue implementation of a program operated through the HHS Department for transitioning TANF recipients who are working to prepare and place them into more skilled and better paying jobs (last year the City received a \$400,000 CALWORKS Grant). Examine what additional funding sources are available for services for TANF recipients and very low income people and actively pursue funding under those sources. The City and the BHA plan to make TANF recipients aware of the social services available in Berkeley and will encourage their use.
- The City's YouthWorks Program will continue working with the Berkeley Unified School District and the local businesses and merchants to obtain

employment and training for young people.

- Increase coordination between the City and the Berkeley Unified School District to address the educational and skills development challenges faced by Berkeley youths.

## **H. Community Development Projects**

Many of the projects in the category of housing, public services, public/community facilities improvements, and planning serve the purpose of community development as well. In the housing category the following projects also have a major community development objective. For example:

- Christmas in April project not only helps preserve housing and assists those with special needs, it also engenders community development through the use of hundreds of volunteers.
- the relocation project helps keep people in their homes (anti-displacement).

## **I. Location of Services**

The majority of housing and services will continue to be targeted in the NSA consisting of South and West Berkeley, which is the part of the City that has the highest level of low income and minority residents, and the greatest need for revitalization (see attachments for map and table of locations). The Consolidated Plan has identified Census Tracts 4220, 4221, 4231, 4232, 4233, 4234, and 4240 as the census tracts where the minority population is 10% above the citywide level. All of them are included as part of the NSA. The majority of blighted properties identified are also expected to be located in the NSA. Many of the services programs (CDBG/ESG, as well as the City's General Fund/CSBG Anti-Poverty Program) are also located in the NSA. Other programs are available citywide and/or located outside the NSA but most of their beneficiaries are from the NSA or are low income.

## **J. Program Administration**

### **1. Housing Department**

The Housing Department is under the direction of the Office of the Director which also coordinates planning and other activities with other Departments and the City Manager's Office for the smooth operation of existing programs, creation of new ones, and exploration of additional housing and community development resources. Coordination between departments should be easier now that most of the City employees have moved back into the renovated Civic Center Building at 2180 Milvia Street.

The administration for the CDBG, ESG, HOME, GF/CSBG, and Measure O programs is consolidated in the Program Planning, Management and Budget (PPMB) Division of the Housing Department. As mentioned earlier, this year the Homeless Services Team has been shifted from

the Health and Human Services Department to PPMB for better implementation of the Homeless Continuum of Care Plan. Other administrative activities of PPMB staff include: monitoring affordable housing projects related to the Housing Trust Fund; undertaking planning activities in the area of housing, homeless programs, and community development (working closely with the Health and Human Services Department and the Planning and Development Department); and completing the General Plan's Housing Element.

The Housing and Energy Division staff, funded through CDBG and General Funds, administers housing development, housing rehab and anti-blight programs, the Residential Rental Inspection Program, weatherization and other programs to increase energy efficiency. This coming year, the energy portion of the division will most likely be moved to the newly created Environmental Management Department.

The BHA operates the largest affordable housing program (the Section 8 Housing Assistance Program), 61 units of public housing and 14 units of state-assisted units. The BHA is involved with other programs which provide permanent housing for those who are homeless (Section 8 Mod Rehab units and Shelter Plus Care).

## **2. Planning and Development Department**

The Planning and Development Department (PDD) has primary responsibility to ensure that programs and activities are in keeping with the City's General Plan. The Planning and Development Department also has lead responsibility for revisions to the Zoning Ordinance, Area plans, and strategic plans, many of them impacting housing in the City. PDD is also involved in housing or mixed use projects which do not receive HTF assistance. PDD provides technical assistance to businesses willing to sign "First-Source Hiring" Agreements, which are then referred to HHS for implementation.

## **3. Health and Human Services Department**

As described in the Consolidated Plan, the Health and Human Services Division is the other major Department with primary responsibility for health programs, recreational programs, and social services programs to assist residents with special needs. HHS operates the One-Stop Employment Center (is part of the Workforce Investment Act) and coordinates the First Source Program with other City programs involving job placement for low income persons.

## **4. Monitoring Program**

Program requirements for the City's affordable housing programs are incorporated into contracts, deed restrictions, and loan documents to ensure compliance. Program requirements include those established by Federal regulations for CDBG, HOME and ESG and those established by ordinances and resolutions of the Berkeley City Council. Once projects are completed, the monitoring responsibilities are generally separated into the following components: CDBG and ESG monitoring, affordable housing project monitoring, and other monitoring. The Housing Development staff will monitor projects until construction completion. Thereafter, monitoring is assigned to PPMB staff. Funding for monitoring comes out of the CDBG Program and General Funds. This coming year staff will be developing a monitoring system which will focus on

measuring outcomes of the different programs funded. Please see 5-Year Strategy for details of monitoring of different programs.

GRANTEE PERFORMANCE REPORT (GPR)  
 Benefit to Low/Moderate Income HOUSEHOLDS

Project Title: HOUSING DEVELOPMENT

Contact:  
 Ruth  
 Nazario

Address of property completed or loan approved	Total # Units	# Units Vacant	Hseholds Low Inc. <50%	Hseholds Mod Inc. <80%
<b>Affordable Housing Associates (AHA):</b>				
1719 University Ave.	27	27	27	0
2517 Sacramento	30	30	30	0
2500 Hillegass	19	0	7	12
1001 Ashby Ave.	45	45	45	0
Total AHA				
<b>Building Opportunities for Self Sufficiency (BOSS):</b>				
711 Harrison St. (Picante) beds	6	6	6	0
711 Harrison St. (nc) shared units	7	7	7	0
	13	13	13	0
<b>Jubilee Restoration:</b>				
2577 San Pablo (RCD/Jubilee)	28	28	27	0
2700 San Pablo (Jubilee/Kennedy)	35	35	0	7
2418 8th St.(Jubilee)	4	1	3	0
Total Jubilee				
<b>Northern California Land Trust (NCLT):</b>				
1320-22 Haskell Street	5	5	0	5
1419 Ashby Ave.	4	4	0	4
Total NCLT	9	9	0	9
<b>Resources for Community Development (RCD):</b>				
3222 Adeline Street	19	19	18	0
2110 Seventh St.(RCD/BUiLD) beds	6	3	6	0
Total RCD	25	22	24	0
<b>Other:</b>				
3132 MLK, Jr. Way (Masons)	37	37	37	0
Total Other	37	37	37	0
TOTAL	272	247	213	28

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