



City of Berkeley

Program Year 2004 DRAFT ANNUAL ACTION PLAN (for Housing and Community Development)

March, 2004

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**City of Berkeley
2004 Draft Annual Action Plan**

Executive Summary

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CITY OF BERKELEY PROGRAM YEAR 2004 ANNUAL ACTION PLAN EXECUTIVE SUMMARY

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 funds) for meeting its 5-year Consolidated Plan (ConPlan) goals. The Program Year 2004 Annual Action Plan and projects adopted must be consistent with the City's 2000-2005 ConPlan'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. However, this coming year both the City of Berkeley and community agencies have fewer resources available to meet the Consolidated Plan goals of addressing the needs of Berkeley's poor and low income populations, those who are homeless, and those with special needs.

The housing crisis in Berkeley noted in past years is continuing. Although rental housing costs for newly vacated units are lower than last year, and the vacancy rate is higher, rents are still above the affordability level of low and very low income residents, many of which are paying over 50% of their income for rent. Over 6,000 families are in the low income category (50% of Area Median Income (AMI) or below); the vast majority of them are minorities; approximately 15% of the population is disabled. A recent comprehensive survey of homeless persons indicated that the number of homeless people in Berkeley who access homeless services is almost 900; an even greater number who access those services are at risk of homelessness.

The housing crisis is also affecting low/moderate income tenant households whose dream of homeownership must be foregone. In FY 2003, the median sales price condo for a condominium was \$355,000 and \$560,000 for single-family housing in Berkeley. The prices have continued to rise in 2004. The minimum yearly income needed to purchase a home for first-time homebuyers is approximately \$115,000. This year the federal government has made available the American Dream Down Payment Assistance Initiative (ADDI) Program to help first-time homebuyers. The City's allocation under that program is approximately \$60,000 per year.

Lack of affordable housing constitutes the largest impediment to achieving fair housing in Berkeley since minorities and other protected classes under fair housing laws are more likely to be impacted by high rents and home prices because overall their incomes are substantially lower than the area median and insufficient to allow them to afford market rents and housing acquisition costs.

Not counting funds to the BHA or monies received through the Supportive Housing Program (for the Homeless), the City is expected to have available approximately \$12 million to address housing and community development needs from the following sources:

- (a) federal CDBG/ESG, and HOME monies; the total allocation equals \$5,428,708 (\$76,043 less than last year) and with carryover monies from last year, the total available is \$5,689,641.
- (b) approximately \$4.8 million in General Funds are expected to be available to community agencies (a 10% overall cut to community agencies is expected this year);
- (c) at the state level, the City has been awarded \$1 million for the Housing Trust Fund from Proposition 46 Bond monies and \$500,000 in CalHome monies. Another \$1 million under AB 2034 to continue homeless services and housing is contained in the Governor's proposed

budget.

The CDBG/ESG allocation process began in November with the issuance of a Request for Proposals. The City has received a total of 32 proposals for CDBG/ESG equaling \$4,784,72 for housing, public/community facility improvements, economic development, and planning and administration (20 for continuation of existing activities and 13 new ones). Of the new proposals 7 are for public/community facility improvements, two for housing, one for economic development, and three for homelessness reduction. A total of \$3,372,263 is available for these proposals since last year Berkeley awarded two-year CDBG allocations to community agencies; therefore, \$756,670 is set-aside to honor those contracts.

Both the City Manager's (CM) and the Housing Advisory Commission's CDBG Subcommittee preliminary funding recommendations for CDBG/ESG funding will be issued to the full HAC at its March 4th meeting. The two preliminary recommendations are in virtual complete agreement and are based on a funding strategy which is (1) to generally fund, all existing projects (where there is no required cap) at virtually the same level as this year, except for the University Student Cooperative; and a 10% reduction for Affordable Housing Associates (AHA) Inc. and Resources for Community (RCD) Inc.; (b) fund 9 of the 13 new CDBG/ESG proposals, albeit the CDBG ones at a lower level than requested as follows:

<u>CDBG</u>	
Improvements at a Better Way	\$50,000
AJOB (Roof Repair)	3,600
STEPS, Inc.	25,000
BOSS (Harrison House Improvements)	172,047
CEID (Audiology Testing Suite)	10,000
James Kenney Rec. Center Improvements	20,000
Greg Brown Park Improvements	35,000
Lifelong Medical Care	13,660

<u>ESG</u>	
BEFHP Dwight Way Shelter Improvements	\$18,948
HMIS (Homeless Monitoring Information System)	25,000
Family violence Law Center	20,890

In terms of the HOME Program allocation of \$1.4 million, as in the past, 90% of the HOME monies is expected to be placed in the city's Housing Trust Fund (HTF) for affordable housing development and 10% is for program administration. This year, because of limited funding, only previously assisted HTF housing developments that are "in the pipeline" are expected to be considered for funding. A Request for Proposals for HTF monies was issued in April, with recommendations for funding expected to be brought for Council approval in September.

The City is also expected to sponsor the use of Section 108 monies for the Ed Roberts Campus project and Jubilee Village.

The Berkeley Housing Authority's (BHA) Section 8 Program is the largest affordable housing program in Berkeley. Important housing goals for this coming year for the BHA is full lease up under the Section 8 program which will provide rental housing subsidies to over 1800 households; removal

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of its “troubled agency” status, completion of rehabilitation and proper management and maintenance of the 75 low income units it owns. The City is concerned that changes proposed by the current administration to the Section 8 Housing Choice Voucher Program will reduce the amount of housing assistance available to provide subsidized rental housing as well as reduce the administrative fee earning potential of local housing authorities.

In the coming year, the City will continue its commitment to address the problems of homelessness in a coordinated way including participation in the Alameda Continuum of Care Council. It will continue being part of the collaborative application for the federal Supportive Housing Program (SHP). Although the RFP has not yet been issued for this coming year, the Consortium is already meeting to determine its funding request for the coming year. The City of Berkeley would like to apply for additional Shelter Plus Care vouchers.) The City will work with the Continuum of Care Council to address problems made evident in last year’s countywide homeless survey. It will also work with BOSS, Inc., the Berkeley Emergency Food and Housing Project, and other at-risk agencies to address the fiscal and administrative crises, which are surfacing as agencies must deal with reduced resources from a variety of sources.

The 2004 Draft Action Plan is expected to be available on March 15th for a 30-day review. The council will hold a public hearing on the Plan and the City Manager’s and Housing Advisory Commission’s (HAC) funding recommendations on April 20th. The Council is expected to make final CDBG/ESG funding approval on April 27, 2004. Copies of the entire PY 2004 Draft Annual Action Plan is available at the Central Public Library, at the Housing Department, and on the web at www.ci.berkeley.ca.us/housing.

**PROGRAM YEAR 2004
DRAFT ANNUAL ACTION PLAN
TO MEET THE CITY OF BERKELEY'S CONSOLIDATED PLAN
FOR HOUSING AND COMMUNITY DEVELOPMENT**

A. OVERVIEW

As stated in the Executive Summary, the current economic and political situation in the country and the state has deepened the housing and community development crisis noted in past years. Generally, government funding at all levels for housing and social services programs is decreasing, placing at jeopardy both the existence of community agencies and services provided to clients. At the local level, the City faces a General Fund budget deficit of \$10 - 14 million for FY 2004-05. The City Council has already implemented many cuts and cost saving measures this year and is considering a 10% overall cut to community agencies for the coming year although it is carefully considering how that can be done with minimal impact on its commitment to affordable housing and social programs as contained in the Housing Element, the 5-year Consolidated Plan, and the Homeless Continuum of Care Plan.

Attachment A contains this year's Request for Proposals which contains information about City priorities, public allocation process schedule, and eligible activities. **Attachment B** contains the City Manager's final CDBG and ESG recommendations. The proposed 2004 Annual Action Plan is consistent with City Council goals for the biannual budget year (FY 04 and FY05 which correspond to the federal Program Year 2003 and 2004). The goals are to:

- Promote affordable housing
- Provide healthy youth alternatives
- Increase business efforts that enhance employment opportunities for low income residents (General Funds are used for the City's WorkSource Program)
- Reduce poverty
- Promote neighborhood stability
- Ensure public safety
- Implement and coordinate needed public/private improvements
- Provide solutions for the health disparities problem in our community
- Rehabilitate/upgrade the BHA's low income public housing units.

Attachment C contains a February 24, 2004 informational report to Council with a list of agencies funded and total amount allocated in FY 2003-04 and discusses potential cuts for this coming fiscal year.

Last year's Consolidated Plan Update included some information on racial/ethnic changes in the City based on the 2000 Census. The census figures showed that the White and Black population continued to decline and that the Asian population and the Hispanic/Latino population increased (Analysis of the 2000 Census done by Housing Department staff shows that the total of non-college student households that are below poverty increased in the City as a whole from 6,513 in the 1990 Census to 7,542 but decreased in the Neighborhood Strategy Area from 2,907 in 1990 to 2,848. This year additional detailed census data on affordability has been compiled by HUD in a CHAS (Comprehensive Housing affordability Strategy) databook. Staff has obtained additional 2000 Census data on poverty, median household and family income, and disability. These data are contained in **Attachment D**. Of particular note is the discrepancy in family annual median income by race/ethnicity (approximately \$92,000 for Whites, \$47,000 for Asians and Hispanics/Latinos, and \$38,000 for Blacks). Information about homeless people and people at-risk of homelessness in Alameda County and Berkeley

was obtained through a comprehensive countywide survey undertaken last year. A summary of the results of that survey is contained in **Attachment E**. City staff is in the process of analyzing both census and survey of data and will include findings in the final Action Plan.

B. CREATION/MAINTENANCE OF AFFORDABLE HOUSING

1. Housing Development

Affordable housing development continues to be increasingly difficult to undertake due to rising construction costs, adherence to government requirements, obtaining financing, neighborhood opposition, and developer's experience in dealing with the many complexities. There are 12 non-profit projects in the pipeline and at least three other new projects will be explored as a result of this coming year's CDBG funding. It is difficult at this time to determine the total number of affordable units that will be created when these developments are completed. There are five for-profit new rental housing developments which will provide 46 units of affordable housing when completed. The status of ongoing non-profit housing development projects is contained in **Attachment F**. That attachment also contains the various funding sources used by developers to finance their development (such as federal Housing Tax Credits, Section 202, Project-Based Section 8). A list of for-profit developments with inclusionary zoning requirements is contained in **Attachment G**.

This coming year, the City Manager is recommending a total of \$2,266,785 in CDBG monies to cover new housing developments, rehab and repair programs, and other related housing programs. In terms of housing development, CDBG monies are used to pay non-profit developers for predevelopment costs and for City staff to work with (and monitor) developers. The Housing Trust Fund is used to pay for acquisition and construction costs. The HAC CDBG Subcommittee is recommending that funding for non-profit developers be reduced over time as those agencies are more able to be self-sufficient through developer fees; focus CDBG funds on predevelopment for new projects (rather than on increased costs for existing projects); and to earmark funding for developments wanted by the City. Issues being discussed regarding affordable housing include what should be the focus on new projects, what is the need for subsidized senior housing vis-à-vis affordable housing for other groups such as emancipated youth, families, or victims of domestic violence? Should the focus be on new construction or acquisition and rehabilitation of existing buildings?

The City subsidizes affordable housing development primarily through the Housing Trust Fund. The Inclusionary Zoning Ordinance and State Density Bonus requirements are used to obtain some affordable units from private developers. The City expects to have approximately \$3.2 million in the HTF as contained below.

HOME monies	\$1, 289,700
State Proposition 46 monies	1,000,000
CDBG	311,103
Uncommitted HTF monies	182,422
State HELP	402,007

Other funding sources which non-profit developer are using to make their developments possible include Section Low Income Housing Tax Credit, Section 202, and Section 8 Project-based vouchers. In general, this year's funding strategy is to do a Request for Proposal in May or June but to have it opened only to projects already in the pipeline (10 developments) that will need additional funding for completion.

a. CDBG Funding

In terms of CDBG funding, both the City Manager and the HAC recommendations contain funding for the following housing development proposals. The recommendations continue funding four non-profit housing developers but a 10% reduction from the amount received this year is recommended for AHA, Inc. and RCD, Inc. because these two entities are now well established and should be less reliant on CDBG funding.

- Affordable Housing Associates (AHA), Inc. – support towards completion of Ashby Lofts and exploration of another potential project: (AHA also developing two new projects with past years' CDBG and HTF funds (University Neighborhood apartments and Sacramento Senior Homes).
- Jubilee Restoration, Inc. – support predevelopment for another site along the San Pablo Corridor.
for continued development of three existing projects (2612, 2577, and 2700 San Pablo Avenue) - Northern California Land Trust – development of a mixed use project with 13 units of housing at 3120-3130 Shattuck Avenue.
- Resources for Community Development – continue development of Oxford Plaza and Jubilee Senior Homes; predevelopment and acquisition of a new site; undertake required activities for the refinancing of the UA Co-operative.

The CDBG proposal to convert Oregon Park into a limited equity cooperative for its senior residents is being referred to the HELP monies for funding.

b. HOME Program Monies

Allocations of HOME monies are placed in, and subject to, the HTF Guidelines requirements, which are stricter than the HOME requirements. The federal HOME Program is the largest contributor to the HTF with an allocation for FY 2003-2004 of \$1,403,000. Of that amount, \$1,289,700 is to be placed in that HTF and \$140,300 (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 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 \$298,138 can be easily met through excessive matches paid in previous years and the state allocation of \$1 million. Affordable Housing Associates (AHA) 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 proposals submitted for funding by those two

agencies which would meet the CHDO requirements if funded such as AHA's 1001 Ashby Avenue development and RCD's Oxford Plaza Development. However, the City will consider designating other housing developers as CHDO if they meet the appropriate requirements but still maintains the right to determine which projects will be set up as a CHDO project.

As appropriate, the City will use HOME monies for refinancing in housing developments as allowed by the HOME Program regulations. When using refinancing for rehabilitation of existing buildings, either for maintenance of existing affordable units or ensuring their future affordability, the ratio between use of HOME monies for rehabilitation and refinancing shall be no more than xxx %. The development plan contains a management plan indicating proper maintenance and a maintenance reserve account. As contained in the HTF Guidelines, units must be maintained affordable for a 55 year period. As required by HOME Program regulations, HOME funds cannot be used to refinance multi-family loans made or insured by any other federal program, including Community Development Block Grant (CDBG).

c. Section 108 Funding

The City of Berkeley has been using the Section 108 Program to make mixed use and other development projects possible. Activities eligible under the Section 108 programs are similar to those for CDBG. In the past years, HUD has approved Section 108 loans for several projects including:

- Loan for rehabilitation of the 75 units of public housing owned by the Berkeley Housing Authority - \$1,400,000.
- Loan for development by Affordable Housing Associates (AHA), Inc. of senior housing at 2517 Sacramento Street - not to exceed \$431,000.
- Loan for development by AHA, Inc. for its University Avenue Development - \$800,000.

This year, the City is expected to be applying for Section 108 funding for Jubilee Village. It will also be applying for \$6 million in Section 108 monies for Ed Roberts Campus, a proposed development to create a facility for multiple agencies serving the disabled community on the BART air rights at Adeline and Woolsey.

d. 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, and to encourage cooperation between the private non-profit sector and the public sector.

Major components of this year's City leveraging plan continue to be as follows:

- Use the federal American Dream Downpayment Assistance Initiative allocation to facilitate first-time homeownership.
- Work with for-profit 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 in exchange for density

bonuses and bond financing. There are 5 such developments currently under construction, three of which have received bond financing for a total of \$34,000,000. When completed, there will be a total of 264 rental units created, 45 of which will be affordable at 50% of area median income and 25 that will be affordable at 81% of area median income (see Attachment G. for details).

- Encourage developers to use the federal Low Income Housing Tax Credit, Section 202, the Section 108 loan Program, and other federal and state programs available to obtain below market financing.
- Initiate environmental review sufficiently early to allow use of federal monies for refinancing purposes.
- Require City-funded non-profit housing developers to continue to attend peer evaluation workshops to share ideas on how to strengthen areas of weaknesses.
- Except in limited situations, continue to give loans instead of grants and allow re-use of repayments for the initial purposes.
- Coordinate staff of the Planning and Housing departments to help ensure implementation of the Housing Element, including negotiation and monitoring of the Inclusionary Zoning requirements.
- Re-examine the Condominium Conversion Ordinance to determine if it can be revised to assist in maintaining/creating affordable housing.

2. Homeownership

The chart that follows attests to the difficulty of providing first time homeownership assistance as a result of increasing home prices.

Type of Property	1999	2000	2001	2002	2003
Single Family Units					
Total # of sales (units)	770	554	532	540	661
Total Sales Volume					
Median Sales Price	\$310,000	\$425,500	\$491,000	\$520,500	\$560,000
Condominium Units					
Total # of sales (units)	120	87	105	92	113
Total Sales Volume					
Median Sales Price	\$228,500	\$305,000	\$301,500	\$335,000	\$355,000
Apartment Buildings					
Total # of units sold	501	284	280	259	493
Total Sales Volume	\$39,852,500	\$22,936,500	\$26,950,000	\$22,339,509	\$59,216,000
Median Sales Price	\$430,000	\$660,000	\$675,000	\$650,000	\$982,500
Average Sales Price per unit	\$79,546	\$80,732	\$96,250	\$86,253	\$120,114

The City will also avail itself of its FY 2003 and FY 2004 allocation (\$57,781 for FY 2003 and \$67,004 for FY 2004) under the Federal American Dream Downpayment Initiative

(ADDI) program to assist first-time homebuyers who meet that program requirements. The ADDI will be used in tandem with other housing programs requiring long-term affordability and units acquired by tenants with Section 8 Vouchers in order to ensure: (a) that first-time homebuyers meet ADDI income requirements; (b) other program requirements are met; (c) units acquired have long-term affordability requirement; (d) reduce administration costs.

The programs which may be used in tandem with ADDI are:

1. Section 8 Program. Last year, one household was able to buy a unit subsidized through the Housing Trust Fund and using its Section 8 subsidy to make mortgage payments. Similar situations may become possible for other Section 8 tenants.
2. The HTF and HELP Programs - In the past, the HTF has assisted in the creation of limited equity coops and land trust type of homeownership and may do so again. ADDI assistance may be made available to purchasers of units previously assisted by the City which are now for sale or which will be assisted. HELP monies are also being considered for the acquisition of Oregon Park and its conversion into limited equity coops.
3. Condominium units subject to inclusionary zoning or condominiums.

The ADDI will be administered by the Housing Department as part of its HOME administration process. Program guidelines were discussed with the Housing Advisory Commission at its April 1, 2004 meeting. The guidelines are being brought to City Council for approval on April 20th.

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 state has also passed legislation to make it easier for homeowners to build second units on their property, including allowing second units permits to be issued administratively. Per State law requirement, the City adopted changes to its zoning regulations to make creation of second units, so-called "in-law units" easier. It is too early to determine whether such deregulations are sufficient to increase this type of housing.

Changes have been made to the Inclusionary Zoning Ordinance to make it easier to construct condo units (all inclusionary units built thus far have been rental units). However, the number of units that may become available to those with incomes 80% of AMI or below is expected to

be minimal because developers can increase the income limit for inclusionary units if their cost is above development costs.

The City may also consider changes to its condominium non-conversion ordinance to facilitate acquisition of units by tenants of multi-family rental properties.

3. Housing Programs to Maintain the Housing Stock

The City is expected to continue to use CDBG monies to fund housing rehab/repair programs (Rebuilding Together (previously Christmas in April), Minor Home Repair, and the Seniors and Disabled Housing Rehabilitation Program (SDHRP)), because they fill the priority need of assisting people with special needs (low income seniors and disabled persons), and will also help maintain the housing stock. CDBG monies will be allocated for staff to administer the SDHRP with loan monies coming from previous years' funds allocated to the program which have been carried over and from the \$500,000 received through the CalHome Program.

4. Lead Remediation Program

The City and community agencies' federally-assisted rehabilitation projects will follow federal guidelines for lead remediation. The City has trained staff with the proper Certification to monitor Senior Housing Rehabilitation Loan Program Projects and HTF projects and will work with Alameda County in doing so. Rebuilding Together will continue to work with Alameda County to undertake lead identification and abatement activities in homes where lead remediation is required.

The state has also passed legislation to make it easier for homeowners to build second units on their property, including allowing second units permits to be issued administratively. Per State law requirement, the City adopted changes to its zoning regulations to make creation of second units, so-called "in-law units" easier. It is too early to determine whether such deregulations are sufficient to increase this type of housing.

In the coming year, the City may consider relaxing its condominium non-conversion ordinance to allow some conversion of rental units to condominiums as a potential way of creating opportunities for low/moderate income tenants to become homeowners. The City has relaxed its inclusionary zoning restrictions for new condominiums in order to encourage their construction (although there have been several new housing developments in the last decade that fall under inclusionary zoning requirements, all have been for rental units). Under the new requirements, the sales price of the unit does not have to be below the development cost even if it means that it is no longer affordable to households with incomes 80% of area median income. The change may result in housing being affordable to households with incomes 80%-120% of AMI.

5. 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. The City is funding Housing Rights, Inc. and is coordinating with that

organization to implement the City's anti-housing discrimination program. Activities expected to be undertaken this coming year by Housing Rights, Inc. is the investigation of about 50 housing complaints (includes housing counseling, investigation and testing, mediation, filing of complaints , monitoring and follow up); provision of general housing counseling to another 50 households, and undertaking outreach and prevention including outreach workshops to agencies that serve low and very low income individuals such as childcare agencies, shelters, non-profit housing programs and to City staff. Priority will be given to do outreach to Community-Based Organizations that serve immigrant communities. While violations of fair housing laws are difficult to ascertain, there may be reason to believe that they still occur. This year U.C. Chancellor Berdhal, established a new task force to fight increasing hate crimes on campus which included physical and verbal assaults on ethnic and religious communities on campus (according to a 9/11/03 Daily Cal article violations were perpetuated against Jews, African-Americans, and Muslims). It is unknown if such behavior extended to the non-student population and to the area of housing.

Other activities to further fair housing include:

- Continue to refine the City's Analysis of Impediments to Fair Housing.
- Pass legislation against predatory lending practices if the Oakland Ordinance prohibiting such practices is upheld in court.
- Assist in the creation/maintenance of affordable housing.
- Provide rent eviction assistance through the East Bay Community Law Center.
- Provide Rent Board funding to tenant/landlord mediation and organizing efforts.
- Continue the 4x4 Joint Committee on Housing which consists of four Rent Board members and four City Council members which are discussing proposing changes to the Rent Control Ordinance on the November ballot to allow sharing of information between the RSB and other City Departments and other changes to increase coordination between the Rent Board and the City in provision of affordable and fair housing.
- Continue the Homelessness Prevention Program administered by Eden Council for Hope and Opportunity.

6. Anti-Displacement

No displacement is expected from use of CDBG or HOME monies. City staff will work with the BHA to ensure that any temporary relocation of tenants from the public housing units

follows Uniform Relocation Act requirements. Housing Department staff will also provide information about the City 's Relocation Ordinance and referral to available services to approximately 140 persons (including fire victims) who have to move temporarily to bring properties into code compliance even where no City monies are involved.

C. BERKELEY HOUSING AUTHORITY (BHA) ACTIONS TO PROVIDE AFFORDABLE HOUSING

The BHA operates several programs that together provide the most number of affordable housing to low income families, the elderly, and disabled residents, mainly through the provision of rental subsidies for existing housing. This coming year the BHA's major goals are to:

- Make administrative changes necessary to eliminate the BHA "troubled agency" status.
- Maintain full lease-up rate for the Section 8 Existing Housing Program. As of February 1, 2004, the lease up rate totaled 1,704 and 111 additional applicants have been issued Section 8 vouchers. By the end of the fiscal year, the BHA projects that full lease-up will be achieved (1,841 units).
- Simplify the priority listing in the Section 8 Waiting List. The number of existing priorities makes the allocation process too cumbersome. Additionally, the BHA Board has been asked to change the application-taking process (eliminating the open application process) for the Emergency Prioritization Program to avoid over-leasing under the Section 8 Program.
- Complete renovation of all LIPH units, including landscaping and other outside improvements by December 2004.
- Ensure that AHA, Inc., the public housing property management entity, is properly maintaining those units and that there is a 100% lease up rate.
- Consider shifting the Public Housing to Project-Based Section 8 to allow proper maintenance of those units.
- Continue the Security Deposit Assistance Program.
- Continue to improve the coordination with the Shelter Plus Care Program so that no eligible tenant loses housing opportunities as a result of delays or other BHA-related problems.
- Where possible, convert Section 8 leases to homeownership subsidies for Section 8 tenants who have found a home to purchase and have a feasible plan to do so.

D. PROGRAMS AND ACTIONS TO PROVIDE SHELTER/HOUSING AND SERVICES TO THOSE WHO ARE HOMELESS

1. Priorities and Activities

Assisting those who are homeless continues to be a very high priority for Berkeley. The City will continue to coordinate with the Alameda Homeless Consortium as well as continue inter-

departmental coordination to address the problems of homelessness in the Bay Area. The proposed actions are in conformity with the City and the County Continuum of Care Plans and help meet the needs identified in the homeless survey undertaken this year. This year HUD allocated nearly \$20 million in SHP monies to the Alameda Homeless Consortium. This was \$7 million more than the previous year and allowed the funding of 55 existing homeless programs and one new one. The consortium is in the process of developing this coming year's application.

Although facing major budgetary constraints, the overall goals for the coming fiscal year is to continue to maintain existing services and facilities, promote homelessness prevention, and provide transitional and permanent housing with services. More specific actions include:

- Partially fund rehabilitation of the STEPS, Inc. to increase its capacity in providing housing for those in the drug/alcohol recovery program at that facility.
- Continuing to participate in the team working with BOSS, Inc. to resolve its financial and administrative problems identified by HUD.
- Work with Berkeley Emergency Food and Housing Project to address reductions in the Quarter Meal Program and to coordinate food programs available in Berkeley.
- Create a detox facility in Alameda County.
- Assist projects that provide transitional housing for those in drug rehabilitation programs.
- Complete evaluation of the Countywide survey.
- Deepen the adult system of care integration.
- explore methods of billing Medical that would benefit community agencies.
- If funding is continued for another year for AB2034 as contained in the Governor's proposed budget, continue to the Housing/HHS departments' coordination to ensure most effective use of those funds.
- Use AB2034 as a model to reach out to all of the chronic homeless population.
- Continue applying for federal Chronic Homeless grants and other funding that may become available.
- Implement HMIS as a tool to improve services to those who are homeless.

- Create incentive for non-profit developers to create units that are affordable to people earning SSI level income or lower (extremely low income).

Major issues/areas of actions in the coming year include:

- Overseeing the 711 the Harrison Shelter expansion to include transitional/permanent housing.
- Dealing with reduced funding (although a 10% overall reduction to General Fund community agencies is being recommended, some agencies may receive a larger cut in order to maintain homeless services at the same level).

- Addressing the needs of homeless youth.
- Continuing to participate actively in the Countywide Continuum of Care Council to provide integrated services at the regional level and evaluate and try to meet the needs as expressed in the February survey of those who are homeless.
- Collaborate with the County in applying for the SHP monies to maintain funding for existing homeless programs and consider applying for more Shelter Plus Care vouchers.
- Continuation of regional state/federal policy coordination and advocacy. Staff will also be involved in the countywide request for proposals, application-preparation, and project prioritization process once HUD issues the SuperNOFA for Supportive Housing Program funding.
- Proper implementation and fiscal administration of the Shelter Plus Care Program and the Winter Shelter and Vouchers Program.
- Improve interdepartmental coordination.
- Hold weekly meetings with other Housing Department staff to coordinate activities, which impact on those who are homeless or at risk of homelessness.
- Begin interdepartmental discussions on addressing housing and other problems faced by battered women who are at risk of homelessness.

E. PUBLIC SERVICES AND COMMUNITY DEVELOPMENT PROJECTS

Last year community agencies providing public and community services received two-year contracts for both CDBG, ESG, and General Funds for homeless programs, anti-poverty, and community development programs for low income and homeless residents totaling approximately \$5.3 million, exclusive of CDBG/ESG monies (see Attachment E). Because of reduced funding, each CDBG contract in the public services category will be reduced by 3.2% and will total \$757,000. The overall reduction for the General Fund contracts is expected to be about 10% (\$530,000) with individual contract receiving greater or smaller reductions based on priority needs identified by Commissions and by the City. Proposed priorities for agency funding are also contained in Attachment E.

Many of the projects recommended for CDBG funding 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 many projects also have a major community development objective. For example, the Rebuilding Together project not only helps preserve housing and assists those with special needs it also engenders community development through the use of hundreds of volunteers. Funding STEPS, Inc. would improve existing housing and provide housing and services to those in a drug/alcohol recovery program.

A total of \$316,878 is being recommended to fund public/community improvement facilities to undertake the following activities:

- Make needed improvements at the 711 Harrison Street Shelter.
- Improve 20 community facilities through use of volunteer labor (Rebuilding

- Together).
- Seismically retrofit “A Better Way” which provides adoptions and therapy services for adopted children and their parents.
 - Repair the roof at the facility housing Asians for Job Opportunities in the East Bay.
 - Improve the Greg Brown Park and the Oregon Street Park facility.
 - Improve the heating and cooling systems at the Lifelong Medical Dental Clinic on Alcatraz Street.
 - Help add a pediatric audiology testing unit at the new CEID site.

F. ANTI-POVERTY STRATEGY

The City’s anti-poverty strategy is closely tied to the funding of over 50 community agencies to provide services as described above to enable people in poverty to attain self-sufficiency, assist at-risk youth to succeed in school and graduate; protect the health and safety of low income people. Proposed State cuts in education and social services, contained in the Governor’s budget pose a serious threat to reducing poverty in the City. TCity’s anti-poverty strategy is compromised by expected reductions in programs such as the federal WIA Program, and the State Welfare to Work Program. Local budgetary constraints place additional constraints. The City is seriously examining its allocation to anti-poverty programs to determine where consolidation can take place, which programs may be reduced or cut without major impacts, and how best the City can still do its share to reduce poverty with diminishing resources. The City continues to fund job creation/job placement agencies such as AJOB, ICS, WERC, the Multi-Cultural Institute, and the Jobs Consortium for the Homeless . The City also contracts with non-profits for specific services such as recycling and sidewalk cleaning; operating its own One-Stop employment Center. The area of job training/placement is a focus area for increased coordination. Additional actions to reduce poverty include:

- Continuation of the requirement to use the First Source Hiring Program for City-assisted housing development projects. However, monitoring that requirement may be handicapped by reduction in staffing required to balance the City budget.
- Explore additional ways to improve/increase the services available to assist day laborers being employed from the street and to reduce tensions with residential and commercial neighbors.
- Issues of poverty and youth are increasingly coming into focus and the Mayor has established a Task Force on Youth comprised of representatives of the Berkeley Unified School District, the City, and other community groups.
- The City’s YouthWorks Program will continue working with the Berkeley Unified School District, local businesses and merchants to obtain employment and training for young people

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

G. LOCATION OF SERVICES

The majority of housing and services are expected continue to be targeted to individuals and households residing in the Neighborhood Strategy Area (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. 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. Many of the services programs (CDBG/ESG, as well as the City's General Fund/CSBG Anti-Poverty Program) are located in the downtown or 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.

H. PROGRAM ADMINISTRATION

1. Housing Department

The Housing Department is under the direction of the Office of the Director. That Office also coordinates planning and other activities with other Departments and the City Manager's Office. To facilitate the smooth operation of existing programs, creation of new ones, and exploration of additional housing and community development resources.

The administration for the CDBG, ESG, HOME, GF/CSBG, Measure O and other homelessness prevention programs, and other General Funded community development projects is consolidated in the Program Planning, Management and Budget (PPMB) Division of the Housing Department. Other administrative activities of PPMB staff include: issuing the consolidated RFP for funding for community agencies, coordinating other General Funded anti-poverty and homeless services programs; 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 coordinating implementation of the General Plan's Housing Element. In view of reductions in staff resources, contract administration will continue the streamlining measures undertaken this year which reduce the number of invoices and reports to be submitted to the City by community agencies as follows: contracts under \$10,000 one payment, two reports; contracts between 10,000 and \$50,000, two payments and two reports; contracts over \$50,000 four payments and four reports. Project outcomes were instituted in FY 2003-04 and included in the contracts with community agencies receiving funding from the above sources.

The Housing Services Division staff, funded through CDBG and General Funds, partners with non-profit and other developers to create/maintain/monitor affordable housing development, undertakes the Seniors and Housing Rehabilitation Loan Program, is responsible for housing code enforcement, and participates in the City-wide anti-bligh programs. The Energy Services Division administers weatherization and other programs to increase energy efficiency.

The BHA operates the largest affordable housing program (about 1,600 units in 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 Department 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 administration of the Zoning Ordinance and its revisions, area plans, and strategic plans, many of them impacting housing in the City.

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, including those who are homeless. 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. The Rent Board

The Rent Board is responsible for administering the Rent Stabilization and Good Cause for Eviction Ordinance and provides information, referral, and counseling to both tenants and owners. It funds two non-profit organizations to assist in tenant counseling and eviction prevention.

5. 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: CDBG and ESG monitoring, affordable housing project monitoring, and other monitoring. The Housing Development staff will monitor projects until construction completion. Thereafter, monitoring is transferred to PPMB staff. Funding for monitoring comes out of the CDBG Program and General Funds.

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