HOUSING ADVISORY COMMISSION
AGENDA

Regular Meeting
Wednesday, July 11, 2018
7:00 pm

South Berkeley Senior Center
2939 Ellis Street
Secretary Amy Davidson
HAC@cityofberkeley.info

All agenda items are for discussion and possible action.

Public comment policy: Members of the public may speak on any items on the Agenda and items not on the Agenda during the initial Public Comment period. Members of the public may also comment on any item listed on the agenda as the item is taken up. Members of the public may not speak more than once on any given item. The Chair may limit public comments to 3 minutes or less.

1. Roll Call
2. Agenda Approval
3. Public Comment
4. Approval of the June 7, 2018 Regular Meeting Minutes (Attachment 1)

5. Discussion and Possible Action on a Small Sites Multi-Family Housing Loan Program – Jenny Wyant, HHCS (Attachment 2)

6. Presentation on the Tenant Opportunity to Purchase Act (TOPA) – Julie Gilgoff (Sustainable Economies Law Center), Seema Rupani (East Bay Community Law Center), Hewot Shankute (East Bay Community Law Center), Ian Winters (NCLT)

7. Discussion and Possible Action on 1281 University Avenue RFP and Subcommittee Recommendations – All/Staff (Attachments 3 & 4)

8. Discussion and Possible Action on the Disposition of Former Successor Agency to Redevelopment Properties at 1631 Fifth Street and 1654 Fifth Street – Mike Uberti, HHCS (Attachment 5)

9. Discussion and Possible Action on Community Housing Development Organization (CHDO) Operating Funds for FY 2019 – Amy Davidson, HHCS (Attachment 6)

10. Discussion and Possible Action on a Work Plan – All (Attachments 7,8,&9)

11. Discussion and Possible Action on Ad-Hoc Subcommittee Appointments and Assignments
   a. North Berkeley BART Housing Development Area Subcommittee – Darrell Owens (Attachment 10)
   b. Community Development Block Grant (CDBG) Subcommittee – HHCS Staff
12. **Discussion and Possible Action regarding the HAC’s Annual Measure U1 Reporting and Work Plan Update** – Igor Tregub/Thomas Lord (Attachments 11 & 12)

13. **Discussion on Moderate Income Housing Subcommittee Report** – Thomas Lord, 2017 Moderate Income Subcommittee (Attachment 13, 14, & 15)

14. **Update on the Joint Subcommittee for the Implementation of State Housing Law (JSISHL)** – Thomas Lord (Attachment 16)

15. **Discussion on Organizing a Democratized Housing Summit** – Thomas Lord

16. **Update on Council Items (Future Dates Subject to Change)** – All/Staff
   a. Updated Commissioners’ Manual (6/12/18)
   b. Placing a General Obligation Bond for Affordable Housing on the Ballot (7/10/2018)
   c. Berkeley Way, Extending the Timelines in the City’s Agreement (7/10/2018)
   d. Berkeley Way, Alameda County A1 Application (7/24/2018)
   e. Direct the City Manager to issue a Request for Qualifications (RFQ) to establish a two-year Home Share Pilot Program that could be expanded into a permanent housing program in the City of Berkeley (9/25/18)
   f. Including a Public Purchase Option in a Small Sites Housing Program (9/25/18)

17. **Announcements/Information Items**
   a. FY18/19 Subcommittee Roster
   b. Public Health Division Responses to HAC Smoke-Free Housing Referral
   c. Student Housing Subcommittee, Preliminary Draft of Subcommittee Research in Response to Council Referral on Creating Dedicated Revenue Streams to Finance Student Housing
   d. Satellite Affordable Housing Associates, Funding Request for Oxford Street Apartments

18. **Future Items**
   a. InCity Student Research Project: Small Sites Strategy for the City of Berkeley (September)
   b. Presentation on Safe Time Hosting by Chuck Grant (September)

19. **Adjourn**
Attachments
1. Draft June 7, 2018 Regular Meeting Minutes
2. Jenny Wyant, Small Sites Multi-Family Housing Loan Program
3. 1281 University RFP Subcommittee/HHCS, 1281 University Avenue RFP Proposals
4. Thomas Lord, 1281 University RFP
5. Mike Uberti, Disposition of Former Successor Agency to Redevelopment Properties at 1631 Fifth Street and 1654 Fifth Street
6. Amy Davidson, CHDO Operating Funds for FY 2019
7. Thomas Lord, Work Plan Update
8. Thomas Lord, Work Plan Timeline
9. Marian Wolfe, Work Plan Objectives
10. Darrell Owens, North Berkeley BART Housing Development Area Subcommittee
11. Thomas Lord, Implementing New Duties Under Measure U1
12. Igor Tregub, HAC item: Record of 2017-2018 Recommendations
13. Thomas Lord, Moderate Income Subcommittee Report
14. 2017 Moderate Income Housing Subcommittee, Follow-up on Moderate-Income Housing Strategies
15. 2017 Housing Advisory Commission, Moderate-Income Housing Strategies
16. Thomas Lord, JSISHL report
17. FY18/19 Subcommittee Roster
18. Public Health Division Responses to HAC Smoke-Free Housing Referral
19. Student Housing Subcommittee, Preliminary Draft of Subcommittee Research in Response to Council Referral on Considering Creating Dedicated Revenue Streams to Finance Student Housing
20. Satellite Affordable Housing Associates, Funding Request for Oxford Street Apartments

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Any writings or documents provided to a majority of the Commission regarding any item on this agenda will be made available for public inspection at the Health, Housing & Community Services Department located at 2180 Milvia Street, 2nd Floor during regular business hours. Agenda packets and minutes are posted online at: https://www.cityofberkeley.info/Housing_Advisory_Commission/

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required, but if included in any communication to a City board, commission or committee, will become part of the public record. If you do not want your e-mail address or any other contact information to be made public, you may deliver communications via U.S. Postal Service or in person to the Secretary of the commission. If you do not want your contact information included in the public record, please do not include that information in your communication. Please contact the Secretary for further information.
DRAFT MINUTES

1. Roll Call
   Present: Luis Amezcua, Joshua Holman (substitute for Amir Wright, 8:50 pm), Xavier Johnson, Rashi Kesarwani (7:23 pm), Matthew Lewis, Thomas Lord, Darrell Owens, Igor Tregub, and Marian Wolfe.
   Absent: Amir Wright (excused)
   Commissioners in attendance: 9 of 9
   Staff Present: Amy Davidson, Mike Uberti
   Members of the public in attendance: 7

2. Agenda Approval
   Action: M/S/C (Lord/Owens) to approve the agenda with the amendments to move item six before item five and move item seven after item nine.

3. Public Comment
   Public Speakers: 2

4. Approval of the April 5, 2018 Regular Meeting Minutes
   Action: M/S/C (Wolfe/Amezcua) to approve the minutes.

5. Presentation and Discussion on a Tenant Opportunity to Purchase Ordinance
   Public Speakers: 1
6. Discussion and Possible Recommendation on Uses for City’s 2018 Allocation of Federal HOME Funds and Proposed Request for Proposals Process

Public Speakers: 1

Commissioner Owens recused himself due to his employment at Resources for Community Development.

Commissioner Wolfe recused herself due to her membership on the board of Resources for Community Development.

Action: M/S/C (Amezcua/Johnson) to adopt the recommendations of the Housing Trust Fund subcommittee to recommend to City Council to direct staff to create a rehabilitation request for proposals (RFP) for Community Housing Development Organizations (CHDOs) with the City’s 2018 HOME funds.


Action: M/S/F (Amezcua/Johnson) to adopt the recommendations of the Housing Trust Fund subcommittee to recommend to City Council to consider a Tenant-Based Rental Assistance program for future consideration of the City’s HOME funds.


7. Discussion and Possible Action on an Accessory Dwelling Unit Pilot Program

Action: M/S/C (Johnson/Kesarwani) to extend the meeting until 9:30 pm.


Action: M/S/C (Owens/Lewis) to adopt the Accessory Dwelling Unit Subcommittee recommendations with amendments as dictated by the Commission.


8. Discussion and Possible Action on UC Berkeley Master Leasing of Student Housing

Action: M/S/C (Owens/Johnson) to extend the meeting until 10:00 pm.


Action: M/S/C (Lewis/Amezcua) to send a letter to the City Council regarding UC Berkeley master leasing student housing with amendments as dictated by the Commission.

9. Discussion and Possible Action on a Work Plan
   Action: M/S/C (Lord/Owens) to adopt submitted work plan items as a preliminary work plan draft for the commission’s consideration.

   Action: M/S/C (Lewis/Johnson) to extend the meeting until 10:10 pm.

10. Discussion and Possible Action on Ad-Hoc Subcommittee Appointments and Assignments
    Action: M/S/C (Wolfe/Lewis) to create a Housing Trust Fund subcommittee and appoint Commissioners Amezcua, Johnson, Lewis, and Tregub.

    Action: M/S/C (Wolfe/Lewis) to create a Student Housing subcommittee and appoint Commissioners Amezcua, Lewis, Wolfe, and Wright and Commissioner Johnson as an alternate.

11. Update on Council Items

12. Announcements/Information Items

13. Future Items

14. Adjourn
   Action: M/S/C (Wolfe/Amezcua) to adjourn the meeting at 10:10 pm.

Approved on July 11, 2018
__________________________, Amy Davidson, Secretary
MEMORANDUM

To: Housing Advisory Commission
From: Jenny Wyant, Community Development Project Coordinator
Date: July 5, 2018
Subject: Small Sites Program Staff Recommendation

On November 28, 2017, City Council established the development of a “Small Sites” multifamily housing loan program as their first priority among Affordable Housing Action Plan referrals. A previous referral specifically identified San Francisco’s Small Sites housing acquisition loan program as the model for consideration. Council approved the following: the development of “a Small Sites Program to assist non-profits in acquiring multi-unit properties of 25 units or less. Consider giving priority to the creation of limited and non-equity cooperatives affiliated with a democratic community.” On December 5, 2017, Council reserved $1,000,000 in Measure U1 revenues for the Small Sites program, contingent on the Housing Advisory Commission’s (HAC) recommendation. On April 3, 2018 Council directed staff to issue a Request for Information (RFI) to allocate $50,000 of the Small Sites funds for capacity building for a nonprofit to convert properties to limited equity housing cooperatives.

At the Housing Advisory Commission’s (HAC) May meeting, housing staff presented an informational report on Small Sites Programs, and Berkeley-specific considerations for a potential program. The attached Small Sites Program Recommendation outline includes proposed program requirements, as well as the HAC and Council actions necessary to establish a successful program.

Housing staff recommend that the HAC recommend that Council take three actions to authorize a small sites housing acquisition loan program based on San Francisco’s program:

1. Waive certain sections of the Housing Trust Fund (HTF) Guidelines for a Notice of Funds Available (NOFA) for small site housing acquisition and rehabilitation projects;
2. Adopt certain eligibility and loan criteria to be used in conjunction with the NOFA;

and
3. Adopt an amendment to the City’s procurement policy to allow the City Manager to approve loans in excess of $50,000 resulting from the NOFA (rather than requiring Council approval).

The proposal is summarized below and described in more detail in the attachment.

**Expedited Housing Trust Fund**

Staff propose awarding the $1m in City funds through an expedited Housing Trust Fund process, in which some of the requirements and processes outlined in the HTF Guidelines are waived in order to effect a more streamlined review and approval process.

The City would release a Notice of Funding Availability (NOFA), but would not set a due date for proposal submission. Staff would review applications on a first come, first served basis, though if two applications were submitted within 10 business days of each other, staff would rank the projects based on how well each meets the Small Sites Program priorities identified in the outline.

Staff would aim to review project proposals and award funding within a 90-day period to accommodate developers pursuing acquisition of properties on the market. That accelerated timeframe would preclude review and approval by the HAC and City Council, so staff would request a partial waiver of the Housing Trust Fund Guidelines and a waiver of the City’s standard procurement process. Staff’s underwriting would include a review of developer capacity, project feasibility, property condition, and how well the project would achieve the Small Sites Program objectives.

Funding amounts would be based on project need, and subsidy limits would be based on project size and type.

**Small Sites Projects**

Staff anticipate that $950,000 would be available through the NOFA, which would likely be sufficient to fund one multifamily property with 2-6 units. The City would prioritize occupied properties at risk of Ellis Act evictions.

The developer would be responsible for:

- Identifying and pursuing suitable properties
- Educating existing tenants on the transition from rent control to restricted affordability
- Obtaining tenant income information
- Undertaking a physical needs assessment of the property to inform the renovation scope and budget
- Securing a private loan for the balance of the project financing
- Managing the property renovation
• Managing the conversion to an LEHC, if applicable
• Providing ongoing support for the LEHC, as needed

Housing staff would review the applications, award funding, monitor during construction, and monitor the units through the 55-year affordability period to ensure that the property remains in compliance with the City’s requirements.
1. Small Sites program purpose
   a. Acquisition and renovation of occupied, multifamily rental properties
   b. Conversion of rent controlled properties to restricted affordability
   c. Potential for conversion to limited equity housing cooperative (LEHC)

2. Small sites program requirements
   a. Eligible properties
      i. Up to 25 units
      ii. All residential units must meet City’s definition of ‘dwelling unit’ (BMC 23F.04.010) and fully conform to applicable local codes. If a project includes occupied, unpermitted units, it can be eligible for Small Sites Program funds if legalization of the units is included in the project scope.
      iii. Properties with commercial spaces are eligible, so long as the majority of the project is residential
          1. Commercial space counts as one unit for City subsidy calculation
          2. City funds cannot be used for tenant improvements
   b. Project Funding:
      i. Combination of City funds and another loan secured by developer
      ii. City will size its loan based on project need: acquisition cost, rehabilitation costs, and developer fee, not to exceed the maximum subsidy limits.
      iii. Maximum City Subsidy:
          1. $300,000 per unit for buildings of 10-25 units
          2. $375,000 per unit for buildings of 3-9 units
          3. $175,000 per bedroom for group living accommodations or single room occupancy (SRO) housing
      iv. Repayment of the City loan will be through residual receipts.
          1. 1/3 of the residual receipts may be retained by the developer.
          2. For any year when the replacement reserve balance is less than 1.5 times the original capitalized replacement reserve, the remaining 2/3 must be deposited into the project’s replacement reserve account, if the funding sources allows.
          3. For any year when the replacement reserve balance is greater than 1.5 times the original capitalized replacement reserve, the remaining 2/3 must be distributed to the City for debt repayment.
   v. First Mortgage
      1. Developer must leverage City funding with a first mortgage
      2. City to record its regulatory agreement with affordability restrictions in first lien position, ahead of the first mortgage
c. Renovation Scope
   i. Renovations should address health and safety items, and systems with a remaining useful life of 10 years or less.
   ii. Renovation scope and costs must be substantiated by a recent physical needs assessment (PNA) of the property.

d. Project Proforma
   i. Project proformas must demonstrate a positive cash flow for 15 years after project completion, and must demonstrate sufficient cash flow to support debt and the ability to refinance or repay debt in a timely manner without additional resources from the City.
   ii. Proformas must show a 5% residential vacancy rate and a 20% commercial vacancy rate.
   iii. Reserve deposits must comply with the following:
        1. Operating reserves: None unless balance drops below 25% of prior year’s operating expenses.
        2. Replacement reserves: The higher of a) the amount needed according to the approved 20-year PNA or b) $400 per unit per year ($350 per unit for projects with 11+ units).

e. Project Budget
   i. The acquisition price must be substantiated by an appraisal showing both the fair market value and the anticipated restricted value.
   ii. Fees charged to project must be reasonable, subject to review by HHCS.
   iii. The developer fee is limited to $80,000 plus $10,000 per unit, not to exceed 5% of project costs excluding the developer fee.
   iv. Construction management fees may not exceed $25,500 per project, and will be reimbursed at a rate proportional to the predevelopment or development work completed to date.
   v. All City-funded capital loans are subject to state prevailing wage requirements.
   vi. Project budget must include a 15% construction contingency. If the project has leftover construction contingency, 50% of the remaining funds will be deposited into the replacement reserve account.
   vii. Project must include a 15% soft cost contingency.
   viii. Project budgets must include the following capitalized reserves:
        1. Operating reserves: 25% of budgeted 1st year operating expenses.
        2. Replacement reserves: The greater of $2,000 per unit or the amount necessary to pay replacement costs for the next 10 years, as specified in an approved PNA.
        3. Vacancy reserves: the monthly rent for units (residential and commercial) vacant at acquisition multiplied by the number of months expected to remain vacant during development and lease-up.
ix. If the source of funds allows, up to $100,000 in unspent City loan funds may be retained by the developer for deposit into the project’s reserve accounts. Subject to final building permit or other documentation of developer’s completion of the approved renovation scope.

f. Affordability will be measured at the building (rather than unit) level, with the goal of achieving an average of 80% of the area median income for the project. The City’s loan documents will include guidelines for how this will be calculated.

g. Existing Tenants
   i. Developer to educate tenants on the conversion from rent control to restricted affordability
   ii. At loan closing:
      1. 75% of households must acknowledge their agreement to participate (in the conversion to restricted affordability) in a format approved by the City
      2. 66% of households must income-certify for the property to be eligible for the program (with incomes less than 80% AMI). Up to 34% may be over income (above 120% AMI) or refuse to certify.
   iii. Within 60 days of loan closing, developer must submit a relocation plan to the City for approval, outlining plans for the temporary relocation of residents during renovations, if needed.
      1. Relocation shall not exceed 90 days
      2. Developer must hire a relocation consultant or similar staffing to provide advisory services to tenants
      3. Notice will be given to tenants 90 days and 30 days prior to relocation, at a minimum
      4. Commercial relocation shall be offered in the form of temporary suspension of rent plus a negotiated lump sum to ensure that the business is able to withstand the relocation period.

h. Developer must be willing to accept tenants holding Section 8 or Shelter + Care rental assistance vouchers

i. Developer Requirements
   i. Developer must have completed one comparable project, and have demonstrated capacity to undertake the proposed project.
   ii. City and City-controlled entity would be eligible to directly purchase properties under the program.

j. Exceptions to Program Requirements
   i. Will be reviewed on a case-by-case basis, and could be approved by the HHCS Director only if they are consistent with the program purpose, project feasibility, and sustainable housing operations. The HHCS Director may determine that certain requested exceptions would require Housing Advisory Commission review and Council approval.
ii. The source of the City’s funds may impact certain program requirements, if the funding carries limitations on its uses.

3. Application Process
   a. Release NOFA and accept applications on a first-come, first-served basis (no due date)
   b. Applications will be reviewed in the order they are received
   c. Over the counter process would not be able to provide priority rankings, except if projects came in within 10 business days of each other
   d. Project review for consistency with guidelines by HHCS staff
   e. Approval by City Manager or her designee only (no subcommittee, HAC, or Council approval)
   f. Aim for review, approval, and project funding within 90 days of application

4. Program Administration
   a. Staffing
      i. Housing staff will administer (no additional staff needed for $1m program)
      ii. HHCS Housing Inspector to review PNA and project scopes
      iii. Limited legal support anticipated
   b. Program Guidelines
      i. Based on HTF Guidelines with certain sections waived (outlined under section 6, below)
      ii. Score projects based on the NOFA priorities if applications are received within 10 days of each other.
      iii. Use HTF boilerplate documents, updated with program-specific requirements
      iv. City loans would have a 30-year term
   c. Priorities/scoring criteria:
      i. Buildings at imminent risk of Ellis Act eviction
      ii. Existing residents include vulnerable populations (families with minor children, elderly, disabled, and catastrophically-ill persons)
      iii. Buildings housing residents with lowest incomes
      iv. Buildings that require the lowest amount of subsidy per unit
      v. Projects preserving the greatest number of affordable units
      vi. Buildings with a potential for conversion to LEHCs

5. Limited equity housing cooperatives
   a. For projects proposing LEHCs, include successful experience with LEHC conversions as a threshold requirement for developer experience
   b. Section IV. A. 2. E. of the HTF Guidelines indicate that properties acquired with the intent of converting to LEHCs should be considered as homeownership projects
i. Existing tenants have the right to remain in units as tenants
ii. Developer is required to assist tenants in obtaining financing to become owners, if needed

6. HAC/Council actions requested
   a. Waivers required - HTF Guidelines
      i. Section III.A. – eligible entities (allow smaller nonprofits to compete for funds)
      ii. Section IV.A.1 and IV.A.2. - affordability standards (set building at 80% AMI)
      iii. Section V.B. - allow subsidy greater than 40% of project costs
      iv. Section VI:
         1. allow staff to set NOFA priorities, review applications, and make funding recommendations based on program guidelines
         2. expedited review process/staff level approval (bypassing subcommittee, HAC, and Council)
         3. providing info to commissions (HAC, planning, ZAB, disability)
         4. public hearing/notification of neighbors
         5. site control – not a threshold requirement
   b. Waivers of City procurement process
      i. Request that Council adopt a resolution authorizing staff to approve loans greater than $50,000 in accordance with the Small Sites Program
   c. Approve priorities and additional requirements outlined above (2.f and 2.g)

7. Timing for program implementation
   a. Recommendation to HAC July
   b. Program Approval by Council September
   c. Meet with HTF Subcommittee to establish NOFA priorities October
   d. Release NOFA October
MEMORANDUM

To: Housing Advisory Commission

From: HAC’s 1281 University Avenue RFP Subcommittee
Amy Davidson, Senior Community Development Project Coordinator
Mike Uberti, Community Development Project Coordinator
Jenny Wyant, Community Development Project Coordinator

Date: July 5, 2018

Subject: 1281 University Avenue RFP Proposals

RECOMMENDATION
Recommend to the City Council the 1281 University Avenue RFP Subcommittee’s:

1. July 2, 2018 recommendation of “Resources for Community Development’s (RCD) proposal with reservations regarding the proposal’s financial feasibility (especially in regards to its reliance on project-based Section 8), reliance on tax credits leveraged in combination with other RCD projects, RCD’s past performance, the level of homeless provided services on site, detail available about the service plan, and proposed reduction of open-space.” (Vote: M/S/C (Tregub/Lewis). Ayes: Amezcua, Lewis, and Tregub. Noes: None. Abstain: Lord).

2. May 15, 2018 recommendation “that the site provide a temporary use for short term housing while a viable long term project is determined.” (M/S/C (Tregub/Lord). Vote: Ayes: Amezcua, Lord, and Tregub. Noes: None. Abstain: None. Absent: Lewis (unexcused)).

CURRENT SITUATION AND ITS EFFECTS
On March 28, 2017, Council directed staff to develop an RFP to “create small residential units, with appropriate on-site common spaces and services, affordable to very, very low income persons, with incomes below 30% of Area Median Income (AMI)” at the City-owned site at 1281 University Avenue. Staff developed a Request for Proposals (RFP) to meet Council’s direction as well as City and State requirements, including the Surplus Lands Act (AB 2135).
The City received two proposals in response to the RFP:
- OpenDoor Group’s University Avenue Co-living
- Resources for Community Development’s UA Permanent Supportive Housing

The Housing Advisory Commission (HAC) appointed a subcommittee to work with staff to review responses to this RFP. The subcommittee held three meetings with staff to review the RFP, Surplus Lands Act, the proposals, and staff’s technical analysis. At the first meeting, staff presented the RFP and its requirements. At the second meeting, the subcommittee agreed on the second recommendation above and agreed to consider the Open Door proposal despite their submitting an initially incomplete application, but did not agree on a recommendation for the HAC. At the third meeting, the subcommittee voted to recommend RCD.

The RFP anticipated that City would work to negotiate a Disposition and Development Agreement (DDA) following the selection of a development team. A DDA establishes the conditions for the sale of the property. However, given the concerns expressed by the subcommittee, staff intend to explore developing a Memorandum of Understanding (MOU) or Exclusive Right to Negotiate Agreement (ERNA) with RCD in advance of developing a DDA. An MOU or ENRA might allow staff and RCD to work more on developing the project concept before proceeding to a DDA, which is more typically used with a more specific project concept. The RFP allowed for the City’s discretion in altering the process outlined in the RFP, and nothing would prevent the City from taking a different course of action than the one originally anticipated in the RFP.

OVERVIEW AND ANALYSIS

California Surplus Land Act
The California Surplus Land Act (AB 2135) requires that when cities, counties, and other local agencies sell or lease their land, they must prioritize it for affordable housing development. The act provides specific criteria to follow for the RFP, selection and negotiation process. The Surplus Land Act requires the City to give first priority to projects meeting the 25% affordable standard. If multiple projects meet that threshold, then the City must give priority based on the level of affordability and amount of affordable units. RCD’s proposal includes more units restricted to deeper levels of affordability, and as such must be given priority over OpenDoor. However, the Surplus Land Act does not require this to be the only priority so the Commission can consider this in their evaluation. The act requires the City to enter into good faith negotiations with any interested priority buyer that will provide affordable housing on the site for at least 90 days.
Resources for Community Development: UA Permanent Supportive Housing

<table>
<thead>
<tr>
<th>Total Units</th>
<th>17</th>
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<tbody>
<tr>
<td>Total Deed Restricted Affordable Units</td>
<td>16</td>
</tr>
<tr>
<td>Percent AMI</td>
<td>20%-30%</td>
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<tr>
<td>Target Population</td>
<td>Homeless</td>
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**Unit Types**

<table>
<thead>
<tr>
<th>Studio</th>
<th>16</th>
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<tbody>
<tr>
<td>1-bedroom</td>
<td>1 (manager, unrestricted)</td>
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Proposed project-based Section 8 vouchers: 16

Low Income Housing Tax Credits: 4%

Proposed Funding Strategy: Combine Low Income Housing Tax Credits, tax exempt bonds, and other public funding sources, with the refinancing and rehabilitation of the existing Adeline Apartments for a "scattered site" project.

**Project Concept (20 points)**

**Staff rating: High**

RCD proposed a residential development specifically targeting the homeless. They are providing more affordable units at deeper affordability, and therefor receive a Surplus Lands Act priority. The design and amenities appear suitable to the relatively limited space for new construction. The target population and design facilitate a strong project concept consistent with City, County and State goals for creating affordable housing for homeless populations.

**Development Team Experience and Capacity (40 points)**

**Staff rating: High**

RCD is an experienced nonprofit developer that has successfully completed projects similar to the one proposed, including permanent supportive housing for formerly homeless residents. RCD has proven capable of securing competitive financing, and is in compliance with its existing City loans. The development team is likewise experienced in their fields, including HKIT (architecture), John Stewart Company (property management), and Lifelong Medical (supportive services), and have worked on or provided services to existing Housing Trust Fund projects.
**Feasibility (40 points)**
**Staff rating: Low-Medium**

RCD has the experience and capacity to develop the proposed project, but the biggest feasibility concern relates to the availability of the project’s proposed financing, particularly the Section 8 project-based vouchers and the Alameda County A1 funds. Without those sources, the project has development and operating financing gaps, and RCD did not propose alternative sources. Combining the project with a renovation of Adeline Street Apartments will help make the scattered sites project more competitive for other funds, such as Low Income Housing Tax Credits. Project costs appear reasonable for both the new construction and renovation.

**Bonus: Homeless-Serving Elements (10 points)**
**Staff rating: High**

All units would be dedicated to homeless households (with the exception of a manager’s unit) and would utilize Alameda County’s coordinated entry system to select candidates. Lifelong Medical Care, a federal and Alameda County qualified health care provider for homeless services, would coordinate resident services and support.

<table>
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<th>OpenDoor: University Avenue Co-living</th>
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<tr>
<td><strong>Total Units</strong></td>
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<tr>
<td><strong>Total Deed Restricted Affordable Units</strong></td>
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<tr>
<td><strong>Percent AMI</strong></td>
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<tr>
<td><strong>Target Population</strong></td>
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**Unit Types**

| **“Co-living” Rooms** | 26 in 3+ “pods” |
| **Studio** | 2 |
| **Proposed project-based Section 8 vouchers** | n/a |
| **Low Income Housing Tax Credits** | n/a |

**Proposed Funding Strategy**

Combine investor equity with a CDFI construction loan. No public funding.

**Project Concept (20 points)**
**Staff rating: High**

OpenDoor proposed a “co-living” model that provides small, private bedrooms and baths with shared kitchen and living space. Their strategy aims to reduce housing costs and develop community, and this specific proposal designated 25% of units as affordable. However, they cede Surplus Lands Act priority to the RCD proposal for providing fewer total affordable units at a higher level of affordability (50% AMI). The
number of single-person households, high cost of housing in the market, and relatively small number of units proposed will likely enable a successful project.

**Development Team Experience and Capacity (40 points)**
**Staff rating: Low**

OpenDoor is a young organization, formed in 2013, and does not meet the RFP threshold requirement of having completed at least three comparable projects. The organization has completed three co-living projects, all renovations, and has one new construction project underway. OpenDoor staff do not appear to have in-house construction management or development financing experience, and the organization does not have public sector experience. The development team includes the experienced Berkeley architect Todd Jersey, who could likely take the lead or assist OpenDoor with some of the City processes.

**Feasibility (40 points)**
**Staff rating: Medium-High**

Generally, the project appears feasible. The project’s proforma shows a positive cash flow, and the construction estimates seem reasonable, though staff do not have a directly comparable project. Some of OpenDoor’s soft costs including local permits and fees appeared low, relative to recent Housing Trust Fund projects. OpenDoor has existing relationships with potential funders, including Clearinghouse CDFI and a pool of interested investors, and could likely secure funding for the project.

**Bonus: Homeless-Serving Elements (10 points)**
**Staff rating: N/A**

OpenDoor did not include a component for homeless households in their proposal (this was not required by the RFP, though it was identified as a City priority).

**Additional Information**
The application OpenDoor submitted at the RFP deadline was not complete. Several required City certifications as well as team resumes were not included. OpenDoor provided the materials promptly at staff request. The RFP stated that incomplete proposals would not be accepted and also allowed the City to make changes to the requirements. Staff referred the question of whether to accept the proposal to the subcommittee. The three members present unanimously agreed to consider the OpenDoor proposal.
To: Housing Advisory Commission
From: Commissioner Thomas Lord
Subject: 1281 University RFP

Contents

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Better uses 3

Why not the Open Door proposal?

The Open Door proposal is intriguing because of its creative approach to planning a self-financed project, but it has some major flaws:

1. The proposal does not meet some of Council’s priorities for the site with respect to homelessness.

2. On the basis of the application, there should be serious doubts that the developer has the capacity to smoothly complete the project within the framework of working with the City. (That the application was initially incomplete reinforces this concern.)

3. Programming for the low income housing proposed seems not well thought out in the context of the more communal market rate housing proposed on the same site.
Why not the RC proposal?

The RCD proposal:
- is premised on re-establishing section 8 project vouchers that don’t currently exist (because HUD withdrew them),
- and therefore has financials which show the applicant’s extreme competence at preparing financial projections that are based on a fiction.

The proposal:
- would use the 1281 U. project to help bail out another RCD project which has developed a maintenance liability in excess of planned expenses
- and therefore proposes expanding the City’s risk and liabilities at two sites to compensate for the applicant’s apparent management errors.

The RCD proposal:
- points vaguely at Lifelong Medical Care as a service partner for the project but offers no further details about how the residents would be supported (Lifelong’s online materials do not fill the gap, either);
- seems to include a part-time on-site service provider and full-time on-site property manager, a configuration that is fraught with risk for an isolated and extremely vulnerable population of residents;
- therefore suggests the applicant has prioritized acquiring control of the site and the possibility of low income housing tax credits over thoughtfully envisioning how this will benefit (rather than exploit) residents.

The RCD proposal:
- suggests reducing on-site open space because of the adjacent mini-park, a decision that seems to me likely to create needless tensions with the neighborhood

The RCD proposal:
- suggests that the City should approve the application to help get it out from under certain RHNA requirements.
In the RCD proposal, the potential residents and the neighborhood seem to come last, while getting LIHTC money and enticing the City with quick-fixes for RHNA come to the fore. The fact that part of the RCD motive is to bail out an unrelated project makes the application appear to me all the more unconvincing.

**Better uses**

The subcommittee observed that the City should have no difficulty finding better short-term uses for the parcel. Doing so will provide more time to develop a better RFP and/or explore alternative ways to put the site to long-term use.
MEMORANDUM

To: Housing Advisory Commission

From: Amy Davidson, Senior Community Development Project Coordinator
       Mike Uberti, Community Development Project Coordinator

Date: July 5, 2018

Subject: Disposition of Former Successor Agency to Redevelopment Properties at 1631 Fifth Street and 1654 Fifth Street

RECOMMENDATION
Recommend to Council to approve the sale of two former redevelopment properties at market value and deposit the proceeds in the Housing Trust Fund.

CURRENT SITUATION AND ITS EFFECTS
The City owns two properties it received as the Successor Agency to Redevelopment: a 5,000 square foot vacant lot at 1631 5th Street and a vacant single family home at 1654 5th Street. The former Redevelopment Agency intended to sell both properties, but the process halted due to redevelopment’s dissolution statewide. Neither property has sufficient size or appropriate zoning to develop affordable housing efficiently, and any proposed affordable housing would be small scale and require additional City subsidies. The City also is incurring ongoing maintenance costs and liabilities while it holds the properties.

City staff consulted with legal counsel at Goldfarb & Lipman, LLP and the City Attorney’s Office to confirm that the applicability of the Surplus Lands Act to these former redevelopment agency properties, who concluded that process was not required and the properties could be sold at market rate. Staff estimate the combined sales may yield $800,000 to $1.5M. Since the sites were purchased with CDBG funds, the sale proceeds must be used for CDBG-eligible activities. Appropriating the proceeds to the Housing Trust Fund will fulfill the CDBG obligations, and can support the City’s identified priorities for affordable housing.

Staff are recommending the City issue an RFP to identify a local real estate broker with experience selling single family homes and small parcels. A private broker will have the expertise to manage single family sales (including marketing) and reach the broadest pool of Bay Area homebuyers.
Given the relatively rapid pace of single family sales, Staff are requesting the Council authorize the sale via ordinance prior to moving to market, and will provide an information report with the final revenue following the sales.

**BACKGROUND**
Following the dissolution of all California redevelopment agencies, the Berkeley Redevelopment Agency prepared a state-mandated Long Range Development Management Plan (LRDMP) which the City Council, acting as the Successor Agency, adopted in 2014. The LRDMP included the recommendation to sell both sites at market rate. In 2015, for reasons related to Redevelopment law and the dissolution process, and acting at the direction of the State Department of Finance, the Redevelopment Agency’s Oversight Board removed these two properties from the LRDMP and listed them as housing assets to facilitate their disposition on the market.

The former Redevelopment Agency acquired these parcels with other acquisitions in this neighborhood between 1969 and 1971 as part of a larger "Neighborhood Development Program". The characteristics of each property are provided in *Figure 1*.

**Figure 1. Property Characteristics**

<table>
<thead>
<tr>
<th></th>
<th>1631 Fifth Street</th>
<th>1654 Fifth Street</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Land Use</strong></td>
<td>Vacant Lot</td>
<td>Vacant Single Family Home</td>
</tr>
<tr>
<td><strong>Lot Area</strong></td>
<td>5,525 sq ft</td>
<td>5,353 sq ft</td>
</tr>
<tr>
<td><strong>Acres</strong></td>
<td>0.13</td>
<td>0.12</td>
</tr>
<tr>
<td><strong>Zoning</strong></td>
<td>MU-R</td>
<td>MU-R/MULI</td>
</tr>
</tbody>
</table>

**1631 Fifth Street**
In 1983, the Redevelopment Agency demolished a residential building at 1631 Fifth Street to build new affordable housing, but abandoned the plans after discovering high levels of lead contamination. The lot has remained vacant since this time. In 1997, the Redevelopment Agency approved the remediation and development of the site, but the selected developer was unable to execute an agreement and the sale was never completed.

The Redevelopment Agency conducted an RFP for housing at the site in 2008, but the only response was Northern California Land Trust’s (NCLT) proposal to move the Kenney Cottage (now at 1281 University Avenue) to the site. This proposal did not come to fruition due to NCLT’s bankruptcy, but NCLT did manage a small community garden at the site from 2009 to 2011. Staff confirmed the use of 1631 as a community garden does not make it subject to the limitations of Measure L related to parks and open space.
1654 Fifth Street
Records for this property between 1969 and 1986 are not readily available. In 1987, the property was rented to low-income tenants. In 1993, the property was renovated and the tenants were provided a new lease with an option to purchase after ten years. The tenants did not secure financing when the Redevelopment Agency provided the option to purchase in 2004. In 2006 and 2007, the Agency solicited proposals for non-profit affordable housing developers to determine the viability of sale, however response was limited. NCLT submitted an offer to purchase, but the Redevelopment Agency rescinded its offer to sell following NCLT’s bankruptcy filing. In 2010, the tenants were evicted following a breach of their lease. In 2011, the Redevelopment Agency began proceedings for a market-rate sale of the property, but was forced to abandon its efforts following the adoption of the redevelopment dissolution legislation. The house has remained vacant since this time.

Administration
When the Redevelopment Agency dissolved, the Department of Health, Housing and Community Services took over managing its housing assets and other remaining responsibilities on behalf of the Successor Agency, although no staffing was added to handle these responsibilities. Former Redevelopment Agency assets assumed include 13 homebuyer loans, two properties under long-term leases and these two sites. HHCS pays the Public Works Department to provide periodic landscaping services for these properties and has responded to issues identified by the Fire Department associated with the neighbor’s storage of materials outside 1654. As long as the City owns the sites, it will retain these ongoing costs and liabilities.

ALTERNATIVE ACTIONS CONSIDERED
The City could consider:

- Retaining these properties for a future determination on their usefulness. Staff are not recommending this option due to the small size and location of these properties as well as the costs and liabilities associated with holding vacant properties.
- Leasing the single family home (1654) to an individual household at an affordable rate. Staff are not recommending this option since the City does not have residential property management staff. The house has only had minimal maintenance since at least 2010 and likely has deferred maintenance and, at a minimum, minor rehabilitation needs, which would require additional investment.
- Selling or leasing both properties to a housing organization for development and operation as affordable housing. Staff are not recommending this option because it would require additional investment of City funds which are needed for developments already in the pipeline. Rehabilitating and operating housing at this scale is not efficient and cannot leverage much (if any) non-City funds. The Redevelopment Agency did not receive viable proposals for previous attempts to develop affordable housing. HHCS received inquiries related to leasing the vacant site for the placement of tiny homes for the homeless or other populations but is recommending the market rate sale with proceeds going in to the Housing Trust Fund in order to expand permanent affordable housing opportunities.
MEMORANDUM

To: Housing Advisory Commission

From: Amy Davidson, Senior Community Development Project Coordinator

Date: June 29, 2018

Subject: CHDO Operating Funds for FY 2019

Recommendation
Make a recommendation regarding whether to provide federal HOME program CDHO operating funds in the amount of $28,115 to Satellite Affordable Housing Associates (SAHA) and an equivalent amount of General Funds to Resources for Community Development (RCD) again in FY 2019.

Background
Under the HOME program, HUD defined a type of nonprofit, the Community Housing Development Organization (CHDO). A CHDO is a nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. In order to qualify for designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organizational structure, and capacity and experience. At least 15% of HOME funds must be set aside for specific activities to be undertaken by CHDOs. In addition, up to 5% of HOME funds may be used to provide operating support to CHDOs.

Both SAHA and RCD have been certified as CHDOs in the past and staff believe both qualify as CHDOs currently. This year, staff only completed the certification process for SAHA since SAHA’s Grayson Street Apartments is the only HOME-funded project in Berkeley at present. The City has only required the CHDO certification in conjunction with the use of HOME funds, per HUD requirements. RCD completed the HOME-funded William Byron Rumford Plaza Apartments in 2017 and does not currently have a HOME-funded project.

For at least a decade, the City has provided RCD and SAHA with annual operating support using HOME program CHDO funds. Initially, the City received a large enough HOME allocation to split the CHDO funds between the two organizations at around $30,000 each. When the City’s allocation decreased, the City started funding one as a
CHDO and the other with an equivalent amount of General Funds. The funds would come from the Housing Trust Fund.

**Discussion**
The City has provided these funds over the years to help support the operations of RCD and SAHA. The HOME CHDO operating funds specifically support development activities, while the General Funds can support broader activities, including asset management for the hundreds of affordable apartments both organizations are operating in Berkeley. Particularly in light of diminished development funding, operating support is a way to encourage their continued work and attention in Berkeley, and encourage them to partner with the City. Both have expanded significantly from their Berkeley roots and work across the East Bay. The support the City provides is not a large portion of their operating funding.
To: Housing Advisory Commission
From: Commissioner Thomas Lord
Subject: Work plan update

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1 Recommendations

1. Agree to a commission “mission statement” (a draft is offered below).

2. Prompt for report-back dates and fuller descriptions, considering possible subcommittees.

2 Background

At its June 2018 meeting the Housing Advisory Commission formed the first version of its work plan for the ensuing fiscal year 2018-2019.

The work plan, summarized below, is the Commission’s guide for itself, City staff, and City council as to what we’re up to. By design, the workplan is a living document which is expected to be refined as the year proceeds.
3 Proposed mission statement

A draft:

“The powers and duties of the Housing Advisory Commission are enumerated in BMC 19.44.020(B).

“This year’s work plan reflects the Commissions engagement with housing affordability crises that impact students and households of moderate and lower incomes. The commission is is contemplating non-traditional housing ownership, tenancy, and development models; solutions to help mitigate the crises of homelessness; Council’s expressed priorities; housing health and safety; City-wide disaster preparedness from a housing perspective; and how to improve the City’s relationship to partner agencies and other stakeholders with influence and interest in housing policy.”

4 Work plan items.

Note that a planning chart is included as a separate attachment.

4.1 A01. Providing digital file storage for the homeless

Consider developing a program to help mitigate and avoid homelessness by providing assistance in the form of digital file storage and retrieval and scanning services.

- Who: XJ
- Dates: tbd

4.1.1 Output

i. What will be the direct results of commission activities?

A feasible, and well thought through programmatic recommendation or an RFP submitted to the City Council for review.
ii. How much will be done? (i.e. Number of forums/meetings held, # of participants reached, etc.):

HAC meeting to discuss ideas, to identify potential challenges, to get consideration by the Commission on homelessness, to get public input and feedback, and get input on feasibility by the city staff.

4.1.2 Outcomes

The specific changes desired/achieved in the short-term (1-3 years) and long-term (4-6 years):

1. Identify if the need is truly there
2. Ensure the idea is feasible
3. Achieve implementation within 1 year, if feasible.

4.1.3 Activities

i. What will the commission do with its resources?

Gather information on available resources, identify if the need is truly there, identify what capacity the city possesses for implementing the program or what funding would be required to implement a program

ii. Processes, tools, events, technology, actions that are employed to bring about the intended objectives.

Mostly through HAC subcommittees, outreach to other commissions, and staff time.

4.1.4 Required Resources

What specific resources are needed and available to achieve desired change? (i.e. staff time, $, time, materials, equipment):

HAC Research time, input from the Commission on Homelessness, staff time, computing technology, digital file storage and retrieval capabilities, scanners, possibly contract services if they present a more viable option.
4.2 A02. Linking employment growth to housing development

Provide a research basis to identify what policies are most effective in ensuring housing and commerce grow together.

- Who: XJ
- Dates: tbd

4.2.1 Output

i. What will be the direct results of commission activities?

Ideally, a report and recommendation to council of a solid commercial linkage fee that will address the challenges of the housing crisis in a large degree.

ii. How much will be done? (i.e. Number of forums/meetings held, # of participants reached, etc.):

This project should be done in consideration with other housing commissions in the bay area, as this will require a regional approach. I would imagine a substantial number of Berkeley residents do not actually work in Berkeley, but rather other places.

4.2.2 Outcomes

The specific changes desired/achieved in the short-term (1-3 years) and long-term (4-6 years):

The goal will be to report back to the city within 6 months to 1 year.

4.2.3 Activities

i. What will the commission do with its resources?

Provide a research basis to identify what policies are most effective in ensuring housing and commerce grow together.
ii. *Processes, tools, events, technology, actions that are employed to bring about the intended objectives.*

This project should be done in consideration with other housing commissions in the bay area, as this will require a regional approach. I would imagine a substantial number of Berkeley residents do not actually work in Berkeley, but rather other places.

### 4.2.4 Required Resources

What specific resources are needed and available to achieve desired change? (i.e. staff time, $, time, materials, equipment):

An analysis of commercial linkage fees and other mechanisms used by cities to ensure housing and employment grow together. An analysis of what the city of Berkeley is currently doing around commercial linkage fees.

### 4.3 A03. Supportive mental health services

Providing additional supportive mental health services for the homeless and assessing current capacity; in particular, providing insurance coverage for constituents who are in public housing and their mental health has led to spaces becoming a health and safety risk

- Who: XJ
- Dates: tbd

#### 4.3.1 Output

i. *What will be the direct results of commission activities?*

A programmatic recommendation or RFP for insurance coverage, as well as a long term mental health and wellness plan connected with the long-term housing goals.

ii. *How much will be done? (i.e. Number of forums/meetings held, # of participants reached, etc.):*
This is hard to tell now, but we will do what it takes to ensure effective outreach and feasibility.

### 4.3.2 Outcomes

*The specific changes desired/achieved in the short-term (1-3 years) and long-term (4-6 years):*

6 months to 1 year for research. 2-3 years for implementation.

### 4.3.3 Activities

i. *What will the commission do with its resources?*

Find ways to optimize the program, and see what the needs within the City of Berkeley are. What would it take to truly ensure everyone who needs housing and mental health services within the city of Berkeley can access them. What would it take to pair the mental health services effectively to preserve their housing.

ii. *Processes, tools, events, technology, actions that are employed to bring about the intended objectives.*

The main process is identifying the need, strategizing ways to finance the costs for the need, find ways to ensure long term programmatic stability, and measure outcomes for success.

### 4.3.4 Required Resources

*What specific resources are needed and available to achieve desired change? (i.e. staff time, $, time, materials, equipment)*

Financial resources are the most needed component, additionally coordination between the current funding streams available to the city, tapping in to regional organizations, and identifying new funding streams.
4.4 B01. Expansion of Berkeley Student Coop

*summary tbd*

- Who: ML
- Dates: tbd

4.4.1 Output

*what the planned activities will produce*

4.4.2 Outcomes

*intended short and long term effects*

4.4.3 Activities

*what kind of work is being proposed*

4.4.4 Required Resources

*if a resource request must be made to Council, note that*

4.4.5 Commissioner(s)

*who will take the lead for moving the effort along?*

4.4.6 Schedule

*identify major milestones and their initial target dates*
4.5 B02. Group equity and zero equity coops

summary tbd

- Who: ML
- Dates: tbd

4.5.1 Output

what the planned activities will produce

4.5.2 Outcomes

intended short and long term effects

4.5.3 Activities

what kind of work is being proposed

4.5.4 Required Resources

if a resource request must be made to Council, note that

4.5.5 Commissioner(s)

who will take the lead for moving the effort along?

4.5.6 Schedule

identify major milestones and their initial target dates
4.6  B03. Increased coordination between the university and city for student housing

Support increased communication and coordination between the university and city around student housing.

- Who: ML
- Dates: tbd

4.6.1 Output

what the planned activities will produce

4.6.2 Outcomes

intended short and long term effects

4.6.3 Activities

what kind of work is being proposed

4.6.4 Required Resources

if a resource request must be made to Council, note that

4.6.5 Commissioner(s)

who will take the lead for moving the effort along?

4.6.6 Schedule

identify major milestones and their initial target dates
4.7 B04. Increased density and decreased parking in student areas

Support increased density and decreased parking in student areas.

- Who: ML
- Dates: tbd

4.7.1 Output

*what the planned activities will produce*

4.7.2 Outcomes

*intended short and long term effects*

4.7.3 Activities

*what kind of work is being proposed*

4.7.4 Required Resources

*if a resource request must be made to Council, note that*

4.7.5 Commissioner(s)

*who will take the lead for moving the effort along?*

4.7.6 Schedule

*identify major milestones and their initial target dates*
4.8  **B05. Pressure the university to engage with students on student housing**

Pressure the university to genuinely engage with students (as well as other community stakeholders) on student housing, including but not limited to the topic of site selection.

- **Who:** ML  
- **Dates:** *tbd*

### 4.8.1 Output

*what the planned activities will produce*

### 4.8.2 Outcomes

*intended short and long term effects*

### 4.8.3 Activities

*what kind of work is being proposed*

### 4.8.4 Required Resources

*if a resource request must be made to Council, note that*

### 4.8.5 Commissioner(s)

*who will take the lead for moving the effort along?*

### 4.8.6 Schedule

*identify major milestones and their initial target dates*
4.9 C01. Code enforcement review

By ordinance, the commission has duties to monitor code enforcement procedures, ensure adherence to Council policies, and to make recommendations to Council for changes to procedures and priorities.

The Commission currently has no established practices for performing those duties. This work item is to begin to establish such practices.

- Who: TL
- Dates: checkin Sept 2018, done by May 2019

4.9.1 Output

1. A very preliminary review.
2. If appropriate, a plan for a more substantial review next year.

4.9.1.1 Outcomes

In this fiscal year, we hope to complete at least a preliminary review. This preliminary review is not likely to be much in depth. This is part of a discovery process that is mainly meant to develop institutional knowledge within the HAC of how code enforcement operates at present.

Our deeper goal is to develop a strategy for code enforcement monitoring in the future - to establish practices which future Commissioners will, we hope, adopt and adapt. If all goes well, then in this fiscal year we’ll establish a plan for a more in depth review, and in the next and future fiscal years we’ll carry that plan out.

4.9.2 Activities

Explore with the Commission Secretary staff’s thoughts on how to proceed with this review, including the question of what, if any, relevant staff time prioritization must be requested through council.

Identify the scope of enforcement activities of interest.
Collect readily available information about existing code enforcement practice.

Develop “questions to be answered” for consideration by the Commission Secretary and City Council.

Develop and execute a plan for public outreach.

With the help of City staff develop preliminary answers to those questions. Gaps in what can be readily answered are to be expected.

Develop a more in depth review plan for the next fiscal year.

4.9.3 Required Resources

As appropriate, prioritization of staff time to assist with the review.

Perhaps some low-cost help with public outreach from City Council.

4.10 D01. Delayed moderate-income subcommittee report

The moderate income subcommittee met in 2018 and produced a draft report, the final version of which has yet to return to the HAC. The final report has been delayed twice due to very busy HAC agendas. This work plan item schedules it for July.

- Who: TL
- Dates: July 2018

4.10.1 Output

Delivery of the final moderate income subcommittee report.

4.10.2 Outcomes

Hopefully this report will help to inform the Small Sites program and, as well, the HAC’s evaluation of traditional affordable housing strategies at all
income levels.

4.10.3 Activities

Really, just deliver the final report for a bit of discussion.

4.10.4 Required Resources

No special requirements.

4.11 E01. Democratized housing innovations summit

Berkeley has multiple groups of experts and activists who are pursuing or are at least interested in public policy to expand the supply of affordable housing which is decommodified and democratized.

The high priority Small Sites referral from City Council has created a context where the knowledge and advice of these groups can be gathered in synthesis of policy.

Neighborhood groups and other local interest groups are critical stakeholders in such programs.

This work plan item proposes a workshop process to convene the experts, advocates, and larger community around this work.

- Who: TL

4.11.1 Output

1. A referral to City Council to authorize outreach to various potential workshop participants.

2. One or more workshops, if the experts, advocates, and interest groups are willing.
4.11.2 Outcomes

Hopefully, an implementation of the small sites referral that will represent some of Berkeley’s best knowledge and thinking, and that will have a strong base of support.

4.11.3 Activities

Workshop format to be some form of public discussion and presentation among these groups, details tbd.

4.11.4 Required Resources

Potentially, a room and time for one or more multi-organization workshops, with public attendance.

4.12 F01. JSISHL updates and engagement

In response to a flurry of new land use law from the state, and in consideration of City Council’s housing referrals, the Joint Subcommittee for Implementation of State Housing Law was formed to assist with updates to city land use law and practices.

This work plan item is to schedule regular updates to the HAC from its representatives on JSISHL.

- Who: TL
- Dates:
  - July, 2018: report back from the first two JSISHL meetings. Description of the upcoming July 19 JSISHL meeting.
  - September 2018: report back from July 19, next JSISHL meeting will be September 20.
  - October 2018: report back from September 20, next JSISHL meeting will be November 15.
- January 2018: Report back from November 15.
- (Further JSISHL meeting dates to be determined.)

4.12.1 Output

Discussion and possible action agenda items on the dates indicated.

At the June 2018 meeting, Commissioner Owens proposed studying relevant state laws at the HAC, particular SB-35.

4.12.2 Outcomes

Hopefully, the HAC will be informed as to JSISHL’s work and can engage with JSISHL as they see fit.

4.12.3 Activities

JSISHL updates to the Commission will report on previous meetings and, if possible, inform the Commission about the future plans of JSISHL.

The Commission might, just as one example, choose to communicate back to the subcommittee through its representatives.

4.12.4 Required Resources

No special requirements.

4.13 G01. Smokefree housing ordinance

Last year the HAC initiated a process to review and recommend reforms to the Smoke-Free Multi-Unit Housing ordinance and the practices used to enforce that ordinance. We undertook this in reaction to reports of the ordinance not working well from the public and some members of the HAC.
A response from the City Manager is expected at which time work on this project can resume.

- Who: TL, XJ, ML
- Dates: tbd (contingent on replies to our earlier referral)

4.13.1 Output

Recommendations for improving the smoke-free multi-unit housing ordinance and current enforcement practices.

At the June 7, 2018, Commissioner Lewis noted that enforcement of the ordinance in student housing should be considered.

4.13.2 Outcomes

Hopefully, a more effective ordinance.

4.13.3 Activities

To be decided.

4.13.4 Required Resources

Responses to our earlier City Council referral that asked question of the City Manager, and requested a Berkeley Considers request for public comment.

4.14 H01. U1 reporting

By ordinance, the commission has duties to publish, annually or biannually, housing policy recommendations for City Council.

The Commission currently has no established practices for performing this duty. This work item is to begin to establish such practices.

- Who: TL
• Dates:
  – First report in April, 2019.

4.14.1 Output

1. A publication calendar.

2. Commission consensus on suggested templates for items to include in the report, emphasizing documenting the specific recommendation and the analysis that leads to it.

3. Commission consensus on how to decide what to include in the published report.

4.14.2 Outcomes

Short term success is defined as this being the first fiscal year in which the Commission successfully carries out this new duty (which was added to our enabling ordinance in 2016).

Longer term success is if the system devised for assembling the report is adopted and adapted in future years by the HAC.

4.14.3 Activities

I will present some simplified, streamlined versions of templates I first proposed for this purpose in early 2017. (If there are co-leads, they might have alternatives.)

With or without co-leads I will submit some action items to propose a process and schedule for publishing our recommendations.
4.14.4 Required Resources

A small amount of staff time to work out how reports will be published on the Commission’s web page, and what will be the protocol for notifying council of the publication.

4.15 J01. Affordable housing continuity following a disaster

summary tbd

• Who: IT
• Dates: tbd

4.15.1 Output

what the planned activities will produce

4.15.2 Outcomes

intended short and long term effects

4.15.3 Activities

what kind of work is being proposed

4.15.4 Required Resources

if a resource request must be made to Council, note that

4.15.5 Commissioner(s)

who will take the lead for moving the effort along?
4.15.6 Schedule

identify major milestones and their initial target dates

4.16 J02. Non-traditional low-/moderate- income strategies

summary tbd

- Who: IT
- Dates: tbd

4.16.1 Output

what the planned activities will produce

4.16.2 Outcomes

intended short and long term effects

4.16.3 Activities

what kind of work is being proposed

4.16.4 Required Resources

if a resource request must be made to Council, note that

4.16.5 Commissioner(s)

who will take the lead for moving the effort along?
4.16.6 Schedule

identify major milestones and their initial target dates

4.17 J03. Revising the demolition and relocation ordinances

summary tbd

• Who: IT
• Dates: tbd

4.17.1 Output

what the planned activities will produce

4.17.2 Outcomes

intended short and long term effects

4.17.3 Activities

what kind of work is being proposed

4.17.4 Required Resources

if a resource request must be made to Council, note that

4.17.5 Commissioner(s)

who will take the lead for moving the effort along?
4.17.6 Schedule

identify major milestones and their initial target dates

4.18 J04. Small sites program

summary tbd

- Who: IT
- Dates: tbd

4.18.1 Output

what the planned activities will produce

4.18.2 Outcomes

intended short and long term effects

4.18.3 Activities

what kind of work is being proposed

4.18.4 Required Resources

if a resource request must be made to Council, note that

4.18.5 Commissioner(s)

who will take the lead for moving the effort along?
4.18.6 Schedule

*identify major milestones and their initial target dates*

4.19 J04. Continuity of effort (prior work plan follow-ups)

*summary tbd*

- **Who:** MW
- **Dates:** *tbd*

4.19.1 Output

*tbd*

4.19.2 Outcomes

*tbd*

4.19.3 Activities

- Continue to review applications for funding submitted by housing and service providers.
- Respond to the housing priorities established through the Mayor’s Housing Task Force and approved and prioritized by the City Council.
- Liaison with UC Berkeley regarding shortage of housing experienced by students.
- Encourage implementation of policies already submitted by the HAC to the Council, such as an ADU pilot program and a home-share pilot program.
• Support other Commissions in their efforts to serve the rising number of homeless individuals and households.

4.19.4 Required Resources

tbd

4.20 K01. Ensure affordable housing growth in all districts

summary tbd

• Who: DO
• Dates: tbd

4.20.1 Output

what the planned activities will produce

4.20.2 Outcomes

intended short and long term effects

4.20.3 Activities

what kind of work is being proposed

4.20.4 Required Resources

if a resource request must be made to Council, note that
4.20.5 Commissioner(s)  
who will take the lead for moving the effort along?

4.20.6 Schedule  
identify major milestones and their initial target dates

4.21 N01. Homeshare and ADU pilot program implementation  
summary tbd  
- Who: MW  
- Dates: tbd

4.21.1 Output  
what the planned activities will produce

4.21.2 Outcomes  
intended short and long term effects

4.21.3 Activities  
what kind of work is being proposed

4.21.4 Required Resources  
if a resource request must be made to Council, note that
4.21.5 Commissioner(s)  
who will take the lead for moving the effort along?

4.21.6 Schedule  
identify major milestones and their initial target dates

4.22 J03. TOPA

summary tbd
- Who: IT
- Dates: tbd

4.22.1 Output  
what the planned activities will produce

4.22.2 Outcomes  
intended short and long term effects

4.22.3 Activities  
what kind of work is being proposed

4.22.4 Required Resources  
if a resource request must be made to Council, note that
4.22.5 Commissioner(s)

who will take the lead for moving the effort along?

4.22.6 Schedule

identify major milestones and their initial target dates

4.23 P01. Housing action plan

summary tbd

• Who: AW, IT
• Dates: tbd

4.23.1 Output

what the planned activities will produce

4.23.2 Outcomes

intended short and long term effects

4.23.3 Activities

what kind of work is being proposed

4.23.4 Required Resources

if a resource request must be made to Council, note that
4.23.5 Commissioner(s)

who will take the lead for moving the effort along?

4.23.6 Schedule

identify major milestones and their initial target dates

4.24 Q01. UC Long range development plan

summary tbd

• Who: ML
• Dates: tbd

4.24.1 Output

what the planned activities will produce

4.24.2 Outcomes

intended short and long term effects

4.24.3 Activities

what kind of work is being proposed

4.24.4 Required Resources

if a resource request must be made to Council, note that
4.24.5 Commissioner(s)

who will take the lead for moving the effort along?

4.24.6 Schedule

identify major milestones and their initial target dates

5 Template

Workplan items should use this template structure:

- title
- summary
  - Who:
  - Dates:

Output
what the planned activities will produce

Outcomes
intended short and long term effects

Activities
what kind of work is being proposed

Required Resources
if a resource request must be made to Council, note that

Commissioner(s)
who will take the lead for moving the effort along?

Schedule
identify major milestones and their initial target dates
## Housing Advisory Commission Workplan Timeline

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* indicates a deadline or anticipated HAC agenda item

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1. Ms. Rashi Kesarwani (D1)
2. Mr. Thomas Lord (D2)
3. Mr. Igor Tregub (D3)
4. Mr. Luis Amezcua (D4)
5. Mr. Xavier Johnson (D5)
6. Ms. Marian Wolfe (D6)
7. Mr. Amir Wright (D7)
8. Mr. Darrell Ben-Lee Owens (D8)
9. Mr. Matthew Lewis (M)
HAC Work Plan Objectives (June 7, 2018)

Ongoing HAC Activities

U1 Reporting

Work Plan Updates

Code enforcement review in September

Moderate-income subcommittee report in July

Small sites program

Overview and continuity of ongoing HAC responsibilities - HTF and CDBG application review and recommendations

Encourage implementation of ADU and Home-Share pilot programs

Homeless Objectives

Provide digital file storage service for the homeless

Supportive mental health services for the homeless

Student Housing and UC Berkeley

Housing Impacts of UC long range development plan

Expansion of Berkeley student co-ops

Expanding coverage of Smoke-Free Housing Ordinance to student housing.

Coordination with UC Berkeley for student housing

Pressure UC Berkeley to engage with students regarding housing issues

Alternative Forms of Housing Ownership

Explore the creation of group equity/zero equity co-ops

Assess non-traditional low and moderate income strategies
Ongoing HAC- and City-Related Activities

Follow-up proposed Tenant Opportunity to Purchase Ordinance (TOPA)

JSISHL updates and engagement

Affordable housing community and natural disaster

Explore expansion of density bonus and reduced parking in student areas

Revise demolition and relocation ordinances

Ensure affordable housing growth in all districts

Development of affordable housing on North Berkeley Bart station

Additional Objectives

Hold democratized housing summit in July
**Resolution:** To form the North Berkeley BART Housing Development Area subcommittee.

**Objective:** Devise a plan for the BART property in congruence with the BART’s transit-oriented development (TOD) policies and the City of Berkeley. Then send a guideline to the city council for recommended action.

**Guideline:** The subcommittee’s tasks will be limited to aspects of an ideal development preferred on the site, with maximized affordability as the goal. The committee should be regulated to determining the layout of the development on the property in respect to feasibility and space, along with transit, commercial and residential usage. Currently, the entire site is simply “U” (BARTD property) on the zoning map. The committee must also return to the council a recommended density regarding height, unit count, and square footage. BART TOD guidelines mandate 75 units per acre, minimum. In addition, a recommend type of development, be it mixed-used or 100% Affordable Housing, noting that numerous BART developments use mixed use villages, 100% affordable, or Inclusionary Zoning. Per BARTD’s guidelines, every development must be 20% affordable minimum. Lastly, the HAC should keep in mind any detriment a development may have to the surrounding area and the allocation of parking--including recommended alternatives regarding public transit, and other non-single occupation automobile modes of transport. Current BART TOD mandates have zero parking minimums, which means parking necessities should be determined by the HAC and the needs of the city. These goals should be laid out plainly in a report with concerns and encouragement, to be given to council for action. It should be noted that our scope our jurisdiction should remain solely on BART property and not private or city-owned (non-BARTD) property on the opposite sides of the street.

See attachment for jurisdiction details.

**Rationale:** Focusing a plan for North Berkeley BART, as opposed to all BART stations in Berkeley, is because North Berkeley BART is currently the only BART station with zero new residential development adjacent to it. Nor is it part of any Priority Development Area plans from the city. The station itself is entirely underground and features minimal above-surface obstacles besides tunnel engineering. In comparison, Ashby Station is partially subterranean, and its western entrance was engineered below street level, requiring awkward re-engineering for parking lot development. Ashby also is included in numerous PDA plans from the city (South Berkeley plan/ Adeline plan), and hosts a flea market, thus North Berkeley provides less disruptive opportunities. Moreover, among all stations in the identified urban core of the BART system (San Francisco/Berkeley/Oakland) North Berkeley is the least dense, yet it is a subway station. Development at underground stations are preferred to elevateds for disruption reasons and space allocation.

North Berkeley BART currently is the 3rd most northern station on the Richmond-line. This a breakdown of exit/entries by station on the Richmond-line in the month of June (FY 2018), from most to least used:
Richmond-line BART exit/entries May of 2018 weekday averages:

1. Downtown Berkeley: 10,813
2. El Cerrito Del Norte: 8,155
3. Ashby: 5,397
4. El Cerrito Plaza: 4,827
5. North Berkeley: 4,411
6. Richmond: 4,212

As indicated, North Berkeley is the 2nd least used station behind Richmond, which is remarkable when considering Richmond is a terminus stop, and North Berkeley is only a several blocks west of Downtown Berkeley. Both Ashby and North Berkeley act as neighborhood stations for Berkeley residents, however North Berkeley has 18% (or $\frac{1}{5}$ roughly) more capacity than Ashby.

Demographics of the surrounding BART station should take into account the diverse economic areas within walking range. Most of North Berkeley station proper is upper middle-income. Median incomes are $92,000, and median home values (according to truila) around $800,000. Development at the site should consider that close neighborhoods bordering west dip to $600,000 and homes east and north range within $1,000,000. Median rents within a 2-block radius are between $1,600 to $3,200, with a median around $2,800.

Background:
In 1960, the SFBARTD board approved of a plan to build the Berkeley BART-segment using 3-miles of elevated rail lines, two elevated stations at "Sacramento" Station and "Ashby Plaza" Station, and one underground station called “Berkeley”. Around 1963, the mayor of Berkeley, Wallace Johnson, began a political campaign to put the entire system underground, and in 1963, concerned about the aerial tracks re-segregating Berkeley in a similar pattern Grove Street (MLK Jr Way) did, voted to make it subterranean in its entirety. BARTD opposed this vigorously and only offered to put up $6.5 million, but Berkeley voters in 1966, after nearly a half-decade of political arguments, ponied up $20.4 million in tax-exempt bond sales to pay for the subway. The agreement was that the then simplified “Ashby” station would be partially underground, and the re-named “North Berkeley” station would be entirely underground, with a portal to Albany starting in Northbrae. The construction of BART’s subways dug major trenches from Adeline to Shattuck, down Hearst, up to Gilman, requiring the removal of hundreds of homes and widening of streets, particularly along the “Hearst Strip”. BARTD never replaced the homes with its intended apartments, and instead opted for an agreement with Mayor Wallace, that sold the land and gave Berkeley “air-rights”, while BARTD took “land-rights”, per Wallace’s fierce negotiations. That subway strip of vacant land was later turned into Ohlone Park during the aftermath of the People’s Park revolt.

While BARTD did have a plan to put apartments on the site, it never went through and housing development around North Berkeley BART was of little concern, and per the Neighborhood Preservation Ordinance, made virtually impossible, until the housing crisis intensified during the
Dot-Com boom. By this time, Berkeley designated South Berkeley’s Ashby Station as part of a PDA which included more housing development, but ignored North Berkeley. Through the 2000’s up until the early 2010’s, BART began developing “transit-oriented development” sites which emphasized multi-family housing with mandated affordability to be located within close proximity to transit stations. It had the benefit of increasing ridership and providing housing without promoting auto usage and contributing to traffic. These plans have largely been carried out at suburban stations, low-income areas, and downtowns. After a few speakers at council meetings regularly noted the lack of development at North Berkeley BART, coupled with national media attention from the New York Times and other publications about the lack of housing production in Berkeley, Mayor Jesse Arreguin declared that he backed new housing development on the BART site. Pressure to utilize this historically untouched site was amped up further when State Senator Scott Wiener put forwards the late Senate Bill 827, that would’ve upzoned neighborhoods like North Berkeley, centered around the station. In response, a community meeting orchestrated by the Mayor, and district council representative Linda Maio, along with the President of the BART board Rebecca Saltzman, was set up at the Adult School where hundreds of residents lined up to comment. While the right type of development was contested among the hundreds of Berkeley residents, nearly all residents shared their grievances about the housing crisis and a commitment to some type of housing at the BART station. Though SB 827 died in committee, the council has also noted that another BART zoning bill, authored by Assemblymember David Chiu, Assembly Bill 2923, gives zoning authority and streamlined permitting process to the BART district with a ½ mile radius over BARTD property, provided the municipal zoning is incompatible with TOD plans. Because BART’s zoning requirements essentially mandate 75 units per acre, which roughly is around 4-stories, and North Berkeley is universally R-1 and R-2 (one/two-stories), BART would have the authority to set new density standards with public and city input. Berkeley City Council has opposed the bill unless amended, but unlike SB 827, AB 2923 has been approved out of Assembly, and currently has finished two Senate committees. Seeing very little opposition from in Sacramento, it’s increasingly likely this bill will pass the Senate, and soon reach the governor’s desk to be enacted into law. Whether it does or doesn’t, continual pressure from Sacramento and the demands of local residents for housing solutions, is pushing the city into developing the site. However, despite verbal agreements from City Council members, there has been no actual city action to refer the site for development. The Housing Advisory Commission, tasked with advisoral guidance on affordable housing, should be the first step for the city to realize a housing development plan for the historically underutilized, and large capacity site. The alternative is to let the BART district decide it for the city without a key commission’s input.
Jurisdiction shall remain limited to the four parcels on the jointly owned City and BART property, as determined by the county parcel map using the following APNs: 58-2146-16-5, 58-2147-18-5, 58-2149-19-4, 58-2148-17-4. On the street map above, that is the area with the following street parameters: Delaware and Acton, Acton and Virginia, Virginia and Sacramento, and Sacramento and Delaware.
Recommendation

Take steps towards implementing Measure U1, particularly:

- Discuss how the new law changed the role of this commission, compared to prior to the 2016 election.
- Discuss the substantial practical limits and the potential opportunities of taking a more direct role in helping with policy formation.
- Establish an April / October publication schedule for the Commission’s “section (B)(10)” recommendations. *(requires a vote).*
- Discuss next steps.

Background

In November of 2016, the duties and powers of this commission grew. That is because voters approved Measure U1, which added this highlighted language below to Berkeley Municipal Code 19.44.020(B)(10):

10. The **Housing Advisory** Commission shall review and advise the City Council on housing policy, housing programs, and related issues. **In particular, the Commission shall make recommendations on how and to what extent the City should establish and fund programs to increase the supply of affordable housing and protect**
residents of Berkeley from homelessness. These recommendations may be made annually or biannually, as the Commission deems appropriate in light of the City’s budget cycle and other relevant funding cycles. The Commission’s recommendations shall be promptly published on the City’s web site and transmitted to the City Council. The City Council shall consider, but need not follow, the Commission’s recommendations, and shall annually inform the Commission as to the extent to which it has implemented the recommendations.

The Commission has since voiced its opinions about the allocation of revenues that are generated by Measure U1, but it has not yet implemented section (B)(10) as amended.

Rational for April/October schedule

Recommendations published in April will arrive at the beginning of key budget cycle discussions.

Publication in October establishes a biannual schedule, making it easier to update recommendations as appropriate.
Introduction and Recommendation

**Recommendation:** That the Housing Advisory Commission submit the following status report of 2017-2018 recommendations to the Berkeley City Council.

Background

Consistent with BMC 19.44.20(B)(10) (Measure U1 reporting guidelines), we summarize below the work that the Housing Advisory Commission (HAC) has conducted thus far.

The relevant section of the municipal code, as amended by measure U1, reads in part (emphasis added): “10. The Housing Advisory Commission shall review and advise the City Council on housing policy, housing programs, and related issues. In particular, the Commission shall make recommendations on how and to what extent the City should establish and fund programs to increase the supply of affordable housing and protect residents of Berkeley from homelessness. **These recommendations may be made annually or biannually, as the Commission deems appropriate in light of the City’s budget cycle and other relevant funding cycles. The Commission’s recommendations shall be promptly published on the City’s web site and transmitted to the City Council.** The City Council shall consider, but need not follow, the Commission’s recommendations, and shall annually inform the Commission as to the extent to which it has implemented the recommendations” [BMC 19.44.20(B)(10)].

HAC recommendations from 2017

- **January 5, 2017**

  Selecting from a list of options developed by a previous HAC membership, the HAC advised City Council to prioritize these City Council Referrals:

  - Permit Service Center improvements
  - limited use of eminent domain on vacant and blighted properties
  - Create an ordinance to prohibit housing discrimination based on the source of a tenant’s income (including Section 8 benefits).
  - workforce housing for BUSD / implement Senate Bill 1413
The HAC also recommended that the City Manager be directed to meet with the Rent Stabilization Board to revisit whether the issuance of a new Certificate of Occupancy is required upon conversion of units from unpermitted nonresidential to permitted residential uses.

- **February 2, 2017**
  
  The HAC agreed with staff to recommend a $691,394 unplanned but urgent reservation of County Measure A1 funds for the Grayson Street Apartments projects in response to a post-election collapse in the amount of money that could be raised through the sale of Low Income Housing Tax Credits.

- **March 2, 2017**
  
  The HAC recommended (additional) reservations of CDBG funding for the Bread Project, Inter-City Services, and Rising Sun Energy Center.

  The HAC also recommended that registration fees be charged for below-market rate units to pay for the regulation of BMR compliance and gave advice regarding the structure and amount of those fees.

- **May 5, 2017**
  
  The HAC recommended against appropriating U1 revenues for the purchase of the properties at 1001, 1007, and 1011 University Avenue and 1925 Ninth St (the "Premier Cru" properties). The HAC also recommended a temporary suspension of efforts to appropriate U1 funds.

  Finally, the HAC recommended eliminating a discount to the affordable housing mitigation fee when paid at issuance of the building permit, and recommended that the fee be updated every two years based on the Construct Cost Index.

- **June 6, 2017**
  

  The HAC recommended an exceptional circumstances reservation of $569,692 from the HTF and a refinancing of outstanding HTF loans and a waiver approving the Northern California Land Trust as an eligible receiver of HTF funds for the NCLT scatter sites project.
The HAC recommended providing HOME CHDO\(^1\) operating funds to Resources for Community Development and Satellite Affordable Housing Associates for Fiscal Year (FY) 2018.

The HAC recommended changes to the Affordable Housing Mitigation Fee (BMC 22.20.065) to adopt a fee of $37,000 if paid at certificate of occupancy, or $34,000 if paid at issuance of building permits and to recommend that for developers opting to private units, 20% of the total units be below market rate.

The HAC recommended an exemption from the necessity of Council Approval of the use of CDBG funds for construction projects at or below $200,000, and that the HAC CDBG subcommittee be authorized to make recommendations for such projects.

Lastly, the HAC expressed "conceptual support" for allocating up to $1.07 million, with no source of funding specified, and no specific funding levels for various anti-displacement programs then under consideration by council.

**July 6, 2017**

The HAC approved an HTF reservation of $50,000 for a pre-development loan for the Bay Area Community Land Trust’s 1638 Stuart Street project and approved a waiver of a "recent experience" eligible developer requirement.

The HAC recommended that City Council reserve up to $3,131,651 in Housing Trust Funds for pre-development for BRIDGE Housing’s Berkeley Way Project and that certain permit fees be deferred.

The HAC recommended several specific general allocations for the following anti-displacement programs: the Housing Retention Program, the Flexible Housing Subsidies Pool, the Eviction Defense Center, and the East Bay Community Law Center.

**September 7, 2017**

The HAC recommended that City Council conduct a public hearing for a substantial amendment to the federal Program Year (PY) 2017 Annual Action Plan which included revised allocations of CDBG funding and that, upon conclusion of that hearing, that Council adopt a Resolution approving revised CDBG funding recommendations for City of Berkeley projects; and authorizing the City Manager to submit the Substantial Amendment to the PY 2016 AAP to HUD. The substance of these changes was to shift certain indirect internal

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1 "HOME": The U.S. Department of Housing and Urban Development (HUD) Home Investment Partnership Program; "CHDO": Community Housing Development Organization
costs, associated with administering CDBG projects, to project-specific allocations.

- **December 7, 2017**

  The HAC agreed to communicate certain recommendations to Council regarding general guidelines for appropriating U1 funds.

  The HAC also communicated to the Council a statement of principles that places housing as a priority over parking, including support with respect to the Berkeley Way Project.

### HAC recommendations from 2018

- **January 18, 2018**

  The HAC referred certain inquiries into the enforcement practices and history of the Smoke-Free Housing Ordinance and requested that the Berkeley Considers facility be used to solicit public comment regarding that ordinance. This action is a first step towards revising the ordinance in response to citizen reports of its ineffectiveness in some situations.

- **February 1, 2018**

  The HAC asked the Council to make a number of referrals to commence developing a comprehensive plan for disaster preparedness and post-disaster rebuilding with respect to multi-family housing.

- **March 1, 2018**

  The HAC recommended a second substantial change to the PY 2017 Annual Action Plan. The proposed change will reserve approximately $1.26 of CDBG community facility improvement funds to the rehabilitation of the City’s Mental Health Clinic building at 2640 Martin Luther King Jr. Previously, these funds were planned for small community facility improvement projects to be determined as needs arose. The large, single allocation to the Mental Health Clinic was proposed because initial cost projections for the project were significantly too low.

  The HAC recommended to the Berkeley City Council consideration of funding a Home Share Pilot Program. The program as envisioned would offer background checks as a City Service provided to qualifying homeowners who wish to offer space in their home to a tenant. Similar programs are operating in some other Bay Area Cities. UC Berkeley has expressed interest in funding such a program in Berkeley.
The HAC also recommended to City Council that as the Small Sites Program is implemented, it be structured so as to allow (though not require) the City itself to purchase eligible small sites. The program would leave open the possibility of implementing non-traditional ownership models for permanently affordable housing.

- **April 4, 2018**

The HAC responded with comments to an earlier referral from City Council regarding an accessory dwelling unit pilot program to house low-income households. A final product is due to be finalized and voted on by the HAC at its June 6, 2018 meeting.

- **May 3, 2018**

The HAC voted to draft a letter to the City Council with recommendations dictated by the Commission for the FY2020-2021 Community Agency Request for Proposals. Specifically, the HAC noted support for the following elements of the proposal: publishing agency outcomes, increasing the contract threshold to be considered for Request for Proposals (RFP) bids to $20,000 (while recommending consultation with outside agency partners prior to making this change), enhanced outreach to prospective applicants, and providing a hardship exemption for applicants who miss the deadline to apply. The HAC noted strong opposition to a proposal to extend the current 2-year contract cycle to a 4-year contract cycle and identified a 3-year cycle as a possible alternative.

The HAC also adopted Measure U1 funding recommendations for the FY2017/2018 and FY2018/2019 cycles. The recommendations for the remaining $3.45 million in revenues (after $550,000 per cycle was already allocated, following the HAC’s earlier recommendation, to fund anti-displacement assistance efforts to tenants) were as follows:

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anti-Displacement (already reserved)</td>
<td>$550,000</td>
</tr>
<tr>
<td>Small Sites Program</td>
<td>$1,000,000</td>
</tr>
<tr>
<td>Housing Trust Fund</td>
<td>$2,000,000</td>
</tr>
<tr>
<td>Reserve for housing programs in the pipeline (ADU Pilot program, home share, etc.)</td>
<td>$400,000</td>
</tr>
<tr>
<td>Administrative Costs</td>
<td>$50,000</td>
</tr>
<tr>
<td>Total</td>
<td>$4,000,000</td>
</tr>
</tbody>
</table>

On June 26, 2018, the City Council voted to take these recommendations under consideration.

The HAC also voted to direct Commissioners to submit ideas for the annual work plan (FY19) and submit for inclusion in the June 2018 agenda. Finally,
the HAC discussed, but took no action, on recommendations to revise the Housing Retention Program.

- **June 7, 2018**

The HAC discussed and recommended to the City Council uses for the City of Berkeley’s 2018 allocation of federal HOME funds and proposed request for proposals process. Specifically, it recommend that the City Council direct staff to create a rehabilitation RFP for CHDOs with the City’s 2018 HOME funds and to start looking into a HOME Tenant-Based Rental Assistance program for future consideration.

The HAC heard a staff presentation on ongoing efforts to develop a Tenant Opportunity to Purchase Ordinance and provided feedback. It also took action on a recommendation to the City Council in response to a referral to the HAC and city staff regarding an Accessory Dwelling Unit Pilot Program. Finally, the HAC continued its discussion of the FY19 Commission work plan.
To: Housing Advisory Commission  
From: Commissioner Thomas Lord  
Subject: Moderate Income Subcommittee Report  

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Preface for July 11, 2018 meeting

This is the final report from the 2016-2017 moderate income subcommittee. This version of the report makes some minor corrections and clarifications from the initial draft.

The subcommittee noted that essentially no market rate housing in Berkeley is affordable even to persons making 120% of Area Median Income.

At the request of the full HAC, the subcommittee considered ADUs as a moderate income housing strategy. Empirical evidence from a recent Terner Center report suggests ADUs are not likely to be useful for this purpose. Additionally, the reduced eviction protections and likelihood of unprofessional landlord suggest they are a poor choice for public policy to emphasize.

The subcommittee was also asked to consider teacher housing in cooperation with BUSD. Since BUSD has, for now, decided not to pursue the option the question is moot. Additionally, since such housing discriminates on the basis of source of income, it is not a good choice for public policy.

The subcommittee identified no “silver bullet” but did find some promise in the possibility of a non-traditional land-trust / coop form we call “social housing”. Social housing, and the land it is on, are publicly owned - but democratically managed by the community. In contrast to traditional subsidized housing, social housing is available to residents of all income levels, allowing for cross subsidy of the lowest income tenancies by the surplus from the highest income tenancies. Since social housing can produce a net income even over and above the financing costs of its acquisition or construction, in contrast to most models of affordable housing, social housing can be largely self funding.

The report leaves many questions hanging, some of which were pointed out by HAC members in reaction to the first draft. We hope to take those and additional questions up in the coming year.

Attached: The appendix to “Social Housing in the United States”, Peter Gowan & Ryan Cooper, People’s Policy Project.

This appendix illustrates, through concrete examples, how social housing can be self-financing.
Introduction

The existence, in recent years, of a “moderate income subcommittee” on the HAC is something of a historic milestone.

For roughly 20 years, Berkeley’s affordable housing strategy consensus has been premised on the idea that only a minority of residents will not be able to afford market rate housing, and that there would always be subsidy from superior jurisdictions (primarily the federal government) to assist with the needs of that minority.¹

To recognize, in recent years, that market rate housing is unaffordable to those with “moderate” income means, literally, that the housing market has become unaffordable to the majority of regional residents. Meanwhile, federal subsidy continues to wane, relative to need.²

Current affordable housing strategies that were not designed for these newly recognized conditions will have difficulty adapting. New strategic thinking is called for.

In this report we examine three affordable housing strategies³ through the lens of the needs of moderate income households.

Background

In 2016 the HAC made a report to Council entitled “Housing Policies for Moderate-Income Households”.⁴

²The most recent federal budget, celebrated as a huge budget increase, accomplishes little more than a renewal of existing affordable housing contracts.
³The three strategies examined were referred to the subcommittee by the HAC’s 2017-2018 work plan.
⁴That 2016 report noted the massive scale affordability crisis and recommended:

- encouraging the construction of ADUs
- encouraging the rental of single rooms within owner-occupied homes
- condominium conversions
- condominium construction
- subsidized affordable housing on surplus land
The 2017-2018 HAC work plan entry, which is also the charter of this sub-committee, is slight. In its enigmatic brevity it reads:

- traditional land-trust and coop models
Prioritized problem

- Lack of Affordable Moderate-Income Housing

Strategies

- Work with BUSD to increase teacher housing.
- Encourage new development in alternative ownership modes, such as co-ops, land trusts, and acquisition/rehab. Properties.
- Encourage ADU’s.

Exploring the current situation

In this section, we consider who is “moderate income”, what are their housing needs relative to the market, and how large is the current problem.

Defining moderate income

Policy definitions of “moderate income” vary, but only within a narrow range. Various sources use 80%..115% of area median family income, 80%..120%, and 80%..125%.

Berkeley law uses 80%..120% and we will stick with that.

Complicating matters, when the income thresholds of various income categories are calculated by HUD, the numbers they arrive at are not a literal 80% of area median family income, but the result of a calculation that includes various adjustments to account for local market conditions.

For simplicity, examples in this document will refer to a two person household. The average household in Berkeley is between two and three persons.

According to the currently applicable HUD calculations5, the low end of income for a moderate income two person household is $64,351. We infer an upper limit by taking that amount as 80% plus $1 of the 2-person family median:

5https://www.cityofberkeley.info/BHA/Home/Payment_Standards,_Income_ Limits,_and_Utility_Allowance.aspx
• **moderate income (80%..120%), 2 persons, 2017**
  $64,351 .. $96,795

**Estimating affordability**

We adopt the common rule of thumb that housing is affordable to the persons in a household if their expenditure on housing, utilities, and transportation does not exceed 1/3 of their income.

HUD-based standards use 30% and so will we.

We adopt a further rule of thumb that transportation and utilities will account for 5% of income, leaving 25% for housing. In our example of an 80% AMI two person household, this would be a monthly utility and transportation budget of approximate $270. For comparison, in Berkeley, the 2017 utility allowance for a 2 bedroom apartment was approximately $265.

Applying these rules, we can calculate what rent a moderate income household might be able to afford:

- **annual housing budget, moderate income, 2 persons, 2017**
  $16,088 .. $24,199

- **monthly housing budget, moderate income, 2 persons, 2017**
  $1,340 .. $2,017

**Current market prices**

The City’s 2nd quarter 2017 report on median rents lists these market prices:

<table>
<thead>
<tr>
<th>unit size</th>
<th>median rent</th>
</tr>
</thead>
<tbody>
<tr>
<td>studio</td>
<td>$1,750</td>
</tr>
<tr>
<td>1 br</td>
<td>$2,150</td>
</tr>
<tr>
<td>2 br</td>
<td>$3,012</td>
</tr>
<tr>
<td>3 br</td>
<td>$4,100</td>
</tr>
</tbody>
</table>

Continuing our example of a two person household, it follows that:
• at the low end of the income range, $64,351, no median-price Berkeley apartment is affordable
• at the high end of the income range, $96,795, only a median-price studio apartment is affordable

At current market prices, no owner-occupied housing in Berkeley is affordable to a moderate income two person household either. For simplicity, examples will concentrate on rental prices.

Incumbent population

The situation for Berkeleyans may be even worse than the preceeding analysis suggests.

The area median income used to calculate the moderate income category is the median for a large area that includes more than just Berkeley.

Berkeley’s household incomes appear to be lower. For example, the 2016 American Community Survey (ACS) 5-year estimates place the median household income for Berkeley (for households of any size) at only $70,393.6

The average household size in Berkeley is a bit more than two people. As noted earlier, median rent for a 2 bedroom apartment is $3,012 or, annually, $36,144. Using our earlier rule of thumb, such a rent is affordable at a household income 4 times greater: $144,576.

Thus, using the 2016 ACS data, a median two bedroom apartment in Berkeley is affordable to only about 25% of all Berkeley households. Such an apartment is unaffordable even to many households making well above the moderate income limit.

The data available (as of this writing) is inadequate to do more than make a rough guess of the size of the number of incumbent moderate income households in Berkeley. With the understanding that our estimate is crude, rounding numbers from the ACS, we are using the figure of 20%. That is, we think that roughly 40% of Berkeley households have income below a moderate income, and 40% above.

6https://factfinder.census.gov/faces/nav/jsf/pages/index.xhtml
20% of Berkeley households is just shy of 9,200 households.

Notoriously, Berkeley remains substantially segregated by income and race, with parts of South, Southwest, and West Berkeley particularly vulnerable to (further gentrification and displacement.

**Student population**

The number of students at Berkeley’s colleges and university far exceeds the housing available for them in the City.

Student households often compete with moderate income households for the same housing units. Anecdotally, we are aware that students often crowd, converting living rooms into additional bedrooms, and often putting more than one unrelated person in each bedroom.

For some landlords, student households are preferable. The University of California at Berkeley has even gone so far as to obtain master tenancies for several apartment buildings, effectively removing them from the public housing market.

In those conditions a small 2 bedroom apartment may provide overcrowded housing for 3 or 4 students but at today’s prices, such a level of crowding brings the high rents within reach for a larger number of students.

**Summary of current situation**

Because market prices are so high compared to most incomes, the majority of the City and regional population are vulnerable to displacement, and there is essentially no housing in Berkeley that is affordable to them.

Housing demand from overcrowded student households, and from high income households, appears to be much larger than either group is currently represented in Berkeley. Consequently, no conceivable amount of new supply in Berkeley is likely to “free up” enough units to restore widespread affordability to the market.

With the exception of a few income-restricted “inclusionary” units here and
there, Berkeley has no programmatic approach to providing housing for moderate income households.

Examining the work-plan “strategies”

We now examine the three “strategies” written on the work-plan.

“Encourage ADU’s”

The Terner Center’s December 2017 brief, titled “ADU update: early lessons and impacts of California’s state and local policy changes”\(^7\) show that removing barriers to ADU construction has significantly increased their production relative to the past, but that the rate of ADU production remains extremely small in absolute terms.

Additionally, the Terner update suggests that when ADUs are put for rent on the open market in the East Bay, “the average ADU was advertised at a rental rate that made it affordable to a household earning 62 percent of the area’s median income” – which is to say, below the affordability window of interest for moderate income households.

Lastly, from our perspective, ADUs considered as open market rental housing have undesirable qualities, specifically reduced eviction protections for tenants, and a higher probability of non-professional landlording.

We note that a large square footage house in an R-1 zone, together with an ADU, could be a prime candidate (zoning notwithstanding for subdivision into 3, 4, or 5 units. This is a concept worth thinking about as part of a strategy for greatly increasing the supply of units – eventually – but we do not recommend any immediate action in that direction at this time. (Not least because the land use question itself is more properly for the Planning Commission.)

\(^7\)http://ternercenter.berkeley.edu/uploads/ADU_Update_Brief_December_2017_.pdf
“Work with BUSD to increase teacher housing”

Assembly Bill 45, passed in September of 2017, created a system of grants and loans which can assist California school districts to finance private development of public land for housing that will be restricted by occupation and that will be affordable to “low or moderate” income households.

In December of 2017, BUSD voted not to consider pursuing this program until (at least) 2020, while affirming that it might try to move forward with it in 2020.

For those reasons, we feel it is not timely for the HAC to take up this issue.

“Encourage new development in alternative ownership modes...”

This full item from the work plan reads:

- Encourage new development in alternative ownership modes, such as co-ops, land trusts, and acquisition/rehab. Properties.

We note that, generally speaking, the operating expenses of housing, including routine maintenance and even modest improvements, are widely affordable.

Market rate housing is unaffordable today because of various forms of rent and interest, including but not limited to:

- the price of land (which is regionally scarce)
- taxes on real property and rents
- financing costs
- “professionalized” property management with substantial overhead costs8

We turn next to the relation of those factors to ownership structure:

8Other sources of high housing prices in this area include:
- “professionalized” high-fee development services
- contractor capacity shortage
- labor intensivity of construction relative to other sectors
Co-ops and land trusts

The ownership forms mentioned in the work plan (co-ops and land trusts) have this in common:

- they aim to permanently remove land from the market
- they aim to minimize the overhead of property management

Traditionally, the City of Berkeley has financially supported the expansion of privately owned land trusts and the establishment of privately owned co-ops for housing which is, by deed restriction, provided below market rate.

Acquisition and rehab / social housing

We are intrigued by the possibility of social housing, as (loosely, abstractly defined below.

Social housing is a variation of the land-trust and coop model, but it is a non-traditional variation.

Social housing makes use of a land trust that is majority owned and controlled by the sponsoring jurisdiction, in this case, the City of Berkeley. In other words, if the City had a social housing program, the land in that program would in essence be part of a City land bank. This is in contrast to private-sector land trusts, over which the City has no particular authority.

Social housing makes use of a structure trust that is also majority owned and controlled by the sponsoring jurisdiction. In other words, all of the housing in a social housing program has a single legal owner, which in our case would be a holding company owned by the City.

The consolidation of ownership of social housing allows for cross subsidy. This means that if there is extra income from one building, but a shortfall need from another, that funds from the former can be used for the latter in a tax efficient way.

The property management of social housing is democratically governed, is not for profit, and emphasizes to the degree practical direct social labor including tenant self-help. In the case of Berkeley, we might envision a single non-profit property management firm, majority owned by the City, and subject to strong
public oversight. Such a property management firm can complement other municipal policy goals such as job training and creation, including youth employment.

City owned social housing does not need to be restricted by deed or contract for the simple reason that it is fully price controlled by the City for as long as the City owns it. Unlike private land trusts and coops, this makes it natural to lease some social housing at premium rents, capturing 100% of the net income on such housing units for the purposes of reinvestment into the social housing program.

By policy, the acquisition of social housing should emphasize cash purchases, using debt only very conservatively, and only when it serves a tactical purpose such as increasing net income after debt service.

With the above sketch in mind, we now consider our sources of high housing prices:

- **the price of land (which is regionally scarce)**
  Social housing must buy land as needed, but is not required to produce a return to capital on that purchase price.

- **taxes on real property and rents**
  Social housing real property is taxed in the usual way.
  Additionally, 100% of the net income from social housing rents is reinvested in the program.

- **financing costs**
  By policy, social housing emphasizes cash purchases.

- **“professionalized” property management with substantial overhead costs**
  Through locally supplied, democratically controlled property management and an emphasis on self-help and direct social labor, social housing can minimize property management costs.
Social housing and income categories

Social housing is a stand-out among strategies for providing housing affordable to today’s moderate income levels because it does not rely on state or federal subsidies (which are mostly directed towards lower income levels, some home ownership subsidies notwithstanding).

Obstacles to social housing and future steps

As sketched above, a Berkeley social housing program requires quite a lot that doesn’t already exist. It is, as they say, a “heavy lift”. A short list of issues to work through:

- addressing potential legal barriers such as Article 34 and BMC 6.40 (“Public Housing”)
- financial evidence and analysis sufficient to validate the idea
- creating a City-controlled holding company for land
- creating a City-controlled holding company for residential buildings
- creating a City-controlled non-profit property management firm
- funding initial acquisitions

Social housing and students

We note in passing the potential opportunity to unite a social housing effort as described above with efforts to expand affordable, democratically controlled student housing.

Here is a straw-man example:

Perhaps if the City of Berkeley acquires a small amount of housing suitable for use as shared housing, it could enter a contract with a student Coop in which, for a limited time, the City provides below market shared housing to coop members, in exchange for the Coop providing the City with technical assistance creating a democratically controlled property management entity that can scale to operate multiple properties.
APPENDIX

SELF-FINANCING RENTAL MODELS
The following section examines different scenarios for an entirely theoretical housing development of 500 units. These units are cost-neutral under the finance scheme at a mean rent of $1,000 per month (or $500,000 for the entire development). We will assume that market rents are constant at $1,300 in all cases.

The area median income (AMI) is $70,000, meaning the monthly affordable rent thresholds (30% of monthly income) for various income categories are as follows:

<table>
<thead>
<tr>
<th>AMI</th>
<th>Threshold</th>
<th>Rent Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>30%</td>
<td>ELI</td>
<td>$525</td>
</tr>
<tr>
<td>40%</td>
<td></td>
<td>$700</td>
</tr>
<tr>
<td>50%</td>
<td>VLI, HCVP and 20–50 LIHTC</td>
<td>$875</td>
</tr>
<tr>
<td>60%</td>
<td>40–60 LIHTC</td>
<td>$1,050</td>
</tr>
<tr>
<td>70%</td>
<td></td>
<td>$1,225</td>
</tr>
<tr>
<td>80%</td>
<td>LI</td>
<td>$1,400</td>
</tr>
</tbody>
</table>

The following diagrams represents alternative self-financing models for the development. For a municipal housing development to be self-financing, the green area (rents collected in excess of costs, or “profits”) must be the same size or larger than the red area (costs in excess of rents collected, or “losses”). The blue areas show rents paid up to the cost level for each tenant, and the brown areas show profitable rents which have been foregone.
**Figure 1** (above) shows a profit-maximising use of the development by the state. In this circumstance, the units are rented out at market prices and the profits are put back into the municipal housing authority. These properties are not affordable (at the 30% of monthly income standard) to many people below 80% AMI in the absence of other rental subsidies, but serve a social benefit insofar as they will introduce a supply-side constraint on overpriced rental housing in the private sector, in addition to the potential for using the profits to construct additional affordable housing elsewhere.

**Figure 2** shows a Vienna-style cost rent system. In this case, 100% of the tenants pay cost rents of $1,000—in this area affordable at 60%
AMI, but nobody is subsidized further than that through the rental system. The properties do not make any long-term profit (short-term profits may finance provisions for vacancies, maintenance and repairs over time). In the United States at present, this model may present access difficulties for those on very low incomes in some cities, as rental assistance programs are not universal entitlements.

**Figure 3** (above) shows a 50/50 cross-subsidisation. In this case, 250 market-rate tenants paying $1,300 subsidize 250 tenants paying $700, affordable at 40% AMI. However, this is a simple cross-subsidization model which has a rather steep drop-off between the two income categories. Though it is possible to use numerous developments to serve each particular set of housing needs, it is also possible to construct a more complex cross-subsidization model which performs the same role in a single development, as seen below.
Figure 4 (above) shows a cross-subsidization model which serves a variety of low- to middle-income households. 1/6 of houses pay $500 a month, affordable to ELI households in this area. Another sixth of households pay $700 a month, affordable to households at 40% AMI. A sixth of households pay cost rents of $1,000 a month, affordable at 60% AMI; a sixth of households pay limited-profit rents of $1,200 a month, affordable at 70% AMI; and the final third of units pay market rents.

It is slightly more difficult to see on the graph here, but the profits on the wealthiest half of tenants are equal to the losses on the poorest third of tenants, making the development cost-neutral overall.

In the case of private developers, cost neutrality is largely meaningless. Developers almost always have many potential opportunities they consider, and an affordable housing project is almost always considered alongside other potential profitable developments. This means that the average rent threshold is not set at a self-financing level, but at a percentage above this level (in Figure 5, below, we assume it is 20%), which as you will see has a severe impact on the affordability of the housing made available.
The most notable thing here is that due to the profit requirement, LIHTC subsidies can be required in order to incentivise the construction of houses in which no tenants are causing the developer to make a loss. Their problem is not that they are unprofitable, but that they are not profitable enough to be worth housing without the state further subsidizing the developer’s profit margins. In exchange for the state’s investment, 200 housing units are rented out at a small profit while the other 300 are rented at market rates. None of the profits go to the state for further developments.

**Figure 6** shows the exact same development, with the exact same tenants paying the exact same rents, except this time the...
property is held in public ownership. Instead of the state making a long-term loss on the property through subsidies, the 500 tenants make them an average $200 profit each per month. That’s $1.2 million in profits for the local government every year.

Of course, this is not an exhaustive list of potential rental models for publicly-owned housing, but it is intended to demonstrate the manifest case for reducing our dependence on profit-oriented actors for generating affordable housing. Whether the state chooses to spend the developer’s profit wedge on cross-subsidization, spends it on new housing developments, or whether it chooses to eliminate it entirely by charging Vienna-style cost rents, additional social benefits will come to be enjoyed by low- and middle-income members of the public rather than capital owners in the real estate sector.

As discussed in Part II, in some cities it may not be the case that all developments are fully self-financing, as the diagrams here are—and a proportion of costs (we suggest almost never more than 20%) could be covered out of revenues from connected profitable developments elsewhere. This should not be an ordinary occurrence under a national housing program as it has an inimical impact on both the mixed-income and self-financing principles behind such housing schemes, but in certain areas (especially without the introduction of federal incentives) it might be the case that building profitable houses on high-value land allows for the construction of deeply affordable housing which is sorely needed elsewhere.
April 5, 2017

To: Housing Advisory Commission

From: Moderate-Income Subcommittee

Re: Follow-up on Moderate-Income Housing Strategies

The following strategies were considered by the Moderate-Income Subcommittee at today’s meeting. We will be carrying three strategies forward. The first part of this brief memo lists those strategies that we will continue to pursue. The second part of this memo lists those that we will not carry forward with brief explanations as to why we reached each decision.

We can briefly explain how we plan on pursuing these strategies either at the April or at the May meeting.

**Strategies to Continue to Develop**

**Renter Strategies**

- Encourage homeowners to rent out unused rooms.

- Encourage owners of ADU’s to rent to BUSD teachers

**Owner/Renter Strategies**

- Encourage and support new development that is owned and financed in less traditional ways, including expanded use of land trusts, cooperative form of ownership, and other approaches, such as co-housing and collaborative housing.

**Strategies We Will Not Pursue and Why**

**Renter Strategies**

- Encourage homeowners to build Accessory Dwelling Units (ADU’s) that could be rented to tenants. *This is already happening and Kathy can explain the individuals and organizations that are involved in this in Berkeley.*
Owner/Renter Strategies

- Continue to study the use of a small sites strategy to maintain affordability in existing housing and commit to securing one site as a small sites case study that could be replicated. *The City is already proceeding with this strategy. See Staff Report from January 24, 2017, Item # 45, and Council’s action from 2/14/2017 - Item # 18b directing staff to create a small sites program and to encourage housing non-profits to participate.*

- Promote construction of affordable housing on surplus public land, particularly for BUSD teachers and staff. *There does not appear to be any appropriate surplus land, with the exception of the site for the future Berkeley Way Project. See Staff report from 2/14/2017, Item 21, “Analysis of City-Owned Property for Potential for Housing Development.”*

Allocation of New Funding Sources

- Inform Berkeley residents of the new Measure A1 funds that will be available from the County to assist moderate-income homeowners. *Our housing prices are too high for this to be an effective source of first time homebuyer financing, which would be the only way moderate-income households could access funds.*

- Allocate a portion of the Measure U1 funds for moderate-income housing development. *There is significant competition now for these limited funds.*
To: Honorable Mayor and Members of the City Council

From: Housing Advisory Commission

Submitted by: Igor Tregub, Chairperson, Housing Advisory Commission

Subject: Moderate-Income Housing Strategies

RECOMMENDATION
Forward these strategies to the Housing Advisory Commission (HAC) and staff for follow-up as appropriate:

**Renter Strategies**
- Encourage homeowners to rent out unused rooms.
- Encourage homeowners to build Accessory Dwelling Units (ADU’s) that could be rented to tenants.

**Owner/Renter Strategies**
- Continue to study the use of a small sites strategy to maintain affordability in existing housing.
- Commit to securing one site as a small sites case study that could be replicated.
- Encourage and support new development that is owned and financed in less traditional ways, including expanded use of land trusts, cooperative form of ownership, and other approaches, such as co-housing and collaborative housing.
- Promote construction of affordable housing on surplus public land, particularly for BUSD teachers and staff.

**Allocation of New Funding Sources**
- Inform Berkeley residents of the new Measure A1 funds that will be available from the County to assist moderate-income homeowners.
- Allocate a portion of the Measure U1 funds for moderate-income housing development.

**SUMMARY**
The Housing Advisory Commission’s Subcommittee on Moderate-Income Housing provided an information report to the Council on December 13, 2016. This recommendation is a follow-up to that report and provides directions for staff and the HAC for follow-up.
FISCAL IMPACTS OF RECOMMENDATION
To be determined.

CURRENT SITUATION AND ITS EFFECTS
The City’s current affordable housing strategies focus on assistance to very low- and low-income households. These strategies do not assist moderate-income households that are increasingly priced out of today’s housing market in Berkeley. If housing is unaffordable to this income group, many of Berkeley’s employees, including teachers, cannot afford to live in the same city as they work.

On October 6, 2016 the HAC took action to send this recommendation to Council by the following vote:


BACKGROUND
As part of the Housing Advisory Commission’s (HAC) strategic planning work in 2016, the HAC formed a moderate-income subcommittee specifically designed to address issues of housing affordability for moderate-income households. Although this income group is considered “over income” for affordable housing built with federal and state subsidies, it also cannot afford market rate housing available in Berkeley. The HAC developed strategies to help moderate-income households.

ENVIRONMENTAL SUSTAINABILITY
There are no environmental impacts associated with the content of this report.

RATIONALE FOR RECOMMENDATION
In the past, Berkeley’s rents and sales prices were affordable to a wider range of households than is currently the situation in today’s housing market. The purpose of this information item is to expand the City’s current housing strategies that could assist this income group.

ALTERNATIVE ACTIONS CONSIDERED
None.

CITY MANAGER
The City Manager concurs with the content and recommendations of the Commission’s report. Pressure from the housing affordability crisis impacts households at higher income levels than in the past. Over the past year, the Moderate-Income Housing Subcommittee has undertaken a detailed exploration of housing issues for moderate income households. The subcommittee is prepared to continue its work on this issue if recommended by Council. Related staff work can be considered through the Council’s referral ranking process.
CONTACT PERSON
Amy Davidson, Community Development Project Coordinator, Health, Housing & Community Services, (510) 981-5406
To: Housing Advisory Commission  
From: Commissioner Thomas Lord  
Subject: JSISHL report

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Background

The Joint Subcommittee for the Implementation of State Housing Law (aka JSISHL) was created by City Council in January of 2018. Comprised of members of the Housing Advisory and Planning commissions and the Zoning Adjustments Board, the subcommittee has a “focus on the implementation of the California Housing Package, the Housing Accountability Act, and the recently prioritized city Short-Term Housing Action Plan (HAP).”¹

“The Joint Subcommittee will focus on the implementation of various state laws around housing, land use laws, density bonus, and the Housing Accountability Act, as well as the recently passed city Short-Term Housing Action Plan. The Subcommittee shall complete its work by January 2020.”²

¹“Establishing a Joint Subcommittee for the Implementation of Housing Laws” (item 38); Mayor Arreguin; Berkeley City Council, January 23, 2018.
²ibid.
The subcommittee has had two meetings. These were not action-filled (indeed, no actions were taken) but they were information-packed.

**Inaugural meeting, April 17, 2018**

At the first meeting, planning staff reviewed the resolution that created the commission, the City’s prioritization of issues, and gave a snapshot of their own workplan charting.

The planning staff tentatively planned the first several subcommittee meetings.

The agenda materials for this meeting may be of interest to HAC members. Particularly, the packet includes a paper:

> “Recent developments in California housing law; summary of 2017 housing legislation”; Goldfarb and Lipman LLP; October 20, 2017.

It provides a good, albeit not Berkeley-specific overview of the laws in question.

**Second meeting, May 17, 2018**

Our second subcommittee meeting was held under challenging circumstances. We were locked out of the North Berkeley Senior Center (where the meeting was scheduled to occur) and wound up having a meeting outdoors, in front of the building, as the sun set, the wind picked up, and the temperature dropped.

The packet contains and there was some discussion regarding Berkeley-specific (or Berkeley-related) materials about these state laws. Again, HAC members interested in this subject area should review this packet as well.

Discussion was limited by the circumstances and frankly was a bit hard to follow. Some of this discussion will likely carry over to the July meeting.
I made a suggestion that JSISHL ask Council to ensure that Berkeley’s representation on the CASA technical committee was consistent rather than contradictory with our aims at JSISHL. This met with both some support and some concern that it would open a “can of worms” so I didn’t press the matter at this time.

Upcoming meeting, July 19, 2018

As of this writing the agenda isn’t published but Planning staff have said that we will continue discussion of the Berkeley-specific analysis of state housing laws, and move on to our first big topic: objectifying Berkeley’s zoning standards, such as with respect to light, views, and air circulation.
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<th>Subcommittee</th>
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<th>Assignment</th>
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<td>1281 University Ave RFP</td>
<td>- Luis Amezcua</td>
<td>Review and make recommendations regarding the responses to the RFP for housing development at the City-owned parcel at 1281 University Avenue</td>
<td>After report to HAC, expected July 2018</td>
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<td></td>
<td>- Matthew Lewis</td>
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<td>- Thomas Lord</td>
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<td>- Igor Tregub</td>
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<td>Housing Trust Fund</td>
<td>- Luis Amezcua</td>
<td>Advise the HAC on Housing Trust Fund related matters</td>
<td>June 30, 2019</td>
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<td>- Xavier Johnson</td>
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<td>- Matthew Lewis</td>
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<td>- Igor Tregub</td>
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<td>Smoke-Free Housing</td>
<td>- Xavier Johnson</td>
<td>Consider updates to the City’s Smoke-Free Housing Ordinance and existing implementation of the ordinance</td>
<td>December 7, 2018</td>
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<td></td>
<td>- Thomas Lord</td>
<td>Propose revisions to these to improve the accessibility and effectiveness of the ordinance</td>
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<td>Propose methods for obtaining public input into the needs of the ordinance.</td>
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<td>Student Housing</td>
<td>- Luis Amezcua</td>
<td>Explore and make recommendations on student housing strategies identified in the HAC’s FY2019 work plan</td>
<td>June 30, 2019</td>
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<td></td>
<td>- Matthew Lewis</td>
<td>Council Referral (1/30/18): Refer to the City Manager and the Housing Commission to Consider Creating a Dedicated Revenue Stream from Campus Area Projects to Fund Housing for Homeless and Extremely Low Income Students, and Drafting a Letter Encouraging Exploration of University Funding Streams for Student Housing</td>
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<td>- Marian Wolfe</td>
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HAC Referral to City Council (4/24/18)

Public Health’s Response

1. How many complaints under this ordinance have been received by the City?

From May 1, 2014 to May 1, 2018, the City has received 214 complaint forms related to the Smoke-Free Multi-Unit Housing (SFMUH) Ordinance.

2. How many warning letters have been sent? How many fines have been imposed?

78 warning letters have been sent and 16 fines/citations were issued.

3. Have there been any appeals to fines imposed?

One appeal has been recorded from November 2015 through May 2018.

4. Is the City (including the Rent Stabilization Board) presently aware of any evictions that have taken place as a result of smoking complaints?

The Public Health Division is unaware of any evictions related to the SFMUH Ordinance.

5. Is it practical and beneficial to unify the smoke-free residence complaint process with the City’s general code enforcement process? If not, what are the obstacles? (Currently, complaints under the smoke-free residence must be sent, by mail, to the City of Berkeley, Tobacco Prevention Program. Many other forms of complaint can be submitted to the City’s Code Enforcement Officer via an online form.).

The SFMUH Ordinance Complaint Form requires a wet signature so receiving complaints online is not possible at this time. Complaint forms can be delivered via mail as well as in person to the Public Health Division’s Tobacco Prevention Program office located at 1947 Center Street, 2nd Floor. The administrative tasks of the SFMUH Ordinance are lengthy and Code Enforcement has stated that they do not possess the capacity to provide that level of support. Additionally, the SFMUH Ordinance requires community education and technical assistance to property owners and tenants – the Tobacco Prevention Program is the only program able to fulfill this role at this time.
To: Housing Advisory Commission

From: Commissioner Matthew Lewis on behalf of the Student Housing Subcommittee

Subject: Preliminary Draft of Subcommittee Research in Response to Council Referral on Considering Creating Dedicated Revenue Streams to Finance Student Housing et al.

Earlier this year, the City Council referred to the Housing Advisory Commission and the City Manager an item to “Consider Creating a Dedicated Revenue Stream from Campus Area Projects to Fund Housing for Homeless and Extremely Low Income Students, and Drafting a Letter Encouraging Exploration of University Funding Streams for Student Housing <http://bit.ly/2DT8fK9%3E>. In response, the Student Housing Subcommittee has been exploring this topic, with the intention of producing a report.

At its June 19 meeting, the subcommittee voted to forward a preliminary draft of its research to the full commission. Our intention in doing so was to allow other members of the commission to familiarize themselves with the work we’ve done so far. What’s contained below is neither a full report nor a finished one (i.e it is not a rough draft; it is essentially a draft of ongoing research).
II.A. City/University Cooperation

**Revenue Bonds**

Municipal general obligation bonds are a loan from private investors to a local government to fund capital projects, such as roads, housing, or other infrastructure projects. Local governments finance these loans through property tax increases, which require approval from \( \frac{2}{3} \) of voters.\(^1\) Additionally, the local government pledges its “full faith and credit,” meaning it promises to repay the bondholders with all legally available funds (i.e. its general fund) if necessary.

Revenue bonds are another type of municipal bonds. Revenue bonds are not financed with a property tax increase, and thus any projects financed by them must generate enough revenue to repay the bondholders; i.e. a revenue-bond finance project must be self-sustaining. For example, a toll road could be financed by a either revenue bond or a general obligation bond (assuming the toll is high enough), but a toll-free road could only be financed by a general obligation bond. When issuing revenue bonds, a government only pledges the user fees from the project, and not its full faith-and-credit. Thus, if the project generates insufficient funds the agency does not have to make up the difference from its general fund. Correspondingly, however, revenue bonds have a higher interest rate than general obligation bonds. Because of their lower interest rates and ability to finance a wider variety of projects, general obligation bonds are a preferable method of financing than revenue bonds.

While general law cities and counties, as well as most special districts, require (majority) voter approval to sell revenue bonds, charter cities such as Berkeley may issue revenue bonds by a majority vote of the city council\(^3\). Similarly, pursuant to state statutes, either the California State Legislature or the University of California Board of Regents may issue revenue bonds without voter approval. The ability to issue bonds without voter approval (let alone supermajority approval) is considered a significant advantage of revenue bonds over general obligation bonds.

**Joint Powers Authorities**

Alternatively, revenue bonds can be issued (without voter approval) by joint powers authorities. A joint powers authority is a separate legal agency formed by two or more local and/or state

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1. A K-12 or community college district or county office of education may issue such bonds with only 55% voter approval.
2. Alternatively, a revenue bond can be tied to a special tax, such as a business license fee increase or a gas tax increase.
3. Unless a city’s charter provides otherwise.
agencies, and/or even other JPA’s. In addition to exercising any powers common to the member agencies (e.g. a JPA formed by two fire districts and three cities could fire stations, but not parks or animal shelters), a JPA can issue revenue bonds for various purposes without voter approval, even if one or member agencies (e.g. a general law city, or a charter city such as San Diego, whose charter requires ⅔ voter approval to issue bonds) is unable to do so; this is because that power is sup comes from state law, and not the member agencies.

Fortunately for the purposes of this memo, the list of programs which this supplemental power applies to includes "Low-income housing projects owned or operated by a city, county, city and county, or housing authority." However, the specific wording of this clause creates two potential issues. First, the Joint Exercise of Powers Act fails to define "low-income housing projects," or even just "low-income housing." Other state statutes define the phrase, but those definitions are internal to said parts and not referenced by the Joint Exercise of Powers Act. This creates significant legal uncertainty around the eligibility of student housing, such as whether potentially unfeasible eligibility requirements could apply.

Second, the article states the developments must be “owned or operated by a city, county, city and county, or housing authority.” As part of an agreement with the federal government, the City of Berkeley/Berkeley Housing Authority divested itself from the ownership and management of public housing stock; informal conversations suggest influential city leaders are uninterested in having either the city or the BHA undertake either such a role again. Since the University of California, JPA’s, and private nonprofits (e.g. the Berkeley Student Cooperative, Satellite Affordable Housing, etc.) are not among the eligible entities, this would appear to be politically unfeasible.

However, as mentioned previously, joint powers authorities may also exercise any powers common to their member agencies. Both the University of California (via specific state statutes) and the City of Berkeley (by virtue of being a charter city) individually hold the power to issue revenue bonds for the construction of student housing without the approval of an electorate. Thus, a JPA formed by the City and University could hold the power to issue revenue bonds (without a vote by either the state or local electorate) to construct student housing facilities. (State statutes would similarly authorize the BHA to issue revenue bonds (without voter

4 Other member agencies can include other states, local governments from other states, federal agencies, tribal governments, and in limited circumstances, private nonprofits. However, this memo is not concerned with JPA’s that include such member agencies.
5 Alternatively, a joint powers agreement (the legal instrument for intergovernmental cooperation, including joint powers authorities) may place one of the member-agencies in charge of delivering certain services on behalf of the other member-agency(s) (presumably in exchange for financial compensation to the delivering agency). However, such agreements are limited to the powers common to the member agencies; only an agreement that creates a separate legal entity results in various additional powers, such as the ability to take on debt without liability for member agencies, and the ability to issue revenue bonds without voter approval (which some or all member agencies may not have). This memo only focuses on agreements which create a separate agency, and thus the abbreviation “JPA” will refer solely to joint powers authorities.
6 CAL. Gov. Code §6546(r)
7 Whose charter does not restrict the issuing of revenue bonds
approval) for the construction of student housing; thus, the BHA could theoretically replace the City - or even UC - as member agency, or the JPA could be designed with all three as member agencies.)

Since each of these agencies holds the power to issue issue revenue bonds without voter approval on their own, at first glance it might seem that a JPA can’t offer any benefits. However, a JPA’s member agencies are not liable for any of the JPA’s indebtedness. Under Regents Policy 5307: University of California Debt Policy, UC Berkeley is ineligible to finance undertake new debt-financing projects because of its operating deficit. Although the policy can be waived by the UC CFO on a case-by-case basis; however, putting new debts on the books of a legally separate entity (i.e. the JPA) would likely receive a warmer response from UC leadership; City and/or BHA leaders would likely similarly prefer not formally taking on such debts.

Additional Notes

Financing student housing with revenue bonds issued a city/university joint powers authority represents an innovative strategy. We do not believe it has been done elsewhere, and it is not currently being jointly explored by the city and university. Additionally, although revenue bonds have been explored here, additional research by city staff on the topic of lease revenue bonds is likely necessary.

The Berkeley Housing Authority is discussed primarily for information purposes; it is not intended as recommending that the Authority be used over the city.

Should a joint powers authority be created, we recommend that the ASUC be allowed to appoint some of the authority’s boardmembers.

Alternative/Parallel Strategies

Student Governments and Student Fee Referenda
In recent years, ASUC leaders have proposed a student fee referendum nicknamed the Affordable Student Housing Trust Fund Fee Referendum to finance affordable, nonprofit student housing through acquisition/ conversion and/or construction. The proposed student fee would similar to Measure U1 (which served as inspiration), and would raise approximately $1 million per year to fund eligible projects. The concept has received support from various city and student housing stakeholders, but is temporarily stalled due a combination of unresolved legal concerns by the UC administrators and capacity issues on the part of student proponents.

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8 This is particularly important in more conservative areas
9 Though the joint powers agreement can be written to provide otherwise
10 i.e. students voting to “tax” themselves
11 Assuming a $20/semester fee assessed on 40,000 students, as well as a 33% return-to-financial-aid (i.e. a refund for low-income students)
A similar strategy was attempted in Boulder, Colorado approximately 20 years ago. In 1998, the University of Colorado student body approved a student fee referendum to finance the creation of a student housing cooperative. However, the referendum funds would not be collected from students until the Board of Regents approved their collection. “The CU Student Government, the Treasurer of the University, the Vice Chancellor of Student Affairs, two members of the Board of Regents and all the top university financial brass” all supported the collection. However, the office of the president’s support was necessary for the Board of Regents’s approval\(^\text{12}\). Unfortunately, a staff member in the office of president refused to approve the proposed plan without significant amendments, which have given complete control of the cooperative system to the University\(^\text{13}\) and take an additional 18 months to implement, at which point the property would have been sold. In 2001, Colorado incurred a state debt crisis, and only projects on a priority list were allowed to receive loans. As a result, the project was abandoned (though the eyed property eventually became part of a non-student-focused housing cooperative)\(^\text{14}\)

Student fee referenda to support student cooperatives have been successfully implemented in Canada. However, these differ from the Berkeley/Colorado model in two ways: First, the fee-referendum-supported cooperatives are non-housing cooperatives\(^\text{15}\). Second, the Canadian referenda appear to subsidize ongoing operational costs, as opposed to subsidizing initial capital costs to create a subsequently self-sustaining enterprise.

A third model could be observed at Concordia University (Quebec). In this case, the student body voted by 89% to allocate part of the student union’s student space fund to creating a student housing cooperative. However, while this did represent an initial capital investment as opposed an ongoing operating subsidy, it substantially differs from all the other examples because it essentially invested a one-time surplus as opposed to creating a dedicated revenue stream from a new student fee.\(^\text{16,17}\)

Finally, in the 1960’s, the ASUC approached the BSC about jointly acquiring land from BART to build new student housing apartments. Unlike all the above examples, however, the ASUC likely intended to finance the land through profits from its commercial enterprises, as opposed to through a fee referendum. However, the ASUC has not directly controlled any commercial

\(^{12}\) This de facto veto dynamic is also present at the University of California, though UCOP approval is generally done before a measure is placed on the ASUC ballot.

\(^{13}\) Which would essentially make it a fake cooperative

\(^{14}\) [https://boulderhousingcoalition.org/about/history/](https://boulderhousingcoalition.org/about/history/)

\(^{15}\) Some operate as nonprofit businesses (e.g. an organic food store) while others operate as charities (e.g. a soup kitchen). Only the former should be considered comparable student housing cooperatives for the purpose of this memo.

\(^{16}\) It’s also worth noting that student unions outside of the United States have a lot more power that their U.S. counterparts, including likely the ability to implement a student fee referendum without university approval.

\(^{17}\) The student spaces fund which was used was funded by an existing student fee, however.
enterprises since 1998\textsuperscript{18}, and thus could probably at-most only replicate this referendum-free model on a one-time, small-scale basis using its general reserves/endowment.\textsuperscript{19}

In short, there is precedent for and interest in a student fee referendum to create permanently affordable student housing, such as through expanding the Berkeley Student Cooperative. The City should support efforts to create such a referendum, and also pressure the University itself to provide matching funds (or land)\textsuperscript{20}.

\textbf{Land Donations}

The University of California could donate land to an affordable housing nonprofit (e.g. the Berkeley Student Cooperative) for the purpose of developing and operating affordable student housing. Ideally, such an-kind donation would be matched by funds from the City of Berkeley, as well as potentially funds from a student fee referendum. Such an in-kind contribution might be matched by funds from the city (the campus’s operating deficit and declining state support for UC makes it politically difficult to get UC provide monetary matching funds in the short-term) . The “site selection” portion of this memo provides a list of UC-owned sites that students have recommended for building student housing.

\textbf{Pressure UC to waive its debt policy and debt-finance housing for student housing, particularly for homeless or low income students}

As mentioned above, \textit{Regents Policy 5307: University of California Debt Policy} prevents UC Berkeley from debt-financing new housing developments without waivers from the UC CFO, leading the campus to currently finance new student housing developments exclusively through public-private-partnerships. Many student leaders have expressed an aversion to this model, preferring traditional debt-financing of student housing developments. Additionally, the UC debt policy would similarly prevent the revenue from a student fee referendum from being bonded against to finance a larger project(s) up-front. The City should pressure the UC to to waive its debt policy and debt-finance housing for student housing, particularly for homeless or low income students.

\textbf{Issue Revenue Bonds without UC Involvement}

If the University is unwilling or insufficiently willing to issue revenue bonds (either directly or through a JPA), the city could simply issue revenue bonds without the the University. This could be done directly through the city or the BHA, or through a JPA formed by the two (such JPA’s are often referred to as captive JPA’s or joint powers financing authorities).

\textsuperscript{18} Sans a chronically unsuccessful lodge in Lake Tahoe which it sold this past winter.

\textsuperscript{19} Ultimately, the BSC partnered with UC instead of the ASUC for a variety of reasons, creating what is now known as Rochdale Village.

\textsuperscript{20} Under the 2012 B.E.A.R.S. (student fee) Referendum (Lower Sproul/student union facilities renovation and new construction), the University provided just under 1-1 matching funds for every dollar in student fees that paid for the project,
Site Selection

First Priority
- UC Office of Public Affairs Site (Fulton & Bancroft)
- Oxford Gateway (University & Oxford)
- Ellsworth Parking Structure (Channing & Ellsworth)
- Unit 3 (Durant & Dana)

Second Priority
- Lower Hearst Parking Site (Hearst & Scenic)
- Upper Hearst Parking Site + Ridge Lot (Hearst & La Loma)
- Edwards Stadium (Bancroft & Oxford)
- Boalt Lot (Piedmont Avenue & Optometry Lane)
- Smyth-Fernwald (vacant lot; formerly UC family housing)
- Old Berkeley Art Museum site (Block of Bancroft/Bowditch/Durant/College)
- Bancroft Parking Structure (Bancroft between College & Bowditch)

Third Priority/Long-Term
- Clark Kerr Campus (densification/upzoning/infill)

This above list comes from a variety of sources, including recommendations of the ASUC; no sites with substantive student opposition are proposed. Four sites were classified as “first priority” based on previous votes by the City Council asking UC to prioritize said sites. The Clark Kerr Campus was classified as “third priority/long-term” because a covenant restricts its development until 2032.

Additionally, all of these sites are already owned by the University, making them more feasible than privately-owned sites for developing student housing.
June 21, 2018

Paul Buddenhagen
HH&CS – City of Berkeley
2180 Milvia Street, 2nd Floor
Berkeley CA 94704

RE: Funding Request for Oxford Street Apartments

Dear Mr. Buddenhagen,

On behalf of SAHA, I am writing to request a funding commitment from the City of Berkeley for Oxford Street Apartments, a proposed new construction affordable senior housing project located at 1601-1603 Oxford Street in Berkeley that would create 35 affordable apartments for seniors. We request a forward commitment totaling $6 Million. This commitment would leverage more than $18 million in additional funds to fully fund the project, enabling it to start construction as early as next year. The city commitment may include any combination of waived planning and building permit fees, commitment of existing sources, or forward commitments of future sources.

The unique opportunity to build affordable senior housing in this desirable North Berkeley location is possible because the project is able to leverage a valuable land donation from All Souls Episcopal Parish (ASEP) with whom SAHA is partnering. ASEP recognized the opportunity to transform underutilized land in a highly desirable location to address the housing affordability crisis they saw in their community. Together SAHA and ASEP have engaged HKIT Architects to develop designs, convene neighbors and solicit stakeholder input resulting in designs that are consistent with the surrounding character and positively received by the community. Additionally, we have met with each Berkeley council member, all of whom have demonstrated strong support for the project. We have also coordinated with city planning staff and submitted a Use Permit application in February 2018, which could be approved by late summer.

Berkeley needs to continue to support its affordable housing pipeline to leverage valuable funds from non-City sources, helping the City to address its affordable housing shortage. SAHA believes this project provides opportunities both to expand the supply of affordable housing within the City of Berkeley and also to serve as an example for other institutional landowners considering the development of affordable housing.
We are hopeful that the City will support this effort, and thank you for your time and consideration in evaluating our proposal. Enclosed please find a brief overview of the project and the proposed financing plan. City funds committed prior to the County A1 NOFA deadline, currently anticipated for October 2018, are critical to the project's successful application, so we appreciate your timely action. Should you have any questions regarding this application or the project, please contact me by phone at (510) 809-2752 or by email at alevine@sahahomes.org.

Sincerely,

Aubra Levine
Associate Director of Real Estate Development

Enclosed: Project Summary and Proposed Financing Plan

CC: Berkeley HAC
Berkeley City Council
1601 OXFORD STREET
Permanent Affordable Senior (age 62+) Housing
Cedar and Oxford Streets, Berkeley, California 94709

Current Owner: All Souls Episcopal Parish (ASEP)
Developer: Satellite Affordable Housing Associates (SAHA)

Project Background: 1601 Oxford Street presents an opportunity to build 35 affordable homes by leveraging a valuable land donation by All Souls Episcopal Parish in north Berkeley. In 2015, All Souls Episcopal Parish approached SAHA about a potential partnership to develop affordable housing on surplus land owned by the church. In 2016, SAHA conducted a feasibility analysis for the site and the two parties agreed to move forward with developing the site for affordable senior housing as a joint venture. In 2016 the project was awarded a predevelopment loan from the Housing Trust Fund through a competitive process and is considered a Housing Trust Fund project. After a thorough community process during the summer and fall of 2017, SAHA submitted a Use Permit application early this year and is ready to leverage local funds in advance of a 2019 tax credit award and construction start date.

Affordable Housing Unit Mix:

<table>
<thead>
<tr>
<th>Area Median Income (AMI) Level</th>
<th>Unit Size</th>
<th>Number of Units</th>
</tr>
</thead>
<tbody>
<tr>
<td>20% AMI</td>
<td>Studio</td>
<td>7</td>
</tr>
<tr>
<td>50% AMI</td>
<td>Studio</td>
<td>14</td>
</tr>
<tr>
<td>60% AMI</td>
<td>Studio</td>
<td>13</td>
</tr>
<tr>
<td>Manager’s Unit</td>
<td>2 Bedroom</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td></td>
<td>35 Units</td>
</tr>
</tbody>
</table>

Construction & Building Program: New construction of a stacked apartment building over podium parking garage consisting of 21 spaces (9 residential, 12 for staff and visitors.) The development includes a community room, lobby, bike storage, shared laundry, offices for on-site property management and resident services, upper floor terraces and a landscaped courtyard with community garden space. The building will include 35 affordable units as well as two (2) 3-bedroom units and approximately 1400 square feet of administrative space for staff of All Souls Episcopal Parish.

Building & Lot Size: Approximately 35,000 square foot building (gross) on 14,150 square foot lot.

Sources and Uses:

<table>
<thead>
<tr>
<th>Uses</th>
<th>Sources</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land</td>
<td>All Souls Land Donation</td>
<td>2,970,000</td>
</tr>
<tr>
<td>Demo and Off Sites</td>
<td>City of Berkeley</td>
<td>6,000,000</td>
</tr>
<tr>
<td>Hard Costs</td>
<td>City of Berkeley HTF Funds (Committed)</td>
<td>25,000</td>
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<tr>
<td>Soft Costs</td>
<td>Tax Credit Equity-9%</td>
<td>12,976,622</td>
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<tr>
<td>Permit &amp; Impact Fees</td>
<td>City Impact Fee Waiver</td>
<td>123,760</td>
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<tr>
<td></td>
<td>Alameda County A1 (Regional Pool)</td>
<td>2,563,536</td>
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<tr>
<td></td>
<td>AHP (Committed)</td>
<td>340,000</td>
</tr>
<tr>
<td>Total</td>
<td>Total</td>
<td>24,998,918</td>
</tr>
</tbody>
</table>

Timeline:
- Use Permit Application – submitted to City of Berkeley in February 2018
- Approved Use Permit – est. early fall 2018
- Fully funded – est. June 2019
- Construction Est. December 2019 – est. March 2021
1601 OXFORD STREET
Permanent Affordable Senior (age 62+) Housing
Cedar and Oxford Streets, Berkeley, California 94709

View at Corner Oxford and Cedar Street

View along Oxford Street

View along Cedar Street