



Bay Area Receivership Group

February 4, 2019

Jesse Arreguin
2180 Milvia Street
5th Floor
Berkeley, CA 94704

Re: The City of Berkeley v. The Leonard Felton Powell Living Trust
1911 Harmon Street, Berkeley, California

Alameda Superior Court Case No.: RG1576267

Dear Mayor Arreguin,

Please allow me to introduce myself. I am the Court appointed Receiver in the matter of The City of Berkeley v. The Leonard Felton Powell Living Trust. I was appointed as the Receiver in this matter by Judge Colwell on April 13, 2017 and have spent the past almost two years working on this matter in an attempt to resolve the City's issues with Mr. Powell's home while at the same time trying to do so in such a manner that Mr. Powell would be able to return to his home at the end of the Receivership.

At the Case Management Conference on January 29th, I was provided a copy of your January 24, 2019 letter in support of Mr. Powell's return to his home. First and foremost, let me express that I share your desire that Mr. Powell be able to return to his home and I have worked to that end throughout this case. That being said, I wanted to give you some background on this case so that you had a full understanding of what has transpired and the potential paths that are available to Mr. Powell for him to return to his home which include some avenues where the City may be able to help that come to pass.

Before I explain how the City may be able to help facilitate Mr. Powell's return to his home, let me explain how the cost of this project increased from the original estimate. First and foremost it is important to know that the original estimate for the repairs to the property was prepared before the receivership was put in place, before Mr. Powell was moved out of the property, without an inspection of the interior of the home and was solely directed at the health and safety code violations. Upon inspecting the property after Mr. Powell was moved out of the property, it was determined that there were significant structural and foundation issues. Next,

2001 Milvia Street • Berkeley, CA 94704
Office: 510.995.0158 | Mobile: 510.306.6130; gkeena@bayarearg.com

there was the cost of relocating Mr. Powell and his eight family members and then paying for their housing while they were displaced. Due to the age of the building and the extent of the repairs, lead and asbestos testing were also necessary. Unfortunately, both of those tests came back positive and remediation was required.

Finally, in order for Mr. Powell to qualify for federally subsidized financing, the entire property needed to meet the Federal Home Association guidelines for habitability. This required the repair of items that were not on the original list of code violations. However, since Mr. Powell could not qualify for non-government financing, they were required if he was going to have any chance of returning to his home. The Court was notified of these increases in the cost of the project, they were approved, and Habitat for Humanity was hired to conduct the repairs. (Among other reasons, Habit was hired because their overhead was lower than other contractors and they used volunteers for some of the repairs to minimize the construction costs).

Over the course of several months, the construction was completed at a total construction cost of approximately \$515,000 and the property was certified for occupancy. Additional expenses included, among other things, the financing charges, relocation charges, storage of Mr. Powell's belongings, insurance, legal fees and my staff's time. I should note that many months ago, in an effort to facilitate Mr. Powell's return to his home, I agreed to waive my personal hourly fees should Mr. Powell be able to obtain financing to pay off the construction loan and other costs of the receivership. To date, that is more than \$100,000 of my time.

At present, Mr. Powell's loan broker believes that Mr. Powell will qualify for a Veteran's Administration loan in the amount of \$571,000. As of the next hearing date for this case on February 22, 2019, I anticipate that Mr. Powell will need approximately \$635,000.00 in total funding to pay off the outstanding liens against the property (this does not include the City of Berkeley's \$100,000 loan to Mr. Powell under the City of Berkeley's Senior and/or Disabled Rehabilitation program). This brings me to where the City may be of some assistance in this case.

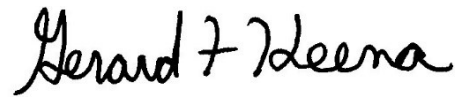
The following line items in the cost of this project were City expenses and/or expenses which the City previously paid but stopped paying after a year: Building permits (\$19,388.01), relocation expenses (\$14,881.11), and storage (\$7,518.06 to date with \$237.94 accruing monthly). If the City is willing or able to assist with any of these expenses, it would put Mr. Powell that much closer to being able to pay off the outstanding liens so that he could return to his home.

I understand and share in your desire that Mr. Powell not be displaced from Berkeley after having lived here for 44 years. However, you should also be aware that, if Mr. Powell is unable to obtain the needed financing and the property does go to sale, it is estimated that the rehabilitation has increased the value of the property from approximately \$600,000 to approximately \$1,200,000 – \$1,400,000. The balance of the proceeds from a sale of the property would be paid to Mr. Powell after the liens against the property are paid and released. Additionally, Mr. Powell owns two homes in Oakland – one he deeded to his sons during the pendency of this case and another which he is currently occupying. Even should Mr. Powell be unable to obtain the necessary financing, the proceeds from the sale of the property and his

Oakland properties should provide Mr. Powell with ample housing security.

Should you have any further questions regarding this matter, I would be happy to make myself available to you.

Very truly yours,

A handwritten signature in black ink that reads "Gerard F. Keena". The signature is written in a cursive, flowing style.

Gerard F. Keena
Court-Appointed Receiver

CC: Rashi Kesarwani, Councilmember District 1
Cheryl Davila, Councilmember District 2
Ben Bartlett, Councilmember District 3
Kate Harrison, Councilmember District 4
Sophie Hahn, Councilmember District 5
Susan Wengraf, Councilmember District 6
Rigel Robinson, Councilmember District 7
Lori Droste, Councilmember, District 8