



Housing Advisory Commission

HOUSING ADVISORY COMMISSION

AGENDA

Regular Meeting

Thursday, May 3, 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 April 5, 2018 Regular Meeting Minutes (*Attachment 1*)
5. **Discussion and Possible Action on FY2020-2021 Community Agency Request for Proposal – Rhianna Babka, HHCS (*Attachment 2*)**
6. **Presentation and Discussion on a Small Sites Multi-Family Housing Loan Program – Jenny Wyant, HHCS (*Attachment 3*)**
7. **Discussion and Possible Action on Measure U1 Recommendations – U1 Subcommittee/Thomas Lord (*Attachments 4, 5, 6, 7*)**
8. **Discussion and Possible Action regarding the HAC's Annual Measure U1 Reporting Requirements – Thomas Lord (*Attachment 8*)**
9. **Discussion and Possible Action on a Work Plan Process – Thomas Lord/Marian Wolfe (*Attachment 9, 10*)**
10. **Discussion and Possible Action on Recommendations for the Housing Retention Program – Luis Amezcua (*Attachment 11*)**
11. **Update on Council Items (Future Dates Subject to Change) – All/Staff**
 - a. Refer the Housing Advisory Commissions Questions on the Smoke-Free Residential Housing Ordinance to Staff and Berkeley Considers (April 24, 2018)
https://www.cityofberkeley.info/Clerk/City_Council/2018/04_Apr/Documents/2018-04-24_Item_17_Refer_the_Housing_Advisory.aspx

- b. Opposing SB 827 (Wiener, Skinner, Ting): Transit-Rich Housing Bonus (April 24, 2018)
https://www.cityofberkeley.info/Clerk/City_Council/2018/04_Apr/Documents/2018-04-24_Item_27_Opposing_SB_827_-_Rev.aspx
- c. Submission of a Second Substantial Amendment to the PY2017 Annual Action Plan to Allocate \$893,333 in Community Development Block Grant (CDBG) Funding for Public Facility Improvements to the Mental Health Adult Services Clinic (April 24, 2018)
https://www.cityofberkeley.info/Clerk/City_Council/2018/04_Apr/Documents/2018-04-24_Item_31_Submission_of_the_PY_2018.aspx
- d. Submission of the PY 2018 Annual Action Plan Including Allocations of Federal Funds (April 24, 2018)
https://www.cityofberkeley.info/Clerk/City_Council/2018/04_Apr/Documents/2018-04-24_Item_32_Submission_of_a_Second.aspx
- e. Support SB 1227 - Encouraging the Creation of More Student Housing (May 1, 2018)
https://www.cityofberkeley.info/Clerk/City_Council/2018/05_May/Documents/2018-05-01_Item_23_Support_SB_1227_Encouraging.aspx
- f. Referral to Develop Comprehensive Plan for Disaster Preparedness and Post-Disaster Rebuilding with Respect to Multi-Family Housing (May 15, 2018)
- g. 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 (May 15, 2018)
- h. Including a Public Purchase Option in a Small Sites Housing Program (May 15, 2018)

12. Announcements/Information Items

- a. Joint Subcommittee for the Implementation of State Housing Laws (J-SISHL) Update

13. Future Items

- a. Develop Work Plan for FY 2018/2019 (June)
- b. Moderate Income Housing Subcommittee Update (June)

14. Adjourn

Attachments

1. Draft April 5, 2018 Regular Meeting Minutes
2. Babka, FY2020-2021 Community Agency Request for Proposal Updates and Feedback
3. Wyant, Small Sites Multi-Family Housing Loan Program
4. Berkeley City Council Annotated Agenda Item #31 (March 13, 2018)
5. Measure U1 Subcommittee, Recommendations Regarding U1 Revenues
6. Measure U1 Subcommittee, Information Regarding Lease Revenue Bonds
7. Lord, U1 Property Purchase and Revenue Bond
8. Lord, 2017 Housing Advisory Commission Recommendations

9. Lord, 2018-2019 Housing Advisory Commission Strategic Work Plan
10. Wolfe, Comments on Commissioner Lord's Suggested Work Plan Process Discussion
11. Amezcua, Housing Retention Program

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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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HOUSING ADVISORY COMMISSION
Regular Meeting
Thursday, April 5, 2018

Housing Advisory Commission

Time: 7:05 pm

South Berkeley Senior Center
2939 Ellis Street – Berkeley
Secretary – Amy Davidson, (510) 981-5406

DRAFT MINUTES

1. Roll Call

Present: Luis Amezcua, Matthew Lewis, Thomas Lord, Toni Mester (substitute for Xavier Johnson), Igor Tregub, Marian Wolfe, and Amir Wright.

Absent: Xavier Johnson (excused), Rashi Kesarwani (unexcused), and Darrell Owens (excused)

Commissioners in attendance: 7 of 8

Staff Present: Amy Davidson, Mike Uberti

Members of the public in attendance: 7

Public Speakers: 1

2. Agenda Approval

Action: M/S/C (Lord/Lewis) to approve the agenda.

Vote: Ayes: Amezcua, Lewis, Lord, Mester, Tregub, Wolfe, and Wright. Noes: None. Abstain: None. Absent: Johnson (excused), Kesarwani (unexcused), and Owens (excused).

3. Public Comment

One member of the public spoke at public comment.

4. Approval of the March 1, 2018 Regular Meeting Minutes

Action: M/S/C (Amezcua/Wright) to approve the minutes with a correction to Item 1 noting seven of seven commissioners were present.

Vote: Ayes: Amezcua, Lord, Mester, Wolfe, and Wright. Noes: None. Abstain: Lewis and Tregub. Absent: Johnson (excused), Kesarwani (unexcused), and Owens (excused).

5. Discussion and Possible Action on HAC Officer Elections Procedures and Commission Governance

- 6. Review and Discussion on HAC's Meeting Process Guidelines**
- 7. Discussion and Possible Action on ADU Subcommittee Recommendations for an Accessory Dwelling Unit Pilot Program to House Low-Income Households**
- 8. Subcommittee Updates**
- 9. Update on Council Items (Future Dates Subject to Change)**
- 10. Announcements/Information Items**
- 11. Future Items**
- 12. Adjourn**

Action: M/S/C (Wright/Wolfe) to adjourn the meeting at 9:22 pm.

Vote: Ayes: Amezcua, Lewis, Lord, Mester, Tregub, Wolfe, and Wright. Noes: None. Abstain: None. Absent: Johnson (excused), Kesarwani (unexcused), and Owens (excused).

Approved on May 3, 2018

_____, Amy Davidson, Secretary



Health Housing and
Community Services Department
Housing & Community Services Division

MEMORANDUM

To: Housing Advisory Commission

From: Rhianna Babka, HCS, Community Services Specialist III

Date: April 3, 2018

Subject: **FY2020-2021 Community Agency Request for Proposal (RFP)
Updates and Feedback**

The Housing and Community Services Division in the Health, Housing and Community Services (HHCS) Department administers a combined Request for Proposals (RFP) for Community Agency Funding. Funding sources include Community Development Block Grant (CDBG), Community Services Block Grant (CSBG), City of Berkeley Measure E, and City General Fund.

Four Commissions, including this one, play a significant role in the application review process. Together, Commissions and Staff prepare recommendations for Council approval.

In FY2018, the City allocated approximately \$7.8 million to 56 agencies (102 distinct programs) through 2-year contracts (7/1/17-6/30/19). The City has funded the majority of the 56 agencies for more than a decade, many for more than 15-20 years. In FY2018, the City did not fund any new agencies through the RFP process. Unlike many cities, Berkeley has not imposed a minimum funding threshold and there are eight contracts for less than \$20,000. In FY2018, contract amounts ranged from less than \$5,000 to almost \$1.7 million.

A Vibrant and Healthy Berkeley for All

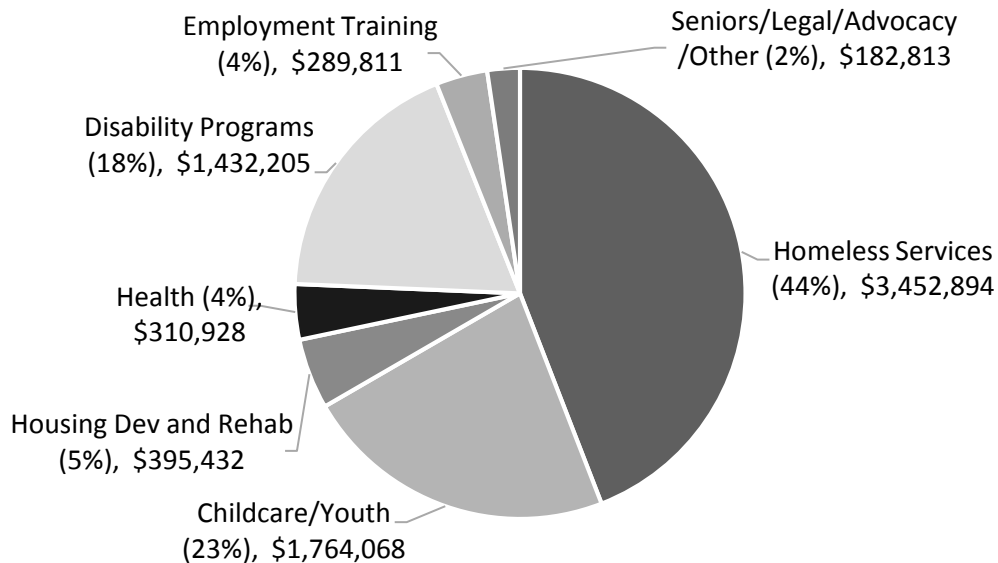
2180 Milvia Street, 2nd Floor, Berkeley, CA 94704 Tel: 510.981.5100 TDD: 510.981.6903 Fax: 510.981.5450
E-mail: housing@ci.berkeley.ca.us - <http://www.cityofberkeley.info/housing/>

Agencies were funded with the below sources:

#	Funding Source	Amount
1	HUD: Community Development Block Grant (CDBG), Emergency Solutions Grant (ESG)	\$1,171,825
2	State: Community Services Block Grants (CSBG) and Mental Health Services Act (MHSA)	\$ 180,000
3	General Fund (GF)	\$5,284,918
4	Local Measure E ¹	\$1,191,408
	Total	\$7,828,151

Homeless and Childcare/Youth Services allocations account for approximately two-thirds of the allocated budget. Before 2014, the City’s RFP process did not prescribe the types of activities agencies needed to provide to receive funding. The 2014 RFP included specific types of homeless and youth services activities the City would fund (Coordinated Entry System and activities leading to specific youth educational achievement outcomes). The Disability Program category below includes Easy Does It Services’ \$1,191,408 contract.

FY18 Community Agency Allocation by Service Type



¹ Easy Does It has been the only agency funded with Measure E funds for the past decade. Measure E services were included in the FY2018-2019 RFP.

The City Manager is contemplating some changes to the upcoming FY2020-2021 RFP contract cycle. These include:

1. **Extend the Contract Cycle:** Shift the current 2-year contract cycle to a 4-year contract cycle. The aim in doing this is to reduce the administrative burden for agencies.
2. **Publish Agency Outcomes:** Make outcome data publically available. Agencies provide demographic data as well as data on proposed and actually delivered and achieved services and outcomes. These could be published on the City's website in an easy to read format.
3. **Initiate a \$20,000 Contract Threshold:** Include a threshold in upcoming RFP.
4. **Enhanced Outreach:** Identify additional protocols for outreach to community organizations regarding the application submission, deadlines, and available resources.
5. **Hardship Exemption:** Develop a hardship exemption for late applications.

We will attend your upcoming meeting to provide more background on the RFP, discuss the proposed changes to the RFP, and solicit your input on all aspects of the process.



Health Housing and
Community Services Department
Housing & Community Services Division

MEMORANDUM

To: Housing Advisory Commission

From: Jenny Wyant, Community Development Project Coordinator

Date: April 26, 2018

Subject: **Small Sites Multi-Family Housing Loan Program Informational Report**

City Council Referrals

On November 28, 2017, City Council established the development of a “Small Sites” multi-family 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.

This memo summarizes staff’s research to date. Staff will issue an RFI to ascertain interest in the Small Sites capacity-building funds. Staff will return to the HAC with a recommendation on how to proceed with the Small Sites referrals.

Previous Housing Advisory Commission Action

At its March 1, 2018 meeting, the HAC voted to adopt the following recommendation:

Direct the City Manager as follows concerning the implementation of a Small Sites Program in Berkeley:

1. Ensure that the City of Berkeley has the legal option to directly purchase properties under the Small Sites Program.

2. Ensure that any corporation designated by the City and in which the City maintains a majority (controlling) ownership may directly purchase properties under the Small Sites Program, even if that corporation is for-profit (e.g. a California B corporation).

In implementing recommendation (2), do not weaken the qualification requirements for non-profit corporations which are not majority-owned or majority-controlled by the City. Additionally, purchases made by the City itself or a corporation controlled by the City should *not* be constrained with respect to future rental prices.

The HAC's recommendation will be on City Council's May 15, 2018 agenda as a consent item.

Prior to the Council's adoption of the Affordable Housing Action Plan, the HAC endorsed then-Councilmember Arreguin's proposal for a Small Sites housing acquisition loan program modeled on San Francisco's program.

Small Sites Overview

Like San Francisco's Small Sites program, a Berkeley Small Sites program could help preserve existing, naturally occurring affordable rental units in Berkeley, and protect tenants vulnerable to Ellis Act evictions. Through a Small Sites program, the City could provide funds to nonprofits to acquire occupied, multi-family properties, renovate the properties to address urgent health and safety issues, and record long-term regulatory agreements to preserve affordability. Staff reviewed San Francisco's program as well as Oakland's Measure KK acquisition program.

Fundamental Components of San Francisco's Small Sites Programs

Identify small, multi-family rental properties

San Francisco targets rental properties with up to 25 units, and the average project size is six units. The developments are typically rent controlled with long-term tenants. In San Francisco's program, nonprofit organizations work to identify properties for acquisition. Berkeley has approximately 14,000 rental units located in small, multi-family buildings.

Partner with nonprofit developers

Nonprofit developers acquire the properties (often competing with market buyers), oversee the renovations, and manage the properties. The most successful nonprofits in San Francisco's program have in-house realtors, housing counselors, and tenant advocates, or close relationships with such organizations. Nonprofits need to develop strong tenant-relations in order to educate and support tenants through the transition from rent control to restricted affordability.

Provide a "per unit" subsidy

San Francisco started with a \$3m program, and have loaned approximately \$84m to date. The maximum subsidy varies by size and type of project. San Francisco provides

up to \$300k/unit for 10-25 unit buildings, \$375k/unit for 3-9 unit buildings, and \$175k/bedroom for SRO's. Renovation costs average \$65k/unit, which is generally only sufficient to address health and safety issues. Many projects also need soft story retrofits. Oakland's maximum subsidy is \$150k/unit, and half of the projects have requested additional funds for renovations through Oakland's annual funding cycle.

Staffing and Expedited Review

San Francisco and Oakland staff indicated their programs were staff-intensive to develop and implement. San Francisco has two dedicated project managers, and four additional FTE's to take on projects as needed. In addition, San Francisco has six construction managers on staff to develop capital needs assessments for each project.

Because nonprofits are competing for properties on the market, San Francisco staff aim for projects to go from application to underwriting to closing within 90 days. Oakland currently has longer closing timeframes, but has only worked with organizations that already have control of the properties. Both cities approve loans at the staff level, without Commission, Board of Supervisor, or City Council review.

Private Lenders

Nonprofits pursuing acquisition funds in San Francisco and Oakland also obtain private loans. The loans are generally too small to attract conventional lenders, but CDFI's and other financing institutions including Enterprise and NCCLF are participating.

Affordability Restrictions

Properties are converted from rent control to restricted affordability, and rent calculations can be complex. To offset the extremely low rents of existing tenants, San Francisco approves new tenants with incomes up to 120% AMI in order to achieve a project average of 80% AMI. San Francisco staff, Oakland staff, and developers working in their programs underscored the difficulty of obtaining income information from existing tenants, and educating them on the conversion from rent control to restricted affordability.

Financial Analysis

Staff analyzed project feasibility for two-, three-, and six-unit properties with units restricted to 80% AMI. Using cost and financing assumptions based on the market, San Francisco's program, and existing Housing Trust Fund (HTF) renovations, Council's reservation of \$1m could be enough for the acquisition and renovation of one multi-family property under six units. The acquisition price would likely need to be below current market rates (based on listed properties) in order to be feasible.

For instance, a three-unit building with all two-bedroom units has an estimated total development cost of \$1.7 million, if the renovation scope was limited to health and safety items only. The project would have a City subsidy over \$333k/unit. The

acquisition price would need to be capped at \$1.13m or below in order for the project to pencil. Properties recently listed for sale had a median per unit price of \$434k, so the maximum acquisition price is below the estimated market price of \$1.3m.

Other Funds for Small Sites

An effective Small Sites program will require nonprofit developers to seek private funding for acquisition and renovation costs in addition to the City's loan. Lenders participating in San Francisco's program – including Enterprise, NCCLF, and Boston Private Bank – expressed preliminary interest in lending to Berkeley projects.

The Metropolitan Transportation Commission (MTC) recently announced the creation of the Bay Area Preservation Pilot Fund, a revolving loan fund created to help finance the acquisition and preservation of existing, naturally occurring affordable housing near transit. The proposed criteria is consistent with Small Sites goals, and \$49 million will be available. Depending on the needs of the project and funding availability, a Small Sites project could also seek funding through the City's soft story retrofit grant program.

Considerations for Berkeley Program

a. Staff capacity

If the City's funding for this program stays at \$1m, the financing activities can be absorbed by existing HTF staffing. The creation of a larger program separate from the HTF will require significant time commitments from HHCS, the City Attorney's Office, and Planning. The HHCS Housing Inspector can inspect one project, but a higher volume program will require additional staff support.

b. City process issues & timing considerations

The City's procurement and contracting processes do not meet the needs of a market driven, Small Sites acquisition program. Council approval is required for contracts over \$50,000, and agenda items are required to be submitted two months prior to the meeting date. The timeline is longer if the Housing Advisory Commission reviews items before going to Council. It would not be possible to follow the procurement guidelines and agenda process and close a loan within 90 days from application.

c. Nonprofit capacity

The Council specified a priority to the creation of limited and non-equity cooperatives affiliated with a democratic community. Bay Area Community Land Trust (BACLТ) and possibly Northern California Land Trust (NCLТ) are the only such organizations active in Berkeley. BACLТ's sole staff person and the board have related experience, but the organization is staffed at less than 1.0 FTE and already committed to predevelopment for a rehabilitation project on Stuart Street. NCLТ's limited staffing and 2011 bankruptcy may limit their capacity to take on new developments. Both BACLТ and NCLТ would likely need City funds for staffing to take on new projects, in addition to a developer fee.

d. Limited Equity Housing Cooperatives (LEHC) -

San Francisco and Oakland do not prioritize limited equity housing cooperatives. San Francisco has one project that will convert to an LEHC, but do not expect many (if any) more. Staff there indicate that the one LEHC project has been challenging due to the greater level of tenant accountability and responsibility required.

31. BRIDGE's Berkeley Way Development: Funding and Public Parking Requirements

From: City Manager

Recommendation: Provide direction on the next steps to further the City's partnership with the BRIDGE Housing Corporation (BRIDGE) and the Berkeley Food and Housing Project (BFHP) for the Berkeley Way development project. Specifically:

1. Direct the City Manager to work with BRIDGE and BFHP to finalize the design with the City's preferred amount of public parking. Staff have identified a single level of subterranean parking using puzzle lifts to provide approximately 200 spaces as the most financially feasible model.

2. Direct the City Manager on how to respond to the remaining \$15M gap in the homeless shelter and affordable housing budget that BRIDGE and BFHP have proposed for City funding. At this point, the most feasible financing strategy that staff has identified which would yield sufficient funding is using the available \$2.2M in the Housing Trust Fund and bond financing using increased business license revenues from Measure U1. In consultation with the City's bond counsel, staff estimates that the City could attain \$15M in bond financing for an annual debt payment of approximately \$2M for 10 years.

3. Direct the City Manager on how to respond to the \$1.5M in parking mitigation fees that will be required as a result of the Downtown Area Plan parking fee requirements because the project does not provide resident parking.

4. Direct the City Manager on how to address the additional gap of up to \$8.5M in the project that BRIDGE and BFHP initially proposed filling with 49 project-based Section 8 vouchers from the Berkeley Housing Authority (BHA). BHA staff indicated they will be unable to award project-based vouchers in 2018 because they are facing a budget shortfall.

Financial Implications: See report

Contact: Jovan Grogan, City Manager's Office, 981-7000; Paul Buddenhagen, Housing and Community Services, 981-5400; Phillip Harrington, Public Works, 981-6300

Action: Moved to Consent Calendar. Approved recommendation as written below.

1. Reaffirm the City Council May 30, 2017 commitment to expedite BRIDGE/BFHP as a top priority for the Planning Department, and prioritize all City actions needed to meet Cap and Trade (Affordable Housing and Sustainable Communities) grant deadlines.
2. Refer to the Housing Advisory Commission to consider recommendation on use of a lease revenue bond for the creation of the Berkeley Way Development Project. Additionally, refer to the Housing Advisory Commission to consider increasing lease revenue bond amount in order to facilitate the start and advancement of other affordable housing projects, which could enable them to attract more investment and deliver affordable housing sooner.
3. Direct the City Manager to consult with our Bond Counsel to initiate the process of preparing a Lease Revenue Bond of 24.8 Million Dollars in order for the city to meet the current estimated funding gap and contribute the direct city portion to the Berkeley Way Development Project,
4. Direct the City Manager to provide project partners with specific new parking requirements to incorporate as much public parking as needed to separately finance the subterranean parking with no affordable housing funds going to the parking structure and no loss of affordable housing units. Staff have identified a single level of subterranean parking using puzzle lifts providing approximately 200 public parking spaces as the most financially feasible number.
5. Direct the City Manager to prepare a resolution waiving the parking mitigation fee for this project, due to the unique features of this project including providing permanent homeless housing with comprehensive wraparound services and provision of 200 public parking spaces.

Information Reports

32. *****Removed from the Agenda by the City Manager*** FY 2018 Mid-Year Budget Update**
From: City Manager
Contact: Teresa Berkeley-Simmons, Budget Manager, 981-7000
33. **Audit Update: Construction Permits: Monitor Performance and Fee Assessments to Ensure Excellent and Equitable Customer Service**
From: City Manager
Contact: Timothy Burroughs, Planning and Development, 981-7400
Action: Received and filed.
34. **City Auditor's Snapshot: Quarterly Summary Report on Audit Recommendations**
From: Auditor
Contact: Ann-Marie Hogan, Auditor, 981-6750
Action: Received and filed.

Public Comment – Items Not Listed on the Agenda - 0 speakers.

May 3, 2018

To: HAC Members
From: U1 HAC Subcommittee
Re: HAC's Recommendations Regarding U1 Revenues

RECOMMENDATION

The Housing Advisory Commission (HAC) recommends that the City Council allocate \$3.7 million of Measure U1 revenue as detailed in Table 1 in this report for FY 2018 and expend a similar amount for FY 2019.

FISCAL IMPACTS OF RECOMMENDATION

Since U1 funds represent an increase in tax revenues to the City, there should not be any long term fiscal impacts of this recommendation.

CURRENT SITUATION AND ITS EFFECTS

The HAC has only made one recommendation for use of U1 revenue, specifically the amount of \$300,000 to fund the Rent Board's anti-displacement assistance to tenants. With a \$4 million projection, and after discussing the ways these funds could be effective to increase the supply of affordable housing and prevent homelessness, the HAC makes the following recommendations for the remaining \$3.7 million, leaving \$300,000 as a balance for Administrative Costs and potentially additional funds to be deposited into the Housing Trust Fund.

Table 1: Suggested Annual Expenditures from U1 Revenues For FY 2018	
Housing Retention Program	\$300,000
Small Sites Program	\$1,000,000
Housing Trust Fund	\$2,000,000
Reserve for housing programs in the pipeline (ADU Pilot program, home share, etc.)	\$400,000
Administrative Costs (TBD)	
Total	\$3,700,000

Besides the first allocation for \$300,000 for anti-displacement activities, the HAC recommends that the remainder of fund be used to maintain and increase the supply of permanently affordable housing. For the first two years, these funds would be allocated to the following programs discussed with the HAC:

- Acquisition/rehabilitation program of existing multifamily properties for use as affordable housing;

- Pilot programs designed to study the economics and viability of alternative programs, including home sharing and ADU legalization/new construction (in return for renting units at BMR rents), and
- New affordable housing construction.

The HAC's recommendation of \$400,000 to fund new programs under consideration do not yet have specific budgets (due to their pending status) at the present time. The remainder of the funds should be placed in the Housing Trust Fund to leverage other public and private financing for the purpose of financing programs during the current fiscal year and upcoming year as well.

In addition, funds to cover administrative costs should be considered. The HAC will provide additional guidance to the City Council after the first year of U1 fund collection. And, if the City is successful in gaining voter support for additional funding of affordable housing in Berkeley (either by issuing a bond through a new U1 vote and/or a specific Housing Bond measure), the HAC will update this list of housing expenditures accordingly. Should Measure U1 generate more than the projected \$4 million, the HAC will submit to the City Council its recommendations for additional expenditures.

Using Funds for a Single Fiscal Year for a Single Project

The HAC finds that it is very important that the City not allocate all U1 revenues in a given fiscal year to a single project. This recommendation is based on the assumption that there are many projects that deserve city support and which cannot move forward without some City financial contribution. A good example is pre-development funding for new construction or acquisition/rehabilitation which is needed to move good projects forward.

Targeting of U1 Funds

The City should consider establishing a household income targeting goal regarding U1 expenditures and housing affordability. To set this goal, the City could consider the use of progress made towards meeting the City's Housing Element RHNA numbers. At present, the most under-served income groups are households with extremely low-incomes, low-incomes, and moderate-incomes. The targeting goals can be adjusted annually, based on the yearly report submitted by the City to HCD which reports on the City's achievement of RHNA goals.

Tracking of U1 Funds

The City's Finance Department is required to track U1 deposits and expenditures, as promised in the ballot measure. Along with providing a designated and separate revenue line item for U1 revenue, such as the soda tax, the Finance Department should prepare an annual report by May of each year for the HAC and public that reports on revenues and expenditures related to U1 funds.

Bond Financing

The City Council referred to HAC consideration of bonding revenue for affordable housing. HAC notes that Measure U1 was approved by three-quarters of all voters, but the bonding of future revenues cannot take the form of a municipal revenue bond that typically would be issued from a dedicated revenue stream, which in this case would be U1 funds, because the measure is not a special tax.

In response, there has been consideration of U1 revenue to be used for a lease revenue bond. Lease financing:

- Uses lease-leaseback structure with third-party entity;
- Issuer pledges to appropriate annual lease payments from general fund;
- May be structured as lease revenue bonds or “certificates of participation” (“COPs”), and
- Not subject to constitutional debt limits.

The advantages of a lease revenue bond are that voter approval is not required, but some of the disadvantages are that it requires unencumbered leasable assets and debt payments compete with other general fund priorities. Additionally, a lease revenue bond does not have as favorable terms as a revenue bond.

Rather than a lease revenue bond, which would commit \$2 million of U1 revenue every year for ten years for its debt payment, the HAC finds that a superior solution is placing U1 back on the ballot to designate it a special tax and issue a revenue bond that is not a lease revenue bond. In this way, the bond will have more favorable terms and will avoid the encumbering of City assets. Also, there is no guarantee that the funds borrowed will only be used for affordable housing. For example, they can be used to address any of the shortfalls in the Berkeley Way Project, including the public parking garage.

Since we need to ask voters to approve future bond measures for affordable housing, the right policy is to show that U1 revenue is being used only for affordable housing and anti-displacement and not for other City uses.

BACKGROUND

The ballot language for U1 was as follows: “Shall an ordinance permanently increasing the gross receipts tax on owners of five or more residential rental units be increased from 1.081% to 2.880%, prohibiting landlords from passing the tax on to sitting tenants, and directing the Housing Advisory Commission to make recommendations on funding and programs to increase affordable housing and protect Berkeley residents from homelessness, be adopted?”

The HAC submits the following recommendation in accordance with the language above.

ENVIRONMENTAL SUSTAINABILITY

Recommendations regarding the use of U1 do not impact the environment directly.

RATIONALE FOR RECOMMENDATION

The ballot language for the U1 Measure specified that the HAC should provide recommendations on funding and programs to increase affordable housing and protect Berkeley residents from homelessness. The HAC discussed various uses for the revenue, and this report details the Commission’s recommendations on using the revenue as effectively as possible to support these goals.

Furthermore, the HAC and the U1 Subcommittee convened by the HAC have discussed these recommendations at several meetings. It has been determined that these recommendations are broad enough to accommodate a range of future housing proposals that will be considered by City Commissions and the City Council.

ALTERNATIVE ACTIONS CONSIDERED

The HAC and the U1 Subcommittee discussed proposals by the City Council or City staff on how U1 revenue should be used, which is referenced in the table below.

Table 2: Staff and Councilmembers’ Suggested Expenditures from U1 Revenues For the First Year of Revenue Collection	
Uses	Amounts
Premier Cru	\$946,163
Small Sites Program	\$1,000,000
Lease Revenue Bond	\$2,000,000
Total	\$3,946,163

The HAC has explicitly stated that U1 revenue should not be used at this time for repayments to the Worker’s Compensation Fund that were used to acquire the Premier Cru properties.

CITY MANAGER

CONTACT PERSON

Amy Davidson, Senior Community Development Project Coordinator, Health, Housing and Community Services, (510) 981-5406

May 3, 2018

To: HAC Members
From: HAC Subcommittee
Re: Information Regarding Lease Revenue Bonds

This brief memo provides background information on Lease Revenue Bonds, an alternative approach to borrowing against U1 Revenues. We have included some of this information in the recommendations memo for the City Council.

What is a Lease Revenue Bond?

The idea of a Lease Revenue Bond was presented in a report prepared by the City Manager's Office and presented as an Action Calendar Item for the March 13, 2018 Council Meeting (Look at Item 31).

https://www.cityofberkeley.info/Clerk/City_Council/2018/03_Mar/City_Council_03-13-2018_-_Regular_Meeting_Agenda.aspx

Most of us are unfamiliar with a Lease Revenue Bond so this information item provides background information below.

<http://www.treasurer.ca.gov/cdiac/seminars/2013/20131022/day1/2.pdf>

- Lease Financing

- Uses lease-leaseback structure with third-party entity
- Issuer covenants to appropriate annual lease payments from general fund
- May be structured as lease revenue bonds or “certificates of participation” (“COPs”)
- Not subject to constitutional debt limits per lease exception

- Advantages

- No voter approval required

- Disadvantages

- Requires unencumbered leasable assets
- Debt payments compete with other general fund priorities

- When Used?

- For projects of general community benefit
- To indirectly leverage a general fund revenue stream (i.e. sales tax increase)

– To provide “credit enhancement” for less credit-worthy borrowing for desired “risk-sharing”

So, what “unencumbered” asset would be used for this bond? While the City Manager’s report does not identify the asset, it does state that the lease would be of “essential city assets.” While it is very unlikely that the City would default on the repayment of this bond debt, this can always be a concern.

Another helpful source of information on lease revenue bonds is provided by The Public Policy Institute of California. STATE AND LOCAL GOVERNMENTS HAVE TECHNIQUES FOR BORROWING WITHOUT VOTER APPROVAL from the Public Policy Institute - http://www.ppic.org/content/pubs/jtf/JTF_BondFinancingJTF.pdf

Part of this brief report is pasted in below.

“The state could fund construction of a prison by agreeing to lease the prison and selling shares in the flow of lease revenue, an arrangement called a lease revenue bond, a leaseback, or certificates of participation.

The state tends to use revenue and lease bonds for projects which are necessary but not particularly popular, such as state office buildings and prisons.

And, finally, Governments typically pay higher rates when they borrow through revenue bonds rather than general obligation bonds.”

Housing Advisory Commission

May 3, 2018

To: Commissioners, Housing Advisory Commission
From: Thomas Lord
Subject: **re U1 Property Purchase and Revenue Bond**

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Recommendation

Recommendation: That the HAC discuss, amend, and adopt a referral to City Council described below.

The referral will support using 2017's U1 revenues to partially pay for the purchase of real properties at 1001 University Avenue, 1007 University Avenue, 1011 University Avenue, and 1925 Ninth Street – the so-called Premier Cru building.

The referral will oppose using U1 revenues to support a revenue bond.

Background

Real properties purchased in 2017

On March 28, 2017, Berkeley City Council voted to purchase the land and buildings at 1001 University Avenue, 1007 University Avenue, 1011 University Avenue, and 1925 Ninth Street – the so-called Premier Cru building.

The City tentatively planned to use 1011 University Ave. as a temporary City Council chambers instead of the chambers in the seismically unsafe Maudelle Shirek building. 1007 University Ave. has a standing tenant with a long lease. Short term options for the parking lot at 1925 Ninth Street and the 1001 were not decided. In the long run, Council plans to use the site for housing.

To complete the purchase, the City borrowed \$6,650,000 from its own Worker's Compensation Fund. Those funds must be replaced.

In May of 2017, the Housing Advisory Commission was advised that Council would soon consider repaying the Workers Compensation Fund using revenues raised by Measure U1 (an increase to the tax on residential rents).

Berkeley Way Funding Gap

More recently, on March 13, 2017, the City Manager informed City Council of a \$15M funding gap for the BRIDGE Housing project at Berkeley Way. Council will consider issuing a revenue bond in the principle amount of \$15M to be repayed with annual allocations from U1 revenues. The Mayor has suggested from the dais the possibility of issuing instead a \$25M bond to have extra borrowed funds.

Locking in U1 revenues for years to come

If Council were to dedicate U1 to the real property purchase and the revenue bond, while also continuing existing anti-displacement expenditures, more than half of U1 revenues will be unavailable for any other purpose for years to come.

The HAC's Response in May of 2017 and subsequently

Shortly after the University Ave. properties were purchased, this Commission took two actions (May 2017):

1. We recommended against using U1 funds for the purchase because we agreed that the funds would have more impact if put to more immediate housing programs.
2. We recommended a 1 year moritorium on reserving U1 funds to give this commission time to develop recommendations.

When the commission took those actions, the general understanding was that in June we would form a work plan, and that the work plan would include implementing the U1 recommendations called for by BMC 19.44.020(B)(10).

As it turns out, the Chair and Vice Chair steered a rather different course. They undertook a work plan process that the Commission was not able to complete, even after 3 months. That process did not allow discussion of implementing our duties under BMC 19.44.020. Motions were made to return the work plan attention to the duties under the ordinance but this Commission rejected those motions.

As a consequence, it is now May 2018. In one month, the moratorium this Commission requested will expire. This Commission has not had a single group discussion about 19.44.020(B)(10). This Commission has not followed up on the direction it set in May of 2017.

We asked council to pause so that we could develop housing policy. Then the Chair and Vice Chair led us in a very different direction.

Therefore, Council and the City Manager have begun moving on without our input. In particular, two proposals are coming before council.

1. By the time of tonight's meeting, Council will have considered using U1 revenues to pay for the real properties purchased in 2017.
2. Soon, the City Council will consider issuing a revenue bond against U1 revenues, borrowing funds to cover a large funding gap in the projected costs for the BRIDGE Housing project on Berkeley Way.

Making the best of a bad situation

It is unfortunate that we, as a Commission, have not been able to discuss housing policy in any systematic way, nor have we been able to have discussions about investment strategies for U1 revenues.

That does not mean we can not start now, tonight.

I offer two propositions:

1. That we as a commission find ourselves short on policy recommendations is in one way an opportunity: We should support maximizing the amount of U1 revenue that goes to repay the worker's compensation fund in FY 2018-2019.

Paying down *that* debt as rapidly as possible now, while policy is in turmoil, will leave more funds available in the next fiscal year, when hopefully we will have gotten our act together.

2. We as a commission should strongly oppose a revenue bond. The rapid BRIDGE cost inflation is beyond absurd and there is no evidence at all that this project is now or has ever been fiscally viable. For reasons

we can discuss at the meeting, ***borrowing** money for matching funds to access a grant simply **contradicts the purpose** of seeking grants in the first place.*

Council referral

Proposed text (with boilerplate to be added):

The Housing Advisory Commission recommends that in FY 2018-2019, the small sites program and anti-displacement funding notwithstanding, all available revenue from U1, from tax year 2017 only, be used to repay the Workers Compensation Fund for the purchase of real properties on 9th St. and University (1001 University Avenue, 1007 University Avenue, 1011 University Avenue, and 1925 Ninth Street).

The Housing Advisory Commission recommends against a revenue bond to close a large funding gap for the BRIDGE Housing project on Berkeley Way, and encourages Council to re-consider whether that project is fiscally viable and efficient.

Housing Advisory Commission

May 3, 2018

To: Commissioners, Housing Advisory Commission
From: Thomas Lord
Subject: **2017 Housing Advisory Commission Recommendations**

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Introduction and Recommendation

Recommendation: That the Housing Advisory Commission discuss, perhaps amend, adopt, and publish this memo in partial fulfillment of its duties under BMC 19.44.20(B)(10), as directed by the passage of measure U1 in 2016.

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)]

Background

2017 was a transition year for the Housing Advisory Commission. In a “perfect storm”, over the course of roughly 9 months:

- Seven of nine seats on the HAC changed hands.
- Several seats changed hands more than once.
- Subsection 19.44.20(B)(10) as amended by U1 went into effect.
- The HAC was unable to complete a work plan process envisioned by the Chair and Vice Chair.
- By the time membership of the Commission became more stable, the work plan that members were left with did not contemplate these new duties from measure U1.

Accordingly, at its meeting on March 27, 2018, Council spoke from the dais and took action to remind the HAC of its duties under measure U1.

The HAC's response to that reminder: We agree.

On a positive note, in spite of the obstacles, the HAC did make a number of housing policy and homelessness prevention policy recommendations to Council, and Council took actions generally in accord with these. These are described below.

It is the intent of the Housing Advisory Commission to fully embrace and implement its duties under the entirety of BMC 19.44.020(B) in the 2018-2019 fiscal year, beginning with the work planning we will commence in May

and June of 2018.

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 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 Graysom 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.

[NOTE: The minutes record the HAC agreeing to recommendations regarding a micro-units proposal but I do not find a record such recommendations were transmitted to Council.]

- *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 recommended that registration fees be charged for BMR (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 appropriate 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 recommended a *temporary* suspension of efforts to appropriate U1 funds.

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 HTF reservation of \$285,464 for Satellite Affordable Housing Associates’ Harper Crossing Project.

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 CHDO¹ operating funds to Resources for Community Development and Satellite Affordable Housing Associates for 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 provide 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

¹“HOME”: HUD’s Home Investment Partnership Program;
“CHDO”: Community Housing Development Organization

below \$200,000, and that the HAC CDBG subcommittee be authorized to make recommendations for such projects.

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 a 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 Housing Trust Funds for predevelopment for BRIDGE Housing’s Berkeley Way Project; that certain permit fees be deferred; and that filling a funding gap estimated at \$13 million was recommended “in concept”.

The HAC recommended several specific general allocations for these 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 the U.S. Department of Housing and Urban Development (HUD).

The substance of these changes was to shift certain indirect internal costs, associated with administering CDBG projects, to the project-specific allocations. In practical effect this shifted some CDBG-related internal costs from an overstressed HUD-supplied Planning and Administration grant to HUD grants associated with particular projects. The freed up Planning and Administration funds enabled an increase

in the staffing for Berkeley's administration and monitoring of funded programs. This increase in staffing was beneficial for the City and it helps to ensure federal eligibility for future funding. The proposal to shifting indirect costs this way was made with advice from federal HUD program administrators.

- *December 7, 2017*

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

The HAC 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.

- *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 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 million 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 referred 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. The University of California Berkeley has expressed interest in funding such a program in Berkeley.

The HAC 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 “City buys directly” option would ensure flexibility in the program, allowing purchases to be made whether or not a partner agency is ready at the time the property becomes available. 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.

Housing Advisory Commission

May 3, 2018

To: Commissioners, Housing Advisory Commission
From: Thomas Lord
Subject: **2018-2019 Housing Advisory Commission Strategic
Work Plan**

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Recommendation

Recommendation: That the HAC discuss, amend, and adopt the work plan format and process described below.

Work Plan Format

In July of 2016, Berkeley City Council passed a resolution directing most commissions, including the Housing Advisory Commission, to prepare an annual work plan containing certain specified elements. The work plan format described here implements this direction from council in a straightforward way.¹

Two HAC-specific additions are proposed to the format required by City Council. First, each commission objective in the plan will be associated with specific Lead Commissioners who volunteer to lead the work on that objective. Second, each objective will have an initial associated schedule, describing when intermediate milestones and completion are anticipated. These additional work plan elements will aid the HAC in the coming year.

The proposed work plan format has three, inter-related parts. These are:

¹See attachment B

- **a commission mission statement**

It may be sufficient to simply refer to the duties and jurisdiction we are assigned by ordinance: BMC 19.44.020 – or, the commission may wish to adopt a more specific mission for fiscal year 2018-2019.

- **a list of specific objectives**

For each objective, the plan will contain:

- **title and brief introduction**

A short-hand name for the objective, and a one or two sentence description.

- **output**

A description of the what the commission intends to produce (for example: a number of forums held; or the specific subject of a planned referral to Council)

- **outcomes**

A statement of why the commission intends to produce that output: what effects or impacts are hoped for in the short (1-3 years) and long term (4-6 years).

- **anticipated activities**

A description of what work is anticipated to produce the planned output (for example: subcommittee meetings; community forums; research and report projects; consultation with staff)

- **required resources**

A declaration of the specific resources, if any, that are needed to complete the described activity. Note that some resources, such as exceptional contributions of staff time, may require authorization from City Council before the activity can be completed. The descriptions should note such resource requests.

- **lead commissioner(s)**

Every objective must have one or more lead commissioners who will take responsibility for advancing the proposed project and

keeping it on schedule.

Any commissioner, up to a total of 4, may volunteer as a co-lead for the objective.

The co-leads for each objective shall be considered an ad hoc subcommittee for that specific purpose. They may perform the planned work in that subcommittee, or independently. In the course of the fiscal year leads are expected to involve and consult the full commission and to facilitate all other commissioners who wish to contribute individually to the objective. The leads are responsible for keeping the full commission regularly informed regarding progress on the project.

– **initial schedule**

An initial declaration of dates when intermediate milestones and project completion are projected.

• **a summary report**

The objectives list will be summarized in two ways for the benefit of both this commission and City Council

– **a calendar**

A planning matrix showing each objective and its milestone dates.²

– **a one page “executive summary”**

A summary of the objectives and associated resource requests (if any).

²See Planning matrix example

Work Plan Process

Time: a one day process

In June, the Commission will hold a 60 minute special meeting to begin work planning.

The special meeting will be immediately followed by a regular meeting. At the regular meeting, the first item on the action calendar will be the work plan. Up to approximately 60 additional minutes will be spent completing the work plan.

Purpose of the special meeting

During the special meeting, all proposed objectives will be combined to form a proposed work plan.

During round table discussion, that motion may be altered in ways that are described below.

At the end of the special meeting, we will have a draft motion for the work plan.

Purpose of the regular meeting

During the regular meeting, the work plan motion will be made and hopefully seconded, debated, and voted upon in the usual way. This will be the first action item.

After that vote, we will have most of a work plan!

To complete the job, we'll then work on a mission statement.

A copy of the work plan will be referred to City Council. If the work plan includes resource requests, those requests will be part of the referral to Council.

After the meeting: a living document

There are many old sayings which are variants on this concept:

No plan survives its first exposure to reality.

In other words, we plan in advance to prepare, but as we execute plans, inevitably, those plans change.

The work plan, especially its calendar of milestones, will serve us throughout the fiscal year as a guide to what we planned to do. As priorities change, dates shift, or new objectives emerge, the work plan can be suitably altered so that it always reflects our current best understanding of what we are trying to do.

At the end of the fiscal year, the work plan as it started and as it finished will be a tool for helping us evaluate how well we accomplished what we set out to accomplish.

What happens during the special meeting?

In advance of the special meeting, every commissioner or subcommittee with an idea for what to work on next year should write a memo describing that objective. A template is included below for such memos.

At the beginning of the special meeting, the work plan motion will simply be the combination of all of those proposed objectives. That is, if someone has written a memo naming some objective, X, then X will initially be part of the proposed work plan.

The Commission will hold a round table discussion to refine this motion. During this discussion, the proposed motion may be altered in any of the following ways:

- **adding leads to an objective**

Any commissioner may add themselves as a co-lead to any objective. If more than a quorum of commissioners all want to co-lead a single objective, then two separate teams will be formed, each of which will work on that objective.

- **removing leads from an objective**

Any commissioner may remove themselves as a co-lead from any objective. If an objective is left with no leads, it will be removed from the work plan.

- **changes to the description of an objective**

If all of the leads for an objective agree, the description of that objective may be altered.

- **combining objectives**

If all of the leads for two objectives agree, they may be combined into one.

- **leads in disagreement**

If an objective has multiple leads who disagree, the objective can be duplicated, with the leads dividing themselves into two teams.

- **last minute additions**

Commissioners are strongly encouraged to write down their proposals in advance of the meeting, and to send them to the Commission Secretary on time for inclusion in the packet.

Nevertheless, during the course of discussion, new ideas may appear. *There will be very limited time* for the creation of new, last minute objectives at the special meeting. These may be introduced by anyone who is also volunteering to be a lead for the new objective.

If time runs out before all desired new objectives can be added, don't worry. Remember that the work plan will be a living document and it may be amended at any meeting in the future with the consent of the Commission.

What happens during the regular meeting?

Hopefully, after the special meeting, everyone will have signed up to co-lead what they most wish to work on, and will have added what they want to work on to the work plan.

Perhaps we will even be so lucky as to have identified objectives that can be combined and, in general, other ways to cooperate so that our individual efforts add up to more than just a sum of parts.

It is possible that we will be able to move and pass the work plan very quickly, or, we may wish to have debate and discuss amendments or substitute motions.

As the first action item of the evening I will move the work plan constructed during the special meeting. I hope that it will be seconded and voted upon. In contrast with our usual meeting guidelines, in case we have more to discuss, the Commission may spend up to about 60 minutes on the work plan.

As the second action item of the evening I will move the mission statement as an action with a blank. The Commission can use the debate period to agree upon a mission statement.

How to prepare (what you should do before the next meeting)

Commissioners should think about what they would like to accomplish on the HAC during fiscal year 2018-2019.

If you have an idea, especially something you yourself want to work on, write it up as an objective using the template included below. Descriptions do not need to be long: 1-3 pages as a guideline. Be sure to return your proposed objectives to the Commission Secretary in time for inclusion in the packet for the June meeting.

After you receive the June agenda packet, look over the objectives others have submitted to see if you have suggestions for them, or can spot ways to combine efforts and cooperate.

If you would like to draft a possible mission statement, put a memo with your proposal in the agenda packet.

Appendix: a template for proposed objectives

To: Commissioners, Housing Advisory Commission
From: *your name*
Subject: Work plan objective: *short name for the object*
Date: June 7, 2018

one or two sentences describing the proposed objective

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

Lead Commissioner(s)

who will take the lead for moving the effort along?

Initial Schedule

identify major milestones and their initial target dates

Appendix: example objective

To: Commissioners, Housing Advisory Commission
From: Thomas Lord
Subject: Work plan objective: Implementing measure U1 (2016)
Date: June 7, 2018

Implement the policy recommendations portion of BMC 19.44.040(B)(10). This will implement new duties that were created by the passage of Measure U1 in 2016.

Output

1. a schedule for publishing housing policy recommendations
2. templates for proposing housing policies
3. meeting conventions for discussing and handling proposed policies

Outcomes

Short term: To help ensure that the HAC complete the responsibilities assigned to it in BMC 19.44.040(B)(10)

Long term: To develop documented practices for the Commission that can be passed down to future Housing Advisory Commissioners to adapt to their needs.

Activities

Develop a schedule, conventions, and templates for the annual or bi-annual policy recommendations called for by BMC 19.44.040(B)(10).

“conventions” means suggested meeting procedures for developing the recommendations incrementally during the course of the year.

“templates” means outlines of memos for the agenda packet, meant to simplify and harmonize the work of commissioners who are making proposals for the policy recommendations.

Required Resources

n/a

Lead Commissioner(s)

Lord

Initial Schedule

July: present schedule, conventions, and templates for adoption
September: continued from July if necessary

Appendix: Planning matrix example

The work plan will include a summary of the proposed schedule in the form of a planning matrix.

Here is an example of a planning matrix. This comes from the City of Berkeley's Department of Planning and Development.

Two notes:

1. This example is more complicated than the HAC's will need to be, but it helps to make the idea clear.
2. This is a living document. If you ask the department for a copy of this matrix in a month, it may well have changed. The matrix is a tool the department uses to organize and keep track of what they are doing.

**Planning Commission & Policy Group Work Plan
Land Use Planning Division**

DESCRIPTION	RANKING		2018												2019											
	RRV	HAP	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
Toxic Remediation Regulations	started					cc																				
R-1A Zoning Amendments	started					cc																				
Premier Cru	SHORT TERM							cc																		
1050 Parker Rezone	SHORT TERM			pc/ph		cc		cc																		
ADU Ordinance Amendments	-	13	ph			cc																				
Urban Garden Package	30, 36			pc		ph			cc																	
Zoning Ordinance Revision Project	started		sc			cc			cc					cc												
Comprehensive Cannabis Ordinance	started		pc/ph						ws					cc												
Density Bonus Package	started, NR, NR, NR	3, 5	sc	ph				cc																		
Land Value/Community Benefits (Adelina)	NR, NR																									
Housing Linkage Fees	started	8																								
Green Affordable Housing	started	12, 17																								
Ground Floor Uses (OED SBP)	7, 24	18																								
Parking Regulations in the R-4 District	started	17																								
Moderate Impact Use Zoning Changes	started							pc			pc			cc												
Streamline Permitting for AH (JSISHL)	started, NR (ST)	12				sc		cc																		
Student Housing - Southside	started, NR, NR	4, 17						pc																		
Operating Hours in C-Districts (OED SBP)	48																									
Commercial Square Footage in C-E (OED SBP)	51																									
Demolition Ordinance	-	16																								
San Pablo Ave Specific Area Plan	13																									
4th Street Specific Area Plan	45																									
Air Pollution	NR																									
Junior ADUs	NR																									

LEGEND:
 active
 next (major effort)
 next
 started, not active
 complete
 not started

Abbreviations:
cc = City Council sc = Sub Committee of the Planning Commission pc = Planning Commission ph = Public Hearing at Planning Commission ws = work session **ST = SHORT TERM**
AH = Affordable Housing ADU = Accessory Dwelling Unit NR = Not Ranked RRV = Reweighted Range Voting HAP = Housing Action Plan OED SBP = Office of Economic Dev Small Business Package

Figure 1: example planning matrix

Attachments

- a. HAC agenda, December 2017. (Note “future items”.)
- b. 2016 City Council Item regarding commission work plans



Housing Advisory Commission

HOUSING ADVISORY COMMISSION

AGENDA

Special Meeting

Thursday, December 7, 2017
6:30 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. **Brown Act Training for Commissioners** – *Rachel Chatman*
Commissioners' Manual:
https://www.cityofberkeley.info/uploadedFiles/Clerk/Level_3_-_Commissions/Final%20Formatted%20Manual%205.06.08.pdf

5. **Public Hearing on Community Needs and Review of Accomplishments of Projects Funded with Community Development Block Grant, Emergency Solutions Grant, and HOME Funds in FY 2017** – *Kristen Lee (Attachment 1)*

6. Approval of the November 2, 2017 Regular Meeting Minutes (*Attachment 2*)
7. **Adopt 2018 Meeting Calendar** – *All/Staff (Attachment 3)*
8. **Discussion and Possible Action of Subcommittee Assignments and Appointments** – *All/Staff (Attachments 4 and 5)*
9. **Discussion and Possible Action on Recommendations on the Use of Measure U1 Funds from the U1 Subcommittee** – *Marian Wolfe and Thomas Lord (Attachments 6 and 7)*
10. **Discussion and Possible Action on Recommendations for Berkeley Way Project** – *Igor Tregub (Attachment 8)*
11. **Discussion and Possible Action on Recommendations on Supply of Rent Controlled Units Following Disaster and Possible Areas of Collaboration with Disaster and Fire Commission** – *Igor Tregub (Attachment 9)*

12. Subcommittee Updates

- a. Homeless (*Attachment 10*)
- b. Low-Income Housing
- c. Smoke-Free Housing Subcommittee (*Attachment 11*)
- d. Density Bonus

13. Update on Council Items – All/Staff

- a. Disposition of the Kenney Cottage from City-Owned Lot in the 1200 Block of University to Make Way for Creating Needed Housing (11/14/2017)
https://www.cityofberkeley.info/Clerk/City_Council/2017/11_Nov/Documents/2017-11-14_Item_13_Disposition_of_the_Kenney_Cottage.aspx
- b. Implementation Plan for Affordable Housing Action Plan Referrals (11/28/2017) (*Attachment 12*)
- c. Ministerial Approval of Zoning-Compliant Affordable Housing (12/5/2017 continued from 11/28/2017)
https://www.cityofberkeley.info/Clerk/City_Council/2017/11_Nov/Documents/2017-11-28_Item_26_Ministerial_Approval_-_Rev.aspx
- d. Strengthening Provisions of Significant Community Benefits in the Downtown (12/5/2017)
https://www.cityofberkeley.info/Clerk/City_Council/2017/12_Dec/Documents/2017-12-05_Item_25_Strengthening_Provisions.aspx

14. Announcements/Information Items

15. Future Items

- a. Home Share Program (*January*)
- b. Commission Chair and Vice Chair Elections (*February*)
- c. Work Plan Process (*April*)
- d. Tiny Homes
- e. Future Items – *Thomas Lord (Attachment 13)*
- f. Affordable Housing Mitigation Fee Requirements

16. Adjourn

Attachments

1. Public Hearing on Community Needs
2. Draft November 2, 2017 Regular Meeting Minutes
3. Draft 2018 Meeting Calendar
4. Subcommittees' Rosters and Assignments
5. Thomas Lord, Discussion of HAC Subcommittee Structure
6. Marian Wolfe, U1 Subcommittee Recommendations
7. Thomas Lord, Amendments or Motions Re U1 Subcommittee
8. Igor Tregub, Berkeley Way Staff Update and Reaffirmation of Priority Accorded to On-Site Housing over Parking on the Project
9. Igor Tregub, Recommendations to the Berkeley City Council on Supply of Rent Controlled Units Following Disaster; Possible Areas of Collaboration with Disaster and Fire Commission



Lori Droste, District 8
Susan Wengraf, District 6

CONSENT CALENDAR
July 19, 2016

TO: Honorable Mayor and City Council

FROM: Councilmembers Lori Droste, Susan Wengraf,
Linda Maio, and Kriss Worthington

SUBJECT: Commission Work Plans

RECOMMENDATION

Commissions—with the exception of the Board of Library Trustees, Design Review Committee, and the Zoning Adjustments Board—will submit a work plan detailing its goals and objectives for the year. Plans will be submitted at the start of the fiscal year, annually.

FINANCIAL IMPLICATIONS

Although additional staff time will be needed to assist commissions in drafting work plans, staff time will be reduced overall if misaligned commission referrals are reduced. In addition, if boards and commissions do not direct city staff to perform research, gather information, or otherwise engage in activities involving projects or matters that are not aligned with the City's Strategic Plan, staff will be able to make more efficient use of their time.

BACKGROUND

The City of Berkeley is in the process of introducing its first strategic plan. To ensure that Berkeley's commissions are in alignment with the overall mission of the City, commissions should submit annual work plans. Each work plan should contain the following information:

1. Commission mission statement
2. What are the commission's goals? In order to achieve these objectives, please specify:
 - a. Resources
 - i. What specific resources are needed and available to achieve desired change? (i.e. staff time, \$, time, materials, equipment)
 - b. Program activities
 - i. What will the commission do with its resources?
 - ii. Processes, tools, events, technology, actions that are employed to bring about the intended objectives.

- c. Output(s)
 - i. What will be the direct results of commission activities?
 - ii. How much will be done? (i.e. Number of forums/meetings held, # of participants reached, etc.)
- d. Outcomes
 - i. The specific changes desired/achieved in the short-term (1-3 years) and long-term (4-6 years)

Outcomes should be measurable, action-oriented, and realistic (W. K Kellogg Foundation, 2004).

ENVIRONMENTAL SUSTAINABILITY

Not applicable

CONTACT PERSON

Lori Droste, City Councilmember District 8, 510-981-7180

Susan Wengraf, City Councilmember District 6, 510-981-7160

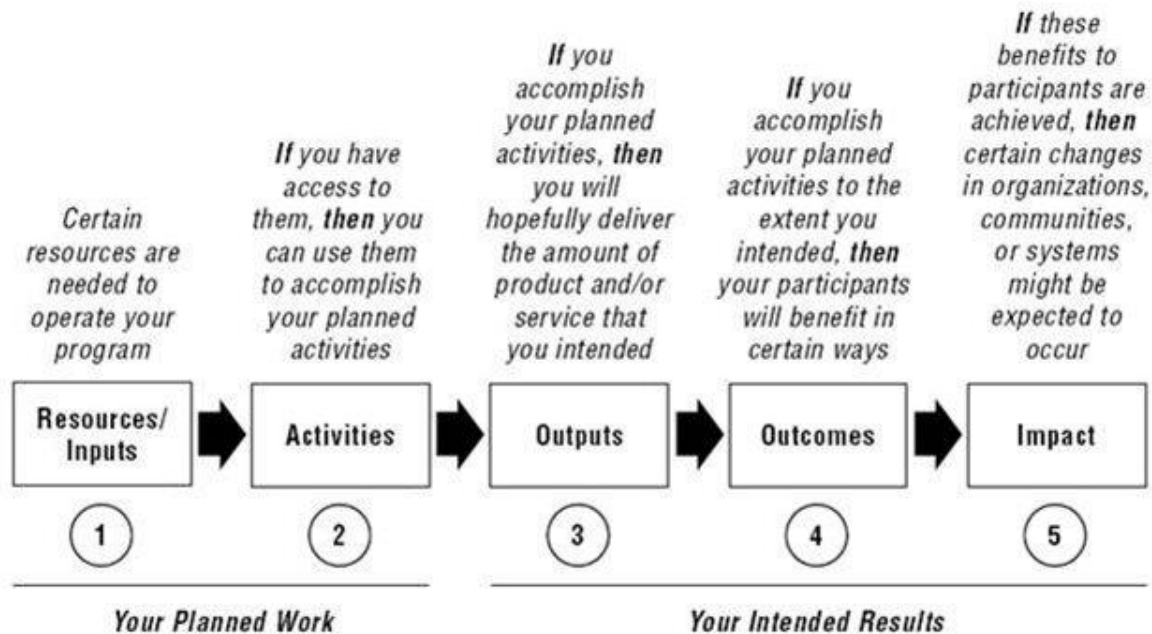
Attachments:

1: Logic Model Summary (W.K. Kellogg Foundation)

Logic Model Summary

A logic model brings program concepts and dreams to life. It lets stakeholders try an idea on for size and apply theories to a model or picture of how the program would function.

The program logic model is defined as a picture of how your organization does its work – the theory and assumptions underlying the program. A program logic model links outcomes (both short- and long-term) with program activities/processes and the theoretical assumptions/principles of the program.



The Basic Logic Model components shown above are defined below. These components illustrate the connection between your planned work and your intended results.

They are depicted numerically by steps 1 through 5.

YOUR PLANNED WORK describes what resources you think you need to implement your program and what you intend to do.

1. Resources include the human, financial, organizational, and community resources a program has available to direct toward doing the work. Sometimes this component is referred to as Inputs.

2. Program Activities are what the program does with the resources. Activities are the processes, tools, events, technology, and actions that are an intentional part of the program implementation. These interventions are used to bring about the intended program changes or results.

YOUR INTENDED RESULTS include all of the program's desired results (outputs, outcomes, and impact).

3. Outputs are the direct products of program activities and may include types, levels and targets of services to be delivered by the program.

4. Outcomes are the specific changes in program participants' behavior, knowledge, skills, status and level of functioning. Short-term outcomes should be attainable within 1 to 3 years, while longer-term outcomes should be achievable within a 4 to 6 year timeframe. The logical progression from short-term to long-term outcomes should be reflected in impact occurring within about 7 to 10 years.

5. Impact is the fundamental intended or unintended change occurring in organizations, communities or systems as a result of program activities within 7 to 10 years. In the current model of WKKF (W.K. Kellogg Foundation) grantmaking and evaluation, impact often occurs after the conclusion of project funding.

Compiled from:
W.K. Kellogg Foundation. "Logic Model Development Guide." (2004)

DATE: May 3, 2018
TO: Housing Advisory Commission
FROM: Marian Wolfe, Vice-Chair
RE: **Comments on Commissioner Lord’s Suggested Work Plan Process Discussion**

After reviewing Commissioner Lord’s suggested work plan process discussion, I thought I would share a few thoughts before we discuss this item at our next meeting.

Time that Work Plan covers – While Council guidance on Commission Work Plans dated July 19, 2016 specified short- and long-term goals, I want to mention that most commissioners do not stay for four to six years, so I believe our focus could be on a short-term plan. I am concerned that we could adopt a plan that future Commissioners would not support.

Lead Commissioners – Nice in theory, but I am uncertain whether there will be enough volunteers. We are having problems scheduling subcommittee meetings and producing written documents from these subcommittees. Most members of the HAC have restricted time available for this purpose. If the HAC appoints lead commissioners, it will increase the “out of meeting work time” commitments by commissioners. Why not rely on the subcommittee structure where possible and not initiate new sub-groups?

Requesting extra resources from Council to help HAC execute Work Plan – This idea was also included in the Council guidance. I think we should be realistic about the additional resources that might be provided by the Council, so perhaps we should focus more on work that can be undertaken by commissioners.

Output – This idea was also included in the Council guidance. Our work does not always fit the model of this approach. Furthermore, unanticipated policy and program issues arise that need to be addressed. Defining output is fine as long as the HAC uses some flexibility.

Tom’s Goal is to complete the Work Plan and adopt it in one meeting – We can try our best, but this may not be realistic. If necessary, the final work plan could be presented at the July meeting.

Finally, I like this suggestion and endorse it fully:

At the end of the fiscal year, the work plan finished will be a tool for helping us evaluate how well we accomplished what we set out to accomplish.

MEMORANDUM

To: Housing Advisory Commission
From: Commissioner Luis Amezcua
Subject: **Housing Retention Program**

Recommendation

Recommend to the City Council that the requirement for an application to include a W-9 Form (Tax I.D.) signed by the property owner and proof of building ownership, if it is not a Berkeley Housing Authority property, be removed.

Recommend to the City Council that the requirement for a picture ID for all household members older than 18 be amended to require a picture ID only for the tenant(s) that is applying for financial assistance from the Housing Retention Program.

Refer to the City Manager to develop an electronic application process for the Housing Retention Program with the East Bay Community Law Center within four (4) months.

Fiscal Impacts of Recommendation

Staff time.

Current Situation and Its Effects

The Housing Advisory Commission (“HAC”) recommended last year to fund the Housing Retention Program as an anti-displacement activity, which is funded through June 30, 2018. Households that are eligible and approved can receive up to \$5,000 as a one-time grant to prevent eviction¹. However, there are small details within the program’s application process that are obstacles for tenants and make it more difficult for them to get the financial help they need when they are under the threat of eviction.

W-8 Form (Tax I.D.) signed by property owner and proof of building ownership

The HAC should recommend to the City Council to remove these two documents needed for a complete application because these documents are not readily available to a tenant, nor is it reasonable for the City to expect such documentation from a tenant. A property owner who is intending to evict a tenant would likely not provide the tenant with such documentation, and a tenant under the threat of eviction would likely not ask for such documentation from a property owner given the ongoing situation.

¹ The eligibility requirements and documents needed for a complete application is enclosed.

Picture ID

The HAC should recommend to the City Council to amend this requirement because a tenant under the threat of eviction should not be compelled to share their personal circumstances with other tenants that are not under the threat of eviction. Many individuals would rather not seek help than to be put in a situation in which they have to share personal matters with friends and/or acquaintances because it impacts their existing relationship with them and/or it makes them uncomfortable.

An application should only require a picture ID for the tenant(s) that is under the threat of eviction and is applying for financial assistance from the Housing Retention Program. It should not require the involvement of third-parties that are not under the threat of eviction.

This ensures a tenant under eviction is able to seek the help they need while protecting their privacy.

Electronic Application Process

Currently, a tenant under the threat of eviction can only apply for the Housing Retention Program by calling the East Bay Community Law Center from 9:00 AM to 5:00 PM (closed on weekends) and doing a housing intake. This is a significant barrier as many tenants have full-time jobs in which they work 9AM-5PM, and some may not have the time to go through a lengthy intake process.

An online application process would be available 24/7 (notwithstanding the fact that applications can only be reviewed during business hours), increases efficiency, reduces costs, and eases the process of submitting documentation to form a complete application. Additionally, an online application process can potentially shorten the timeline from a complete application to being awarded financial assistance at a time when a tenant only has three days to pay rent or be faced with eviction proceedings².

This is a common-sense recommendation at a time when most of the population is digitally connected.

Background

According to the City of Berkeley, the Housing Retention Program “provides financial assistance to Berkeley tenants to prevent eviction due to non-payment of rent or failed inspection due to excess clutter. Grants are available to households that meet the eligibility criteria below. Submitting an application does not guarantee financial assistance. Application approval requires that each program requirement be met and supporting verifiable documentation provided.”

² According to California Code of Civil Procedure § 1161(2), a property owner can give a tenant a three-day notice if a tenant fails to pay rent. If the tenant does not pay rent within three days of receiving the notice, the property owner can begin eviction proceedings.

Environmental Sustainability

Not applicable.

Rationale for Recommendation

As one of the City's key anti-displacement activities, the Housing Retention Program could be more effective and efficient with the proposed recommendations above.

Alternative Actions Considered

The HAC could not adopt the proposed recommendation or continue it for further consideration.

HOUSING AND COMMUNITY SERVICES DEPARTMENT

Housing and Community Services Department

Housing Retention Program

The City of Berkeley's Housing Retention Program now has funds available through June 30, 2018. This program provides financial assistance to Berkeley tenants to prevent eviction due to non-payment of rent or failed inspection due to excess clutter. Grants are available to households that meet the eligibility criteria below. Submitting an application does not guarantee financial assistance. Application approval requires that each program requirement be met and supporting verifiable documentation provided.

Eligibility Requirements

- Berkeley residents or Berkeley S+C/Rapid Rehousing tenants who are at imminent risk of losing their permanent housing.
- Income must be verified by documentation from a third party.
- Household requesting assistance must have a signed rental agreement. If not, lease holder must submit copy of rental agreement and documentation verifying applicant's tenancy and monthly rent.
- Monthly income must support monthly expenses.
- Grant must prevent an eviction.
- Households must meet one or more of the following requirements and provide supporting documentation verifying below criteria.
 - Decrease in income
 - Unexpected medical and/or disability expenses paid without credit.
 - Fleeing domestic violence
 - Work-related vehicle expense (vehicle is required for the job supporting documentation from employer may be required)
 - Other unexpected significant expenses may be considered eligible.

Maximum Amount of Grant

- Approved households can receive up to \$5,000 as a one-time grant.

Documentation needed for Application

- Completed Application
- Picture ID for all household members older than 18.
- Verification of Current Income for all income included in the budget sheet.

- A dated Notice of Eviction from landlord stating amount owed for back rent. A 3-day notice of eviction is recommended. The Notice of Eviction must be dated in the current month.
- Rental Agreement or Lease. If applicant is not on the lease, the lease holder must submit a signed dated letter indicating applicant's portion of the rent and rent due. If Section 8 Housing or Shelter Plus Care, copy of Housing Assistance Payments (HAP) Agreement.
- W-9 Form (Tax I.D.) signed by landlord
- Proof of Building Ownership is needed if not a BHA property
- Documentation showing decrease in income, unexpected medical/disability expense, fleeing domestic violence, or work-related vehicle expense.
- You may be asked to provide additional documentation to support your application for financial assistance.

If you meet the eligibility criteria above and wish to apply for rental assistance, please contact:

East Bay Community Law Center at 548-4040 and ask for Housing Intake

[Home](#) | [Web Policy](#) | [Text-Only Site Map](#) | [Contact Us](#)

[Housing and Community Services Department](#), 2180 Milvia Street, 2nd Floor, Berkeley, CA 94704

Questions or comments? Email: HHCS@cityofberkeley.info Phone: (510) 981-5400

(510) 981-CITY/2489 or 311 from any landline in Berkeley

TTY: (510) 981-6903