

**BEN BARTLETT**

CITY COUNCILMEMBER, DISTRICT 3

CONSENT CALENDAR

November 3, 2022

To: Honorable Mayor and Members of the City Council
 From: Councilmember Ben Bartlett and Mayor Jesse Arreguín (Authors),
 Councilmember Kate Harrison (Co-Sponsor, Councilmember Sophie Hahn (Co-Sponsor)
 Subject: Budget Referral: Commitment to the Completion of Affordable Housing at
 1638 Stuart Street

RECOMMENDATION

Refer to the AAO#1 Budget Process \$50,000 to support the Completion of Affordable Housing at 1638 Stuart Street so it can complete exterior renovations and continue to provide eight units of permanently affordable housing for households earning less than 80% of area median income.

BACKGROUND/CURRENT SITUATION

In 2022, the 1638 Stuart Street Apartments project restored eight long-vacant apartments. The McGee Avenue Baptist Church (McGee) and the Bay Area Community Land Trust (BACL T) partnered to lead the project. McGee has served the South Berkeley community by providing religious services and community services at this location since the 1930s. BACL T has been preserving affordable housing in Berkeley since 2005.

The project restored one studio apartment and seven one-bedroom apartments, one of which is an ADA-compliant, wheelchair-accessible unit. BACL T marketed the apartments in June and July 2022 and leased up all units by September 1, 2022. The property currently serves eight adults and two children, with household incomes ranging from 30-80% of the area median income (AMI).

The recent lease-up of this project attracted attention and celebration from across the region, including news coverage by KQED, KCBS, Berkeleyside, The Daily Cal, and the Berkeley Times. KQED's article "‘Yes, in God's Backyard’: Berkeley Church Spearheads New Approach to Affordable Housing" highlighted a new resident, Ms. Betty Gray, whose two-year-long struggle to find affordable, accessible housing in Berkeley has also been covered by Berkeleyside. Ms. Gray said, "for people to go out of their way to be kind to help you ... it's new, and it makes you feel wanted and not hopeless." "[Ms. Gray] said she feels a sense of community with her neighbors. The proximity of the church has allowed her to benefit from church services, like food and plant drives."¹

However, due to unexpected physical rehabilitation challenges, unexpected delays due to the COVID-19 pandemic, and unplanned cost inflation, the project went over time and exceeded the budget by nearly \$100,000. BACL T has raised private donations to cover a portion of the financial gap and is requesting \$50,000 from the City's excess revenue allocations to cover the remaining gap to complete the project's exterior components. These components include exterior landscaping,

¹ Anaïs-Ophelia Lino, 'Yes, in God's Backyard': Berkeley Church Spearheads New Approach to Affordable Housing, KQED (Sep. 15, 2022), <https://www.kqed.org/news/11925690/yes-in-gods-backyard-berkeley-church-pioneers-new-approach-to-affordable-housing>.

walkways, and a driveway. The driveway includes a parking pad for the apartment's shared electric vehicle—donated by the Berkeley Rotary Club—which will provide transportation access to lower-income households which otherwise could not afford it.

RATIONALE FOR RECOMMENDATION

The cost to preserve these eight units was \$3,324,000 (about \$415,500 per unit), which is about 40% of the cost of building new affordable units. Recent data from the CA Department of Housing and Community Development show that the average cost of building an affordable housing unit in the Bay Area is over \$1,000,000 per unit. The Stuart Street project received \$2,054,000 from the City's Small Sites Program (62% of total project costs). BACLT is requesting \$50,000 to ensure it can cover the final costs of exterior concrete and landscaping. The original City investment was approximately \$257,000 subsidy per unit. An additional \$50,000 (\$6,250 per unit) would bring the total City investment to \$263,000 per unit. All eight units are permanently affordable for households earning less than 80% AMI.

The City's additional funding commitment would enable the project to be completed as envisioned, with plans to convert it into a permanently affordable housing cooperative in which lower-income residents will have stability and pride. Additionally, this project will serve as a regional model for other community partnerships between faith-based organizations and affordable housing developers.

FINANCIAL IMPLICATIONS

\$50,000 from excess revenue allocations through the AAO#1 process. The City of Berkeley stands to benefit from the completion of eight permanently affordable housing units at 1638 Stuart Street.

ENVIRONMENTAL SUSTAINABILITY

Not applicable

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