



Office of the City Manager

CONSENT CALENDAR  
June 13, 2023

To: Honorable Mayor and Members of the City Council  
 From: Dee Williams-Ridley, City Manager  
 Submitted by: Lisa Warhuus, Director, Health, Housing, and Community Services  
 Subject: Ephesian Legacy Court and Woolsey Gardens Housing Trust Fund Reservations

RECOMMENDATION

Adopt a Resolution:

1. Reserving \$14,531,301 in Housing Trust Fund program funds for a development loan for Community Housing Development Corporation's Ephesian Legacy Court (1708 Harmon Street) affordable housing development.
2. Reserving \$1,000,000 in Housing Trust Fund program funds for a predevelopment loan for Northern California Land Trust's Woolsey Gardens (3120-3130 Shattuck) affordable housing development and waiving Sections I.A.1 and III.A.1 of the Housing Trust Fund Guidelines.
3. Authorizing the City Manager or her designee to execute all original or amended documents or agreements to effectuate these actions.

SUMMARY

In March 2023, the Department of Health, Housing, and Community Services' Housing and Community Services Division (HHCS/HCS) received funding requests for two new affordable housing projects. CHDC submitted a development loan application for Ephesian Legacy Court (1708 Harmon Street) and NCLT submitted a predevelopment loan application for Woolsey Gardens (3120-3130 Shattuck).

The funding recommendations balance the City's goals of ensuring local affordable housing development projects are competitive for state funding and leveraging the City's limited housing resources to maximize the public benefit.

The Housing Advisory Commission recommended Council fund each request at its May 4, 2023 special meeting.

FISCAL IMPACTS OF RECOMMENDATION

The attached resolution would reserve a combined total of \$15,531,301 for the Ephesian Legacy Court and the Woolsey Gardens affordable housing developments. There are currently sufficient funds in the Housing Trust Fund program (HTF) to support both requests. Staff will determine the exact mix of funds from the HTF program for both loans closer to the loan closing, which could include Affordable Housing Mitigation Fee (Fund# 120), Measure O (Fund# 512), or Permanent Local Housing Allocation (Fund# 302). Funding is subject to appropriation in the FY 2024 budget in the HTF.

CURRENT SITUATION AND ITS EFFECTS

In March 2023, the City of Berkeley received two funding requests for new affordable housing projects. CHDC submitted a development loan application for Ephesian Legacy Court (1708 Harmon Street) and NCLT submitted a predevelopment loan application for Woolsey Gardens (3120-3130 Shattuck). HHCS/HCS has been working with CHDC since the first Ephesian Legacy Court application in 2021, and was able to accept the Woolsey Gardens application since predevelopment funds can be requested at any time under the HTF Guidelines.

Ephesian Legacy Court is an 80-unit senior Transit Oriented Development project being developed as a joint venture between the Community Housing Development Corporation (CHDC) and Ephesian Church of God in Christ (ECOGIC). CHDC's request for \$14,531,301 in development funding is in addition to predevelopment funding previously awarded to the project, for a total proposed City subsidy of \$18,087,701. Ephesian Legacy Court will not be competitive for financing available through the upcoming State of California Super Notice of Funding Availability (Super NOFA) without these additional City funds.

The Northern California Land Trust (NCLT) requested \$1,000,000 in predevelopment funding to redevelop the site of its current headquarters at 3120-3130 Shattuck Avenue into a multifamily homeownership project. The Woolsey Gardens site is owned by NCLT, who will continue to own the land after development for permanent stewardship. The project will involve demolition of the current structure and temporary relocation of existing commercial tenants for whom new space will be built in the development.

NCLT will need local matching funds for both a predevelopment grant awarded from the State of California Energy Commission (CEC) as well as a CEC construction grant to which NCLT will apply in Fall 2023. Staff will work with NCLT to establish milestones for funding disbursement in the loan agreement.

Funding Ephesian Legacy Court and Woolsey Gardens is a Strategic Plan Priority Project, advancing our goal to create affordable housing and housing support service for our most vulnerable community members.

## BACKGROUND

CHDC initially applied for development funding for Ephesian Legacy Court and another project, St. Paul Terrace (2024 Ashby Ave), through the 2021 HTF Request for Proposals (HTF RFP) process. On December 14, 2021, with Resolution No. 70,135, City Council approved the HTF RFP funding recommendations. There were not sufficient funds available through the HTF RFP to fund both CHDC requests in their entirety. Instead, in that same resolution, City Council directed CHDC to submit a revised proposal for whichever project they deemed most ready to move forward to be funded under the HTF-RFP, and then further resolved to prioritize the next available HTF funds for whichever CHDC project did not receive the remaining HTF RFP funds.

In 2022, CHDC submitted their revised proposal for St. Paul Terrace, which was further along in predevelopment, and City Council approved an additional \$8,551,040 for a total of \$12,250,000 in City funding. Earlier this year, housing staff determined that the HTF had a sufficient balance and invited CHDC to submit an updated request for Ephesian Legacy Court. Seventy-five percent (75%) of the units will be affordable to residents earning less than or equal to 50% of the Area Median Income (AMI) and the remaining units will be targeted to seniors and/or homeless individuals at or below 30% AMI. Ephesian Legacy Court secured entitlements under SB35, which should position the project to compete for state funds in the June 2023 Super NOFA. While CHDC has applied for project-based vouchers and supportive services funding, the project does not currently have any funding commitments other than the City.

Woolsey Gardens would be NCLT's first new construction project and is larger than other properties in its portfolio. NCLT proposes to develop a mixed-use green building with 65 units of limited equity housing at a range of affordability levels for households earning between 30% and 120% AMI. Woolsey Gardens will consist of studio, 1-bedroom, and 2-bedroom apartments. In addition to ground floor commercial space for nonprofits and emerging entrepreneurs, the building will have 41 residential condominiums as well as 24 units of shared cooperative housing.

As a project aiming to repair historic and current harms of displacement, Woolsey Gardens is partnering with community organizations to provide opportunities for displaced households to return to South Berkeley as well as housing stability for low-income households that still remain.

NCLT's recent development experience with its scattered site rehabilitation program, which consists of three projects with a total of 31 units, falls short of the HTF threshold criteria and will require City Council to waive Section I.A.1 of the HTF Guidelines. Given the presence of highly experienced consultants on the development team, Staff recommends waiving this requirement.

The minimum affordability requirements in the HTF guidelines are written for rental projects, and require 20% of all project units to be affordable for extremely low-income

households and 40% of all project units to be affordable for households earning 60% AMI or less. NCLT proposes to create 13 extremely low-income units and 11 60% AMI units at Woolsey Gardens, which is 37% of the project. Given the project's ownership structure and the fact that all units will be restricted for incomes less than 120% AMI, staff does not recommend increasing the proposed number of units for very-low and extremely-low income households. Staff recommends City Council waive both minimum affordability requirements in Section III.A.1 of the HTF guidelines to ensure project feasibility.

On May 4, 2023, the Housing Advisory Commission took the following actions:

Action: M/S/C (Johnson/Ortiz-Cedeño) to recommend that City Council reserve an additional \$14,531,301 for Community Housing Development Corporation's (CHDC) Ephesian Legacy Court (1708 Harmon Street).

Vote: Ayes: Fain, Johnson, Mendonca, Ortiz-Cedeño, Potter, and Simon-Weisberg.  
Noes: None. Abstain: None. Absent: Calavita and Rodriguez.

Action: M/S/C (Simon-Weisberg/Johnson) to recommend that City Council reserve \$1,000,000 for Northern California Land Trust's (NCLT) Woolsey Gardens (3120-3130 Shattuck) and waive Sections I.A.1 and III.A.1 of the Housing Trust Fund Guidelines.

Vote: Ayes: Fain, Johnson, Mendonca, Ortiz-Cedeño, Potter, and Simon-Weisberg.  
Noes: None. Abstain: None. Absent: Calavita and Rodriguez.

#### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Both projects address environmental sustainability in their project design and scope. CHDC plans to build Ephesian Legacy Court to a third-party green building standard (either LEED Gold or GreenPoint Gold). NCLT is aiming to make Woolsey Gardens a zero net energy building with LEED Platinum certification and extended grid outage resilience utilizing mass timber and cross laminated timber technology.

#### RATIONALE FOR RECOMMENDATION

The funding recommendations are based on balancing the City's goals of supporting these projects so they are competitive for state funding, and leveraging the City's limited housing resources to maximize the public benefit.

#### ALTERNATIVE ACTIONS CONSIDERED

Staff did not identify alternative actions that are consistent with City priorities and past actions.

#### CONTACT PERSONS

Amanda Montez, Community Development Project Coordinator, HHCS, 510-981-5426  
Grace Streltsov, Community Development Project Coordinator, HHCS, 510-981-5423

Attachments:  
1: Resolution

RESOLUTION NO. ##,###-N.S.

APPROVAL OF A \$14,531,301 FUNDING RESERVATION FROM THE HOUSING TRUST FUND FOR A DEVELOPMENT LOAN FOR THE EPHESIAN LEGACY COURT PROJECT AND A \$1,000,000 FUNDING RESERVATION FROM THE HOUSING TRUST FUND FOR A PREDEVELOPMENT LOAN FOR THE WOOLSEY GARDENS PROJECT

WHEREAS, City Council established a Housing Trust Fund Program (HTF) to assist in the development and expansion of housing affordable to low and moderate income persons who either work or reside within the City of Berkeley, and authorized the City Manager to implement the Program; and

WHEREAS, the City's HTF guidelines, adopted by Berkeley City Council Resolution No. 69,683-N.S. on January 19, 2021, allow predevelopment loans applications to be submitted at any time; and

WHEREAS, the City issued an HTF Request for Proposals (RFP) on August 3, 2021 and subsequently received six responses, including two from Community Housing Development Corporation (CHDC); and

WHEREAS, at its December 14, 2021 meeting, Council approved Resolution No. 70,135-N.S. reserving the balance of funds available through the RFP for a CHDC project to be determined based on the project's readiness and feasibility, and prioritizing future housing funds (including, but not limited to, HTF and Measure O funds) for the CHDC project (Ephesians Legacy Court or St. Paul Terrace) not funded through the RFP; and

WHEREAS, CHDC submitted a Development Loan Application request of \$14,531,301 for its proposed development 1708 Harmon Street in March 2023; and

WHEREAS, on February 28, 2023, Northern California Loan Trust (NCLT) submitted a Predevelopment Loan Application request of \$1,000,000 for its proposed development of Woolsey Gardens (3120-3130 Shattuck Avenue); and

WHEREAS, on May 4, 2023, the Housing Advisory Commission recommended Council approve the CHDC Development Loan Application request of \$14,531,301 for 1708 Harmon Street and the NCLT Predevelopment Loan Application request of \$1,000,000 for 3120-3130 Shattuck Avenue.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the Council approves the \$14,531,301 development funding reservation from HTF funds for CHDC's Ephesian Legacy Court (1708 Harmon Street).

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BE IT FURTHER RESOLVED that \$1,000,000 shall be reserved from HTF program funds for a predevelopment loan for NCLT's Woolsey Gardens (3120-3130 Shattuck Avenue).

BE IT FURTHER RESOLVED that the requirements of Section I.A.1 of the HTF Guidelines shall be waived and NCLT approved as an eligible developer with demonstrated capacity to complete the Woolsey Gardens project, though it has not completed the number of projects required by the developer eligibility criteria.

BE IT FURTHER RESOLVED that the requirements of Section III.A.1 of the HTF Guidelines shall be waived and all units at Woolsey Gardens shall be required to be affordable to households whose income does not exceed 120% of the Area Median Income.

BE IT FURTHER RESOLVED that funds shall be reserved for a period of no more than 24 months from the date of this Resolution, contingent on the development teams obtaining all required land use approvals of the property and securing commitments for project funding that the City Manager or her designee deems sufficient within the reservation period.

BE IT FURTHER RESOLVED that the funding reservation is conditioned upon the completion of the environmental review process, except as authorized by 24 CFR, Part 58, and that should HOME and/or CDBG funds constitute a portion of the funding for any project, a final commitment of HOME and/or CDBG funds shall occur only upon the satisfactory completion of the appropriate level of environmental review and also upon the receipt of approval of the request for release of funds and related certification from the U.S. Department of Housing and Urban Development, when applicable. The funding reservation for any of the HOME and/or CDBG funded projects is conditioned upon the City of Berkeley's determination to proceed with, modify, or cancel the project based on the results of subsequent environmental review under the National Environmental Policy Act.

BE IT FURTHER RESOLVED that the making of each loan shall be contingent on and subject to such other appropriate terms and conditions as the City Manager or her designee may establish.

BE IT FURTHER RESOLVED the City Manager, or her designee, is hereby authorized to execute all original or amended documents or agreements to effectuate this action; a signed copy of said documents, agreements and any amendments will be kept on file in the Office of City Clerk.

