



Office of the City Manager

CONSENT CALENDAR  
March 12, 2024

To: Honorable Mayor and Members of the City Council

From: Dee Williams-Ridley, City Manager

Submitted by: Amy Davidson, Deputy Director, Health, Housing, and Community Services

Subject: Grant Application: California Affordable Housing and Sustainable Communities Infrastructure in connection with the proposed North Berkeley BART (NBB) BRIDGE Phase 1 Project.

RECOMMENDATION

Adopt a Resolution:

1. Authorizing the City Manager to negotiate, enter into, and cause the City to perform its obligation under an agreement (including amendments) with BRIDGE Housing Corporation and/or their affiliates relating to a grant application to the California Affordable Housing and Sustainable Communities (AHSC) program for project-related transportation and infrastructure improvements for the North Berkeley BART (NBB) BRIDGE Phase 1 affordable housing project at the North Berkeley BART Station Area, for a total AHSC award amount of up to \$50 million.
2. Authorizing the City Manager to accept up to \$5.8 million in state AHSC funds and complete selected transportation improvements if awarded.

SUMMARY

If the AHSC application is successful, the City will receive up to \$5.8 million for transportation projects related to the NBB BRIDGE Phase 1 project. The City scope and budget may decrease depending on the final combination of transportation projects proposed in the AHSC application. To maximize the application's competitiveness, consultants are evaluating various combinations of transportation projects. Therefore, the scope is still being refined as of the writing of this report in order to ensure meeting the application deadline.

FISCAL IMPACTS OF RECOMMENDATION

BRIDGE Housing Corporation (BRIDGE) will apply for AHSC program funds for housing development and transportation improvements for its NBB BRIDGE Phase 1 project. BRIDGE will apply for up to \$50 million to support housing development costs for the project and the costs for bikeway and pedestrian improvements on and adjacent to the site. The housing portion of the application does not require City participation, and

housing funds will be loaned directly to BRIDGE without passing through the City. The housing portion of the application cannot go forward without the transportation and infrastructure portion discussed in this report.

The application will also include funding requests for transportation projects, including projects that would be implemented by the City. If awarded, BRIDGE's AHSC application would bring up to \$5.8 million of competitive grant revenue to fund bicycle, pedestrian, and transit improvements that were previously identified in City plans. The resolution authorizes the City Manager to enter into an agreement that will allow the project sponsor to pass through the funds to the City if the application is successful.

If the AHSC grant application is successful, the City will need to complete the agreed upon projects within five years of the grant award. The resulting City agreement is expected to include generally customary provisions requiring the City to (i) complete the agreed improvements by the deadline, (ii) be responsible for any funding shortfalls, and (iii) not seek reimbursement for any grant amounts not otherwise spent on the projects.

#### CURRENT SITUATION AND ITS EFFECTS

BRIDGE is pursuing AHSC funding to support its affordable housing development (NBB BRIDGE Phase 1 project) at North Berkeley BART. In order to be eligible for up to \$35 million in housing development funds, the application must include transportation and infrastructure improvements consistent with a complex system of AHSC program priorities. The improvements will be implemented by BRIDGE, the City of Berkeley, and BART.

The project team has been meeting to strategize on the combination of transportation improvements that will help the application score most competitively. The improvements to be implemented by the City of Berkeley include construction of a Class II bicycle lane on Sixth Street (from Camelia Street to University Avenue) and bus stop improvements including five corner sidewalk extensions ("bulbouts") and three new transit shelters within the project area (within one mile of the North Berkeley BART site). The City's share of the AHSC grant funds for the bike lane and bus stop improvements will not exceed \$5.8 million.

The grant application will request up to \$15 million for various activities, including the City transportation projects. The AHSC grant will also fund BRIDGE's bike and pedestrian infrastructure improvements on and adjacent to the site, new train cars or another greenhouse-gas reducing transit component by BART, and anti-displacement activities. The City will have no direct role or responsibility in implementing the BRIDGE, BART, and anti-displacement activities.

#### BACKGROUND

Administered by the Strategic Growth Council and implemented by the Department of Housing and Community Development (HCD), the AHSC Program funds land-use, housing, transportation, and land preservation projects to support infill and compact

development that reduce greenhouse gas emissions. Funding for the AHSC Program is provided from the Greenhouse Gas Reduction Fund, an account established to receive Cap-and-Trade auction proceeds. The City and BRIDGE previously were successful in applying for and utilizing AHSC program funds for the Berkeley Way development project.

On December 13, 2022 and July 25, 2023 with Resolutions Number 70,643 and Number 70,991, the City Council approved predevelopment funding reservations totaling \$2,000,000 for the development of permanently affordable housing at the North Berkeley BART Station Area. This predevelopment funding is part of a commitment made by the City of Berkeley through Resolution Number 68,833 to provide up to \$26.5M for affordable housing development at the site. The NBB BRIDGE Phase 1 project is one of four affordable projects proposed for development at the North Berkeley BART station.

The intent is to leverage City funding with funding from the state's AHSC program, for which applications are due on March 19. The goal of the AHSC program is to reduce greenhouse gas emissions, and projects are required to incorporate certain transportation improvements. BRIDGE will complete some transportation improvements, including bicycle and pedestrian infrastructure, that are the collective responsibility of the North Berkeley BART development team. However, those improvements are not sufficient to meet the AHSC program's threshold requirements. BRIDGE requested that the City partner with them on the application and complete certain AHSC-funded transportation improvements to help meet the program requirements and ensure a competitive application.

BRIDGE is working with Community Development Resource Group, which has a proven track record of successful AHSC applications. The consultants have been evaluating the AHSC scoring criteria and transportation project options, and have advised on strategies that have the greatest chance of achieving the highest scores possible. The project team strategized on the most competitive combination of transportation projects to propose and determined that a portion of the AHSC grants will support City projects identified in this report.

The City will not be a joint applicant, but will need to enter into a side agreement with BRIDGE in order to receive state AHSC funding passed through the project to the City-sponsored transportation projects. The City will need to commit to completing those transportation projects within five years of the grant award. Completion of the transportation projects in a timely way will be necessary for the projects to receive the AHSC housing funds; the City's default would mean the loss of AHSC funds totaling up to \$50 million. For that reason, agreeing to participate in this program means the City will need to prioritize completion of those projects without which the City will expose itself to liability for those losses. The side agreement will address liability and

indemnification as well as the grant activities themselves. This was taken into consideration as the potential projects were identified.

#### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The purpose of the AHSC program is to reduce greenhouse gas emissions in California. All of the projects identified for the funding will help accomplish that goal. Increasing cycling and walking would help the City achieve the Berkeley Climate Action Plan greenhouse gas emission reduction targets of 80% below year 2000 levels by 2050. The Climate Action Plan states that, in order to meet these targets, “Transportation modes such as public transit, walking and bicycling must become the primary means of fulfilling our mobility needs.”

#### RATIONALE FOR RECOMMENDATION

The City transportation and infrastructure projects proposed for inclusion in this AHSC funding application were all previously identified in existing City plans, including the City’s Bicycle Plan and Transit-First Policy Implementation Plan. This funding opportunity has the potential to provide up to a total of \$15 million for various activities, including the City’s transportation-related infrastructure improvements in the project area. The AHSC funds would also support bicycle and pedestrian improvements carried out by BRIDGE and a BART-sponsored project (either new BART train cars or infrastructure improvements). If the grant application is successful, staff believes that the AHSC funds will be sufficient for the City to complete its required transportation and infrastructure improvements, based on current cost estimates. In the event the estimates are higher than budgeted, the City will be required to make up any shortfalls from other sources.

Accepting this AHSC grant also poses some risks. City staff believes that the City can reasonably bear these risks in light of (i) the understanding that all of the anticipated costs have already been identified or budgeted, (ii) the expectation that all CEQA and NEPA approvals will be received in timely manner, (iii) the City’s general extensive experience with executing similar transportation and infrastructure projects, and specific understanding that all of the projects at issue can be completed within the required five-year period, and (iv) other than customary requirements for carrying out any public works project, staff is not aware of any other significant pre-conditions or risks for the City executing the projects. Specific design, construction, procurement and related contracts to deliver the City projects will be subject to customary City approvals at the appropriate times, including Council approval when otherwise required.

#### ALTERNATIVE ACTIONS CONSIDERED

The City could choose not to participate in the AHSC application, which would result in less competitive application for BRIDGE and may impact their ability to secure funding to support the affordable housing development. Without City’s participation, the application would have difficulty achieving full points for active transportation

improvements. In addition, it would mean forgoing an opportunity to access up to \$5.8 million for previously identified transportation infrastructure projects.

CONTACT PERSON

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Eric Anderson, Principal Planner, Public Works, 510-981-7060

Attachment:

1: Resolution

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

CALIFORNIA AFFORDABLE HOUSING AND SUSTAINABLE COMMUNITIES  
INFRASTRUCTURE GRANT APPLICATION AND AGREEMENT WITH PROPOSED  
NORTH BERKELEY BART (NBB) BRIDGE PHASE 1 PROJECT

WHEREAS, on April 27, 2021, with Resolution 69,883-N.S., the City Council reserved \$53 million, to be divided between the North Berkeley and Ashby BART sites, as the subsidy needed to achieve 35% affordability, and allowed for a portion of that funding to be considered for predevelopment costs associated with affordable housing; and

WHEREAS, on December 13, 2022 and July 25, 2023, City Council adopted Resolutions No. 70,643-N.S. and No. 70,991-N.S., reserving funding for predevelopment activities at the North Berkeley BART site; and

WHEREAS, on January 19, 2024, the California Strategic Growth Council and the California Department of Housing and Community Development released the Notice of Funding Availability with approximately \$675 million in funds for the Affordable Housing and Sustainable Communities (AHSC) Program; and

WHEREAS, BRIDGE Housing Corporation and and/or its affiliate proposes to apply for AHSC funding prior to the due date of March 19, 2024 for approximately \$50 million to support affordable housing development (the "NBB BRIDGE Phase 1 Project"), as well as transportation and infrastructure improvements within one mile of the North Berkeley BART site (the "project area"); and

WHEREAS, if the application is successful, the City would receive up to approximately \$5.8 million to support the Sixth Street Bicycle Lane and bus stop improvements within the project area (the "City Transportation Projects"); and

WHEREAS, the City Transportation Projects support the traffic safety, climate, and equity policy goals and infrastructure recommendations of Berkeley City Council approved transportation plans, including the Bicycle Plan (2017), Pedestrian Plan (2020), Vision Zero Action Plan (2020), and Transit-First Policy Implementation Plan (2023); and

WHEREAS, the amount of funding for and scope of City Transportation Projects may be reduced depending on the final cost estimate for other projects that will also be paid for out of the AHSC grant; and

WHEREAS, the City will not be a joint applicant, but will need to enter into a side agreement with BRIDGE in order to receive state AHSC funding passed through the project to the City-sponsored transportation projects.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager is authorized to negotiate, enter into and cause the City to perform its obligations under an agreement (including amendments) with BRIDGE Housing

Corporation and its affiliates relating to a grant application to the California Affordable Housing and Sustainable Communities (AHSC) program for NBB BRIDGE Phase 1 project-related transportation and infrastructure improvements, for a total amount up to \$5.8 million for City projects, and to accept and perform the grants if awarded.

