



Office of the City Manager

CONSENT CALENDAR
March 26, 2024

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Margot Ernst, Interim Deputy Director, Health, Housing, and Community Services
Subject: Contract No. 32400033 Amendment: Strategic Economics for Affordable Housing Requirements Economic Feasibility Analysis

RECOMMENDATION

Adopt a Resolution authorizing the City Manager or her designee to execute an amendment to Contract no. 32400033 with Strategic Economics, increasing the contract amount by \$50,000 for contract services in a total amount not to exceed \$200,000, with a contract end date of January 15, 2025.

FISCAL IMPACTS OF RECOMMENDATION

The contract amount will be increased by \$50,000. This funding was appropriated to the General Fund (Fund 011) in the Annual Appropriations Ordinance #1 on January 16, 2024 for the Prevailing Wage Requirements for Southside Feasibility Study.

CURRENT SITUATION AND ITS EFFECTS

The City has a contract with Strategic Economics and Street Level Advisors as a subcontractor to conduct economic feasibility analysis for the City's Affordable Housing Requirements (AHR). The contract needs to be amended to accommodate Council's November 14, 2023 referral to update the existing study taking prevailing wage into account.

BACKGROUND

The City Council adopted the revised AHR (Berkeley Municipal Code Chapter 23.328) for new housing development projects on February 28, 2023. The ordinance went into effect on April 1, 2023. The revisions transition the City's affordable housing requirements from an affordable housing mitigation fee to an inclusionary housing requirement with an option to pay a fee in-lieu of the onsite provision of affordable housing. All in-lieu fees are deposited into the City's Housing Trust Fund program. City Council directed staff to conduct an economic feasibility analysis of the new AHR and in-lieu fee.

On November 14, 2023, the City Council adopted amendments to Berkeley Municipal Code Title 23 (Zoning Ordinance), the Zoning Map, General Plan Land Use Diagram, and the General Plan relating to the Southside Zoning Implementation Program of the 2023-2031 Housing Element Update. The adopted action included a referral to the City Manager to analyze prevailing wage requirements. Council assigned a one-time allocation of General Fund to complete the analysis. The City Manager directed staff to incorporate this referral into the ongoing feasibility analysis.

This referral requires an amendment to the adopted Scope of Work and budget. The current contract with Strategic Economics and Street Level Advisors expires on July 15, 2024. Staff request an extension of the current contract to January 15, 2025.

Strategic Economics and Street Level Advisors entered into the current contract with the City on July 12, 2023.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no identifiable environmental effects, climate impacts, or sustainability opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

The zoning amendment's required prevailing wage analysis should be considered in the context of the City's ongoing work to analyze the AHR's economic impacts on the housing market. The analysis resulting from this contract will inform the City Council in light of evolving market conditions.

ALTERNATIVE ACTIONS CONSIDERED

No alternatives were considered. Staff will not be able to adequately conduct the analysis of prevailing wage requirements required by the zoning amendment if the contract with Strategic Economics and Street Level Advisors is not amended. Strategic Economics and Street Level Advisors are already very familiar with the City's regulatory requirements and will be able to proceed more quickly and efficiently than another vendor.

CONTACT PERSON

Mariela Herrick, Community Development Project Coordinator, HHCS, 510-981-5424

Attachments:

1: Resolution

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

CONTRACT: STRATEGIC ECONOMICS FOR AFFORDABLE HOUSING
REQUIREMENTS ECONOMIC FEASIBILITY ANALYSIS

WHEREAS, the City of Berkeley adopted revised Affordable Housing Requirements (Berkeley Municipal Code Chapter 23.328) for new housing development projects on February 28, 2023; and

WHEREAS, on July 11, 2023, the Health, Housing and Community Services Department entered into a contract with Strategic Economics (contract # 32400033) to conduct an Economic Feasibility Analysis of the Affordable Housing Requirements for the Department of Health, Housing, and Community Services (HHCS); and

WHEREAS, due to the City Council adopted amendments to Berkeley Municipal Code Title 23 (Zoning Ordinance), the Zoning Map, General Plan Land Use Diagram, and the General Plan relating to the Southside Zoning Implementation Program of the 2023-2031 Housing Element requires an additional analysis into the ongoing Affordable Housing Requirements in-lieu fee feasibility analysis; and

WHEREAS, the Mayor recommended a one-time allocation of \$50,000 from the General Fund to complete this analysis; and

WHEREAS, the one-time allocation will be included in the FY24 Annual Appropriations Ordinance #2 (AAO2); and

WHEREAS, the City Manager directed staff to incorporate this analysis into the ongoing AHR in-lieu fee feasibility analysis; and

WHEREAS, Strategic Economics continue to provide critical support to the AHR in-lieu fee feasibility analysis;

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Manager or her designee is authorized to amend Contract No. 32400033 with Strategic Economics for personal services to add up to \$50,000 for a total not to exceed \$200,000, and extend the contract to January 15, 2025.

