



Office of the City Manager

August 22, 2023

To: Honorable Mayor and Members of the City Council
From: *LB* Dee Williams-Ridley, City Manager
Re: Update on Supportive Housing at 1367 University Avenue (Step-Up Housing):
Project Status and Summary of Proposed Changes

This report provides Council with an update on the proposed lease of the new construction project at 1367 University Avenue for supportive housing for single adults experiencing homelessness.

The context for providing this update is that I am scheduled to sign the option to purchase the property on Monday, August 28 (as described in this memo). I want to share successes and changes to the project with Councilmembers in advance should there be any questions or concerns prior to signing that contract.

Background

Staff are continuing work with Building Opportunities for Self-Sufficiency (BOSS) and Panoramic Interests to advance this opportunity to lease a new construction building for supportive housing. Council authorized this initiative via Resolution No. 69,586 – N.S. on October 13, 2020, and Resolution No. 70,491–N.S. on February 23, 2021, with added amendments on August 3, 2022. This project is also consistent with the Homeless Services Panel of Experts recommendations to use 30% of the Measure P funds for permanent supportive housing.

Supportive housing is a critical need for the community. Supply of new supportive housing units is limited due to multiple factors affecting construction; including cost, timing, and financing. The Step-Up Housing Project will provide 38 much needed permanent supportive housing units through the 10-year master lease with BOSS.

This model of public-private supportive housing is new to the City of Berkeley. Staff are working closely with Panoramic and BOSS to align the City's agreements with the original project proposal and to flesh out the roles and responsibilities of the City, Panoramic, and BOSS.

This update provides an overview of successes, changes, and outstanding issues since Council last formally reviewed the project in August 2022, as the project evolves and advances towards construction milestones.

1367 University has the potential to serve as an innovative model for public/private partnership. Council may consider this additional analysis to ensure a stable, secure project for the future residents and public.

Successes

BOSS, Panoramic, and the City came together to establish the following terms that will facilitate tenant success and stability as well as security for the public investment.

A. Option to Purchase

- a. The City and Panoramic negotiated an Option-to-Purchase Agreement that would give the City the option to purchase the property for the first half of the 10-year master lease period (five years from project completion). This Option, if exercised, would ensure that the development remains affordable after the lease period ends (at which point it would revert to market rate without a lease extension and additional operating funding for BOSS).
- b. If exercised in the first two years, the purchase price will be \$15 million. If exercised in years 3-5, the purchase price would increase by an amount equal to the increase in the Consumer Price Index (CPI), but in no event greater than 5% per year.

B. Increased Budget for Property Operations

- a. BOSS was responsive to some of HHCS staff concerns regarding insufficient budget for certain operating costs. They amended the budget to increase funding for maintenance and repair, pest control, and operating reserves.
- b. These line items are now more consistent with industry standards.

C. Increased Budget for Supportive Services Staffing

- a. BOSS agreed to change the operating model to include tenant rent payments equal to 30% of each tenant's income, which is typical for permanent supportive housing. The projected income will help to bring back some of the services included in the original proposal.
- b. The budget was amended to increase the salaries for two on-site service coordinator/case managers to \$90,000/year to be more competitive and consistent with market standards.
- c. 10% of a Housing Director FTE was added to the budget.
- d. \$50,000 was added to fund a service liaison.

D. Dedicated Property Management

- a. The operations plan and budget contain funding for a full-time, on-site property manager.
- b. One unit will be designated for the property manager.

Outstanding Issues and Program Changes

There are several changes to the proposal and contract. These are due to changes in the construction type, construction costs, financing changes, and other issues that arose as the Step-Up Housing plans were further developed.

It is typical and expected for costs and financing to change in residential development. Since this is not a deed-restricted, Housing Trust Fund affordable development, this memo clarifies how this project will fit differently into Berkeley's affordable housing portfolio, and the implications for the City's future responsibilities and liabilities.

A. Funding Structure

- a. The annual funding from the City is structured as a grant to BOSS and not a lease-to-own. Funding for a future purchase by either BOSS or the City will be a separate, unbudgeted cost.
- b. There will be no long-term affordability or regulatory requirements secured against the property for units other than the qualifying affordable density bonus units (five Very Low-Income (VLI) units).
- c. The project development is entirely privately financed without any public funding, which means:
 - i. It is not subject to prevailing wage or local hire requirements.
 - ii. Its operations are not subject to City oversight.
 - iii. The City has no relationship or leverage with Panoramic Interests outside of the Option to Purchase Agreement.

B. Master Lease

- a. BOSS is master-leasing the property at \$1,645 per unit per month, and is separately responsible for all of the operating costs, including utilities, repair and maintenance, pest control, security, property management, and insurance.
- b. Panoramic and the City conducted separate market research into the value of the rental units. Panoramic asserts that the master-lease costs less than market rate for similar housing. Staff's analysis found the rate to be at or above the average cost of studio apartments in that area.¹ A third party market analysis for the rents has not been conducted.

¹ Panoramic asserts the \$1,645 per unit (165 sf units) is below market. City staff's analysis indicates it may be at or above market. The units are an average of 165 sf. This translates to a cost of \$9.96 per

- c. The per unit lease cost of \$1,645 per unit exceeds the maximum BMR price for the five required VLI units.
- d. The City's funding is currently budgeted to cover 100% of the master lease and the building operations costs.
- e. If the option to purchase is not exercised within the five-year time-frame, the affordability of the units will terminate at the end of the 10-year lease unless both the lease and the project funding are extended.

C. Security

- a. Panoramic and BOSS updated the proposal to include a secured entrance and a video surveillance system. These are important additions for site security. However, the City's experience coordinating supportive housing in other locations demonstrates the need for 24/7 security staffing.
- b. While many tenants stabilize over time, supportive housing sites provide security to assist with common ongoing activities including visitors going to/from and sometimes staying overnight, theft and perceived theft, medical emergencies, and transactions. An on-site property manager is an important component to a community's stability but cannot provide the over-night staffing that is critical in managing these types of activities.
- c. Permanent security will benefit the safety and stability of the residents and public.

D. Funding Sources

- a. Funding for the Option to Purchase has not been identified.
- b. Alameda County did not contribute funds at the level originally anticipated in Resolution No. 70,491–N.S. However, the County is committed to funding supportive services to the residents at the current industry standard. County funds currently committed cannot support general project operations. The City is the sole funder for operations, and BOSS is likely to seek additional funding from the City if needed. Viable alternative funding options are not identified.
- c. Measure P, the identified funding source, will sunset in 2028. There is no source yet identified for the annual funding committed for the second half of the 10-year master lease.
- d. The original proposal contained a 50% match to the City's funding. The current budget is \$440,000 less so the City's funding is covering over 70% of the annual operating costs. The reduction in services funding resulted in the elimination of the Program Manager, Wellness Director, Overnight Monitor, and Cook from the original proposal.

square foot. Staff analysis of studio apartments in within a mile from 1367 University in Berkeley identified an average cost of \$7.33 per square foot.

- e. HTF funding (including all Measure O funds) is committed to other pipeline projects. Developments structured as leases (instead of sponsor ownership) are not eligible for most typical affordable housing funding sources, including Measure O.

E. Project Timeline

- a. The project construction type changed from modular to standard construction which will increase the construction timeline from a four-month installation to a 9-12 month construction timeframe.

Attachments:

1. Resolution No. 69,586 – N.S. on October 13, 2020
2. Step-Up Initiative Item and Resolution, February 23, 2021
3. Revised Resolution No. 70,491-N.S., August 3, 2022
4. BOSS Step-Up Supportive Housing Operating Budget Comparison

cc: LaTanya Bellow, Deputy City Manager
Anne Cardwell, Deputy City Manager
Jenny Wong, City Auditor
Mark Numainville, City Clerk
Matthai Chakko, Assistant to the City Manager
Lisa Warhuus, Director, Health, Housing, and Community Services

RESOLUTION NO. 69,586-N.S.

ALLOCATING APPROXIMATELY \$900,000 ANNUALLY FOR 10 YEARS AND A ONE-TIME AMOUNT OF APPROXIMATELY \$32,975 OF MEASURE P FUNDS TO LEASE AND OPERATE THE NEW PERMANENT SUPPORTIVE HOUSING PROJECT FOR THE HOMELESS AT 1367 UNIVERSITY AVE.

WHEREAS, the City Council passed unanimously the original Step Up Housing Initiative introduced by Councilmember Bartlett on February 14, 2017; and

WHEREAS, Measure P was passed by Berkeley voters in November 2018 to raise the transfer tax on roughly the top-third of properties from 1.5% to 2% and allocate those funds towards various homeless services, including permanent housing, supportive services, and navigation centers; and

WHEREAS, Measure P designated the Homeless Services Panel of Experts to advise the Council on expenditures for homeless services; and

WHEREAS, in December 2019 the Homeless Services Panel of Experts published their recommendations for initial allocations under Measure P, including highlighting permanent housing as the City's top priority and recommending 30% of Measure P funds be allocated to permanent housing; and

WHEREAS, the City Council approved on June 30, 2020 Measure P allocations for FY 2020-21 that included \$2.5 million for permanent housing subsidy; and

WHEREAS, the Berkeley Zoning Adjustments Board approved the permanent supportive housing development project at 1367 University on July 9, 2020.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it approves the following for the project at 1367 University Ave:

- A reservation of approximately \$32,975 in Measure P funds for start-up costs associated with the project.
- A reservation of approximately \$900,000 in ongoing funds annually for 10 years for the leasing and operation of the proposed project, with funding adjusted annually based on the Consumer Price Index for Oakland-Hayward-Berkeley, CA.
- In the event BOSS is unable to perform its function as the service provider, an alternative qualified service provider may operate the project with the review and approval of the City Manager, or her designee.
- Further, the City's commitment is contingent upon the funding of the balance of the project.

BE IT FURTHER RESOLVED that 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 the City Clerk.

The foregoing Resolution was adopted by the Berkeley City Council on October 13, 2020 by the following vote:

Ayes: Bartlett, Davila, Droste, Hahn, Harrison, Kesarwani, Robinson, Wengraf, and Arreguin.

Noes: None.

Absent: None.

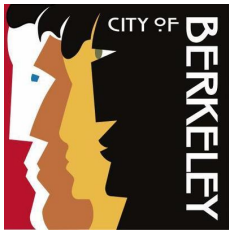


Jesse Arreguin, Mayor

Attest:



Mark Numainville, City Clerk



Councilmember Ben Bartlett
City of Berkeley, District 3

CONSENT CALENDAR

February 23, 2021

To: Honorable Mayor and Members of the City Council

From: Councilmember Ben Bartlett (Author), Councilmember Rashi Kesarwani (Co-Sponsor), Councilmember Susan Wengraf (Co-Sponsor) and Mayor Jesse Arreguín (Co-Sponsor)

Subject: “Step Up Housing” Initiative: Allocation of Measure P Funds to Lease and Operate a New Permanent Supportive Housing Project at 1367 University Avenue

RECOMMENDATION

Adopt a resolution allocating approximately \$900,000 per year for 10 years, as well as a one-time allocation of approximately \$32,975 from Measure P transfer tax receipts to support the lease and operation of a new permanent supportive housing project for the homeless at 1367 University Avenue. This resolution is put forward out of consideration that the City Council has already approved in its FY 2020-21 budget—on June 30, 2020—an allocation of \$2.5 million for permanent housing subsidy, a portion of which is available to be spent on the 1367 University Avenue project.

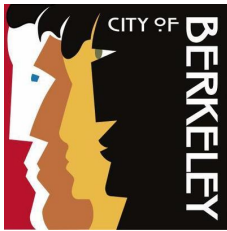
Refer to the next meeting of the Budget and Finance Policy Committee to confirm the availability of requested funding for the 1367 University project and to set priorities for other Measure P-funded programs and services as part of the mid-year budget process.

POLICY COMMITTEE RECOMMENDATION

On January 28, 2021, the Budget and Finance Policy Committee voted to send the item to Council with a qualified positive recommendation to confirm the availability of revenues as approved by Council on October 13, 2020, for the 1367 University project and note that the Committee will discuss Measure P allocations in the FY 2022 budget development process. Vote: All Ayes.

CURRENT SITUATION

Homelessness is increasing in the City of Berkeley and throughout the Bay Area. Berkeley currently has 1,108 homeless residents, of whom 813 were living on the street as of a point-in-time count in January 2019. This represents a 14% increase in two years.



Councilmember Ben Bartlett
City of Berkeley, District 3

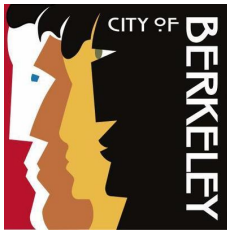
To help address the need for supportive housing, Building Opportunities for Self-Sufficiency (BOSS) has proposed to operate the Step Up Housing initiative, a new permanent supportive housing project for individuals experiencing homelessness. BOSS is a 501c3 nonprofit organization that will serve as the master tenant and provide supportive services to the residents of the project at 1367 University Avenue.

BOSS has partnered with Panoramic Interests to develop the new permanent housing project, which was unanimously approved by the Berkeley Zoning Adjustments Board on July 9, 2020 and can be built on an accelerated 16-week timeline. As a result, the project will result in huge savings both for costs of and time of development. While Panoramic Interests will be responsible for obtaining building permits, financing construction, and building the project, BOSS will be responsible for all operations and property management.

The project will include 39 fully furnished studio apartments, private bathrooms for each studio, a 400-square-foot community room, a community kitchen, two offices for support staff and services, permanent on-site property management, and 24/7 security. The building will be constructed with modular units built around an approximately 615-square-foot private central courtyard.

BOSS will provide services for Step-Up Supportive Housing including connecting residents to mental health resources, substance abuse recovery services, employment, education, and legal services and will accompany them to service providers when appropriate. The program will ensure participants obtain health insurance coverage and connect them to primary care providers. Opportunities for socialization and peer support will be provided through the organization of on-site support groups, learning workshops, social activities, community meals, and service visits by outside providers. BOSS will also manage an on-site food pantry in collaboration with Alameda County Community Food Bank. These services will help residents maintain stable housing, improve mental and physical health, and decrease social isolation. On-site service hours will be provided Monday-Friday, 9 am-5 pm, but the case manager or another designated staff member will be on-call as needed at all times.

The program will be staffed by a number of employees, including a program manager, housing manager, property manager, cook, maintenance worker, and overnight monitor.



Councilmember Ben Bartlett
City of Berkeley, District 3

Roughly two-thirds of the expenses are related to program operations and delivering supportive services for the residents. The balance of the expense is for housing. The total operating budget is \$1,844,515 annually. This resolution would cover \$900,000 of the annual operating costs over a 10-year period and a one-time \$32,975 allocation for start-up costs, including purchasing household items for the units, kitchen supplies, groceries, office furniture, security cameras, etc.

The remaining \$944,515 is being requested from the County of Alameda. The City's commitment is contingent upon the funding of the balance of the project.

BACKGROUND

California has the highest real world poverty rate of any state, 17.2% over the previous three years and much higher than the national rate.¹ A major contributing factor to the state's high poverty indices is that many California residents spend much of their income on housing due to high construction costs.² Throughout the state, many affordable housing development projects are stalled, burdened, and have incurred higher than the median costs for development.

For example, in Alameda, CA, Everett Commons, which is a low-income development that provides housing for only 20 families, costs \$947,000 per unit.³ The notoriously high price of land and the rising cost of construction materials are contributing factors. On the other hand, the Step Up Housing Initiative uses an efficient and cost-effective modular construction model that provides 39 individuals with not only stable housing, but a safe and supportive environment where they can access critical employment, health, substance abuse, and community resources and services. Berkeley can help address the shortage of homes and effectively alleviate the City's homelessness crisis through this innovative and practical project.

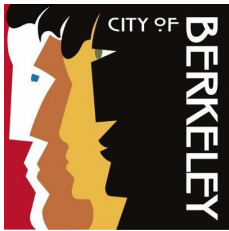
REVIEW OF EXISTING POLICIES AND PLANS

Berkeley voters overwhelmingly passed Measure P in November 2018 with 72% of the vote. The Measure raised the transfer tax on property sales over \$1.5 million from 1.5% to 2%, which is expected to generate approximately \$6-8 million annually. These funds

¹ <https://www.census.gov/content/dam/Census/library/publications/2020/demo/p60-272.pdf>

² <https://www.sacbee.com/article245815115.html>

³ <https://www.latimes.com/homeless-housing/story/2020-04-09/california-low-income-housing-expensive-apartment-coronavirus>



Councilmember Ben Bartlett
City of Berkeley, District 3

were intended to be allocated towards various homeless services, including permanent housing, supportive services, and navigation centers.

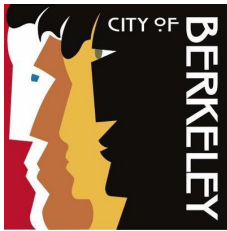
Measure P also created an independent commission, the Homeless Services Panel of Experts, to provide recommendations on funding allocations to the City Council. In December 2019, the Homeless Services Panel of Experts published its first set of recommendations for initial investments from the General Fund to address homelessness in Berkeley. The Panel's recommendations prioritized certain categories of activities and set forth a percentage of funding for each category. Permanent housing was listed as the top priority, with 30% of the funds recommended to be allocated towards such projects. The remainder was recommended to be allocated towards shelter and temporary accommodations, immediate street conditions and hygiene, supportive services, flexible housing subsidies, and infrastructure. The City Council approved on June 30, 2020 Measure P allocations for FY 2020-21 that included \$2.5 million for permanent housing subsidy.

In 2017, the City Council also referred staff to create a 1000 Person Plan, which seeks to end homelessness for 1000 people in Berkeley. In 2019, City staff responded to this referral and concluded that the Council needed to provide up-front investments in targeted homelessness prevention, light-touching housing problem-solving, rapid rehousing, and permanent subsidies. This proposal to lease and operate the Step Up Housing initiative at 1367 University would help move forward the 1000 Person Plan and also accomplish the Homeless Services Panel's top priority of providing stable and permanent supportive housing for individuals experiencing homelessness.

In addition, this project also fulfills the goals of Councilmember Bartlett's original Step Up Housing initiative, which passed unanimously on February 14, 2017. See Attachment 3 for the original item.

CONSULTATION/OUTREACH OVERVIEW

Councilmember Bartlett's office collaborated with BOSS and Panoramic Interests to ensure the long-term success of this new permanent supportive housing project, the Step Up Housing initiative. By bringing together BOSS's expertise in the field of supportive services and Panoramic's efficient modular construction model, this project can be operational and begin providing stable housing to 39 individuals within twelve months of receiving this funding commitment, resulting in dramatic savings in costs and delivery time.



Councilmember Ben Bartlett
City of Berkeley, District 3

BOSS was founded in Berkeley in 1971 to serve severe and persistent mentally ill homeless individuals and their families, and has since expanded to serve over 3,000 families and individuals per year across Alameda County, including persons experiencing homelessness, mental illness, former incarceration/justice system involvement, domestic or community violence, unemployment, and other crises. BOSS has 49 years of experience serving the target population, and 45 years of experience operating emergency, transitional, and permanent housing programs.

Panoramic Interests has been building high density infill development projects in the Bay Area since 1990. Its work in downtown Berkeley and San Francisco includes 15 projects, adding more than 1,000 new units of housing, and 100,000 square feet of commercial space. From 1998-2004, Panoramic built seven new mixed-use apartment buildings in downtown Berkeley. During this time, Panoramic housed more than 80 Section 8 tenants, making it the largest private provider of Section 8 housing in the City.

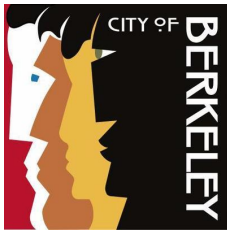
This collaborative effort between the City, the service provider, and the developer can serve as a regional model for future permanent supportive housing projects in Berkeley and throughout the Bay Area.

RATIONALE FOR RECOMMENDATION

The City's funding commitment will help address the homelessness crisis by allowing for the long-term and stable housing of 39 individuals experiencing homelessness as well as the provision of on-site services to help those individuals retain housing, improve their mental and physical health, connect with employment and education opportunities, and decrease social isolation. This Step Up Housing initiative not only will result in huge cost savings through its streamlined processes, but also it can be operational within twelve months of receiving this funding commitment. In addition, this project will serve as a regional model for other jurisdictions to consider when dealing with the homelessness crisis in their cities.

FISCAL IMPACTS

The new permanent supportive housing project, known as the Step Up Housing initiative, at 1367 University is requesting a one-time \$32,975 allocation for start-up costs and \$900,000 annually for 10 years from Measure P transfer tax receipts. The remaining \$944,515, to cover the annual \$1,844,515 operating budget, is being requested from the



Councilmember Ben Bartlett
City of Berkeley, District 3

County of Alameda. The supportive housing model will have dramatic savings of cost and delivery time.

ENVIRONMENTAL SUSTAINABILITY

The project itself was determined by the Planning Department to be categorically exempt from the provisions of the California Environmental Quality Act pursuant to Section 15332 (In-Fill Development Projects) of the CEQA Guidelines.

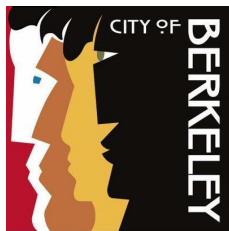
CONTACT PERSON

Councilmember Ben Bartlett:
Katie Ly
James Chang

510-981-7130
kly@cityofberkeley.info
jchang@cityofberkeley.info

ATTACHMENTS AND MATERIALS

1. Resolution
2. Project Summary Sheet
3. Step Up Housing Council Item from February 14, 2017: “Direction to City Manager: “Step Up Housing” Initiative – Supportive Housing for Homeless and Very Low-Income People”



Councilmember Ben Bartlett
City of Berkeley, District 3

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

ALLOCATING APPROXIMATELY \$900,000 ANNUALLY FOR 10 YEARS AND A ONE-TIME AMOUNT OF APPROXIMATELY \$32,975 OF MEASURE P FUNDS TO LEASE AND OPERATE THE NEW PERMANENT SUPPORTIVE HOUSING PROJECT FOR THE HOMELESS AT 1367 UNIVERSITY AVE.

WHEREAS, the City Council passed unanimously the original Step Up Housing Initiative introduced by Councilmember Bartlett on February 14, 2017; and

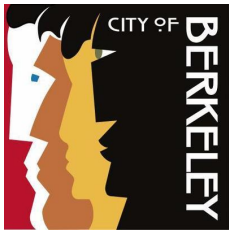
WHEREAS, Measure P was passed by Berkeley voters in November 2018 to raise the transfer tax on roughly the top-third of properties from 1.5% to 2% and allocate those funds towards various homeless services, including permanent housing, supportive services, and navigation centers; and

WHEREAS, Measure P designated the Homeless Services Panel of Experts to advise the Council on expenditures for homeless services; and

WHEREAS, in December 2019 the Homeless Services Panel of Experts published their recommendations for initial allocations under Measure P, including highlighting permanent housing as the City's top priority and recommending 30% of Measure P funds be allocated to permanent housing; and

WHEREAS, the City Council approved on June 30, 2020 Measure P allocations for FY 2020-21 that included \$2.5 million for permanent housing subsidy; and

WHEREAS, the Berkeley Zoning Adjustments Board approved the permanent supportive housing development project at 1367 University on July 9, 2020.



Councilmember Ben Bartlett
City of Berkeley, District 3

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it approves the following for the project at 1367 University Ave:

- A reservation of approximately \$32,975 in Measure P funds for start-up costs associated with the project.
- A reservation of approximately \$900,000 in ongoing funds annually for 10 years for the leasing and operation of the proposed project, with funding adjusted annually based on the Consumer Price Index for Oakland-Hayward-Berkeley, CA.
- In the event BOSS is unable to perform its function as the service provider, an alternative qualified service provider may operate the project with the review and approval of the City Manager, or her designee.
- Further, the City's commitment is contingent upon the funding of the balance of the project.

BE IT FURTHER RESOLVED that 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 the City Clerk.



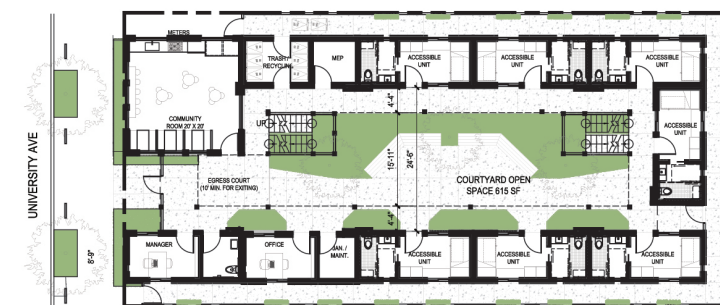
Step-Up Housing, 1367 University Ave. Berkeley (39 studios, community room, two offices)



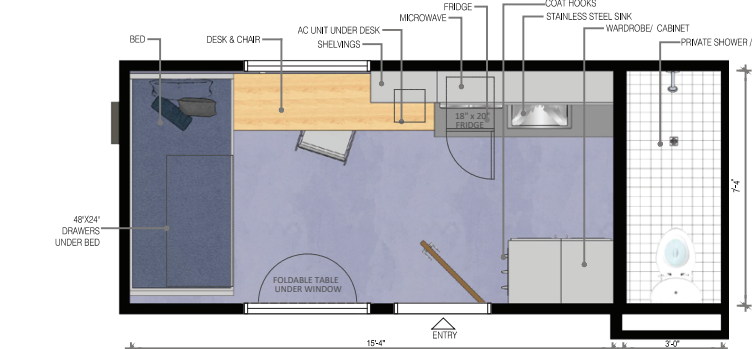
1367 University Ave. entrance



Interior courtyard and community space



Ground floor plan, with offices and community room



Typical studio

PROJECT SUMMARY

- Name & Location: Step-Up Housing, 1367 University Ave. (at Acton)
- Target Population: Homeless, low-income, single adults
- Number of Units: 39 studios, with community room, and mgmt. offices
- Service Provider: BOSS 24/7 presence on-site
- Services: Case management, health/mental health/employment referrals. On-site peer support/socialization and life-skills activities.

GOALS/SERVICES

- Get 39 individuals off the streets and into stable housing
- Provide safe and supportive environment for training & assistance
- Improve participants overall health by connecting them to primary care, mental health resources, substance abuse recovery services and socialization/peer support
- Reduce participant hospitalizations and use of emergency response systems
- Improve participant mental health status and daily functioning
- Support participants in increasing income and managing finances
- Support participants to obtain employment
- Increase meaningful activity and decrease social isolation among participants
- Organize on-site support groups, learning workshops, social activities, community meals and service visits by outside providers
- Manage an on-site food pantry in collaboration with Alameda County Community Food Bank

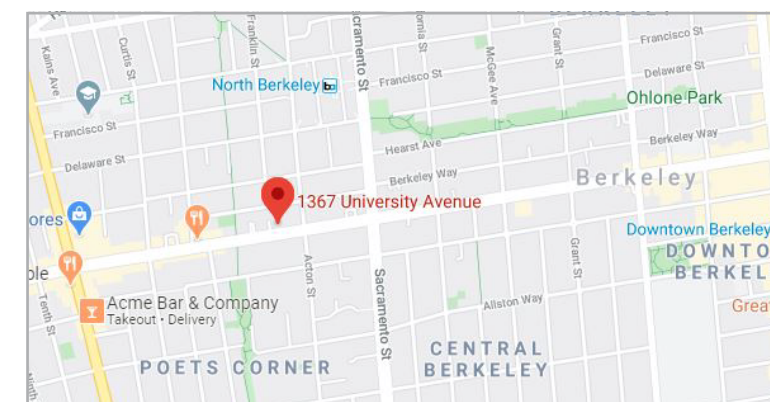
LOCATION

The Step-Up Housing project by BOSS is centrally located, close to stores, offices, and transit. It has a Walkscore of 90/100 ("Walker's Paradise") and a Bikescore of 98 ("Biker's Paradise"). Residents will not need a car for daily errands, and will have easy access to BART and AC Transit.

THE HOUSING

The Step-Up Housing will consist individual studios, community space, outdoor areas, and management offices for BOSS. The project will include:

- 39 individual studios, fully furnished
- Private bath and showers for each studio
- Engineered soundproofing and HVAC for all spaces
- Direct access in each unit to outdoor space
- Private outdoor courtyard and community space
- Community kitchen, laundry, and social space
- Two private offices for support staff and client services
- Permanent on-site property management and support staff (BOSS)
- Secured entrance and 24/7 security
- Modular units. Construction time: 16 weeks



Project Location: 1367 University Ave. Berkeley (at Acton)

FOR FURTHER INFORMATION

Donald Frazier
BOSS
510.649.1930 x 1012
dfrazier@self-sufficiency.org

Patrick Kennedy
Panoramic Interests
415.701.7001
Patrick@panoramic.com



Councilmember Ben Bartlett
District 3

CONSENT CALENDAR
~~January 24~~February 14, 2017

To: Honorable Mayor and Members of the City Council

From: Councilmember Ben Bartlett & Councilmember Linda Maio & Councilmember Lori Droste

Subject: ~~Referral Direction~~ to City Manager: "Step Up Housing" Initiative ~~– Micro Units to House~~ Supportive Housing for Homeless and Very Low-Income People

RECOMMENDATION

~~Refer Direct to the City Manager~~Ad-Hoc subcommittee to discuss and facilitate implementing the following actions:

1. Identify parcels of City owned land for siting assisted-living buildings.
2. Amend the permitting and approvals process to facilitate the rapid creation of below market housing.
3. Issue requests for proposals through a competitive bidding process for a development of up to 100 units of housing. ~~Expedite the process of inviting proposals through the competitive bidding process and begin the process as soon as possible in an expedited manner. For-profit and non-profit developers can be included in the bidding process. The proposal should demonstrate partnerships with a housing non-profit and a service provider.~~
- ~~4. Assist the selected developer with obtaining zoning approval and a building permit in an expedited manner.~~
- ~~4. Select a housing non-profit to partner with. Identify potential obstacles in creating prefabricated micro-units in a timely fashion. Recommend courses of action to remove those obstacles.~~
5. The housing non-profit ~~partner, in partnership with Federally Qualified Healthcare Centers,~~ will be responsible for managing and operating the building. ~~The tenants will be required~~ Request the non-profit to work with employ a cooperative model in managing the housing non-profit to maintain and operate the building property.
6. Establish criteria for selecting individuals and determining eligibility. These need-based criteria will take into account seniors, people with disabilities, and former Berkeley natives residents who have become homeless.
7. This project shall be ~~considered a public works project and be~~ subject to the terms of athe community workforce agreement with existing prevailing wage requirements.

8. Priority consideration will be given to: (i) Proposals that most quickly provide the maximum number of units for the least amount of cost, and (ii) proposals that include locally sourced materials and construction.

FINANCIAL IMPLICATIONS

~~Minimal costs and staff~~ Staff time.

BACKGROUND

On January 14, Laura Jadwin, a homeless resident of Berkeley, was found dead of exposure. ~~This was one of several deaths~~ Deaths of homeless individuals ~~in recent weeks are tragic and preventable~~. Our City is experiencing a homelessness and housing affordability crisis. City staff estimates that there are currently between 900 and 1200 homeless people living in Berkeley. Due to high housing costs, numerous low-income members of the Berkeley community are at risk of homelessness. Furthermore, the Trump administration's anticipated funding cuts ~~will~~ may cause the City's homeless population to multiply exponentially. This is a health and safety emergency that has cost lives and degraded standards of living for all residents.

~~Councilmember Bartlett sees~~ We see this crisis as an opportunity for innovation. This item referral seeks to jumpstart innovative financing and development models for assisted and low-income housing that emphasize speed, durability, and cost efficiency.

~~Conventionally built buildings cost the City an average of \$429,400¹ per unit. This high price results from expensive land costs, costs associated with a slow and complex permitting system, and high costs of development and execution. This item~~ This referral will reduce costs by constructing the building above City owned land and by empowering the City to speed up its permitting and approvals process. Additionally, this item seeks to mitigate prohibitively high building costs by encouraging prospective. Prospective developers are encouraged to design present innovative financing and construction solutions which will result in a large number for the rapid creation of homeless individuals housed quickly for scalable assisted living models at reduced costs.

Step Up housing will foster human resiliency, leverage scarce resources, and rationalize the regulatory process. Given the urgency of the homeless crisis, the City must immediately ~~initiate the bidding process and begin exploring~~ identify and implement solutions.

¹City of Berkeley Affordable Housing Nexus Study
http://www.cityofberkeley.info/Clerk/City_Council/2015/07_Jul/City_Council__07-14-2015__Special_Meeting_Agenda.aspx

The City Council, just like all local governments, has a duty to ensure the welfare of its people. Berkeley's Step Up Housing Initiative will provide a road map for future supportive housing developments that can be replicated in other affected communities.

ENVIRONMENTAL SUSTAINABILITY

This item will result in a positive environmental impact on the community. Increasing local access to low-income housing reduces automobile dependence and tailpipe emissions.

CONTACT PERSON

Councilmember Ben Bartlett, 510-981-7130

Councilmember Linda Maio, 510-981-7110

Councilmember Lori Droste, 510-981-7180



Councilmember Ben Bartlett
District 3

CONSENT CALENDAR
February 14, 2017

To: Honorable Mayor and Members of the City Council
From: Councilmember Ben Bartlett & Councilmember Linda Maio & Councilmember Lori Droste
Subject: Direction to City Manager: “Step Up Housing” Initiative – Supportive Housing for Homeless and Very Low-Income People

RECOMMENDATION

Direct the Ad-Hoc subcommittee to discuss and facilitate implementing the following actions:

1. Identify parcels of City owned land for siting assisted-living buildings.
2. Amend the permitting and approvals process to facilitate the rapid creation of below market housing.
3. Issue requests for proposals through a competitive bidding process for a development of up to 100 units of housing in an expedited manner. For-profit and non-profit developers can be included in the bidding process. The proposal should demonstrate partnerships with a housing non-profit and a service provider.
4. Identify potential obstacles in creating prefabricated micro-units in a timely fashion. Recommend courses of action to remove those obstacles.
5. The housing non-profit, in partnership with Federally Qualified Healthcare Centers, will be responsible for managing and operating the building. Request the non-profit to employ a cooperative model in managing the property.
6. Establish criteria for selecting individuals and determining eligibility. These need-based criteria will take into account seniors, people with disabilities, and former Berkeley residents who have become homeless.
7. This project shall be subject to the terms of the community workforce agreement with existing prevailing wage requirements.
8. Priority consideration will be given to: (i) Proposals that most quickly provide the maximum number of units for the least amount of cost, and (ii) proposals that include locally sourced materials and construction.

FINANCIAL IMPLICATIONS

Staff time.

BACKGROUND

On January 14, Laura Jadwin, a homeless resident of Berkeley, was found dead of exposure. Deaths of homeless individuals are tragic and preventable. Our City is experiencing a homelessness and housing affordability crisis. City staff estimates that there are currently between 900 and 1200 homeless people living in Berkeley. Due to high housing costs, numerous low-income members of the Berkeley community are at risk of homelessness. Furthermore, the Trump administration's anticipated funding cuts may cause the City's homeless population to multiply exponentially. This is a health and safety emergency that has cost lives and degraded standards of living for all residents.

We see this crisis as an opportunity for innovation. This item referral seeks to jumpstart innovative financing and development models for assisted and low-income housing that emphasize speed, durability, and cost efficiency.

This referral will reduce costs by constructing the building above City owned land and by empowering the City to speed up its permitting and approvals process. Additionally, this item seeks to mitigate prohibitively high building costs. Prospective developers are encouraged to present innovative financing and construction solutions for the rapid creation of scalable assisted living models at reduced costs.

Step Up housing will foster human resiliency, leverage scarce resources, and rationalize the regulatory process. Given the urgency of the homeless crisis, the City must immediately identify and implement solutions.

The City Council, just like all local governments, has a duty to ensure the welfare of its people. Berkeley's Step Up Housing Initiative will provide a road map for future supportive housing developments that can be replicated in other affected communities.

ENVIRONMENTAL SUSTAINABILITY

This item will result in a positive environmental impact on the community. Increasing local access to low-income housing reduces automobile dependence and tailpipe emissions.

CONTACT PERSON

Councilmember Ben Bartlett, 510-981-7130

Councilmember Linda Maio, 510-981-7110

Councilmember Lori Droste, 510-981-7180

RESOLUTION NO. 70,491-N.S.

ALLOCATING AN ADDITIONAL \$114,660 ANNUALLY FOR 10 YEARS OF MEASURE P FUNDS TO LEASE AND OPERATE THE NEW PERMANENT SUPPORTIVE HOUSING PROJECT FOR THE HOMELESS AT 1367 UNIVERSITY AVE.

WHEREAS, the City Council passed unanimously the original Step Up Housing Initiative introduced by Councilmember Bartlett, Councilmember Wengraf, Councilmember Kesarwani, and Mayor Arreguin on October 13, 2020; and

WHEREAS, Measure P was passed by Berkeley voters in November 2018 to raise the transfer tax on roughly the top-third of properties from 1.5% to 2% and allocate those funds towards various homeless services, including permanent housing, supportive services, and navigation centers; and

WHEREAS, Measure P designated the Homeless Services Panel of Experts to advise the Council on expenditures for homeless services; and

WHEREAS, in December 2019 the Homeless Services Panel of Experts published their recommendations for initial allocations under Measure P, including highlighting permanent housing as the City's top priority and recommending 30% of Measure P funds be allocated to permanent housing; and

WHEREAS, the City Council approved on June 30, 2020 Measure P allocations for FY 2020-21 that included \$2.5 million for permanent housing subsidy; and

WHEREAS, the Berkeley Zoning Adjustments Board approved the permanent supportive housing development project at 1367 University on July 9, 2020.

WHEREAS, construction costs, materials costs, and interest rates have increased dramatically in the past 18 months, making the project infeasible at the current rent of \$1,400 per unit per month

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the following be approved for the StepUp Housing at 1367 University Ave:

- A reservation of approximately an additional \$114,660 year in ongoing funds annually for 10 years for the leasing and operation of the proposed project, with funding adjusted annually based on the Consumer Price Index for Oakland-Hayward-Berkeley, CA.
- Funding may be from Measure P and/or the General Fund
- In the event BOSS is unable to perform its function as the service provider, an alternative qualified service provider may operate the project with the review and approval of the City Manager, or her designee.
- Further, the City's commitment is contingent upon the funding of the balance of the project.

- Owner agrees to grant the City option to buy property after one year, at a cost not to exceed \$15,000,000 should Boss choose not to exercise its option.


BE IT FURTHER RESOLVED that 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 the City Clerk.

The foregoing Resolution was adopted by the Berkeley City Council on August 3, 2022 by the following vote:

Ayes: Bartlett, Hahn, Harrison, Kesarwani, Robinson, Taplin, Wengraf, and Arreguin.

Noes: None.

Absent: Droste.




Jesse Arreguin, Mayor

Attest: 

Mark Numainville, City Clerk

**Attachment 3
Operating Budget Comparison**

	A	B	C	D	E	F				
1	BOSS - STEP-UP SUPPORTIVE HOUSING									
3										
4										
5										
6								Oct. 2020	May 2023	Notes
7							SOURCES			
8										
9	City of Berkeley		\$900,000	\$1,014,660						
10	AC Health Care Services Agency		\$944,515	\$234,000						
11	Kaiser Permanente Foundation		\$50,000	\$50,000						
12	Rent from Residents		\$0	\$105,300 Added						
13	TOTAL SOURCES		\$1,894,515	\$1,403,960						
14										
15	USES									
16										
17	Program Operations									
18	Program and Office Supplies		\$35,500	\$3,600 Revised, see memo						
19	Printer/Scanner lease		\$6,000	\$7,000 Increased						
20	Communications/Equipment		\$37,345	\$6,000 Revised, see memo						
21	Insurance		\$0	\$9,500 Added						
22	Flex Funds		\$0	\$5,000 Revised, see memo						
23	Food for residents		\$64,058	-						
24	Staff travel		\$3,000	-						
25	Transportation for residents		\$9,000	-						
26	HMIS		\$8,810	-						
27	Staff training		\$4,975	-						
28	Participant needs		\$16,018	-						
29	Subtotal		\$184,706	\$31,100						
30	Personnel									
31	Director of Housing (10% FTE)		\$0	\$9,500 Added						
32	Service Coordinators/Case Manager, MSW (200% FTE)		\$130,000	\$180,000 Salary increase per staff request, see memo						
33	Program Manager, LPHA		\$75,000	-						
34	Service Liaison		\$0	\$50,000 Additional staff member						
35	Wellness Director, LPHA		\$40,000	-						
36	Overnight Monitor		\$67,500	-						
37	Cook		\$50,000	-						
38	Property Management		\$35,000	- Recategorized, line 46						
39	Maintenance/Janitorial		\$27,500	- Recategorized, line 46						
40	Benefits for personnel		\$110,625	\$59,875						
41	Subtotal		\$535,625	\$299,375						
42	Property Operations									
43	Master Lease		\$655,200	\$769,860						
44	Taxes (special assessments)		\$21,060	\$1,175						
45	License fees		\$55	\$56						
46	Onsite property staff		\$0	\$56,200 Recategorized and adjusted from lines 38, 39, 47						
47	Janitorial		\$18,250	-						
48	Pest control		\$6,000	\$3,600 Confirmed with Sleightight Pest Control						
49	PG&E		\$25,740	\$24,740						
50	Water		\$11,700	\$11,700						
51	Garbage		\$10,290	\$10,296 Confirmed with Berkeley Zero Waste Div.						
52	Repairs and maintenance		\$19,500	\$20,000 Increased per staff request, see memo						
53	Supplies		\$12,400	\$15,000						
54	Security/surveillance/access control		\$7,200	\$3,500						
55	Communications		-	- Inadvertently double counted (see line 20)						
56	Turnover cost		\$15,100	\$10,600						
57	Liability insurance (umbrella policy)		\$15,000	\$10,163						
58	Auditing		\$2,500	-						
59	Legal		\$13,600	\$5,000						
60	Contingency		\$25,000	-						
61	Subtotal		\$858,595	\$941,890						
62	Indirect									
63	Administrative Overhead		\$240,589	\$105,000						
64	Operating Reserve		\$25,000	\$25,000 Changed "Replacement" to "Operating," see memo						
65	Subtotal		\$265,589	\$130,000						
66	TOTAL USES		\$1,844,515	\$1,402,365						
67										
68	Surplus		\$50,000	\$1,595						
69										
70										
71	<i>One-time start-up costs provided by City of Berkeley (not included above): \$32,975</i>									