



Berkeley Housing Authority

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Office of the Executive Director

Item 71

NEW BUSINESS

June 13, 2025

To: Honorable Chairperson and Members of Berkeley Housing Authority
From: James Williams, Executive Director
Subject: North Berkeley BART Station Development, Phase 1, Parcel A; Undertake U.S. Department of Housing and Urban Development Restore-Rebuild Process for An Allocation of 50 Vouchers to an Approximately 85 Unit Permanent Supportive Housing Affordable Housing Project (BRIDGE Housing Corporation/Insight Housing, Inc.)

RECOMMENDATION

On March 20, 2025, BHA BOC approved Item 7C. This new resolution seeks to revise BHA's previously Board-approved amount from \$550,000 to \$1,123,740 in Moving To Work Funds to augment Restore-Rebuild Rents for the Project up to 120 percent of Fair Market Rents.

Because Berkeley rents are so high, there are two rent augmentations to take place for North Berkeley BART developments. In HUD's original review, the Department reviewed them as new construction public housing with their Notice of Anticipated RAD Rents (NARR) commitment. HUD said that any adjustments will happen upon conversion to Restore Rebuild Project-Based Vouchers. At the initial conversion to public housing, gross rents will go to 110 percent of FMRs. Then the BHA will augment those rents with HUD to 120 percent of FMR using MTW funds.

Adopt A Resolution Approving and Authorizing the Executive Director to Undertake the U.S. Department of Housing and Urban Development (HUD) Restore-Rebuild Process for Phase 1 of the North Berkeley Bart Transit-Oriented Development for An Allocation of 50 Vouchers to an Approximately 85 Unit Permanent Supportive Housing Affordable Housing Project to be Owned by a Limited Partnership Comprised of BRIDGE Housing Corporation (BRIDGE) or an Affiliate of BRIDGE, Insight Housing, Inc. (Insight) or an Affiliate of Insight, and Affordable Housing Berkeley (AHB) or an Affiliate of AHB, Upon Satisfaction of All HUD Requirements and Approvals; Authorizing an Allocation of Up To \$1,123,740 in Moving To Work Funds to Augment Initial Restore-Rebuild Rents for the Project; and Authorizing the Executive Director to Enter into Transactions, Documents and Actions for the Restore-Rebuild Process for Phase 1 of the North Berkeley Bart Transit-Oriented Development.

BACKGROUND

The Housing Authority of the City of Berkeley ("BHA") is a public housing authority (PHA) established under the U.S. Housing Act of 1937, as amended ("Act"). The U.S. Department of Housing and Urban Development (HUD) developed the "Restore-Rebuild" ("Restore-Rebuild") process under the Act to allow eligible PHAs such as BHA to replace public housing units demolished or disposed of on or before October 1, 1999 with on-going operating and capital funding (but not initial capital funding) to replace such units, to be produced as public housing and then converted to Section 8 long-term contracts under HUD's Rental Assistance Demonstration (RAD). BHA is eligible for additional subsidy to

support sixty-one (61) Restore-Rebuild units.

On or about July 15, 2022, the City of Berkeley and Bay Area Rapid Transit (BART) issued a joint Request for Developer Qualifications for Transit-Oriented Development and Notice of Funding Availability (“Request for Developer Qualifications”) for approximately 8 acres of BART owned property at the North Berkeley BART Station, bounded by Virginia Street, Delaware, Sacramento, and Acton, located in Berkeley, CA (“Property”). The North Berkeley BART Station project provides a rare opportunity to create much needed below-market rate affordable homes in the City of Berkeley. East Bay Asian Local Development Corporation (EBALDC), BRIDGE Housing Corporation (BRIDGE), Insight Housing, Inc. (Insight), and AvalonBay Communities, Inc. (AvalonBay) were the successful bidders in response to the City/BART Request for Developer Qualifications. EBALDC, BRIDGE, Insight and AvalonBay will work jointly with BART, the City of Berkeley, and the community to establish, build and manage a feasible development program at the station. The proposed North Berkeley BART Station Project includes multiple residential buildings and improvements to be developed in two phases. The City of Berkeley has reserved up to \$24.5M in development funds to the North Berkeley BART affordable housing projects.

The BRIDGE Housing Corporation (BRIDGE) and Insight Housing, Inc. (Insight) project consists of the acquisition of a leasehold interest in a portion of the Property, identified as Parcel A in Phase 1, and the construction and development thereon of approximately 85 Units of affordable permanent supportive housing for very low income households (anticipated to be 10%-50% Area Median Income), a commercial kitchen of approximately 1000 square feet, there will be no parking associated with this parcel, and the project is anticipated to be up to 6 stories total with a height of approximately 80 feet and consisting of approximately 49,000 square feet (collectively “Project”).

BHA staff have examined alternatives for receipt of Restore-Rebuild vouchers and have determined that Restore-Rebuild vouchers should be deployed to support the construction and development of the Project. The procurement of BRIDGE and Insight for MTW funds and Restore-Rebuild vouchers will be met through an Interagency Agreement with the City of Berkeley.

BHA staff estimates preliminarily that the Restore-Rebuild rents for the Project will need to be supplemented by approximately \$1,123,740 in BHA’s Moving to Work (MTW) funding plus inflation-related adjustments to provide for operating feasibility for one year. After year 1, HUD would provide new, incremental voucher subsidy to BHA’s voucher program which would be added to BHA’s Housing Choice Voucher renewal baseline to cover the rent augmentation for the Project consistent with HUD’s PIH Notice 2025-03.

BHA staff recommends moving forward with Restore-Rebuild process and providing up to \$1,123,740 in MTW funds to augment Project rents and facilitate the Restore-Rebuild transaction for the Project. A portion of BHA project costs to undertake the HUD Restore-Rebuild process will be reimbursed by BRIDGE and Insight.

FISCAL IMPACTS OF RECOMMENDATION

Allocation of up to \$1,123,740 in MTW funds to augment Project rents.

CONTACT PERSON

James Williams, Executive Director, (510) 981-5485

Attachments:

1. Resolution No. 25-05
2. Site Map

RESOLUTION NO.

APPROVING AND AUTHORIZING THE EXECUTIVE DIRECTOR TO UNDERTAKE THE U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT (HUD) RESTORE-REBUILD PROCESS FOR PHASE 1 OF THE NORTH BERKELEY BART TRANSIT-ORIENTED DEVELOPMENT FOR AN ALLOCATION OF 50 VOUCHERS TO AN APPROXIMATELY 85 UNIT PERMANENT SUPPORTIVE HOUSING AFFORDABLE HOUSING PROJECT TO BE OWNED BY A LIMITED PARTNERSHIP COMPRISED OF BRIDGE HOUSING CORPORATION (BRIDGE) OR AN AFFILIATE OF BRIDGE, INSIGHT HOUSING, INC. (INSIGHT) OR AN AFFILIATE OF INSIGHT, AND AFFORDABLE HOUSING BERKELEY (AHB) OR AN AFFILIATE OF AHB, UPON SATISFACTION OF ALL HUD REQUIREMENTS AND APPROVALS; AUTHORIZING AN ALLOCATION OF UP TO \$1,123,740 IN MOVING TO WORK FUNDS TO AUGMENT INITIAL RESTORE-REBUILD RENTS FOR THE PROJECT; AND AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO TRANSACTIONS, DOCUMENTS AND ACTIONS FOR THE RESTORE-REBUILD PROCESS FOR PHASE 1 OF THE NORTH BERKELEY BART TRANSIT-ORIENTED DEVELOPMENT

WHEREAS, the Housing Authority of the City of Berkeley (“BHA”) is a public housing authority (PHA) established under the U.S. Housing Act of 1937, as amended (“Act”) and a Housing Authority duly created, established and authorized to transact business and exercise its powers, all under and pursuant to the provision of the Housing Authorities Law which is Part 2 of Division 24 of the California Health and Safety Code commencing with Section 34200 et seq;

WHEREAS, the U.S. Department of Housing and Urban Development (HUD) developed the “Restore-Rebuild” (“Restore-Rebuild”) process under the Act to allow eligible PHAs such as BHA to replace public housing units demolished or disposed of on or before October 1, 1999 with on-going operating and capital funding (but not initial capital funding) to replace such units, to be produced as public housing and then converted to Section 8 long-term contracts under HUD’s Rental Assistance Demonstration (RAD);

WHEREAS, BHA is eligible for additional subsidy to support sixty-one (61) Restore-Rebuild units;

WHEREAS, on or about July 15, 2022, the City of Berkeley and Bay Area Rapid Transit (BART) issued a joint Request for Developer Qualifications for Transit-Oriented Development and Notice of Funding Availability (“Request for Developer Qualifications”) for approximately 8 acres of BART owned property at the North Berkeley BART Station, bounded by Virginia Street, Delaware, Sacramento, and Acton, located in Berkeley, CA (“Property”). The City of Berkeley also reserved up to \$24.5M in development funds to the North Berkeley BART affordable housing projects as part of the Request for Developer Qualifications;

WHEREAS, the North Berkeley BART Station project provides a rare opportunity to create much needed below-market rate affordable homes in the City of Berkeley;

WHEREAS, BRIDGE Housing Corporation (BRIDGE) and Insight Housing, Inc. (Insight), were two of the successful bidders in response to the Request for Developer Qualifications and will work jointly with the other two selected developers, BART, the City of Berkeley, and the community to establish, build and manage a feasible development program at the station, specifically, the acquisition of a leasehold interest in a portion of the Property, identified as Parcel A in Phase 1, and the construction and development thereon of approximately 85 Units of affordable permanent supportive housing for very low income households (anticipated to be 10%-50% Area Median

Income) and a commercial kitchen of approximately 1000 square feet, there will be no parking associated with this parcel, and the project is anticipated to be up to 6 stories total with a height of approximately 80 feet and consisting of approximately 49,000 square feet (collectively "Project"); **WHEREAS**, BHA staff have examined alternatives for receipt of Restore-Rebuild vouchers and have determined that Restore-Rebuild vouchers should be deployed to support the construction and development of the Project;

WHEREAS, BHA staff estimates preliminarily that the Restore-Rebuild rents for the Project will need to be supplemented by approximately \$802,800 in BHA's Moving to Work (MTW) funding plus inflation-related adjustments to provide for operating feasibility for one year;

WHEREAS, after year 1, HUD would provide new, incremental voucher subsidy to BHA's voucher program which would be added to BHA's Housing Choice Voucher renewal baseline to cover the rent augmentation for the Project consistent with HUD's PIH Notice 2025-03;

WHEREAS, the Restore-Rebuild process requires various steps to obtain HUD approval to develop public housing and then to convert public housing to Section 8 under RAD;

WHEREAS, BHA desires to take all appropriate steps to undertake the HUD Restore-Rebuild process for Phase 1, Parcel A of The North Berkeley Bart Transit-Oriented Development under which 50 units will be converted first to public housing and then to Section 8 project-based vouchers, resulting in an allocation of 50 vouchers to the Project to be owned by a Limited Partnership comprised of BRIDGE, or an affiliate of Bridge, Insight, or an affiliate of Insight, and Affordable Housing Berkeley ("AHB") or an affiliate of AHB, upon satisfaction of all HUD requirements and approvals, including, but not limited to environmental reviews;

WHEREAS, the procurement of BRIDGE and Insight for MTW funds and Restore-Rebuild vouchers will be met through an interagency agreement with the City of Berkeley;

WHEREAS, it is in the best interests of BHA to move forward with Restore-Rebuild and in the process provide up to \$802,800 in MTW funds to augment Project rents and facilitate the Restore-Rebuild transaction for the Project;

WHEREAS, it is in the best interest of BHA to execute and deliver any and all documents or agreements necessary or advisable for the HUD approval of the Restore-Rebuild process for the Project, including, but not limited to, regulatory agreements, covenants, subordination agreements, leases, grant agreements, management agreements, service contracts, housing assistance payments contracts and similar or related agreements for housing subsidies, and any other types of agreements (collectively, the "Project Documents");

WHEREAS, BHA intends to enter into public housing documents and then a housing assistance payments contract as part of the Restore-Rebuild transaction and other agreements or documents as needed in connection with the conversion of participating units first to public housing and then to project-based vouchers, including to obtain HUD approval (collectively, the "HUD Documents"); and

WHEREAS, a portion of BHA project costs to undertake the HUD Restore-Rebuild process will be reimbursed by BRIDGE and Insight.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF THE HOUSING AUTHORITY OF THE CITY OF BERKELEY, CALIFORNIA, AS FOLLOWS:

BE IT RESOLVED THAT, the above recitals are true and correct and incorporated herein by reference and serve, together with the Board Memorandum, as the basis of the actions of the Board of Commissioners set forth below.

BE IT FURTHER RESOLVED, that BHA shall take all appropriate steps to undertake the HUD Restore-Rebuild process, and obtain HUD approval for and implement a Restore-Rebuild conversion of up to 50 units at the Project (“HUD Restore-Rebuild Process”).

BE IT FURTHER RESOLVED, that the HUD Restore-Rebuild Process is expected to include, but not be limited to, submission to HUD of public housing development and RAD application and other materials; reservation of RAD units under the national unit cap; conducting necessary due diligence; developing a mixed finance development proposal; closing; adjusting resident rents; implementing other aspects of the HUD Restore-Rebuild Process; and reporting on progress to the Board of Commissioners.

BE IT FURTHER RESOLVED, that the Board of Commissioners hereby authorize and direct the Executive Director to allocate and pay up to \$802,800 in MTW funds to augment Project rents and facilitate the Restore-Rebuild transaction for the Project, and to execute any and all documents necessary or required to effectuate, implement and administer the MTW rent augmentation funds for the Project .

BE IT FURTHER RESOLVED, that the Board of Commissioners hereby approves and authorizes the Executive Director to enter into the following transactions, documents and actions, as applicable:

1. Project Documents;
2. HUD Documents;
3. Interagency Agreement with the City of Berkeley regarding the procurement of BRIDGE and Insight for the receipt of MTW funds and Restore-Rebuild vouchers; and
4. Such other documents, agreements, contracts and actions deemed necessary or advisable by the Executive Director, in consultation with BHA’s general counsel, in furtherance of these resolutions and/or to assist in the undertaking of the Restore-Rebuild process (collectively including items 1-4, the "Transaction Documents and Actions"), as outlined in this Resolution and otherwise and using its own independent judgment.

BE IT FURTHER RESOLVED, that the Board hereby authorizes the Executive Director, or his designee to enter into or undertake the Transaction Documents and Actions subject to any minor conforming, technical or clarifying changes approved by the Executive Director or his designee and BHA’s general counsel. The Executive Director, or his designee, are hereby further authorized and directed to take such further actions and execute and record such documents as are necessary to accept the Transaction Documents and Actions.

BE IT FURTHER RESOLVED, that BHA project costs to undertake the HUD Restore-Rebuild process for the Project, not to exceed \$400,000, will be reimbursed by BRIDGE and Insight.

BE IT FURTHER RESOLVED, that all actions previously taken by BHA, or its employees, officers and agents in connection with the undertaking of the HUD Restore-Rebuild process and/or the Project or the transactions or initiatives described in this Resolution are hereby ratified and approved.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on June 19, 2025 , by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____
James Williams, Secretary