



**Berkeley Housing Authority**

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*Office of the Executive Director*

Item 6B  
NEW BUSINESS  
May 11, 2023

To: Honorable Chairperson and  
Members of the Berkeley Housing Authority Board

From: James Williams, Executive Director

Subject: Allocation of Project Based Section 8 Vouchers Pursuant to Request for Proposals  
(RFP) 22-01

RECOMMENDATION

1. Accept the Evaluation Committee's recommendation to adopt four resolutions awarding Project-Based Vouchers (PBV) to affordable housing projects consisting of new construction and existing projects, as follows:
  - (a) 21 PBVs to Community Housing Development Corporation (CHDC) for Ephesian Legacy Court, 1708 Harmon Street, new construction, senior housing (Attachment 2) (This Project received the highest score from the Evaluation Committee)
  - (b) 13 PBVs to CHDC for St. Paul Terrace, 2024 Ashby Avenue, new construction, multi-family housing, homeless individuals (Attachment 3)
  - (c) 8 PBVs to Satellite Affordable Housing Associates (SAHA) for University Neighborhood Apartments, 1835 Alcatraz Avenue, existing property, multi-family, special needs (Attachment 4)
  - (d) 2 PBVs to Northern California Land Trust (NCLT) for 2321-2323 10<sup>th</sup> Street, existing property, seniors, households existing domestic violence or homelessness (Attachment 5).

Or

2. Accept the RFP PBV Ad Hoc Committee's recommendation to adopt three resolutions awarding Project-Based Vouchers (PBV) to affordable housing projects consisting of new construction and existing projects, as follows:
  - (a) 32 PBVs to Community Housing Development Corporation (CHDC) for Ephesian Legacy Court, 1708 Harmon Street, new construction, senior housing (Attachment 2)
  - (b) 25 PBVs to CHDC for St. Paul Terrace, 2024 Ashby Avenue, new construction, multi-family housing, homeless individuals (Attachment 3)
  - (c) 2 PBVs to Northern California Land Trust (NCLT) for 2321-2323 10<sup>th</sup> Street, existing property, seniors, households existing domestic violence or homelessness (Attachment 5).

Or

3. Adopt an alternative PBV allocation.

## BACKGROUND

The Board of Commissioners directed staff to open an RFP for PBVs. The RFP was publicly noticed and disseminated to the contacts from the City of Berkeley 's Housing Department list of developers on October 28, 2022. Proposals were due December 9, 2022, the extended deadline, and a 3-person Evaluation Committee convened. The Evaluation Committee presented its recommendations to BHA's RFP PBV Ad Hoc Committee consisting of Commissioners Ali Kashani and Chris Schildt. The Evaluation Committee recommends an award of vouchers to four of the five proposers. The Ad Hoc Committee recommends an award of vouchers to three of the five proposers.

BHA received a total of five applications, two applications for existing projects and three applications for new construction, as summarized in the table below:

<b>Proposer</b>	<b>Project Location</b>	<b>Type of Project</b>	<b>Vouchers Requested</b>
Community Housing Development Corporation	Ephesian Legacy Court, 1708 Harmon Street, Berkeley, CA	New Construction	21
Satellite Affordable Housing Associates (SAHA)	University Neighborhoods Apts, 1835 Alcatraz Avenue	Existing Project	8
Community Housing Development Corporation	St. Paul Terrace, 2024 Ashby Avenue, Berkeley, CA	New Construction	13
Northern California Land Trust	2321-2323 10 <sup>th</sup> Street, Berkeley, CA	Existing Project	2
Bridge Housing Corporation	1740 San Pablo	New Construction	4
<b>Total (85 available)</b>			<b>48</b>

The proposal submitted by Bridge Housing Corporation is ineligible for an award of vouchers under the exiting RFP since the project received an allocation of vouchers in BHA's 2020 RFP PVB allocation. Bridge also acknowledged the existing allocation in its cover letter accompanying its proposal submission. The current RFP by its own terms provides that projects with existing PBV allocations are ineligible to apply for additional vouchers under RFP 22-01.

The Evaluation Committee recommends BHA issue a new RFP without such limitations in the amount of the PBVs not awarded as part of RFP 22-01. Disregarding the express prohibition against an award of vouchers to projects with existing allocations is not recommended.

BHA's Administrative Plan allows for staff, at least annually, to determine if there is voucher/funding capacity available to issue PBVs and make a recommendation to the Board for consideration. HUD allows housing authorities to assign Project-based voucher assistance to 20% of total vouchers allocated, which in BHA's case is 397, plus an additional 10% for certain population categories allowed by the Housing Opportunity Through Modernization Act (HOTMA), such as homeless or those receiving supportive services, for a total of 596. Currently, BHA has 462 PBVs under HAP, or AHAP contracts, or recently awarded, at 25 different properties, with 134 PBVs remaining ( $596 - 462 = 134$ ). Should each of these recommendations for 44 to 69 PBVs be approved by the Board this evening, 65 PBVs will be left for future allocations ( $134 - 69 = 65$ ).

A three-person evaluation committee convened on April 20, 2023, consisting of affordable housing experts and executives from local housing authorities. Applications were reviewed, scored, and recommendations based on review appear as resolutions included in this report. Attachment 1 is a chart summarizing the application submissions.

BHA, and housing authorities locally, have generally allocated a maximum of between 20% to 25% of a development's units to be project-based. During the last PBV non-competitive award process, the Board also recommended a similar allocation since an award of at least 25% of the projects to be project-based was financially necessary, as well as feasible for BHA to support.

No developers-applied for greater than 25% of their approved projects to be project-based-

Staff believes that an allocation of up to 25% of total units for new construction applicants is an equitable and fair way to distribute the remaining PBVs. It is true that awarding a maximum of 25% will require that developers obtain additional funding from other sources to make up for the tax credit equity loss caused by the economic downturn. It also leaves 65 PBVs remaining for future allocations including important low-income housing development projects that may come up in the near future.

Below is an excerpt from BHA's Administrative Plan regarding 25% general unit cap:

17-ILF. CAP ON NUMBER OF PBV UNITS IN EACH PROJECT 25 Percent per Project or 25 Units Cap [24 CFR 983.56(a), FR Notice 11/24/08, HUD Notice 2017-21 Implementation Guidance: Housing Opportunity Through Modernization Act of 2016 (HOTMA)]

In general, BHA may not select a proposal to provide PBV assistance for units in a project or enter into an agreement to enter into a HAP or a HAP contract to provide PBV assistance for units in a project, if the total number of dwelling units in the project that will receive PBV assistance during the term of the PBV HAP contract is more than 25 percent of the number of dwelling units (assisted or unassisted) or a total of 25 units in the project (whichever is greater). Exceptions to 25 Percent per Project Cap [24 CFR 983.56, FR Notice 1/18/17, PIH 2017-21]

Exceptions are allowed and PBV units are not counted against the 25 percent or 25 units per project cap if: Units exclusively serving elderly families; Units housing households eligible for supportive services available to all families receiving PBV assistance in the

project. Units in projects that are in a census tract with a poverty rate of 20% or less are subject to a higher 40% cap.

The Evaluation Committee recommends that given applicants have only requested 44 of the 85 PBVs to be potentially awarded, BHA can award SAHA, CHDC, NCLT the number of awards requested for their respective projects.

The RFP PBV Allocation Ad-Hoc Committee recommends an even greater distribution to three of the five applicants and agrees with the ineligibility of the BRIDGE project and the allocation of two PBVs to NCLT's 10<sup>th</sup> Street Homes project. The Ad Hoc Committee's reasoning is below:

CHDC's St. Paul Terrace

- i. Operating Expenses are \$11,137 per unit/year which is in line with similar projects;
- ii. The financial proforma shows very low estimates for hard construction costs and Fees and Assessments; an increase in vouchers would help improve the financial feasibility of the project.
- iii. This project would serve disadvantaged populations in the Berkeley community.

Given the above observations, we recommend an increase in the number of PBVs awarded to this project from 13 to 25, with the condition that the HAP contract be executed by March 2025 or completion of construction, whichever is sooner.

CHDC's Ephesian Legacy Court:

- i. Operating Expenses per unit/year is \$7,178, which is far too low to ensure quality services; an increase in vouchers would help to improve operations.
- ii. The financial proforma shows very low estimates for hard construction costs and Fees and Assessments; an increase in vouchers would help improve the financial feasibility of the project.
- iii. This project would serve disadvantaged populations in the Berkeley community.

Given the above observations, we recommend increasing their allocation of PBVs from 21 to 32, with the condition that the HAP contract be executed by December 2025 or completion of construction, whichever is sooner.

SAHA's University Neighborhood Apartments:

- i. Operating Expenses are \$18,064 per unit/year in a building less than 20 years old, which is significantly higher than norm;
- ii. There is no financial proforma establishing the need for the vouchers;
- iii. The 20-year cash flow provided shows a net cash flow of \$100,573, much higher than the typical range of \$20,000 - \$30,000;

Given the above observations, we recommend denying the request for 8 vouchers.

**RATIONALE FOR RECOMMENDATION**

The recommendation for award of Project Based Vouchers is based on BHA's desire to increase the number of stable, affordable units that will provide crucial housing options for eligible households, as well as a commitment to alleviating homelessness in Berkeley. BHA has an opportunity to provide subsidy for housing those with the highest need, in secure units that will be available for up to 40 years.

#### FINANCIAL IMPLICATIONS

Once the projects are complete and the 44-69 units are housing program participants, BHA will benefit from an increase in lease up rate, and administrative fee earnings of up to \$99,000 per year.

#### CONTACT PERSON

James Williams, Executive Director, 981-5485

#### Attachments:

1. Summary Chart of RFP Proposal Submissions
2. Resolution awarding 21 PBVs to Community Housing Development Corporation (CHDC) for Ephesian Legacy Court, 1708 Harmon Street.
3. Resolution awarding 13 PBVs to CHDC for St. Paul Terrace, 2024 Ashby Avenue.
4. Resolution awarding 8 PBVs to Satellite Affordable Housing Associates (SAHA) for University Neighborhood Apartments, 1835 Alcatraz Avenue.
5. Resolution awarding 2 PBVs to Northern California Land Trust (NCLT) for 2321-2323 10<sup>th</sup> Street Homes

PROPOSALS

Proposer	Project Location	Type of Project	HOTMA CATEGORY	Vouchers Requested	Vouchers Awarded	
					Eval.	Ad H
Community Housing Development Corporation	Ephesian Legacy Court, 1708 Harmon Street, Berkeley, CA	New Construction	Seniors with Supportive Services	21	21	32
Satellite Affordable Housing Associates (SAHA)	University Neighborhoods Apts, 1835 Alcatraz Avenue	Existing Project	Disabled; Census Tract 20% or less Pov. Rate	8	8	0
Community Housing Development Corporation	St. Paul Terrace, 2024 Ashby Avenue, Berkeley, CA	New Construction	Homeless or imminently homeless with supportive services	13	13	25
Northern California Land Trust	2321-2323 10 <sup>th</sup> Street, Berkeley, CA	Existing Project	Census Tract 20% Poverty Rate or less;homeless; individuals fleeing domestic violence;veterans	2	2	2
Bridge Housing Corporation	1740 San Pablo	New Construction	Census Tract 20% Poverty Rate or less	4	0	0
<b>Total (85 available)</b>				<b>48</b>	<b>44</b>	<b>69</b>

BERKELEY HOUSING AUTHORITY  
RESOLUTION NO.2023-\_\_\_\_\_

APPROVING AN ALLOCATION OF 21 PROJECT BASED VOUCHERS TO COMMUNITY HOUSING DEVELOPMENT CORPORATION (CHDC) FOR EPHESIAN LEGACY COURT, UPON SATISFACTORY COMPLETION OF ALL HUD REQUIREMENTS AND APPROVALS, INCLUDING SUBSIDY LAYERING AND ENVIRONMENTAL REVIEWS, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT TO ENTER INTO A HOUSING ASSISTANCE PAYMENT CONTRACT (AHAP) PRIOR TO CONSTRUCTION, AND A HOUSING ASSISTANCE PAYMENT (HAP) CONTRACT ONCE CONSTRUCTION IS COMPLETE AND INSPECTED

WHEREAS, the Berkeley Housing Authority's (BHA) Administrative Plan requires staff, at least annually, to determine if there is voucher/funding capacity available to issue an allocation of Project-based vouchers, and make a recommendation to the Board;

WHEREAS, BHA has voucher capacity under the additional 10% availability under HOTMA for special categories;

WHEREAS, the BHA Board of Commissioners directed staff to issue an RFP for Project-based vouchers, which occurred on October 28,-2022, with an extended due date of December 9, 2023, to which-CHDC submitted an application;

WHEREAS, a three-person evaluation committee convened on April 20,2023, consisting of affordable housing experts and executives from local housing authorities;

WHEREAS, the evaluation committee scored the application submissions and recommended an award of the total number of units requested, by each eligible proposer consistent with BHA's Administrative Plan and Bay area-wide housing authority practice;

WHEREAS, Ephesian Legacy Court will provide long term housing consistent with the goal of creating affordable units for homeless and disabled households qualifying for Section 8 rental assistance;

WHEREAS, CHDC plans to break ground on this project in August 2024;

WHEREAS, CHDC agrees that prior to construction start: an Environmental Review must be performed; a Subsidy Layering Review must be conducted; CHDC agrees to hire a Davis-Bacon wage monitor; and an Agreement to Enter into a Housing Assistance Payment Agreement (AHAP) must be signed with BHA including all subject compliances therein as outlined by HUD;

WHEREAS, post-construction, inspections of units must take place; signing of HAP contract, and, a BHA intake process of applicants must occur; and

WHEREAS, HUD regulations allow housing authorities to execute initial master HAP terms for up to 20 years, with an option to extend after that period expires.

NOW THEREFORE, BE IT RESOLVED, that the recitals set forth above are true and correct and incorporated herein by this reference.

FURTHER BE IT RESOLVED, that the Executive Director is hereby authorized to allocate 21 Project Based Vouchers to CHDC for Ephesian Legacy Court, for an initial term of 20 years, subject to the satisfaction of conditions precedent to be provided by BHA as required by the U.S. Department of Housing and Urban Development (HUD).

FURTHER BE IT RESOLVED, that the Executive Director is hereby authorized to execute an Agreement to Enter into a Housing Assistance Payment Contract (AHAP) prior to construction, and a Housing Assistance Payment (HAP) Contract once construction is complete and project inspected.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on May 11, 2023, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
James Williams, Secretary



BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 2023-\_\_\_\_\_

APPROVING AN ALLOCATION OF 13 PROJECT BASED VOUCHERS TO COMMUNITY HOUSING DEVELOPMENT CORPORATION (CHDC) FOR ST. PAUL TERRACE, 2024 ASHBY AVENUE, UPON SATISFACTORY COMPLETION OF ALL HUD REQUIREMENTS AND APPROVALS, INCLUDING SUBSIDY LAYERING AND ENVIRONMENTAL REVIEWS, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE AN AGREEMENT TO ENTER INTO A HOUSING ASSISTANCE PAYMENT CONTRACT (AHAP) PRIOR TO CONSTRUCTION, AND A HOUSING ASSISTANCE PAYMENT (HAP) CONTRACT ONCE CONSTRUCTION IS COMPLETE AND INSPECTED

WHEREAS, the Berkeley Housing Authority's (BHA) Administrative Plan requires staff, at least annually, to determine if there is voucher/funding capacity available to issue an allocation of Project-based vouchers, and make a recommendation to the Board of Commissioners (Board); and

WHEREAS, BHA has voucher capacity under the additional 10% availability under HOTMA for special categories; and

WHEREAS, the BHA Board directed staff to issue an RFP for Project-based vouchers, which occurred on October 28, 2022, with -an extended due date of December 9, 2023, to which CHDC submitted an application; and

WHEREAS, a three-person evaluation committee convened on April 20, 2023, consisting of affordable housing experts and executives from local housing authorities;

WHEREAS, the evaluation committee scored the application submissions and recommended an award of the total number of units requested, by each eligible proposer consistent with BHA's Administrative Plan and Bay area-wide housing authority practice;

WHEREAS, St. Paul Terrace will provide long term housing consistent with the goal of creating affordable units for homeless and disabled households qualifying for Section 8 rental assistance; and

WHEREAS, CHDC plans to break ground on this project in January 2024; and

WHEREAS, CHDC agrees that in order for the Project-based subsidy to begin and-prior to any construction start: an Environmental Review must be performed; a Subsidy Layering Review must be conducted; RCD agrees to hire a Davis-Bacon wage monitor; and an Agreement to Enter into a Housing Assistance Payment Agreement (AHAP) must be signed with BHA including all subject compliances therein as outlined by HUD; and

WHEREAS, post-construction, inspections of units must take place; signing of HAP contract, and, a BHA intake process of applicants must occur; and

WHEREAS, HUD regulations allow housing authorities to execute initial master HAP terms for up to 20 years, with an option to extend after that period expires.

NOW THEREFORE, BE IT RESOLVED, that the recitals set forth above are true and correct and incorporated herein by this reference.

FURTHER BE IT RESOLVED, that the Executive Director is hereby authorized to allocate -21 Project Based Vouchers to CHDC for St. Paul Terrace, for an initial term of 20 years, subject to the satisfaction of conditions precedent to be provided by BHA as required by the U.S. Department of Housing and Urban Development (HUD).

FURTHER BE IT RESOLVED, that the Executive Director is hereby authorized to execute an Agreement to Enter into a Housing Assistance Payment Contract (AHAP) prior to construction, and a Housing Assistance Payment (HAP) Contract once construction is complete and project inspected.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on May 11, 2023, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
James Williams, Secretary

BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 2023-\_\_\_\_\_

APPROVING AN ALLOCATION OF 8 PROJECT BASED VOUCHERS TO SATELLITE AFFORDABLE HOUSING ASSOCIATES (SAHA) FOR 1835 ALCATRAZ AVENUE ( UNIVERSITY APARTMENTS)UPON SATISFACTORY COMPLETION OF ALL HUD REQUIREMENTS AND APPROVALS, INCLUDING SUBSIDY LAYERING AND ENVIRONMENTAL REVIEWS, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A HOUSING ASSISTANCE PAYMENT (HAP) CONTRACT

WHEREAS, the Berkeley Housing Authority's (BHA) Administrative Plan requires staff, at least annually, to determine if there is voucher/funding capacity available to issue an allocation of Project-based vouchers, and make a recommendation to the Board of Commissioners (Board); and

WHEREAS, BHA has voucher capacity under the additional 10% availability under HOTMA for special categories; and

WHEREAS, the BHA Board directed staff to issue an RFP for Project-based vouchers, which occurred on October 28,2022 with an extended due date of December 9, 2023, to which SAHA submitted an application; and

WHEREAS, a three-person evaluation committee convened on April 20,2023, consisting of affordable housing experts and executives from local housing authorities;

WHEREAS, the evaluation committee scored the application submissions and recommended an award of the total number of units requested, by each eligible proposer consistent with BHA's Administrative Plan and Bay area-wide housing authority practice;

WHEREAS, this project will provide long term housing consistent with the goal of creating affordable units for disabled households and those in a census tract below 20% and qualifying for Section 8 rental assistance; and

WHEREAS, SAHA agrees that in order for the Project-based subsidy to begin among other conditions precedent , a Subsidy Layering Review must be conducted and a Housing Assistance Payment Agreement (HAP) must be signed with BHA including all subject compliances therein as outlined by HUD; and

WHEREAS, inspections of units must take place; signing of HAP contract, and a BHA intake process of applicants must occur; and

WHEREAS, HUD regulations allow housing authorities to execute initial master HAP terms for up to 20 years, with an option to extend after that period expires.

NOW THEREFORE, BE IT RESOLVED, that the recitals set forth above are true and correct and incorporated herein by this reference.

FURTHER BE IT RESOLVED, that the Executive Director is hereby authorized to allocate-21 Project Based Vouchers to SAHA for University Apartments, 1835 Alcatraz Avenue, for an initial term of 20 years, subject to the satisfaction of conditions precedent to be provided by BHA as required by the U.S. Department of Housing and Urban Development (HUD).

FURTHER BE IT RESOLVED, that the Executive Director is hereby authorized to execute a Housing Assistance Payment (HAP) Contract once all conditions precedent as required by BHA are satisfied by SAHA.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on May 11, 2023, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
James Williams, Secretary

BERKELEY HOUSING AUTHORITY  
RESOLUTION NO. 2023-\_\_\_\_\_

APPROVING AN ALLOCATION OF 2 PROJECT BASED VOUCHERS TO NORTHERN CALIFORNIA LAND TRUST (NCLT) (2321-2323 10<sup>th</sup> STREET), UPON SATISFACTORY COMPLETION OF ALL HUD REQUIREMENTS AND APPROVALS, INCLUDING SUBSIDY LAYERING AND ENVIRONMENTAL REVIEWS, AND AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A HOUSING ASSISTANCE PAYMENT (HAP) CONTRACT

WHEREAS, the Berkeley Housing Authority's (BHA) Administrative Plan requires staff, at least annually, to determine if there is voucher/funding capacity available to issue an allocation of Project-based vouchers, and make a recommendation to the Board of Commissioners (Board); and

WHEREAS, BHA has voucher capacity under the additional 10% availability under HOTMA for special categories; and

WHEREAS, the BHA Board directed staff to issue an RFP for Project-based vouchers, which occurred on 28, 2022 with an extended due date of December 9, 2023, to which NCLT submitted an application; and

WHEREAS, a three-person evaluation committee convened on April 20, 2023, consisting of affordable housing experts and executives from local housing authorities;

WHEREAS, the evaluation committee scored the application submissions and recommended an award of the total number of units requested, by each eligible proposer consistent with BHA's Administrative Plan and Bay area-wide housing authority practice;

WHEREAS, this project will provide long term housing consistent with the goal of creating affordable units for households in a census tract below 20% and qualifying for Section 8 rental assistance; and

WHEREAS, NCLT agrees that in order for the Project-based subsidy to begin, among other requirements, an Environmental Review must be performed; a Subsidy Layering Review must be conducted; and a Housing Assistance Payment Agreement (HAP) must be signed with BHA including all subject compliances therein as outlined by HUD; and

WHEREAS, NCLT also agrees that inspections of units must take place, and a BHA intake process of applicants must occur; and

WHEREAS, HUD regulations allow housing authorities to execute initial master HAP terms for up to 20 years, with an option to extend after that period expires.

NOW THEREFORE, BE IT RESOLVED, that the recitals set forth above are true and correct and incorporated herein by this reference.

FURTHER BE IT RESOLVED, that the Executive Director is hereby authorized to allocate 2 Project Based Vouchers to Northern California Land Trust (NCLT) (2321-2323 10<sup>th</sup> STREET), for an initial term of 20 years, subject to the satisfaction of conditions precedent to be provided by BHA as required by the U.S. Department of Housing and Urban Development (HUD).

FURTHER BE IT RESOLVED, that the Executive Director is hereby authorized to execute a Housing Assistance Payment (HAP) Contract once all conditions precedent as required by BHA are satisfied by NCLT.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on May 11, 2023, by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: \_\_\_\_\_  
James Williams, Secretary