




Berkeley Housing Authority

1947 Center St., 5th Floor, Berkeley, CA 94704
Telephone: (510) 981 5470 Fax: (510) 981 5480

Item 7G
NEW BUSINESS
March 10, 2022

Office of the Executive Director

To: Honorable Chair and Members of the Berkeley Housing Authority Board
From: 
Rachel Gonzales-Levine, Acting Executive Director
Subject: Approve an Extension of the Project-based Master HAP Contract with Ashby Lofts for a period of 5 years (Aug. 2022 - July 2027)

RECOMMENDATION

Extend the existing Project-based Master HAP contract for 20 units at Ashby Lofts for a period of 5 years, to fulfill the maximum first contract term of 20 years.

BACKGROUND

The Project-based Section 8 Program is designed to provide guaranteed housing options for households that qualify for the Section 8 Program, often with social services components available to the residents, and housing families, and populations with special needs (homeless, seniors, disabled, youth emancipated from the foster care system, etc). With the Project-based Section 8 program, the subsidy is attached to a unit for a fixed period of time (up to 40 years in a Master HAP contract, with two 20-year term options). In the Tenant-based program, the assistance is tied to the family, responsible for finding a unit of their choice.

The Project-based program is appealing to developers because of the ability to leverage other financing options using the long term rent subsidy commitment from the housing authority. The financing is used to either build new construction housing, or to rehabilitate existing housing. Project-based housing also has the benefits of increasing housing supply, guaranteed earned administration fee, and easing fluctuations in low income affordable housing options during market rent increases, since the PBV units do not “compete” in the open market for tenants.

First awarded 20 Project-based Vouchers in 2007, and owned by Satellite Affordable Housing Associates (SAHA,) Ashby Lofts houses low income families and disabled households. In terms of the accessibility features of the property: 10 units are fully accessible to physically impaired tenants; 4 are adaptable; 1 unit each are accessible for visually and hearing impaired tenants.

Resident services are available on site, including annual service needs assessments, linkages to job training, financial literacy, adult education classes, youth development opportunities, as well as community building and health and wellness activities.

BHA's Administrative Plan, Chapter 17: Project-based Voucher Program, describes how BHA is to consider requests for extensions of master HAP contracts (Attachment 1), including: rehab needs of the property, ability to cover debt, and whether the PBVs could be used elsewhere. BHA has 100 PBVs remaining currently.

BHA staff sent a letter (Attachment 3) alerting to the expiration of the current contract in January, and inviting SAHA to apply for an extension of the Master HAP contract, including a list of requested documents to provide BHA, by the reply date Feb. 16.

STATUS

SAHA submitted a request for a 5-year extension for all 20 units (Attachment 4), citing capital needs including substantial life safety upgrades to the building exterior, which has been impacted by water damage and dry rot, totaling \$3.4 million. SAHA plans to re-syndicate and refinance the property over the next two to three years, with the City of Berkeley committing \$850,000 to aid in the renovation, and plans to secure a 4% tax credit award, tax exempt bonds, and a conventional permanent loan to complete the renovation.

Extending the PBV contract for another 5 years will allow SAHA to begin planning for the financing of the renovation.

As part of the submission, SAHA provided Budgetary Operating Projections both with PBVs and without. Net Cash Flow remains constant with PBVs, starting in 2022, while projections without PBVs is in the negative territory starting in '22. Operating expenses per unit per year remain the same with or without PBVs: \$12,875 in 2022; \$13,326 in 2023; \$13, 793 in 2024 (the year of the projected refinance).

Staff supports an approval of a 5 year extension to maximize the full 1st contract term of 20-years. Absent the PB vouchers, households would be provided a tenant-based voucher. However, should the family move to another jurisdiction with its voucher, BHA would lose Admin. Fee earnings. Additionally, BHA is guaranteed Admin. Fee for every unit under PB contract, regardless of whether the unit is leased up or not. So, for example, if a vacant unit is undergoing turnover/maintenance prior to a new PB household moving in, BHA continues to earn Admin. Fee during that time, something not true in the Tenant-based program.

FINANCIAL IMPLICATIONS OF ACTION

PBV units have guaranteed administrative fees. Absent the continuation of PBV contracts, BHA risks losing these fees, should families opt to move to other jurisdictions with their Tenant-based vouchers.

CONTACT PERSON

Rachel Gonzales-Levine, Acting Executive Director, 981-5485

Attachments:

1. Excerpt from BHA Admin. Plan, Ch. 17, Project-based Vouchers (pages 21-22)
2. Resolution
3. Jan. 7, 2022 BHA Invitation Letter to Submit Request for Extension
4. Feb. 15, 2022 Response Letter from SAHA

**Excerpt from BHA Admin. Plan
Ch. 17, Project-based Vouchers (pages 21-22)**

Extensions of master HAP contracts will be considered on a case by case basis, including whether (a) to extend for a full 20 years or a shorter timeframe, and (b) the need for substantial, unanticipated rehabilitation to preserve and/or extend the viability of the housing stock.

When determining whether or not to extend an expiring PBV contract, for how long, and the number of units, BHA will consider several factors including, but not limited to:

- The cost of extending the contract and the amount of available budget authority;
- The condition of the contract units;
- The owner's record of compliance with obligations under the HAP contract and lease(s);
- Whether the location of the units continues to support the goals of deconcentrating poverty and expanding housing opportunities;
- The extent to which projects that are serving families, elderly or disabled household include 1, 2, and 3 bedroom units
- Demonstrated need of the minimum number of project based vouchers required to (i) finance debt for substantial, unanticipated rehabilitation activity and (i) meet contractual obligation to rent to households at or below 50% of AMI.
- Preservation of fully accessible/adaptable units for wheelchair users; and,
- Whether the funding could be used more appropriately for project-based assistance at additional new construction projects, whether partially or completely owned by BHA, or another property requesting/needing PBV assistance, or in the tenant based voucher program.

BERKELEY HOUSING AUTHORITY
RESOLUTION NO. 22-__

AUTHORIZING THE ACTING EXECUTIVE DIRECTOR TO ENTER INTO A FIVE YEAR EXTENSION OF THE FIRST TERM OF THE EXISTING PROJECT-BASED SECTION 8 MASTER HOUSING ASSISTANCE PAYMENT (HAP) CONTRACT WITH SATELLITE AFFORDABLE HOUSING ASSOCIATES FOR 20 UNITS AT ASHBY LOFTS, FOR A TOTAL OF 20 YEARS IN THE FIRST TERM

WHEREAS the original Master HAP contract with Affordable Housing Associates (now Satellite Affordable Housing Associates, SAHA) for 20 units was signed in 2007 for a 10-year term that expired in Oct. 2017; and

WHEREAS the BHA Board approved a 5 year contract extension in 2017, which expires in July of 2022; and

WHEREAS HUD's Housing Opportunity Through Modernization Act (HOTMA) of 2016, increases the length of time for the first term of a master Project-based contract to 20 years in total; and

WHEREAS BHA earns Administrative Fee for each PBV unit under Master HAP contract including the time it is vacant, being readied for lease up; and

WHEREAS the project serves 20 family and disabled households; and

WHEREAS staff reviewed the Administrative Plan criteria in determining whether to recommend approval of the extension of the first term of the contract including the cost of extending the contract and the amount of available budget authority; the need for substantial, unanticipated rehabilitation to preserve and/or extend the viability of the housing stock; and

WHEREAS Project-based housing is a critical and stable, long term housing option for the households that BHA serves (those at 0% - 50% of Area Median Income); and

WHEREAS Project-based housing is a stable, long term housing option protected against market fluctuations; and

WHEREAS SAHA sites major capital needs of \$3.4 million in the Physical Needs Assessment, and has plans to re-syndicate and refinance the property in order to conduct the work;

NOW THEREFORE BE IT RESOLVED THAT the Acting Executive Director is authorized to enter into a five year extension of the first term of the existing Project-based Section 8 Master HAP contract with Satellite Affordable Housing Associates for 20 units at Ashby Lofts for Family and disabled households, for a total of 20 years in the first term.

The foregoing Resolution was adopted by the Board of the Berkeley Housing Authority on March 10, 2022 by the following vote:

Ayes:

Noes:

Abstain:

Absent:

Attest: _____
Rachel Gonzales-Levine, Secretary

**Berkeley Housing Authority**1947 Center Street, 5th Floor, Berkeley, CA 94704

January 7, 2022

Susan Friedland, Executive Director
Satellite Affordable Housing Associates
1835 Alcatraz Ave.
Berkeley, CA 94703

Re: Helios Corner and Ashby Lofts Section 8 Project-based Master HAP Contract Expirations

Dear Ms. Friedland:

The Project-based Master HAP contracts for: Helios Corner expires at the end of June 2022, and Ashby Lofts at the end of July 2022, at which time there will be a potential for five more years remaining in the first terms, for a maximum of 20 years for each of these contracts. This invitation is for SAHA to consider request(s), if needed, to extend the first contract terms for each property for an additional 1 to 5 more years.

BHA understands the critical importance of Project-based voucher subsidy to projects during new construction and major rehabilitation. BHA's availability to project base is capped by HUD regulations and at the present time we are very close to reaching that cap. Thus, the need for projects to plan for greater independence, post-Master HAP contract, is crucial, so that other critically needed projects in Berkeley may be built or rehabilitated.

As you contemplate any new comprehensive rehabilitation needs for the project that were unanticipated but now may be needed, keep in mind, each of the current Project-based vouchers can be converted to Tenant-based vouchers, allowing income streams to remain.

If SAHA is interested in renewals, please submit a separate request in writing (one for each property or simply one if only requesting renewal for one of the properties), as well as all relevant supporting documentation describing and including the following:

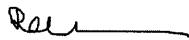
- The minimum number of years (between 1 – 5) for which SAHA requests extension(s)
- The minimum number of units (and unit sizes) for which SAHA requests extension(s)
- Financial needs of the properties: current outstanding loans, reserves, 5-year operating budgets
- Confirm unit mix in terms of bedroom size and tenancy designations (elderly, family, HOPWA, disabled, etc.) for each bedroom size
- Current condition of the properties including current/planned repairs, renovations and systems upgrades/replacements.
- Specific & planned rehab. work for the properties
- Section 504 Accessibility Features: number of fully accessible units, other accessibility features
- Current on-site services/service providers/frequency of such services, and Services Plans

- Property Management Plans
- Maintenance Plans
- Physical Needs Assessments
- Rent roll showing all units, resident tenure (move-in date)
- Vacancy/Turnover Rates
- Identification of HOME-assisted units and their maximum rents, and each tenant's 30% of income for rent, based on the most recent tenant income certification filed with TCAC;
- A copy of most recent income/rent certification filed with TCAC
- A copy of Form 8609 filed with TCAC for the first year the project was placed in Service
- Proposed Operating expense budget (in TCAC or similar format) for the project without any PBV support;
- Any other relevant information you would like to share with BHA regarding the properties: plans, needs, tenants, management, finances etc.

Please submit your response by February 16, 2022. Our goal is for the Board to make a determination about any extension request(s) at the March 10, 2022 Board meeting.

Thank you.

Best Regards,



Rachel Gonzales-Levine
Acting Executive Director

cc: Sara Abramowitz-Hill, SAHA VP of Asset Management and Compliance
Lena Ortiz, SAHA Asset Manager



February 15, 2022

Rachel Gonzales-Levine, Acting Executive Director/Management Analyst
Berkeley Housing Authority
1947 Center Street 5th Floor
Berkeley, CA 94704

Re: Ashby Lofts, Section 8 Project-based Master HAP Contract Renewal

Dear Ms. Gonzales- Levine,

Satellite Affordable Housing Associates (SAHA) appreciates the opportunity to submit this request for an extension of the Project-based Section 8 HAP Contract for Ashby Lofts. The Berkeley Housing Authority (BHA) has been a key partner of SAHA's in providing much needed affordable housing in the City of Berkeley. We are requesting that all 20 existing Project-Based Section 8 units at Ashby Lofts be renewed for another 5 years. This renewal is critical to Ashby Lofts' ability to serve low-income families and special needs populations, to maintain the financial and physical health of the property and to provide necessary resident services to support our residents as described below:

- **The Project-based revenue is critical for keeping the property safe and in good working order for the immediate future, and for the rehabilitation and refinance of the property. The property is currently 15 years old and we have recently completed a Capital Needs Assessment that indicates that the property will need substantial repairs and replacement in the next 20 years. The rehabilitation project will include substantial life safety upgrades to the building exterior totaling at least \$3.4 million in construction costs. In 2018 the building experienced significant water damage, dry rot, and leaks in units related to water infiltration of exterior stucco. SAHA performed extensive destructive testing to determine the problem and locations, and has installed shoring under walkways of concern.**
- **It is clear from the PNA that the property will need a large-scale renovation in the near future. Given the critical renovation needs of at least \$3.4 million, the project anticipates re-syndication and refinancing of the property to occur over the next two to three years. The City of Berkeley committed additional funds of \$850,000 to aid the renovation, however we will still need to secure a 4% tax credit award, tax-exempt bonds, and a conventional permanent loan to complete the renovations. The**

Ashby Lofts**Operating Projections (with Project-Based Section 8)**

Escalation Rate

Income 2.00%

Expense 3.50%

Residential Vacancy Rate

3.00%

REVENUE	2022	2023	REFINANCE		
			2024	2025	2026
RENTAL REVENUE					
Contract Rents	1,141,236	1,164,061	1,187,342	1,211,089	1,235,311
Stores & Commercial Rent	24,000	24,000	24,000	24,000	24,000
Other Income	9,086	9,268	9,453	9,642	9,835
TOTAL RENTAL REVENUE	1,174,322	1,197,328	1,220,795	1,244,731	1,269,146
TOTAL VACANCIES	(34,237)	(34,922)	(35,620)	(36,333)	(37,059)
TOTAL PROPERTY REVENUE	1,140,085	1,162,407	1,185,175	1,208,398	1,232,086
EXPENSES					
TOTAL ADMINISTRATIVE EXPENSES	220,248	227,957	235,935	244,193	252,740
TOTAL UTILITIES EXPENSE	125,162	129,543	134,077	138,769	143,626
TOTAL OPERATING EXPENSES	192,985	199,739	206,730	213,965	221,454
TOTAL TAXES & INSURANCE	106,949	110,693	114,567	118,577	122,727
TOTAL SERVICE COORD EXPENSE	49,932	51,679	53,488	55,360	57,298
TOTAL EXPENSES	695,275	719,610	744,796	770,864	797,845
TOTAL NET OPERATING INCOME	444,809	442,797	440,378	437,534	434,242
TOTAL RESERVE DEPOSITS	37,228	38,531	39,880	41,275	42,720
TOTAL DEBT SERVICE	157,908	157,908	345,000	345,000	345,000
TOTAL DEBT SERVICE AND RESERVES	195,136	196,439	384,880	386,275	387,720
NET CASH FLOW	249,673	246,358	55,499	51,259	46,522
Debt Service Coverage Ratio	2.58	2.56	1.16	1.15	1.13
Operating Expenses Per Unit Per Year	12,875	13,326	13,793	14,275	14,775
DEPOSITS INTO REHAB FUND	249,673	246,358	-	-	-
TOTAL NET CASH FLOW AFTER REHAB FUND	0	0	55,499	51,259	46,522

Attachment A

Households Served and Unit Mix

Ashby Lofts has 54 units that serve low-income multifamily and households with special needs. 9 of the units are reserved for Special Needs tenants under HCD's Multifamily Housing Program (MHP). SAHA's Ashby Lofts is helping to fill the critical housing and services need for special needs and low income multifamily in the City of Berkeley.

A summary of project's unit mix and restrictions follows.

Unit Mix: Ashby Lofts		
Unit Type	AMI Level	Qty.
One Bedroom	30%	6
	35%	2
	50%	10
Two Bedroom	30%	6
	50%	17
	MGR	1
Three Bedroom	30%	6
	50%	6
Total Units		54

Unit	Resident	Move Out	Turnover Rate
210		5/17/2017	
310		9/5/2017	5.6%
206		12/6/2017	
210		6/5/2018	
310		12/21/2018	3.7%
411		3/14/2019	
417		6/1/2019	5.6%
312		11/19/2019	
317		1/6/2020	
409		6/9/2020	3.7%
316		4/25/2021	
210		6/5/2021	
206		7/5/2021	9.3%
213		10/1/2021	
310		12/15/2021	

Count = 15

5.6% Average turnover rate over 5 years

Attachment B

Resident Services

Service Coordinators make a referral, they also work with the resident to identify how they will actually get to and return from meetings, groups, and appointments. They assist the resident in navigating enrollment and preparing any required documentation. These practices increase residents' successful access to local service providers.

SPECIALIZED SERVICES

Ashby Lofts' Services Coordinator will provide individual case management to tenants with disabilities. SAHA uses a person centered, strengths approach to collaboratively build individualized service plans. We acknowledge that individuals with disabilities may have experience discrimination or marginalization. Our focus is to collaborate with residents and follow their lead as we provide support.

The Service Coordinator is expected to have knowledge of specialized benefits, programs, and entitlements available to seniors, adults, and children with disabilities. System navigation and advocacy are critical to ensure residents receive all the related benefits for which they are entitled. Annually, Service Coordinators connect with residents to reassess any needs, ensure benefits are in place, and share new opportunities/resources.

The Services Coordinator will work hard to build an inclusive program of group activities available to all residents with an intentional focus on accessibility. These activities will be planned with input from all residents so that offerings can be tailored to their unique interests, and can suit everyone in the building regardless of their physical or cognitive levels of functioning, their cultural background, or their age. Group activities are critical to combating social isolation, particularly among residents with disabilities.

Examples of such offerings may include:

- Tai Chi
- Youth programming
- Cooking and nutrition classes
- Wellness process group
- Jump and go exercise
- Playgroups
- Homework clubs
- Mosaics
- Quilting
- Still life watercolor
- Block/Safety walks
- Yoga for all ages
- Wii bowling and racecar driving
- Field trips to museums, the putting range, fruit picking, the beach, etc.
- Embroidery
- Drum circles
- Dancing
- Book clubs
- Movie night
- Mah Jong tournaments
- Games groups
- Coffee hours
- Resilience circles
- Parenting groups
- Job seekers support groups
- Meditation/mindfulness
- Intercultural potlucks
- Men's groups
- Women's groups
- LGBT groups
- ESL classes

In addition to the above services, SAHA will also provide the following:

- SAHA will train all staff on the program goals and organizational mission, values, principles, and philosophy behind our approach to providing affordable housing to vulnerable populations.
- All staff will be trained in our policies and procedures in order to protect the privacy and confidentiality of all residents.

Attachment C

Physical Needs and Property Reserves

In 2018 the building experienced significant water damage, dry rot, and leaks in units related to water infiltration of exterior stucco. SAHA performed extensive destructive testing to determine the problem and locations, and has installed shoring under walkways of concern. Further repairs at the exterior decks and stairs is needed to maintain safe access and walkways over the building's lifetime. The project has also collaborated with the Berkeley Office of Energy and Sustainable Development and will move the building towards electrification by replacing the central gas domestic hot water heating system (nearing its usable life) with a central electrical heat pump system. The roof will be replaced and the existing photovoltaic system (including replacement of the interior) will be repaired and expanded to help offset the building's higher electrical load. The entire building exterior will be painted and stucco repaired as needed. The Capital Needs Assessment shows immediate need of \$981,500. Beyond that, the property is expected to need close to \$8.3M of improvements in the next 20 years.

The property currently has \$91,198 in Replacement Reserves, not nearly enough to fund immediate needs and rehabilitation project.

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Certification

Bureau Veritas has completed a Capital Needs Assessment (CNA) of the subject property, Ashby Lofts, located at 2909 and 2919 9th Street in Berkeley, CA 94701. The CNA was performed on September 1, 2021.

The CNA was performed at the Housing Authority's request using methods and procedures consistent with good commercial and customary practice conforming to ASTM E2018-15, *Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process*. Within this Capital Needs Assessment Report, Bureau Veritas follows the ASTM guide's definition of User, that is, the party that retains Bureau Veritas for the preparation of a baseline CNA of the subject property. A User may include, without limitation, a purchaser, potential tenant, owner, existing or potential mortgagee, lender, or property manager of the subject property.

This report has been prepared for and is exclusively for the use and benefit of the Client identified on the cover page of this report. The purpose for which this report shall be used shall be limited to the use as stated in the contract between the client and Bureau Veritas.

This report, or any of the information contained therein, is not for the use or benefit of, nor may it be relied upon by any other person or entity, for any purpose without the advance written consent of Bureau Veritas. Any reuse or distribution without such consent shall be at the client's or recipient's sole risk, without liability to Bureau Veritas.

The opinions Bureau Veritas expresses in this report were formed utilizing the degree of skill and care ordinarily exercised by any prudent architect or engineer in the same community under similar circumstances. Bureau Veritas assumes no responsibility or liability for the accuracy of information contained in this report which has been obtained from the Client or the Client's representatives, from other interested parties, or from the public domain. The conclusions presented represent Bureau Veritas's professional judgment based on information obtained during the course of this assignment. Bureau Veritas's evaluations, analyses and opinions are not representations regarding the building design or actual value of the property. Factual information regarding operations, conditions and test data provided by the Client or their representative has been assumed to be correct and complete. The conclusions presented are based on the data provided, observations made, and conditions that existed specifically on the date of the assessment.

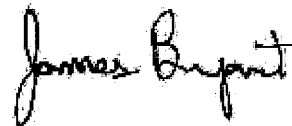
Bureau Veritas certifies that Bureau Veritas has no undisclosed interest in the subject property, Bureau Veritas's relationship with the Client is at arm's-length, and that Bureau Veritas's employment and compensation are not contingent upon the findings or estimated costs to remedy any deficiencies due to deferred maintenance and any noted component or system replacements.

Bureau Veritas's CNA cannot wholly eliminate the uncertainty regarding the presence of physical deficiencies and the performance of a subject property's building systems. Preparation of a CNA in accordance with Public Housing Modernization Standards Handbooks 7485.2 is intended to reduce, but not eliminate, the uncertainty regarding the potential for component or system failure and to reduce the potential that such component or system may not be initially observed. This CNA was prepared recognizing the inherent subjective nature of Bureau Veritas's opinions as to such issues as workmanship, quality of original installation, and estimating the remaining useful life of any given component or system. It should be understood that Bureau Veritas's suggested remedy may be determined under time constraints, formed without the aid of engineering calculations, testing, exploratory probing, the removal of materials, or design. Furthermore, there may be other alternate or more appropriate schemes or methods to remedy the physical deficiency. Bureau Veritas's opinions are generally formed without detailed knowledge from individuals familiar with the component's or system's performance.

Any questions regarding this report should be directed to Matt Anderson at matt.anderson@bureauveritas.com or at 800.733.0660 x7613.

Prepared by: Allen Manning,
Project Manager

Reviewed by:



James Bryant,
Technical Report Reviewer

Systems Expenditure Forecast:

Systems Expenditure Forecast						
System	Immediate	Short Term (1-2 yr)	Near Term (3-5 yr)	Med Term (6-10 yr)	Long Term (11-20 yr)	TOTAL
Structure	\$738,946	\$8,206	-	-	\$8,206	\$755,358
Facade	-	\$285,141	-	-	\$1,081,213	\$1,366,354
Roofing	-	-	\$210,407	-	-	\$210,407
Interiors	-	-	\$230,610	\$784,470	\$291,780	\$1,306,860
Conveying	-	-	\$29,840	\$629,964	\$29,840	\$689,644
Plumbing	\$125,328	-	\$15,251	\$35,145	\$152,181	\$327,905
HVAC	-	-	\$50,562	\$974,785	\$59,845	\$1,085,192
Fire Protection	-	-	-	\$112,523	-	\$112,523
Electrical	\$59,680	\$596,808	\$33,156	\$637,605	\$44,760	\$1,372,009
Fire Alarm & Electronic Systems	-	-	\$6,631	\$227,665	\$6,631	\$240,927
Equipment & Furnishings	-	-	\$222,409	\$281,826	\$222,409	\$726,644
Site Development	-	-	\$25,861	\$33,156	-	\$59,017
Site Pavement	-	-	-	-	-	-
Accessibility	\$57,525	-	-	-	-	\$57,525
TOTALS	\$981,500	\$890,200	\$824,800	\$3,717,200	\$1,896,900	\$8,310,600

ADA Living SpacesPriority Score: **63.9**Visual Bell & Strobe, Hearing-Impaired
Ashby Lofts Throughout

Plan Type: Accessibility

Cost Estimate: \$3,600

Uniformat Code: Y1071
Recommendation: **Install in 2021****\$**

Convert 2 units to be ADA A/V accessible - AssetCALC ID: 3271280

ADA Living SpacesPriority Score: **63.9**Apartment Unit, Full Mobility Conversion
Ashby Lofts Throughout building

Plan Type: Accessibility

Cost Estimate: \$41,400

Uniformat Code: Y1091
Recommendation: **Upgrade in 2021****\$\$**

Add one unit to bring number of accessible units to 5% threshold. - AssetCALC ID: 3271281

ADA MiscellaneousPriority Score: **63.9**Level III Study, Includes Measurements
Ashby Lofts Throughout

Plan Type: Accessibility

Cost Estimate: \$12,400

Uniformat Code: Y1091
Recommendation: **Evaluate/Report in 2021****\$\$**

Perform ADA survey as part of recommended ADA upgrades. - AssetCALC ID: 3272687

1.2. Follow Up Recommendations

No Additional studies are recommended. To determine the full extent of the wood rot at the stairs destructive investigation will be required.

1.3. Opinions of Probable Cost

This section provides estimates for the repair and capital reserves items noted within this Capital Needs Assessment (CNA). These estimates are based on invoice or bid documents provided either by the Owner/facility and construction costs developed from construction resources such as *R.S. Means* and *Marshall & Swift*, Bureau Veritas's experience with past costs for similar properties, city cost indexes, and assumptions regarding future economic conditions.

1.7. Key Findings

In an effort to highlight the most significant cost items and not be overwhelmed by the Replacement Reserves report in its totality, a subsection of Key Findings is included within the Executive Summary section of this report. Key Findings typically include repairs or replacements of deficient items within the first five-year window, as well as the most significant high-dollar line items that fall anywhere within the ten-year term. Note that while there is some subjectivity associated with identifying the Key Findings, the Immediate Needs are always included as a subset.

2.2. Deviations from the ASTM E2018-15 Guide

ASTM E2018-15, *Standard Guide for Property Condition Assessments: Baseline Property Condition Assessment Process* requires that any deviations from the Guide be so stated within the report. Bureau Veritas's probable cost threshold limitation is reduced from the Guide's \$3,000 to \$2,000, thus allowing for a more comprehensive assessment on smaller scale properties. Therefore, Bureau Veritas's opinions of probable costs that are individually less than a threshold amount of \$2,000 are omitted from this CNA. However, comments and estimated costs regarding identified deficiencies relating to life/safety or accessibility items are included regardless of this cost threshold.

In lieu of providing written record of communication forms, personnel interviewed from the facility and government agencies are identified in Section 2.5. Relevant information based on these interviews is included in Sections 2.5, 3.1, and other applicable report sections.

2.3. Additional Scope Considerations

Items required by ASTM E2018-15 and Fannie Mae's *Exhibit III Specific Guidance to the Property Evaluator* are included within the Capital Needs Assessment (CNA). Additional "non-scope" considerations were addressed at the recommendation of Bureau Veritas and subsequent contract with the Client. These additional items are identified as follows:

Property disclosure information was obtained from the Bureau Veritas's Pre-Survey Questionnaire

An assessment of accessibility utilizing Bureau Veritas's Accessibility Checklist

A limited visual assessment and review of the property for mold growth, conditions conducive to mold growth, and evidence of moisture in accessible areas of the property

Provide a statement on the property's Remaining Useful Life

Provide cross reference indexing between cost tables and report text

Determination of FEMA Flood Plain Zone for single address properties

2.4. Property's Remaining Useful Life Estimate

Subject to the qualifications stated in this paragraph and elsewhere in this report, the Remaining Useful Life (RUL) of the property is estimated to be not less than 35 years. The Remaining Useful Life estimate is an expression of a professional opinion and is not a guarantee or warranty, expressed or implied. This estimate is based upon the observed physical condition of the property at the time of Bureau Veritas's visit and is subject to the possible effect of concealed conditions or the occurrence of extraordinary events such as natural disasters or other "acts of God" that may occur subsequent to the date of Bureau Veritas's site visit.

The Remaining Useful Life for the property is further based on the assumption that: (a) the immediate repairs, short term repairs, and future repairs for which replacement reserve funds are recommended are completed in a timely and workman-like manner, and (b) a comprehensive program of preventive and remedial property maintenance is continuously implemented using an acceptable standard of care. The Remaining Useful Life estimate is made only with regard to the expected physical or structural integrity of the improvements on the property, and no opinion regarding economic or market conditions, the present or future appraised value of the property, or its present or future economic utility, is expressed by Bureau Veritas.

3. Code Information, Accessibility, and Mold

3.1. Code Information and Flood Zone

No relevant information about potential local building code violations was available from the municipal website and to date Bureau Veritas has been unable to contact a representative directly. A copy of the RFI letter sent to the agency is included in Appendix G.

No relevant information about potential local fire code violations was available from the municipal website and to date Bureau Veritas has been unable to contact a representative directly. A copy of the RFI letter sent to the agency is included in Appendix G.

According to the Flood Insurance Rate Map, published by the Federal Emergency Management Agency (FEMA) and dated December 21, 2018, the property is located in:

Zone X, defined as an area outside the 500-year flood plain with less than 0.2% annual probability of flooding. Annual Probability of Flooding of Less than one percent.

3.2. ADA Accessibility

Section 504 of the Rehabilitation Act of 1973 is a Federal accessibility law that was enacted on June 2, 1988. Section 504 applies to multifamily properties that have 15 or more units. The property must have a minimum of five percent mobility accessible units and two percent of the units for visual / audio hearing impairments. Exceptions can be considered due to undue financial burdens or structural restrictions. However, the exceptions do not relieve the recipients from compliance utilizing other units/buildings or other methods to achieve reasonable accommodations.

Reasonable Accommodations as described in 24 CFR 8.4(b)(i), 8.24 and 8.33 are described as follows: When a family member requires an accessible feature(s) or policy modification to accommodate a disability, property owners must provide such feature(s) or policy modification unless doing so would result in a fundamental alteration in the nature of its program or result in a financial and administrative burden.

The Uniform Federal Accessibility Standard (UFAS) 24 CFR part 40 was adopted by HUD and made effective October 4, 1984. The UFAS applies only to new construction or to alterations to the existing buildings. Alterations are defined as work that costs 50 percent or more of the building's value when the work performed occurs within a twelve-month period. Apartments modified for mobility impaired residents are to comply with UFAS.

Title III of the Americans with Disabilities Act (ADA) prohibits discrimination by entities to access and use of "areas of public accommodations" on the basis of disability. Generally, the rental office and access from the site to the rental office must be maintained and operated to comply with the Americans with Disabilities Act Accessibility Guidelines (ADAAG).

Buildings completed and occupied after January 26, 1992, are required to comply fully with ADAAG. Existing facilities constructed prior to this date are held to the lesser standard of complying to the extent allowed by structural feasibility and the financial resources available; otherwise, a reasonable accommodation must be made.

During the CNA, Bureau Veritas performed a limited accessibility review of the facility non-specific to any local regulations or codes. The scope of the visual observation was limited to the areas of focus and categories set forth in the checklist that is included in the appendix. It is understood by the Client that the observations described herein do not comprise a full Accessibility Compliance Survey, and that such a survey is beyond the scope of this particular assessment. A full measured ADA survey would be required to identify the full spectrum of all specific potential accessibility issues at the site. Additional clarifications are as follows:

- This survey was visual in nature and actual measurements were not taken to verify compliance
- Barriers and potential issues are identified regardless of applicable code/act or construction date of the facility

BV Facility Condition Assessment: Pre-Survey Questionnaire

Building / Facility Name: Ashby Lofts

Name of person completing form: Sam Fakiri

Title / Association with property: Property Manager

Length of time associated w/ property: 2.5 years

Date Completed: September 7, 2021

Phone Number: 510-981-0532

Method of Completion: DURING: verbally completed during assessment

Directions: Please answer all questions to the best of your knowledge and in good faith. Please provide additional details in the Comments column, or backup documentation for any **Yes** responses.

Data Overview		Response		
1	Year/s constructed / renovated	2007		
2	Building size in SF			
3	Major Renovation/Rehabilitation		Year	Additional Detail
		Façade	NA	
		Roof	2020	Catwalk repaired
		Interiors	NA	
		HVAC	NA	
		Electrical	NA	
		Site Pavement	NA	
		Accessibility	NA	
Question		Response		
4	List other significant capital improvements (focus on recent years; provide approximate date).	NA		
5	List any major capital expenditures planned/requested for the next few years. Have they been budgeted?	NA		
6	Describe any on-going extremely problematic, historically chronic, or immediate facility needs.	Water leaks in exterior stairwells		

APPENDIX D: Abbreviated Accessibility Checklist



APPENDIX F:

Replacement Reserves



Recommendations

The following recommendations are in addition to those described above:

A. Roofs and Parapets

All roofs require some basic and preventative maintenance. This building's roof appears near the end of its serviceable life:

Once a year, monitor roof to observe aging and changing conditions. Look for splits or any damage to the roof membrane. Make sure scuppers are clear of any debris. Remove any material stored on roof.

The existing roof is a good candidate in the future for white single ply PVC membrane. Depending on the condition of the substrate an overlay (leave the existing roof in place and attached new roof membrane over old roof). If the existing substrate has extensive damage, then an overlay is not an option. A white single ply PVC membrane can help cool the building and an overlay can reduce disposal costs.

Overflow scuppers should be added at each scupper location when re-roofing.

At roof parapets: sealants used on parapet wall coping caps need to be removed and re-sealed; existing metal cap needs repainting.

When re-roofing is performed, consideration should be given to replacing existing coping caps with Kynar colored coping caps supplied by PVC roof membrane manufacturer. The pre-painted Kynar metal will eliminate the need to re-paint coping caps. Coping caps supplied by membrane manufacturer are tested for wind uplift requirements and can provide an "edge to edge" membrane and metal system warranty.

Collector heads should either be lowered, or holes drilled into the side of the collector heads at a level below the bottom of the scuppers to avoid water backing up and into the wall below the bottom of the scupper. A screen should be installed over the collector head prevent debris from entering the collector head.

B. Cement Plaster (Stucco)

Wall penetrations are missing sealant and need to be addressed. There is impact damage that has broken the stucco above the garage entrance and at the Northeast wall, ground level. Loose stucco needs to be removed and patched. Areas where stucco is missing need repair. Horizontal stucco areas should be coated with an elastomeric coating.



General Building – Roofing – Maintenance - Painting

Scope of Work

- Replace all wood for awnings and covering with redwood SKD material and paint.
- Metal awnings remove all oxidation from covering and use anti-rust paint to resurface finish.

General

- Units will not be accessible during working hours 7:00am to 4:30 pm.
- All new lumber material for railing caps, trim boards, and fence boards will be common redwood with galvanized or coated fasteners and bolts.
- Prime and paint all sides of new materials. Finish color to match existing as close as possible.
- Proposal does not include any building code upgrades that may be required.
- Dispose of all construction waste.

Total Investment:

1	Roof		
	New Bur System	\$142,832.00	
	Plywood repair allowance	<u>\$20,000.00</u>	\$162,832.00
2	Cladding		
	Stucco finish replacment	\$2,100,000.00	
	Wall repair allowance	<u>\$20,000.00</u>	\$2,120,000.00
3	Stairways	\$800,000.00	
	Catwalk buildigng 2909 repair	<u>\$45,000.00</u>	\$845,000.00
4	Walkways & railing	\$1,258,232.00	
	Repair allowance	<u>\$20,000.00</u>	\$1,278,232.00
5	Awning & Door Coverings		\$320,000.00
6	Entry finishes		<u>\$215,000.00</u>
	Total:		\$4,941,064.00

Attachment D

Existing Financing

Ashby Lofts is financed with a mix of private and public sources. This Low Income Housing Tax Credit (LIHTC) project includes amortizing “must-pay” debt to Berkadia as well as deferred mortgages held by California’s Department of Housing and Community Development (HCD), the City of Berkeley Housing Trust Fund, and Citibank (AHP). Enterprise has exited the Limited Partnership and has been replaced by Hookston Senior Homes Inc. The lenders for this project are as follows:

Partner	Amount
<i>Must Pay Debt</i>	
Berkadia – loan will be paid off at the closing of refinance.	\$1,515,921
<i>Deferred</i>	
HCD MHP	\$4,111,603
City of Berkeley HTF Loan	\$3,023,964
AHP	\$297,000

Low-Income Housing Credit Allocation Certification

(Rev. December 2006)

OMB No. 1545-0988

Department of the Treasury
Internal Revenue Service

▶ The building owner must attach Form 8609 and Schedule A (Form 8609) to its Federal income tax return.

PART I Allocation of Credit.

Check if: <input type="checkbox"/> Addition to Qualified Basis <input type="checkbox"/> Amended Form	
A Address of building (do not use P.O. box) (see instructions) Ashby Lofts 2919 9 th Street, Building 1 of 1 Berkeley, CA 94710	B Name and address of housing credit agency California Tax Credit Allocation Committee 915 Capitol Mall Suite 485 Sacramento, CA 95814
C Name, address, and TIN of building owner receiving allocation Ashby Lofts Associates, L.P. 1250 Addison Street, Suite G Berkeley, CA 94702	D Employer identification number of agency 94-6001347
TIN ▶ <u>13-4238558</u>	E Building identification number (BIN) CA-2005-91001

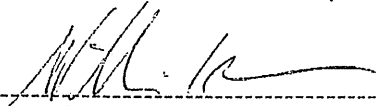
- 1a Date of allocation ▶ _____ b Maximum housing credit dollar amount allowable.....
- 2 Maximum applicable credit percentage allowable.....
- 3a Maximum qualified basis.....
- b If the eligible basis used in computation of line 3a was increased, check the applicable box and enter the percentage to which the eligible basis was increased (see instructions).....
- Building located in Gulf Opportunity (GO) Zone, Rita GO Zone, or Wilma GO Zone
- Section 42(d)(5)(C) high cost area provisions
- 4 Percentage of the aggregate basis financed by tax-exempt bonds. (If zero, enter -0-.).....
- 5 Date building placed in service.....▶ 7/31/07
- 6 Check the boxes that describes the allocation for the building (check those that apply):

1b	\$782,657
2	3.50%
3a	\$22,361,629
3b	130%
4	77.65%

- a Newly constructed and federally subsidized b Newly constructed and not federally subsidized c Existing building
- d Sec. 42(e) rehabilitation expenditures federally subsidized e Sec. 42(e) rehabilitation expenditures not federally subsidized
- f Not federally subsidized by reason of 40-50 rule under sec. 42(i)(2)(E) g Allocation subject to non-profit set-aside under sec.42(h)(5)

Signature of Authorized Housing Credit Agency Official – Completed by Housing Credit Agency Only

Under penalties of perjury, I declare that the allocation made is in compliance with the requirements of section 42 of the Internal Revenue Code, and that I have examined Part I of this form to the best of my knowledge and belief, the information is true, correct, and complete.

▶  ▶ William J. Pavão ▶ June 12, 2008

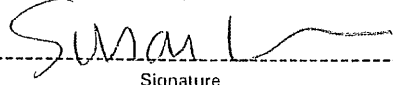
Signature of authorized official Name (please type or print) Date

PART II First-Year Certification--Completed by Building Owners with respect to the First Year of Credit Period

- 7 Eligible basis of building (see instructions).....
- 8a Original qualified basis of the building at close of first year of credit period.....
- Are you treating this building as part of a multiple building project project for purposes of section 42 (see instructions)?..... Yes No
- 9a If box 6a or box 6d is checked, do you elect to reduce eligible basis under section 42(i)(2)(B)?..... Yes No
- b Do you elect to reduce eligible basis by disproportionate costs of non-low-income units (section..... Yes No 42(d)(3)(B))?
- 10 Check the appropriate box for each election:
- Caution: *Once made, the following elections are irrevocable.*
- a Elect to begin credit period the first year after the building is placed in service (section 42(f)(1))..... Yes No
- b Elect not to treat large partnership as taxpayer (section 42(j)(5))..... Yes
- c Elect minimum set-aside requirement (section 42(g)) (see instructions) 20-50 40-60 25-60 (N.Y.C. only)
- d Elect deep rent skewed project (section 142(d)(4)(B)) (see instructions)..... 15-40

7	22,361,629
8a	21,816,005

Under penalties of perjury, I declare that the above building continues to qualify as a part of a qualified low-income housing project and meets the requirements of Internal Revenue Code section 42. I have examined this form and attachments, and to the best of my knowledge and belief, they are true, correct, and complete.

▶  ▶ 13-4238558 ▶ June 14 2008

Signature Taxpayer identification number Date

▶ Susan Friedland ▶ Dec 31 2007

Name (please type or print) Tax year

Attachment E – Section 504 Accessibility Features

10 units are fully accessible to physically impaired tenants

4 units are adaptable for physically impaired tenants

1 units is accessible to visually impaired tenants

1 unit is accessible to hearing impaired tenants