Housing Advisory Commission

Regular Meeting Thursday, October 9, 2025 7:00 pm	South Berkeley Senior Center 2939 Ellis Street Snow Zhu, Secretary HAC@berkeleyca.gov

Written communications submitted by mail or e-mail to the Housing Advisory Commission by 5:00 p.m. the day before the meeting will be distributed to the members of the Committee in advance of the meeting and retained as part of the official record.

All agenda items are for discussion and possible action.

Public comment policy: Members of the public may speak on any items on the Agenda and items not on the Agenda during the initial Public Comment period. Members of the public may also comment on any item listed on the agenda as the item is taken up. Members of the public may not speak more than once on any given item. The Chair may limit public comments to 3 minutes or less.

1. **Roll Call**
2. **Land Acknowledgment** (Attachment 1)
3. **Agenda Approval**
4. **Public Comment**
5. **Approval of September 4, 2025 Regular Meeting Minutes** (Attachment 2)
6. **Discussion and Possible Action: Loan Modification Requests for Housing Trust Fund Loans at 2577 San Pablo Avenue (Margaret Breland Homes) and 3250 Sacramento Street (Mable Howard Apartments)** – Staff/All (Attachment 3)
7. **Receive Presentation on Displacement Prevention and Housing Preservation** – Bay Area Community Land Trust and Centro Legal de la Raza/ Anti-Eviction Mapping Project
8. **Update on Council Items (Future Dates Subject to Change)**
    a. Social Housing (9/30/2025)
    b. Affordable Housing for Artists (10/28/2025)
9. **Announcements/Information Items**
10. **Future Items**
    a. Adoption of Meeting Calendar for 2026
11. **Adjourn**

<u>Attachments</u>

1. Land Acknowledgment
2. Draft September 4, 2025 Regular Meeting Minutes
3. Lourdes Chang, HHCS, Margaret Breland and Mable Howard Loan Modification

Communications to Berkeley boards, commissions or committees are public record and will become part of the City's electronic records, which are accessible through the City's website. <u>Please note: e-mail addresses, names, addresses, and other contact information are not required, but if included in any communication to a City board, commission or committee, will become part of the public record.</u> If you do not want your e-mail address or any other contact information to be made public, you may deliver communications via U.S. Postal Service or in person to the Secretary of the commission. If you do not want your contact information included in the public record, please do not include that information in your communication. Please contact the Secretary for further information.

This meeting will be conducted in accordance with the Brown Act, Government Code Section 54953. Any member of the public may attend this meeting. Questions regarding this matter may be addressed to Mark Numainville, City Clerk, (510) 981-6900.

COMMUNICATION ACCESS INFORMATION:

	To request a disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact the Disability Services specialist at (510) 981-6418 (V) or (510) 981-6347 (TDD) at least three business days before the meeting date.

ATTACHMENT 1

Land Acknowledgement Statement

The City of Berkeley recognizes that the community we live in was built on the territory of xučyun (Huchiun (Hooch-yoon)), the ancestral and unceded land of the Chochenyo (Cho-chen-yo)-speaking Ohlone (Oh-low-nee) people, the ancestors and descendants of the sovereign Verona Band of Alameda County. This land was and continues to be of great importance to all of the Ohlone Tribes and descendants of the Verona Band. As we begin our meeting tonight, we acknowledge and honor the original inhabitants of Berkeley, the documented 5,000-year history of a vibrant community at the West Berkeley Shellmound, and the Ohlone people who continue to reside in the East Bay. We recognize that Berkeley's residents have and continue to benefit from the use and occupation of this unceded stolen land since the City of Berkeley's incorporation in 1878. As stewards of the laws regulating the City of Berkeley, it is not only vital that we recognize the history of this land, but also recognize that the Ohlone people are present members of Berkeley and other East Bay communities today. The City of Berkeley will continue to build relationships with the Lisjan Tribe and to create meaningful actions that uphold the intention of this land acknowledgement.

Housing Advisory Commission

HOUSING ADVISORY COMMISSION

DRAFT MINUTES

Regular Meeting **Thursday, September 4, 2025** **7:08 pm**	**South Berkeley Senior Center** 2939 Ellis Street Snow Zhu, Secretary HAC@berkeleyca.gov

1. **Roll Call**

   Present: Sarah Bell, Karen Haycox, Syrak Micael (arrived at 7:16 pm), Debbie Potter, David Shere, Leah Simon-Weisberg (arrived at 7:18 pm), and Alfred Twu.

   Absent: Sean Vaughn Scott (unexcused).

   Staff Present: Jiro Arase, Lourdes Chang, Mike Uberti, Jenny Wyant, and Snow Zhu.

   Commissioners in attendance: 7 of 8.

   Members of the public: 10

   Public Speakers: 1

2. **Land Acknowledgement**

3. **Agenda Approval**

   Action: M/S/C (Twu/Haycox) to approve the agenda.

   Vote: Ayes: Bell, Haycox, Potter, Shere, and Twu. Noes: None. Abstain: None. Absent: Scott, Micael, Simon-Weisberg.

4. **Public Comment**

   There was one speaker during public comment.

5. **Approval of July 17, 2025 Special Meeting Minutes**

   Action: M/S/C (Potter/Haycox) to approve the July 17, 2025 Special Meeting minutes.

   Vote: Ayes: Bell, Haycox, Potter, Shere, and Twu. Noes: None. Abstain: None. Absent: Scott, Micael, Simon-Weisberg.

6. **Discussion and Possible Action: Loan Modification Requests for Housing Trust Fund Projects**

   Public Speakers: 0

   Action: M/S/C (Potter/ Simon-Weisberg) to recommend City Council to:

   1. Extend Resources for Community Development's existing Housing Trust Fund (HTF) loan for Hearst Street Apartments for five years and reduce the interest rate for the remaining term to 3% simple interest. The principal amount of $916,000 will remain the same.

2. Combine South Berkeley Neighborhood Development Corporation's three HTF loans for Lorin Station into a new loan in the amount of $1,230,117, with 0% interest and a new loan maturity date of May 7, 2079, to align with their 2021 emergency rehab loan. The Regulatory Agreement will have a term of May 7, 2079, to be coterminus with the loan maturity date.
3. Refinance Addison Court Housing Cooperative's existing HTF loan new loan into a new loan with a 55-year term and 3% simple interest. The principal amount of $150,000 will remain the same. The Regulatory Agreement will have a term of November 1, 2080, to be coterminus with the loan maturity date.
4. Authorize the City Manager or their designee to execute all documents required to effectuate these actions, including amendments to existing loan agreements.
5. Forgive the accrued interest as of the effective date of the new and/or amended loan for each new loan for Hearst Street Apartments, Lorin Station, and Addison Court Housing Cooperative.
6. Direct staff to examine the HTF administrative guidelines to update the standards for interest rates and accrued interest for future HTF loans.

Vote: Ayes: Bell, Haycox, Micael, Potter, Shere, Simon-Weisberg, and Twu. Noes: None. Abstain: None. Absent: Scott.

7. **Public Hearing on City of Berkeley's Draft Consolidated Annual Performance and Evaluation Report for Federal Program Year 2024 (July 2024 through June 2025)**

8. **Discussion and Possible Action: Commission Work Plan**

Action: M/S/C (Shere/ Potter) to adopt the FY 2026 work plan.

Vote: Ayes: Bell, Haycox, Micael, Potter, Shere, Simon-Weisberg, and Twu. Noes: None. Abstain: None. Absent: Scott.

9. **Discussion and Possible Action: Social Housing Recommendations**

Action: M/S/C (Shere/ Potter) to adopt the Social Housing ad-hoc committee's recommendations memorandum to the City Council as amended and share the revised memorandum with City Council for the September 30, 2025 Social Housing Work Session.

Vote: Ayes: Bell, Haycox, Micael, Potter, Shere, Simon-Weisberg, and Twu. Noes: None. Abstain: None. Absent: Scott.

10. **Update on Council Items (Future Dates Subject to Change)**

11. **Announcements/Information Items**

12. **Future Items**

13. **Adjourn**

Action: M/S/C (Potter/Shere) to adjourn at 9:05 pm.

Vote: Ayes: Bell, Haycox, Micael, Potter, Shere, Simon-Weisberg, and Twu. Noes: None. Abstain: None. Absent: Scott.

Health Housing and
Community Services Department
Housing & Community Services Division

MEMORANDUM

To: Housing Advisory Commission

From: Lourdes Chang, Senior Community Development Project Coordinator

Date: October 9, 2025

Subject: **Margaret Breland and Mable Howard Loan Modification**

Recommendations

Recommend that City Council:

1. Approve the transfer of two existing Housing Trust Fund (HTF) properties – Margaret Breland Homes and Mable Howard Apartments - to Berkeley Senior Recap, L.P. (Partnership), a newly formed ownership entity for the purpose of applying for Low-Income Housing Tax Credits (LIHTC). An affiliate of Resources for Community Development will serve as the Managing General Partner, with a tax credit investor to be identified at the close of the construction loan.

2. Approve the addition of the future tax credit investor limited partner to enter Berkeley Senior Recap, L.P. at the construction closing as required by the LIHTC program.

3. Approve the extension of the City's current loan terms to new 55-year periods, and conversion of the current interest rates of 6% to the Applicable Federal Rate (AFR) as determined at the month of the construction loan closing (currently about 4.8%)

4. Authorize the City Manager or their designee to execute all documents required to effectuate these actions, including amendments to existing loan agreements.

Current Situation and Effects

In September 2025, Resources for Community Development (RCD) requested City support to complete a RAD (Rental Assistance Demonstration) conversion and application for LIHTCs and tax-exempt bond financing for the rehabilitation of Margaret

Breland Senior Homes and Mable Howard Apartments, two existing HTF projects. The projects have been operating as affordable housing for lower income seniors for 20-25 years, and have capital needs that exceed the capacity of their replacement reserve accounts. In order to finance the necessary rehab, RCD is proposing to secure new tax credits and bond financing, and convert the existing HUD 202 contracts into project-based vouchers (the RAD conversion). RCD is not requesting any new HTF funding from the City of Berkeley.

Both properties currently receive operating support through HUD 202 Capital Advance contracts. The HUD 202 program provides revenue to the projects, but limits rent increases and prohibits RCD from leveraging the subsidy to secure private financing. While the HUD 202 contracts remain in place, RCD has limited options for addressing the projects' capital needs. By completing the RAD conversion, Margaret Breland and Mable Howard will convert the HUD 202 contracts into a project-based, 20-year subsidy contract (Housing Assistance Payment or HAP contract) with enough revenue and cash flow to take on new debt.

RCD's development team aims to submit a tax credit and bond application in TCAC's Round 1 in early 2026, with the goal of carrying out a $13 million dollar rehabilitation of major building systems of the two properties, totaling $190,000 in hard cost construction per unit. The rehab will address critical infrastructure and aesthetic improvements to enhance safety, accessibility, functionality, and overall appeal.

RCD requested that the City extend the affordability terms for both projects for 55 years. RCD also requested a reduction in the interest rate from 6% to the Applicable Federal Rate (AFR), as determined at the time of construction loan closing. The AFR may be higher than the 3% interest rate applied to the City's HTF loans under the current HTF Guidelines. The AFR is the minimum interest rate the IRS requires for below market loans to avoid triggering tax liability. Applying the higher AFR allows RCD to maximize the acquisition credits it can get for the project; thus, making the project more attractive to prospective investors and allowing RCD to maximize the amount of funding they can leverage for the project.

Staff supports RCD's application for RAD conversion and LIHTC and tax-exempt bond financing in order to support the rehabilitation of Margaret Breland Homes and Mable Howard Apartments and the ongoing operating support of both properties will receive under a new HAP contract.

As of the date of this report, the Housing Trust Fund (HTF) Subcommittee of the Housing Advisory Commission has not yet met to review RCD's proposed amendments to the existing loan documents and request for approvals pertaining to their proposed RAD Conversion and LIHTC applications. Any actions taken by the subcommittee will be shared during the Housing Advisory Commission meeting, when this item is discussed.

HTF Loan Modification Requests
October 9, 2025

Background

In RCD's application for the RAD conversion and LIHTC program, Margaret Breland Homes and Mable Howard Apartments will be considered as a single project. Proceeds from the LIHTC and tax-exempt bond financing will be distributed according to the rehabilitation plan that addresses the specific needs of each property.

The combined project will receive a renewable 20-year HAP contract which covers reasonable and necessary operating expenses beyond the tenant's portion of the rent. The new contract enhances the project's appeal to lenders and investors, facilitating access to construction and permanent financing. This debt, plus the tax credit equity investment, will finance extensive repairs. RCD has already worked with HUD on a Rent Increase for the RAD conversion which resulted in a 40% rent increase for Margaret Breland and a 63% rent increase for Mable Howard. To support the rent increases, HUD increased the amount of housing assistance payments to supplement the tenant portion of the rents. The tenants continue to pay no more than 30% of their income, based on their annual recertifications.
The cash flow from these new rents will allow RCD to service the new debt it will take out to assist with financing the renovation of the two projects. The RAD conversion is projected to be completed in coordination with the tax credit closing, anticipated in 2026.

Both Margaret Breland Homes (completed November 2006) and Mable Howard Apartments (completed June 2000) have been in operation for 20 years or more and are in need of rehabilitation. Both buildings require the replacement of aged kitchen and bathroom appliances and fixtures in the units and common areas, as well as new paint and flooring. Modernization and replacement of the elevator systems, unit heating, and hot water systems at both properties is required. Accessibility upgrades to comply with California Tax Credit Allocation Committee requirements, including ensuring that 25% of units are mobility accessible, are planned. Drainage will be improved at the Margaret Breland walkway to address concerns about water accumulation.

The City will enter into separate amendments for each project, and will continue to monitor them as independent projects. Below staff described both projects and their need for rehabilitation and conversion of the rental assistance contract, which will help preserve the long-term affordability and maintain operations as affordable housing for seniors.

Margaret Breland Homes
Margaret Breland is a 28-unit senior affordable housing development located at 2577 San Pablo Avenue, housing extremely low to very low income households. The development includes two landscaped courtyards, 8 covered parking spaces, laundry room, and community room The development is owned by Jubilee Senior Homes, Inc., an entity wholly-controlled by RCD and managed by the John Stewart Company under contract with RCD.

In 2003, the City loaned RCD a total of $2,719,108 in HTF funds to construct Margaret Breland. The loan has a 40-year term and a 55-year regulatory agreement and was structured with repayments coming from the project's residual receipts (surplus cash flow). The principal balance and interest accrued at 6% simple interest is due and payable December 1, 2046. The regulatory agreement recorded against the property will be in effect until 2058 and will continue to restrict the units at an affordable level.

The City's Development Loan Agreement (DLA) requires 27 of the 28 rental units at Margaret Breland be occupied by households whose incomes are at or below 50% Area Median Income (AMI). Historically, Margaret Breland has served households at deeper affordability than what is required by the DLA; the rent roll as of May 25, 2025 shows 24 of the 27 households living in Margaret Breland have incomes below 30% AMI. All of the units are currently subsidized under the HUD 202 PRAC program.

The most recent Audited financials shows the project has sufficient cash flow to meet its operating expenses which includes debt service on conventional loan, funds for future capital improvements, and asset management fees. In the last three years, surplus cash ranged from $16,862-$52,143. Surplus cash was deposited to replacement reserves for future capital improvements as needed. In FY2022, cash flow was negative due to higher than normal vacancy rates and mandatory capital improvement expenses.

Mable Howard Apartments

Mable Howard is a 40-unit senior affordable housing development located at 3250 Sacramento Street, housing extremely low to very low income households. The development is a 3-story residential building with an outdoor plaza with a community garden, a community room with high speed internet computers available for residents use, and on-site laundry room. The development is owned by 3250 Sacramento Housing Inc., also wholly-controlled by RCD, and managed by the John Stewart Company under contract with RCD.

In 1997, the City loaned RCD a total of $982,479 in HTF funds to construct Mable Howard. The loan has a 40-year term and a 55-year regulatory agreement and was structured with repayments coming from the project's residual receipts (surplus cash flow). The principal balance and interest accrued at 6% simple interest is due and payable July 27, 2037. The regulatory agreement recorded against the property will be in effect until 2053 and will continue to restrict the units at an affordable level.

The DLA requires all 40 of the rental units at Mable Howard be occupied by households whose incomes are at or below 50% Area Median Income (AMI). Historically, Mable Howard has served households at deeper affordability than what is required by the DLA; the rent roll as of June 11, 2025 shows 35 of the 40 households living in Mable Howard have incomes below 30% AMI. All of the units are subsidized under the HUD 202 PRAC program.

The most recent Audited financials shows the project has sufficient cash flow to meet its operating expenses which includes debt service on conventional loan, funds for capital improvements, and asset management fees. In the last three years, surplus cash ranged from $0-$20,756. In 2022 and 2023, the property experienced negative cash flow. Like Margaret Breland, the rents were too low to cover expenses. Since then, RCD has obtained sizeable rent increases from HUD, after providing to HUD a demonstration of the capital needs at each property.

Staff supports RCD's strategy to apply for the RAD Conversion and low income housing tax credit and tax exempt bond financing for much-needed rehabilitation of these two HTF properties. The increase in rental assistance through a new HAP contract will ensure long-term affordability for 68 senior households.