



Housing Advisory Commission

CONSENT CALENDAR
September 10, 2019

To: Honorable Mayor and Members of the City Council
 From: Housing Advisory Commission
 Submitted by: Xavier Johnson, Chairperson, Housing Advisory Commission
 Subject: 1281 University Avenue Request for Proposals

RECOMMENDATION

Direct the City Manager to issue a Request for Proposals (RFP) for residential development at the City-owned site at 1281 University Avenue with a requirement that at least 50% of the on-site units to be restricted to 50% AMI or below households, with consideration given to accommodations that serve unhoused or homeless households, including nontraditional living arrangements such as tiny homes and that Council consider interim use for the site for housing purposes.

FISCAL IMPACTS OF RECOMMENDATION

This site is already owned by the City and is currently vacant. Housing staff time will be required to issue, review, and select a qualified development group. This group may apply to the City for additional funding.

CURRENT SITUATION AND ITS EFFECTS

At its May 2, 2019 meeting, the Housing Advisory Commission took the following action:

Action: M/S/C (Tregub/Lewis) to recommend issuing a Request for Proposals for residential development at the City-owned site at 1281 University Avenue with a requirement that at least 50% of the on-site units be restricted to 50% AMI or below households, with consideration given to accommodations that serve unhoused or homeless households including nontraditional living arrangements such as tiny homes and that Council consider interim use for the site for housing purposes.

Vote: Ayes: Johnson, Lewis, Lord, Tregub, and Wright. Noes: Sargent, Sharenko and Wolfe. Abstain: None. Absent: Owens (unexcused) and Simon-Weisberg (excused).

BACKGROUND

On March 28, 2017, Council directed staff to develop an RFP to “create small residential units, with appropriate on-site common spaces and services, affordable to extremely low-income persons, with incomes below 30% of Area Median Income (AMI)” at the City-owned site at 1281 University Avenue. On February 8, 2018, the City released an RFP seeking proposals to acquire and develop the site as housing for people with

extremely low-incomes with a preference for homeless services. The RFP also met City and State requirements, including the Surplus Lands Act (AB 2135).

The parcel at 1281 University Avenue is vacant lot consisting of approximately 3,600 sq ft and is adjacent to the Berkeley Way Mini-Park. City records indicate that while the park and lot are on a single legal parcel, the lot has never been included in the park and is therefore not subject to park rules. Staff is concurrently coordinating the subdivision of the University Avenue-facing parcel from the Berkeley Way Mini-Park. Subdividing the parcel is necessary for the sale of the non-park portion.

The site previously hosted the Kenney Cottage, a historic house that has been designated as a Berkeley Structure of Merit since 2003. The cottage was relocated in August 2018 at the direction of the City Council to facilitate the development of the parcel in coordination with the RFP for development proposals.

The City received two proposals in response to the RFP:

- *OpenDoor Group's University Avenue Co-Living*

OpenDoor proposed a "co-living" model that provides small, private bedrooms and baths with shared kitchen and living space. Their development model emphasizes shared communal spaces and activities. Their proposal featured 28 units (two studios and 26 co-living bedrooms), with seven units (25%) set aside for 50% AMI.

- *Resources for Community Development's (RCD) UA Permanent Supportive Housing*

RCD proposed a residential development specifically targeting the homeless, with 16 studios targeting 20-30% AMI and providing on-site homeless services.

On July 11, 2018, the Housing Advisory Commission (HAC) adopted a 1281 University RFP subcommittee's recommendation to select RCD's proposal with specific reservations. The subcommittee considered the RFP, Surplus Lands Act, the proposals, and staff's technical analysis as part of their analysis for the HAC.

On September 25, 2018, the City Council authorized to staff to negotiate and enter in a Memorandum of Understanding (MOU) with RCD based on the HAC's recommendation. Staff drafted an MOU as a starting point for negotiations with RCD. In December 2018, RCD informed the City they did not believe the financial resources needed for the proposed project would be available in a timely way, and formally withdrew from the negotiation process. When asked by staff in April 2019, OpenDoor informed the City they are no longer interested in having their proposal considered for the site. Therefore, the City no longer has proposals to consider from the RFP.

At the April 4, 2019 meeting, the HAC appointed a subcommittee to develop a recommendation to Council for the future use of 1281 University Avenue. The subcommittee met on April 19, 2019 to create a recommendation that was presented to the HAC at its May 2, 2019 meeting. The major change to the subcommittee's recommendation was to recommend that the Council also consider nontraditional living arrangements, including interim use of the site for housing purposes

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental effects or opportunities associated with the subject of this report.

RATIONALE FOR RECOMMENDATION

The City had already issued an RFP for this site and received two proposals, both of which have been withdrawn. This is a very small site and so only a limited number of traditional housing units can be built. This complicates planning and financing units for the site and may take several years before units could be completed. Since the City has many unhoused homeless individuals and households, the HAC also recommends that the City consider other approaches to house the homeless more quickly. Building tiny homes is one option to consider.

ALTERNATIVE ACTIONS CONSIDERED

The HAC recognizes that there are limited options for this site if it is to be developed in residential use. By issuing an RFP that includes interim uses, it is possible to identify other organizations that could recommend creative options for the City's consideration.

CITY MANAGER

The City Manager concurs with the content of this report and the recommendation to reissue an RFP with a requirement that at least 50% of the on-site units be restricted to 50% AMI or below households. The RFP previously developed and issued by the City was very similar to what the HAC recommends and it could be re-purposed. Given that the City already issued this RFP once, a second attempt may not yield different responses. Housing staff time will be required to manage the RFP process and work with the selected developer.

The City can consider housing opportunities prioritizing the homeless or nontraditional arrangements. With the HAC's recommendation, Council would determine whether to award a disposition and development agreement to any applicant. Staff recommend that project milestones such as securing required permits and assembling necessary financing be part of such an agreement and required prior to the sale of the property.

Staff issued a report on nontraditional living arrangements including tiny homes in October 2016 noting research and amendments to the City's zoning and housing/building codes would be needed to allow permanent tiny homes on public property such as 1281 University Avenue. This would be noted in the RFP to ensure

transparency for any firm with plans to submit a proposal for nontraditional housing models.

If Council refers finding an interim use for the site to staff, this referral would need to be prioritized within the Council referral system to enable the staff time and resources for this type of project.

CONTACT PERSON

Mike Uberti, Acting Commission Secretary, HHCS, (510) 981-5114