



Office of the City Manager

ACTION CALENDAR
June 25, 2024

To: Honorable Mayor and Members of the City Council
 From: Dee Williams-Ridley, City Manager
 Submitted by: Scott Gilman, Interim Director, Health, Housing, and Community Services
 Subject: Approval of the North Berkeley BART Affordable Housing Compliance Plan

RECOMMENDATION

Adopt a Resolution:

1. Approving the North Berkeley BART Affordable Housing Compliance Plan.
2. Authorizing the City Manager or her designee to execute all original or amended documents or agreements to effectuate this action.

FISCAL IMPACTS OF RECOMMENDATION

The Affordable Housing Compliance Plan includes an estimate for the minimum developer contribution required from the market rate project at the North Berkeley BART site, which is currently estimated at \$14.4M. The developer contribution is expected to be paid to the City and administered through the Housing Trust Fund program. The developer contribution, less any administrative fee collected by the City, would support the development of BRIDGE Housing Corporation's phase 2 affordable project and the affordable housing projects' share of site improvements. Any remaining funds would be prioritized for the permanent supportive projects at the North Berkeley BART site.

CURRENT SITUATION AND ITS EFFECTS

North Berkeley Housing Partners is the team of developers selected through a joint process with BART and the City of Berkeley, and includes BRIDGE Housing Corporation (BRIDGE, acting as the master developer), East Bay Asian Local Development Corporation (EBALDC), Insight Housing (Insight), and AvalonBay Communities (Avalon). BRIDGE, EBALDC, and Insight will develop affordable housing projects at the North Berkeley BART site, and Avalon will develop a market-rate project.

The team submitted an Affordable Housing Compliance Plan (the Plan) to Housing and Community Services (HCS) staff, which details the proposed means of compliance with the Affordable Housing Framework approved by Council on July 25, 2023, with Resolution No. 71,012-N.S. The Affordable Housing Framework outlined the City's expectations regarding the share of affordable units and their income requirements, the phasing of various components of the project, inclusionary requirements, the conditions

for awarding City subsidy funds, and the City's expectations regarding the contribution to affordable housing from market rate project.

The preliminary design concept includes four affordable housing developments and one market rate project, which will create a total of 739 new residential units. Approximately 51% of the total units will be restricted to affordable households earning between 30-70% of the Area Median Income (AMI). North Berkeley Development Partners proposed two main phases of development. The first phase will include three affordable projects: a 120-unit BRIDGE project serving family households, a 60-unit EBALDC project also serving family households with 15 units set aside for formerly homeless residents, and an 85-unit permanent supportive housing project serving formerly homeless households developed by Insight in partnership with BRIDGE. The second phase will include another BRIDGE-sponsored family project (116 units), as well as the 358-unit Avalon project. The timeline and phasing are subject to the affordable housing developers' success at pursuing state funding for the affordable projects, and market conditions for the Avalon project.

The Plan addresses the North Berkeley Housing Partners' specific commitments to develop the 381 units of affordable housing at a range of incomes, and includes a site plan, unit and bedroom counts, a phasing plan, a description of site amenities, a description of the proposed market rate developer contribution, and a third-party report on the feasibility analysis of the market rate project. The Plan shows that the projects will collectively meet or exceed the framework requirements by providing over 50% affordable housing at North Berkeley BART, with at least 20% of the affordable units targeting households earning 30% AMI. Affordable housing will be constructed prior to the market rate housing, the market rate component will meet its inclusionary housing obligation, the development team has a detailed plan to leverage outside sources, and the Plan is consistent with the City subsidy expectations. The Plan projects a minimum developer contribution of \$14.4M, which will subsidize affordable housing at the North Berkeley BART site.

A compliant Affordable Housing Compliance Plan is a condition of the City reserving up to \$24.5M in development funds to the North Berkeley BART affordable housing projects. Any substantive changes to the approved Plan would require re-approval by Council.

BACKGROUND

For the past few years, the City has been working closely with BART on the development of the North Berkeley and Ashby BART sites. The City created a BART Community Advisory Group (CAG), made up of 15 members of the public to develop a vision for affordable housing, land use, station access, building form, and new public spaces. The CAG met throughout 2020 and 2021 at public meetings and community workshops, and provided feedback on the new zoning regulations impacting the North Berkeley BART site. The City and BART entered into a Memorandum of Agreement

(MOA) in June 2022 to address additional aspects of the collaboration, and both agencies adopted the Joint Vision and Priorities for Transit-Oriented Development for Ashby and North Berkeley Stations (JVP) in June 2022. The JVP articulates the shared goals of the City and BART, including the goal of achieving at least 35% affordability at each site. To support the shared affordable housing goal at the BART sites, City Council set aside \$53M through Resolution 69,833-N.S. on April 27, 2021.

BART issued a Request for Qualifications (RFQ) in July 2022 to select a team to develop housing at the North Berkeley BART station site. A selection panel with equal representation of City and BART staff recommended the selection of the North Berkeley Housing Partners.

The City engaged Street Level Advisors, a housing economics firm, to develop the general framework that the City of Berkeley will use to evaluate affordable housing project proposals at the North Berkeley BART station. Council approved the Affordable Housing Framework in July 2023.

ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

Creating new affordable housing in Berkeley that allows lower income individuals and families to live closer to transit will make the City more economically and racially equitable, and reduce greenhouse gas emissions by reducing vehicle-miles-traveled and decreasing reliance on personal vehicles. New affordable housing developments are typically built to third-party green building standards, these projects will achieve GreenPoint Rated Gold standards.

RATIONALE FOR RECOMMENDATION

Development at the North Berkeley BART station will consist of multiple phases and projects, and necessitated an Affordable Housing Framework to define the development expectations beyond the City's standard Inclusionary and Housing Trust Fund regulations and guidelines. The proposed Affordable Housing Compliance Plan meets or exceeds the requirements in the framework. It will help ensure that the City and community goals for affordable housing at the North Berkeley BART site are met, and that the City is effective at leveraging its resources to achieve the maximum number of affordable units.

ALTERNATIVE ACTIONS CONSIDERED

Since the City adopted an Affordable Housing Framework for the North Berkeley BART station on July 25, 2023 and since the proposed North Berkeley BART Affordable Housing Compliance Plan meets or exceeds the framework requirements for the site, alternatives were not considered. If the Affordable Housing Compliance Plan is not approved, the projects would not be eligible for the \$24.5M in development funding currently requested, which would cause delays in the project schedules, and could impact their eligibility to pursue critical state funding.

CONTACT PERSON

Jenny Wyant, Senior Community Development Project Coordinator, HHCS, 510-981-5228

Attachments:

1: Resolution

Exhibit A: Affordable Housing Compliance Plan

RESOLUTION NO. ##,###-N.S.

APPROVAL OF THE NORTH BERKELEY BART AFFORDABLE HOUSING
COMPLIANCE PLAN

WHEREAS, there is a great need for affordable and special needs housing in the City of Berkeley as stated in the General Plan Housing Element and the City of Berkeley's Consolidated plan; and

WHEREAS, the City and BART are collaborating on the development of the North Berkeley BART site, and articulated shared goals in a Memorandum of Understanding, Memorandum of Agreement, and Joint Vision and Priorities for Transit-Oriented Development for Ashby and North Berkeley Stations; and

WHEREAS, the City and BART are committed to achieving a minimum of 35% affordable housing at each BART site; and

WHEREAS, on April 27, 2021, with Resolution 69,883-N.S., the City Council reserved \$53 million, to be divided between the two BART sites, as the local subsidy needed to achieve 35% affordability; and

WHEREAS, in July 2022, BART issued a Request for Qualifications (RFQ) to select a team to develop new housing at the North Berkeley BART site and created an RFQ selection panel with equal representation from the City and BART; and

WHEREAS, on December 1, 2022, the BART Board of Supervisors approved the RFQ panel's recommendation to select a development team made up of BRIDGE Housing Corporation, East Bay Asian Local Development Corporation, Insight Housing, and AvalonBay Communities (collectively, the North Berkeley Housing Partners); and

WHEREAS, the North Berkeley Housing Partners propose to develop 50% of the residential units at the North Berkeley BART as affordable to lower-income persons; and

WHEREAS, on July 25, 2023, City Council adopted Resolution No. 70-012 N.S., adopting the Affordable Housing Framework for Development at the North Berkeley BART Station; and

WHEREAS, the North Berkeley Housing Partners submitted the North Berkeley BART Affordable Housing Compliance Plan, which addresses the required elements identified in the adopted Affordable Housing Framework for Development at the North Berkeley BART Station; and

WHEREAS, the North Berkeley BART Affordable Housing Compliance Plan meets and, in some cases, exceeds the City adopted Affordable Housing Framework for Development at the North Berkeley BART Station.

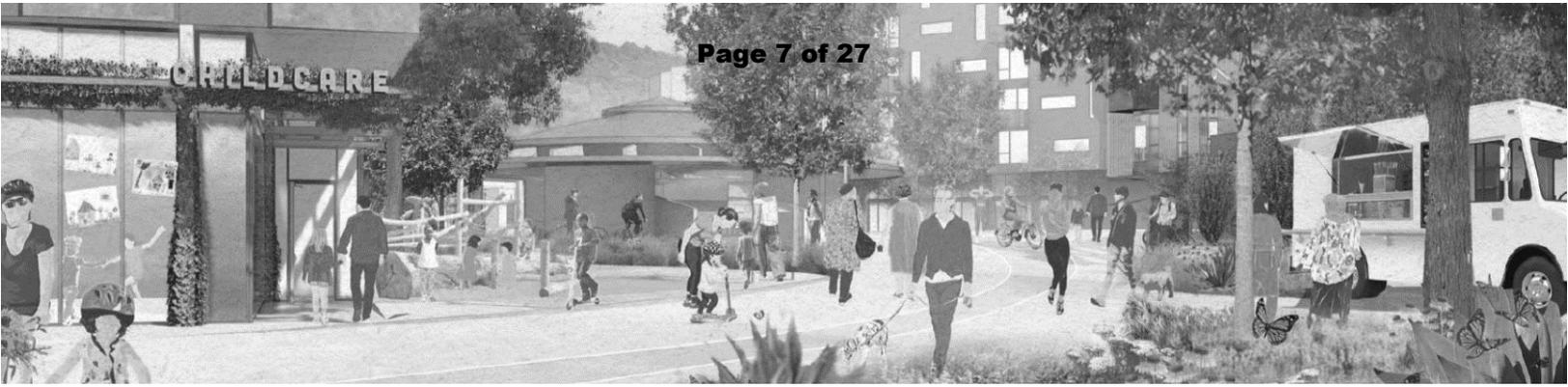
NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley approves the North Berkeley BART Affordable Housing Compliance Plan (Exhibit A).

BE IT FURTHER RESOLVED the Council of the City of Berkeley must re-approve the Affordable Housing Compliance Plan if there are substantive changes to the plan.

BE IT FURTHER RESOLVED the City Manager, or designee, is hereby authorized to execute all original or amended documents or agreements to effectuate this action; a signed copy of said documents, agreements and any amendments will be kept on file in the Office of City Clerk.

Exhibits

A: Affordable Housing Compliance Plan



North Berkeley BART TOD Affordable Housing Compliance Plan

Submitted by:
North Berkeley Housing Partners

On Behalf of:
BRIDGE Housing
Insight Housing
East Bay Asian Local Development Corporation
AvalonBay Communities

Draft Date:
May 30, 2024

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Section 1.0 Introduction

The North Berkeley Housing Partners (NBHP) are committed to the City of Berkeley and BART's vision to redevelop the surface parking lots surrounding the North Berkeley BART station into a vibrant, accessible, mixed-use, mixed-income community. To further that mission, NBHP have developed the enclosed Affordable Housing Compliance Plan, which outlines how the team's development proposal for this site complies with the City of Berkeley's inclusionary housing ordinance and the City's Housing Trust Fund regulations and guidelines. On July 25, 2023, the Berkeley City Council adopted a framework for evaluating the Affordable Housing Compliance Plan. That framework outlined a list of required elements, which are listed below and included within the sections that follow:

- a. A description of the proposed means of compliance with the City's Inclusionary Housing Ordinance, including any request for alternative means of compliance such as clustering of the inclusionary units
- b. Site Plan identifying the location of the market rate and affordable housing units/developments
- c. Unit and bedroom count for the market rate units and the affordable units, including the specific affordability restrictions (depth of affordability) for each set of units
- d. Phasing Plan covering the entire site and demonstrating that affordable units will be constructed in advance of or concurrent with the market rate units
- e. A description of any site amenities including open space or exterior amenities
- f. A description of the proposed developer contribution to affordable housing. This description will identify specific in-kind and cash contributions as well as their likely timing. The land discount granted by BART cannot be included as an in-kind contribution for the purposes of the developer contribution
- g. A report completed by a third-party economic analysis firm approved by the City of Berkeley which:
 - i. Compares the proposed level of affordability (number of units and depth of AMI affordability) to the level that would be provided by a hypothetical development project on the Property that complied with the City's Inclusionary Housing Requirements through the on-site compliance option;
 - ii. Provides a financial analysis estimating the developer capital contribution that would be required to provide the City's inclusionary units on-site and comparing that to the developer's proposed affordable housing capital contribution as part of their finance plan; and
 - iii. Reviews individual and combined project return metrics, economics, and annual cash flow to validate project feasibility and to ensure a customary market rate return.

Section 2.0 Master Development Structure

NBHP is comprised of a four-developer team that was organized to respond to the BART development Request for Qualifications for the North Berkeley BART TOD site and includes BRIDGE Housing Corporation, Avalon Bay Communities, East Bay Local Asian Development Corporation, and Insight Housing. The NBHP developers formed a single purpose entity, North Berkeley Housing LP, in order to collaboratively master plan, design, and entitle the site. Following entitlement, the developers intend to form additional single purpose ownership entities for each building within the site that will be managed by the developer(s) of each building. North Berkeley Housing LP will continue to own and manage the shared site amenities and infrastructure at the site and be the entity through which shared operations and maintenance are coordinated.

Section 3.0 Compliance with City Inclusionary Housing Ordinance

The proposed project satisfies the City of Berkeley's Inclusionary Housing Ordinance (BMC Section 23.328.030) by providing 50% of total project units at rent levels that range from 20% AMI to 70% AMI, including 30% of the affordable units at rent levels that are at or below 50% of Area Median Income. A detailed unit mix table summarizing the proposed affordability levels for the development project can be found in Section 4.0. Berkeley Municipal Code Section 23.328.030.A.1 requires providing 20% of total project units at affordable rent levels, where the proposed project will provide 50% of total project units at affordable rent levels. BMC Section 23.328.030.5(a) provides that at least 50% of the required affordable units in the housing development shall be offered at rent that is affordable to Very Low-Income Households, up to a maximum of 10% of the total units in the Housing Development Project if the project provides more affordable units than are otherwise required by the Chapter., where the proposed project will provide 30% of the affordable units at rent levels that are at or below 50% of Area Median Income, which exceeds the requirement in BMC Section 23.328.030.5(a).

As the unit mix table in Section 4.0 below details, the affordable units within the project are located within four 100% affordable housing buildings. This reflects a strategy by the NBHP team to maximize the ability of the affordable housing projects on site to compete for scarce and competitively allocated State and Federal subsidies. These funding programs, which are consistently oversubscribed each year, prioritize funding for applicants whose development proposals include high levels of affordability. This strategy will also allow the nonprofit affordable housing developers for each 100% affordable projects to implement a services delivery model that prioritizes the needs of specific populations within each building – for example low-income families or homeless individuals – while providing the same level of design, quality, and property amenities throughout the entire site.

Section 4.0 Site Plan

Please find a site plan attached as **Exhibit A** to this document. The site plan identifies buildings by the name of the developer. Unit mixes for each building identified within the site plan, including affordability levels, can be found in Section 4.0 below.

Section 5.0 Unit Mix

A detailed summary of the unit types and affordability levels of the current development proposal can be found in the table below. The NBHP is comprised of four developers, who will construct units across five independently owned and constructed housing developments across two phases. Across all five buildings, 51% or 381 of the 739 units are proposed to be deed-restricted affordable housing, with an average affordability of under 50% of AMI.

Affordability Level	Total Units	Phase I								Phase II								
		BRIDGE Phase I				Insight		EBALDC				Avalon Bay			BRIDGE Phase II			
		Stu	1bd	2bd	3bd	Studio	1bd	Stu	1bd	2bd	3bd	Studio	1bd	2bd	Stu	1bd	2bd	3bd
30% AMI	153	6	7	7	4	15	2	5	4	3	3				12	9	5	3
40% AMI	23														6	6	6	5
50% AMI	72	14	10	12	24										4	3	3	2
60% AMI	94	8	4	3	7	60	8	12	8	12	12				5	5	7	11
70% AMI	36		7	6											4	4	5	10
Manager	3			1					1									1
Market Rate	358											65	147	146				
Total	739	28	28	29	35	75	10	17	13	15	15	65	147	146	31	27	27	31

Section 6.0 Phasing Plan

Please find a preliminary phasing plan attached as **Exhibit B** to this document. The plan outlines a potential process through which the 8-acre North Berkeley BART site can be built out. The plan was developed to balance the need for flexibility in the sequencing of phases while preserving BART station operations, ADA accessibility, bus service, and access to BART rider parking throughout each phase of construction. The plan represents the development team's current understanding of how best to achieve these goals and is intended to serve as a demonstration of project feasibility, but it will be subject to change as designs and financing plans further develop.

Each building within the project along with the adjacent open spaces will be independently financed and constructed. For the four affordable housing buildings, full financing will require projects to secure multiple competitive funding awards. These include State Department of Housing and Community Development loans, Federal and State tax credits, and tax-exempt bonds, which are granted with strict groundbreaking deadlines. In the case of the market rate buildings, full financing will require that achievable market rents can support the financing, construction, and ground lease costs for the project.

To achieve the needed flexibility outlined above while preserving station operations, the plan is divided into two phases. Phase 1 is comprised of the three affordable housing buildings east of the station access road, the station access road itself, and adjacent open spaces. Phase 1 is subdivided into phases 1A through 1D, which are sequenced to demonstrate a potential process through which Phase 1 might progress. These subphases could, however, be reordered without compromising BART station operations.

Phase 2 is comprised of the market rate buildings, BRIDGE 2 building, and adjacent open spaces.

Section 7.0 Site Amenities

Today the North Berkeley BART Station's large hot surface parking lots are an exception in the gardened, pedestrian-friendly neighborhood fabric. The proposed development will reestablish the station as a community gathering place that welcomes pedestrians and bikers, provides much needed housing, and provides a strong local setting for the BART Station. Inspired by existing Berkeley public space quirks, public stairs and walks, and neighbors' beautiful front yards, gardens, and porches, the design for the open space combines this local character at a civic scale. It is intended that this new place be both familiar and something new.

The proposed design creates multiple accessible trails in order to invite in neighbors who previously walked through surface parking and to connect new residents to the surrounding area. The design incorporates many existing conditions such as the station itself, the elevator, the electrical substation, and the tunnel of the BART tracks which runs Northwest to Southeast. Inviting the public to flow into the site on all sides and to enjoy more than one experience of

moving across the site was a design goal that ensured the publicness of this new place. The design creates desirable and varied paths across the site which connect existing elements to new housing and negotiates the 19-foot change in elevation. Much of the open space is located on top of the tunnel and its immediate edges called the zone of influence. A winding trellis which holds both space and identity for the Ohlone Greenway defines the edge of the open space and provides a two-way bike path as well as pedestrian space for linear trail movement across the site. The trellis is a civic sized front porch and will be a new infrastructure that establishes a welcoming gateway to the site and creates places for neighbors to use with areas for bike parking, performance, swinging, ping pong, and seating. Two other trails link the Ohlone Greenway on all sides and reestablish the small block streets that existed prior to the station development on Francisco and Short streets. The north south two-way cycle track trail along the primary internal street is transformed with the addition of linear trees that separate the bikes from vehicles. A new east west trail connection from Acton to Sacramento embraces the slower winding pedestrian walking pace inspired by the Berkeley stairs and trails in the hills nearby. This walk is wrapped in large boulders and stone and establishes a new gradual trail that connects to the elevator, the station, and more intimate garden planting. All of the trails serve the larger transit goals of this multi-modal connection point by making the experience of biking or walking desirable and easy.

Outdoor gathering areas for the public are established surrounding the station and along Sacramento near the casual carpool and the elevator. With restrictions on planting above the tunnel, the design of the plaza area west of the station is framed in planting and given human scale and microclimatic comfort by the trellis and surrounding trees. A visually dynamic and materially interesting ground plane serves as a canvas for human activities in and around the plaza. Furniture and lights are arranged with precise rhythm within the pavement pattern to establish edges and comfortable places to sit. Large scale public art could further establish identity and interest within the plaza itself. East of the station a more garden quality adjacent to the tunnel houses space for informal performance, a child exploration garden, and immersive planting. These casual garden rooms are connected to a café along Sacramento with a small patio as well as to the existing elevator access to BART.

The setting for the new housing is varied on all sides and responds to the neighborhood context. Along Virginia St and Acton St, small gardens and stoops with a variety of planting reflect the houses across the street. Along Sacramento the buildings act as buffers to the fast-moving cars and the very wide street and planting is minimal. Along Delaware the buffered bike lane and deep planting balances the new buildings and the planted character of the neighborhood. Building courtyards extend longer views, planting, and connection to the surrounding sidewalk experience.

The planting design for the project is developed to increase healthy ecology in a variety of ways. Stormwater treatment is integrated into the project design in a dispersed manner with attention to the size and character of its basins. Pollinator species and habitat plants are selected and designed in accordance with ecological groupings as well as aesthetics. Planting practices such

as green mulch and layered planting design that minimizes maintenance and soil compaction are used to establish healthy plants and minimize maintenance costs.

In addition to these publicly accessible open spaces, the development proposal also incorporates community amenities into the first floor of multiple housing developments. These include a retail space within the BRIDGE 1 building, a retail space within the EBALDC building, a commercial childcare facility within the BRIDGE 2 building, community kitchen facility within the Insight building, and BART rider parking within the Avalon Bay garage structure.

Section 8.0 Developer Contribution to Affordable Housing

The market rate units included within NBHP’s development proposal will be constructed by AvalonBay Communities (AVB) and, as the phasing plan included within Section 5.0 describes, will be constructed in the second phase of the project. While the exact sequencing of each building within the development proposal is subject to change, the NBHP team anticipate that the AVB building will be constructed following completion of the three affordable housing developments included within Phase I and concurrently or prior to the construction of the BRIDGE Phase II building. AVB will make an affordable housing contribution (the minimum developer contribution) as prescribed by the North Berkeley BART Affordable Housing Framework (adopted by Council in July 2023) for the North Berkeley BART site to the City of Berkeley to be used to fund affordable housing projects located within the North Berkeley BART TOD site and no more than the affordable housing developments’ pro rata share of on-site infrastructure. The Funds shall be disbursed generally consistent with the terms of the Housing Trust Fund Guidelines. The contributions are anticipated to equal to \$200,000 per on-site affordable unit, or \$14,400,000, and this \$14,400,000 is anticipated to be available to fund the affordable housing projects within the North Berkeley BART TOD site and associated on-site and off-site infrastructure or required reserves. These funds will be contributed prior to the City’s issuance of a building permit for the AVB building.

Section 9.0 Third Party Economic Analysis

The City of Berkeley engaged the third-party economic analysis consultant Street Level Advisors to prepare the feasibility memo enclosed here as Exhibit C.

Exhibit A

Site Plan



NOTES:

FINAL CURB AND LOADING SPACE ALLOCATIONS TO BE DETERMINED AND SHOWN IN PLANS IN COORDINATION WITH THE ACCESS PLAN AT A LATER STAGE.

STATEMENT REGARDING NATURAL GAS PROHIBITION, BERKELEY ENERGY CODE AND BERKELEY GREEN CODE: THE PROPOSED NEW BUILDING(S) WILL NOT INCLUDE ANY NATURAL GAS INFRASTRUCTURE IN COMPLIANCE WITH BMC CHAPTER 12.80. THE PROPOSED PROJECT IS DESIGNED TO COMPLY WITH THE BERKELEY ENERGY CODE (BMC CHAPTER 19.36) AND BERKELEY GREEN CODE (BMC CHAPTER 19.37), ADOPTED BY THE CITY COUNCIL ON DECEMBER 3, 2019, INCLUDING A SOLAR PV SYSTEM AS WELL AS ENERGY AND WATER EFFICIENCY MEASURES IN AN ALL-ELECTRIC BUILDING. THE APPLICANT WILL NOT BE REQUESTING ANY EXEMPTIONS TO THE NATURAL GAS PROHIBITION UNDER THE BERKELEY MUNICIPAL CODE.

NORTH BERKELEY BART STATION TOD

1750 Sacramento Street
Berkeley, CA 94702

NBHP North Berkeley
Housing Partners

David Baker Architects
dbarchitect.com
461 Second Street c127
San Francisco, CA 94107
415.896.6700



EINWILLER RÜHL
LANDSCAPE ARCHITECTURE

License Stamp



Issuances

Description	Date
COORDINATION SET	11/03/2023
DEVELOPMENT APPLICATION XX/XX/2024	

Revisions

Rev	Description	Date
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Set Title

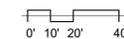
DEVELOPMENT APPLICATION

Drawing Title

SITE PLAN - GROUND FLOOR

Sheet No.

A002

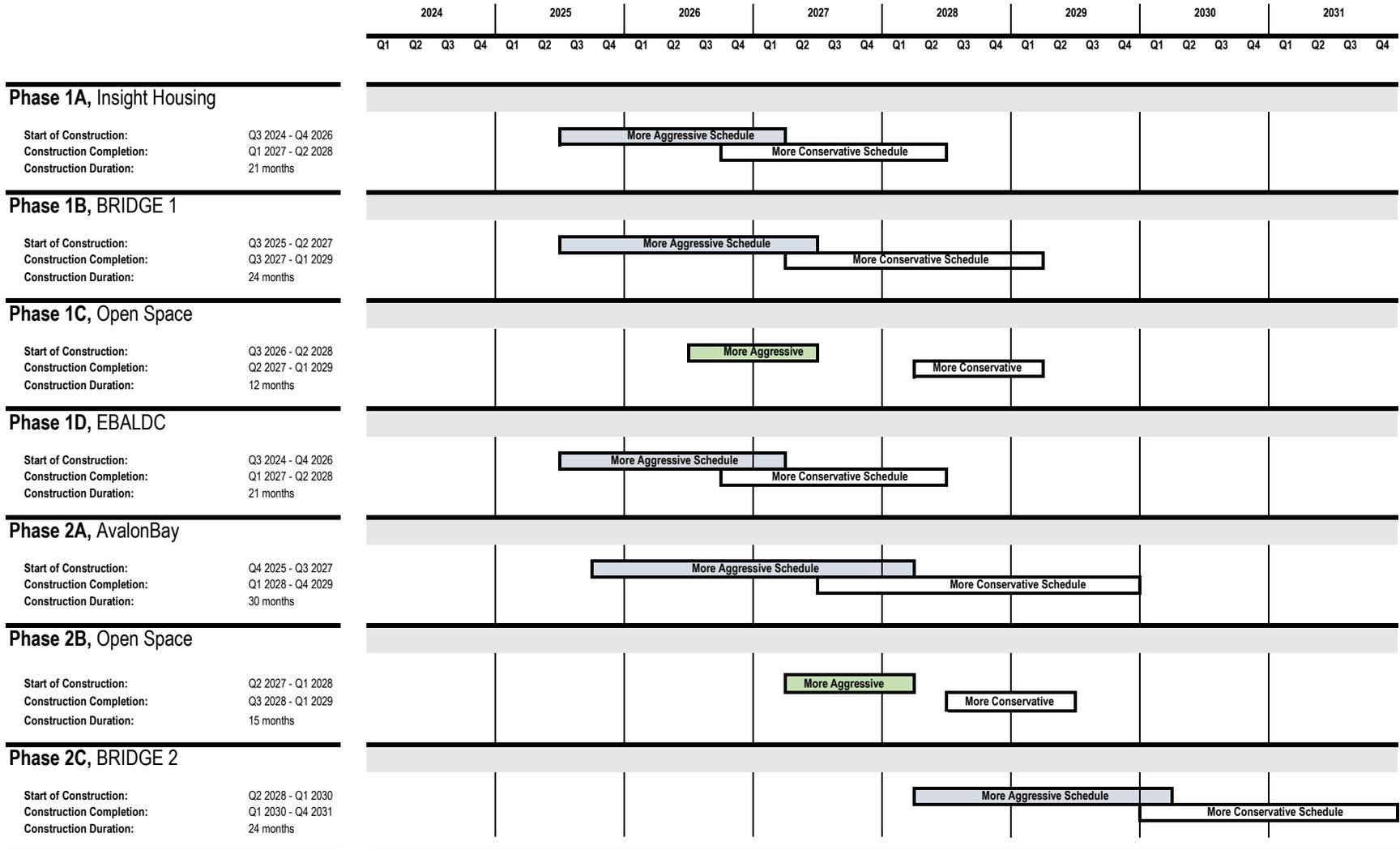


Date 2023-11-03
Project No. 22233

Exhibit B

Preliminary Phasing Plan

Master Plan - Construction Phasing



NORTH BERKELEY BART STATION TOD

1750 Sacramento Street
Berkeley, CA 94702

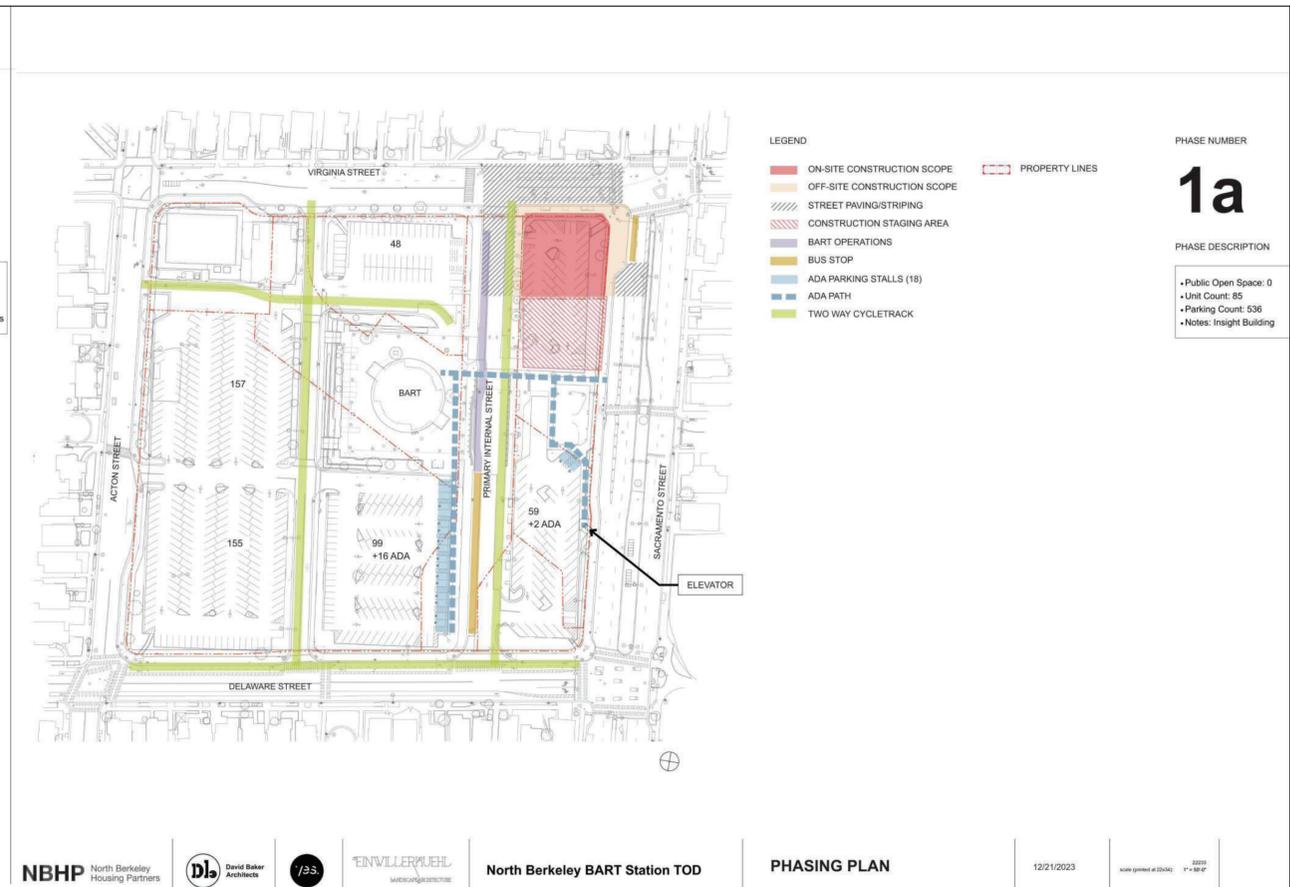
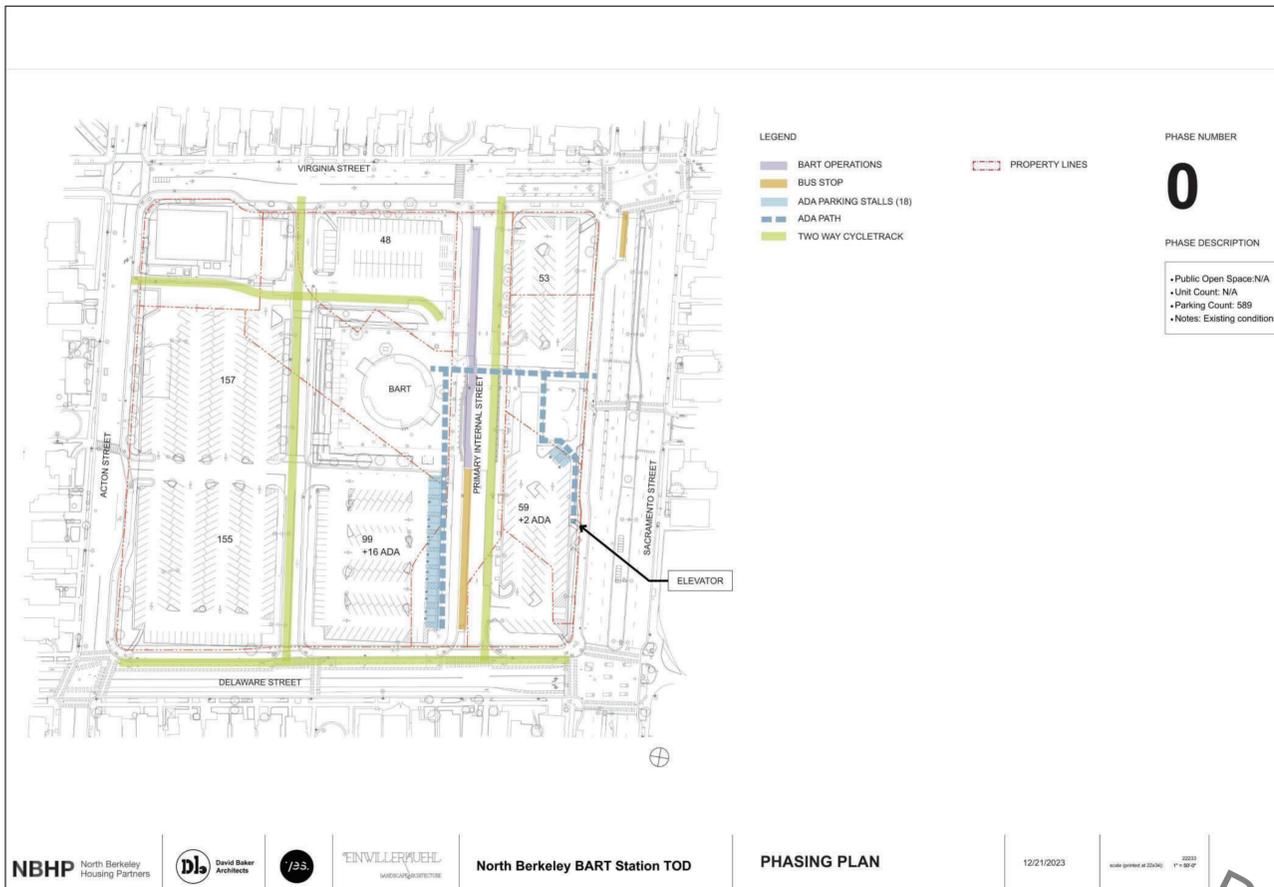
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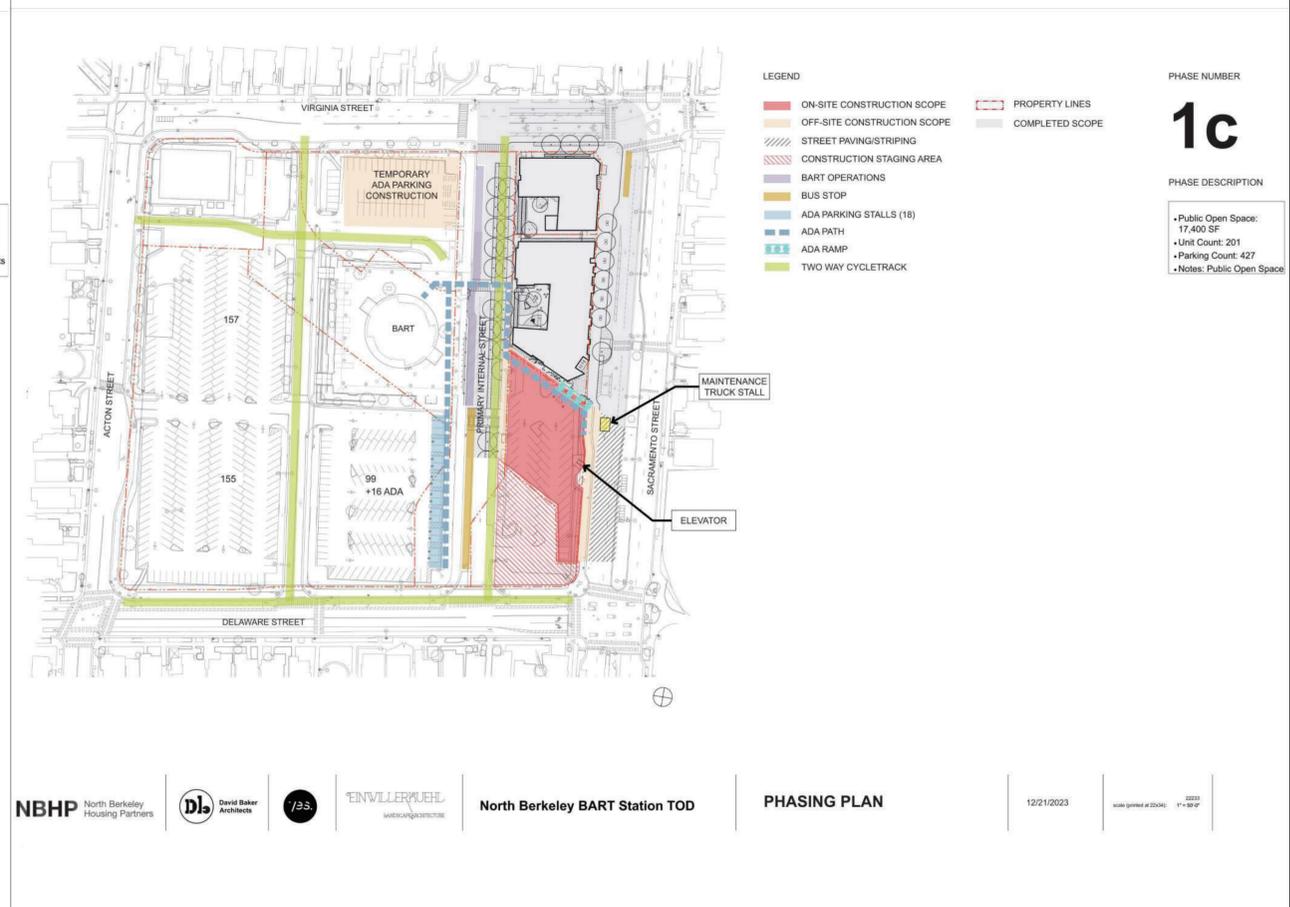
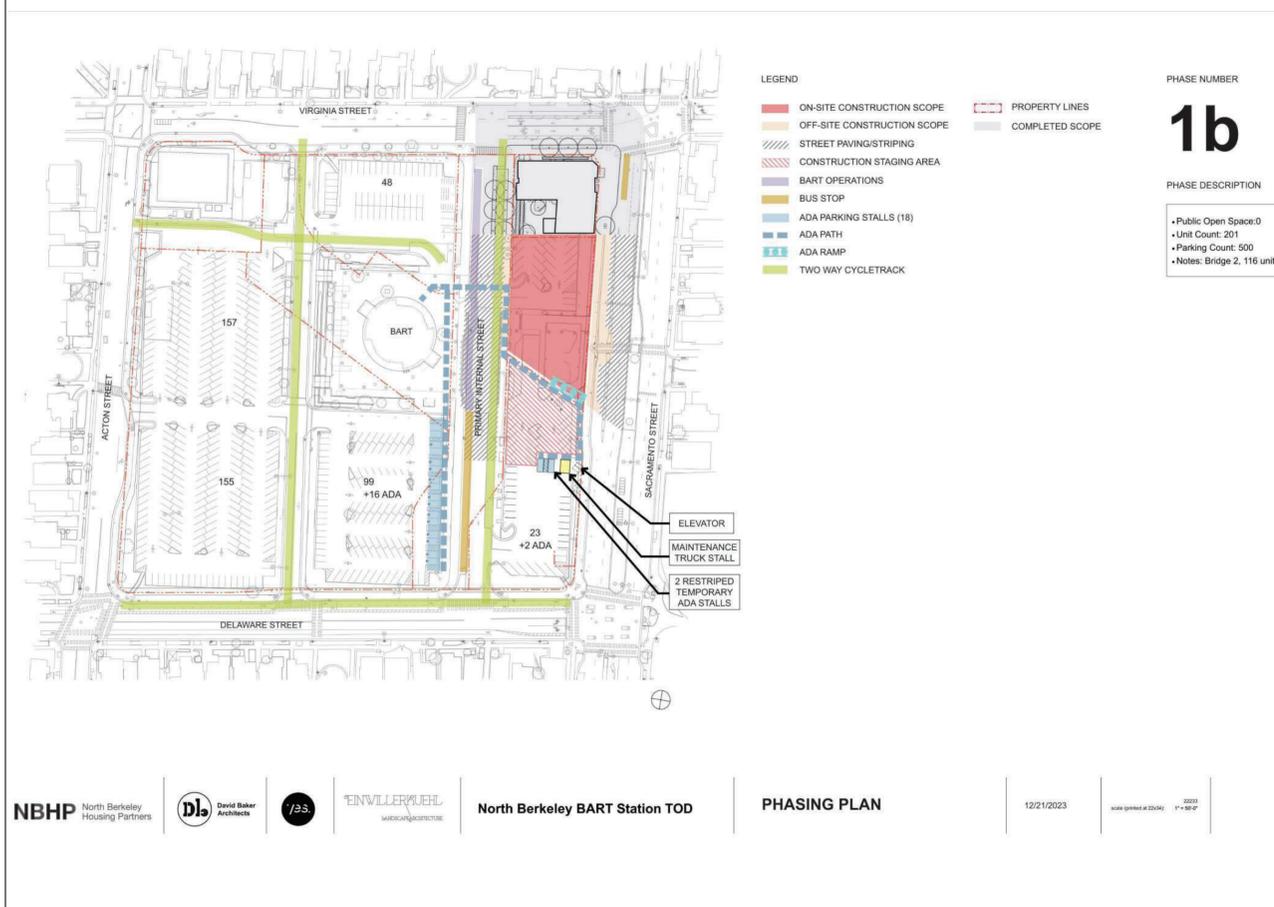


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LANDSCAPE ARCHITECTURE

License Stamp



DRAFT



Issuances

Description	Date
COORDINATION SET	11/03/2023
DEVELOPMENT APPLICATION XX/XX/2024	

Revisions

Rev	Description	Date
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Set Title

DEVELOPMENT APPLICATION

Drawing Title

PHASING

Sheet No.

G012.0

Date: 2023-11-03
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Revisions

Rev	Description	Date
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DEVELOPMENT APPLICATION

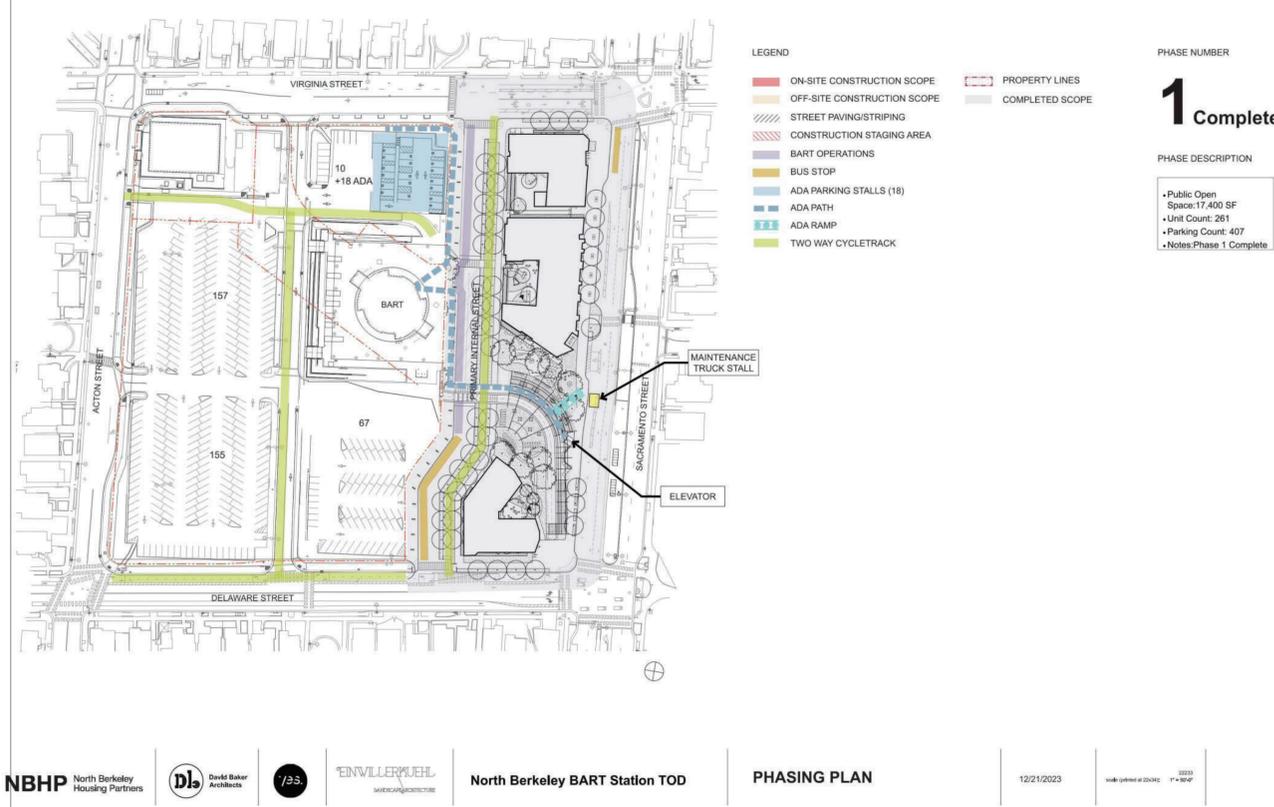
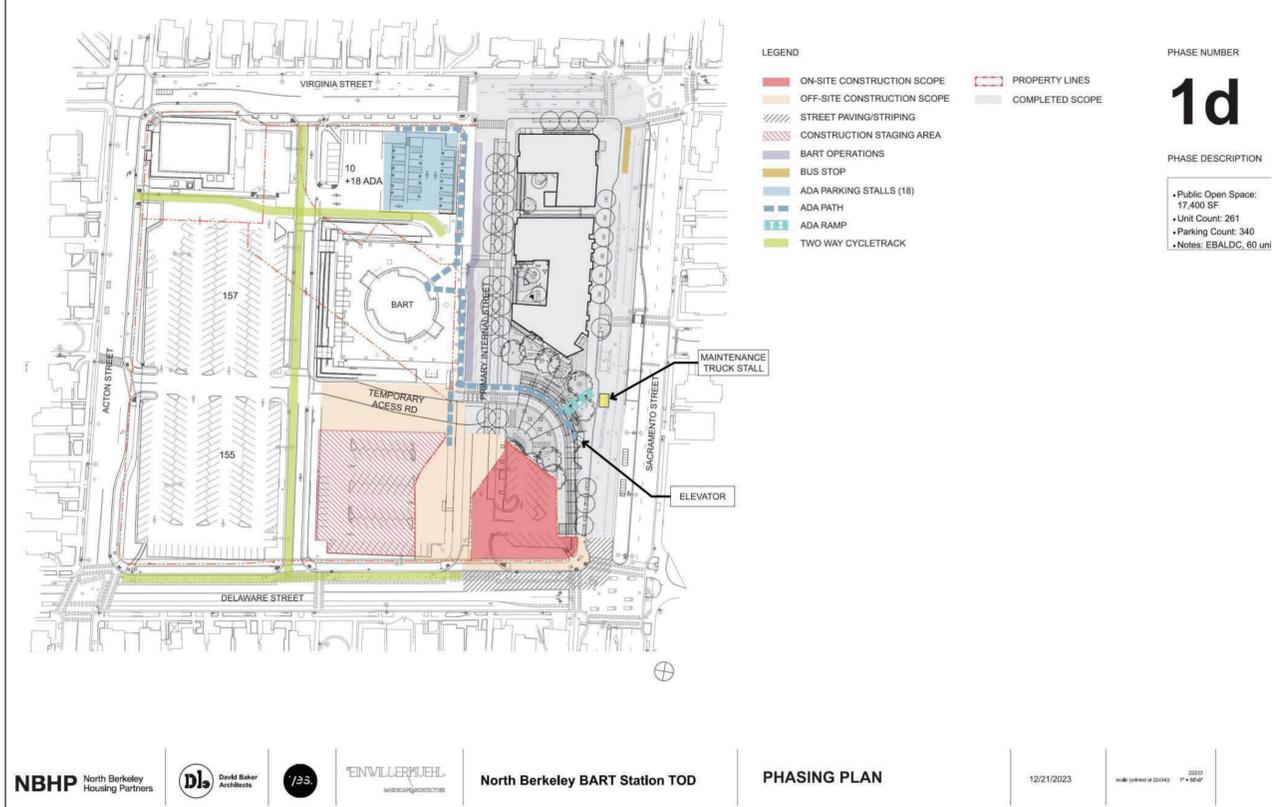
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PHASING

Sheet No.

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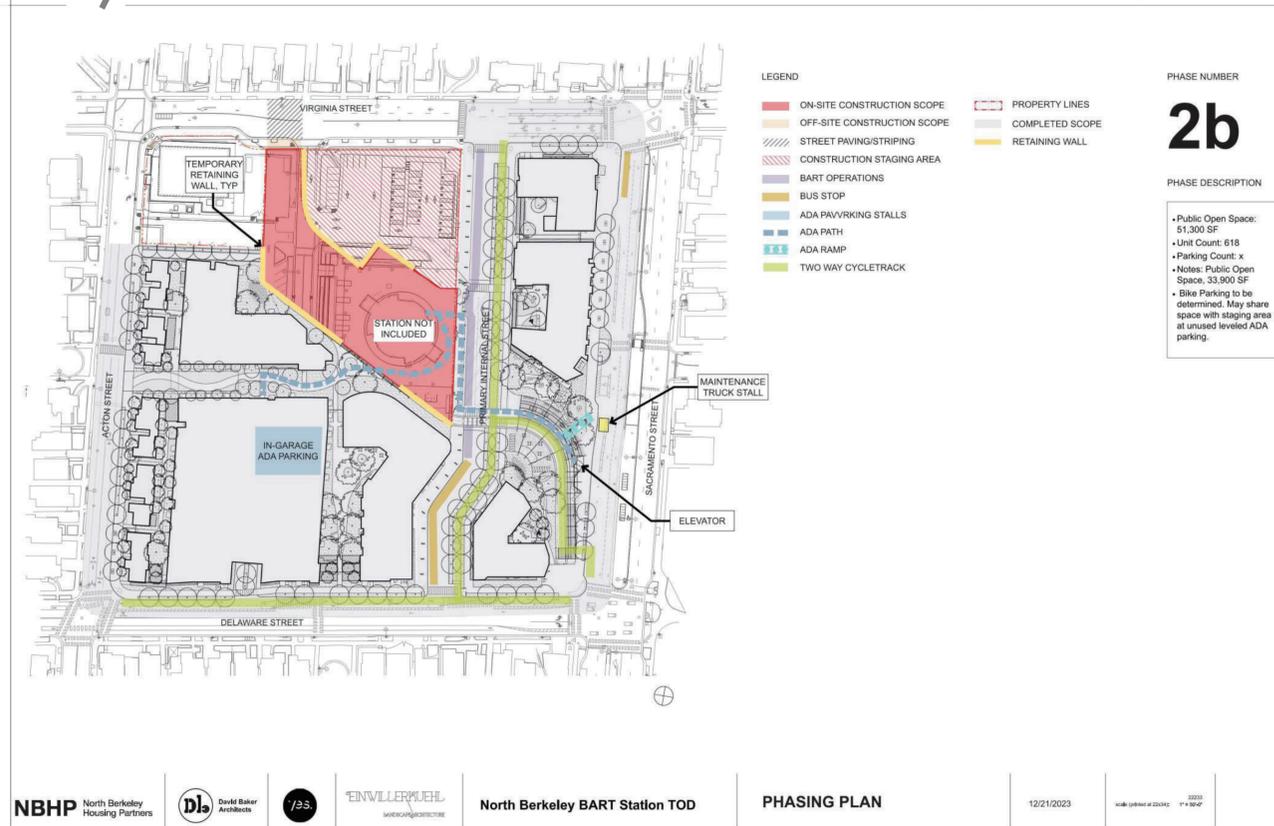
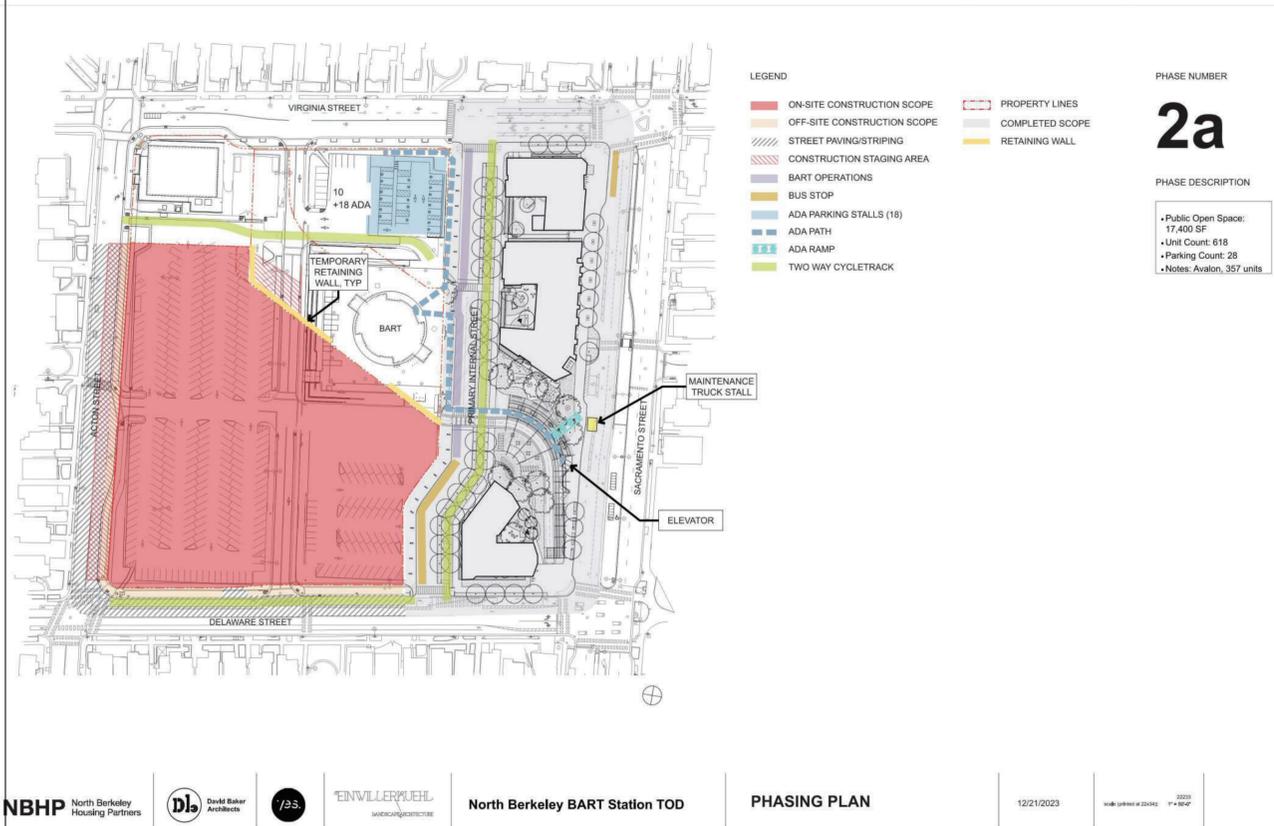
Date: 2023-11-03
Project No.: 22233



NBHP North Berkeley Housing Partners | David Baker Architects | JBS | EINWILLERKUEHL | North Berkeley BART Station TOD | PHASING PLAN | 12/21/2023 | 1" = 50'

NBHP North Berkeley Housing Partners | David Baker Architects | JBS | EINWILLERKUEHL | North Berkeley BART Station TOD | PHASING PLAN | 12/21/2023 | 1" = 50'

DRAFT



NBHP North Berkeley Housing Partners | David Baker Architects | JBS | EINWILLERKUEHL | North Berkeley BART Station TOD | PHASING PLAN | 12/21/2023 | 1" = 50'

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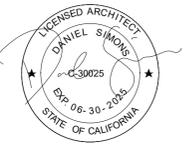
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415.896.6700



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License Stamp



Issuances

Description	Date
COORDINATION SET	11/03/2023
DEVELOPMENT APPLICATION XX/XX/2024	

Revisions

Rev	Description	Date
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Set Title

DEVELOPMENT APPLICATION

Drawing Title

PHASING

Sheet No.

G012.2

Date: 2023-11-03
Project No.: 22233

LEGEND

- ON-SITE CONSTRUCTION SCOPE
- OFF-SITE CONSTRUCTION SCOPE
- STREET PAVING/STRIPING
- CONSTRUCTION STAGING AREA
- BART OPERATIONS
- BUS STOP
- ADA PARKING STALLS (18)
- ADA PATH
- ADA RAMP
- TWO WAY CYCLETRACK
- PROPERTY LINES
- COMPLETED SCOPE
- RETAINING WALL

PHASE NUMBER
2c

PHASE DESCRIPTION

- Public Open Space: 51,300 SF
- Unit Count: 734
- Parking Count: X
- Notes: Bridge 2, 116 units

PHASING PLAN

12/21/2023

LEGEND

- ON-SITE CONSTRUCTION SCOPE
- OFF-SITE CONSTRUCTION SCOPE
- STREET PAVING/STRIPING
- CONSTRUCTION STAGING AREA
- BART OPERATIONS
- BUS STOP
- ADA PARKING STALLS (18)
- ADA PATH
- ADA RAMP
- TWO WAY CYCLETRACK
- PROPERTY LINES
- COMPLETED SCOPE

PHASE NUMBER
2d

PHASE DESCRIPTION

- Public Open Space: 51,300 SF
- Unit Count: 734
- Parking Count: x
- Notes: TPSS laydown

PHASING PLAN

12/21/2023

DRAFT

LEGEND

- ON-SITE CONSTRUCTION SCOPE
- OFF-SITE CONSTRUCTION SCOPE
- STREET PAVING/STRIPING
- CONSTRUCTION STAGING AREA
- BART OPERATIONS
- BUS STOP
- ADA PARKING STALLS (18)
- ADA PATH
- ADA RAMP
- TWO WAY CYCLETRACK
- PROPERTY LINES
- COMPLETED SCOPE

PHASE NUMBER
2 Complete

PHASE DESCRIPTION

- Public Open Space: 51,300 SF
- Unit Count: 734
- Parking Count: x
- Notes:

PHASING PLAN

12/21/2023

Exhibit C

Street Level Advisors | Feasibility Memo



MEMO

To: Jenny Wyant, City of Berkeley
From: Rick Jacobus, Street Level Advisors
RE: Economic Feasibility Assessment for North Berkeley BART

Date: April 4, 2024

This memo is intended to satisfy the requirements of the North Berkeley BART Project Affordable Housing Framework which was approved by the Berkeley City Council on July 25 of 2023. The framework calls for a “report completed by a third-party economic analysis firm approved by the City of Berkeley” which:

- i. Compares the proposed level of affordability (number of units and depth of AMI affordability) to the level that would be provided by a hypothetical development project on the Property that complied with the City’s Inclusionary Housing Requirements through the on-site compliance option;
- ii. Provides a financial analysis estimating the developer capital contribution that would be required to provide the City’s inclusionary units on-site and comparing that to the developer’s proposed affordable housing capital contribution as part of their finance plan; and
- iii. Reviews individual and combined project return metrics, economics, and annual cash flow to validate project feasibility and to ensure a customary market rate return.

Overview:

The proposed mixed income project at North Berkeley BART provides dramatically more and deeper affordability than would be required under Berkeley’s Inclusionary Housing Ordinance. Allowing the clustering of the required affordable housing units will significantly reduce the cost burden on the market rate project. The proposed contribution is still consistent with the cost that a comparable market rate project would face if they elected to pay Berkeley’s in lieu fee. Even with this reduction in the cost of compliance, the project’s financial feasibility is uncertain under current market conditions.

1. Proposed Level of Affordability

The proposed North Berkeley BART, as currently designed, includes dramatically more affordable housing units at much deeper levels of affordability than would be required under Berkeley’s Inclusionary Housing Ordinance. The Ordinance ([BMC 23.328](#)) requires projects

that provide units onsite to set aside 10% of total units for households earning 80% of Area Median Income (AMI) or less and 10% of units for households earning 50% of AMI or less.

By clustering affordable units into 100% affordable housing buildings and leveraging the contribution from market rate units with public affordable housing funding, the project proposes to provide more than 50% of the total units on the site with restrictions which will maintain affordability to households earning 70% of AMI or less. And among the affordable units, the income mix reaches much deeper than the inclusionary ordinance requires. Forty percent of the proposed affordable units serve households under 30% of AMI where the ordinance requires no units at this level. And where the ordinance allows half of the affordable units in each project to be at the ‘low income’ level (below 80% AMI), the proposed project only includes a third in this income range with the majority of those targeting 60% AMI, the rest at 70% and none at 80% AMI.

Table 1: Comparison of affordability levels

	Proposed Project	Hypothetical Compliance		
30% Ami	153			
40% AMI	23			
50% AMI	72		74	
60% AMI	94			
70% AMI	36			
80% AMI	0		74	
Manager	3			
Market Rate	358		591	
TOTAL	739		739	
Affordable %	51%		20%	
VLI or lower	34%		10%	
ELI %	21%		0%	
Affordable Unit Breakdown				
Extremely Low Income	153	40%	0	0%
Very Low Income	95	25%	74	50%
Low Income	130	34%	74	50%
Total	378		148	

2. Developer Capital Contribution Comparison

Consistent with the methodology outlined in the City’s Affordable Housing Framework, the compliance plan describes a developer contribution of \$14 million. The framework calls for a contribution based on the greater of:

- a. The then-current City housing mitigation and/or inclusionary in-lieu housing fee amount per unrestricted market rate unit (or aggregate square footage of the market rate units) to be developed on the Property (including any bonus units available as a result of the density bonus), or
- b. \$200,000 per on-site affordable unit required by the City’s affordable housing regulations (inclusionary unit).

The final square footage of the market rate units has not been determined yet, so the Compliance Plan uses \$200,000 per required onsite affordable unit to estimate the required minimum contribution.

Table 2: Minimum Contribution Calculation

Mimimum Contribution		
Market rate units	358	
Affordable units that would be required onsite (rounded)	72	20%
<u>Contribution Per Required Unit</u>	<u>\$200,000</u>	
Total Minimum Contribution	\$14,400,000	

Prior to approving a final amount for this contribution, the City should require the developer to also calculate the amount due under option A – calculated based on the residential square footage times the then current in lieu fee. It is possible that this could result in a slightly higher contribution.

The Framework calls for a comparison between this proposed capital contribution and the capital cost of providing the required 20% affordable units onsite in the project. It is difficult to calculate the cost of onsite compliance at this time because, under current market conditions, the project is not entirely feasible. Rents will need to rise and/or construction and financing costs will need to fall before the project is likely to begin construction. The exact cost of onsite compliance will depend on the specific changes in market conditions between now and the time the project commences construction.

In order to roughly approximate the cost of compliance, we used the results of a recently completed city-wide feasibility study conducted by Strategic Economics. Strategic estimated that for a typical Berkeley multi-family project each unit rented at 50% of AMI cost a project (ie. reduced the market value of a building) \$478,116 and each 80% AMI unit cost \$298,632. Table 3 uses these assumptions to estimate the total cost of compliance for the hypothetical situation where a market rate project at North Berkeley BART had to comply with the inclusionary ordinance with onsite units mixed into the market rate building.

Table 3: Estimated Cost of Onsite Compliance

<u>Affordability Gap</u>	<u>Gap per Unit</u>	<u>Required Units</u>	<u>Total Gap</u>
50% AMI units	\$ 478,116	36	\$ 17,212,176
80% AMI Units	\$ 298,632	36	\$ 10,750,752
Total		72	\$ 27,962,928

The proposed developer minimum contribution is significantly less expensive than onsite compliance in a mixed income building would be. Strategic Economics found that this is also true for every other project in Berkeley: the cost of compliance onsite is dramatically higher than the cost of Berkeley's In Lieu Fee.

3. Analysis of Return

Lastly, the Framework calls for an evaluation of the rates of return to evaluate feasibility and ensure that returns are not above what is typical.

Avalon Bay, the developer of the market rate buildings at North Berkeley BART, provided Street Level Advisors with a preliminary analysis of development costs and cash flows. The assumptions that they used were highly consistent with the assumptions that we used in an analysis of likely feasibility that we presented to the BART station Community Advisory Group (CAG) in 2020 as well as with the assumptions made more recently by Strategic Economics. Avalon indicated that the project would require a Yield on Cost of 6.5% to be fully feasible. After conducting interviews with several local multi-family developers, Strategic Economics concluded that the minimum feasible yield on cost in Berkeley today is 6.0%. Avalon's target of 6.5% is well within the normal range of variation that we would expect to see and Strategic's research suggests that they may be willing to move forward with the project even if they cannot reach their target of 6.5%

However, under current conditions the project does not appear likely to generate a return of 6.5% or even 6.0%. Increases in rent and/or decreases in development costs will be necessary before the project can generate customary market returns. For comparison, Strategic Economics' recent report included a prototype for an 8 story multi-family rental project which was projected to generate a yield of 3.75% under current conditions.

The combination of high construction costs and recent increases in interest rates have resulted in a situation where feasibility is temporarily very challenging throughout Berkeley. It is likely that the situation will change over time as interest rates fall and rents rise. As a result, it is not surprising that under current conditions, the market rate portion of the North Berkeley Project does not generate the necessary level of return to be considered feasible. To be extra clear, this does not mean that the project will not move forward, only that the developer will have to feel confident that conditions are changing before they break ground on the project. There are other East Bay projects currently moving forward in spite of temporarily unfavorable conditions and the North Berkeley BART site continues to be a highly desirable site for multi-family development.

