

Attachment 5: Estimate of City Subsidy Needed for Affordable Housing

The following information was excerpted from a memorandum prepared by Street Level Advisors to assist City decision-makers in reserving existing City affordable housing funds for the Ashby and the North Berkeley BART sites.¹

Estimate of City Subsidy Needed

Ashby		North Berkeley		TOTAL
% Affordable	City Cost	% Affordable	City Cost	
35%	27,760,208	35%	\$ 25,018,016	\$ 52,778,224
50%	\$ 58,207,950	35%	\$ 25,018,016	\$ 83,225,966
60%	\$ 78,586,360	35%	\$ 25,018,016	\$ 103,604,376
70%	\$ 98,964,770	35%	\$ 25,018,016	\$ 123,982,786
75%	\$ 109,273,848	35%	\$ 25,018,016	\$ 134,291,864
80%	\$ 119,343,180	35%	\$ 25,018,016	\$ 144,361,196
85%	\$ 129,652,258	35%	\$ 25,018,016	\$ 154,670,274
90%	\$ 139,721,590	35%	\$ 25,018,016	\$ 164,739,606
95%	\$ 150,030,668	35%	\$ 25,018,016	\$ 175,048,684
100%	\$ 160,100,000	35%	\$ 25,018,016	\$ 185,118,016
50%	\$ 58,207,950	50%	\$ 49,967,475	\$ 108,175,425
75%	\$ 109,273,848	75%	\$ 96,418,263	\$ 205,692,111
100%	\$ 160,100,000	100%	\$ 142,869,050	\$ 302,969,050

The table above estimates the City subsidy needed to achieve higher amounts of affordable housing in the following two scenarios:

- Increasing amounts ranging from 50% to 100% affordable housing at Ashby BART and 35% at North Berkeley BART;
- The same amount of affordable housing at both BART sites at the following levels: 50%, 75% and 100%.

As the share of affordable housing increases and the number of market rate units decreases, the amount of developer contribution from market rate buildings will decline. This means that the required level of City subsidy per unit will increase at the same time that the number of funded units rises, resulting in large increases in the amount of funding needed from the City. The table above only shows City subsidy needed based on the amount of subsidy the City has invested in recent affordable housing developments. The total project subsidy would be much greater, including state and federal sources. Because of the limitations of the amount of non-City (e.g. federal, State and other funding sources) and City subsidy available and maximum project size (constrained by funding, City staff, BART staff and developer capacity), increasing the percentage/ amount of affordable housing will also increase the amount of time it takes to complete construction of all of the units.

For discussion purposes only, Street Level Advisors also prepared one example scenario of potential timing and phasing for varying levels of affordable housing. Due to constraints of project size and availability of different types of funding, Street Level Advisors estimates that producing the minimum City-BART Memorandum of Understanding (MOU) threshold of 35% affordable housing at both stations would require at least five separate projects and would not be completed until 11 years after developer(s) selection. For comparison purposes, scenarios with increasingly higher percentages of affordable housing at Ashby plus 35% at North Berkeley are also provided, which increases the overall timeframe. For example, building 100% affordable at Ashby is estimated to require roughly nine separate phases and at least 17 years. Exceeding 35% affordable housing at either site would require a new source of funding, possibly one which will require approval by Berkeley voters.

¹ For the complete memorandum, see Council Meeting 4/27/21 Item 31, Attachment 2: https://www.cityofberkeley.info/Clerk/City_Council/2021/04_Apr/Documents/2021-04-27_Item_31_City_Affordable_Housing_Funds_Ashby_and_North_Berkeley_BART_Station_Areas_and_Future_Housing_Funding_Notices_of_Funding_Availability.aspx