

Office of the President

TO MEMBERS OF THE FINANCE AND CAPITAL STRATEGIES COMMITTEE:

DISCUSSION ITEM

For Meeting of January 22, 2020

PEOPLE'S PARK HOUSING, BERKELEY CAMPUS

EXECUTIVE SUMMARY

The shortage of available and affordable housing for UC Berkeley's students is a matter of urgent concern for the campus and the University. At present, UC Berkeley has the lowest percentage of beds for its student body of any campus in the UC system, which is exacerbated by the fact that the Berkeley campus is situated in one of the tightest housing markets in the country. As part of a comprehensive effort to address challenges facing the campus and its urban neighbors, the Berkeley campus is proposing to redevelop and revitalize People's Park.

The proposed People's Park Housing project will include three components: 1) student housing with associated amenities, 2) affordable and permanent supportive housing developed and managed by one or more non-profit partners under a ground lease with the University, and 3) an open space element that commemorates the history of People's Park. The new student housing would help mitigate UC Berkeley's severe student housing shortage, while the supportive housing will provide safe and supervised living for lower-income individuals who have used the park daily for the past decades.

BACKGROUND

The Berkeley campus currently provides the lowest proportion of undergraduate and graduate student housing as compared with other UC campuses, housing approximately 23 percent of its student body overall, 30 percent of its undergraduate students and eight percent of its graduate students. In the context of the San Francisco Bay Area's high-cost housing, market access to housing for UC Berkeley students is a matter of urgent concern. The lack of campus housing capacity adversely affects the overall student experience and challenges the campus's ability to recruit faculty, graduate students, and postdoctoral scholars.

Additionally, the current condition of the People's Park site creates ancillary impacts that are costly to the University, and creates a detriment to the quality of life in the surrounding neighborhood, to nearby property maintenance and safety, to commercial economic conditions, and to the health and well-being of community, students, and visitors. While development of the site has long been a contentious issue in the community, the campus has committed to

commemorate the history of the park, maintain open space, and address the housing needs of both students and the vulnerable homeless population.

PROJECT DRIVERS

The key drivers for the Student Housing and Supportive Housing Development Project at People's Park are:

1. Need for Additional Student Housing and the Campus's Student Housing Initiative

The shortage of available and affordable housing for Berkeley's students and untenured ladder-rank faculty is a critical issue for the campus and the University. It adversely affects the overall student experience and challenges the campus's ability to recruit faculty, graduate students, and postdoctoral scholars.

The campus's stated goals for housing at UC Berkeley, delivered in January, 2017:

- Provide two years of housing for entering freshmen (requires 3,900 new beds)
- Provide one year of housing for entering transfer students (requires 1,850 new beds)
- Provide one year of housing for graduate students (requires 2,750 new beds)
- Provide up to six years of housing to untenured faculty (requires 300 new units)

In sum, these goals require approximately 8,800 new beds, with the People's Park project anticipated to contribute between 950 and 1,200 beds (or over ten percent of this need).

2. Existing Site Conditions and Associated Concerns

Once envisioned as a home of free expression, the People's Park site has become a haven for crime and disruption. Today, even though the park is swept and closed every night by the campus Facilities Department staff, the 25-35 people who use the park daily tend to be the victims, not the perpetrators, of illegal activity. In 2017, a full-time social worker was hired by the campus to help support the needs and interests of the Park's regular occupants.

Dangerous incidents in the Park negatively affect the safety of both the campus and city community. In 2017, UC police officers were called to the park 1,585 times. Notable incidents at the park in the last two years include robbery and assault of a UC Berkeley employee, a stabbing, a homicide, and multiple drug-related crimes.

The People's Park site is important to the housing efforts of the campus because it is the only Regents-owned property that allows the campus to simultaneously address student housing needs, address crime and safety concerns for the benefit of city and campus communities, revitalize a neighborhood, and offer improved safety and services for members of Berkeley's homeless population.

PROJECT DESCRIPTION

As currently planned, the proposed project will provide approximately 950-1,200 beds targeted for sophomores, upper division students, and graduate students. The proposed project will include an open space component intended to honor the cultural and political history of the People's Park site, something that is important to UC Berkeley, the City of Berkeley, and the surrounding community.

With cooperation and support from the City of Berkeley, the project will also include a separate building, owned and managed by a non-profit partner, with up to 125 beds of affordable and permanent supportive housing. This building will include campus uses, including a research space studying the long-term programmatic outcomes of permanent supportive housing and student-facing services. The campus is currently evaluating the specific research units and service opportunities for the site.

Project Site

The project is located on a 2.8-acre site bounded by Haste Street on the north, Bowditch Street on the east, Dwight Way on the south and commercial properties on the west. The site is located three blocks south of the Berkeley campus and adjacent to the Telegraph Avenue commercial district. Across Haste Street, University properties include the historic Anna Head complex (listed on the National Register of Historic Places) and Maximino Martinez Commons, a student housing building completed in 2012 (refer to Attachment 1).

The site is currently predominantly undeveloped. Existing features include garden plots, a central lawn area, a small restroom and park office building, a community-built stage, and a basketball court. Most of these site elements are in poor condition due to their age or original construction. The campus has removed several elements over the years because of safety or public health concerns.

The site has a limited number of coordinated public program activities that occur either regularly or occasionally. These activities include public events and concerts and providing meals to the unhoused community who frequent the park. Despite these activities, the site is largely un-programmed for most of the year, and campus clears the park every night.

Programming

The student housing portion of the project would include between 950 and 1,200 beds, with a combination of residence hall suite-style units intended for returning sophomore students and apartment-style units intended for first-year upper-division transfer students. Building placement on the site, as well as size and massing, will be determined through the site planning process. Including both the student housing and supportive housing, the project's anticipated density is approximately 470 beds per acre.

The student housing development would include study rooms and lounges, laundry facilities, and potentially additional amenities such as fitness space. The development will likely also include outdoor resident space, office space, event and meeting space, and a grab-and-go retail food space on the ground floor. The site planning process will produce more detailed program and design information.

The approximately 250 to 300 students living in residence hall suite-style units would have access to existing dining hall facilities, including the Crossroads Dining Hall located directly across Bowditch Street from the proposed student housing development. The approximately 700 to 900 residents of the apartment units would have private kitchens in each unit, and therefore would likely not participate in the meal plan program. Therefore, the proposed project would not include a dining hall or require the expansion of an existing dining hall. The apartment units would be offered to first-year upper-division transfer students who do not want a traditional meal plan. The project would be located in close proximity to many off-campus markets and food service dining options in the Telegraph Avenue neighborhood.

Open Space

The site planning process will produce plans for the public open space, including design, programming, and policies to ensure public and resident safety. The total amount of open space is not yet final and will be determined by the space needs of the student housing and supportive housing program elements as part of the site planning process. This information will be presented with the request for project design approval at a future Regents meeting.

Affordable and Supportive Housing

The affordable and supportive housing component of the project would be developed and delivered by a third-party non-profit housing developer under a ground lease with the University. The campus selected a local Berkeley-based developer, Resources for Community Development (RCD), through a competitive process. The campus will coordinate the real estate transaction and integrate it with the other components of the project.

The supportive housing component is intended to include up to 125 beds. The population of the supportive housing will be determined by sources of federal, State, and local subsidy. The campus and RCD intend to focus their efforts on funding sources that support veterans, families with young children, and transitional age youth. Services for residents will be provided within the supportive housing complex, and would be determined dependent upon the population living in the project and the long-term operator. The project will include space for University service programs, such as learning and services associated with the School of Public Health, School of Law, and Social Welfare.

The ground lease with RCD, or its assignee, is expected to have a term sufficient to allow for financing of the project; however, the Regents' fee interest will not be subordinated. The ground lease will provide for the maintenance and operation of the improvements. The ground rent is expected to be nominal, given the deep subsidies required for this type of housing.

COMMITTEE

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The campus will enter an Exclusive Negotiations Agreement with RCD to cover predevelopment activities and to secure the site for RCD to pursue funding opportunities. During the predevelopment phase, the campus will negotiate the ground lease terms, and will work with RCD and the City, Alameda County, and the State to secure grants and other funding to ensure long-term project viability. This affordable housing component of the project will be integrated with the site planning and California Environmental Quality Act (CEQA) process for the overall project. Design drawings and delivery will be the responsibility of RCD.

Affordability

The campus is striving to achieve below-market rents at the People's Park project. Rates for the Project will be based on rates set by the Berkeley campus for comparable on-campus housing options. The campus is evaluating program mix options including apartments and residence hall style bedrooms including singles, doubles, and triples.

High labor and construction costs in the Bay Area make the development of multi-unit residential housing in Berkeley a high cost endeavor. To deliver on its commitment to provide housing as affordable as possible for students, the campus will carefully evaluate and manage project costs, including financing costs.

In addition to providing project rents as affordable as possible for all new projects, the campus is creating a scholarship fund to provide assistance to low-income students.

Project Delivery

The final delivery method will be determined when the project is approved, but current plans are to hire a contractor under a construction manager/general contractor agreement for project delivery.

Project Budget and Funding

When available and appropriate, Berkeley will use external financing to facilitate key investments in capital assets to support the campus' core mission. The Berkeley campus proposes to develop the student housing and the open space using external financing. Because of the historical significance of the People's Park site, the campus will also explore the potential for some amount of philanthropic gift funding. The project budget will be refined as the bed count and programming elements are further developed in the planning phase.

Project Schedule

UC Berkeley anticipates returning with a request for approval of preliminary plans funding at the Regents March 2020 meeting. The campus intends to request Regents' approval of the budget, external financing, and design pursuant to the California Environmental Quality Act in summer of 2021. Construction is anticipated to commence in fall of 2021 with a goal of opening in spring 2024.

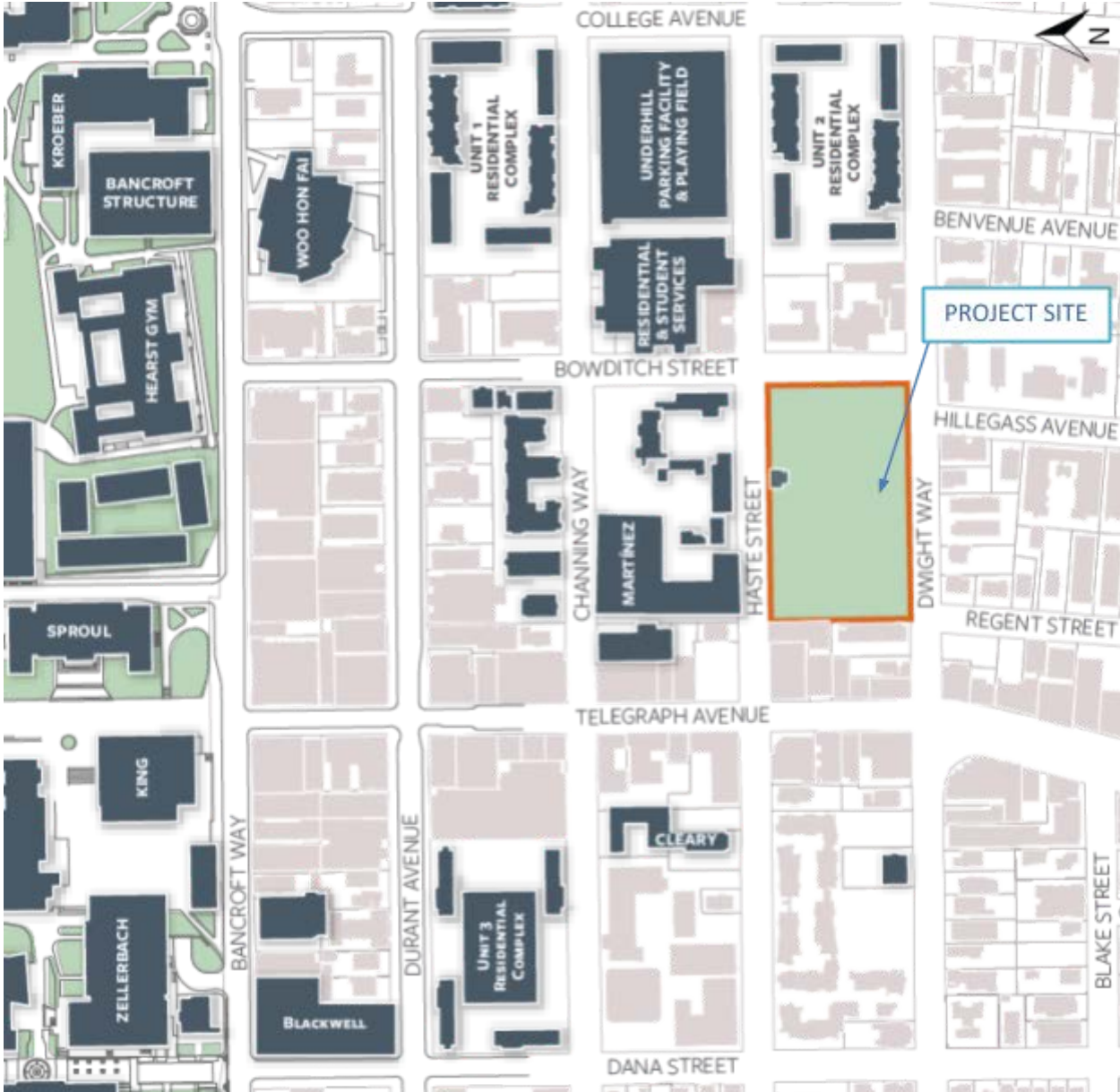
KEY TO ACRONYMS:

CEQA	California Environmental Quality Act
FTE	Full-Time Equivalent
P3	Public Private Partnership
RFQ	Request for Qualifications

ATTACHMENTS

Attachment 1:	Context Map and Project Location
Attachment 2:	Preliminary Draft Site Plan
Attachment 3:	Alternatives Considered
Attachment 4:	Project Process

CONTEXT MAP AND PROJECT LOCATION



CONCEPTUAL DRAFT SITE PLAN



ALTERNATIVES CONSIDERED

The alternatives considered for delivery of new student housing are provided below, including:

- Option 1 – Build on Other Campus Sites
- Option 2 – Redevelopment with Public-Private Partnership (P3)
- Option 3 – No Action
- Option 4 - Campus-led Development of People’s Park

Option 1 – Build on Other Campus Sites

In order to achieve goals related to provision of new student housing, one alternative would be to develop on other campus sites. The campus housing task force identified nine Regents-owned sites for potential housing development, and these options could be considered as alternatives to building on the People’s Park site. However, in order to meet campus goals for housing of 8,800 new beds, construction on all sites will be necessary. The campus is currently proceeding with additional housing development projects, and these should not be considered as an alternative to this proposed project. Instead, the campus must develop housing on all potential sites.

Option 2 – Redevelopment with Public-Private Partnership (P3)

The campus evaluated a variety of delivery methods for this student housing project, including P3 structures in a ground lease scenario. The benefits of a P3 structure often include transferring risk to the private partner and potential preservation of the campus debt capacity and credit.

In accordance with the campus’s Student Housing Initiative, the campus pursued a request for qualifications (RFQ) for a third-party development partner to work in a P3 structure to develop at least one, and potentially several, of the Regents-owned sites identified by the housing task force. This RFQ proceeded and resulted in the selection of American Campus Communities (ACC) as a development partner. The campus is preparing to enter into negotiations with ACC for potential development of the site that is the best candidate for a P3 delivery approach due to the scale and specialization of the design, construction, and operations.

However, for many reasons, the Student Housing and Supportive Housing Development Project at People’s Park is not the best candidate for a P3 delivery model. Given the site’s history, it is critical that the campus take a leading role in community outreach and engagement, and that the campus maintain direct authority of how the three components of the site (student housing, supportive housing, and commemorative element/open space) come together throughout the design process. Due to the specialized development and operations needs of supportive housing, the campus is engaging a P3 nonprofit developer for this component of the site.

Option 3 – No Action

As previously described, the current lack of housing for UC Berkeley students is of great concern and represents a top priority for the campus in the near and long term. Without increasing the housing inventory, UC Berkeley would not be able to address current demand for student housing, and would not progress towards meeting student housing goals adopted by the Chancellor.

Additionally, the current concerns and ongoing campus maintenance expenses for the People's Park site are not a sustainable scenario. Heightened community concern regarding the site has long left the campus unable to affect the site's conditions, and doing so has not been a pressing priority of the campus prior to the context of a regional housing crisis. At this time, given the well-understood need for both student housing and supportive housing, community interest in revitalization of the site has shifted in a positive direction. A decision not to move forward risks missing the current opportunity provided by this unique time to develop the site.

Option 4 – Campus-led Development of People's Park

Due to the critical campus needs, the shortage of available sites, and the multiple objectives for development of a complex location, the campus prefers to develop People's Park in the vision set forth by the campus. A campus-led process ensures that there will be continuity and alignment on the three project components.

The campus has identified a third-party non-profit housing developer who would act as a partner for the supportive housing portion of the site. This third party is working with the campus during site design to help create a cohesive urban design for the site as a whole. After approval from the Regents, expected in fall 2020, the third-party partner would be provided with a ground lease. This third-party partner would then be responsible for delivering and operating the supportive housing.

This approach allows close coordination between the P3 supportive housing developer and the campus development process. Finally, campus-led development of the People's Park site allows meaningful creation of deeply needed student housing with a thoughtful consideration of the Park's context and importance to the campus and the broader community.

PROJECT PROCESS

