



Office of the City Manager

CONSENT CALENDAR  
January 30, 2024

To: Honorable Mayor and Members of the City Council  
 From: Dee Williams-Ridley, City Manager  
 Submitted by: Lisa Warhuus, Director, Health, Housing, and Community Services  
 Subject: Grant for 1741-1747 Russell Street

RECOMMENDATION

Adopt a Resolution authorizing the City Manager or her designee to redirect \$95,625, the amount of transfer tax recently paid for 1741-1747 Russell Street, from the General Fund to Insight Housing (Insight) to support the renovation of the property.

FISCAL IMPACTS OF RECOMMENDATION

At the time of property acquisition in August 2023, Insight paid the property transfer taxes. The City's General Fund would redirect \$95,625 of revenue towards the rehabilitation of affordable supportive housing. The City would issue a check to Insight equal to the amount of transfer taxes paid to the City.

CURRENT SITUATION AND ITS EFFECTS

On October 25, 2023, Insight submitted a letter requesting a transfer tax refund related to their acquisition of 1741-1747 Russell Street, which provides supportive housing to low-income and formerly unhoused individuals. Insight purchased the property on August 29, 2023 with the support of a \$4.5 million Housing Trust Fund (HTF) acquisition and rehabilitation loan.

Insight plans to rehabilitate and continue operating supportive housing and Board and Care beds at the project. Given the property's significant rehabilitation needs, the project would benefit from the ability to use HTF loan funds for purposes other than the transfer tax. If the City gives the project a grant equal to the amount of the transfer taxes, Insight will use those funds for urgent repairs at the property.

BACKGROUND

On June 13, 2023, City Council awarded Insight a \$4,500,000 loan to acquire and rehabilitate 1741-1747 Russell Street. The property consists of a 17-bed Board and Care and eight units of housing supported with Shelter Plus Care vouchers for 25 people with a disability or serious mental illness who are formerly unhoused or at risk of homelessness. Of the total loan, \$4M went towards acquisition, leaving \$500k for renovation. All of the site's three buildings need significant repairs and system upgrades

due to their age and condition. The capital needs exceed the funds available, and while Insight is pursuing other funding opportunities, there are limited funding sources to support rehabilitation projects. The grant would have a measurable impact on the project's scope. The City has supported Insight's operation of Russell Street Residence since the nonprofit first leased the site and took over operations from a retiring private provider about twenty years ago.

City Council has approved grants equivalent to transfer tax paid on previous Housing Trust Fund and Small Sites Program projects. In 2021 and 2019, City Council approved grants equivalent to transfer tax for two Small Sites Program projects developed by Bay Area Community Land Trust. In 2014, City Council approved a such a grant to the David Brower Center and Resources for Community Development related to the Oxford Plaza development when a transfer to an RCD-affiliated entity for refinancing triggered the transfer tax.

#### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

There are no environmental sustainability effects directly associated with the recommendations in this report. Acquisition and rehabilitation projects like 1741-1747 Russell are generally considered a more sustainable type of development.

#### RATIONALE FOR RECOMMENDATION

The allocation of this funding will help preserve 25 units of critically-needed supportive affordable housing in the City of Berkeley, and support the investment the City has already made in the site and services there.

#### ALTERNATIVE ACTIONS CONSIDERED

No alternative actions considered.

#### CONTACT PERSON

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

Attachments:  
1: Resolution

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

AUTHORIZING A \$95,625 GRANT TO INSIGHT HOUSING TO SUPPORT THE  
RENOVATION OF 1741-1747 RUSSELL STREET

WHEREAS, Insight Housing purchased 1741-1747 Russell Street on August 29, 2023 and paid \$95,625 in City transfer taxes; and

WHEREAS, Insight Housing operates the site as affordable supportive housing; and

WHEREAS, on June 13, 2023 City Council adopted Resolution No. 70,890-N.S. awarding Insight Housing a Housing Trust Fund (HTF) loan to support the acquisition and renovation of the project; and

WHEREAS, a \$95,625 grant would provide additional funding for the renovation.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the City Council authorizes the City Manager or her designee to redirect \$95,625 from the General Fund to Insight Housing from transfer tax revenue to support the renovation of 1741-1747 Russell Street, and to take any actions required to deliver the funds.

