



Office of the Mayor

CONSENT CALENDAR

April 26, 2022

To: Honorable Members of the City Council

From: Mayor Jesse Arreguín, Councilmember Sophie Hahn (Co-Sponsor), Councilmember Kate Harrison (Co-Sponsor), and Councilmember Ben Bartlett (Co-Sponsor)

Subject: Budget Referral: Housing Retention Fund

RECOMMENDATION

Refer to the Fiscal Year 2023 budget process an allocation of \$1 million from the American Rescue Plan Act (ARPA) funds to the Eviction Defense Center to supplement the Housing Retention Program, including COVID-19 emergency grants.

BACKGROUND

The American Rescue Plan Act (ARPA), approved in March 2021, is a \$1.9 trillion federal aid program to support recovery from COVID-19. \$350 billion was set aside for direct financial assistance for states and local jurisdictions. The funds can be used for the following purposes:

- Address economic impacts relating to the COVID-19 emergency, including assistance to small businesses, non-profits, and households.
- Revenue replacement for the provision of government services.
- Premium pay for essential workers.
- Investments in water, sewer, and broadband infrastructure.

The City of Berkeley was allocated \$66.6 million. Half the funds were received in May 2021, with the other half expected in May 2022. In the FY 22 budget, a total of over \$46 million of ARPA funds was allocated for a variety of purposes. Approximately half of these funds went to the General Fund to fill in the budget deficit caused by the economic impacts of the pandemic. The rest was used to supplement various funds and programs relating to Parks & Recreation, Parking, Public Safety, and business/non-profit support. Over \$4 million in ARPA funds have already been earmarked for FY 2023, with approximately \$14.6 million left in balance that has yet to be allocated.

Berkeley established the Homeless Prevention Grants Program in 1993, which became the Housing Retention Program in 2008. In 2017, the program was expanded to allow grants of up to \$5,000 per household. Households must demonstrate that they are at imminent risk of losing their housing and must meet at least one of the following criteria: decrease in income; an unexpected medical and/or disability expense; fleeing domestic

violence; work-related vehicle expense; and/or an unexpected significant expense which may be considered eligible. In 2020, a second program was established specifically related to the COVID-19 emergency. Administered by the Eviction Defense Center, these grants are available to people below 80% Area Median Income and adds financial losses related to COVID-19 to the criteria. These grants can total up to \$10,000, and households can apply to both for a total of \$15,000 in grants if eligible.

According to the Household Pulse Survey by the US Census, 5.0% of residents in the San Francisco-Oakland Metro Area (covering Alameda, Contra Costa, Marin, San Francisco, and San Mateo Counties) are behind on rent and do not believe they will be able to catch up<sup>1</sup>. The survey also records 47.0% (margin of error +/- 19.3%) of people behind on rent reporting that they believe an eviction or foreclosure is likely within the next couple of months. In a survey conducted on March 6- 17, 2022 by the Public Policy Institute of California, 34% of renters in California and 41% of lower-income residents reported being very concerned about not having enough money to pay for their housing costs.

While the economy is recovering from the impacts of COVID-19, many people remain behind rent. Under Berkeley's eviction moratorium, people cannot be evicted for lack of payment of rent during the local state of emergency, but property owners can seek back payment of rent through the courts. Additionally, increased inflation and cost of living, which disproportionately impacts low-income households, could put some people in a position of falling behind on rent in the coming months. An infusion of an additional \$1 million will help Berkeley tenants who may be at risk of eviction once the eviction moratorium ends. These funds will help provide financial stability to households most in need, in turn preventing an increase in homelessness.

#### FINANCIAL IMPLICATIONS

\$1 million from the American Rescue Plan Act funds.

#### ENVIRONMENTAL SUSTAINABILITY

There are no environmental impacts associated with the recommendations in this report.

#### CONTACT PERSON

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<sup>1</sup> Survey took place between March 2 – March 14, 2022. Estimates are 114,019 people aged 18+ are impacted, or 5.0%. Margin of error is +/- 2.8%. Source: [https://www.census.gov/data-tools/demo/hhp/#/?measures=HINSEC&s\\_metro=41860&areaSelector=msa&periodSelector=43&s\\_state=00006](https://www.census.gov/data-tools/demo/hhp/#/?measures=HINSEC&s_metro=41860&areaSelector=msa&periodSelector=43&s_state=00006)