



Office of the Mayor

CONSENT CALENDAR
May 10, 2022

To: Members of the City Council

From: Mayor Jesse Arreguín, Councilmember Sophie Hahn,
Councilmember Kate Harrison, Councilmember Ben Bartlett

Subject: Budget Referral: Continuing Anti-Displacement Programs

RECOMMENDATION

Refer \$1,800,000 (\$900,000 annually) to the FY 2023-2024 Budget Process for continued funding of the following anti-displacement programs (launched in 2017) with the proposed funding source from General Fund tax revenues:

- 1) Housing Retention Program (administered by the Eviction Defense Center EDC): \$250,000 per fiscal year. This funding will supplement the current COVID-19 emergency rental assistance program to provide funding after the emergency expires
- 2) Legal Counseling, Services and Problem Solving for Extremely-Low, Very-Low, Low and Moderate Income Tenants (\$275,000 each to the East Bay Community Law Center and EDC): \$550,000 per fiscal year
- 3) Flexible Housing Subsidies for Homelessness Prevention: \$100,000 per fiscal year

BACKGROUND

Housing Retention Program/COVID Emergency Rental Assistance

The Housing Retention Program is an essential tool in preventing tenant displacement and preserving Berkeley's racial, economic and cultural diversity. In 1993, the City of Berkeley began the Homeless Prevention Grants Program, which in 2008 became the Housing Retention Program (HRP).

The program was reconstituted and bolstered in 2017 with an increased allocation of \$250,000 annually which was continued in all budgets since FY 2019. The City Council's annual allocation of General Fund revenues was made possible due to the passage of Measure U1 in 2016 which increased the business license tax for large rental properties, generating between \$4-7 Million annually.

At the onset of the COVID-19 pandemic and resulting shelter in place order, the City Council launched the Berkeley Relief Fund and allocated \$3 Million to initially capitalize the fund, to be split three ways between rental assistance, grants for arts non-profits and grants to small businesses. Tenant rent assistance was funded \$1,000,000 to expand the Housing Retention Program during this emergency with an additional

\$900,000 added as private donations came in through the East Bay Community Foundation. Approved households were eligible to receive up to \$5,000 as a one-time grant, and an additional one-time grant of up to \$10,000 during the specified COVID-19 emergency. Additional funding was provided through a CBDG CARES grant from the Federal Government. A separate budget referral to continue funding of the COVID Emergency Rental Assistance Program with funds available through the American Rescue Plan Act (ARPA) was approved at the April 26, 2022 City Council meeting.

Funding for this program is needed as many low-income households remain in massive debt that has accrued over the course of the pandemic. 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.

The purpose of this additional \$250,000 annual allocation for rental assistance is to supplement the Housing Retention Program to support more eligible households who have outstanding rent debt due to the pandemic and to continue the Housing Retention Program after the expiration of the local state of emergency.

Legal Counseling, Services and Problem Solving for Extremely-Low, Very-Low, Low and Moderate Income Tenants

The unprecedented rental housing crisis has resulted in increased displacement and eviction of low-income residents in Berkeley. One of the priorities of the City Council is to provide services to low-income households to prevent displacement.

At the June 25, 2019 City Council Meeting, the FY 2020-21 Biennial Budget was approved, allocating \$900,000 each year for anti-displacement programs. Of this, \$550,000 was earmarked for eviction defense and housing counseling each year. Due to the adoption of Measure U1 at the 2016 election, and new additional General Fund revenues, the Council initially authorized an annual funding of \$300,000 for this purpose for both FY 2018 and 2019 at its July 25, 2017 meeting. Measure U1 also required the Housing Advisory Commission to advise the City Council on programs to prevent homelessness and expand affordable housing. As part of its charge, the HAC recommended that the Council allocate a portion of General Fund revenues derived from the Measure U1 tax for anti-displacement programs. To more expediently implement Council's action, these funds were transferred to the Rent Board whose staff administered, monitored, and reported to Council regarding the program funding during those years. This action also took place during FY 22.

When this item was initially considered in 2017, Council expressed interest in expanding the scope of services provided by Eviction Defense Center (EDC) and East Bay Community Law Center (EBCLC) to provide counseling and advocacy to tenants seeking to avoid displacement by exercise of rights afforded by other local laws. The funding provided by the Rent Board is not adequate to achieve the Council's objective

of fully preventing displacement during the current housing emergency, when low and middle-income tenants are particularly vulnerable to displacement if not provided with sufficient and competent legal defense. There is also a need for additional funding to provide counseling and representation to tenants relating to city ordinances such as the Tenant Protection Ordinance and Tenant Buyout Ordinance. Both EDC and EBCLC have once again requested \$275,000 to cover this expanded scope of work to serve the broadest number of Berkeley tenants.

Flexible Housing Subsidy Pool

In June 2017, the City Council established the Flexible Housing Subsidy Pool as a new anti-displacement tool. These funds can be used for a variety of purposes, including emergency rental subsidies for people who have been evicted or are experiencing homelessness. Since the fund was established it has helped tenants with emergency funding of up to \$1,500 per incident and \$5,000 maximum per household in grants.

FINANCIAL IMPLICATIONS

Total allocation of \$1,800,000 (\$900,000 annually) from General Fund revenues. Since 2017, the City has funded these three programs out of Measure U1 tax receipts, and it is recommended that the Council continue this funding for the next two fiscal years.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental effects or opportunities associated with the subject of this report.

CONTACT PERSON

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