



Councilmember Sophie Hahn  
City of Berkeley, District 5

## **SUPPLEMENTAL AGENDA MATERIAL**

### **for Supplemental Packet 1**

**Meeting Date:** April 11, 2023

**Item Number:** 31

**Item Description:** Budget Referral: Funds to Study Berkeley's Affordable and Social Housing Needs and Programmatic and Funding Opportunities and improvements

**Submitted by:** Councilmember Sophie Hahn

Amendments are submitted to the Budget Referral: Funds to Study Berkeley's Affordable and Social Housing Needs and Programmatic and Funding Opportunities and improvements, reflecting further consultation with staff to provide clarity to the scope and timeline of the requested analysis. Addition of Co-Sponsor.

CONSENT CALENDAR

April 11, 2023

**To:** Honorable Members of the City Council  
**From:** Councilmember Sophie Hahn (Author), ~~Councilmembers~~ Vice Mayor Ben Bartlett (Co-Sponsor), ~~Councilmembers~~ and Terry Taplin (Co-Sponsors) and Susan Wengraf (Co-Sponsor)  
**Subject:** Budget Referral: Funds to Study Berkeley's Affordable and Social Housing Needs and Programmatic and Funding Opportunities

RECOMMENDATION

Refer \$250,000 to the June 2023 budget process to study and report to Council on:

1. The need for Affordable Housing in Berkeley to:
  - a. Rehouse Berkeley's unhoused residents.
  - b. Meet the housing needs of very low-, low- and moderate-income Berkeley residents, from less than 30% to 120% of Area Median Income (AMI).
  - c. Significantly increase cooperative, land trust, and other Social Housing, including innovative social housing models that provide significant moderate-income housing opportunities.
  - d. Meet the needs of low-income artists, seniors, individuals with disabilities, and other populations with unique needs.
  - e. Potentially increase Affordable Housing, up to 100%, at North Berkeley and Ashby Bart Stations.
  - f. Meet the City's Housing Element Affordable Housing production requirements of 5,270 units from 30%-120% AMI in a timely manner, prior to the end of the current RHNA cycle in 2031.
2. Existing and potential new programs to increase homeownership for low-income and first-time homebuyers.
3. Needs/programs to accelerate the City's Small Sites Program.
4. Existing and upcoming funds available at the local, County, Regional, State, and Federal levels to support Berkeley in meeting its Affordable and Social Housing needs and requirements.
5. Berkeley-specific funds required to meet Affordable and Social Housing needs and to produce Berkeley's RHNA-required Affordable Housing, including funds to build capacity at Land Trusts and other organizations to deliver Cooperative and Social Housing.
6. Existing sources and amounts of Funding available to meet Berkeley's Affordable and Social Housing needs and requirements.
7. Potential Bonds or other measures to secure necessary Affordable and Social Housing funds including a potential measure or measures on the November 2024 ballot, based on the success of 2018 Measure O.
8. Added costs of delaying the preservation and construction of Affordable Housing, including potential increased costs for land, financing, and construction, and the yearly/per-individual cost of providing services to Berkeley's unhoused residents.

9. Consequences of failure to meet RHNA Affordable Housing allocations in a timely manner.
10. Potential re-authorization of Measure P in November of 2024 as a permanent measure, to extend additional funding available to support rehousing the homeless.
11. Any other information related to Affordable and Social Housing in Berkeley to help inform residents and the City Council of the need for additional Affordable Housing and Affordable Housing programs and funds, and funds to rehouse the homeless.

Study to be delivered to the City Council as soon as possible, but no later than March 31 of 2024, no later than December 1, 2023 and to include a plan for Berkeley to meet its Affordable and Social Housing needs and requirements over the next decade as well as and recommendations for additional funds, programs, and other measures to support production and preservation of Affordable and Social housing~~to meet needs over the next decade.~~

**FINANCIAL IMPLICATIONS**

\$250,000 from the General Fund.

**CURRENT SITUATION AND ITS EFFECTS**

Measure O, passed by 77.5% of voters in 2018, provided \$135 million in funding for affordable housing in the City of Berkeley. To date, Measure O-funded projects that are completed or under construction have secured an average of \$4.40 of other funding for every \$1.00 of City funds. This trend suggests that once all funds have been fully spent, as much as \$594 million in affordable housing will have been built, supported, or preserved as a direct result of Measure O.

Currently all Measure O funds have been raised or pre-allocated to upcoming affordable housing projects in the design phase. No additional funding from Measure O remains to support future projects.

At the same time, Berkeley’s recently passed Housing Element requires the City to produce a total of 5,270 units of housing affordable to families earning from 30% to 120% of AMI. While numbers have decreased in recent years, Berkeley still counts approximately 1,000 homeless people every night. Working and low-income families struggle to find homes. Lotteries for affordable units attract thousands more people than spaces available. There is a clear need for the construction, acquisition, and preservation of additional affordable housing for our community.

To continue Berkeley’s commitment to building and preserving affordable housing, jump-started with Measure O funds, Berkeley must plan ahead.

Similarly, 2018’s Measure P has been tremendously impactful. Berkeley has made quantifiable progress by funding state-of-the-art programs to rehouse the homeless. In fact, during the pandemic years, homelessness in Berkeley decreased by 5% while increasing more than 20% in Alameda County as a whole. The City has successfully rehoused hundreds of individuals, leveraging City of Berkeley funds, supported by Measure P, with additional State and Federal

funding. Unfortunately, Measure P sunsets in 2028. This already presents challenges in planning for continued success.

This item funds research and development of comprehensive plans documenting needs and requirements for Affordable and Social Housing and rehousing services for the homeless, and outlining programs and funds needed to meet those needs over the coming decade. With respect to funding ~~needs~~, this item asks for an outline assessment of funding needs that may be addressed through the potential for ballot measures in November of 2024, following on the success of Measures O and P. Specifics of potential ballot measures are intended to be studied/determined based on and subsequent to delivery of this report.

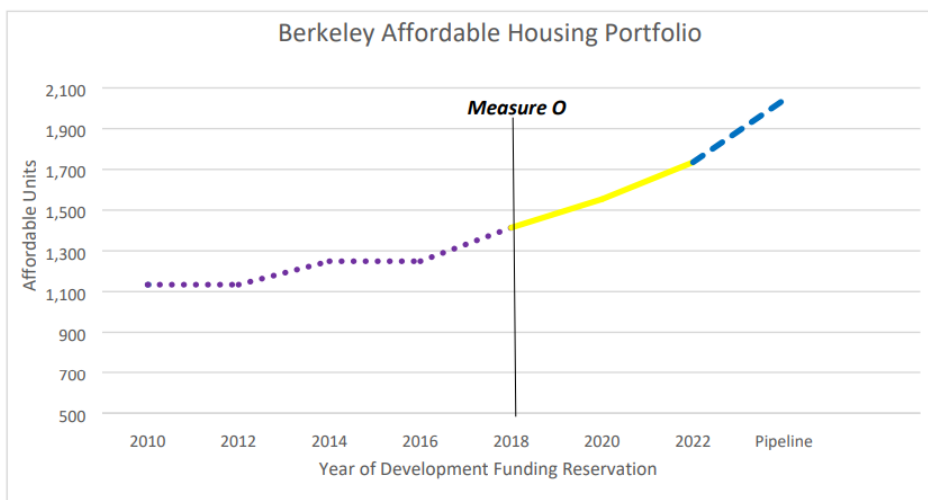
### BACKGROUND

#### Affordable Housing Bond

In November 2018 Berkeley voters adopted Measure O which allowed the City to issue up to \$135 million in bonds to fund housing for "low-, very low-, low-, median-, and middle-income individuals and working families, including teachers, seniors, veterans, the homeless, students, people with disabilities, and other vulnerable populations."

As a bond measure dedicated to a specific purpose, Measure O required a two-thirds supermajority vote to pass. The measure passed with 77% of Berkeley voters voting in favor.

Measure O included provisions to establish an oversight committee as well as to conduct annual audits. The Measure O Bond Oversight Commission was first convened in April 2019. The Commission met seven times in 2019, one in 2020 prior to the pandemic, and again in February and March of 2021. Subsequently, Council approved the assignment of Measure O oversight to the Housing Advisory Commission and dissolved the Measure O Bond Oversight Commission.



Most affordable housing developments leverage the City's investment with at least 5-7 other funding sources. Measure O-funded projects that are completed or under construction have secured an average of \$4.40 of other funding for every \$1.00 of City funds.

Per Section 3.6.1 of the Housing Element "A household is considered to have a housing cost burden if it spends more than 30 percent of gross income on housing expenses. Housing expenses include rent or mortgage payments and utilities. For owner households, housing expenses also include taxes and insurance. Households with a cost burden may have trouble making rent, mortgage or utility payments, keeping up with home maintenance, or may have to forego other non-housing related necessities in order to keep up with housing expenses. A household is considered as having a severe cost burden if housing expenses make up over 50 percent of the household's gross income."

Table 3.30: Cost Burden in Berkeley, Alameda County, and the Bay Area (2017)

	Cost Burden (>30% of Income Used for Housing)		Severe Cost Burden (>50% of Income Used for Housing)	
	# of Households	% of Households	# of Households	% of Households
<b>Berkeley</b>				
Owner Occupied	5,298	27%	2,398	12%
Renter Occupied	13,794	53%	8,182	32%
All Households	19,092	42%	10,580	23%
<b>Region</b>				
Alameda County	214,197	37%	96,579	17%
Bay Area	986,937	36%	447,802	16%

Source: ABAG Housing Element Data Package (based on U.S. Dept. of Housing and Urban Development (HUD), Comprehensive Housing Affordability Strategy (CHAS), ACS tabulation, 2013-2017 release)

As summarized in Table 3.30: Cost Burden in Berkeley, Alameda County, and the Bay Area (2017), 42 percent of all Berkeley households are cost burdened with 23 percent experiencing a severe cost burden. Cost burden is notably more prevalent among renter households, with over half of renter households paying more than 30 percent of their income to housing expenses. When compared to the region, cost burden is more widespread in Berkeley than in Alameda County and the Bay area as a whole.

For the 2023-2031 Housing Element, ABAG assigned the City of Berkeley a RHNA of 8,934 units. This RHNA is divided into four income categories. The RHNA does not include the extremely low category. It is estimated to be ½ of the very-low-income need, per Government Code §65583.a.1. The total very-low-income RHNA is 2,446; therefore, 1,223 units are designated as extremely-low-income and 1,223 units are designated as very-low-income.

INCOME LEVEL	2015-2023 RHNA UNITS	2023-2031 RHNA UNITS
Very Low (< 50% AMI)	532	2,446
Low (50-80% AMI)	442	1,408
Moderate (80-120% AMI)	584	1,416
Above Moderate (>120% AMI)	1,401	3,664
<b>Total</b>	<b>2,959</b>	<b>8,934</b>

**Reauthorization of Measure P**

Measure P provides around \$10 million of ~~general funds funding~~ annually from real property transfer taxes to pay for homeless services. Berkeley voters passed Measure P in November 2018 with 72.4% approval.

The City is using ~~additional general funds made available through funding from~~ Measure P to address immediate street conditions & hygiene, provide emergency shelter and temporary accommodation, establish new permanent housing, and prevent households from becoming homeless again. The City is funding 24 homeless services projects in the current fiscal year with \$16.8 million in ~~Measure P~~ funds made available by Measure P.

**Progress on homeless services projects**

Homeless services projects ~~supported funded~~ by extra general funds generated by Measure P are providing support services for unhoused members of the Berkeley community. These services include:

**Immediate street conditions and hygiene**

General Funds generated by Measure P ~~funds will~~ support nine projects aimed at addressing immediate street conditions and hygiene. These projects address the immediate needs of persons currently living on the streets or in vehicles. The projects provide a range of services, including mental health crisis response, street medicine, lockers, outreach workers, and portable toilets, as well as drop-in services such as food, case management, and help obtaining documents for social services. The City anticipates spending \$3.2 million ~~of Measure P funding~~ on these services through June 2023.

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**Emergency shelter**

General funds generated by Measure P ~~support funds~~ five projects that provide immediate shelter and supportive services for a range of adults, including transitional-age youth, those seeking to move out of encampments, and others. Support services include coordinated entry system access, housing navigation, and employment development. The City anticipates spending \$4.3 million ~~of Measure P funding~~ on these services through June 2023.

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**Permanent housing**

Funds generated by Measure P ~~will also support fund~~ four permanent housing projects ~~in the current fiscal year~~. These projects provide immediate housing and supportive services for single adults and families that were formerly homeless. Services provided by the sites include housing

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retention services, payee support, and mental health treatment. The City anticipates spending \$2.9 million ~~of Measure P funding~~ on permanent housing in the current fiscal year.

### Homelessness prevention

Funds generated by Measure P funds ~~will~~ also target two programs to prevent homelessness through legal assistance, housing retention services, and flexible housing funds. These direct interventions help individuals or families who can immediately avoid homelessness. The city anticipates spending \$1.9 million on these services through June 2023.<sup>1</sup>

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Securing stable, long term, predictable funding allows staff to plan strategies, make long term commitments to community partners and peer agencies, compete for and secure competitive grant funding, while continuing to address urgent and shorter term needs as they arrive.

### Conclusion

Measures O & P were well received by voters in 2018. Together, they have been extremely successful at generating the physical assets to ~~actually~~ house ~~formerly homeless and other~~ low income residents ~~as well as~~ ~~while~~ funding the ~~vital~~ needed services to ~~provide transitional support to~~ rehouse ~~and support many of our~~ homeless neighbors. ~~Substantially similar follow-up~~ funding measures modeled on their success ~~of Measures O and P can offer~~ ~~provides a path~~ ~~clear pathway~~ forward for our community to honor ~~our~~ the commitments ~~we've made~~ to ending homelessness ~~and provide housing affordable to people of all incomes, household sizes, and needs in an effective and proven manner.~~

### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

The City's Housing Trust Fund Guidelines identify sustainable development as a City priority, and encourage developers to incorporate as many green building strategies and materials as is feasible. New construction affordable housing developments are typically built to third-party, green building standards such as LEED or GreenPoint Rated. Lower income individuals often have long commutes and less funds available for transit. Building affordable and supportive housing in the urban core is key to providing access to jobs and education with reduced GHG emissions.

### CONTACT PERSON

Attachments:

1. <https://berkeleyca.gov/sites/default/files/documents/2022-10-11%20Special%20Item%2005%20Measure%20O%20Bond%20Impacts%20on%20Affordable%20Housing.pdf>
2. Measure P funded projects:  
~~<https://berkeleyca.gov/sites/default/files/documents/Measure-P-Programs.pdf>~~  
~~<https://berkeleyca.gov/sites/default/files/documents/Measure-P-Programs.pdf>~~

<sup>1</sup> <https://berkeleyca.gov/your-government/our-work/bond-revenue-measures/measure-p>