



Office of the Mayor

CONSENT CALENDAR

November 7, 2023

To: Honorable Members of the City Council

From: Mayor Jesse Arreguín, Councilmember Sophie Hahn,
Councilmember Rigel Robinson, Councilmember Susan Wengraf

Subject: Budget Referral: Supplemental Funding for Housing Retention Program

RECOMMENDATION

Refer \$1,000,000 from Measure P tax receipts to the Fiscal Year 2024 AAO1 Budget Process to augment the Housing Retention Program, (administered by the Eviction Defense Center, EDC) as part of the City's anti-displacement programs (launched in 2017), for the purpose of providing rental assistance to tenants.

BACKGROUND

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. Additional funding of \$1,800,000 (\$900,000 annually) was added to the programs in the FY2023 - 2024 budget cycle.

Funding for this program is needed as many low-income households remain in massive debt that has accrued over the course of the pandemic. As Berkeley's eviction moratorium has ended, people can be evicted for lack of payment of rent. Additionally, there are tenants who owe back rent that accrued during the moratorium. 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.

In March 2023, Council approved a budget referral to include an additional \$2 million to supplement the Housing Retention Program, which was included in the budget approved in June. Given both the high success and high demand of the program, it is anticipated that funding will run out by January 2024. Therefore, additional funding in the amount of \$1 million is needed to continue this vital program and prevent evictions.

With the end of the eviction moratorium on September 1st, data from the Rent Stabilization Board shows a sharp increase in eviction notices. Between September 1st and September 29th, the Rent Board received 130 eviction notices. For comparison, in 2019, the last year before the eviction moratorium went into effect, there was an average of 70 eviction notices a month. In 2021, when the eviction moratorium was in full effect, there was an average of 10 a month. During the Transition Period between May and August 2023, there was an average of 40-50 a month. While many of these notices are three day or thirty-day notices to pay rent or quit – a precursor to an unlawful detainer (a lawsuit to evict a tenant) – six of the notices are for unlawful detainers. In many of the cases where a notice to pay rent or quit were made, tenants have relied on the Housing Retention Program to resolve the situation.

FINANCIAL IMPLICATIONS

Total allocation of \$1,000,000 from Measure P tax receipts.

ENVIRONMENTAL SUSTAINABILITY

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

CONTACT PERSON

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