



Office of the Mayor

ACTION CALENDAR

March 17, 2020

To: Honorable Members of the City Council

From: Mayor Jesse Arreguín

Subject: Berkeley COVID-19 Relief Fund and Expanding Flexible Housing Pool

RECOMMENDATION

1. Refer to the City Manager to consider the creation of a tax-exempt special fund at up to \$ 3 million dollars, to provide gap resources which to be matched with grants or philanthropic donations to provide gap assistance to renters, small businesses and arts organizations significantly impacted (demonstrated decrease in gross receipts or patronage) by the COVID-19 state of emergency. The City Manager is requested to consider all federal, state and not-for-profit funding available to provide economic relief to businesses and arts organizations which can be leveraged with the City's additional funding.
2. Direct the City Manager to identify additional funding and increase the allocation to the Flexible Housing Pool, administered by BACS, and amend the contract and program guidelines if necessary, to provide emergency rental assistance and flexible funding for housing, and to report back to Council on the funding allocated and outcomes after the declared state of emergency.

SUMMARY

On Wednesday, March 11, 2020, the World Health Organization declared a COVID-19 world-wide pandemic. As a result of this declaration, and the growing number of people affected by the disease, social norms are significantly impacted. Many of Berkeley's small businesses have already seen a 25 – 75% drop in gross receipts since the COVID19 outbreak compared to the same time period in 2019. (Attachment #1)

Arts and entertainment venues have closed as have Berkeley schools and UC Berkeley will complete the semester with online instruction – requiring that many students vacate campus provided housing and return to their home communities. Revenues that are determined by patronage have stopped.

Businesses and nonprofits are instructing employees to stay home, many without pay. Gig workers and those with performance contracts will no longer be working and garnering income. Rent payments to local landlords will be delayed which could lead to eviction and possibly impact the ability to pay mortgages and property maintenance.

Berkeley has always come together as a community when facing challenging times, whether it be earthquake or fire, library renovation, support for our schools, increasing affordable housing and addressing our homeless crisis. The COVID-19 pandemic will,

once again, challenge our community. Creating the Berkeley COVID-19 Relief Fund will provide a way for the Berkeley community to come together to support each other during this trying time. It will provide financial help to our small businesses, Arts community and support those in our community who cannot pay their rent through no fault of their own.

BACKGROUND

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 are facing an eviction.

Concerns over COVID-19, along with recommendations of social distancing has had a major impact on the local economy. While such actions are necessary to help reduce the spread of the virus, the economic fallout is disproportionately impacting minimum wage and low-income workers, many of whom live paycheck-to-paycheck. With many of these workers seeing a reduction in wages, their risk of being unable to pay the rent and therefore face eviction increases. To help mitigate these impacts, this item requests that the City Manager identify additional funding and increase the allocation to the Flexible Housing Subsidy Pool, administered by BACS, and amend the contract and program guidelines if necessary, to provide emergency rental assistance and flexible funding for housing, and to report back to Council on the funding allocated and outcomes after the declared state of emergency.

Additionally, City Arts venues and small businesses will experience little to no income during the crisis. While Federal and State resources are slowing becoming available to assist, access to these funds could take weeks. Many businesses and Arts venues will suffer greatly and some may actually need to close unless there is some immediate financial help to bridge until other government funds become available. It will to the benefit of the Berkeley community-at-large that our business are able to reopen and rebound.

RECOMMENDATIONS FOR IMPLEMENTATION

The City Manager is requested to explore the creation of a tax-exempt special fund at up to \$ 3 million dollars, to provide gap resources to be matched with grants or philanthropic donations to provide gap assistance to renters, small businesses and arts organizations significantly impacted (demonstrated decrease in gross receipts or patronage) by the COVID-19 state of emergency. The City Manager is requested to consider all federal, state and not-for-profit funding available to provide economic relief to businesses and arts organizations which can be leveraged with the City's additional funding.

The City Manager is requested to consider the following recommendations related to the administration of a COVID-19 Relief Fund:

As donations are deposited, Berkeley COVID-19 Relief Fund resources could be divided proportionately between small businesses, Art and Entertainment venues and Rental Assistance.

Small business allocations could be administered by the City of Berkeley Office of Economic Development. Criteria for receiving funding and amount of funding may be established by the Office of Economic Development with input from stakeholders from representatives from all Berkeley Business Improvement Districts and the Chamber of Commerce. Grants should be based on the decline in revenue from patronage compared to the same time in 2019.

Art and Entertainment venue allocations could also be administered by the City of Berkeley Office of Economic Development. Criteria for receiving funding and amount of funding may be established by the Office of Economic Development with input from stakeholders from representatives from at least two (2) Art and Entertainment venue management. Grants should be based on the decline in revenue from patronage receipts compared to the same time in 2019.

Rent assistance to Tenants will be administered by Bay Area Community Services under their current contract for the Flexible Housing Subsidy Pool. City of Berkeley HHCS staff may need to modify the contract and administrative guidelines as required. Tenants with demonstrated impact from the COVID19 epidemic, will qualify for access to Flexible Housing Subsidy funds for this purpose.

FINANCIAL IMPLICATIONS

Up to \$3 million dollars with funding sources to be identified by the City Manager

ENVIRONMENTAL SUSTAINABILITY

Will support the economic sustainability of the Berkeley community as it recovers from the COVID19 pandemic.

CONTACT PERSON

Jesse Arreguin, Mayor, (510) 981-7100

Attachments:

1. Letter from Berkeley Chamber, Downtown Berkeley Association, Telegraph Improvement Business District and Visit Berkeley



VIA EMAIL
March 13, 2020

Mayor Jesse Arreguin and City Council
City of Berkeley
2180 Milvia St.
Berkeley, CA 94704

To the Mayor and Berkeley City Council,

As you know, Berkeley is a city of small businesses; many of whom have already seen a 25-75% drop in gross receipts since the COVID-19 outbreak as compared to this time last year. The situation is quickly going from bad to worse, with many of our arts and entertainment venues having closed or likely needing to close soon. Many small businesses, nonprofits, arts organizations, and other businesses do not have a cushion in their budget to weather this type of pandemic. It is incumbent upon the City of Berkeley to do what is necessary to help these businesses survive the economic impact of this unprecedented crisis. Hence, we request that the City immediately consider taking the following measures, similar to action recently taken in New York City and San Francisco:

1. Defer, discount or waive (or even refund, or do not deposit recent) business taxes and fees (for nonprofits where applicable) including garbage collection, health inspection, and business license fees.
2. Start a fund for small business and nonprofits with grants for up to \$10,000 to provide immediate relief (e.g., with fewer than five employees and up to 40% of payroll costs for two months).
3. Provide interest-free loans up to \$75,000 for businesses and nonprofits with 25% or more drop in gross receipts, if SBA loans prove insufficient in timing, amount or rate.
4. Request that the Governor declare an economic emergency disaster to activate immediate SBA loans and defer payroll and other taxes.
5. Seek unemployment benefits and additional support at the local, state and federal level for employees and contract workers with significant loss of income.
6. Establish a moratorium on new business regulations (e.g., Fair Workweek, Healthy Checkout, etc).

Sincerely,

Kirsten MacDonald, CEO
Berkeley Chamber

John Caner, CEO
Downtown Berkeley
Association

Alex Knox, Executive Director
Telegraph Business
Improvement District

Barbara Hillman, CEO
Visit Berkeley