



Berkeley Homeless
Services Panel of Experts

MEETING AGENDA September 7, 2022 – 7:00 PM

Join Zoom Meeting: <https://zoom.us/j/92491365323>

To join by phone: Dial 1-669-900-6833 and enter Meeting ID: 924 9136 5323

Commission Secretary: Josh Jacobs (jjacobs@cityofberkeley.info; 510-225-8035)

Mayor Arreguin:
Carole Marasovic

Rashi Kesarwani:
Vacant

Terry Taplin:
Denah Bookstein

Ben Bartlett:
Paul Kealoha-Blake

Kate Harrison:
Mary Ann Meany

Sophie Hahn:
Cameron Johnson

Susan Wengraf:
Alice Feller

Rigel Robinson:
Donnell Jones

Lori Droste
Vacant

1. Roll Call.
2. Public Comment on non-agenda items.
3. Approval of Minutes from June 22, 2022 and July 6, 2022. [Attachments 1 and 2].

Updates/Action Items:

4. Agenda Approval.
5. Election of Vice Chair. Discussion and possible action.
6. Chair report. Discussion.
7. Discussion of a progressive real estate transfer tax reform proposal to amend Measure P. Discussion and possible action.
8. Discussion of rescheduling the October meeting. Discussion and possible action.
9. Letter of Support for Allocation of Measure P monies towards development of supportive housing at 1367 University Avenue. Discussion and possible action.
10. Discussion of site visit to STAIR/Pathways. Discussion and possible action.
11. Discussion and creation of work plan. Discussion and possible action.
12. Adjourn.

Attachments:

1. Minutes from June 22, 2022.
2. Minutes from July 6, 2022.
3. Measure P Text.
4. Investigating the Financial Impact of a Progressive Real Estate Transfer Tax.
5. Additional Allocation of Measure P Funding to "Step Up Housing" Project.

A Vibrant and Healthy Berkeley for All

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this meeting of the City Council will be conducted exclusively through teleconference and Zoom videoconference. Please be advised that pursuant to the Executive Order and the Shelter-in-Place Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, there will not be a physical meeting location available.

If you do not wish for your name to appear on the screen, then use the drop-down menu and click on "rename" to rename yourself to be anonymous. To request to speak, use the "raise hand" icon by rolling over the bottom of the screen.

To join by phone: Dial 1-669-900-6833 and enter Meeting ID: 938 4539 3201. If you wish to comment during the public comment portion of the agenda, Press *9 and wait to be recognized by the Chair.

Correspondence and Notice of Decision Requests:

Deadlines for Receipt:

- A) Supplemental Materials must be received by 5 PM the day before the meeting.
- B) Supplemental Communications must be received no later than noon the day of the meeting.

Procedures for Distribution:

- A) Staff will compile all Supplemental Materials and Supplemental Communications received by the deadlines above into a Supplemental Packet, and will print 15 copies of this packet for the Commission meeting.
- B) For any Supplemental Material or Communication from a Commissioner received after these deadlines, it is the Commissioner's responsibility to ensure that 15 printed copies are available at the meeting. Commissioners will not be reimbursed for any printing or materials expenses.
- C) Staff will neither print nor distribute Supplemental Communications or Materials for subcommittee meetings.

Procedures for Consideration:

- A) The Commission must make a successful motion to accept and receive all Supplemental Materials and Communications into the record. This includes the Supplemental Packet compiled by staff.
- B) Each additional Supplemental Material or Communication received by or before the meeting that is not included in the Supplemental packet (i.e., those items received after the respective deadlines above) must be individually voted upon to be considered by the full Commission.
- C) Supplemental Materials subject to a Commission vote that are not accepted by motion of the Commission, or for which there are not at least 15 paper copies (9 for each Commission seat, one for staff records, and 5 for the public) available by the scheduled start of the meeting, may not be considered by the Commission.

****Supplemental Materials are defined as any items authored by one or more Commissioners, pertaining to an agenda item but available after the agenda and packet for the meeting has been distributed, on which the Commission is asked to take vote at the meeting. This includes any letter to Council, proposed Council report, or other correspondence on behalf of the Commission for which a full vote of the Commission is required.***

*****Supplemental Communications are defined as written emails or letters from members of the public or from one or more Commissioners, the intended audience of which is the full Commission. Supplemental***

Communications cannot be acted upon by the Commission, and they may or may not pertain to agenda items.

Any writings or documents provided to a majority of the Commission regarding any item on this agenda will be made available for public inspection at Health, Housing & Community Services Department located at 2180 Milvia Street, 2nd Floor.

Public Comment Policy:

Members of the public may speak on any items on the Agenda and items not on the Agenda during the initial Public Comment period. Members of the public may not speak more than once on any given item. The Chair may limit public comments to 3 minutes or less.

Any writings or documents provided to a majority of the Commission regarding any item on this agenda will be made available for public inspection at Health, Housing & Community Services Department located at 2180 Milvia Street, 2nd Floor.

COMMUNITY ACCESS INFORMATION

This meeting is being held in a wheelchair accessible location. To request a disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact the Disability Services specialist at 981-6342 (V) or 981-6345 (TDD) at least 3 business days before the meeting date. Please refrain from wearing scented products to this meeting.

Communications to Berkeley boards, commissions or committees are public record and will become part of the City's electronic records, which are accessible through the City's website. Please note: e-mail addresses, names, addresses, and other contact information are not required, but if included in any communication to a City board, commission or committee, will become part of the public record. If you do not want your e-mail address or any other contact information to be made public, you may deliver communications via U.S. Postal Service or in person to the secretary of the relevant board, commission or committee. If you do not want your contact information included in the public record, please do not include that information in your communication. Please contact the secretary to the relevant board, commission or committee for further information. The Health, Housing & Community Services Department does not take a position as to the content. Communications to Berkeley boards, commissions or committees are public record and will become part of the City's electronic records, which are accessible through the City's website. Please note: e-mail addresses, names, addresses, and other contact information are not required, but if included in any communication to a City board, commission or committee, will become part of the public record. If you do not want your e-mail address or any other contact information to be made public, you may deliver communications via U.S. Postal Service or in person to the secretary of the relevant board, commission or committee. If you do not want your contact information included in the public record, please do not include that information in your communication. Please contact the secretary to the relevant board, commission or committee for further information. The Health, Housing & Community Services Department does not take a position as to the content.

ADA Disclaimer "This meeting is being held in a wheelchair accessible location. To request a disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact the Disability Services Specialist at 981-6418 (V) or 981-6347 (TDD) at least three business days before the meeting date. Please refrain from wearing scented products to this meeting."



Berkeley Homeless
Services Panel of Experts

MEETING MINUTES

June 22, 2022

1. **Roll Call:** 4:05 PM
Present: Kealoha-Blake, De la Guardia, Feller, Bookstein.
Absent: Marasovic, Jones, Meany.*
Staff: Jacobs.
Council: None.
Public: 1

2. Comments from the Public: 0

Update/Action Items

3. Approval of Minutes from June 1, 2022.

Action: M/S/C Feller/Kealoha-Blake move to approve the minutes as written.

Vote: Ayes: Kealoha-Blake, De la Guardia, Bookstein, Feller.
Noes: None. *Abstain:* None. *Absent:* Meany, Marasovic, Jones.

4. Agenda Approval.

Action: M/S/C Feller/Kealoha-Blake move to approve the agenda as written.

Vote: Ayes: Kealoha-Blake, De la Guardia, Bookstein, Feller.
Noes: None. *Abstain:* None. *Absent:* Meany, Marasovic, Jones.

5. Chair update.

Discussion; no action taken.

6. Discussion and approval of report to be submitted to Council for June 22 budget.

Action: M/S/C Kealoha-Blake/De la Gaurdia move to approve the following letter to be submitted to city council:

“We object to the use of Measure P funds in order to balance the city budget. Measure P was originally passed not as a budget balancing provision but,

A Vibrant and Healthy Berkeley for All

importantly, as a new funding source specifically to fund new programs addressing the needs of people experiencing housing insecurity and homelessness.

Frankly, we are appalled that the City of Berkeley has decided to use \$2.7 million of Measure P funds to pay for programs already in existence—in most cases for many years. This flies in the face of the original intent of Measure P. It is deeply disappointing, given how desperately extra funds are needed, and will be needed, to address the city’s housing crisis and need for more homeless support services.

While we support these existing homeless programs individually, and many of these programs provide great services, we feel their funding must continue to come from their original funding source.”

Vote: Ayes: Kealoha-Blake, De la Guardia, Bookstein, Feller.
Noes: None. Abstain: None. Absent: Meany, Marasovic, Jones.

7. Adjourn.

Meeting adjourned at 5:13 PM.

Minutes Approved on: _____

Josh Jacobs, Commission Secretary: _____

* Please note that this meeting was held due to a scheduling error and any absences were due to that error.



Berkeley Homeless
Services Panel of Experts

MEETING MINUTES

July 6, 2022

1. **Roll Call:** 7:00 PM
Present: Kealoha-Blake, De la Guardia (7:15 PM), Feller, Bookstein, Marasovic, Jones (7:02 PM), Meany.
Absent: None.
Staff: Jacobs, Vasquez, McCormick.
Council: None.
Public: 4

2. Comments from the Public: 1

Update/Action Items

3. Approval of Minutes from June 22, 2022.

Discussion; no action taken.

4. Agenda Approval.

Action: M/S/C Bookstein/Kealoha-Blake move to approve the agenda as amended to delete item ten.

Vote: Ayes: Kealoha-Blake, Bookstein, Feller, Meany, Marasovic, Jones.
Noes: None. *Abstain:* None. *Absent:* De la Guardia.

5. Staff presentation on request for Measure P monies for Pathways needs-ADA accommodations, pallettes. Discussion and Possible Action.

Action: M/S/C Marasovic/Jones the Homeless Services Panel of Experts—prior to making any recommendations for the pallets and/or the ADA accommodations at the PATHWAYS STAIR Center—first seeks additional information on the exact allocation for the ADA and pallet individual allocations and is seeking a COVID safe site visit to pathways during the month of August to be conducted by the HSPE commissioners and two other individuals qualified as experts in disabilities issues including at least one with physical disabilities.

Vote: Ayes: Kealoha-Blake, De la Guardia, Bookstein, Feller, Meany, Marasovic, Jones.
Noes: None. *Abstain:* None. *Absent:* None

A Vibrant and Healthy Berkeley for All

- 6. Staff proposal to extend community agency funding cycle. Discussion and possible action.

Action: M/S/C Marasovic/Feller move to request that the city post the 2019 funding proposals for those homeless service providers whose funding was approved with additional information on the following:

- Current project descriptions,
- Current funding level,
- Current hours of operation and location,
- Current staffing level,
- Current program services provided during COVID, and
- Most recent contract monitor evaluation for each provider.

Following this information provided, HSPE also requests COVID safe site visits.

Vote: Ayes: Kealoha-Blake, De la Guardia, Bookstein, Feller, Meany, Marasovic, Jones.
Noes: None. Abstain: None. Absent: None

Action: M/S/C Marasovic/Feller move to extend the meeting to 9:30 PM.

Vote: Ayes: Kealoha-Blake, De la Guardia, Bookstein, Feller, Meany, Marasovic, Jones.
Noes: None. Abstain: None. Absent: None

- 7. Presentation from Abode on the Roadway. Discussion and possible action.

Discussion; no action taken.

- 8. Adjourn.

Meeting adjourned at 9:20 PM.

Minutes Approved on: _____

Josh Jacobs, Commission Secretary: _____

ORDINANCE NO. #,###-N.S.

INCREASING THE REAL PROPERTY TRANSFER TAX TO FUND GENERAL
MUNICIPAL SERVICES

BE IT ORDAINED by the people of the City of Berkeley as follows:

Section 1. Findings and declarations.

The People of the City of Berkeley find and declare as follows:

A. Berkeley is facing an emergency, with homelessness rising by almost 20% from 2015 to 2017.

B. Approximately 1000 individuals experience homelessness every day in Berkeley, including almost 700 who are without shelter.

C. The growth of homelessness in Berkeley and throughout the State of California, brought about largely due to a national, statewide and regional lack of affordable housing, healthcare, mental health and other supportive services for vulnerable individuals, has provided a new sense of urgency to address this crisis.

D. The crisis of homelessness results in large numbers of people living on Berkeley's sidewalks, in parks and in other public spaces that were not designed for human habitation, creating public health and safety impacts the City must regularly address, requiring increasing expenditures from the General Fund.

E. In 2016, Berkeley declared a Homeless Shelter Crisis (Res. No. 67,357-N.S.), recently extended to January 2020 (Res. No. 68,206-N.S.), which allows the City to explore a wide variety of responses to rising homelessness, and remove obstacles to implementation.

F. The homeless crisis has created an urgent need to pay for additional services to care for and house the homeless including, but not limited to, homeless seniors, veterans, people with disabilities, transition-age youth and the long-term homeless, and for services for homeless people such as emergency shelters, navigation centers, rehousing counseling, rental subsidies, job training, mental health support, emergency transport and crisis response.

G. In April of 2017, to respond to the homeless crisis, the Berkeley City Council unanimously passed the Pathways Project, a comprehensive plan to address homelessness, focused on preventing homelessness, increasing access to permanent and supportive housing and creating an unbroken path from homelessness to housing, and rebuilt lives.

H. Berkeley is now implementing the Pathways Project's two goals: (1) to provide homeless individuals with temporary respite and relief from living on the streets and, to the extent possible given resources, permanent housing, services and support; and (2) to relieve pressure from areas of Berkeley experiencing disproportionate impacts of concentrated homeless populations, and throughout Berkeley.

I. The Pathways Project's Navigation Center, a low-barrier 24-hour shelter with on-site case management and housing counseling, opened in June of 2018 and is already helping chronically homeless individuals to obtain permanent housing.

J. Regionally, Berkeley is working to expand shelter, services and housing resources to address homelessness and reduce displacement, and to ensure sharing of resources and costs equitably among communities.

K. Berkeley is also working to ensure all public funds available to address homelessness and affordable housing are being maximized, from the County, State and Federal governments.

L. Even with the addition of Alameda County, State, and Federal resources, Berkeley is unable to shelter all of its homeless residents, or to meet the complex challenges of providing affordable housing, health and mental health services, job training, housing counseling and other desperately needed services.

M. The increased costs of meeting the challenges of the homeless crisis have impacted Berkeley's General Fund. The City needs new funds to pay for municipal services, including homeless services, and expert advice to determine how best to use the City's limited resources to address the crisis.

Section 2. Berkeley Municipal Code Chapter 7.52 Real Property Transfer Tax, Section 7.52.040 is hereby amended to read as follows:

7.52.040 Imposed.

A. There is hereby imposed on all transfers of lands, tenements, or other interests in real property located in the City of Berkeley a real property transfer tax at the rate of one and one-half percent of the value of consideration, for transfers with a value at or below the threshold established in paragraph (C). Except as set forth in Section 7.52.060, this tax applies regardless of the method by which the transfer is accomplished or the relationship of the parties to the transfer.

B. There is hereby imposed on all transfers of lands, tenements, or other interests in real property located in the City of Berkeley a real property transfer tax at the rate of two-and-one-half percent of the value of consideration, for transfers with a value above the threshold established in paragraph (C). Except as set forth in Section 7.52.060, this tax applies regardless of the method by which the transfer is accomplished or the relationship of the parties to the transfer. For purposes of this paragraph, the tax

reduction available under Section 7.52.060.K shall be limited to the rebate that would be available based on the tax rate imposed pursuant to Paragraph A.

C. For purposes of the real property transfer tax imposed by this Section, the threshold is \$1,500,000, adjusted annually by the City of Berkeley on January 1 of every subsequent year to a number equal to the value of consideration for the transaction at the 67th percentile of transactions during the 12 months preceding September 1 of the preceding year, as recorded by the Alameda County Assessor, rounded to the nearest \$100,000 increment, provided that in no case shall any adjustment lower the threshold below \$1,500,000.

D. The two-and-one-half percent rate imposed in Paragraph B of this Section shall expire on January 1, 2029, unless reauthorized by the voters prior to such date.

Section 3. Section 7.52.190 of the Berkeley Municipal Code is hereby added to read as follows:

7.52.190 Homeless Services Panel of Experts.

- A. There shall be established the Homeless Services Panel of Experts to make recommendations on how and to what extent the City should establish and/or fund programs to end or prevent homelessness in Berkeley and provide humane services and support.
- B. An officer or employee of the City designated by the City Manager shall serve as secretary of the Panel.
- C. In accordance with Chapter 2.04, the Panel shall be composed of nine members appointed by the City Council.
- D. Terms shall expire and vacancies shall be filled in accordance with the provisions of Section 2.04.030 through 2.04.145 of this Code.
- E. Each member of the Panel must:
 - 1. Have experience in the development, administration, provision and/or evaluation of homeless programs in a government or non-profit capacity; or
 - 2. Have current or past lived experience with homelessness; or
 - 3. Have experience in researching the causes, impacts and solutions to homelessness; or
 - 4. Have experience with state and/or local homeless policy, funding or programs; or
 - 5. Have experience with federal homeless policy and funding administration such as the Continuum of Care Program; or
 - 6. Have experience in the development and financing of affordable housing for formerly homeless persons; or

7. Have experience in the provision of mental health and/or substance use programs for homeless persons.

F. In accordance with Section 3.02.040, members of the Panel may be reappointed but shall not serve more than eight consecutive years.

G. The Panel shall, by majority vote, do each of the following:

1. Annually appoint one of its members as chair and one of its members as vice-chair;

2. Approve bylaws to facilitate the proper functioning of the Panel;

3. Establish a regular time and place of meeting. All meetings shall be noticed as required by law and shall be scheduled in a way to allow for maximum input from the public. Minutes for each meeting shall be recorded, kept, and maintained; and

4. Publish an annual report that includes the following:

a. recommendations on how to allocate the City's general funds to fund homeless services programs in Berkeley;

b. information, if available, concerning the impact of funded programs on the residents of the City; and

c. any additional information that the Panel deems appropriate.

H. Within 15 days of receipt of the publication of the Panel's annual report, the City Manager shall cause the report to be published on the City's Internet website and to be transmitted to the City Council.

I. The revenue raised by the tax imposed by Section 7.52.040 is available to pay the usual and current expenses of conducting the municipal government of the City, as determined by the City Council. The City Council shall consider, but need not follow, the Panel's recommendations on how and to what extent to use this revenue to establish and/or fund programs to pay for homeless services and shall annually inform the Panel as to the extent to which it has implemented the Panel's recommendations.

Section 4. Severability.

If any word, phrase, sentence, part, section, subsection, or other portion of this ordinance, or any application thereof to any person or circumstance is declared void, unconstitutional, or invalid for any reason, then such word, phrase, sentence, part, section, subsection, or other portion, or the prescribed application thereof, shall be severable, and the remaining provisions of this chapter, and all applications thereof, not having been declared void, unconstitutional or invalid, shall remain in full force and effect. The People of the City of Berkeley hereby declare that they would have passed this ordinance, and each section, subsection, sentence, clause and phrase thereof, irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases had been declared invalid or unconstitutional.

Investigating the Financial Impact of a Progressive Real Estate Transfer Tax

To: Mayor and Members of the Berkeley City Council

From: Homeless Services Panel of Experts

Submitted by: Donnell Jones, Homeless Service Panel of Experts

Subject: Progressive Real Estate Transfer Tax Reform

RECOMMENDATION

Recommend to the city manager to refer to the city attorney investigate the following questions regarding real estate exchange, housing speculation, and city revenue:

1. How has the passage of Measure P affected city revenue each year since its passage?
2. How many real estate speculators participated in the Berkeley housing market each year over the past 10 years?
 - a. How many were domestic buyers?
 - b. How many were foreign buyers living abroad?
3. How much money exchanged hands via real estate speculation in Berkeley each year over the past 10 years?
 - a. How much was exchanged by domestic speculators?
 - b. How much was exchanged by foreign speculators?
4. What types of real estate were purchased for speculative purposes in Berkeley each year over the last 10 years?
 - a. What types were purchased by domestic buyers?
 - b. What types were purchased by foreign buyers living abroad?
5. How many real estate transactions occurred via cash each year over the past 10 years?
 - a. How many by domestic buyers?
 - b. How many by foreign buyers living abroad?
6. How many real estate transactions occurred above asking price each year over the past 10 years?
 - a. How many by domestic buyers?
 - b. How many by foreign buyers living abroad?
7. How much could city revenue potentially increase by creating a graduated real property transfer tax for ten years taxing property sales and transfers at or below \$500,000 at 1.00% with a 0.50% discount for low-moderate income first time homebuyers, taxing property sales and transfers valued between \$500,001 and \$2,000,000 at 2.5% with a 1.50% discount for low-moderate income first time homebuyers, and taxing property sales and transfers at or above \$2,000,000 at 5.00%? (see Appendix A)

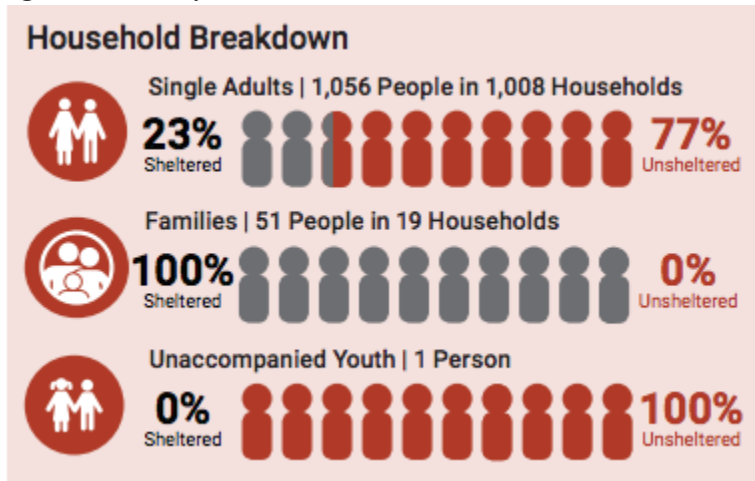
FISCAL IMPACTS OF RECOMMENDATION

Staff time.

CURRENT SITUATION AND ITS EFFECTS

In the 2019 Point-In-Time (PIT) Count, 19 homeless families with a total of 38 children were identified. However, according to the 1000-person plan, most homeless services experts agree that the “HUD PIT count actually undercounts the number of people experiencing homelessness in a community” by neglecting changes that occur on a day-to-day basis. In fact, the first finding included in the 1000-person plan estimates that over the course of 2017, up to 1,983 people experienced homelessness in Berkeley - contrary to the count of 972 derived from a single night of data (See figure 1).

Figure 1. Berkeley Point-in-Time Count.



In regards to the count on homeless families, Peter Radu with Health, Housing & Community Services stated:

“The PIT count is a one-night count and necessarily misses anyone who, let’s say, lost their housing the day after the count. Over the course of a year, we estimate that on average in Berkeley, the number of people experiencing homelessness over the course of a year is likely 2x the nightly count. For families, however, this “multiplier” is likely to be larger, given that families are less likely to experience long spells of homelessness and less likely to be chronically homeless. We can assume, then, that the multiplier is 3. This implies that over the course of a year, we actually have up to 19 x 3 = 57 homeless families in Berkeley -- incidentally, I ran a roster at our only family shelter for the past year, which saw exactly 57 families”

Source: Berkeley Youth Commission Public Record November 12th, 2019

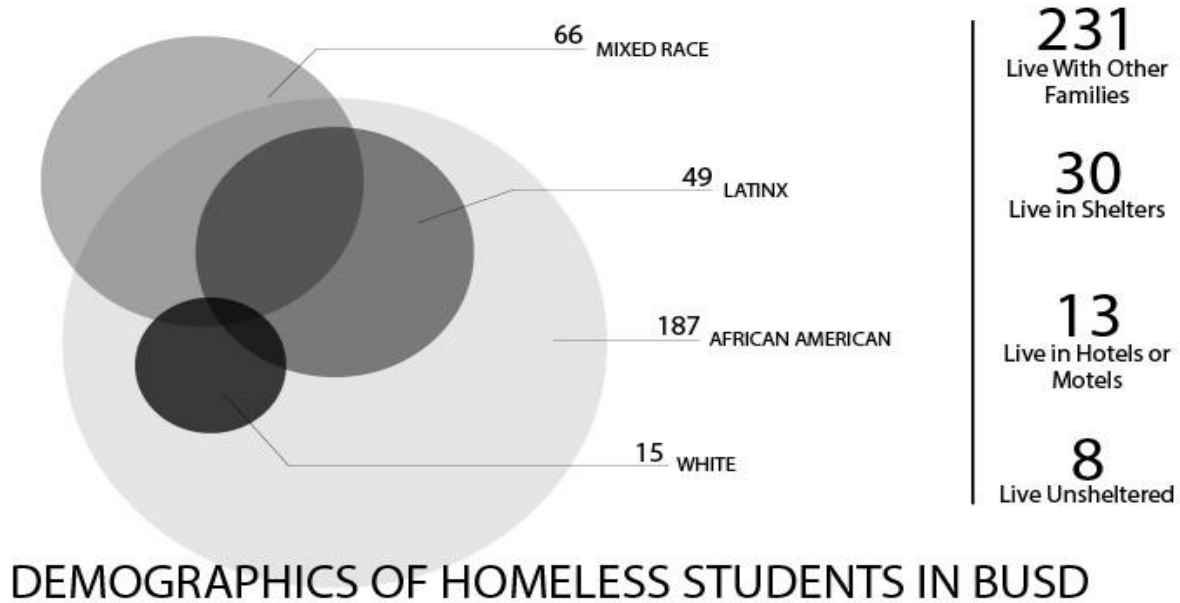
Moreover, according to both the 2017 and 2019 PIT Count, the average homeless family in Berkeley has 2 children. Given that over a given year, roughly 57 families experience homelessness, the data suggests that over the course of a year, we actually have up to 57 x 2 = 114 homeless children annually in Berkeley.

In summary, our best pre-pandemic HUD-based estimates reveal 57 homeless families with 114 children in the city of Berkeley in a given year. The HUD-based estimate is based on a definition of homelessness which excludes homeless families in motels and “doubled up” families living in guest rooms, living rooms, and single-room occupancy units (SROs) or “residential motels.”

The typical homeless family in America is a single mother with two children -- three quarters of homeless families are families of color (Nunez and Fox 1999). In Berkeley, this is not the case. In Berkeley, 97% of

homeless families are families of color (Berkeley Unified School District 2017). Berkeley unified school district counted a total of 317 homeless K-12 students, 302 of them students of color. Per the McKinney-Vento Act of 1987, all public schools must annually record their number of homeless students via their respective McKinney-Vento liaison.

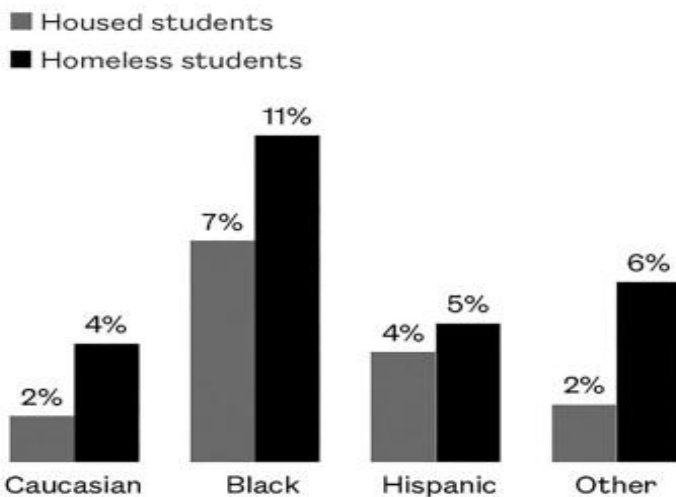
Figure 2. Berkeley Unified School District Demographic Chart



Source: Berkeley Unified School District 2017

Homeless children are profoundly vulnerable. In the Seattle Unified School District, Homeless Children of Color are the most frequently suspended and expelled compared to every other demographic.

Figure 3. Institute for Children, Poverty, and Homelessness 2017.



Source: Institute for Children, Poverty, and Homelessness 2017

Some reasons why homeless children of color are the most frequently expelled and suspended may be that homeless children are sick at twice the rate of other children, twice as likely to develop asthma, and five times more likely to be chronically absent (Children’s Health Watch 2018). By eight years old, one in three homeless children has a major mental disorder (National Child Traumatic Stress Network 2005).

On average, less than one out of four homeless children are expected to graduate high school (National Center on Family Homelessness, 2012) explaining in part why the most reliable predictor of experiencing homeless as an adult is having experienced homelessness as a child (California Policy Lab 2019). Furthermore, since in Berkeley homeless students are dramatically more likely to be students of color, their graduation rates are likely less than the national average. Whereas the national average graduation rate for homeless children is 12%, Berkeley’s rates are likely closer to 10% or less. In a recent report from the Turner Center (2022) lack of a high school diploma was the strongest unifying characteristic of the extremely low-income earners of the Bay Area -- people earning 30% or less of the average median income regionally.

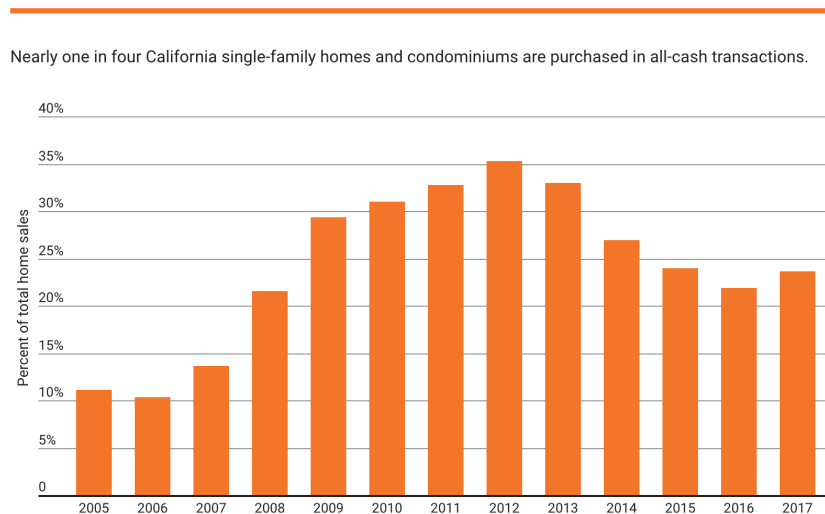
BACKGROUND

In 2018, the city of Berkeley overwhelmingly approved Measure P with the implied purpose of increasing the general fund to establish resources that could be used for homeless services. Measure P, much like Oakland’s Measure X, established a graduated real estate transfer tax rate but with two tiers instead of four. In the lower tier, all properties valued at \$1.5M or less are taxed at 1.5% and in the upper tier, all properties valued above \$1.5M are taxed at 2.5%.

As real estate values climb, so do rents creating an affordability crisis in urban localities.

Real estate speculators have capitalized on the affordability crisis, worsening the problem. Many of these “investors” aren’t based in the United States. These investors include Chinese housing speculators, who are among the fastest-growing owners of California real estate. Unlike working-class families, many of these foreign real estate speculators exclusively buy in cash and they are more than twice as likely to pay in cash as domestic buyers (California Association of Realtors). The percentage of California single-family homes bought in all-cash transactions has climbed in the past decade from 10 to 25 percent (see figure 5).

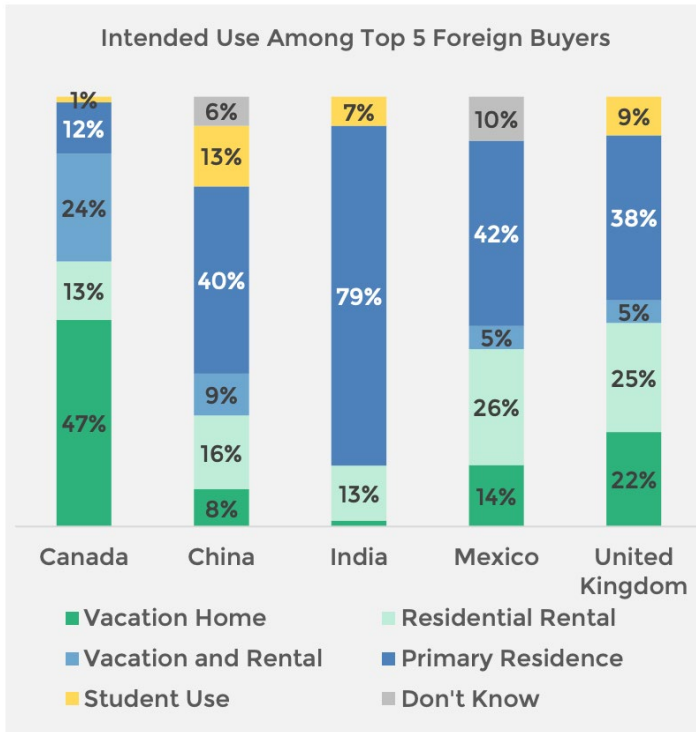
Figure 4. Percentage of Total Home Sales.



Source: ATTOM Data Solutions. 2017 data does not include last three months of year.

Foreign buyers who reside abroad accounted for 42% of home purchases (Commercial Real Estate Lending Survey). What’s more alarming is that foreign real estate speculators were able to outbid local home buyers on average by more than \$50,000, thereby raising overall prices and making homeownership even less accessible to working families. More than half of all real estate purchased by the top 5 foreign buyers was intended for speculative purposes (see figure 6). No state in the country has attracted nearly as much attention from Chinese buyers as California, site of nearly 40 percent of all Chinese home purchases in the U.S. Sixty-five percent of foreign buyer purchases were detached single-family homes and townhouses.

Figure 5. Intended Use Among Top 5 Foreign Buyers.



In 2018, the city of Berkeley passed Measure P with more than 72% approval.

Measure P also established an independent citizen commission called the Homeless Services Panel of Experts to recommend how funding for homeless services should be allocated.

In 2017, prior to the passage of Measure X, the City of Oakland collected \$79M from the transfer of real estate (2017 Comprehensive Annual Financial Report, City of Oakland). In 2018 voters overwhelmingly approved Measure X, establishing a four-tiered graduated real estate transfer tax rate in the city of Oakland (see figure 1). In the fiscal year following the passage of Measure X, the city of Oakland collected \$104M in general fund revenue from the transfer of real estate, boasting an impressive increase of almost 75% in revenue compared to the previous year (2019 Comprehensive Annual Financial Report for the City of Oakland). If the current four tiers were collapsed into two tiers and the transfer tax rate was adjusted to 2.5% for all properties valued at \$2M and above, we anticipate that yield to city revenue would increase further. According to cross-referenced data from Zillow pertaining to the sale of multi-million dollar properties in Oakland for the year 2019, the sale of real estate valued between \$2M and \$5M generated approximately \$8M in general fund revenue. Under the potential two-tier structure described, we estimate that the city will collect an additional \$60,000.00 in general funds.

Figure 6. City of Oakland Real Estate Transfer Tax (RETT) - Post Measure X.

Amount of Transfer	Tax Rate	Low-Moderate Income First Time Home Buyers Tax Rate After Applying 0.5% Discount
\$300,000 or less	1.00%	0.50%
\$300,001- \$2,000,000	1.50%	1.00%
\$2,000,001- \$5,000,000	1.75%	n/a 1.75%
More than \$5,000,000	2.50%	n/a 2.50%

RATIONALE FOR RECOMMENDATION

Every Berkeley family and child deserves a safe and stable home. We are seeking this information to gain a clearer understanding of the current state of the city’s fiscal status for the purpose of transparency and accountability. An investigation into the potential impact of RETT reform with the implied purpose of providing resources to end the cycle of family homelessness in Berkeley is needed.

Language for a potential measure could read as follows:

Shall the ordinance raising funds for general municipal purposes such as rehousing homeless families and children; creating a graduated real property transfer tax for ten years taxing property sales and transfers at or below \$500,000 at 1.00% with a 0.50% discount for low-moderate income first-time homebuyers, taxing property sales and transfers valued between \$500,001 and \$2,000,000 at 2.5% with a 1.50% discount for low-moderate income first-time homebuyers, and taxing property sales and transfers at or above \$2,000,000 at 5.00%; and establishing a Family Homelessness Subcommittee of the Homeless Services Panel of Experts tasked with recommending solutions to end family homelessness, be adopted?

Figure 7. Proposed Real Estate Transfer Tax Tiers

Amount of Transfer	Tax Rate	Low-Moderate Income First Time Home Buyers Tax Rate After Applying Discount
\$500,000 or less	1.00%	0.50%

\$500,001- \$2,000,000	2.50%	1.00%
More than \$2,000,000	5.00%	n/a 5.00%

A direct connection can be drawn between the issue of housing affordability and family homelessness. Zillow-Sponsored study found that communities where rent costs exceed 22% of median income experience higher rates of homelessness than those with a lower rental cost burden. This research also indicates that communities where rent costs exceed 32% of the median income experience rapid increases in homelessness. Research conducted by Vital Signs shows that housing costs in the Bay Area are higher than almost anywhere in the country. Their study also concluded that nearly 40% of households in the Bay Area currently spend more than 35% of their income on housing.

Since understanding that the issue of family homelessness in the Bay Area is a matter of housing affordability, we believe that an adjustment to the RETT to generate additional funding to combat the issue of family homelessness is required for Berkeley to be a healthy and vibrant city for all.

CONSENT CALENDAR

August 3, 2022

To: Honorable Mayor and Members of the City Council
 From: Councilmember Ben Bartlett (Author), Councilmember Susan Wengraf and Councilmember Rashi Kesarwani (Co-Sponsors)
 Subject: Additional Allocation of Measure P Funding to “Step Up Housing” Project

RECOMMENDATION

Adopt a resolution allocating an additional \$114,660 per year for 10 years, from Measure P transfer tax receipts to support the increased costs for the lease and operation of a new permanent supportive housing project for the unhoused at the Step-Up Housing Project at 1367 University Avenue. In addition, refer to the next meeting of the Budget and Finance Policy Committee to confirm the availability of requested funding.

BACKGROUND

California has the highest real world poverty rate of any state, 17.2% over the previous three years and much higher than the national rate.¹ A major contributing factor to the state’s high poverty indices is that many California residents spend much of their income on housing due to high construction costs.² Throughout the state, many affordable housing development projects are stalled, burdened, and have incurred higher than the median costs for development.

For example, in Alameda, CA, Everett Commons, which is a low-income development that provides housing for only 20 families, costs \$947,000 per unit.³ The notoriously high price of land and the rising cost of construction materials are contributing factors. On the other hand, the Step-Up Housing Initiative uses an efficient and cost-effective modular construction model that provides 39 individuals with not only stable housing, but a safe and supportive environment where they can access critical employment, health, substance abuse, and community resources and services. Berkeley can help address the shortage of homes and effectively alleviate the City’s homelessness crisis through this innovative and practical project.

CURRENT SITUATION

On October 13, 2020 the Council unanimously passed Resolution # 69,586-N.S. to authorize use of \$900,000 a year to fund a new 39-unit Step Up Supportive Housing project at 1367 University Ave. (See attachment.) BOSS is the operator of the facility, and Panoramic Interests/Swinerton Builders would construct and furnish it.

Since then, dramatic increases in construction prices and materials, supply chain complications and dramatic increases in interest fees have caused the project construction costs to rise more than 50%. At current rents of \$1,400 per unit per month, the project is infeasible and cannot be financed. If, however, rents can be raised to \$1,645 per month, the project can proceed. The higher rents would justify a larger construction loan to finance the additional costs.

To cover these increased rents, additional Measure P funds of \$114,660 per year are needed, beyond the \$900,000 already allocated. This is an increase of 12.7%.

A RECAP OF THE PROJECT -

The project will include 39 fully furnished studio apartments, private bathrooms for each studio, a 400-square-foot community room, a community kitchen, two offices for support staff and services, permanent on-site property management, and 24/7 security. The building will be constructed with modular units built around an approximately 615-square foot private central courtyard.

BOSS will provide services for Step-Up Supportive Housing including connecting residents to mental health resources, substance abuse recovery services, employment, education, and legal services and will accompany them to service providers when appropriate. The program will ensure participants obtain health insurance coverage and connect them to primary care providers. Opportunities for socialization and peer support will be provided through the organization of on-site support groups, learning workshops, social activities, community meals, and service visits by outside providers. BOSS will also manage an on-site food pantry in collaboration with Alameda County Community Food Bank. These services will help residents maintain stable housing, improve mental and physical health, and decrease social isolation. On-site service hours will be provided Monday-Friday, 9 am-5 pm, but the case manager or designated staff will be on-call as needed at all times.

The program will be staffed by several employees, including a program manager, housing manager, property manager, cook, maintenance worker, and overnight monitor.

REVIEW OF EXISTING POLICIES AND PLANS

Berkeley voters overwhelmingly passed Measure P in November 2018 with 72% of the vote. The Measure raised the transfer tax on property sales over \$1.5 million from 1.5% to 2%, which is expected to generate approximately \$6-8 million annually. These funds were intended to be allocated towards various homeless services, including permanent housing, supportive services, and navigation centers.

Measure P also created an independent commission, the Homeless Services Panel of Experts, to provide recommendations on funding allocations to the City Council. In December 2019, the Homeless Services Panel of Experts published its first set of recommendations for initial investments from the General Fund to address homelessness in Berkeley. The Panel's recommendations prioritized certain categories of activities and set forth a percentage of funding for each category. Permanent housing was listed as the top priority, with 30% of the funds recommended to be allocated towards such projects. The remainder was recommended to be allocated towards shelter and temporary accommodations, immediate street conditions and hygiene, supportive services, flexible housing subsidies, and infrastructure. The City Council approved on June 30, 2020, Measure P allocations for FY 2020-21 that included \$2.5 million for permanent housing subsidy.

In 2017, the City Council also referred staff to create a 1000 Person Plan, which seeks to end homelessness for 1000 people in Berkeley. In 2019, City staff responded to this referral and concluded that the Council needed to provide up-front investments in targeted homelessness prevention, light-touching housing problem-solving, rapid rehousing, and permanent subsidies. This proposal to lease and operate the StepUp Housing initiative at 1367 University would help move forward the 1000 Person Plan and accomplish the Homeless Services Panel's top priority of providing stable and permanent supportive housing for individuals experiencing homelessness.

In addition, this project also fulfills the goals of the original StepUp Housing initiative, which passed unanimously on February 14, 2017.

CONSULTATION/OUTREACH OVERVIEW

Councilmember Bartlett's office collaborated with BOSS and Panoramic Interests to ensure the long-term success of this new permanent supportive housing project, the StepUp Housing initiative. By bringing together BOSS's expertise in the field of supportive services and Panoramic's efficient modular construction model, this project can be operational and begin providing stable housing to 39 individuals within twelve months of receiving this funding commitment, resulting in dramatic savings in costs and delivery time.

BOSS was founded in Berkeley in 1971 to serve severe and persistent mentally ill homeless individuals and their families, and has since expanded to serve over 3,000 families and individuals per year across Alameda County, including persons experiencing homelessness, mental illness, former incarceration/justice system involvement, domestic or community violence, unemployment, and other crises. BOSS has 49 years of experience serving the target population, and 45 years of experience operating emergency, transitional, and permanent housing programs. Panoramic Interests has been building high density infill development projects in the Bay Area since 1990. Its work in downtown Berkeley and San Francisco includes 15 projects, adding more than 1,000 new units of housing, and 100,000 square feet of commercial space. From 1998-2004, Panoramic built seven new mixed-use apartment buildings in downtown Berkeley. During this time, Panoramic housed more than 80 Section 8 tenants, making it the largest private provider of Section 8 housing in the city.

This collaborative effort between the city, the service provider, and the developer can serve as a regional model for future permanent supportive housing projects in Berkeley and throughout the Bay Area.

RATIONALE FOR RECOMMENDATION

The City committed to funding a Step-Up Supportive Housing facility in October of 2020. The project was expected to be completed sometime in 2021-2022 but saw escalating prices, supply chain complications and rising interest rates as the final budgets were established.

The additional project costs rose by more than 50% making the project infeasible, at the original rents of \$1,400 per unit per month. (See attached documents.)

The City's additional funding commitment will enable the project to be completed as planned. It will help the homelessness crisis by allowing for the long-term and stable housing of 39 individuals experiencing homelessness as well as the provision of on-site services to help those individuals retain housing, improve their mental and physical health, connect with employment and education opportunities, and decrease social isolation. In addition, this project will serve as a regional model for other jurisdictions to consider when dealing with the homelessness crisis in their cities.

FISCAL IMPACTS

The new permanent supportive housing project, known as the Step-Up Housing at 1367 University

is requesting an additional \$114,660 per year for 10 years to cover an increase in the rental rate from \$1,400 per unit per month to \$1,645 per unit per month. The \$114,660 allocation represents a 12.74% increase from the original allocation of \$900,000 per year.

ENVIRONMENTAL SUSTAINABILITY

The project itself was determined by the Planning Department to be categorically exempt from the provisions of the California Environmental Quality Act pursuant to Section 15332 (In-Fill Development Projects) of the CEQA Guidelines.

CONTACT PERSON

Councilmember Ben Bartlett

510-981-7130

James Chang

jchang@cityofberkeley.info

ATTACHMENTS AND MATERIALS

1. Proposed Resolution
2. Letter from Donald Frazier, Exec. Dir. BOSS to Mayor Arreguin, 6-6-22
3. Budget from Swinerton Builders, June 3, 2002 showing cost increases of \$3M+.
4. Past Resolution NO. 69,586-N.S. October 13, 2020
5. Articles: “Soaring material prices, supply chain delays spook owners and developer.” Construction Dive, 4-12-21. “Mortgage rates spike to their highest level in nearly 13 years.” Washington Post, 5-5-22. Step Up Housing Council Item from February 14, 2017:
6. Additional Links
 - a. <https://www.census.gov/content/dam/Census/library/publications/2020/demo/p60-272.pdf>
 - b. <https://www.sacbee.com/article245815115.html>
 - c. <https://www.latimes.com/homeless-housing/story/2020-04-09/california-low-income-housing-expensive-apartment-coronavirus>
 - d. <https://drive.google.com/file/d/1sUgEAKJfpRaNMBAzSFdd9ajV9CA06HOe/view?usp=sharing>

RESOLUTION NO. ##,###-N.S.

ALLOCATING AN ADDITIONAL \$114,660 ANNUALLY FOR 10 YEARS OF MEASURE P FUNDS TO LEASE AND OPERATE THE NEW PERMANENT SUPPORTIVE HOUSING PROJECT FOR THE HOMELESS AT 1367 UNIVERSITY AVE.

WHEREAS, the City Council passed unanimously the original Step Up Housing Initiative introduced by Councilmember Bartlett, Councilmember Wengraf, Councilmember Kesarwani, and Mayor Arreguin on October 13, 2020; and

WHEREAS, Measure P was passed by Berkeley voters in November 2018 to raise the transfer tax on roughly the top-third of properties from 1.5% to 2% and allocate those funds towards various homeless services, including permanent housing, supportive services, and navigation centers; and

WHEREAS, Measure P designated the Homeless Services Panel of Experts to advise the Council on expenditures for homeless services; and

WHEREAS, in December 2019 the Homeless Services Panel of Experts published their recommendations for initial allocations under Measure P, including highlighting permanent housing as the City's top priority and recommending 30% of Measure P funds be allocated to permanent housing; and

WHEREAS, the City Council approved on June 30, 2020 Measure P allocations for FY 2020-21 that included \$2.5 million for permanent housing subsidy; and

WHEREAS, the Berkeley Zoning Adjustments Board approved the permanent supportive housing development project at 1367 University on July 9, 2020.

WHEREAS, construction costs, materials costs, and interest rates have increased dramatically in the past 18 months, making the project infeasible at the current rent of \$1,400 per unit per month

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that the following be approved for the StepUp Housing at 1367 University Ave:

- A reservation of approximately an additional \$114,660 year in ongoing funds annually for 10 years for the leasing and operation of the proposed project, with funding adjusted annually based on the Consumer Price Index for Oakland-Hayward-Berkeley, CA.
- In the event BOSS is unable to perform its function as the service provider, an alternative qualified service provider may operate the project with the review and approval of the City Manager, or her designee.
- Further, the City's commitment is contingent upon the funding of the balance of the project.

BE IT FURTHER RESOLVED that the City Manager, or her designee, is hereby authorized to execute all original or amended documents or agreements to effectuate this action; a signed copy of said documents, agreements, and any amendments will be kept on file in the Office of the City Clerk.



June 6, 2022

Mayor Jesse Arreguin
2180 Milvia St.
Berkeley, CA 94704

Re: Permanent supportive housing at 1367 University Avenue, Resolution No. 69,586-N.S.

Dear Mayor Arreguin,

I am writing to request an additional **\$245 per unit, per month**, for our permanent supportive housing project for the homeless at 1367 University Ave.

Since the Resolution was signed in October of 2020, construction costs have skyrocketed. Our development partner has experienced a 65% increase in construction costs since we signed our master lease with them 3 years ago. Additionally, interest rates for construction loans have almost doubled. In order to keep this housing project moving ahead, we are requesting that an additional \$245/unit/month be made available to BOSS as an amendment to Resolution No. 69,586-N.S.

1. \$245/unit/month: $\$245 \times 39 \text{ units} \times 12 \text{ months} = \$114,660/\text{year}$
2. Exhibit 1: Actual construction costs are on the following page (produced by Swinerton)
 - a. 2019: Construction costs = \$5,929,731
 - b. 2022: Construction costs = \$9,860,277
3. Exhibit 2: Resolution No. 69,586-N.S. is included for your reference
4. Exhibit 3: Recent news clippings about construction costs and interest rates

Please let me know what else you need from us to make this amendment to the Resolution.

Most Respectfully,

A handwritten signature in blue ink, appearing to read 'Donald Frazier', is written over a light blue circular stamp.

Donald Frazier
Executive Director

Cc: Colleen Chawla, Alameda County Health Care Service

Exhibit 2

RESOLUTION NO. 69,586-N.S.

ALLOCATING APPROXIMATELY \$900,000 ANNUALLY FOR 10 YEARS AND A ONE-TIME AMOUNT OF APPROXIMATELY \$32,975 OF MEASURE P FUNDS TO LEASE AND OPERATE THE NEW PERMANENT SUPPORTIVE HOUSING PROJECT FOR THE HOMELESS AT 1367 UNIVERSITY AVE.

WHEREAS, the City Council passed unanimously the original Step Up Housing Initiative introduced by Councilmember Bartlett on February 14, 2017; and

WHEREAS, Measure P was passed by Berkeley voters in November 2018 to raise the transfer tax on roughly the top-third of properties from 1.5% to 2% and allocate those funds towards various homeless services, including permanent housing, supportive services, and navigation centers; and

WHEREAS, Measure P designated the Homeless Services Panel of Experts to advise the Council on expenditures for homeless services; and

WHEREAS, in December 2019 the Homeless Services Panel of Experts published their recommendations for initial allocations under Measure P, including highlighting permanent housing as the City's top priority and recommending 30% of Measure P funds be allocated to permanent housing; and

WHEREAS, the City Council approved on June 30, 2020 Measure P allocations for FY 2020-21 that included \$2.5 million for permanent housing subsidy; and

WHEREAS, the Berkeley Zoning Adjustments Board approved the permanent supportive housing development project at 1367 University on July 9, 2020.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it approves the following for the project at 1367 University Ave:

- A reservation of approximately \$32,975 in Measure P funds for start-up costs associated with the project.
- A reservation of approximately \$900,000 in ongoing funds annually for 10 years for the leasing and operation of the proposed project, with funding adjusted annually based on the Consumer Price Index for Oakland-Hayward-Berkeley, CA.
- In the event BOSS is unable to perform its function as the service provider, an alternative qualified service provider may operate the project with the review and approval of the City Manager, or her designee.
- Further, the City's commitment is contingent upon the funding of the balance of the project.


BE IT FURTHER RESOLVED that the City Manager, or her designee, is hereby authorized to execute all original or amended documents or agreements to effectuate this action; a signed copy of said documents, agreements, and any amendments will be kept on file in the Office of the City Clerk.

The foregoing Resolution was adopted by the Berkeley City Council on October 13, 2020 by the following vote:

Ayes: Bartlett, Davila, Droste, Hahn, Harrison, Kesarwani, Robinson, Wengraf, and Arreguin.

Noes: None.

Absent: None.



Jesse Arreguin, Mayor

Attest: 

Mark Numainville, City Clerk

DEEP DIVE

Soaring material prices, supply chain delays spook owners and developers

The rising cost of many materials and increased sourcing headaches have project owners rethinking their return to normalcy and threaten to derail construction's expected resurgence.

Published April 12, 2021



Joe Bousquin
Senior Reporter



The Washington Post

Mortgage rates spike to their highest level in nearly 13 years

The 30-year fixed average hasn't been this high since August 2009



By Kathy Dorn

May 5, 2022 at 10:12 a.m. EDT

