



Housing Advisory Commission

ACTION CALENDAR

February 27, 2018

(Continued from February 13, 2018)

To: Honorable Mayor and Members of the City Council
 From: Housing Advisory Commission
 Submitted by: Igor Tregub, Chairperson, Housing Advisory Commission
 Subject: Housing Advisory Commission's U1 Recommendations

RECOMMENDATIONS

Targeting of U1 Funds

The City should consider establishing a household income targeting goal regarding U1 expenditures and housing affordability. To set this goal, the City could consider the use of progress made towards meeting the City's Housing Element RHNA numbers. At present, the most under-served income groups are households with extremely low-incomes, low-incomes, and moderate-incomes.

A second issue is how income groups are defined for purposes of allocating U1 funds. In general, affordable housing programs use Alameda County incomes defined by household size to determine program eligibility. While it can be argued that very low-income should be defined with a higher income threshold in Berkeley than in some other areas of Alameda County (considering differentials in the cost of living), there really are few other options, particularly if the City and its partners use U1 funds to leverage other funding from state and federal sources.

Recommendations for Allocation of U1 Funds

- Initially allocate 15% for anti-displacement activities. These activities could include eviction defense and housing counseling, funding the housing retention program, and additional funds for a flexible housing subsidies pool.

Remainder of funds to be used to maintain and increase the supply of permanently affordable housing; this may include co-operative housing.

- Do not allocate all U1 revenues in a given fiscal year to a single project.

Administrative Recommendations

- City to determine what percentage of U1 funds to be allocated for administration of U1 funds.
- When appropriate, use the Housing Trust Fund process to allocate funds.

- Track U1 deposits and expenditures – as promised in the ballot measure.
 - City needs to establish a way to track U1 Funds and expenditures.
 - City should prepare an annual report by May of each year for the HAC and public that reports on revenues and expenditures related to U1 funds.

The Housing Advisory Commission unanimously adopted sending the recommendations in this report to the City Council at their December 7, 2017 meeting:

Action: M/S/C (Tregub/Lord) to adopt the Recommendations on the Use of Measure U1 Funds from the U1 Subcommittee with certain amendments.

Vote: Ayes: Amezcua, Johnson, Kesarwani, Lewis, Lord, Owens, Tregub, Wolfe, and Wright. Noes: None. Abstain: None. Absent: None.

FISCAL IMPACTS OF RECOMMENDATION

Since U1 funds represent an increase in tax revenues to the City, there should not be any long term fiscal impacts of this recommendation.

CURRENT SITUATION AND ITS EFFECTS

Although U1 funds have not yet been collected, the City Manager's office has suggested ways in which these revenues could be expended. The HAC recommendation serves as guidance to the City Manager and City Council regarding expenditures from this revenue source.

BACKGROUND

U1 was passed by three-quarters of the electorate in November 2016. The ballot language for U1 was as follows: "Shall an ordinance permanently increasing the gross receipts tax on owners of five or more residential rental units be increased from 1.081% to 2.880%, prohibiting landlords from passing the tax on to sitting tenants, and directing the Housing Advisory Commission to make recommendations on funding and programs to increase affordable housing and protect Berkeley residents from homelessness, be adopted?"

Since the measure was placed on the ballot and required only a simple majority vote to pass, the funds from U1 cannot be deposited into a special account for affordable housing, but are deposited into the City's General Fund. Because of this situation, these funds cannot be used to fund a bond measure.

ENVIRONMENTAL SUSTAINABILITY

Recommendations regarding the use of U1 does not impact the environment directly.

RATIONALE FOR RECOMMENDATION

The ballot language for the U1 Measure specified that the HAC should provide recommendations on funding and programs to increase affordable housing and protect Berkeley residents from homelessness.

ALTERNATIVE ACTIONS CONSIDERED

The HAC and a U1 Subcommittee convened by the HAC has discussed these recommendations at several meetings. It has been determined that these recommendations are broad enough to accommodate a range of future housing proposals that will be considered by City Commissions and the City Council.

CITY MANAGER

The City Manager takes no position on the content and recommendations of the Commission's Report.

CONTACT PERSON

Amy Davidson, Senior Community Development Project Coordinator, Health, Housing and Community Services, (510) 981-5406

