




Office of the City Manager

CONSENT CALENDAR
July 17, 2012

To: Honorable Mayor and Members of the City Council
From:  Christine Daniel, City Manager
Submitted by: Robert Hicks, Director, Finance
Subject: Increase the Maximum Household Very Low-Income Level from \$36,950, to \$37,400 to Qualify for City Tax and Fee Refunds, Animal License Fee Waiver, and Community Service Eligibility

RECOMMENDATION

Adopt a Resolution establishing the maximum income level for 1-2 person households in order to qualify for the Very Low Income (VLI)¹ exemption from specified local taxes and fees, Animal Licensing fee waiver, and Community Service eligibility at \$37,400 effective July 1, 2012; and rescinding Resolution No. 65,464-N.S.

FISCAL IMPACTS OF RECOMMENDATION

Since 1990, the City has received and processed very low income refunds to approved applicants for specified taxes and fees. Participants must re-certify annually that they qualify for a VLI exemption based on their maximum household income. For FY 2012, 23 approved refund participants received a total of \$29,708, for an average refund of \$1,291 per household.

The table below indicates the refunds by fund:

	Library	Parks-Landscape	Disaster Fire (CFD-1)	Fire/Emerg Tax	Sewer	Clean Storm	Utility Users	BUSD	Total
FY10	\$8,045	\$5,688	\$3,146	\$0	\$1,699	\$1,323	\$ 359	\$14,252	\$34,512
FY11	\$12,572.48	\$8,886.33	\$ 976.49	\$3,269.29	\$2,261.63	\$2,054.08	\$587.85	\$23,437.38	\$54,045.53
FY12	\$ 7,055.04	\$4,964.30	\$ 533	\$1,779.38	\$1420.61	\$1,050.74	\$198.00	\$12,706.71	\$29,707.78

¹ HUD defines Very Low Income households as households with income less than 50 percent of HUD Area Median Family Income (HAMFI). HAMFI is based on the median income for a metropolitan area or county and is adjusted up for household sizes greater than four and down for household sizes less than four. For 2012 the HUD Median Family Income level for the Oakland/Fremont area is \$92,300.

CURRENT SITUATION AND ITS EFFECTS

The City of Berkeley's maximum VLI was increased to \$36,950 in September 2011, the level established by the U.S. Department of Housing and Urban Development (HUD) in that year. HUD has increased the VLI in 2012 and, therefore, the City's current VLI level is below that of HUD.

BACKGROUND

Several City of Berkeley taxes, assessments, and fees contain exemptions for very low income households and authorize the City Council to establish the level of "very low income" for purposes of the exemption. These are Parks/Trees/Landscaping Tax (BMC 7.10.030); Library Relief Act of 1980 (BMC 7.56.035); Utility Users Tax (Video/Cable Services only, (BMC 7.70.075); Disaster Fire Protection Tax (BMC 7.82.030), and; the Fire Protection and Emergency Response Tax (BMC 7.81.040). Similar exemptions were established for a number of City fees: Sanitary Sewer fees (BMC 17.04.010.A.4); Clean Storm Water fees (BMC 7.76.040), and; Animal Licensing fees (BMC 10.04.032). This level is also used to establish eligibility for Community Service work in lieu of payment of parking fines (BMC 1.20.040).

VLI levels previously established or amended by Council resolution have been consistent with HUD guidelines as an administrative convenience. The program levels began in 1990 at \$7,000 and have increased through the years to \$12,000, \$15,000, and \$21,000 (June 24, 1997) for 1-person households in the California/Bay Area-Oakland area.

When Council increased the VLI level in June 2002, the City used the 2002 HUD guidelines, raising the maximum household income to \$29,800 and changed the program to encompass both 1 and 2-person households to ensure that seniors and others who may be sharing households are able to take advantage of the program. Since Council made this change to include 1 and 2-person households, there has not been an increase in the number of participants in the program, nor has there been a significant increase in the average refund per household.

RATIONALE FOR RECOMMENDATION

Since 1989 the Consumer Price Index (CPI) (all items for all urban consumers, San Francisco – Oakland – San Jose area) increased an average of 3.09% per year, meaning the same buying power of \$20,000 in 1989 would require roughly \$40,021 in 2012. Therefore in attempting to adjust for inflation and meet the Council's objective to assure inclusion of 2-person households in the program it seems logical to increase the "very low income" refund ceiling to HUD's 2012 qualifying guidelines for a 2-person household, or \$37,400.

Increase the Maximum Household Very Low Income Refund Level from \$36,950 to \$37,400 to Qualify for City Tax and Fee Refunds, Animal License Fee Waiver, and Community Service Eligibility

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Fiscal Year	1990	1997	2002	2008	2009	2010	2012	2013
City of Berkeley "VLI"	\$7,000	\$21,000	\$29,800	\$34,450	\$35,700	\$36,150	\$36,950	\$37,400
HUD 1-person household "VLI" level	\$16,400	\$21,050	\$26,100	\$30,150	\$31,250	\$31,650	\$32,350	\$32,700
HUD 2-person household "VLI" level	\$18,700	\$24,050	\$29,800	\$34,450	\$35,700	\$36,150	\$36,950	\$37,400

ALTERNATIVE ACTIONS CONSIDERED

None.

CONTACT PERSON

Heather M. Murphy, Revenue Collection Manager, Finance Department, 510-981-7261

Attachments:

1: Resolution

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

ESTABLISHING THE MAXIMUM INCOME LEVEL FOR 1-2 PERSON HOUSEHOLDS FOR EXEMPTION FROM SPECIFIED LOCAL TAXES AND FEES, ANIMAL LICENSE FEE WAIVER, AND COMMUNITY SERVICE ELIGIBILITY AT \$37,400 EFFECTIVE JULY 1, 2012; AND RESCINDING RESOLUTION 65,464-N.S.

WHEREAS, the Berkeley Municipal Code provides for very low income exemptions for the Parks/Trees/Landscaping Tax, Library Tax, Disaster Fire Protection Tax, Fire Protection and Emergency Response Tax, Utility Users Tax on cable services, Sanitary Sewer fees, Clean Storm Water fees, Animal License fees, and Community Service eligibility; and

WHEREAS, the Berkeley Municipal Code, and subsequent amendatory resolutions, provide that the City Council establishes and/or may adjust the qualifying very low income level by Resolution; and the U.S. Department of Housing and Urban Development (HUD) Very Low Income levels were increased in 2012; and

WHEREAS, the City of Berkeley utilizes the HUD guidelines to establish household income caps for eligibility to receive refunds on the taxes and fees identified above and community service work eligibility; and

WHEREAS, the City Council of the City of Berkeley wishes to assure that these refunds, waivers, or program eligibility accommodate at least 1-person and 2-person households.

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that effective July 1, 2012, the maximum household very low income level is established at \$37,400 to qualify for the very low income exemption for the Parks/Trees/Landscaping Tax, Library Tax, Disaster Fire Protection Tax, Fire Protection and Emergency Response Tax, Utility Users Tax on cable services, Sanitary Sewer fees, Clean Storm Water fees, Animal License fees, and Community Service eligibility.

BE IT FURTHER RESOLVED that Resolution 64,553-N.S. is rescinded.