



Rent Stabilization Board
Office of the Executive Director

DATE: June 19, 2017

TO: Honorable Members of the Rent Stabilization Board

FROM: Jay Kelekian, Executive Director

SUBJECT: Recommendation to adopt Resolutions authorizing the Executive Director to execute a contract with the Eviction Defense Center in an amount not to exceed \$140,000 and the East Bay Community Law Center in an amount not to exceed \$142,500 for the 2017/2018 Fiscal Year

Recommendation:

That the Board adopt Resolutions 17-10 and 17-11 authorizing the Executive Director to execute a contract with the Eviction Defense Center (EDC) in an amount not to exceed \$140,000 and the East Bay Community Law Center (EBCLC) in an amount not to exceed \$142,500 for the 2017/2018 Fiscal Year.

Background and Need for Rent Stabilization Board Action:

The Board has annually awarded contracts to community organizations for the provision of housing-related services to low-income tenants. Historically, the Board has contracted with EDC, EBCLC and Housing Rights, Inc. (HRI) to provide these services. EDC and EBCLC primarily provide eviction defense services to low-income households. HRI provided counseling on general landlord-tenant issues. The services provided by HRI are now provided by the Board's Public Information Unit.

Costa-Hawkins and the advent of vacancy decontrol significantly increased the financial incentive for an owner to evict a long-term tenant in good standing. In the first few years of vacancy decontrol the Board witnessed hundreds of cases of owners attempting to evict tenants without "good cause," so that they could increase the rent paid by a new tenant. This undermines the stated intent as well as the integrity of the Ordinance. The Board responded by increasing outreach and information and ensuring that low-income households had access to eviction defense services from the EDC and EBCLC.

On June 20, 2016, the Board approved funding for the EDC at \$132,000 and for the EBCLC at \$140,000 with the understanding that the organizations would seek funding from Council to respond to the significant increased need created by the affordability crisis. While the Board was persuaded by the community organizations' message that there was a grave need to fund these services given the rapid deterioration of Berkeley's affordable housing stock, the Budget and Personnel Committee ultimately recommended that the Board could not fund these organizations at an adequate level to provide the necessary service the current rental market requires. The

Committee recommended that the Board pass a resolution to recommend that Council provide EDC and EBCLC with additional funds to effectively operate their programs, because the housing crisis had reached a level that the Board was unable to adequately fund services to effectively preserve the rapidly-diminishing affordable housing stock.

The Committee also reserved the right to recommend that the Board reconsider increasing the funding for these organizations mid-year should the Board be presented with a compelling reason to do so. The former City Council allocated an amount for anti-displacement measures but did not allocate additional resources for eviction defense. At its September 19, 2016, the Board ultimately voted to increase funding for the EDC by \$27,250 (for a total of \$159,250) and increase funding for the EBCLC by \$15,000 (for a total of \$155,000) for the 2016/2017 fiscal year. The increase was identified as a one-time supplement to assist with providing enhanced resources to address the overwhelming need of both organizations with the understanding that the organizations would serve more clients and focus on preserving rental housing for the community's most vulnerable tenants.

Executive Director Recommendation

The work performed by the EDC and EBCLC are absolutely critical to the core purpose of the Ordinance – these organizations help to preserve community diversity and prevent mass displacement of vulnerable tenants. The Board has increased funding for the EDC and EBCLC consistently over the last several years both to cover inflation costs and to gradually equalize the allocation provided to each agency. I recommend continuing this dual-purposed practice and provide each organization with a modest increase to their base contract. The recommended contract for EBCLC would increase by \$2,500 (1.8%) for a new annual total of \$142,500 while the contract with EDC would increase by \$8,000 (6%) for a new annual total of \$140,000 for the 2017/2018 fiscal year. These amounts are reflected and incorporated into the balanced proposed budget appearing elsewhere on your agenda.

It is apparent that the need for services the past several year outpaces the Board's ability to adequately respond to the affordability crisis and the resultant incentive to displace long-term tenants that currently grips the city. The Board has been advocating for years that Council should bear its fair share of resources to help preserve the dwindling stock of affordable housing. I feel confident that the Mayor's Budget Recommendation submitted at the June 13, 2017 Council meeting (up for vote on June 27, 2017) will address many of these concerns as it currently proposes to set aside \$500,000 for eviction defense services in both FY 2018 and FY 2019. If Council chooses not to set aside funds to provide additional money for anti-displacement eviction defense services, I propose that the organizations return sometime in the fall to again request additional funding from the Board much as the Board approved during the 2016/2017 fiscal year.

Eviction/Section 8/Foreclosure Committee Process and Recommendation for FY 2018

The EDC and EBCLC each submitted a comprehensive proposal in March of this year that summarizes the services the respective organizations propose to provide during the upcoming fiscal year as well as the reimbursement needed to provide these services. A copy of each proposal is attached. On March 22, 2017, the Eviction/Section 8/Foreclosure Committee reviewed the proposals and heard testimony about the increasing vulnerability of low-income tenants in the current extremely unstable housing market. Examples of increased efforts to "push" tenants out of rent

controlled units were discussed by service providers as well as members of the Committee.

Upon conclusion of the discussion, the Committee approved a motion (M/S/C Chang/Townley 3-0-0-1 – Murphy absent) recommending that the EDC be funded at \$159,250 contingent on the additional \$27,500 going to increased caseload with the expectation that the Eviction Defense Center would try to obtain the additional \$27,500 in funding from City Council. The Committee also approved a motion (M/S/C Townley/Chang 3-0-0-1 – Murphy absent) to approve funding in the amount of \$148,990 for EBCLC and to invite them to come back at the next meeting with a request for supplemental funding.

Financial Impact:

The proposed balanced budget before you this evening reflects a total allocation for these services of \$282,500 (increased from the current year's base allocation of \$272,000). If the Board chooses to increase the net allocation for these services above \$282,500, it must identify from where the additional funds will come. The Board could either reduce expenditures in other line-items in the budget or, alternatively, choose to dip into the Board's reserves.

Name and Telephone Number of Contact Person:

Jay Kelekian, Executive Director (510) 981-7368

RESOLUTION 17-10

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO CONTRACT WITH THE EVICTION DEFENSE CENTER (EDC) BY EXECUTING A NEW AGREEMENT THROUGH JUNE 30, 2018, IN AN AMOUNT NOT TO EXCEED \$140,000

BE IT RESOLVED BY the Rent Stabilization Board of the City of Berkeley as follows:

WHEREAS, the Board first contracted with Eviction Defense Center (EDC) in July of 2001, to provide services to lower-income Berkeley tenants, and the Board has extended the contract with amendments each fiscal year thereafter; and

WHEREAS, the Board's contract with EDC is scheduled to expire on June 30, 2017, and a need continues to exist for providing services to lower-income Berkeley tenants on matters dealing with their tenancies; and

WHEREAS, the Board issued a request for proposal to continue these essential services for an additional year; and

WHEREAS, the Board has been extremely pleased with the excellent services provided by the EDC; and

WHEREAS, EDC responded to the RFP and has requested a continuance of funding to provide services in Fiscal Year 2017/2018; and

WHEREAS, testimony was presented to the Eviction Committee about the increasing vulnerability of low-income tenants in today's unbalanced housing market; and

WHEREAS, the Executive Director and Budget & Personnel Committee reviewed the recommendation of the Eviction Committee and modified it somewhat after reviewing the budget for this fiscal year; and

RESOLUTION 17-10

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO CONTRACT WITH THE EVICTION DEFENSE CENTER (EDC) BY EXECUTING A NEW AGREEMENT THROUGH JUNE 30, 2018, IN AN AMOUNT NOT TO EXCEED \$140,000 (Page 2)

WHEREAS, the Board has long understood that the work this organization performs significantly contributes to the preservation of affordable rental housing and has encouraged Council to allocate resources to support it; and

WHEREAS, the Mayor's current budget proposal includes funding for eviction defense that may supplement the money the Board currently grants;

NOW, THEREFORE BE IT RESOLVED, that the Rent Stabilization Board authorizes the Board's Executive Director to execute a new contract with EDC through June 30, 2018, in an amount not to exceed \$140,000 for services provided in the 2017/2018 Fiscal Year. The total amount payable under this contract shall not exceed \$299,250; and

BE IT FURTHER RESOLVED, that the Board shall consider granting supplemental funding at some point during the 2017/2018 Fiscal Year should the Council fail to provide additional eviction defense funds.

Dated: June 19, 2017

Adopted by the Rent Stabilization Board by the following vote:

Yes:

No:

Abstain:

Absent:

John Selawsky, Chair
Rent Stabilization Board

Attest: _____
Jay Kelekian, Executive Director

RESOLUTION 17-11

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO CONTRACT WITH EAST BAY COMMUNITY LAW CENTER (EBCLC) BY EXECUTING A NEW AGREEMENT THROUGH JUNE 30, 2018, IN AN AMOUNT NOT TO EXCEED \$142,500

BE IT RESOLVED BY the Rent Stabilization Board of the City of Berkeley as follows:

WHEREAS, the Board first contracted with East Bay Community Law Center (EBCLC) in 1996 after the passage of Costa Hawkins necessitated provision of services to lower-income Berkeley tenants, and the Board has extended the contract with amendments each fiscal year thereafter; and

WHEREAS, the Board's contract with East Bay Community Law Center (EBCLC) is scheduled to expire on June 30, 2017 and a need continues to exist for providing services to lower-income Berkeley tenants on matters dealing with their tenancies; and

WHEREAS, the Board issued a request for proposal to continue these essential services for an additional year; and

WHEREAS, the Board has been extremely pleased with the excellent services provided by the EBCLC since 1996; and

WHEREAS, EBCLC responded to the RFP and has requested a continuance of funding to provide services in Fiscal Year 2016/2017; and

WHEREAS, testimony was presented to the Eviction Committee about the increasing vulnerability of low-income tenants in today's unbalanced housing market; and

WHEREAS, the members of the Eviction Committee and the Executive Director both recommended that the Board approve funding for this organization; and

WHEREAS, the Board has long understood that the work this organization performs significantly contributes to the preservation of affordable rental housing and has encouraged Council to allocate resources to support it; and

RESOLUTION 17-11

AUTHORIZING THE EXECUTIVE DIRECTOR TO ENTER INTO CONTRACT WITH EAST BAY COMMUNITY LAW CENTER (EBCLC) BY EXECUTING A NEW AGREEMENT THROUGH JUNE 30, 2018, IN AN AMOUNT NOT TO EXCEED \$142,500 (Page 2)

WHEREAS, the Mayor's current budget proposal includes funding for eviction defense that may supplement the money the Board currently grants;

NOW, THEREFORE BE IT RESOLVED, that the Rent Stabilization Board authorizes the Board's Executive Director to execute a new contract with EBCLC through June 30, 2018, in an amount not to exceed \$142,500 for services provided in the 2017/2018 Fiscal Year. The total amount payable under this contract shall not exceed \$297,500; and

BE IT FURTHER RESOLVED, that the Board shall consider granting supplemental funding at some point during the 2017/2018 Fiscal Year should the Council fail to provide additional eviction defense funds.

Dated: June 19, 2017

Adopted by the Rent Stabilization Board by the following vote:

Yes:

No:

Abstain:

Absent:

John Selawsky, Chair
Rent Stabilization Board

Attest: _____
Jay Kelekian, Executive Director