



Office of the Mayor

CONSENT CALENDAR
March 21, 2023

To: Members of the City Council

From: Mayor Arreguín (Author); Councilmember Hahn (Co-Sponsor);
Councilmember Harrison (Co-Sponsor); Councilmember Robinson (Co-Sponsor)

Subject: Budget Referral: Post COVID-19 Rental Assistance/Anti-Displacement

RECOMMENDATION

Refer \$2,000,000 to the FY 2024/June Budget Process to augment the Housing Retention Program, (administered by the Eviction Defense Center, EDC) as part of the City's anti-displacement programs (launched in 2017), for the purpose of providing rental assistance to tenants due to the COVID-19 eviction moratorium expiration and rent debt due to inflation and rental increases. The proposed funding source is FY 2023-2024 Measure P tax receipts.

BACKGROUND

The Housing Retention Program is an essential tool in preventing tenant displacement and preserving Berkeley's racial, economic and cultural diversity. In 1993, the City of Berkeley began the Homeless Prevention Grants Program, which in 2008 became the Housing Retention Program (HRP).

The program was reconstituted and bolstered in 2017 with an increased allocation of \$250,000 annually which was continued in all budgets since FY 2019. The City Council's annual allocation of General Fund revenues was made possible due to the passage of Measure U1 in 2016 which increased the business license tax for large rental properties, generating between \$4-7 Million annually.

At the onset of the COVID-19 pandemic and resulting shelter in place order, the City Council launched the Berkeley Relief Fund and allocated \$3 Million to initially capitalize the fund, to be split three ways between rental assistance, grants for arts non-profits and grants to small businesses. Tenant rent assistance was funded \$1,000,000 to expand the Housing Retention Program during this emergency with an additional \$900,000 added as private donations came in through the East Bay Community Foundation. Approved households were eligible to receive up to \$5,000 as a one-time grant, and an additional one-time grant of up to \$10,000 during the specified COVID-19 emergency. Additional funding was provided through a CBDG CARES grant from the Federal Government. A separate budget referral to continue funding of the COVID

Emergency Rental Assistance Program with funds available through the American Rescue Plan Act (ARPA) was approved at the April 26, 2022 City Council meeting. Additional funding of \$1,800,000 (\$900,000 annually) was added to the programs in the FY2023 - 2024 budget cycle.

Funding for this program is needed as many low-income households remain in massive debt that has accrued over the course of the pandemic. As the Statewide, County and Berkeley's eviction moratorium wind down, people cannot be evicted for lack of payment of rent during the local state of emergency, but property owners can seek back payment of rent through the courts. Additionally, increased inflation and cost of living, which disproportionately impacts low-income households, could put some people in a position of falling behind on rent in the coming months.

The purpose of this additional \$2,000,000 allocation for rental assistance is to supplement the Housing Retention Program to support more eligible households who have outstanding rent debt due to the pandemic, rising inflation and rent increases to continue the Housing Retention Program after the expiration of the eviction moratorium.

FINANCIAL IMPLICATIONS

Total allocation of \$2,000,000 from Measure P tax receipts. Since 2017, the City has funded these three programs out of Measure U1 tax receipts, and it is recommended that the Council continue this funding for the next fiscal year from Measure P.

ENVIRONMENTAL SUSTAINABILITY

There are no identifiable environmental effects or opportunities associated with the subject of this report.

CONTACT PERSON

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