



To: Members of the City Council

From: Mayor Jesse Arreguín and Councilmembers Kate Harrison, Susan Wengraf, and Sophie Hahn

SUBJECT: Referral to the FY 21 Budget Process: Housing Retention Program and Basic Needs Fund

RECOMMENDATION

1. Refer to the Fiscal Year 2021 Budget Process, up to \$1,000,000 of General Fund revenues (depending on need and available revenues) derived from Measure U1 tax receipts to replenish funding for the Housing Retention Program that will be exhausted due to significant demand resulting from housing security faced by residents during the COVID-19 pandemic; and
2. Direct the City Manager to identify resources to develop a Basic Needs Fund to support undocumented Berkeley residents who are ineligible for other forms of assistance, including assistance under the Coronavirus Aid, Relief, and Economic Security (CARES) Act and pandemic unemployment benefits, because of their immigration status, and refer an amount up to \$250,000 to the FY 21 Budget Process.

BACKGROUND

***Housing Retention Program***

Prior to the COVID-19 pandemic, the Housing Retention Program was 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). Through this program, anyone in Berkeley could apply to receive a one-time annual grant of up to \$1,500 for individuals who have a pending eviction action. Documentation was required to prove loss of income, medical or work related expenses, and need. With an initial budget of \$159,754 and an estimated reach of 100 households per year, the program funding was reduced in 2013 to \$63,573 with an estimated reach of 32 households per year. Funding was discontinued at the end of FY2015.

The program has since been reconstituted and bolstered by the Mayor and City Council. On June 25, 2019, the City Council approved the Mayor's Supplemental Budget Recommendations which included \$250,000 to the Housing Retention Program in FY 2020 and FY 2021. On March 17, 2020, after the City Manager declared a State of Emergency and the Health Officer issued a Shelter in Place order, the Council approved a proposal to establish the Berkeley Relief Fund with an additional \$3,000,000 allocation from the General Fund to initially capitalize the fund. This included a \$1,000,000 additional allocation to the East Bay Community Law Center and the

Eviction Defense Center to expand the Housing Retention Program during this emergency that has led to acute housing insecurity for many Berkeley residents. 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. To date the program has helped over 200 Berkeley families stay housed.

As of May 20, 2020, the two nonprofits reported the following disbursements and projections:

- 214 households have been prioritized and are anticipated to be supported by this Relief Fund,
- 141 of the 214 households have had initial checks mailed to landlords totaling \$402,000 (approximately) in rent payments,
- The nonprofits project an additional \$587,000 in rental assistance for the 214 households through the month of July.

Additionally, the two nonprofits reported that:

- Inquiries continue to come in,
- Current and anticipated inquiries, represent racially diverse households who are most vulnerable including those who are less tech-savvy, non-English speaking households, and families,
- Without any additional outreach, there are 18 households who have met the prioritization criteria and have been placed on a wait list, with over 35 still under review,
- Both organizations are continuously updating their list and projected amounts to account for re-assessments, and
- Many of the checks that are going out are going to Berkeley-based landlords<sup>1</sup>.

Due to the unprecedented social and economic crisis created by the COVID-19 pandemic, it is difficult to forecast the depth of demand and the level of need. As applications flowed in, it became clear that community demand far exceeded available funding. Therefore, in addition to the minimum eligibility criteria, the following framework was used to determine award eligibility.

Applicants had to answer “Yes” to each of the following questions:

- Demonstrated decrease of income due to COVID-19
- Tenant has unforeseen housing-related expenses -- such as rent, future rent, utilities and needed health and safety related home repairs that, if left unaddressed, will jeopardize occupancy.
- Rental assistance helps the tenant remain housed in their current unit for the foreseeable future (i.e. the tenant has not already expressed intent to vacate the unit).

In addition, applicants also had to answer “Yes” to at least two of the following questions:

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<sup>1</sup> City Manager EOC COVID Update - 5/21/2020

- Berkeley resident for at least 5 years
- Tenant lives in low income housing, lives in a BMR unit or holds a Housing Voucher, such as Shelter Plus Care or Section 8.
- At least one household member is a senior (62+) or is disabled as defined by the ADA.
- Current household income is less than 50% of AML.
- They have partial or full custody of a minor child in the home.

Additionally, individual monthly rents over \$4,000 were not considered a priority.

These tight guidelines are important to ensure funds are directed to those most in need. Still, it is clear additional resources could make a large impact and mitigate displacement during the pandemic. While there is so much that is unknown about our future in this pandemic, one thing is certain: stable housing is necessary to protect public health. Preventative efforts with a clear track record like the Housing Retention Program are a clear candidate for the City's limited resources to plug massive holes left by inadequate federal actions. In addition, when the Shelter in Place order is lifted, tenants affected by the COVID-19 emergency, including those who are unemployed, will be left with a significant rent debt. While our local eviction moratorium does not allow evictions for rent debt accrued during the pandemic, tenants will still be left with a significant amount owed, and potential liability which can impact their credit and their ability to rent housing in the future. It is essential that the Housing Retention Program be supplemented with additional funding to address the growing need for support and to ensure that tenants are able to pay off rent debt accrued during this emergency.

### ***Undocumented Basic Needs Fund***

While many Berkeley residents have been able to turn to existing safety net programs such as expanded unemployment, the Paycheck Protection Program, and new federal and local relief, undocumented workers have been largely excluded from these programs. According to a 2017 stud, Alameda County is home to 129,500 Undocumented Immigrants<sup>2</sup>. While the Housing Retention Program is addressing the crisis of housing insecurity and is available to all Berkeley residents regardless of immigration status, undocumented residents that have lost income due to COVID-19 are still struggling to cover the costs of other basic needs such as food, transportation, non-utility bills and more.

Governor Newsom and the State of California acknowledge this gap in support and have launched a statewide fund of \$125 million dollars<sup>3</sup> (\$75 million in public dollars and up to \$50 million in private donations). The one time cash grants of \$500 per individual and \$1000 per household are being dispersed this month through a network of existing immigrant serving organizations. Alameda County will be served by Catholic Charities of the East Bay (CCEB). Applications opened on May 18th and assistance will be provided on a first come, first served basis. In discussions with CCEB, it is expected that need will exceed available funds. For a

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<sup>2</sup> [https://www.ppic.org/content/pubs/jtf/JTF\\_UndocumentedImmigrantsJTF.pdf](https://www.ppic.org/content/pubs/jtf/JTF_UndocumentedImmigrantsJTF.pdf)

<sup>3</sup> <https://cdss.ca.gov/inforesources/immigration/covid-19-drai>

sense of scale, Oakland residents are able to access \$10,000, meaning between 100-200 families and households will be served.

The Mayor's Office has reviewed similar programs in neighboring cities and consulted with a range of stakeholders to get a sense of both the scale of need and the most effective approach for a Berkeley program. Organizations consulted include BUSD Office of Family Engagement, Centro Legal De La Raza, Multicultural Institute, East Bay Sanctuary Covenant, Latinos Unidos, Berkeley Public Schools Fund, Berkeley Holiday Fund and Catholic Charities of the East Bay. Of the 223 applicants that applied to the Berkeley Public Schools Fund COVID-19 Assistance program, 75% did "not have access to public resources". Those involved in the process estimate that the true need is double that number, approximately 400 families.

Both Oakland and San Francisco have launched funds to support their undocumented residents. Oakland developed the Undocumented Resource Fund in partnership with Centro Legal de La Raza and a coalition of non profits to provide direct financial support in the form of prepaid debit cards and checks. The fund raised over \$400,000 including \$250,000 from the Mayor's Innovation Fund to support one-time grants of \$500. Staff in Mayor Arreguín's office consulted with Centro Legal about possibly expanding their fund to include Berkeley, but unfortunately they lack the staff capacity to do so.

A Berkeley Basic Needs Fund can fill critical gaps in our social safety net system and support some of Berkeley's most vulnerable residents. Key considerations for an effective program are timing and partnership. As funds from the state run out, a Berkeley Basic Needs Fund can offer critical support to those that have been unable to obtain State or other relief funds. Urgency is key.

#### FINANCIAL IMPLICATIONS

Up to an additional \$1,000,000 from Measure U1 General Fund tax receipts to supplement the Housing Retention Program. Up to \$250,000 in General Fund revenues to establish from the Undocumented Basic Needs Fund. General Fund revenues to establish the Fund could come from the reallocation of prior Council discretionary budget allocations.

#### ENVIRONMENTAL SUSTAINABILITY

No environmental impact.

#### CONTACT

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