



## BERKELEY CITY COUNCIL LAND USE, HOUSING, & ECONOMIC DEVELOPMENT COMMITTEE REGULAR MEETING

**Monday, February 3, 2025  
10:00 AM**

2180 Milvia Street, Berkeley, CA 94704

Committee Members:

Councilmembers Ben Bartlett, Igor Tregub, and Cecilia Lunaparra

Alternate: Councilmember Shoshana O'Keefe

This meeting will be conducted in a hybrid model with both in-person attendance and virtual participation. All Committee meetings are recorded.

To access the meeting remotely use this URL - <https://cityofberkeley-info.zoomgov.com/j/1605255295>. To request to speak, use the "raise hand" function in Zoom. To join by phone: Dial **1-669-254-5252** or **1-833-568-8864 (Toll Free)** and Enter **Meeting ID: 160 525 5295**. To provide public comment, press \*9 and wait to be recognized by the Chair. To submit a written communication for the Committee's consideration and inclusion in the public record, email [policycommittee@berkeleyca.gov](mailto:policycommittee@berkeleyca.gov).

This meeting will be conducted in accordance with the Brown Act, Government Code Section 54953. Any member of the public may attend this meeting, however, if you are feeling sick, please do not attend the meeting in person.

Pursuant to the City Council Rules of Procedure and State Law, the presiding officer may remove, or cause the removal of, an individual for disrupting the meeting. Prior to removing an individual, the presiding officer shall warn the individual that their behavior is disrupting the meeting and that their failure to cease their behavior may result in their removal. The presiding officer may then remove the individual if they do not promptly cease their disruptive behavior. "Disrupting" means engaging in behavior during a meeting of a legislative body that actually disrupts, disturbs, impedes, or renders infeasible the orderly conduct of the meeting and includes, but is not limited to, a failure to comply with reasonable and lawful regulations adopted by a legislative body, or engaging in behavior that constitutes use of force or a true threat of force.

**California Government Code Section 84308 (Levine Act)** Parties to a proceeding involving a license, permit, or other entitlement for use are required to disclose if they made contributions over \$500 within the prior 12 months to any City employee or officer. Parties and participants with a financial interest are prohibited from making more than \$500 in contributions to a decisionmaker for the 12 months after the final decision is rendered on the proceeding. The above contribution disclosures and restrictions do not apply when the proceeding is competitively bid, or involves a personnel or labor contract. For more information, see Government Code Section 84308.

# AGENDA

**Roll Call**

**Election of Chair**

**Public Comment on Non-Agenda Matters**

## Minutes for Approval

*Draft minutes for the Committee's consideration and approval.*

### 1. Minutes - December 2, 2024

## Committee Action Items

*The public may comment on each item listed on the agenda for action as the item is taken up. The Chair will determine the number of persons interested in speaking on each item. Up to ten (10) speakers may speak for two minutes. If there are more than ten persons interested in speaking, the Chair may limit the public comment for all speakers to one minute per speaker. Speakers are permitted to yield their time to one other speaker, however no one speaker shall have more than four minutes.*

*Following review and discussion of the items listed below, the Committee may continue an item to a future committee meeting, or refer the item to the City Council.*

### 2. First Year Free - Fill Empty Storefronts Act

**From: Councilmember Hahn (Author)**

**Date Referred: October 15, 2024**

**Date Due: February 12, 2025**

**Recommendation:** Refer to the City Manager to (1) create and implement a First Year Free Program for Berkeley, modeled after San Francisco's successful program, for an initial period of 5 years and (2) study and report back to Council on other strategies to attract new businesses and fill empty storefronts.

**Financial Implications:** See report.

Contact: Sophie Hahn, Councilmember, District 5, (510) 981-7150

### 3. Adopt an Ordinance to Prohibit the Sale or Use of Algorithmic Devices to Set Rents or Manage Occupancy Levels for Residential Dwelling Units

**From: Housing Advisory Commission**

**Referred: January 27, 2025**

**Date Due: May 27, 2025**

**Recommendation:** Adopt an ordinance amending the Municipal Code adding section 13.63 to prohibit the sale or use of algorithmic devices to set rents or manage occupancy levels for residential dwelling units.

**Financial Implications:** See report

Contact: Mike Uberti, Commission Secretary, (510) 981-7400

## Committee Action Items

4. **Referral to the City Manager and Council Budget and Finance Committee: Transfer Tax Exemption for 100% Affordable Housing Projects**  
**From: Councilmember Tregub (Author), Councilmember Bartlett (Co-Sponsor), Councilmember O'Keefe (Co-Sponsor)**  
**Referred: January 27, 2025**  
**Date Due: May 27, 2025**  
**Recommendation:** Adopt a referral to the City Manager and Council Budget and Finance Committee to study the fiscal impacts of a transfer tax exemption for 100% affordable housing projects for further Council action by March 25, 2025.  
**Financial Implications:** See report  
Contact: Igor Tregub, Councilmember, District 4, (510) 981-7140

## Unscheduled Items

*These items are not scheduled for discussion or action at this meeting. The Committee may schedule these items to the Action Calendar of a future Committee meeting.*

## Items for Future Agendas

- **Requests by Committee Members to add items to the next agenda**

## Adjournment

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*Written communications addressed to the Land Use, Housing & Economic Development Committee and submitted to the City Clerk Department will be distributed to the Committee in advance of the meeting and retained as part of the official record.*

*This meeting will be conducted in accordance with the Brown Act, Government Code Section 54953 and applicable Executive Orders as issued by the Governor that are currently in effect. Members of the City Council who are not members of the standing committee may attend a standing committee meeting even if it results in a quorum being present, provided that the non-members only act as observers and do not participate in the meeting. If only one member of the Council who is not a member of the committee is present for the meeting, the member may participate in the meeting because less than a quorum of the full Council is present. Any member of the public may attend this meeting. Questions regarding public participation may be addressed to the City Clerk Department (510) 981-6900.*



### COMMUNICATION ACCESS INFORMATION:

This meeting is being held in a wheelchair accessible location. To request a disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact the Disability Services specialist at [ada@berkeleyca.gov](mailto:ada@berkeleyca.gov), (510) 981-6418 (V), or (510) 981-6347 (TDD) at least three business days before the meeting date. Attendees at public meetings are reminded that other attendees may be sensitive to various scents, whether natural or manufactured, in products and materials. Please help the City respect these needs.

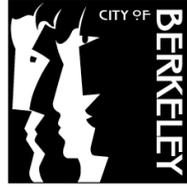
~~~~~  
I hereby certify that the agenda for this meeting of the Standing Committee of the Berkeley City Council was posted at the display case located near the walkway in front of the Maudelle Shirek Building, 2134 Martin Luther King Jr. Way, as well as on the City's website, on January 30, 2025.



Mark Numainville, City Clerk

## **Communications**

*Communications submitted to City Council Policy Committees are on file in the City Clerk Department at 2180 Milvia Street, 1st Floor, Berkeley, CA, and are available upon request by contacting the City Clerk Department at (510) 981-6908 or [policycommittee@berkeleyca.gov](mailto:policycommittee@berkeleyca.gov).*



**BERKELEY CITY COUNCIL LAND USE, HOUSING, & ECONOMIC  
DEVELOPMENT COMMITTEE  
REGULAR MEETING MINUTES**

**Monday, December 2, 2024  
10:00 AM**

2180 Milvia Street, 1st Floor - Cypress Room

Committee Members:

Councilmembers Susan Wengraf, Cecilia Lunaparra, and Mark Humbert  
Alternate: Councilmember Igor Tregub

This meeting will be conducted in a hybrid model with both in-person attendance and virtual participation. All Committee meetings are recorded. To access the meeting remotely use this URL - <https://cityofberkeley-info.zoomgov.com/j/1612806382> . To request to speak, use the “raise hand” function in Zoom. To join by phone: Dial **1-669-254-5252** or **1-833-568-8864 (Toll Free)** and Enter **Meeting ID: 161 280 6382**. To provide public comment, press \*9 and wait to be recognized by the Chair. To submit a written communication for the Committee’s consideration and inclusion in the public record, email [policycommittee@berkeleyca.gov](mailto:policycommittee@berkeleyca.gov).

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# MINUTES

**Roll Call:** 10:04 a.m.

**Present:** Lunaparra, Wengraf, Humbert

**Public Comment on Non-Agenda Matters:** 0 speakers

## Minutes for Approval

*Draft minutes for the Committee's consideration and approval.*

1. **Minutes - October 22, 2024**

**Action:** M/S/C (Wengraf/Lunaparra) to approve the October 22, 2024 minutes.

**Vote:** All Ayes.

## Committee Action Items

*The public may comment on each item listed on the agenda for action as the item is taken up. The Chair will determine the number of persons interested in speaking on each item. If ten or fewer persons are interested in speaking on an individual agenda item, each speaker may speak for two minutes. If there are more than ten persons interested in speaking, the Chair may limit the public comment for all speakers to one minute per speaker.*

*Following review and discussion of the items listed below, the Committee may continue an item to a future committee meeting, or refer the item to the City Council.*

2. **Proposed Amendments to the Building Emissions Saving Ordinance (BESO)**

*(Item contains supplemental material)*

**From:** City Manager

**Referred:** February 13, 2024

**Deadline:** February 4, 2025

**Recommendation:** Adopt first reading of an Ordinance amending the Building Emissions Saving Ordinance (BESO), Chapter 19.81 of the Berkeley Municipal Code, to establish a flexible resilience standard for small residential buildings containing up to four units.

**Financial Implications:** See report

Contact: Jordan Klein, Planning and Development, (510) 981-7400

**Action:** 3 speakers. M/S/C (Wengraf/Humbert) to forward the item to Council with a Qualified Positive Recommendation that the Council:

1. Remove condominiums and ADUs from the building emissions saving ordinance.
2. The "Building Owner" be given 5% annual interest on the deposit funds held by the City prior to being awarded a BESO Certificate of Compliance.
3. Language indicating protections or a "safety valve" to avoid forfeiture of deposit funds with the City.
4. After a two-year period, the City will reach out to the "Building Owner" and offer a one-year extension to boost compliance.

**Vote:** All Ayes.

## Unscheduled Items

*These items are not scheduled for discussion or action at this meeting. The Committee may schedule these items to the Action Calendar of a future Committee meeting.*

### 3. **First Year Free - Fill Empty Storefronts Act**

**From: Councilmember Hahn (Author)**

**Date Referred: October 15, 2024**

**Date Due: February 12, 2025**

**Recommendation:** Refer to the City Manager to (1) create and implement a First Year Free Program for Berkeley, modeled after San Francisco's successful program, for an initial period of 5 years and (2) study and report back to Council on other strategies to attract new businesses and fill empty storefronts.

**Financial Implications:** See report.

Contact: Sophie Hahn, Councilmember, District 5, (510) 981-7150

## Items for Future Agendas

- None

## Adjournment

**Action:** M/S/C (Humbert/Wengraf) to adjourn the meeting.

**Vote:** All Ayes

Adjourned at 11:19 a.m.

I hereby certify that the foregoing is a true and correct record of the Land Use, Housing & Economic Development Committee meeting held on December 2, 2024.

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Keith Nesbit, Assistant City Clerk

## Communications

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Sophie Hahn  
Councilmember, District 5  
City of Berkeley  
2180 Milvia Street  
Berkeley, CA, 94704  
(510) 981-7150 | shahn@berkeleyca.gov

**02**

To: Honorable Mayor and Members of the City Council  
From: Councilmember Sophie Hahn (Author)  
Subject: First Year Free - Fill Empty Storefronts Act

RECOMMENDATION

Refer to the City Manager to (1) create and implement a First Year Free Program for Berkeley, modeled after San Francisco's successful program, for an initial period of 5 years and (2) study and report back to Council on other strategies to attract new businesses and fill empty storefronts.

SUMMARY STATEMENT

The COVID-19 pandemic had an unprecedented impact on Berkeley's small and local businesses. While Berkeley's business sector has progressed toward recovery, commercial vacancy rates remain high. To address similar challenges in San Francisco, a First Year Free program was established in 2021 to waive the cost of initial registration fees, license fees, first-year permits, and other fees for qualifying local businesses. More than 4,000 new businesses have already opened and taken advantage of the program.

To help fill empty storefronts and attract new, small businesses in Berkeley, this item directs the City Manager to create and implement a First Year Free program, modeled after San Francisco's successful 2021 program – for a period of 5 years – and study, implement, and/or recommend to the City Council other strategies to fill empty storefronts and foster a thriving small business environment in Berkeley.

BACKGROUND

America's small business sector has been struggling for several decades, decimated by the rise of Big Box, Chains, and e-commerce. Berkeley, which has been fortunate to retain many small businesses, has nevertheless been impacted by these trends. The arrival of big retail has thrown local economies into turmoil, leaving smaller and local businesses unable to compete with the scale of giant retail chains. The global shut down of commerce during the COVID-19 pandemic was another huge blow to small and locally owned retail and restaurants, precipitating enormous stress, and widespread closures.

The economic impacts of the pandemic have been significant and widespread. While businesses of all sizes were impacted, small businesses – which are more likely to struggle with financial fragility – faced the most uncertainty.

The public health crisis, lockdowns, and social distancing measures resulted in economic challenges that forced many owners to reckon with supply chain delays, loss of revenue, and closure. While the Small Business Association (SBA) did provide financial assistance including the Paycheck Protection Program (PPP), and various loan and grant programs, many small businesses were unable to access state and federal aid. Businesses in California also benefited from various state-level programs but a survey of small businesses in California found that women and minority-owned businesses struggled more during the recovery because they may not have received assistance in proportion to their acute need, loss of revenues, and impacts on business operations.<sup>1</sup>

During COVID's time of acute uncertainty, and following feedback from small business owners, conversations with the Director of Economic Development, the Chamber of Commerce, and various Business Improvement District leaders, Councilmember (then Vice Mayor) Hahn introduced an item to begin regular small business listening sessions, so Berkeley's small enterprises could more easily communicate with the Council, City, and Mayor.<sup>2</sup>

In March 2020, when the regional stay at home order was enacted, Berkeley took immediate steps to protect businesses impacted by the sharp decline in patronage, including a ban on evictions for both residential and commercial tenants. Council also established the Berkeley Relief Fund, which provided a down payment of \$3 million from the City in concert with a fundraising campaign from private donors and community members that raised \$1.5 million. *Through this generous local funding, 700 businesses received grants to pay rent, payroll, and other expenditures.*<sup>3</sup>

In April, the Berkeley City Council approved the creation of the Save Our Small (SOS) Business Loan Fund, introduced by Councilmember Hahn and based on an innovative proposal by faculty and students at the Haas School of Business at UC Berkeley to create a public-private partnership that could provide a supplemental source of capital for small businesses impacted by the COVID-19 emergency. Thanks to the City's leadership, and with the expert guidance and advocacy of Haas School faculty, including Professors Adair Morse and Laura D. Tyson, the SOS Business Loan Fund was transformed to a statewide initiative announced as the California Rebuilding Fund.

For Berkeley's small businesses, nonprofits, and other eligible enterprises to take advantage of this now statewide opportunity, Councilmember Hahn referred to the City Manager to immediately engage in a robust outreach effort throughout Berkeley, focusing particularly on underserved small businesses and nonprofits, entrepreneurs in historically disenfranchised

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<sup>1</sup> Dani, L., Earle, J. S., & Min Lee, K. (2022, January). *Small Business in the time of COVID-19: A Survey of California's Small Businesses*. Economic Development Collaborative . <https://edcollaborative.com/wp-content/uploads/2022/01/COVID-19-Impact-on-California-Entrepreneurs-v2.pdf>

<sup>2</sup> Hahn, S. (2020, January 21). *Small Business Listening Sessions*. City of Berkeley. <https://berkeleyca.gov/sites/default/files/documents/2020-01-21%20Item%2035%20Small%20Business%20Listening%20Sessions.pdf>

<sup>3</sup> Arreguin, J. (2022, August 10). *The Big Impact of Berkeley's Small Businesses*. Mayor Jesse Arreguin. <https://www.jessearreguin.com/newsletters-2/2022/8/10/the-big-impact-of-berkeleys-small-businesses>

communities, and enterprises serving children.<sup>4</sup> Technical assistance from the City helped many businesses successfully apply for support as soon as the California Rebuilding Fund portal opened.

While Berkeley is fortunate to be home to some 5,000 small businesses and took many steps to support and protect local businesses during the pandemic, commercial spaces remain vacant at higher than pre-pandemic levels.<sup>5</sup> According to the 2023 Economic Dashboard, the citywide average vacancy rate was 8.1% as compared to the pre-pandemic rate of 5.4%.<sup>6</sup> Certain neighborhoods struggle more than others, with several Berkeley neighborhoods having vacancy rates in the double digits including South Berkeley, University, San Pablo, and the Downtown.

### Vacancy Rates by District, Calculated by Square Footage, 2018-2023

District	2018	2019	2020	2021	2022	2023
Downtown	3.1%	5.1%	9.9%	15.7%	11.9%	10.8%
Elmwood	7.3%	7.3%	10.9%	10.9%	7.7%	6.2%
North Shattuck	1.7%	0.7%	4.3%	4.3%	4.3%	1.9%
San Pablo	4.9%	4.6%	4.8%	7.9%	10.8%	15.5%
Solano	4.1%	2.6%	6.7%	4.4%	3.7%	2.6%
South Berkeley	9.7%	7.6%	10.1%	8.8%	11.8%	19.2%
Telegraph	7.9%	4.4%	17.2%	12.6%	8.5%	9.3%
University	11.0%	7.8%	11.0%	9.1%	12.8%	17.7%
Neighborhood Commercial (C-N)			7.3%	3.2%	2.3%	2.6%
West Berkeley	3.7%	5.8%	3.7%	4.7%	5.2%	2.2%
<b>Citywide Avg.</b>	<b>5.0%</b>	<b>5.4%</b>	<b>6.9%</b>	<b>8.3%</b>	<b>8.4%</b>	<b>8.1%</b>

Source: Berkeley OED

Even though the City worked diligently to provide small and local businesses with financial and technical support during the pandemic, many still struggle to recover and empty storefronts have proliferated; the First Year Free program directly addresses this challenge.

<sup>4</sup> Hahn, S. (2020, September 15). *Outreach and Technical Assistance for Berkeley Small Businesses Eligible to Participate in the California Rebuilding Fund*. City of Berkeley.

<https://berkeleyca.gov/sites/default/files/documents/2020-09-15%20Item%2027%20Outreach%20and%20Technical%20Assistance.pdf>

<sup>5</sup> Arreguin, J. (2022, August 10). *The Big Impact of Berkeley's Small Businesses*. Mayor Jesse Arreguin.

<https://www.jessearreguin.com/newsletters-2/2022/8/10/the-big-impact-of-berkeley-s-small-businesses>

<sup>6</sup> Berkeley Office of Economic Development. (2024, February 1). *2023 Economic Dashboard*. City of Berkeley.

<https://berkeleyca.gov/sites/default/files/documents/Economic%20Dashboard%202023.pdf>

### First Year Free

The First Year Free Program was created by San Francisco's Board of Supervisors and the Mayor to support and revive San Francisco's small businesses as the City recovered from the pandemic. The program waives the cost of initial registration fees, initial license fees, first-year permit, and other applicable fees for qualifying businesses. There is no paperwork to apply, as enrollment is automatic with the registration of a new business or location within the City. Since its inception, 8,349 businesses have enrolled and \$3.7 million in fees have been waived.<sup>7</sup>

Earlier this year, San Francisco decided to renew the program for a third year due to its popularity and success, with some 4,000 new businesses opening in the City as a result of the program.

To qualify for San Francisco's First Year Free program, the applicant must be a new business, or new location of a business, that begins on or after July 1, 2023 and:

- Have \$5,000,000 or less in estimated (or reported) San Francisco gross receipts; and
- Have a registered location that is for commercial use; and
- Not be a home-based business or a short-term rental

Only small businesses are eligible for the program; the program is not applicable to Formula Retail (chain store) locations. For qualifying businesses, the program waives: 1) the initial business registration fee (for new businesses only), 2) application, inspection and one-time permit fees, 3) initial license fees.

Andrea Becerra, who fell in love with cooking during the pandemic as she grieved the death of her father, is one of those new business owners. Once her small business outgrew her kitchen, the First Year Free program made it possible for her to open her first restaurant in the Mission – El Mil Amores.<sup>8</sup>

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<sup>7</sup> Sos, Z. (2024, September 21). *New Castro business touted as Success Story of SF's First Year Free Program*. KTVU FOX 2 San Francisco. <https://www.ktvu.com/news/new-castro-business-touted-success-story-sfs-first-year-free-program>

<sup>8</sup> Pena, L. (2024, February 16). *SF extends program that waived \$2.5M in fees to new businesses and ones struggling to stay open*. ABC7 San Francisco. <https://abc7news.com/sf-extends-first-year-free-program-small-business-permit-registration/14430751/>



Photo credit: Astrid Kane/The Standard<sup>9</sup>

As a result of the program, Ismel Deluna opened a new wellness center – Healing Cuts – providing haircuts and wellness services for the disability and LGBT community, operating out of the Castro.<sup>10</sup> Hailed as a success story, the owner explained that the First Year Free program played a significant role by allowing his small business to build a base while saving money on fees and permits, giving businesses a boost to start.



Photo credit: San Francisco Business Times<sup>11</sup>

<sup>9</sup> Kane, A. (2023a, June 25). *Mexican breakfast gets an upgrade at this restaurant in San Francisco's Mission District*. The San Francisco Standard. <https://sfstandard.com/2023/06/25/mexican-breakfast-gets-an-upgrade-at-this-restaurant-in-san-franciscos-mission-district/>

<sup>10</sup> Sos, Z. (2024, September 21). *New Castro business touted as Success Story of SF's First Year Free Program*. KTVU FOX 2 San Francisco. <https://www.ktvu.com/news/new-castro-business-touted-success-story-sfs-first-year-free-program>

<sup>11</sup> Bloomberg, S. (2024, June 6). *How the SF LGBT Center is empowering entrepreneurs*. San Francisco Business Times. <https://www.bizjournals.com/sanfrancisco/news/2024/06/06/business-of-pride-lgbt-center.html>

Small businesses often represent and reflect the communities they serve, filling gaps left behind by big business. They help foster stronger community relations, providing a place for people to not only shop but gather. They are unique, one of a kind, and important to a community's identity. Small businesses keep money in the local economy, create job opportunities, and can provide environmental benefits. They are an asset to our City and we should continue to create and support opportunities to expand and support the small and local business landscape.

#### REVIEW OF EXISTING PLANS, PROGRAMS, POLICIES, AND LAWS

In addition to Berkeley's various pandemic-related programs, Berkeley's Office of Economic Development (OED) has helped finance small businesses through the Revolving Loan Fund and Resiliency Loan Program, lending a total of \$2,744,987 to 45 small businesses.<sup>12</sup>

Berkeley's OED also provides assistance to businesses, entrepreneurs, artists, and community organizations to access services and resources available to them. This includes connecting with local leaders, finding a business location, going green, navigating Berkeley's codes, receiving financing, recruiting talent, and more.<sup>13</sup>

The City has also developed a Business Resource Guide which includes information on starting and sustaining a successful business in Berkeley. The guide walks potential business owners through the key steps of launching a new business including creating a business plan, exploring financing options, establishing as a legal entity, and obtaining a business license and permits.

Furthermore, Berkeley's Strategic Plan includes the goal of fostering a dynamic, sustainable, and locally-based economy. Berkeley has taken many steps to cultivate a thriving local economy and a thriving small business sector, and this item supports those goals.

#### ACTIONS/ALTERNATIVES CONSIDERED

The City Manager should study San Francisco's program, consider what adjustments might need to be made for the Berkeley context, and implement a version of First Year Free that is supportive of the goal of attracting new businesses to Berkeley storefronts.

#### CONSULTATION/OUTREACH OVERVIEW AND RESULTS

Councilmember Hahn discussed strategies for filling empty storefronts with the City Manager, who expressed interest in the First Year Free program. Staff also contacted the Berkeley Chamber of Commerce and the Downtown Berkeley Association for input.

#### RATIONALE FOR RECOMMENDATION

Berkeley's unique character is owed in large part to the presence of small and local businesses and not for profits and arts organizations. These enterprises are indispensable, contributing significantly to our economic and cultural vitality, stimulating the local economy, attracting tourism, and most importantly, fostering a sense of community.

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<sup>12</sup> Berkeley Office of Economic Development. (2024, February 1). *2023 Economic Dashboard*. City of Berkeley. <https://berkeleyca.gov/sites/default/files/documents/Economic%20Dashboard%202023.pdf>

<sup>13</sup> Berkeley Office of Economic Development. (2022, January). *Office of Economic Development Services*. City of Berkeley. <https://berkeleyca.gov/sites/default/files/2022-01/OED-Services-Brochure.pdf>

However, Berkeley's small and local businesses continue to face significant challenges due to inflation and rising costs, space constraints, and growing competition from online stores and chain retailers.

#### IMPLEMENTATION, ADMINISTRATION, AND ENFORCEMENT

The City Manager should review studies and consult experts on best strategies to fill empty storefronts. Additionally, staff should consult with the City of San Francisco to better understand the program, details around implementation, marketing, and success. Consider how much revenue the City generates and stands to lose from waiving initial business registration fees, application, inspection and one-time permit fees, and initial license fees, as well as the short and long-term benefits in waiving those fees to get new businesses in place that will generate increased tax revenues over the long run.

#### ENVIRONMENTAL SUSTAINABILITY

While virtually all businesses have a carbon footprint, small and local businesses tend to have a much smaller impact on the climate than large corporations. According to TIME Magazine, while small and mid-sized businesses make up roughly 90% of businesses worldwide, most global emissions can be tracked to a small number of the world's largest companies.<sup>14</sup>

#### FISCAL IMPACTS

The First Year Free program will result in the City "not receiving" fees and taxes it would otherwise receive - if a new small business were to establish itself. Without that new business, however, there will be no fees and taxes at all. Backfilling of fees and taxes may be required if a tax or fee isn't part of the general fund; the City Manager will need to understand the "back end" implications of the policy and ensure departments collecting special/enterprise fees and taxes, if any, are made whole.

On the other side of the equation, the successful establishment of new businesses will generate additional tax revenues every year they are in business, and filling one empty storefront can have the beneficial impact of attracting additional businesses to nearby empty storefronts, creating a positive cycle of business health for areas particularly hard hit by vacancies.

It is exactly this positive feedback loop that First Year Free is trying to jump-start, with the cost of waiving fees and taxes in the first year to be offset by the benefits, including direct financial benefits to the City, of adding new businesses to our tax rolls and encouraging business health overall.

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<sup>14</sup> Kane, A. (2023a, June 25). *Mexican breakfast gets an upgrade at this restaurant in San Francisco's Mission District*. The San Francisco Standard. <https://sfstandard.com/2023/06/25/mexican-breakfast-gets-an-upgrade-at-this-restaurant-in-san-franciscos-mission-district/>

OUTCOMES AND EVALUATION

It is suggested that two years after the program is established, the City Manager undertakes a review – including but not limited to quantifying the number of new businesses established under the program, the costs of waiving taxes and fees, and the benefits to the City of the additional tax revenue from those new businesses. Other appropriate metrics can be used to further inform the study, and adjustments to the program considered for implementation by the City Manager.

CONTACT

Councilmember Hahn, (510) 981-7150



Housing Advisory Commission

ACTION CALENDAR  
February 11, 2025

To: Honorable Mayor and Members of the City Council

From: Housing Advisory Commission

Submitted by: Debbie Potter, Chairperson, Housing Advisory Commission

Subject: Adopt an Ordinance to Prohibit the Sale or Use of Algorithmic Devices to Set Rents or Manage Occupancy Levels for Residential Dwelling Units

RECOMMENDATION

Adopt an ordinance amending the Municipal Code adding section 13.63 to prohibit the sale or use of algorithmic devices to set rents or manage occupancy levels for residential dwelling units.

FISCAL IMPACTS OF RECOMMENDATION

There are no fiscal impacts to the City of Berkeley from adopting this ordinance. The ordinance solely prohibits the sale or use of algorithmic devices to set rents or manage occupancy levels for residential dwelling units. The ordinance includes remedies that provide for reasonable attorneys' fees and costs to the City Attorney if the City Attorney is the prevailing party in any civil action to enforce the ordinance.

The ordinance would have a positive financial impact on the city's tenants as there is documented evidence that use of these algorithmic devices has led to year-over-year rent increases of 5%-12% across housing markets. A prohibition on the sale and use of these devices will lead to reduced rents and elimination of artificial scarcity.

CURRENT SITUATION AND ITS EFFECTS

The proposed ordinance is provided as Attachment 1. Attachment 2 is a PowerPoint presentation regarding the proposed ordinance provided to the Housing Advisory Commission (HAC) at its October 10, 2024 meeting. A new type of rental software (often referred to as algorithmic devices) is increasing rents and vacancy rates by allowing large landlords to collude on pricing decisions. Third-party revenue management companies collect and combine proprietary large landlord data and make pricing and occupancy recommendations. These recommendations allow landlords to manipulate the market and the practice amounts to illegal price-fixing. The use of algorithmic devices in setting rents and occupancy levels contributes to double-digit rent increases, increased rates of eviction, and artificial housing scarcity. Lee Hepner, an antitrust attorney at the American Economic Liberties Project, states that "widespread use of price fixing software presents a new front in the housing affordability crisis."

While numerous lawsuits have been filed to prohibit such antitrust activities, these cases may take years to resolve. This ordinance prohibits the sale or use of algorithmic devices for the purpose of setting rents to bring immediate relief to Berkeley tenants, as well as to put landlords who have been using these devices on equal footing with those who are willing to adhere to fair standards for setting rental rates.

Given the widespread use of these algorithmic devices in housing markets throughout the country and their impact on rents and occupancy levels, local and state jurisdictions are taking action to ban the use of these devices to set rents and meter lease-up activity. Local ordinances can respond more quickly to current situations on the ground than law suits which can take years to resolve. Therefore, HAC Chairperson Debbie Potter brought an item to the HAC recommending that it recommend to the City Council that it adopt an ordinance amending the Municipal Code to prohibit the sale or use of algorithmic devices to set rents or manage occupancy levels for residential dwelling units.

Preliminary information provided by the Berkeley Rent Board and shared at the October 10, 2024 HAC meeting noted that six of the named plaintiffs in the various lawsuits own over 1,300 units in the City of Berkeley.

Following a presentation and discussion, the HAC voted unanimously on the following:

Action: M/S/C (Bell/Twu) to recommend that Council adopt the ordinance as set forth in the HAC agenda packet, with the amendment to clarify in which lawsuits local trade associations have been named.

Vote: Ayes: Bell, Braslaw, Haycox, Mendonca, Potter, Shere, Simon-Weisberg, and Twu. Noes: None. Abstain: None. Absent: Ortiz-Cedeño (unexcused).

## BACKGROUND

Antitrust lawsuits have been filed against certain third-party revenue management companies, including RealPage, Inc. and Yardi Systems, Inc. The lawsuits allege that these companies are enabling and participating in a scheme of unlawful rent-fixing. In August 2024, The United States Department of Justice (DOJ), alongside the attorneys general of California and seven other states, filed an antitrust lawsuit against RealPage, accusing the company of reducing competition among landlords and taking over the market for such algorithm-based rental software.

A 2022 class action lawsuit filed in the U.S. District Court in the Western District of Washington at Seattle [subsequently transferred to the Middle District Court of Tennessee (one of over 20 private class action lawsuits that have been consolidated into one case)] accuses nearly 50 trade associations - including the East Bay Rental Housing Association and the Berkeley Property Owners Association – of serving as “conduits of the cartel” by providing a venue for RealPage and their property owners to

conspire. The lawsuit further alleges that landlords use the software to agree on prices to set for rent, and to stagger their lease renewal dates so as to avoid any oversupplies in rental properties.

The use of these algorithmic devices is widespread in markets throughout the country and has helped fuel the national housing affordability crisis. Local jurisdictions can eliminate this specific contributor to the on-going affordable housing crisis by adopting local ordinances to ban the use and sale of algorithmic devices to set rents and/or manage occupancy levels.

#### ENVIRONMENTAL SUSTAINABILITY AND CLIMATE IMPACTS

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

#### CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

There are no identifiable CEQA impacts associated with the subject of this report.

#### RATIONALE FOR RECOMMENDATION

Fifty-seven percent of the city's population are renters. People of color are three times more likely to rent than to own homes in Berkeley. Sixty percent of renter households are lower income and one-half of all renters are rent burdened. According to an article about the antitrust lawsuits (noted above) in the Mercury News, over the last nine years, rents have increased 19% in the East Bay. The city's Housing Element notes that rents for rent-controlled units have increased dramatically over the last decade, as have rents for market rate units. At the same time, the city's Black population has decline rapidly over the last twenty years, as families are forced out of the community due to rising housing costs. Maintaining and growing an economically, racially, and ethnically diverse city is a top priority.

The City has many initiatives to increase affordable housing and neighborhood diversity, from a priority system for affordable housing units that recognizes residents from historically redlined communities should have access to these units and funding a wide range of housing rehabilitation programs to keep residents in Berkeley, to updating how inclusionary housing fees are calculated and funding hundreds of units of new affordable housing through the Housing Trust Fund.

Given the city's commitment to affordable housing and growing its diverse community, it is appropriate for the City Council to consider adopting an ordinance to prohibit the use and sale of algorithmic devices to set rents and occupancy levels as use of these devices amounts to illegal price-fixing and negatively impacts the rental housing market by artificially inflating rents and creating housing scarcity.

#### ALTERNATIVE ACTIONS CONSIDERED

No alternative actions were considered.

**CITY MANAGER**

The City Manager recommends that the report be referred to the Land Use, Housing & Economic Development Policy Committee for further discussion, including of staffing impacts to the City Attorney's Office and the Health, Housing, and Community Services Department.

**CONTACT PERSON**

Anna Cash, Commission Secretary, HHCS, (510) 981-5403

**Attachments:**

- 1: Ordinance
- 2: PowerPoint Presentation – HAC October 10, 2024 meeting

ORDINANCE NO. -N.S.

ADDING CHAPTER 13.63 TO THE BERKELEY MUNICIPAL CODE PROHIBITING ON THE SALE OR USE OF ALGORITHMIC DEVICES TO SET RENTS OR MANAGE OCCUPANCY LEVELS FOR RESIDENTIAL DWELLING UNITS

BE IT ORDAINED by the Council of the City of Berkeley as follows:

Section 1. That Berkeley Municipal Code 13.63 is added to read as follows:

### **Chapter 13.63**

## **PROHIBITION ON THE SALE OR USE OF ALGORITHMIC DEVICES TO SET RENTS OR MANAGE OCCUPANCY LEVELS FOR RESIDENTIAL DWELLING UNITS**

### **Sections:**

#### **13.63.010 Findings and Purpose**

#### **13.63.020 Definitions**

#### **13.63.030 Use and Sale of Algorithmic Devices Prohibited**

#### **13.63.040 Remedies**

#### **13.63.050 Undertaking for the General Welfare**

#### **13.63.060 Severability**

#### **13.63.010 Findings and purpose.**

The Council hereby finds and determines that the adoption of this chapter is necessary to the promotion of the public health, safety, and welfare.

A. In recent years, a number of new software programs, often referred to as “algorithmic devices”, have threatened to destabilize rental housing markets in cities nationwide, including the City of Berkeley.

B. These programs enable landlords to indirectly coordinate with one another through the sharing of non-public competitively sensitive data in order to artificially inflate rents and vacancy rates for rental housing. Participating landlords provide vast amounts of proprietary data to the programs, which in turn set or provide recommendations for rent and occupancy levels.

C. More and more landlords in U.S. cities now pool their data and pricing decisions using such software.

D. The software has contributed to double-digit rent increases (over the last nine years, median rents have increased 19% in the East Bay), higher vacancy rates, and higher rates of eviction, and has generally distorted markets so that rents and vacancy rates have increased in tandem.

E. Often used by large corporate landlords, the software fuels the consolidation of corporate and private equity ownership of rental housing, at the expense of landlords

large and small who are willing to play by the normal rules. Landlords using these tools are not engaging in appropriate market behavior. And the companies developing and selling these tools to Berkeley landlords are not doing so either, and are contributing to these problems.

F. A 2022 class action lawsuit filed in the U.S. District Court in the Western District of Washington at Seattle (one of over 20 private class action lawsuits that have been consolidated into one case) accuses nearly 50 trade associations - including the East Bay Rental Housing Association and the Berkeley Property Owners Association – of serving as “conduits of the cartel” by providing a venue for RealPage and their property owners to conspire. The lawsuit further alleges that landlords use the software to agree on prices to set for rent, and to stagger their lease renewal dates so as to avoid any oversupplies in rental properties.

G. Numerous antitrust lawsuits have been filed against certain of these companies, including RealPage, Inc. and Yardi Systems, Inc. The lawsuits allege that these companies are enabling and participating in a scheme of unlawful rent-fixing. These include a lawsuit filed by the District of Columbia Attorney General in November 2023, a lawsuit filed by the Arizona Attorney General in February 2024, and more than 20 federal private class action lawsuits filed nationwide that have been consolidated in the federal court in the Middle District of Tennessee. In August 2024, The United States Department of Justice, alongside the attorneys general of California and seven other states, filed an antitrust lawsuit against RealPage, accusing the company of reducing competition among landlords and taking over the market for such algorithm-based rental software.

H. Instead of waiting for court processes which may take years to resolve, this ordinance prohibits the sale or use of algorithmic devices for the purpose of setting rents on residential dwelling units in the city of Berkeley, to bring immediate relief to Berkeley tenants, as well as to put landlords who have been using these devices on equal footing with those who are willing to adhere to fair standards for setting rental rates.

I. This Chapter is not intended to prevent the development or sale of software to help landlords manage their units generally or through the use of public data. Nor does this Chapter regulate the amount of rent that a landlord may charge. This Chapter solely regulates the use and sale of the algorithmic devices that analyze and share non-public data, to prevent the harms described above.

### **13.63.020 Definitions.**

A. “Algorithmic device” means a device such as a software program that uses one or more algorithms to perform calculations of non-public competitor data concerning local or statewide rents or occupancy levels, for the purpose of advising a landlord whether to leave their unit vacant or on the amount of rent that the landlord may obtain from a tenant. “Algorithmic device” includes a product that incorporates an algorithmic device, but does not include (a) any report published by a trade association that receives renter data and publishes it in an aggregated and anonymous manner or (b) a product used for the purpose of establishing rent or income limits in accordance with the affordable housing guidelines of a local government, the state, the federal government, or other political subdivision.

B. “Non-public competitor data” means information that is not available to the general public, including information about actual rent prices, occupancy rates, lease start and end dates, and similar data, regardless whether the information is attributable to a specific competitor or anonymized, and regardless whether it is derived from or otherwise provided by another person that competes in the same market or a related market.

**13.63.030 Use and sale of algorithmic devices prohibited.**

A. It shall be unlawful to sell, license, or otherwise provide to city of Berkeley landlords any algorithmic device that sets, recommends, or advises on rents or occupancy levels that may be achieved for residential dwelling units in the city of Berkeley.

B. It shall be unlawful for a landlord to use an algorithmic device described in subsection A when setting rents or occupancy levels for residential dwelling units in the city of Berkeley. Each separate month that a violation exists or continues, and each separate residential dwelling unit for which the landlord used the algorithmic device, shall constitute a separate and distinct violation.

**13.63.040 Remedies.**

A. The City Attorney may file a civil action for violations of section 13.63.030, subsections A and/or B, for damages, injunctive relief, restitution/return of illegal profits, and/or civil penalties of up to \$1,000 per violation. The court shall award reasonable attorney’s fees and costs to the city Attorney if the City Attorney is the prevailing party in such a civil action.

B. A tenant may file a civil action for violations of section 13.63.030, subsection B, for injunctive relief, money damages, and/or civil penalties of up to \$1,000 per violation. The court shall award reasonable attorney’s fees and costs to the tenant if the tenant is the prevailing party in such a civil action. A lease provision that limits a prevailing tenant from obtaining attorneys’ fees shall not be enforceable against a tenant’s claim for attorneys’ fees that arises under this subsection 13.63.040 B.

**13.63.050 Undertaking for the general welfare.**

In enacting and implementing this Chapter 13.63, the City is assuming an undertaking only to promote the general welfare. It is not assuming, nor is it imposing on its officers and employees, an obligation for breach of which it is liable in money damages to any person who claims that such breach proximately caused injury.

**13.63.060 Severability.**

If any part or provision of this Chapter, or the application of this Chapter to any person or circumstance, is held invalid, the remainder of this Chapter, including the application of such part or provision to other persons or circumstances, shall not be affected by such a holding and shall continue in full force and effect. To this end, the provisions of this Chapter are severable.

Section 2. Copies of this Ordinance shall be posted for two days prior to adoption in the display case located near the walkway in front of the Maudelle Shirek Building, 2134

Martin Luther King Jr. Way. Within 15 days of adoption, copies of this Ordinance shall be filed at each branch of the Berkeley Public Library and the title shall be published in a newspaper of general circulation.

# Ordinance to Prohibit Algorithmic Devices to Set Rents or Manage Occupancy Levels

Housing Advisory Commission  
October 10th, 2024

# What is “Automated Rent Setting” or “AI Revenue Management”?

- Landlords delegate their rental price and supply decisions to a common decisionmaker
- Landlords, who should be competing with each other as to price, share data with a common decisionmaker, and the common decisionmaker provides “daily pricing and ongoing revenue oversight”
- Rather than function as separate economic entities, participating landlords make key competitive decisions regarding the price and supply of multifamily apartments collectively
- This drives up rents and amounts to illegal price-fixing

# What's RealPage?

- RealPage “provides property management software, data analytics, and services to efficiently manage rental properties and real estate”
- For several years, RealPage and its resetting software YieldStar has been the subject of controversy, especially due to a 2022 expose by ProPublica titled [“Rent Going Up? One Company’s Algorithm Could Be Why.”](#)
- Aug. 2024 DOJ lawsuit accuses RealPage of being a monopoly, controlling 80% of the property management software market

# “Hub and Spoke” Price Fixing

- Centralized company (data broker, trade association, software algorithm) facilitates illegal agreements among competitors
- RealPage is the “hub” and landlords who depend on its recommendations regarding rent levels are the “spokes”
- By agreeing to follow the rent recommendations, using competitively sensitive and/or proprietary data, landlords tacitly agree to fix rents without need to directly compete with each other
- System allows landlords to conspire to limit rental supply and drive up rents, creating a cartel

# Legal Actions to Date

- Over 30 class-action lawsuits have been filed against RealPage and landlords who use the software
- A Dec. 2022 class action lawsuit accuses the East Bay Rental Housing Association and the Berkeley Property Owners Association of serving as “conduits of the cartel”\*
- The Department of Justice sued RealPage on August 23, 2024, for its unlawful scheme to decrease competition among landlords in apartment pricing and to monopolize the market for commercial revenue management software.”
- Eight Attorneys General (inc. CA AG) joined the DOJ lawsuit

\*U.S. District Court Western District of WA at Seattle (transferred to Middle District of TN)

# Rationale for Ordinance

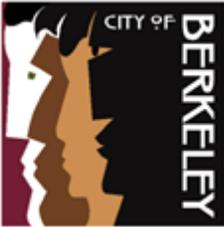
- **57% of Berkeley's population are renters:**
  - People of color are 3x more likely to rent than to own homes
  - 60% of tenants are lower income
  - 1/2 of all renters are rent burdened (pay more than 30% of income to rent)
- **Increasing corporate concentration in housing :**
  - Q1 2024: six largest publicly traded apartment companies saw their combined net incomes climb by nearly \$300 million
  - Even in markets that don't have corporate concentration, landlord trade associations facilitate the use of algorithms among small and mid -sized landlords

# Rationale for Ordinance (cont.)

- Over the last nine years, rents have increased 19% in the East Bay
- Housing Element notes that rents for rent-controlled and market-rate units have increased dramatically over the last decade
- The city's Black population has declined rapidly over the last 20 years due to rising rents
- Use of algorithmic devices is illegal price fixing and negatively impacts the rental market by artificially inflating rents and creating housing scarcity

# Why Take Local Action?

- Numerous lawsuits have been filed that allege harmful practices that could take years to litigate
- Acting locally to ban these practices protects tenants now
- San Francisco is the first local jurisdiction to ban the sale and use of these devices
- San Diego, Oakland, San Jose, Chicago, Miami, Philadelphia, Washington State and Texas are considering similar bans
- Recommend that HAC recommend to City Council adoption of an ordinance banning the sale and use of algorithmic devices to set rents and manage occupancy rates



Igor Tregub  
Councilmember, District 4

CONSENT CALENDAR

FEBRUARY 11, 2025

To: Honorable Mayor Adena Ishii and Members of the City Council  
From: Councilmember Tregub (Author), Councilmember Bartlett (Co-Sponsor) and Councilmember O’Keefe (Co-Sponsor)  
Subject: Referral to the City Manager and Council Budget and Finance Committee: Transfer Tax Exemption for 100% Affordable Housing Projects

**RECOMMENDATION**

Adopt a referral to the City Manager and Council Budget and Finance Committee to study the fiscal impacts of a transfer tax exemption for 100% affordable housing projects for further Council action by March 25, 2025.

**CURRENT SITUATION AND ITS EFFECTS**

The City of Berkeley charges a transfer tax any time real estate changes ownership. The City’s transfer tax was established in 1978 at the rate of 1.5% for all transactions. Measure P (2018) increased the real property transfer tax for ten years to 2.5% for transactions of \$1.6M or more. Measure W (2024) again increased the real property transfer tax to 3.5% for transactions \$3M or greater and removed the expiration date. Measure W will take effect on January 1, 2027.<sup>1</sup>

To raise capital for more substantial rehabilitation projects, affordable housing developers will typically pursue an additional allocation of tax credits. This requires a new tax credit equity investor to enter the ownership structure for the project. The most efficient way to execute this complex transaction is to have a new limited partnership purchase the property from the prior ownership entity. These sales and transfer of ownership are subject to the property transfer tax, despite this being essentially a refinancing event. While the property experiences a technical change of ownership, the

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<sup>1</sup> [BMC Chapter 7.52, Real Property Transfer Tax](#)

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non-profit affordable housing organization remains the controlling and managing partner after the transaction.

Resources for Community Development (RCD)<sup>2</sup>, a reputable nonprofit affordable housing developer with several sites in Berkeley, is exploring rehabilitation projects at a handful of Berkeley developments over the next several years. RCD estimates that they would pay approximately \$6,000 to \$11,000 per unit in transfer tax on these properties under the current Measure P rates, or \$8,000 to \$15,000 per unit under the recently adopted Measure W rates.

Property	Units	Est. Valuation <sup>3</sup>	Transfer Tax, total 2.5%	Transfer Tax, per unit 2.5%	Transfer Tax, total 3.5%	Transfer Tax, per unit 3.5%
Oxford	97	\$ 27,602,978	\$690,074	\$7,114	\$ 966,104	\$ 9,960
Margaret Breland	28	\$ 6,507,333	\$162,683	\$5,810	\$ 227,757	\$ 8,134
Mable Howard	40	\$ 13,073,900	\$326,848	\$8,171	\$ 457,587	\$ 11,440

Given the limited availability of rehabilitation funding, the expenditure \$6,000 to \$11,000 per unit in transfer taxes will lead to a \$6,000 to \$11,000 per unit reduction in rehabilitation scope, at minimum. This, in turn, would make RCD’s applications for state and federal funding sources less competitive. While the estimates above are specific to RCD’s use case, RCD’s experiences are generally applicable to other affordable housing developers and land trusts seeking to rehabilitate their affordable housing holdings in Berkeley.

**Precedent in Other Jurisdictions:** San Francisco offers a [transfer tax exemption](#) for deed-restricted affordable housing. San Francisco’s ordinance text can be found [here](#).

In collaboration with our affordable housing providers, we have identified two possible avenues for this policy change:

<sup>2</sup> <https://rcdhousing.org/>

<sup>3</sup> The estimated valuation is based on the previous tax roll valuation from the time of construction, multiplied by a factor of 2.5. This is the typical 15-year tax roll valuation increase that have been observed on other recent resyndications.

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1. The City Council could add an exemption to BMC 7.52.060 for the transfer of ownership at any property with a recorded agreement requiring that it be maintained as 100% rent-restricted affordable housing, with the exception of staff units, for at least 55 years from the date of the transfer event.
2. The City Council could pass a resolution establishing a time-limited waiver of the transfer tax for any transfer of ownership at a property with a recorded agreement requiring that it be maintained as 100% rent-restricted affordable housing, with the exception of staff units, for at least 55 years from the date of the transfer event.

The former strategy would provide more certainty and permanence. The latter strategy would provide greater flexibility for the City Council if, at a future date, the City decides that the City could no longer forego the lost revenue from providing a waiver or exemption. The short-term referral requests the study of both strategies as well as any other recommendations by March 25, 2025.

## **BACKGROUND**

The Berkeley City Council has granted transfer tax refunds or waivers to three known rehabilitation or acquisition projects:

- 2014: Refund given to RCD for Oxford Plaza re-financing
- 2019: Waiver given to BACLT for 1638 Stuart Street acquisition
- 2021: Refund given to BACLT for 1685 Solano Avenue acquisition

These waivers and refunds have been granted on a case-by-case basis via a City Council resolution.

## **RATIONALE FOR RECOMMENDATION**

Establishing a formal exemption or universal waiver would provide more certainty to affordable housing developers pursuing rehabilitation projects. That certainty would, in turn, allow them to remove the transfer tax as a line item in project budget, improving the development's cost efficiency and enabling them to be more competitive for state and federal funding sources.

## **FISCAL IMPACTS OF RECOMMENDATION**

Potential financial impacts from the loss of Measure P/W funds during transfers associated with the rehabilitation of 100% affordable housing projects, somewhat offset

Internal

by the elimination of staff time required to submit case-by-case recommendations for waivers and refunds to the City Council.

### **ENVIRONMENTAL SUSTAINABILITY**

The preservation of affordable housing supports Berkeley's broader greenhouse gas reduction goals.

### **CONTACT PERSON**

Igor Tregub, Councilmember District 4

Phone: 510-981-7140

Email: [ITregub@Berkeleyca.gov](mailto:ITregub@Berkeleyca.gov)

Olga Bolotina, Chief of Staff, Council District 4

Email: [OBolotina@Berkeleyca.gov](mailto:OBolotina@Berkeleyca.gov)