



Berkeley Neighborhoods Council
P.O. Box 5108
Berkeley, CA 94705

**Dedicated to improving the quality of life for all by creating
a unified neighborhood voice for promoting livability and resolving problems**

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April 12, 2020

Re: Item 39 on the Council agenda of April 14, 2020

Inclusionary Units in Qualified Opportunity Zones

Recommendation; Adopt an ordinance amending Berkeley Municipal Code Chapter 22.20.065 requiring onsite inclusionary units in new developments in Qualified Opportunity Zones (QOZs).

Dear Honorable Mayor Jesse Arreguin, Councilmember Rashi Kesarwani, Councilmember Cheryl Davila, Councilmember Ben Bartlett, Councilmember Kate Harrison, Councilmember & Vice Mayor Sophie Hahn, Councilmember Susan Wengraf, Councilmember Rigel Robinson and Councilmember Lori Droste:

We are writing to urge you to adopt Item 39 - amending Berkeley Municipal Code chapter 22.20.065 requiring onsite inclusionary below market rate (BMR) units in new rental developments in Qualified Opportunity Zones (QOZs). This amendment would remove the option to pay into the city's housing fund.

As part of the 2017 Trump Tax Cuts, Opportunity Zones were identified with the stated intent of revitalizing low-income neighborhoods across the country. Per information provided about Opportunity Zones this was to be done by investing capital that would otherwise be locked up due to the asset holder's unwillingness to trigger a capital gains tax.

Historically, Berkeley Ordinances require new construction to provide 20% of their units at rents below market rate (BMR). However, this was changed so that currently developers are allowed to pay a fee to the Affordable Housing Trust Fund in-lieu of including these units onsite. Up to this point, nearly every new multi-family building constructed in Berkeley opted to pay the in-lieu fee instead of providing the units onsite. This has contributed greatly to the situation we have now, where Berkeley has fulfilled well over 100% of our fair share of Market Rate housing units as determined by ABAG, but lag in our construction of all categories of BMR units. Requiring the 20% BMR units to be built onsite will help us make up this shortfall. It will accelerate construction of affordable units.

The lack of affordable rental units has been the largest concern for our entire region for years and has contributed to the rise in homelessness. Add to this the Covid-19 pandemic with the accompanying astronomical rise in unemployment, and we have an urgent situation. Our most vulnerable residents need your action now to ensure that future development will provide the housing they can afford.

The federal government is doing all it can to support wealthy investors. It is up to you to claim some of that gain for the low-income residents of Berkeley. Adopt the amendment to the Berkeley Municipal Code and secure 20% of the units in every rental development. Express to the citizens of Berkeley your support for our residents. Show them your compassion for our low-income residents and your concerns for their well-being.

Sincerely,

BNC Executive Committee

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Shirley Dean
Janis Ching
David Ushijima
Meryl Siegal

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