Measure U1 and What It Will Do

The City of Berkeley desperately needs more resources to fund affordable housing. On May 31st the Berkeley City Council took an important step towards addressing that problem by unanimously placing on the November ballot a measure to increase in the business license tax for landlords with five or more residential rental units.

In contrast to the deceptive measure DD promoted by Berkeley’s largest landlords, this is the real affordable housing measure. It will raise funds from where the real money is and will make a real difference by providing Berkeley with real affordable housing.

* *Measure U1* will generate funds by increasing the business license tax on owners of five or more residential rental units and prohibits passing on the increase to most tenants.
	+ Berkeley rents have gone up more than 50 per cent in the last four years
	+ Tenants are paying an extra $100 million a year, over and above a normal inflation adjustment to their rent.
	+ Larger rental property investors can afford this tax as they have benefited the most from the rent increase.
* *Measure U1* raises the tax by 1.8% to a total of 2.88% of gross receipts, an increase of about $30 per unit, per month, and is projected to raise $4 million dollars a year in new money.
	+ That's enough to fund a substantial affordable housing project with 40 affordable homes every year
	+ Over the next 10 years that could mean creating 400 truly affordable homes in Berkeley.
	+ It will also fund emergency assistance to prevent families from falling into homelessness.
* *Measure U1* is a fair and well thought out ordinance and the exemptions prove it:
	+ It exempts the smallest rental property owners - those with four units or less.
	+ It exempts units with historically low rents,
	+ It exempts units rented to low-income tenants receiving Section 8 rental assistance, who otherwise have difficulty finding housing, and
	+ It exempts new buildings from paying the fee for 12 years after construction is completed, so it will not discourage new construction that increases the housing supply.
* *Measure U1* is similar to the Soda Tax,
	+ It only needs 50 per cent plus one vote to pass and
	+ It requires the Housing Advisory Commission, whose members have expertise in affordable housing, to advise the City Council on how best to spend new revenue to meet Berkeley's critical housing needs.