

CNA

Council of Neighborhood Associations
Berkeley, California

Newsletter

To let neighborhoods know what's coming down before it lands on them, since 1975

UC Buildings Use City Services, Pay Nothing

And UC's Been on a Buying Spree for Several Years

—by CNA Board



1995 University Avenue, the Golden Bear, last assessed at \$45.9 million

Over the last decade, the University of California (UC) has purchased at least six Berkeley commercial properties, including three of the largest office buildings in town. Each of these sites is now *entirely removed from the property tax rolls* — even those that are in use as restaurants, cafés, medical offices, bicycle shops and game stores. Why? Shouldn't the property tax exemption apply only to buildings in use for educational purposes?

Lost Revenue

The most extreme loss of tax revenue occurred when UC purchased the Golden Bear Building at 1995 Uni-

versity Avenue in 2009. It was assessed at \$45.9 million at the time, and was providing property tax at the rate of \$738,553 per year. Although most of the space in the building appears to be under UC uses, Charles Schwab occupies nearly the whole western half of the ground floor. Charles Schwab is not part of UC and its activities are not educational. Why is the building totally exempt from property taxation?

Second to the Golden Bear purchase in revenue elimination was the 2013 purchase of 1608 Fourth Street and its parking lot, covering an entire city block. UC has moved some non-academic employees there, supposedly to streamline administration. The property was assessed in 2013 at \$15.5 million, then providing \$339,121 in annual property tax.

The next largest acquisition was the six-story office/medical building at 2850 Telegraph Avenue and the lots at 2318, 2322 and 2324 Oregon Street, which are part of the parking lot for the building. All were acquired in 2009. The structure was assessed at \$8.9 million when sold, at which time the annual bill was \$184,167, and the lots totaled \$629,750 in assessment and \$9,086 in revenue. The occupants include medical laboratories and Berkeley Endodontics.

2481-83 Hearst Avenue was purchased in 2012 and now houses the Daily Californian, called the "Indepen-



2850 Telegraph Avenue, medical building with large parking lot

Tax Exempt but Costly

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1608 Fourth Street. Shuttle buses convey UC workers between the campus and this location

dent Student Press Since 1971.” The building was last assessed at \$3.3 million, providing \$41,936 in annual revenue.

2436-40 Bancroft Way is a three story building with five shops on the ground floor, each rented to a small business. Purchased by UC in 2007, it was then assessed at just over \$1 million, with an annual tax bill of \$48,319.

Does anyone remember the Pursel paint store at 2161 University? The building was sold to UC in 2008 and the paint store moved elsewhere, replaced by a bicycle shop. The last assessment at the time of sale was \$486,528, generating \$10,779 in yearly revenue. With its large parking lot, the site is clearly worth much more than that now.

Costs to the City

In 2003, the City commissioned a study by the firm Economic & Planning Systems called the UC Berkeley Fiscal Impact Analysis, completed in 2004. The study determined that the campus used \$13.5 million annually in city services at that time — before the buying spree detailed above began. Also, the number of students and all associated facilities has greatly increased since 2004.

However, in 2005 a Legal Settlement Agreement



The parking lot for 2850 Telegraph, which includes three city lots facing Oregon Street. Its 85 spaces are rented at \$1 per hour or \$8 per day to users of the offices in the building

was made between UC and the City Council majority, led by Mayor Tom Bates, over UC’s 2020 LRDP (Long Range Development Plan). The Agreement stipulated that the City would receive only \$1.2 million per year from UC, from which \$200,000 was for “projects that benefit City neighborhoods.” UC is allowed to choose these projects, and it is unclear how much of this money has actually been spent. So the annual shortfall in UC’s payments was at least \$12.3 million in 2005, and is surely much greater now.

Even this large gap doesn’t take into account the huge and unforeseen removal of property from the City and County tax rolls in the last 10 years. UC is blatantly exploiting a loophole in Article XIII of the California Constitution which exempts any property it owns from property tax, *regardless of the use to which it is put, or whether the property is rented to a for-profit commercial enterprise.*

UC and its boosters constantly trumpet the fact that Berkeley wouldn’t be the same without the University, and of course, that’s true. However, they’re less ready to discuss the huge amount that the City pays for this privilege. ■

The dates and figures for UC property acquisitions and (former) assessments cited in this article were acquired from the Alameda County Recorder’s Office and the Alameda County Assessor’s Office

The following are excerpts from the infamous 2005 LRDP Settlement Agreement:

Section II. A. 3

UC Berkeley and the City will work together to identify opportunities for mixed-use projects and public/private partnerships on land not currently under UC control, within the Downtown area or elsewhere in the City.

Section VI. B

The City agrees not to seek to impose parking taxes on the University during the course of the 2020 LRDP as long as the total of fiscal considerations under part III are not reduced. [Part III is the section that limits payment from UC to the City to \$1.2 million per year.]

Section VI. C

The City Agrees not to pursue new or additional sewer fees or litigation to impose such new or additional fees on the University during the course of the 2020 LRDP as long as the total of fiscal considerations under part III are not reduced. City will promptly pass a resolution and take any other legal steps necessary to exempt UC Berkeley from the imposition of the sewer fees adopted by the City Council on April 26, 2005.

The Agreement, just 21 pages long, should be read by all to see how the “City” surrendered power to UC. It can be found at: www.berkeley.edu/administration/lrdp/pdf/settlement.pdf