



AGENDA REPORT

RENT PROGRAM

DATE: April 5, 2017

TO: Members of the Rent Board

FROM: Bill Lindsay, City Manager

SUBJECT: PROPOSED 2017 RENT PROGRAM TRANSITION PLAN

STATEMENT OF THE ISSUE:

Appointments to the Rent Board were approved by the City Council on March 21, 2017. Rent Board approval of the Proposed 2017 Rent Program Transition Plan is necessary to ensure that City staff may continue their progress on critical path items necessary for effective implementation and administration of the Ordinance and Rent Program.

RECOMMENDED ACTION:

REVIEW and APPROVE the Proposed 2017 Rent Program Transition Plan for establishing an independent department.

FISCAL IMPACT:

The exact fiscal impact of establishing an independent Rent Program department is unknown at this time, and will depend on the budget approved by the Rent Board and the program fee established by the City Council. The Rent Program budget shall be funded by Rent Program fees, including the Residential Rental Housing Fee.

DISCUSSION:

Background

Section 11.100.060 of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance requires that the City take necessary steps to implement the Ordinance prior to the appointment of the Rent Board and their hiring of an Executive Director. As such, the City Manager, acting in his capacity as Interim Rent Program Administrator, and his designees, have administered essential Rent Program functions.

Following the adoption of a Rent Control and Just Cause for Eviction ordinance in July, 2015, the City Council authorized the City Manager to enter into professional services contracts. In December, 2016, the City Council approved the 2016 Annual General Adjustment and the Fiscal Year 2016-17 Interim Rent Board Budget. In addition, the City Manager received authorization to execute a reimbursement agreement to ensure that the General Fund is reimbursed for Rent Program expenses and to enter into sole source contracts.

With this authorization, City staff retained Management Partners, a management consulting firm that has provided guidance and drafted critical path items to assist City staff with implementation of the Ordinance. As part of the Transition Plan, City staff members recommend that the Executive Director, once hired, continue working with Management Partners in the short-term to ensure the completion of such items, including adopting preliminary regulations and the Residential Rental Housing Fee, as well as developing process maps for billing, enrollment, rent increase, and procedures for addressing habitability complaints.

Purpose of the Transition Plan

The Proposed 2017 Rent Program Transition Plan identifies, provides a status update, and outlines a recommended approach and timeline for fulfillment of critical path items that have yet to be completed. These items include, but are not limited to:

- A training in the California Brown Act for Rent Boardmembers;
- Receiving and Approving the Proposed 2017 Rent Program Transition Plan;
- Hiring an Executive Director;
- Publishing the Fiscal Year (FY) 2017-18 Rent Program Budget;
- Conducting the Residential Rental Housing Fee Study;
- Retaining Staff;
- Entering into Professional Service Contracts;
- Adopting Preliminary Regulations;
- Approving Process Maps, and;
- Conducting Additional Community Education.

Staff recommend that the Rent Board approve the Transition Plan to ensure that key deadlines are met (e.g. adoption of the FY 2017-18 budget in accordance with Section 11.100.060(n)) and administration of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance continues.

DOCUMENTS ATTACHED:

Attachment 1 – Draft Proposed 2017 Rent Program Transition Plan

DRAFT PROPOSED 2017 RENT PROGRAM TRANSITION PLAN					
ACTION	DESCRIPTION	STATUS	STAFF RECOMMENDATION		
			PROPOSED APPROACH	TARGET TIMELINE	
A	Receive Brown Act Training	City Attorney's Office shall provide Brown Act training.	Assistant City Attorney Rachel Sommovilla is scheduled to provide Brown Act training.	Staff shall provide Brown Act training.	<p><i>April 5</i> – Guide provided to Rent Board in Agenda Packet</p> <p><i>April 19</i> – Training date (second Rent Board meeting)</p>
B	Receive and Approve Transition Plan	The Board shall receive the Proposed Rent Program Transition Plan.	Transition Plan has been drafted for the Rent Board's consideration.	Staff shall present the Transition Plan to the Rent Board for approval.	<i>April 5</i> – Receive and Approve Transition Plan
C	Hire Executive Director	Section 11.100.060(o) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance ("Ordinance") provides that the Rent Board shall hire an Executive Director.	An Executive Director job announcement was issued by the Human Resources Department on January 13, 2017.	Review applications, conduct interviews, and recommend one candidate to Human Resources to offer the position.	<p><i>By April 19</i> – First round interviews (date and time to be determined)</p> <p><i>By April 26</i> – Second round interviews (optional – date and time to be determined)</p> <p><i>By April 28</i> – Human Resources sends employment offer</p> <p><i>May 22 (estimated)</i> – Executive Director starts</p>
D	Receive, Approve, and Publish FY 17-18 Budget	Section 11.100.060(n) provides that, prior to July 1 of each year, the Board shall hold a public hearing on a proposed budget and adopt an annual budget for the ensuing fiscal year. At least 35 days prior to the beginning each fiscal year, the Board's Executive Director shall submit to the Board the proposed budget as prepared by the Executive Director. Copies of the proposed budget shall be available for inspection by the public in the office of the Board at least ten days prior to said hearing (by May 18).	A draft FY 17-18 budget has been prepared as part of the FY 16-17 and FY17-18 Residential Rental Housing Fee Study.	Staff shall prepare a draft budget for the Rent Board's consideration during the second week of May. The Rent Board shall adopt the budget in advance of May 27.	<p><i>April 19</i> – Receive Draft Budget</p> <p><i>April 26</i> – Review Draft Budget</p> <p><i>May 10</i> – Approve Draft Budget</p> <p><i>May 12</i> – Publish Draft Budget</p> <p><i>May 24</i> – Consider amending and adopting FY 16-17 budget; adopt FY 17-18 budget</p>

TASK	DESCRIPTION	STATUS	STAFF RECOMMENDATION		
			PROPOSED APPROACH	TARGET TIMELINE	
E	Conduct Residential Rental Housing Fee Study	<p>Section 11.100.060(l) of the Ordinance requires that the Board finance reasonable and necessary expenses by charging Landlords annual registration fees.</p> <p>The amount of the Residential Rental Housing Fee will be determined by the City Council following a recommendation by the Rent Board.</p>	<p>Interim staff are in the process of conducting a fee study in partnership with Management Partners, a consulting firm that the City retained for technical assistance regarding implementation of the Rent Program.</p> <p>A draft fee study shall be finalized in April.</p>	<p>Staff shall finalize Rent Control and Just Cause for Eviction fee study and present a proposed fee to the Rent Board for recommendation to the City Council.</p>	<p><i>April</i> – Draft fee study finalized</p> <p><i>May</i> – Fee presented to Rent Board</p> <p><i>May</i> – Present Fee to City Council for adoption</p> <p><i>June</i> – Fee is billed to Landlords, due within 30 days</p>
F	Retain Staff	<p>Adequate staff are needed to conduct essential Rent Program administrative and management functions.</p>	<p>The Rent Program currently employs interim staffing of three full-time employees (FTEs) and four part-time, temporary interns. It is anticipated that one FTE and all current part-time interns will cease working for the Rent Program in May/June.</p>	<p>Given that the Executive Director will not be retained until May 22 at best, the City Manager’s Office shall initiate the recruitment of interns, administrative staff, and a minimum of one FTE to support the Rent Program.</p>	<p><i>April</i> – Recruitment and interviews</p> <p><i>April/May</i> – Hire staff</p>
G	Enter into Professional Service Contracts	<p>Professional service contracts are proposed to supplement administrative and management staff to provide the following services to the Rent Program:</p> <ul style="list-style-type: none"> • Legal counsel • Hearing officers • Mediation • Unlawful Detainer (UD) representation (eviction for payment of Base Rent) 	<p>Staff have obtained interim legal counsel (Michael Roush), and scopes of work from prospective contractors recommended by Management Partners (hearing officers and mediation services) and Tenants Together (UD representation).</p>	<p>Staff shall enter into sole source, short-term contracts with the following providers:</p> <ul style="list-style-type: none"> • University of the Pacific (hearing officers) • ECHO (mediation) • Centro Legal (UD representation) 	<p><i>April</i> – Enter into contracts with University of the Pacific (hearing officers), ECHO (mediation), and Centro Legal (UD representation for payment of Base Rent)</p>

TASK	DESCRIPTION	STATUS	STAFF RECOMMENDATION		
			PROPOSED APPROACH	TARGET TIMELINE	
H	Adopt Preliminary Regulations	<p>The adoption of regulations is necessary to further the implementation and administration of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. Such regulations shall include, for example:</p> <ul style="list-style-type: none"> • Policies and procedures for evaluating petitions for upward and downward adjustments of the Maximum Allowable Rent (MAR) • Metrics for determining Fair Rate of Return standards • Administration of the Relocation Ordinance • Enforcement policies • Procedures for hearing Excess Rent Complaints • Application of the Ordinance on Section 8 tenancies 	<p>Management Partners is preparing draft regulations for the Rent Board's consideration.</p> <p>Legal Staff shall review these regulations and will provide comments.</p>	<p>Staff and legal counsel shall proceed with reviewing and providing comments on the draft regulations for the Board's consideration.</p>	<p><i>April</i> – Preliminary regulations finalized</p> <p><i>May</i> – Preliminary regulations are presented to the Board for potential adoption</p> <p><i>June (and ongoing)</i> – Additional regulations are drafted and considered as needed.</p>
I	Approve Process Maps	<p>To assist with implementation of the Rent Program, Management Partners and staff have drafted process maps to inform regulations and IT solutions for the Rent Program. These processes include:</p> <ul style="list-style-type: none"> • Enrollment in the Rent Program • Application of the Annual General Adjustment (AGA) • Petitions and Hearings • Billing Procedure • Habitability Complaints 	<p>Enrollment, AGA, and Petition/Hearing draft process maps have been finalized. Billing procedure and habitability complaint process maps are still in preliminary draft form.</p>	<p>Staff shall continue working with Management Partners to develop process maps for the Executive Director and Rent Board's consideration.</p>	<p><i>April</i> – Habitability complaints draft process map is finalized</p> <p><i>May</i> – Process maps are presented to the Rent Board</p> <p><i>June</i> – Rent Board and staff Comments incorporated</p> <p><i>July</i> – Process maps published</p>
J	Conduct Community Education	<p>Community Education is critical for tenants, landlords, and community members. Section 11.100.060(g) of the Ordinance requires that the Rent Board publish and distribute a Rent Program brochure. This brochure must be provided to tenants by the landlord at the beginning of tenancy and with each notice of rent increase.</p> <p>In addition, the City Council has directed staff to conduct community workshops and classes with legal service providers.</p>	<p>An English and Spanish Rent Program Brochure has been created and posted on the Rent Program website.</p> <p>A postcard was mailed to all residents (every door direct mail) and all non-resident property owners in late December, 2016.</p> <p>Staff hosted Rent Program Community Workshops on January 18, 2017, and March 29, 2017. Staff also hosted two Computer Lab Support Sessions, on March 23, 2017, and March 30, 2017.</p>	<p>The Executive Director shall send out a second postcard to all residents and non-resident property owners (once adequate staffing is retained to respond to anticipated high volume of inquiries).</p> <p>The Executive Director (if hired) shall conduct additional Community Workshops in June.</p>	<p><i>May</i> – Send second postcard</p> <p><i>June</i> – Host additional community workshops</p> <p><i>July</i> – Host class with legal service providers</p>

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