

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: October 18, 2017

Final Decision Date Deadline: October 18, 2017

**STATEMENT OF THE ISSUE:** Since November 2016 when Richmond voters adopted Measure L, the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance, the City of Richmond, through its General Fund, has provided funding to operate the Rent Program Department established by the Ordinance, with the understanding that the Residential Rental Housing Fee would be established and collected to reimburse the City. The City Council has adopted a Residential Rental Housing Fee based on the budgets the Rent Board has adopted and the City will begin billing and collecting that Fee this fall. Funds from that Fee will be used to reimburse the City. The attached Reimbursement Agreement provides for that reimbursement.

## INDICATE APPROPRIATE BODY

- |   |  |  |  |   |
|---|--|--|--|---|
| <input type="checkbox"/> City Council               | <input type="checkbox"/> Redevelopment Agency                    | <input type="checkbox"/> Housing Authority     | <input type="checkbox"/> Surplus Property Authority          | <input type="checkbox"/> Joint Powers Financing Authority |
| <input type="checkbox"/> Finance Standing Committee | <input type="checkbox"/> Public Safety Public Services Committee | <input type="checkbox"/> Local Reuse Authority | <input checked="" type="checkbox"/> Other: <u>Rent Board</u> |   |

## ITEM

- Presentation/Proclamation/Commendation (3-Minute Time Limit)
- Public Hearing                       Regulation                       Other:
- Contract/Agreement                       Rent Board As Whole
- Grant Application/Acceptance                       Claims Filed Against City of Richmond
- Resolution                       Video/PowerPoint Presentation (contact KCRT @ 620.6759)

**RECOMMENDED ACTION:** APPROVE by motion a Reimbursement Agreement between the Rent Board and the City of Richmond – Rent Program (Michael Roush 621-1202).

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**I-1.**

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# AGENDA REPORT

**DATE:** October 18, 2017

**TO:** Chair Gray and Members of the Rent Board

**FROM:** Michael Roush, Legal Counsel

**SUBJECT:** REIMBURSEMENT AGREEMENT BETWEEN THE RENT BOARD AND CITY OF RICHMOND

## **STATEMENT OF THE ISSUE:**

Since November 2016, when Richmond voters adopted Measure L, the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance, the City of Richmond, through its General Fund, has provided funding to operate the Rent Program Department established by the Ordinance, with the understanding that the Residential Rental Housing Fee would be established and collected to reimburse the City. The City Council has adopted a Residential Rental Housing Fee based on the budgets the Rent Board has adopted and the City will begin billing and collecting that Fee this fall. Funds from that Fee will be used to reimburse the City. The attached Reimbursement Agreement provides for that reimbursement.

## **RECOMMENDED ACTION:**

APPROVE by motion a Reimbursement Agreement between the Rent Board and the City of Richmond – Rent Program (Michael Roush 621-1202).

## **FISCAL IMPACT:**

The Reimbursement Agreement provides the documentation to enable the City to be reimbursed by the Rent Board through the City's collection of the Residential Rental Housing Fee.

## **DISCUSSION:**

### Background

In November 2016, Richmond voters adopted Measure L, the City of Richmond's Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance. The Ordinance required that the City perform all duties necessary to implement the Ordinance until the

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Rent Board was appointed and the Board hire its own staff. The Ordinance also requires the City to provide infrastructural support for the Rent Program as it would for any other City department.

Since November, when the voters approved Measure L, the City, from its General Fund, has provided funding for consultants, employees, startup costs, IT services, administrative services and legal assistance, all in support of the Rent Program.

In June 2017, the Rent Board adopted Fiscal Year 2016-17 and Fiscal Year 2017-18 Rent Program Budgets to fund and staff the Rent Program, consistent with the scope of services contemplated by the Ordinance. As recommended by the Rent Board, the Richmond City Council adopted on July 25, 2017 fees consistent with the Board's budgets. The City will be billing and collecting these fees beginning this Fall.

The City has requested that a formal reimbursement agreement be approved by the Board to reflect that the City intends to be reimbursed from the Rental Housing Fees for the expenses it has incurred, and will continue to incur, in support of the rent program, with the long-term goal for the rent program to fund its operations from the Residential Rental Housing Fees without advances from the City's General Fund.

### Discussion

The Agreement provides the City may, but is not required to, provide funds in support of the Rent Program. Such funds may be used for staff assistance, supplies, technical services and other services necessary to carry out the comprehensive Rent Program created by the Ordinance. The City will set up a separate fund into which the Rental Housing Fees will be deposited and out of those funds the City will be reimbursed for the money it has expended, and will expend, on behalf of the Rent Program. Periodically, the City will provide a statement to the Board reflecting what the City has spent and what has been collected.

The goal is to make the City whole as soon as possible and for the Rent Program to be self-sustaining without need of financial assistance from the City's General Fund.

### **DOCUMENTS ATTACHED:**

Attachment 1 – Reimbursement Agreement Between the Rent Board and City of Richmond

**REIMBURSEMENT AGREEMENT**

This Reimbursement Agreement (the “Agreement”) is entered into on this September \_\_\_\_, 2017, between the Richmond Rent Board (the “Rent Board”) and the City of Richmond, a municipal corporation (the “City”) to pay for services and advanced funds provided by the City to the Rent Board to carry out its powers, duties, and functions as set forth in Measure L, now codified in Chapter 11.100, Richmond Municipal Code, and in other rent control/eviction protection ordinances adopted by the City (“Rent Program”).

**I. RECITALS**

- A. Whereas, Measure L (The Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance) was approved by the voters on November 8, 2016 and became effective on December 30, 2016; and
- B. Whereas, Measure L establishes a Richmond Rent Board, requires the City to perform the duties of the Board during the transition period before Board Members are appointed and an Executive Director is hired, and requires the City to provide infrastructural support to the Board as it would to any other City Department; and
- C. Whereas, all City departments pay a cost allocation for infrastructural and administrative support; and
- D. Whereas, since November 8, 2016, the City has provided to the Rent Board, and continues to provide, the following services, including but not limited to: consultants, employees and staff, start-up costs and fees, overhead, IT services, administrative services, legal assistance; and
- E. Whereas, since November 8, 2016, the City has through its General Fund advanced on behalf of the Board, and continues to advance on behalf of the Board, funds to operate the Rent Program; and
- F. Whereas, the City will charge and collect fees (“Rent Program Fees”) to landlords to recover costs for operating the Rent Program, the City Council adopted Rent Program Fees on July 25, 2017, and the Rent Program is beginning to collect but has not yet collected the Rent Program Fees; and
- G. Whereas, the City and the Rent Board desire to enter into this Agreement: (1) to set forth activities, services and facilities which the City will provide and make available to the Rent Board in furtherance of Rent Program; and (2) to provide that the Rent Board will reimburse the City for any and all costs and expenses incurred by it on behalf of the Rent Board.

**II. AGREEMENTS**

In exchange for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, City and Rent Board agree as follows:

**1. RECITALS**

The parties hereby acknowledge and confirm the Recitals in this Agreement.

**2. REIMBURSEMENT**

- (a) The City may provide for the Rent Board such staff assistance, supplies, technical services, and other services and facilities of the City as the Rent Board may require in carrying out the Rent Program. Such assistance and services may include the services of City employees and consultants.
- (b) The City may, but is not required to, advance funds to the Rent Board or to expend funds on behalf of the Rent Board to carry out the Rent Program, particularly during the initial months of the Rent Program's operation prior to the receipt of any Rent Program Fees. The Rent Board shall adopt a budget to cover the estimated Rent Program expenditures, including adequate reserves to cover any shortfalls in revenue, based on the level of services reflected in the adopted budget. The City and the Rent Board agree that the City is not required to advance funds to the Rent Board from its General Fund, and that the long term goal is for the Rent Program to fund its operations without advances from the City General Fund.
- (c) The City will establish a separate Rent Program fund for the Rent Board and will keep a separate accounting for all of the Rent Board's revenues, expenditures, and fund balances. The revenues will generally consist of the Rent Program Fees, which will be deposited into this fund. The expenditures will generally consist of services paid, provided, and invoiced by the City and will be directly charged to the Rent Program fund.
- (d) The City will keep records of activities and services undertaken pursuant to this Agreement and the costs thereof in order that an accurate record of the Rent Board's fund balance and liability to the City can be ascertained. The City shall periodically, and at a minimum annually, submit to the Rent Board a statement of the costs incurred by the City in rendering activities and services to the Rent Board pursuant to this Agreement. The City will submit an initial invoice for costs incurred from November 2016 through June 30, 2017.
- (e) From the Rent Program fund, the Rent Board shall reimburse the City for any and all costs incurred for services and facilities provided by the City pursuant to this Agreement, including but not limited to the proration of administrative, overhead, IT, salary and benefits expenses provided, and any other cost allocations for infrastructural and administrative support, as well as consultant, attorney, and risk management expenses attributed to services rendered for the Rent Board.
- (f) It is the express intent of the parties that the City shall be entitled to reimbursement of any and all costs incurred by the City under this Agreement. The Rent Board will make the City whole as soon as practically possible but in no event later than within two years of the date of the City's expenditures, unless extended by the City.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed as of the date first specified herein.

**ITEM I-1  
ATTACHMENT 1**

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Richmond Rent Board:

CITY:

By: \_\_\_\_\_  
\_\_\_\_\_, Rent Board, Chair  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Bill Lindsay, City Manager  
Date: \_\_\_\_\_

Approved as to form:

\_\_\_\_\_

Bruce Reed Goodmiller

City Attorney

Approved as to form:

\_\_\_\_\_

Rent Board Attorney

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