

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 28, 2018

Final Decision Date Deadline: February 28, 2018

STATEMENT OF THE ISSUE: Section 11.100.060(n) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance requires the Executive Director to submit to the Board the proposed budget for the ensuing fiscal year at least thirty-five (35) days prior to the beginning of the fiscal year (July 1 – June 30). Given the interrelated nature of the Rent Program Budget, Rental Housing Fee, and billing cycle for the Rental Housing Fee, it is prudent to plan accordingly to ensure Rent Program Department operations remain fiscally feasible.

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 Standing 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: RECEIVE a proposed timeline for (1) adoption of the Fiscal Year 2018-19 Rent Program Budget; (2) recommendation of approval of the FY 2018-19 Rental Housing Fee to the City Council; and (3) billing of the FY 2018-19 Residential Rental Housing Fee. - Rent Program (Nicolas Traylor 620-6564).

AGENDA ITEM NO:

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AGENDA REPORT

DATE: February 28, 2018

TO: Chair Gray and Members of the Rent Board

FROM: Nicolas Traylor, Executive Director

SUBJECT: PROPOSED FISCAL YEAR 2018-19 BUDGET, FEE ADOPTION, AND BILLING TIMELINE

STATEMENT OF THE ISSUE:

Section 11.100.060(n) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance requires the Executive Director to submit to the Board the proposed budget for the ensuing fiscal year at least thirty-five (35) days prior to the beginning of the fiscal year (July 1 – June 30). Given the interrelated nature of the Rent Program Budget, Rental Housing Fee, and billing cycle for the Rental Housing Fee, it is prudent to plan accordingly to ensure Rent Program Department operations remain fiscally feasible.

RECOMMENDED ACTION:

RECEIVE a proposed timeline for (1) adoption of the Fiscal Year 2018-19 Rent Program Budget; (2) recommendation of approval of the FY 2018-19 Rental Housing Fee to the City Council; and (3) billing of the FY 2018-19 Residential Rental Housing Fee.

FISCAL IMPACT:

Adoption of a budget and approval of a fee study for the upcoming 2018-19 Fiscal Year is essential to ensure the Rent Program Department is able to continue to provide services to Richmond community members. The proposed timeline will permit Rent Program staff members to mail bills for the FY 2018-19 Rental Housing Fee in August 2018, with payment due in September 2018 (Attachment 1).

DISCUSSION:

Background

The Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance establishes that the Rent Board is an integral part of the government of the City, but

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shall exercise its powers and duties independent from the City Council, City Manager, and City Attorney, except by request of the Board. While the Ordinance provides that the City Council and City Manager shall have no authority to oversee, supervise, or approve the Rent Program budget, the associated Residential Rental Housing Fee, established by an Ordinance of the City Council, must be approved by the City Council (Attachment 2).

Since the Residential Rental Housing Fee is the Rent Program's only source of revenue for the foreseeable future, it is imperative that the Rent Board budget reflects the interests of both the Rent Board and City Council members.

Proposed Objectives and Possible Impacts

The proposed Fiscal Year 2018-19 budget is anticipated to contain a number of key changes since the Rent Board's adoption of the Fiscal Year 2017-18 budget. The table below contains a summary of each proposed modification and the possible impacts of such changes.

Proposed Objective	Possible Anticipated Impact(s)
1. Increase compliance with the requirements of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, including payment of the Rental Housing Fee and all adopted Rent Board regulations, through active enforcement and rent registration	1. Additional resources should be allocated towards compliance and rent registration. This would require a reduction in other line items or increase in the Rental Housing Fee.
2. Determine Residential Rental Housing Fee amount(s) for Rental Units partially or fully covered by the Ordinance to ensure the fee recommended by the Rent Board and charged to Landlords is commensurate with the level of services provided by the Rent Program; contemplate a pass-through of the Rental Housing Fee so the cost is shared between Tenants and Landlords	2. Utilize a tiered-fee approach, such that partially covered units pay a lesser fee than fully-covered Controlled Rental Units; possibly permit a pass-through of a portion of the Rental Housing Fee to be shared between Tenants and Landlords
3. Incorporate new information and data gathered through the owner-occupancy and exemption verification project performed by Rent Program staff members in September-November 2017 to inform estimates of the total number of Rental Units in the City of Richmond	3. Since the number of housing units assessed the Rental Housing Fee will likely decrease due to the subtraction of exempt units from the database, the cost of the budget will be allocated among a smaller number of units, resulting in a probable increase in the amount of the Rental Housing Fee for fully covered Controlled Rental Units.
4. Improve the physical utility of the Rent Program office through the addition of permanent signage and reconfiguration of counseling areas.	4. Additional resources should be allocated towards office furniture, signage, and construction of counseling stations. This would require a reduction in other line items or increase in the Rental Housing Fee.

DOCUMENTS ATTACHED:

Attachment 1 – Proposed Fiscal Year 2018-19 Budget, Fee Adoption, and Billing
Timeline

Attachment 2 – Ordinance No. 16-17 N.S. An Ordinance of the City Council of the City
Council of Richmond Creating the Residential Rental Housing Fee in
the Master Fee Schedule for Services Rendered by the City of
Richmond Rent Program

PROPOSED FISCAL YEAR 2018-19 BUDGET, FEE ADOPTION, AND BILLING TIMELINE

A. BUDGET ADOPTION		
#	EVENT	PROPOSED DATE
1	Executive Director submits proposed FY 18-19 Budget to the Rent Board	March 21, 2018, Regular Meeting
2	<i>(Optional)</i> Rent Board discusses FY 18-19 Budget	Possible Special Meeting in late March/early April 2018
3	Public Hearing Notice is posted in Contra Costa Times (newspaper); proposed budgets are available for inspection at Rent Program office	April 6, 2018
4	Rent Board considers adoption of FY 18-19 Budget (Public Hearing)	April 18, 2018, Regular Meeting

B. FEE ADOPTION		
#	EVENT	PROPOSED DATE
1	Rent Board receives draft FY 18-19 Fee Study	March 21, 2018, Regular Meeting
2	<i>(Optional)</i> Rent Board discusses FY 18-19 Fee Study	Possible Special Meeting in late March/early April 2018
3	Rent Board approves FY 18-19 Fee Study and recommends to the City Council approval of the FY 18-19 Rental Housing Fee	April 18, 2018, Regular Meeting
4	City Council receives FY 18-19 Fee Study (study session)	May 22, 2018
5	City Council adopts FY 18-19 Fee Study	June 19, 2018

C. BILLING TIMELINE		
#	TASK	PROPOSED SCHEDULE
1	Bills are generated	July 2018
2	Bills mailed	August 2018
3	Rental Housing Fee due	September 2018

ORDINANCE NO. 16-17 N.S.

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RICHMOND
CREATING THE RESIDENTIAL RENTAL HOUSING FEE IN THE MASTER FEE
SCHEDULE FOR SERVICES RENDERED BY THE CITY OF RICHMOND RENT
PROGRAM**

The City Council of the City of Richmond do ordain as follows:

SECTION 1. Section 2.34.040 of the City of Richmond Municipal Code is hereby amended to include the following fees within the various categories:

Description	Percentage of Costs to be Recovered	Proposed Fees
RMC 6.38.110 Section 5 allows the City to collect fees solely to defray actual cost. RMC 6.02.180		
RENT PROGRAM RESIDENTIAL RENTAL HOUSING FEE		
Administration of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (RMC Chapter 11.100)	100%	As determined by City Council resolution and as set forth in the Master Fee Schedule

SECTION 2. Pursuant to Section 2.34.040 of the Municipal Code of the City of Richmond which provides for the establishment of a Master Fee Schedule for the fees to be charged by the various City departments for City services, the City Council of the City of Richmond hereby amends the Master Fee Schedule to create the Residential Rental Housing Fee in accordance with Section 11.100.060(l) of the Municipal Code of the City of Richmond.

SECTION 3. Delinquency. Any Landlord as defined in Section 11.100.030(f) of the Municipal Code of the City of Richmond who fails to file any required statement and pay the amount of the Residential Rental Housing Fee prescribed by City Council resolution within thirty (30) days after it becomes due shall be deemed delinquent and shall be assessed the following penalty:

- (1) Ten percent of the Residential Rental Housing Fee if the payment is made within one to thirty days after it became delinquent;
- (2) Twenty-five percent of the Residential Rental Housing Fee if the payment is made within thirty-one to sixty days after it became delinquent; and
- (3) Fifty percent of the Residential Rental Housing Fee if the payment is made more than sixty days after it became delinquent.

Such penalty shall become part of the Residential Rental Housing Fee then required to be paid under this Section 2.34.040 and enabling resolution, and if such delinquency continues thereafter, such person shall be subject to all further penal provisions and remedies contained in this chapter.

SECTION 4. City entitled to payment.

- (a) The City shall be entitled to payment from any Landlord as defined in Section 11.100.030(f) of the Municipal Code of the City of Richmond for services rendered by the City of Richmond Rent Program.
- (b) If any Landlord fails to pay the Residential Rental Housing Fee, the Director of Finance shall mail the Landlord a final request for payment for the amounts owed, plus penalties, such as those described in Section 3. The final request shall include a warning notice that

if the Residential Rental Housing Fee is not paid within thirty (30) days, they will be placed on the real property tax rolls. The warning notice shall include information concerning the additional administrative charges that will become due if a lien is recorded against the property, and that the City shall assess the property on the property owner's next property tax statement if the Residential Rental Housing Fee plus any applicable penalties charged to each owner according to the most recent property assessment rolls of the County Assessor is unpaid.

- (c) If the payment is not made by the owner within thirty (30) days, the Director of Finance shall send a certified notice which shall contain the name or names of the owner, the address of the property served, the period of the service, and the amounts due plus penalties.
- (d) The notice shall set a time and place for an administrative hearing before the Director of Finance and shall be mailed to each person to whom the described property for which the service is rendered is assessed on the most recent property assessment rolls of the County Assessor. The notice shall be mailed not less than fifteen (15) days prior to the date of the hearing.
- (e) The Director of Finance shall conduct a hearing. The Director of Finance shall determine whether an assessment should be imposed upon the owner's property.
- (f) If the Director of Finance approves the delinquent charges against the owner of the property and the owner fails to pay said charges, an assessment on the real property for which the service was rendered will be recorded with the Recorder of Contra Costa County. The recorded assessment shall carry an additional administrative charge of \$45.00.
- (g) Delinquent charges which remain unpaid by the owner shall constitute a special assessment against the property to which the service was rendered and shall be collected at such time as established by the County Assessor for inclusion in the next property tax assessment.
- (h) The Director of Finance shall turn over to the County Assessor for inclusion in the next property tax assessment the total sum of unpaid delinquent charges plus penalties as described in Section 3 and administrative charges, plus an assessment charge of \$5.00 as a special assessment against the parcel of property situated within the City to which the service was rendered. The assessment shall be collected at the same time and in the same manner as municipal taxes are collected. The assessment shall be subordinate to all existing special assessment previously imposed on the property. It shall have priority over other liens except for those State, County, and municipal taxes with which it shall have parity. The assessment shall continue until the assessment and all interest and charges due and payable thereon are paid. All laws applicable to the levy, collection and enforcement of municipal taxes shall be applicable to the special assessment.

SECTION 5. Severability. If any section, subsection, sentence, clause, phrase or portion of this ordinance is for any reason held invalid or unconstitutional by a court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this ordinance. The City Council hereby declares that it would have passed each and every section, subsection, phrase or clause of this ordinance irrespective of the fact that any one or more sections, subsections, phrases or clauses be declared invalid or unconstitutional, whether on its face or as applied.

SECTION 6. This ordinance shall be effective 30 days after passage and adoption.

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ATTACHMENT 2**

First read at a regular meeting of the Council of the City of Richmond held July 18, 2017, and finally passed and adopted at a regular meeting thereof held July 25, 2017, by the following vote:

AYES: Councilmembers Choi, Martinez, Myrick, Willis, Vice Mayor Beckles, and Mayor Butt.
NOES: None.
ABSTENTIONS: None.
ABSENT: None.

PAMELA CHRISTIAN
CLERK OF THE CITY OF RICHMOND
(SEAL)

Approved:
TOM BUTT
Mayor

Approved as to form:
BRUCE GOODMILLER
City Attorney

State of California }
County of Contra Costa } : ss.
City of Richmond }

I certify that the foregoing is a true copy of **Ordinance No. 16-17 N.S.**, passed and adopted by the City Council of the City of Richmond at a regular meeting held on July 25, 2017.



Pamela Christian, City Clerk of the City of Richmond