



REGULAR MEETING OF THE RENT BOARD OF THE CITY OF RICHMOND

CITY COUNCIL CHAMBERS, COMMUNITY SERVICES BUILDING
440 Civic Center Plaza, Richmond, CA 94804

Wednesday, April 18, 2018

Boardmembers

Nancy Combs
Virginia Finlay
Emma Gerould
David Gray
Lauren Maddock

Link to Rent Board Meeting Agendas and Accompanying Materials:

www.ci.richmond.ca.us/3375/Rent-Board

COMMUNICATION ACCESS INFORMATION

This meeting is being held in a wheelchair accessible location. To request disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact Bruce Soublet, ADA Coordinator, at (510) 620-6509 at least three business days before the meeting date.

NOTICE TO PUBLIC

The City of Richmond encourages community participation at public meetings and has established procedures that are intended to accommodate public input in a timely and time-sensitive way. As a courtesy to all members of the public who wish to participate in Rent Board meetings, please observe the following procedures:

Public Comment on Agenda Items: Persons wishing to speak on a particular item on the agenda shall file a speaker form with City staff **PRIOR** to the Rent Board's consideration of the item on the agenda. Once the clerk announces the item, only those persons who

have previously submitted speaker forms shall be permitted to speak on the item. Each speaker will be allowed up to two minutes to address the Rent Board.

Public Forum: Individuals who would like to address the Rent Board on matters not listed on the agenda or on items remaining on the consent calendar may do so under Public Forum. All speakers must complete and file a speaker's card with City staff prior to the commencement of Public Forum. The amount of time allotted to individual speakers shall be determined based on the number of persons requesting to speak during this item. The time allocation for each speaker will be as follows: 15 or fewer speakers, a maximum of 2 minutes; 16 to 24 speakers, a maximum of 1 and one-half minutes; and 25 or more speakers, a maximum of 1 minute.

Conduct at Meetings: Richmond Rent Board meetings are limited public forums during which the City strives to provide an open, safe atmosphere and promote robust public debate. Members of the public, however, must comply with state law, as well as the City's laws and procedures and may not actually disrupt the orderly conduct of these meetings. The public, for example, may not shout or use amplifying devices, must submit comment cards and speak during their allotted time in order to provide public comment, may not create a physical disturbance, may not speak on matters unrelated to issues within the jurisdiction of the Rent Board or the agenda item at hand, and may not cause immediate threats to public safety.

City Harassment Policy: The City invites public comment and critique about its operations, including comment about the performance of its public officials and employees, at the public meetings of the City Council and boards and commissions. However, discriminatory or harassing comments about or in the presence of City employees, even comments by third parties, may create a hostile work environment, if severe or pervasive. The City prohibits harassment against an applicant, employee, or contractor on the basis of race, religious creed, color, national origin, ancestry, physical disability, medical condition, mental disability, marital status, sex (including pregnancy, childbirth, and related medical conditions), sexual orientation, gender identity, age or veteran status, or any other characteristic protected by federal, state or local law. In order to acknowledge the public's right to comment on City operations at public meetings, which could include comments that violate the City's harassment policy if such comments do not cause an actual disruption under the Council Rules and Procedures, while taking reasonable steps to protect City employees from discrimination and harassment, City Boards and Commissions shall adhere to the following procedures. If any person makes a harassing remark at a public meeting that violates the above City policy prohibiting harassment, the presiding officer of the meeting may, at the conclusion of the speaker's remarks and allotted time: (a) remind the public that the City's Policy Regarding Harassment of its Employees is contained in the written posted agenda; and (b) state that comments in violation of City policy are not condoned by the City and will play no role in City decisions. If any person makes a harassing remark at a public meeting that violates the above City policy, any City employee in the room who is offended by remarks violating the City's policy is excused from attendance at the meeting. No City employee is compelled to remain in attendance

where it appears likely that speakers will make further harassing comments. If an employee leaves a City meeting for this reason, the presiding officer may send a designee to notify any offended employee who has left the meeting when those comments are likely concluded so that the employee may return to the meeting. The presiding officer may remind an employee or any council or board or commission member that he or she may leave the meeting if a remark violating the City's harassment policy is made.

This page intentionally left blank

OPEN SESSION TO HEAR PUBLIC COMMENT BEFORE CLOSED SESSION

5:00 PM

A. ROLL CALL

B. PUBLIC COMMENT BEFORE CLOSED SESSION

C. ADJOURN TO CLOSED SESSION

CLOSED SESSION

Shimada Room of the Community Services Building

PUBLIC EMPLOYEE EVALUATION (Government Code Section 54957.6):

Title: Executive Director – Fair Rent, Just Cause for Eviction and Homeowner Protection Program

This page intentionally left blank

REGULAR MEETING OF THE RICHMOND RENT BOARD

AGENDA

5:30 PM

A. PLEDGE TO THE FLAG

B. ROLL CALL

C. STATEMENT OF CONFLICT OF INTEREST

D. REPORT FROM LEGAL COUNSEL OF FINAL DECISIONS MADE IN CLOSED SESSION

E. AGENDA REVIEW

F. INTRODUCTIONS FROM RENT PROGRAM STAFF MEMBERS

G. PUBLIC FORUM

H. RENT BOARD CONSENT CALENDAR

H-1. APPROVE the minutes of the March 21, 2018, Regular Meeting of the Richmond Rent Board. *Cynthia Shaw*

H-2. RECEIVE letters from community members regarding the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100. *Cynthia Shaw*

I. RENT BOARD AS A WHOLE

I-1. RECEIVE an update concerning the petition and hearing processes. *Nicolas Traylor
Paul Cohen*

I-2. RECEIVE and DISCUSS a proposed implementation timeline for rent registration. *Nicolas Traylor*

I-3. RECEIVE revised Fiscal Year 2018-19 Rent Program budget options and corresponding Rental Housing Fee Study and PROVIDE direction to staff. *Nicolas Traylor
Paige Roosa*

- I-4.** (1) CONSIDER APPROVING a revision to the salary of the Executive Director for the remainder of Fiscal Year 2017-18 to the amount for the Executive Director position as reflected in the publicly posted and available Rent Board budget, as approved and adopted by the Richmond Rent Board. The revised salary for Fiscal Year 2017-18 shall become effective on April 16, 2018; and (2) CONSIDER APPROVING the salary of the Executive Director for Fiscal Year 2018-19 to the amount for the Executive Director position in the Richmond Board's budget for Fiscal Year 2018-19, as that budget, following a public hearing, is approved and adopted by the Richmond Rent Board. The approved salary for the Executive Director for Fiscal Year 2018-19 shall become effective on July 1, 2018.

Michael Roush

J. REPORTS OF OFFICERS

K. ADJOURNMENT

Any documents produced by the City and distributed to a majority of the Rent Board regarding any item on this agenda will be made available at the Rent Program Office located on the second floor of 440 Civic Center Plaza and will be posted at www.richmondrent.org.

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: April 18, 2018

Final Decision Date Deadline: April 18, 2018

STATEMENT OF THE ISSUE: The minutes of the March 21, 2018, Regular Meeting of the Richmond Rent Board require approval.

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

- | | | |
|---|--|--|
| <input type="checkbox"/> Presentation/Proclamation/Commendation (3-Minute Time Limit) | | |
| <input type="checkbox"/> Public Hearing | <input type="checkbox"/> Regulation | <input checked="" type="checkbox"/> Other: <u>CONSENT CALENDAR</u> |
| <input type="checkbox"/> Contract/Agreement | <input type="checkbox"/> Rent Board As Whole | |
| <input type="checkbox"/> Grant Application/Acceptance | <input type="checkbox"/> Claims Filed Against City of Richmond | |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Video/PowerPoint Presentation (contact KCRT @ 620.6759) | |

RECOMMENDED ACTION: Approve the minutes of the March 21, 2018 Regular Meeting – Rent Program (Cynthia Shaw 620-5552).

AGENDA ITEM NO:

H-1.

This page intentionally left blank

RICHMOND, CALIFORNIA, March 21, 2018

The Regular Meeting of the Richmond Rent Board was called to order at 5:00 P.M.

PLEDGE TO THE FLAG

ROLL CALL

Present: Boardmembers Combs, Finlay, Maddock, and Vice Chair Gerould.

Absent: Chair Gray.

STATEMENT OF CONFLICT OF INTEREST

None.

AGENDA REVIEW

None.

PUBLIC FORUM

Cordell Hindler mentioned his conversation with the President of the Richmond Neighborhood Coordinating Council about the Rent Program providing a presentation on rent control at their Board meeting. He also invited the Rent Board to attend the Crime Prevention meet and greet in March.

Lori Wickliff alleged a discrepancy in the February 28th, 2018, Rent Board meeting minutes about adding a similar language to the Regulations as Berkeley, regarding a sub tenant who is being overcharged by the master tenant. She also mentioned an issue with Item F-3 on the February 28, 2018 meeting agenda, regarding Ken Baar's contract and not given the opportunity to comment on the item. She mentioned that she would like this Item to be added to the agenda in an upcoming meeting to discuss further.

Sherry Zalabak spoke about affordable housing, noting it is limiting and rent control has caused small landlords to relocate to other cities or go out of the rental business. She feels that the Ordinance is unfair to landlords and that it doesn't allow the landlord to gain access to a fair return and to move back into their rentals. She also feels

that the Ordinance doesn't seem to protect landlords in the way that it protects tenants. She mentioned two points to prevent possible legal actions against the Rent Board: 1) allow landlords easy access to a fair return with the guarantee that it will benefit both landlords and tenants and 2) show that rent control will protect landlords as well, instead of making small landlords feel as if they are being punished, like other rent-controlled cities do.

Ilona Clark expressed her feelings regarding Ken Baar's contract and how he was appointed. She feels that he was appointed unfairly and his expertise is based upon the extent to which his housing policies end up in court. She spoke about how the item regarding his contract was pulled from the agenda last month and how the housing providers weren't given the opportunity to comment. She also spoke about the precedence that the Sole Source Contract sets for the Richmond Rent Program and how difficult it is to understand the process.

Michael Gliksohn commended the Rent Program staff for their great work and for the continued education on rent control from experienced staff.

Marcia Umland expressed her concerns with the enrollment process and expressed that the process is confusing. She also spoke about how she sympathizes with tenants when it comes to the housing issues of Richmond, however the rent control process should be simple for owners.

RENT BOARD CONSENT CALENDAR

On motion of Boardmember Combs, seconded by Boardmember Maddock, the item(s) marked with an (*) were approved with Chair Gray absent.

*F-1. Approve the minutes of the February 28, 2018, Special Meeting of the Richmond Rent Board.

*F-2. Receive letters from community members regarding the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100.

REGULATIONS

G-1. The matter to adopt a Maintenance of Net Operating Income (MNOI) Fair Return Regulation (Chapter 9) was presented by Deputy Director Paige Roosa. The presentation included information on the background of the regulation, an overview of relevant policy questions with examples that included case study research, MNOI examples with calculations, a definition of operating expenses, illustrations of fair return using the MNOI standard, a table with an example of “partial indexing” concept, additional recommended modifications, and the recommended action. Discussion ensued. The following individuals gave comments: Ilona Clark, Linda Newton, Sherry Zalabak, and Lori Wickliff. A motion by Vice Chair Gerould, seconded by Boardmember Maddock, to adopt Maintenance of Net Operation Income (MNOI) Fair Return Regulation (Chapter 9), with the following modifications: the existing provision stated in Regulation section 905 (A) (9) will remain and to deny staff’s recommendation to change the provision from two years to one year, passed by the following vote: **Ayes:** Boardmembers Combs, Finlay, Maddock and Vice Chair Gerould. **Noes:** None. **Abstentions:** None. **Absent:** Chair Gray.

RENT BOARD AS A WHOLE

H-1. The matter to receive proposed Fiscal Year 2018-19 Rent Program budget options and corresponding Rental Housing Fee Study and provide direction to staff was presented by Executive Director Nicolas Traylor. The presentation included information about department organization and goals, a Rent Program organizational chart, unit descriptions which included the Management Unit, Public Information and Compliance Unit, and Hearings Unit, a draft of the Rent Program’s Mission Statement, Fiscal Year 2018-19 goals, expense and revenue summary, proposed FY 2018-19 budget options that included proposed budget priorities and themes, proposed budget and corresponding estimated rental housing fee option A, B and C, which included a photo to explain the importance of the counseling area redesign, the importance of exterior and interior permanent signage, importance of hiring an Administrative Aide to implement rent registration, the importance of hiring a contract Attorney to perform compliance operations, and a proposed option comparison. The draft Fiscal Year 2018-19 Rental Housing Fee study included the introduction and background, proposed fee structure, Rental Housing Fees for each budget option (A, B, and C), proposed Rental Housing Fee summary, comparison to peer

jurisdictions, partial pass-through of the Rental Housing Fee, staff recommendation and the recommended action. Discussion ensued. The following individuals gave comments: Ilona Clark and Lori Wickliff. A motion by Vice Chair Gerould, seconded by Boardmember Finlay, to receive proposed Fiscal Year 2018-19 Rent Program operating budget options and corresponding Rental Housing Fee Study and provide the following direction to staff: hold a special Rent Board meeting in April to adopt the fee study and budget, including, but not limited to: recommending the Rental Housing Fee amount, exploring fee pass-through options, adopt the budget, and for staff to provide a third tier in the fee study applicable to affordable housing units, passed by the following vote: **Ayes:** Boardmembers Combs, Finlay, Maddock and Vice Chair Gerould. **Noes:** None. **Abstentions:** None. **Absent:** Chair Gray.

REPORTS OF OFFICERS

Executive Director Nicolas Traylor gave a brief report on the Eviction 101 Community Workshop held on March 17th, 2018, and gave an update on the Staff Attorney and Hearing Examiner interviews, noting that offers of employment have been made to both candidates.

Boardmember Finlay asked a question of Boardmember Maddock whether or not the actual expended funds in FY 2017-18 for salaries and benefits is of value, since there has been an increase in staff costs since last year's budget was adopted. Boardmember Maddock responded that she is more interested in the actual versus budgeted amounts for operating expenses, rather than salaries and benefits.

ADJOURNMENT

There being no further business, the meeting adjourned at 7:37 P.M.

Cynthia Shaw and Andrea Zuniga
Staff Clerks

(SEAL)

Approved:

David Gray, Chair

This page intentionally left blank

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: April 18, 2018

Final Decision Date Deadline: April 18, 2018

STATEMENT OF THE ISSUE: Members of the community have sent letters to the Rent Board and Rent Program staff members. Staff members recommend letters that do not pertain to a specific item on the Rent Board agenda be included as consent items for consideration by the Rent Board.

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

- | | | |
|---|--|--|
| <input type="checkbox"/> Presentation/Proclamation/Commendation (3-Minute Time Limit) | | |
| <input type="checkbox"/> Public Hearing | <input type="checkbox"/> Regulation | <input checked="" type="checkbox"/> Other: <u>CONSENT CALENDAR</u> |
| <input type="checkbox"/> Contract/Agreement | <input type="checkbox"/> Rent Board As Whole | |
| <input type="checkbox"/> Grant Application/Acceptance | <input type="checkbox"/> Claims Filed Against City of Richmond | |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Video/PowerPoint Presentation (contact KCRT @ 620.6759) | |

RECOMMENDED ACTION: Receive letters from community members regarding the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100 – Rent Program (Cynthia Shaw 620-5552).

AGENDA ITEM NO:
H-2.

This page intentionally left blank

Ilona Clark AURHP

Public forum: The AURHP has some issues with Baar's ideas and his position as the expert consultant for the Richmond Rent board, that is no secret. But we have at least as big a problem with HOW Baar was appointed. A sole source contract based on the false pretense that he is the only expert. False. This decision, as Nick has said explicitly, is up to the board. Up to you to approve or not.

We do not like that Baar's "expertise" is based in large part on the number of times his housing policies wind up in court – this to us is a reason for caution, not a reason to embrace.

We do not like that this item was pulled from the discussion last month. Does it not stand up to the smallest amount of scrutiny? A \$30,000 contract for which no bidding was allowed had *better* stand up to a little scrutiny.

We do not like the precedent that this sole source contract sets for Richmond Rent Control

Mostly we do not like it because we do not understand what is going on here. Since it is up to you, the board, we sincerely hope that you do understand and that you do the right thing.

This page intentionally left blank

Ilona Clark submitted the attached to Board Clerk during Public Comment regarding Item G-1 at the 3/21/2018 Rent Board meeting.

ITEM G-1
ATTACHMENT 3

City of Richmond Rent Program
Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

Chapter 9. Standards for Individual Maximum Allowable Rent Adjustments

905. Maintenance of Net Operating Income (MNOI) Fair Return Standard

A. Fair Return Standard

1. **Presumption of Fair Base Year Net Operating Income.** It shall be presumed that the net operating income received by the Landlord in the base year provided a Fair Return.
2. **Fair Return.** A Landlord has the right to obtain a net operating income equal to the base year net operating income adjusted by 100% of the percentage increase in the Consumer Price Index (CPI), since the base year. It shall be presumed this standard provides a Fair Return.
3. **Base Year.**
 - a. For the purposes of making Fair Return determinations pursuant to this section, the calendar year 2015 is the base year. The base year CPI shall be 2015, unless subsection (b) is applicable.
 - b. In the event that a determination of the allowable Rent is made pursuant to this section, if a subsequent petition is filed, the base year shall be the year that was considered as the "current year" in the prior petition.

4. Current Year

The "current year" shall be the calendar year preceding the application. The "current year CPI" shall be the annual CPI for the current year.

5. Adjustment of Base Year Net Operating Income.

Landlords or Tenants may present evidence to rebut the presumption that the base year net operating income provided a Fair Return. Grounds for rebuttal of the presumption shall be based on at least one of the following findings:

- a. **Exceptional Expenses in the Base Year.** The Landlord's operating expenses in the base year were unusually high or low in comparison to other years. In such instances, adjustments may be made in calculating operating expenses in order that the base year operating expenses reflect average expenses for the property over a reasonable

ITEM G-1
ATTACHMENT 3

City of Richmond Rent Program

Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

period of time. The following factors shall be considered in making such a finding:

- i. Extraordinary amounts were expended for necessary maintenance and repairs.
 - ii. Maintenance and repair expenditures were exceptionally low so as to cause inadequate maintenance or significant deterioration in the quality of services provided.
 - iii. Other expenses were unreasonably high or low notwithstanding the application of prudent business practices.
- b. **Exceptional Circumstances in the Base Year.** The gross income during the base year was disproportionately low due to exceptional circumstances. In such instances, adjustments maybe made in calculating base year gross rental income consistent with the purposes of this chapter. The following factors shall be considered in making such a finding:
- i. If the gross income during the base year was lower than it might have been because some residents were charged reduced rent.
 - ii. If the gross income during the base year was significantly lower than normal because of the destruction of the premises and/or temporary eviction for construction or repairs.
 - iii. The pattern of rent increases in the years prior to the base year and whether those increases reflected increases in the CPI.
 - iv. Base period rents were disproportionately low in comparison to the base period rents of comparable apartments in the City.
 - v. Other exceptional circumstances.

6. Calculation of Net Operating Income. Net operating income shall be calculated by subtracting operating expenses from gross rental income.

e.g. **Gross Rental Income.**

- i. Gross rental income shall include:

ITEM G-1
ATTACHMENT 3

City of Richmond Rent Program

Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

Gross rents calculated as gross scheduled rental income at one hundred percent occupancy and all other income or consideration received or receivable in connection with the use or occupancy of the Rental Unit, except as provided in Subparagraph (B) of this section.

~~If there are vacant units at the time a petition is filed the rent shall be calculated on the basis of average rents for comparable units in the property which have had vacancy increases within the past two years. If there are no comparable units in the property rental income for the vacant units shall be calculated on the basis of rents for recently established initial rents for comparable units in the City.~~

If there is a difference in the number of rental units between the base year and the current year, in making calculations of net operating income in the base year and the current year, the rental income and expenses for the same number of units shall be used in calculating the net operating income for both periods.

The purpose of this provision is to ensure that a petitioner is not requesting that the current fair net operating income reach a level which was provided in the base year by a larger number of units or is limited to a net operating income which was formerly provided by a smaller number of units.

If there are units that are vacant or owner-occupied at the time a petition is filed which were rented in the base year, for the purposes of the MNOI analysis a rental income for the unit shall be calculated on the basis of average rents for comparable units in the building which have been permitted vacancy decontrol increases within the past two years. If there are no comparable units in the property rental income for the vacant or owner occupied units, the rent shall be calculated on the basis of recently established initial rents for comparable units in the City. If there are units that were rented in the current year, which were vacant or owner-occupied in the base year, for the purposes of the MNOI analysis a rental income for the unit for the base year shall be calculated on the basis of average rents for comparable units in the building in the base year. If there are no comparable units in the property, rental income for the vacant or owner occupied units in the base year shall be calculated on the basis of base year rents for comparable units in the City. In the alternative, the Hearing

ITEM G-1
ATTACHMENT 3

City of Richmond Rent Program
Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

Officer may use another reasonable methodology to insure compliance with the purposes of this subsection.

ii. Gross rental income shall not include:

Utility Charges for sub-metered gas, electricity or water;

Charges for refuse disposal, sewer service, and, or other services which are either provided solely on a cost pass-through basis and/or are regulated by state or local law;

Charges for laundry services; and

Storage charges.

d.b. **Operating Expenses.** Operating expenses shall include the following:

~~i.~~ **Reasonable costs of operation and maintenance of the Rental Unit, (including property insurance).**

~~ii.i.~~

~~ii.ii.~~ **Management expenses.** It shall be presumed that management expenses have increased between the base year and the current year by the percentage increase in rents or the CPI, whichever is greater, unless the level of management services has either increased or decreased significantly between the base year and the current year. This presumption shall also be applied in the event that management expenses changed from owner managed to managed by a third party or vice versa

~~iii.~~ **Utility costs** except a utility where the consideration of the income associated with the provision of the utility service is regulated by state law and consideration of the costs associated with the provision of the utility service is preempted by state law or the income associated with the provision of the utility is not considered because it is recouped from the Tenants on a cost pass-through basis..

~~iv.~~ **Real property taxes and insurance,** subject to the limitation that property taxes attributable to an assessment in a year other than the base year or current year shall not been considered in calculating base year and/or current year operating expenses.

ITEM G-1
ATTACHMENT 3

City of Richmond Rent Program
Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

~~vi.v.~~ **License, registration and other public fees** required by law to the extent these expenses are not otherwise paid or reimbursed by Tenants.

~~vii.vi.~~ **Landlord-performed labor** compensated at reasonable hourly rates. However, no Landlord-performed labor shall be included as an operating expense unless the Landlord submits documentation showing the date, time, and nature of the work performed. There shall be a maximum allowed under this provision of five percent (5%) of gross income unless the Landlord shows greater services were performed for the benefit of the residents. (HOURLY RATE PRESUMPTIONS TO BE INSERTED UPON ESTABLISHMENT OF CAPITAL IMPROVEMENT REGULATION)

~~viii.vii.~~ **Legal expenses.** Reasonable attorneys' fees and costs incurred in connection with successful good faith attempts to recover rents owing, successful good faith unlawful detainer actions not in derogation of applicable law, legal expenses necessarily incurred in dealings with respect to the normal operation of the Property, and reasonable costs incurred in obtaining a rent increase pursuant to Sections 11.100.070 of the Ordinance.

To the extent allowable legal expenses are not annually reoccurring and are substantial they shall be amortized over a five-year period, unless the Rent Board concludes that a different period is more reasonable. At the end of the amortization period, the allowable monthly rent shall be decreased by any amount it was increased because of the application of this provision.

~~ix.~~ **Exclusions from Operating Expenses.** Operating expenses shall not include the following:

- i. Mortgage principal or interest payments or other debt service costs and costs of obtaining financing.
- ii. Any penalties, fees or interest assessed or awarded for violation of any provision of this chapter or of any other provision of law.
- iii. Land lease expenses.
- iv. Political contributions and payments to organizations or individuals which are substantially devoted to legislative lobbying purposes.
- v. Depreciation.

ITEM G-1
ATTACHMENT 3

City of Richmond Rent Program

Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

- vi. Any expenses for which the Landlord has been reimbursed by any utility rebate or discount, Security Deposit, insurance settlement, judgment for damages, settlement or any other method or device.
- vii. Unreasonable increases in expenses since the base year.
- viii. Expenses associated with the provision of master-metered gas and electricity services.
- ix. Expenses which are attributable to unreasonable delays in performing necessary maintenance or repair work or the failure to complete necessary replacements. (For example if a roof replacement is unreasonably delayed, the full cost of the roof replacement would be allowed; however, if interior water damage occurred as a result of the unreasonable delay

~~4.d. Adjustments to Operating Expenses. Base year and/or current year operating expenses may be averaged with other expense levels for other years or amortized or adjusted by the CPI or to reflect levels that are normal for residential Rental Units or may otherwise be adjusted, in order to establish an expense amount for that item which most reasonably serves the objectives of obtaining a reasonable comparison of base year and current year expenses and providing a Fair Return. If the claimed operating expense levels are exceptionally high compared to prior expense levels and/or industry standards the Landlord shall have the burden of proof of demonstrating that they are reasonable and/or reflect recurring expense levels. Expenses which are exceptional and reasonable shall be amortized in order to achieve the objectives of this section.~~

~~4.e. Projections of Base Year Operating Expenses in the Absence of Actual Data~~

~~If the Landlord does not have base year operating expense data, it shall be presumed that operating expenses increased by the percentage increase in the CPI between the base year and the current year. This presumption is subject to the exception that specific operating expenses shall be adjusted by other amounts when alternate percentage adjustments are supported by a preponderance of evidence (such as data on changes in the rates of particular utilities or limitations on increases in property taxes.)~~

~~6.7. Allocation of Rent Increases~~

~~Rent increases authorized pursuant to this section shall be allocated as follows:~~

City of Richmond Rent Program
Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

- a. Rent increases for unit-specific capital improvements shall be allocated to that unit;
- b. Rent increases for building-wide or common area capital improvements shall be allocated equally among all units;
- c. Rent increases resulting from the Net Operating Income analysis shall be allocated equally among all units;
- d. Notwithstanding the subsections above, the hearing examiner or the Board, in the interests of justice, shall have the discretion to apportion the rent increases in a manner and to the degree necessary to ensure fairness. Such circumstances include, but are not limited to, units that are vacant or owner occupied.

9.

Article III. The Amortized Costs of Capital Replacements/Improvements.

Operating expenses include the amortized costs of capital replacements/improvements plus an interest allowance to cover the amortization of those costs. For purposes of this section a capital improvement shall be any improvement to a unit or property which materially adds to the value of the property, appreciably prolongs its useful life or adapts it to new use and has a useful life of more than one year and a direct cost of \$250.00 or more per unit affected. Allowances for capital improvements shall be subject to the following conditions:

The costs are amortized over the period set forth in Section ___ of this regulation and in no event over a period of less than thirty-six

ITEM G-1
ATTACHMENT 3

City of Richmond Rent Program

Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

months.

~~The costs do not include costs incurred to bring the Rental Unit into compliance with a provision of the Richmond Municipal Code or state law where the original installation of the improvement was not in compliance with code requirements.~~

do not discourage properties from being brought into compliance

At the end of the amortization period, the allowable monthly rent shall be decreased by any amount it has increased due to the application of this provision.

The amortization period shall be in conformance with the following schedule adopted by the Rent Board unless it is determined that an alternate period is justified based on the evidence presented in the hearing.

(continued on following page)

City of Richmond Rent Program
Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

| Amortization of Capital Improvements | |
|--|--------------|
| <u>In amortizing capital improvements, the following schedule shall be used to determine the amortization period of the capital improvements</u> | <u>Years</u> |
| <u>Appliances</u> | - |
| <u>Air Conditioners</u> | <u>10</u> |
| <u>Refrigerator</u> | <u>5</u> |
| <u>Stove</u> | <u>5</u> |
| <u>Garbage Disposal</u> | <u>5</u> |
| <u>Water Heater</u> | <u>5</u> |
| <u>Dishwasher</u> | <u>5</u> |
| <u>Microwave Oven</u> | <u>5</u> |
| <u>Washer/Dryer</u> | <u>5</u> |
| <u>Fans</u> | <u>5</u> |
| <u>Cabinets</u> | <u>10</u> |
| <u>Carpentry</u> | <u>10</u> |
| <u>Counters</u> | <u>10</u> |
| <u>Doors</u> | <u>10</u> |
| <u>Knobs</u> | <u>5</u> |
| <u>Screen Doors</u> | <u>5</u> |
| <u>Fencing and Security</u> | <u>5</u> |
| <u>Management</u> | <u>5</u> |
| <u>Tenant Assistance</u> | <u>5</u> |
| - | - |
| <u>Structural Repair and Retrofitting</u> | - |
| <u>Foundation Repair</u> | <u>10</u> |
| <u>Foundation Replacement</u> | <u>20</u> |
| <u>Foundation Bolting</u> | <u>20</u> |
| <u>Iron or Steel Work</u> | <u>20</u> |
| <u>Masonry-Chimney Repair</u> | <u>20</u> |
| <u>Shear Wall Installation</u> | <u>10</u> |
| <u>Electrical Wiring</u> | <u>10</u> |
| <u>Elevator</u> | <u>20</u> |
| | |

ITEM G-1
ATTACHMENT 3

City of Richmond Rent Program
Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

| | |
|--------------------------------|-----------|
| <i>Fencing</i> | - |
| Chain | <u>10</u> |
| Block | <u>10</u> |
| Wood | <u>10</u> |
| | |
| <i>Fire Systems</i> | |
| Fire Alarm System | <u>10</u> |
| Fire Sprinkler System | <u>20</u> |
| Fire Escape | <u>10</u> |
| | - |
| <i>Flooring/Floor Covering</i> | - |
| Hardwood | <u>10</u> |
| Tile and Linoleum | <u>5</u> |
| Carpet | <u>5</u> |
| Carpet Pad | <u>5</u> |
| Subfloor | <u>10</u> |
| | - |
| Fumigation Tenting | <u>5</u> |
| Furniture | <u>5</u> |
| Automatic Garage Door Openers | <u>10</u> |
| | - |
| <i>Gates</i> | - |
| Chain Link | <u>10</u> |
| Wrought Iron | <u>10</u> |
| Wood | <u>10</u> |
| | |
| <i>Glass</i> | - |
| Windows | <u>5</u> |
| Doors | <u>5</u> |
| Mirrors | <u>5</u> |
| | |
| <i>Heating</i> | - |
| Central | <u>10</u> |
| Gas | <u>10</u> |
| Electric | <u>10</u> |
| Solar | <u>10</u> |
| Insulation | <u>10</u> |

ITEM G-1
ATTACHMENT 3

City of Richmond Rent Program
Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

| | |
|--------------------------|-----------|
| | - |
| <i>Landscaping</i> | |
| Planting | <u>10</u> |
| Sprinklers | <u>10</u> |
| Tree Replacement | <u>10</u> |
| | - |
| <i>Lighting</i> | |
| Interior | <u>10</u> |
| Exterior | <u>5</u> |
| | - |
| Locks | <u>10</u> |
| Mailboxes | <u>10</u> |
| Meters | <u>10</u> |
| | |
| <i>Plumbing</i> | |
| Fixtures | <u>10</u> |
| Pipe Replacement | <u>10</u> |
| Re-Pipe Entire Building | <u>20</u> |
| Shower Doors | <u>5</u> |
| | |
| <i>Painting</i> | |
| Interior | <u>5</u> |
| Exterior | <u>5</u> |
| | - |
| <i>Paving</i> | |
| Asphalt | <u>10</u> |
| Cement | <u>10</u> |
| Decking | <u>10</u> |
| Plastering | <u>10</u> |
| Sump Pumps | <u>10</u> |
| Railings | <u>10</u> |
| | - |
| <i>Roofing</i> | |
| Shingle/Asphalt | <u>10</u> |
| Built-up, Tar and Gravel | <u>10</u> |
| Tile | <u>10</u> |
| Gutters/Downspouts | <u>10</u> |

City of Richmond Rent Program
 Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

| | |
|---------------------------|-----------|
| | - |
| <i>Security</i> | - |
| Entry Telephone Intercom | <u>10</u> |
| Gates/Doors | <u>10</u> |
| Fencing | <u>10</u> |
| Alarms | <u>10</u> |
| | - |
| <i>Sidewalks/Walkways</i> | <u>10</u> |
| Stairs | <u>10</u> |
| Stucco | <u>10</u> |
| Tilework | <u>10</u> |
| Wallpaper | <u>5</u> |
| | - |
| <i>Window Coverings</i> | |
| Drapes | <u>5</u> |
| Shades | <u>5</u> |
| Screens | <u>5</u> |
| Awnings | <u>5</u> |
| Blinds/Miniblinds | <u>5</u> |
| Shutters | <u>5</u> |

ITEM G-1
ATTACHMENT 3

City of Richmond Rent Program
Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

AMORTIZED COST TABLE (EXAMPLE)

Units
in-Bldg 40

| Cost | Annual Interest Rate | Amortization Period Years | Amortization Period Months | Total Principal & Interest Life-of Improvement | Total Interest Life-of Improvement | Monthly Amortized Cost | Annual Amortized Cost | Monthly Cost Per Unit |
|------|----------------------|---------------------------|----------------------------|--|------------------------------------|------------------------|-----------------------|-----------------------|
|------|----------------------|---------------------------|----------------------------|--|------------------------------------|------------------------|-----------------------|-----------------------|

Varying Amortization Periods – Same Interest Rate

| | | | | | | | | |
|-------------|-------|----|-----|--------------|-------------|----------|----------|---------|
| \$50,000.00 | 7.00% | 5 | 60 | \$59,403.60 | \$9,403.60 | \$990.06 | 11880.72 | \$99.01 |
| \$50,000.00 | 7.00% | 7 | 84 | \$63,389.26 | \$13,389.26 | \$754.63 | 9055.61 | \$75.46 |
| \$50,000.00 | 7.00% | 10 | 120 | \$69,665.09 | \$19,665.09 | \$580.54 | 6966.51 | \$58.05 |
| \$50,000.00 | 7.00% | 15 | 180 | \$80,894.54 | \$30,894.54 | \$449.41 | 5392.97 | \$44.94 |
| \$50,000.00 | 7.00% | 20 | 240 | \$93,035.87 | \$43,035.87 | \$387.65 | 4651.79 | \$38.76 |
| \$50,000.00 | 7.00% | 25 | 300 | \$106,016.88 | \$56,016.88 | \$353.39 | 4240.68 | \$35.34 |
| \$50,000.00 | 7.00% | 28 | 330 | \$112,796.57 | \$62,796.57 | \$341.81 | 4101.69 | \$34.18 |
| - | - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - | - |

Same Amortization Period & Varying Interest Rates

| | | | | | | | | |
|-------------|------|----|-----|-------------|-------------|----------|---------|---------|
| - | - | - | - | - | - | - | - | - |
| \$50,000.00 | 5.0% | 15 | 180 | \$71,171.43 | \$21,171.43 | \$395.40 | 4744.76 | \$39.54 |
| \$50,000.00 | 6.0% | 15 | 180 | \$75,947.11 | \$25,947.11 | \$421.93 | 5063.14 | \$42.19 |
| \$50,000.00 | 7.0% | 15 | 180 | \$80,894.54 | \$30,894.54 | \$449.41 | 5392.97 | \$44.94 |
| \$50,000.00 | 8.0% | 15 | 180 | \$86,008.69 | \$36,008.69 | \$477.83 | 5733.91 | \$47.78 |
| \$50,000.00 | 9.0% | 15 | 180 | \$91,283.99 | \$41,283.99 | \$507.13 | 6085.60 | \$50.71 |
| \$50,000.00 | 10.0 | 15 | 180 | \$96,714.46 | \$46,714.46 | \$537.30 | 6447.63 | \$53.73 |

City of Richmond Rent Program
Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

| | | | | | | | | |
|--|---|--|--|--|--|--|--|--|
| | % | | | | | | | |
|--|---|--|--|--|--|--|--|--|

~~7.18.~~ **Interest Allowance for Expenses that Are Amortized.** An interest allowance shall be allowed on the cost of amortized expenses. The allowance shall be the interest rate on the cost of the amortized expense equal to the "average rate" for thirty-year fixed rate on home mortgages plus two percent. The "average rate" shall be the rate Freddie Mac last published in its weekly Primary Mortgage Market Survey (PMMS) as of the date of the initial submission of the petition. In the event that this rate is no longer published, the Rent Board shall designate by regulation an index which is most comparable to the PMMS index.

~~7.19.~~ **Impact of Vacancy Decontrol on Rent Increases Based on Capital Improvements**

If a unit becomes vacant during the pendency of a schedule which provides for the expiration of increases for capital improvements and the unit qualifies for a vacancy increase pursuant to Civil Code section 1954.53, the capital improvements schedule shall terminate.

7.8. Conditional Rent Adjustments for Proposed Capital Improvements

- a. In order to encourage necessary capital improvements, the Board allows a Landlord to petition for an upward rent adjustment based upon anticipated future expenses for capital improvements. The purpose of this procedure is to permit Landlords to seek advanced authorization for future rent adjustments based upon anticipated capital improvements. A petition under this Section should only be made for anticipated expenses that the Landlord intends to incur during the twelve month period following the date of final Board decision. This procedure should not be used for anticipated expenses for ordinary repairs and maintenance.
- b. If the petition is granted in whole or in part, the rent increase shall be postponed until such time as the capital improvements are made and an Addendum authorizing the increases is issued.
- c. No addendum shall be issued for such proposed capital improvements unless they are completed within ~~twelve~~ twenty four (24) months from the date of final decision granting the conditional rent adjustment, unless the Landlord obtains an additional addenda authorizing an extension of the time period to complete the capital improvement. ~~If supported by just cause such extensions shall be granted~~ Extensions may be granted due to reasonable delays in the completion of capital improvements as determined by the Hearing Examiner.

8.9. Any unit which received a vacancy rent increase pursuant to Civil Code section 1954.53 within ~~the two year~~ one year prior to the Fair Return application shall be ineligible for a

ITEM G-1
ATTACHMENT 3

City of Richmond Rent Program
Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

rent increase for the portion of any rent increased based on the cost of proposed capital improvements.

9.10. Relationship of Individual Rent Adjustment to Annual General Adjustment

Any Individual Increase Adjustment established pursuant to this Section shall take into account the extent of any Annual General Adjustments the Landlord may be implementing or otherwise be entitled to, at and during the time for which the Individual Adjustment is sought regarding the petitioning year, and the Individual Adjustment may be limited or conditioned accordingly. *be added for that year. in the amount not to exceed 15% of MAR. any overage may be applied in subsequent years*
If it is determined that the Landlord is not entitled to an Individual Adjustment, the Landlord may implement the full upcoming General Adjustment.

11. Limits to Annual Rent Adjustments Based on Maintenance of Net Operating Income Standard

A. Purpose

The purpose of this subsection (A) is to protect Tenants from substantial rent increases which are not affordable, and which may force such Tenants to vacate their homes and result in consequences contrary to the stated purposes of the Ordinance, namely, to maintain the diversity of the Richmond community, to preserve the public peace, health and safety, and advance the housing policies of the City with regard to low and fixed income persons, minorities, students, handicapped and the aged.

B. Rent Increase Limit

Notwithstanding any other provision of this regulation, the implementation of a Maximum Allowable Rent increase shall be limited ~~each year~~ each year as follows:

~~_____ (e.g. 15%)~~ to fifteen percent (15%) of the Maximum Allowable Rent on the date the petition is filed, or ~~_____ (e.g. \$150 per month)~~, whichever is greater.

~~(On January 1st of each year beginning in February 2018, the \$ _____ and/or _____% the 15% limitation shall be adjusted upward by 100% of the percentage increase in the Consumer Price Index, All Urban Consumers, for the San Francisco-Oakland-San Jose metropolitan area, less its shelter component, for the twelve month period ending on the preceding June 30th, rounded to the nearest dollar.~~

**ITEM G-1
ATTACHMENT 3**

City of Richmond Rent Program

Rent Adjustment Regulations: *Chapter 9 (Standards for Individual Maximum Allowable Rent Adjustments) Regulation 905 (Maintenance of Net Operating Income (MNOI) Fair Return Standard*

If the amount of any rent increase granted under these regulations exceeds this limit, any portion in excess of the annual limit shall be deferred.

In subsequent years deferred amounts of the allowable rent increase may be implemented.

At the end of each year the deferred amount of the increase shall be calculated and an interest allowance shall be calculated based on the standard set forth in Section ___ of this regulation. One twelfth of the interest allowance shall be added on to full monthly increase authorized under the MNOI standard.

12. Constitutional Right to a Fair Return.

No provision of this regulation shall be applied so as to prohibit the Board from granting an individual rent adjustment that is demonstrated by the Landlord to be necessary to meet the requirements of this ordinance and/or constitutional Fair Return requirements.

This page intentionally left blank

March 20, 2018

City of Richmond Rent Program
Att'n: Paige Roosa
440 Civic Center Plaza, Suite 200
Richmond, CA 94804

Dear Board Members:

Two years ago, my wife and I invested in Richmond. We purchased a small unit to rent out to supplement our retirement income from a pension and Social Security.

We maintain our property. We have good tenants. The rent is agreeable to all of us and they are pleased to be in Richmond.

Now, Richmond seems intent on punishing us for having made this investment;

- taking away the right to negotiate our rents,
- rolling back the rent to an initial low level that we had given to an acquaintance,
- taking the difference in rent and giving it to our current tenants in perpetuity.

This is **UNFAIR!!!**

It takes away any hope that our investment can do what it was intended to do.

We understand that some form of regulation may be necessary to prevent price gouging, but please don't put us in the same category as price gougers

We urge you to:

1. Allow Owners and prospective Tenants to negotiate rents freely upon new occupancy. (Lawful vacancy)
2. Exempt Owners of less than four or five properties from these regulations.
3. Use a current date for the start of controls. No roll-back to 2015.

Thank You.

Robert Higginbotham, Owner

This page intentionally left blank

From: rosmarielevy@gmail.com [mailto:rosmarielevy@gmail.com]
Sent: Monday, March 19, 2018 8:21 PM
To: dgray@richmondrent.org; egerould@richmondrent.org; lmaddock@richmondrent.org;
ncombs@richmondrent.org; vfinlay@richmondrent.org; Rent Control
Subject: Re: great concern!

Please disregard first e-mail. Thanks.

Dear Mr. Traynor,

Dear Rent Board Members,

Today's "Just Cause" seminar offered valuable information. The presentation was clear and detailed and I wish to thank The Richmond Rent Program for organizing these events.

I am writing this letter to follow up on two closely related issues: One being the almost unlimited amount of tenants that are allowed to live in any given apartment, due to the regulations that allows family members to move in, and the other one about "Temporary Relocation Payments to tenants".

I understand from Mr. Traynor's response to questions from the audience, that renters of single family residences would not be entitled to "Temporary Relocation Payments" in case of a natural disaster, like a devastating earthquake.

However, it remains unclear at this time what the case is for multi-unit buildings after a devastating earthquake.

We were also told that if a fire was caused by a tenant's action or negligence, that this tenant would **NOT** be entitled to receive temporary relocation payments. However, if that same fire caused by this one tenant would displace everybody in a multi-family building, could all the other tenants receive "Temporary Relocation Payments" until their units would be habitable again, or is there a time limit to these payments? If these daily payments of \$145 plus \$29 per person for food and \$1.00 for laundry would have to be made to all of our displaced tenants and possibly to all the additional "family members" residing with them, we could be hit with payments that could be close to **\$100,000** per month, unless we could find cheap housing for them very quickly. But again, where can you rent furnished two bedroom apartments for large families for under \$1,000 a month?

How do you expect a landlord come up with this kind of money from one day to the next, without any consideration of what these households have been paying in monthly rents – which in our case is an average of \$953 per unit? Assuming that our 12-unit building was vacant for an extended period of time for repairs, the amount, which would have to be paid to tenants could quickly bankrupt any landlord considering that no income would come in but property taxes and other fees and bills would accumulate and the mortgage payments would be due every month. This regulation is totally unfair to landlords and has to be redrafted and changed. On the other hand, we **are fully aware of the fact that our displaced tenants would need some sort of financial assistance, but that should be a reasonable amount. After checking with our insurance company, the amount that the insurance would pay is the rent that the**

tenants were paying before they were displaced for a maximum period of twelve months. That would leave a huge gap, that we as landlords would have to deal with.

Along these lines, I would very much appreciate it if the Richmond Rent Program would make it clear to all tenants, that it is their responsibility to have insurance for their personal effects and household items during the upcoming seminars for tenants.

The other issue of great concern is the hypothetical number of occupants per apartment. This number means not much, because we have large families living in our units with as many as 4 children or more and **if they are also allowed to bring in additional relatives, the number of actual residents can easily double in any one unit.** Have the Richmond Rent Board and the Rent Board Members thought about the hazards caused by this regulation in case of a major fire, or earthquake, or other disaster? No time has passed since the devastating Ghost Ship Fire in Oakland and I think that this catastrophic event should remind all of us that too many occupants per unit can lead to disaster.

I therefore urge you to carefully reconsider all your draft regulations and to make wise and safe decisions and to limit the number of people allowed per unit.

Sincerely,

Rosmarie Levy
Member of AURHP

From: Sherry Zalabak [<mailto:sherZ@comcast.net>]
Sent: Tuesday, March 20, 2018 4:59 PM
To: Nicolas Traylor
Subject: Fwd: Rent Board Members

Begin forwarded message:

From: Sherry Zalabak <sherz@comcast.net>
Subject: Rent Board Members
Date: March 20, 2018 at 4:58:15 PM PDT
To: rent@ci.richmond.ca.us

Dear Rent Board Members:

I am writing to encourage the Rent Board to evaluate Dr. Michael St. Johns recommendations with an unbiased and objective mind. I well understand the origin and purpose of rent control. I was a tenant in Berkeley in the 70's and 80's. Corporate Landlords came to town and hiked up rents. Their profiteering mistake has led us to where we are today. Rent control has become not only an economic cause but a political cause. With good reason the injured tenants have vowed to change things. I understand this and I empathize, I was a tenant in Berkeley in the 70's and 80's. I also understand and empathize with the a small-time landlord. My Grandmother made me sell my car and buy a house in 1977. She forbid me to buy clothes, restaurant food, or home goods that weren't from Goodwill: I took the bus to work in downtown Oakland after classes at U.C., there were no vacations, concert tickets, or days off in my world. There was only my college tuition and the payment on my one bedroom house in Berkeley.

I left the Bay Area for 2 years in 1982 and rented my house. When I returned the tenant that rented from me refused to move. It took me 2 years to get my house back and an entire year of my income. Of course.... I sold that house as soon as she moved. The result was one more rental house removed from he market. So I was once again a tenant (but this time in Albany).

As I read the proposed Richmond Rent Ordinance I do not see any acknowledgement of the enormous sacrifice and injustices that I and many others have experienced and will continue to suffer due to the biases inherent Richmond's current Rent Control Draft.

I am writing to the Rent Board to applaud the Board's consideration of Dr. Michael St John's recommendations. His input represents a historic breakthrough in the juggernaut of current Rent Control discussions. Why is this the case? It is because St. John's perspective is based upon the "Do No Harm" adage. It requires fairness to both tenant and landlord, controls collateral damage of unintended consequences and proposes an objective measure for the establishment of base rent. This last proposal alone solves the problem on historically low rent allowed to small-time landlords and eliminates the arduous, subjective, and expensive petition process.

Sincerely,
Sherry Zalabak, Member AURHP

This page intentionally left blank

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: April 18, 2018

Final Decision Date Deadline: April 18, 2018

STATEMENT OF THE ISSUE: Approximately 150 petitions have been received by the Rent Program during the last 12 months. Those petitioners are now being contacted to complete and update their petitions and provide supporting documentation so that respondents can be contacted and hearings can be scheduled.

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 an update concerning the petition and hearing processes – Rent Program (Nicolas Traylor/Paul Cohen 620-6564).

AGENDA ITEM NO:
I-1.

This page intentionally left blank



AGENDA REPORT

DATE: April 18, 2018

TO: Chair Gray and Members of the Rent Board

FROM: Nicolas Traylor, Executive Director
Paul Cohen, Hearing Examiner
Cynthia Shaw, Assistant Administrative Analyst

SUBJECT: IMPLEMENTATION OF PETITION AND HEARING PROCESSES

STATEMENT OF THE ISSUE:

Approximately 150 petitions have been received by the Rent Program during the last 12 months. Those petitioners are now being contacted to complete and update their petitions and provide supporting documentation so that respondents can be contacted and hearings can be scheduled.

RECOMMENDED ACTION:

RECEIVE an update concerning the petition and hearing processes.

FISCAL IMPACT:

There is no fiscal impact related to this item.

DISCUSSION:

Background

Rent Program staff members are reviewing all submitted Rent Adjustment Petitions, Excess Rent Complaints, and Unpaid Temporary or Permanent Relocation Payment Complaints to determine that they are complete and in compliance with the Ordinance. Those petitions that are incomplete due to a lack of documentation or the need for new information since being filed will be given an opportunity to become completed without a reset of the filing date (in other words, petitioners will have a period of time to submit the requested information without losing their "spot" on the list.)

Petitions that are deemed complete will trigger staff to send the Notice of Objection to the responding parties, allowing twenty-one days for a response from the date the

Notice is mailed. A Notice of Objection form that is received and is complete will prompt the setting of a hearing date as well as providing the option for a voluntary mediation process.

In the event no Notice of Objection form is received, the matter can be set for an administrative decision or a hearing can be set in order to create a full record of the decision. In accordance with Chapter 8, Section 825 of the Rent Board's adopted regulations, the scheduled Hearing date must be set 10 or more days after the Notice of Combined Settlement Conference and Hearing is mailed.

Hearing Process

The Richmond Rent Program Hearing Petition Process flow chart captures the efforts now underway to ensure that petitions that still remain valid and new petitions that are deemed complete can generally be heard based on the priority established when the original petition was filed (Attachment 1).

Proposed Timeline

The Richmond Rent Program Hearing Examiner began his employment with the Rent Program on April 2, 2018. Rent Program staff members have been diligently contacting petitioners to determine if they are ready to move forward or if their petition needs to be withdrawn based on a change of circumstances. Staff members have encountered both responses (Attachment 2).

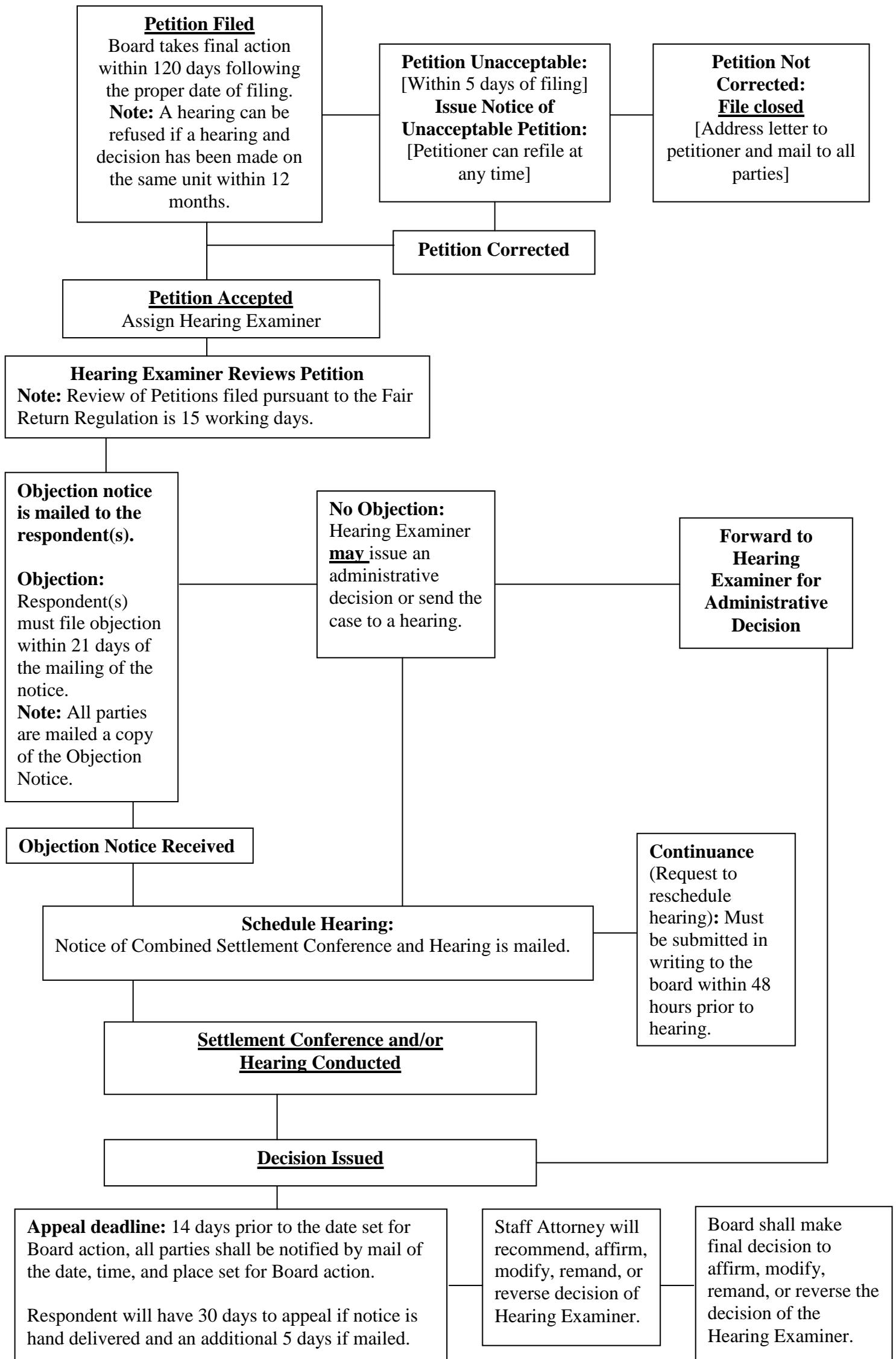
The first Notices of Objection will be sent out after each petition receives a final review. These Notices are likely to begin being sent out during the week of April 23, 2018, or during the first week of May. Hearings are likely to be first heard starting the week of May 21, 2018, or May 28, 2018, depending on how quickly Notices of Objections are received.

DOCUMENTS ATTACHED:

Attachment 1 – Richmond Rent Board Hearing Petition Process – Flow Chart

Attachment 2 – Petition Submission and Review Update (as of April 12, 2018)

Richmond Rent Board Hearing Petition Process



This page intentionally left blank

**ITEM I-1
ATTACHMENT 2**

Rent Program Petitions submitted as of 4/12/2018

| <u>Type of Petition Filed</u> | Landlord Petitions filed | Tenant Petitions filed | Results of Landlords who would like a hearing | Results of Tenants who would like a hearing | Results of Landlords who would like to withdraw petition | Tenants who would like to withdraw petition |
|--|--------------------------|------------------------|--|--|--|--|
| Landlord Rent Adjustment Petition (which includes: Capital Improvements, Increase in Occupants and Fair Return (MNOI)) | 77 | N/A | Communications with petitioners are still in process | N/A | Communications with petitioners are still in process | N/A |
| Tenant Rent Adjustment Petition (which includes: Habitability, Decrease in space or services, and Rent reduction) | N/A | 24 | N/A | Communications with petitioners are still in process* | N/A | Communications with petitioners are still in process |
| Excessive Rent Complaint | N/A | 44 | N/A | Communications with petitioners are still in process** | N/A | 9 These cases were resolved with the landlord. |
| Unpaid Permanent Relocation | N/A | 6 | N/A | 6 | N/A | |
| Unpaid Temporary Relocation | N/A | 2 | N/A | Communications with petitioners are still in process | N/A | Communications with petitioners are still in process |
| Total: | 77 | 76 | Pending | 6 | Pending | 9 |

Total Petitions Submitted: **153.**

* These petitioners were contacted beginning the week of April 9, 2018 and we are in the process of following up on those calls.

** We have thus far left 32 voicemail messages with petitioners, 1 petitioner would like mediation and confirmed 2 Excessive Rent Complaint Petition, ready for hearing.

This page intentionally left blank

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: April 18, 2018

Final Decision Date Deadline: April 18, 2018

STATEMENT OF THE ISSUE: At their meeting on February 21, 2018, Rent Boardmembers approved Chapter 4 of the Rent Adjustment Regulations, requiring all Landlords to complete an initial Rental Unit Registration Statement and Landlords of Controlled Rental Units (units subject to rent control) to file a Tenancy Registration Form for each new tenancy or turnover of "original occupants." Given the scope and impact of the implementation of these regulations, staff members have prepared a presentation on the proposed implementation timeline to inform and solicit feedback from members of the Board prior to the launch of rent registration in Spring 2018.

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

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

RECOMMENDED ACTION: RECEIVE and DISCUSS a proposed implementation timeline for rent registration – Rent Program (Nicolas Traylor 620-6564).

AGENDA ITEM NO:

I-2.

This page intentionally left blank



AGENDA REPORT

DATE: April 18, 2018
TO: Chair Gray and Members of the Rent Board
FROM: Nicolas Traylor, Executive Director
SUBJECT: IMPLEMENTATION TIMELINE FOR RENT REGISTRATION

STATEMENT OF THE ISSUE:

At their meeting on February 21, 2018, Rent Boardmembers approved Chapter 4 of the Rent Adjustment Regulations, requiring all Landlords to complete an initial Rental Unit Registration Statement and Landlords of Controlled Rental Units (units subject to rent control) to file a Tenancy Registration Form for each new tenancy or turnover of "original occupants." Given the scope and impact of the implementation of these regulations, staff members have prepared a presentation on the proposed implementation timeline to inform and solicit feedback from members of the Board prior to the launch of rent registration in Spring 2018.

RECOMMENDED ACTION:

RECEIVE and DISCUSS a proposed implementation timeline for rent registration.

FISCAL IMPACT:

The implementation of rent registration will have a significant impact on daily operations and will require additional staff resources. Staff is recommending the addition of an Administrative Aide for the purpose of administering rent registration in the proposed Fiscal Year 2018-19 Rent Program budget. The estimated cost of an Administrative Aide is approximately \$101,100 annually, subject to step (salary) increases in accordance with the City's salary schedules.

DISCUSSION:

Background

Rent registration is a necessary element of actively-enforced rent programs to ensure a higher level of compliance and to authorize staff to collect the necessary information to assist in the processing of rent adjustment petitions and adjudication of those petitions.

In addition, rent registration will improve the accuracy of data pertaining to rent levels, which is important in publishing accurate market rent data. Finally, rent registration will also assist the Rent Program in accurate billing of the Rental Housing Fee, as Landlords under rent registration are required to update the exempt status of their units within 60 days of the change in exempt status.

Purpose of Rent Registration

➤ *Greater Compliance*

The purpose of the rent registration regulations is to improve compliance with the Rent Ordinance by requiring landlords to submit rent level and housing services information for each new tenancy (or turnover of original occupants), which, along with robust outreach, serves the purpose of making lawful rent levels transparent to both the Tenant and Landlord.

➤ *Supports the Rent Adjustment Petition Process*

Additionally, rent registration improves the ease of administering the rent adjustment petition/hearings process, by providing the Hearing Examiner with clear data on lawful Maximum Allowable Rent levels for units under consideration for rent adjustments.

➤ *Improves Fee Study and Billing Accuracy*

Rent registration will improve the accuracy of future fee studies and applicable rental unit data, as Landlords are required to update the exempt status of their rental units (e.g. if a unit goes from being rented to a Section 8 tenant to a rent controlled tenant). Particularly in the context of a tiered fee, the status of each Rental Unit is a crucial piece of information necessary to calculate the Residential Rental Housing Fee and produce accurate invoices.

➤ *Bolsters Outreach Opportunities*

Finally, as part of rent registration outreach, all new Tenants receive not only a copy of the rent registration form submitted by the landlord, but a “Guide to Rent Control in Richmond and other vital information about their rights and responsibilities.

Anticipated Impact of Rent Registration on Daily Operations

The implementation of rent registration will have a significant impact on daily operations. In the first year of implementation, all Landlords will be required to submit the Rental Unit Registration Statement for an estimated 11,000 rental properties (parcels) in the City of Richmond.

In addition, Landlords of Controlled Rental Units will be required to register an estimated 9,558 tenancies in rent-controlled units, indicating the amount of rent and services provided for each unit, by completing a Tenancy Registration form.

In subsequent years, after the initial registration process is complete, Landlords of Controlled Rental Units will be required to submit a new Tenancy Registration form

ITEM I-2

each time there is a new tenancy in a rent-controlled unit. Staff members estimate the Department will receive approximately 2,138 Tenancy Registration forms annually.¹

While the goal is to implement, encourage, and support an online rent registration system, staff members expect that at least half of all Rental Unit Registration Statements and Tenancy Registration forms will be submitted by hard copy. Additionally, to ensure that Landlords and Tenants are well informed about lawful rent ceilings, a notice of the lawful rent ceiling or Maximum Allowable Rent will be mailed to both Tenants and Landlords on an annual basis.

In future years, staff members anticipate the Maximum Allow Rent levels will also be available for Landlords and Tenants to check on in real time, through an online portal.

As indicated in the Revised Fiscal Year 2018-19 Budget and Rental Housing Fee Study, staff members consider the Administrative Aide classification the most appropriate position to administer the rent registration process. A flow chart illustrating these functions is provided in Attachment 2.

Proposed Timeline and Next Steps

A proposed timeline for the implementation of rent registration and billing of the Fiscal Year 2018-19 Rental Housing Fee is contained in Attachment 1. The proposed timeline will allow the Rent Program Department to mail an announcement and registration forms in May 2018 and begin processing information in July 2018.

DOCUMENTS ATTACHED:

Attachment 1 – Proposed Fiscal Year 2018-19 Registration and Billing Timeline

Attachment 2 – Rent Registration Function Flow Chart

Attachment 3 – Sample Registration Forms (for illustrative purposes only)

¹ According to 2016 American Community Survey estimates, approximately 4,454 renter-occupied housing units are occupied by households that moved into the unit in 2015 or later. Applicable unit counts indicate approximately 48% of rental units are Controlled Rental Units, subject to rent control. To arrive at a reasonable estimate of the turnover rate for tenancies in rent-controlled units in a single year, staff applied the assumption that 48% of the 4,454 units with tenancy turnover in a single year will occur in rent-controlled units, for which a new tenancy registration form is required.

This page intentionally left blank

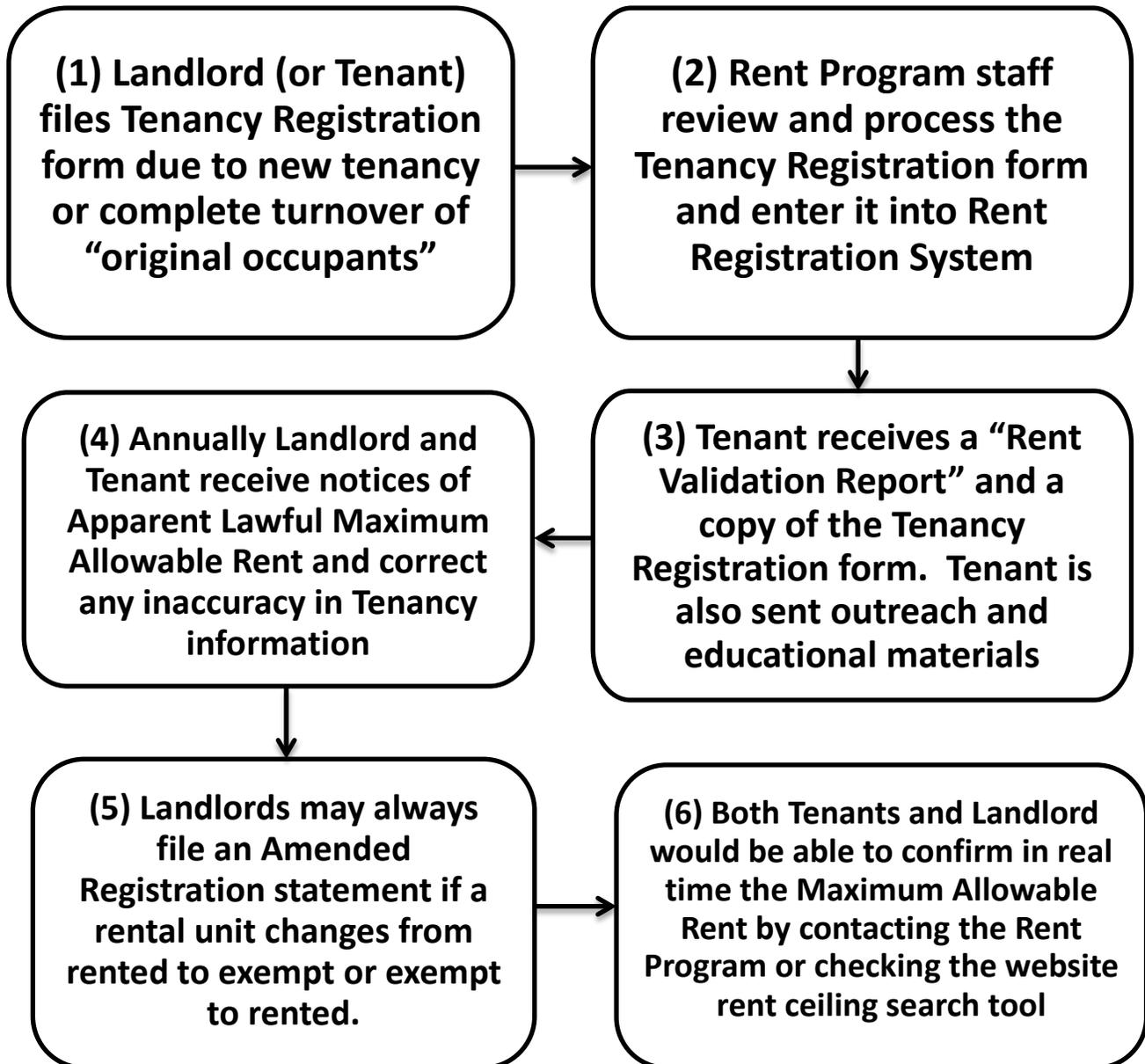
Proposed Implementation Timeline for Rent Registration

| RENT REGISTRATION | | |
|--------------------------|--|-----------------------|
| # | EVENT | PROPOSED DATE |
| 1 | Rental Unit Registration Statement and Tenancy Registration Forms finalized | April 2018 |
| 2 | Paper forms reproduced; online forms developed | Early May 2018 |
| 3 | Mass mailing of registration requirements and forms | Late May 2018 |
| 4 | Interviews for Admin Aide position (pending Board approval) | June 2018 |
| 5 | Admin Aide is hired; registration forms are received, reviewed, and entered into database | July 2018 |

This page intentionally left blank

Overview of the Richmond Rent Program

Rent Registration Process



This page intentionally left blank

LANDLORD NOTICE OF APPARENT MAXIMUM ALLOWABLE RENT

AS OF 04/01/19

| Unit Address | Unit # | Registration Status | Tenancy Start Date | Lawful MAR (Rent Ceiling) | Temporary Increase in effect | BDR | OCCUP Level | Services Included in the Rent |
|---------------|--------|---------------------|--------------------|---------------------------|------------------------------|-----|-------------|-------------------------------------|
| 555 Paige St. | A | OWNER OCC. | NA | NA | NA | 2 | NA | NA |
| 555 Paige St. | B | Exempt SEC. 8 | 2-1-17 | NA | NA | 2 | NA | NA |
| 555 Paige St. | C | Rented | 7-21-15 | \$1,065.00 | NO | 1 | 2 | Water, Garbage, Parking, Appliances |
| 555 Paige St. | D | Rented | 9-1-17 | \$1,700 | | 1 | | Water, Parking, Storage, Appliances |

If you believe that any of the information is incorrect or if you believe you are being overcharged, please contact a Rent Program Services Analyst at 510-234-RENT (7368) or email at rent@ci.richmond.ca.us.

CALL 510-234-RENT IF INFORMATION IN THIS NOTICE IS INCORRECT OR DOES NOT REFLECT THE CURRENT TENANCIES.

This page intentionally left blank

TENANT

NOTICE OF APPARENT

MAXIMUM ALLOWABLE RENT

AS OF 04/01/19

| Unit Address | Unit # | Registration Status | Tenancy Start Date | Lawful MAR (Rent Ceiling) | Temporary Increase in effect | BDR | OCCUP Level | Services Included in the Rent |
|---------------|--------|---------------------|--------------------|---------------------------|------------------------------|-----|-------------|-------------------------------------|
| 555 Paige St. | C | Rented | 7-21-15 | 1,065.00 | NO | 1 | 2 | Water, Garbage, Parking, Appliances |

If you believe that any of the information is incorrect or if you believe you are being overcharged, please contact a Rent Program Services Analyst at 510-234-RENT (7368) or email at rent@ci.richmond.ca.us.

CALL 510-234-RENT IF INFORMATION IN THIS NOTICE IS INCORRECT OR DOES NOT REFLECT THE TERMS OF YOUR TENANCY.

This page intentionally left blank

Tenancy Registration Form



**Richmond
Property
Address**

| | | | | |
|---------------|-------------|--------|---------------|-----------------|
| | | | | |
| Street Number | Street Name | Unit # | # of Bedrooms | # of Units/Prop |

**Owner/
Agent**

Owner (Check if new owner/address)

Agent/Manager (Check if new owner/address)

Name: _____

Name: _____

Address: _____

Address: _____

City, State, Zip: _____

City, State, Zip: _____

Phone: (____) _____

Phone: (____) _____

Email: _____

Email: _____

Send all future correspondence and bills to
Owner

Send all future correspondence and bills to
Agent/Manager

**New Tenancy
Information**

Beginning date of this tenancy ____/____/____ Number of Tenants _____

Current Tenancy Information: Tenant names and other Tenant information will be kept confidential in accordance with the Information Practices Act of 1977.

Name: _____

Name: _____

Phone: (____) _____

Phone: (____) _____

Email: _____

Email: _____

Name: _____

Name: _____

Phone: (____) _____

Phone: (____) _____

Email: _____

Email: _____

**Rent Level &
Security
Deposit**

Initial Rent \$ _____/month

Note: Initial rent includes additional fees indicated in the rental agreement that are included in the total Rent amount.

Security deposit paid/collected at onset of tenancy \$ _____

Note: Security deposit is any \$\$ collected at onset of tenancy other than 1st month's rent and application fee. Last month's rent collected is considered part of the security deposit).

**Housing
Services
Included in
the Rent**

Check the Housing Services **paid by the Landlord** or included in the Rent and the tenant does not pay separately. NOTE: Landlords cannot charge utility unless utility is separately metered

Storage Gas Electricity Water Garbage Parking Laundry
Access Heat Appliances Other _____

Prior Tenant

Ending date of prior tenancy: ____/____/____ Voluntary vacancy At Fault Termination

No Fault Termination Note: At fault termination includes non-payment of rent, breach of lease, causing nuisance/damage, etc. No fault termination includes Owner Move-in or Withdraw from Rental Market (Ellis eviction), etc.

Other (explain): _____ (e.g. Abandonment)

Final Rent Charged to prior Tenant: \$ _____

Declaration:

I (we), owner(s) or lawful agent of the owner(s) of the above described property, declare under penalty of perjury under the laws of the State of California that the foregoing and all attached pages, including attached documentation, are true, correct and complete.

Check one: I am the landlord or the landlord's agent I am the tenant (please attach lease or proof of initial rent)

Print Name: _____

Signature: _____ Date _____

This page intentionally left blank

Rent Validation Report

Enclosed is a copy of the Tenancy Registration Form recently filed with our office. The information on the Tenancy Registration Form has been entered into the Rent Program's rent registration database, and the information below reflects what the Rent Program's records currently show as the rental unit's current registered lawful rent and services included in the rent paid by the tenant. Information contained in this report does not constitute a binding determination regarding the rent paid or services provided.

| | |
|-----------------------|-------------------------------------|
| TENANCY START DATE: | 04/01/2018 |
| INITIAL RENT \$: | \$2,000 |
| BASE OCCUPANCY LEVEL: | 2 |
| SERVICES | WATER, PARKING, APPLIANCES, GARBAGE |

If you believe that any of this information is incorrect, please contact a Rent Program Services Analyst in our Public Information and Compliance Unit as soon as possible. Our office hours are: Monday-Friday 9am-12 and 1pm-4pm. The number you should call is 510-234-RENT.

This page intentionally left blank

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: April 18, 2018

Final Decision Date Deadline: April 18, 2018

STATEMENT OF THE ISSUE: On March 21, 2018, the Rent Board received draft Fiscal Year 2018-19 Rent Program budget options and a draft Fiscal Year 2018-19 Rental Housing Fee Study. Consistent with direction received from the Rent Board on March 21, 2018, staff members have prepared revised budget options and a revised draft fee study for the Rent Board's consideration.

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 revised Fiscal Year 2018-19 Rent Program budget options and corresponding Rental Housing Fee Study and PROVIDE direction to staff – Rent Program (Nicolas Traylor/Paige Roosa 620-6564).

AGENDA ITEM NO:

I-3.

This page intentionally left blank



AGENDA REPORT

DATE: April 18, 2018

TO: Chair Gray and Members of the Rent Board

FROM: Nicolas Traylor, Executive Director
Paige Roosa, Deputy Director

SUBJECT: REVISED FISCAL YEAR 2018-19 BUDGET AND FEE STUDY

STATEMENT OF THE ISSUE:

On March 21, 2018, the Rent Board received draft Fiscal Year 2018-19 Rent Program budget options and a draft Fiscal Year 2018-19 Rental Housing Fee Study. Consistent with direction received from the Rent Board on March 21, 2018, staff members have prepared revised budget options and a revised draft fee study for the Rent Board's consideration.

RECOMMENDED ACTION:

RECEIVE revised Fiscal Year 2018-19 Rent Program budget options and corresponding Rental Housing Fee Study and PROVIDE direction to staff.

FISCAL IMPACT:

The fiscal impact of the proposed budget options are as follows:

Budget Option A would result in a total budget of \$2,556,693 and corresponding fees of \$188.00 for fully-covered Rental Units, \$91.00 for partially covered Rental Units, and \$46.00 for Governmentally-Subsidized Rental Units.

Budget Option B would result in a total budget of \$2,683,050 and corresponding fees of \$198.00 for fully-covered Rental Units, \$96.00 for partially covered Rental Units, and \$48.00 for Governmentally-Subsidized Rental Units.

Budget Option C would result in a total budget of \$2,804,925 and corresponding fees of \$207.00 for fully-covered Rental Units, \$100.00 for partially covered Rental Units, and \$50.00 for Governmentally-Subsidized Rental Units.

DISCUSSION:Background

The Rent Program Department is designed to function as a cost-recovery department that operates without financial assistance from the City's General Fund.¹ Instead, the Department is funded by a Residential Rental Housing Fee, paid by all Landlords of Rental Units in the City of Richmond in accordance with Section 11.100.060(l)(1) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. The amount of the Rental Housing Fee is determined annually by the City Council following a recommendation from the Rent Board.

Under Section 50076 of the California Government Code, fees charged for any service or regulatory activity must not exceed the reasonable cost of providing the service. Those fees must be approved by the City Council, as the legislative body, in public session. Therefore, a fee study is necessary to ensure that the Residential Rental Housing Fee recommended by the Rent Board and charged to Landlords is commensurate to the level of services provided by the Rent Program.

At the March 21, 2018, Rent Board meeting, Boardmembers received a draft Fiscal Year 2018-19 Budget and Rental Housing Fee Study and provided the following direction to staff members:

1. Hold a Special Meeting in April to adopt the Fiscal Year 2018-19 Budget and approve the Fiscal Year 2018-19 Rental Housing Fee Study; and,
2. Revise the fee study to include a third "tier" of the fee for affordable housing units.

In addition, Boardmembers requested information about year-to-date expenditures for each of the budget line items in Fiscal Year 2017-18.

The revised Fiscal Year 2018-19 Budget and Rental Housing Fee Study reflect the feedback received by the Board.

Proposed Fiscal Year 2018-19 Budget Options

In Fiscal Year 2018-19, the Rent Program department is poised to create a strong, actively enforced Rent Program that results in higher compliance than complaint-driven rent agencies. The proposed budget should therefore reflect the need to allocate appropriate funds to administer rent tracking, rent registration and registration outreach, in addition to physical improvements to the office.

¹ At their meeting on December 20, 2017, Rent Boardmembers approved a [Reimbursement Agreement](#) between the Rent Board and City of Richmond to repay funds advanced by the City for program startup.

To perform effective registration outreach via rent tracking, two crucial components must be in place. The first is the development of a robust rent tracking database through vacancy rent registration. The second is adequate clerical resources to maintain, update and track Maximum Allowable Rent (MAR) levels. Although a good database can automatically perform most rent ceiling calculations, and although a strong online registration component further eases administrative processes, all rent registration databases require both manual inputs by staff (due to MAR changes resulting from rent adjustment petitions) and regular database maintenance and updates, as the status of Rental Units may change periodically (e.g. from “fully exempt,” to “partially covered,” or “fully covered,” to “partially covered.”) Particularly in the context of a tiered fee, the status of each Rental Unit in the City is a critical piece of information that must be closely tracked.

Proposed Budget Priorities and Alternatives

Staff members recommend the Board consider adding the following line items to the Fiscal Year 2018-19 budget to support department operations:

- Maximize utility of the counseling area by allocating funds to reconfigure the existing office space to accommodate three counseling stations and improve the comfort of clients and counselors.
- Install permanent signage on doors and walls in 440 Civic Center Plaza to ensure community members can locate and navigate within the office.
- Employ an additional Administrative Aide (1 FTE) to implement and administer rent registration consistent with regulations adopted by the Board.
 - *Accurate rent registration and rent tracking includes the creation and maintenance of a complete database of tenancies, rents, and exempt statuses as well as an annual mailing of Maximum Allowable Rent certifications and close monitoring of exempt status, which improves billing accuracy. An Administrative Aide is the job classification best suited to this role due to this individual's need to perform difficult paraprofessional work, ability to interpret rules and regulations, and ability to train and provide direction to other staff members.*
- Employ a contractor to perform compliance-related tasks, such as investigations, issuing correspondence for noncompliance, and, with support from the Staff Attorney, pursue legal action for noncompliance with the Ordinance, registration, and fee payment requirements.
 - *As of March 16, 2018, over \$1.3 million in Rental Housing Fees have been assessed, but are unpaid. The estimated cost of hiring a contractor to focus on compliance (\$97,500) is a small fraction (7.2%) of the potential revenue (\$1,361,258). A contractor would be able to issue*

ITEM I-3

formal correspondence, properly cite and enforce applicable codes and regulations, and proactively prompt Board-initiated hearings and investigations with support from the Staff Attorney.

The table on the following page presents three possible budget alternatives as well as the associated costs and impacts on the Rental Housing Fee. It is important to note that budget alternatives A, B, and C are progressive, with each alternative including the components of the prior option. Staff members recommend the Board adopt Budget Option C, which includes all line items identified above, and are necessary to implement a fully-functional rent registration system as well as bolster compliance with program requirements.

ITEM I-3

Proposed Budget Options and Corresponding Estimated Rental Housing Fee

| PROPOSED OPTION | DESCRIPTION OF SIGNIFICANT CHANGES ² | ESTIMATED COST (\$) | TOTAL BUDGET (INCLUDING OPERATING AND RISK RESERVES EQUAL TO 25% OF EXPENSES) | CORRESPONDING APPROXIMATE PROPOSED RENTAL HOUSING FEE (ROUNDED UP TO NEAREST DOLLAR) | PROPOSED PORTION OF FEES PAID BY RENT-CONTROLLED TENANT (50% OF TOTAL FEE) ³ |
|---|---|--|---|--|---|
| A – BASELINE BUDGET WITH PHYSICAL IMPROVEMENTS | Add funds to furniture and construction costs for counseling area redesign and permanent signage | \$15,000 | \$2,556,693 | Fully Covered Units: \$188/unit Partially Covered Units: \$91/unit Governmentally-Subsidized Units: \$46/unit | \$94.00 (\$7.80 per month) |
| B – OPTION A PLUS ADDITIONAL RESOURCES FOR RENT REGISTRATION | Add funds to hire an additional Administrative Aide to administer rent registration | \$15,000 (Option A) + \$60,550 (salary) + \$33,303 (benefits) + \$6,233 (liability) + \$1,000 (IT account)= \$116,086 | \$2,683,050 | Fully Covered Units: \$198/unit Partially Covered Units: \$96/unit Governmentally-Subsidized Units: \$48/unit | \$99.00 (\$8.25 per month) |
| C – OPTION B PLUS ADDITIONAL RESOURCES FOR COMPLIANCE-RELATED WORK | Add funds to hire an additional Administrative Aide to administer rent registration and add a contractor to assist with compliance-related work | \$116,086 (Option B)+ \$97,500 contract for legal services (assumes contractor would work 10-15 hours per week at a rate of \$150/hour) = \$213,586 | \$2,804,925 | Fully Covered Units: \$207/unit Partially Covered Units: \$100/unit Governmentally-Subsidized Units: \$50/unit | \$103.50 (\$8.60 per month) |

² Identified changes do not include regular, anticipated cost increases, such as step (salary) increases for employees, changes in indirect costs, and an increase in funds for computer equipment.

³ If approved by the Rent Board, it is proposed Landlords would have an option to pass through up to 50% of the Rental Housing Fee to be paid by the Tenant over the course of a year. For example, if the adopted Rental Housing Fee were \$207 for fully-covered units, up to \$103.50 could be passed on to the Tenant, who would be responsible for paying approximately an additional \$9 per month.

Fiscal Year 2018-19 Rental Housing Fee Study

The fee study is designed to allow the Rent Program Department to recover costs of all budgeted operations, including:

- Personnel costs of staff, benefits, and overtime;
- Risk management and supplemental liability insurance plan (SLIP);
- Charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.);
- Information Technology (IT) expenses associated with the creation of a rent-tracking database and maintenance of computer hardware and software;
- Legal costs to support enforcement and defense of legal challenges to the Rent Ordinance;
- Costs of education and outreach, including the printing and distribution of print materials and hosting of community workshops and seminars;
- Contracts for translation and other professional services;
- Mileage and attendance at conferences and trainings; and,
- Operating and risk reserves to fund unanticipated costs and variations in collection of the Rental Housing Fee.

Staff members recommend the Board and City Council consider a tiered-fee approach to the Fiscal Year 2018-19 Rental Housing Fee to ensure the requirements of Section 50076 of the California Government Code are met. For example, owners of partially covered units should not be required to pay for petition and hearings process services, as tenants in these units do not have the same remedies as those afforded to fully covered units.

With much of the Rent Program Department now fully developed, Rent Program staff members propose a tiered fee, much like that contemplated in the [2017 Fee Study](#) prepared by Management Partners. Under this approach, costs of program administration are allocated among three components or layers: a general “program” layer (typically 40% of total costs), a “just cause” layer (typically 25% of total costs), and a “rent control” layer (typically 35% of costs).⁴ Such allocations correspond with the amount of time spent administering each component of the program.

Consideration of a lesser fee for Rental Units in Governmentally Subsidized Housing

At their meeting on March 21, 2018, members of the Rent Board directed staff to explore the possibility of adding a “third tier” to the Rental Housing Fee applicable to Rental Units located within governmentally-subsidized housing developments.

⁴ Line items allocated differently include the contractor to focus on compliance, contract hearing examiner services, and community legal services contracts (all three items are allocated 50% to just cause and 50% to rent control layers)

Consistent with Regulation 17-01, adopted by the Rent Board on November 15, 2017, governmentally-subsidized Rental Units include:

- Rental Units in which a Tenant holds a Section 8 Housing Choice Voucher and where the Rent does not exceed the Payment Standard as published by the U.S. Department of Housing and Urban Development.
- Rental Units for which the rent is subsidized by the Project-Based Section 8 Program.
- Rental Units that are “rent restricted” in a Low Income Housing Tax Credit Program project. “Rent restricted” means the rent charged for the unit is affordable for a qualifying Tenant pursuant to the Regulatory Agreement.
- Rental Units for which the rent is subsidized by the Section 202 Supportive Housing for the Elderly Program (assuming the property is not considered a “nonprofit home for the aged” as identified in Section 11.100.030(d)(2) of the Rent Ordinance).
- Rental Units that are “rent restricted” under a regulatory agreement between a governmental agency and a property owner. “Rent restricted” means the rent charged for the unit is affordable for a qualifying Tenant pursuant to the Regulatory Agreement.
- Rental units owned or managed by the Richmond Housing Authority.

Current estimates indicate there are approximately 4,211⁵ governmentally-subsidized rental units that meet the above criteria.

A separate “tier” for Rental Units located in governmentally-subsidized housing developments is supported by the following facts:

- (1) Rent-restricted units are exempt from the rent control provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (see [Regulation 17-01](#)). Except in cases of noncompliance with regulatory agreements or those in which the rent charged exceeds the Payment Standard established by HUD, Tenants in these units do not have the ability to submit Rent Adjustment Petitions due to decreases in space, services, or in response to habitability concerns, or file excess rent complaints.

⁵ At their November 15, 2017, meeting, Boardmembers received a report including an inventory and estimate of the total number of subsidized housing units in the City of Richmond. This report indicated there were 4,283 subsidized housing units in the City. Since that time, staff discovered there are 24 deed-restricted subsidized housing units at VUE at Hilltop Apartments, not 96. The current estimated number of units therefore reflects this 72 unit reduction in the estimated number of subsidized housing units in the City.

- (2) Rent-restricted units were already subject to a form of just cause for eviction requirements prior to the effective date of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. While it is necessary to inform property managers and owners of affordable housing developments of the specific just cause for eviction requirements per the Richmond Rent Ordinance, managers of these units have already been operating within the confines of “good” or “just cause” for eviction requirements, so typically less education is required.
- (3) While staff members recommend the Board consider adoption of a regulation permitting an optional, partial pass-through of the Rental Housing Fee to be paid by Tenants, owners of subsidized housing developments may be restricted in the amount of the fee that may be passed-through to tenants as a result of the requirements of regulatory agreements governing the amount of rent that may be charged.
- (4) The stated purpose of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance is to promote neighborhood and community stability, healthy housing, and affordability for renters in the City by controlling excessive rent increases and arbitrary evictions to the greatest extent allowable under California law. Landlords of subsidized housing developments may be subject to stricter guidelines with respect to pass-through of the Rental Housing Fee and other surcharges. Subsidized housing provider stakeholders expressed the concern that imposing a substantial fee on affordable housing units creates a unique financial hardship for owners of governmentally-subsidized housing, who may struggle to continue to provide affordable housing and the supportive services required of these developments (such as after school programming, counseling, etc.) to residents. As such, a lesser fee for these units is consistent with the stated purpose of the Ordinance.

Based on these facts, staff members recommend the Board adopt a fee structure whereby governmentally-subsidized Rental Units are responsible for approximately half of the “Program” layer, half of the “Just Cause for Eviction” layer, and none of the “Rent Control” layer of the Rental Housing Fee.

Rental Housing Fees Associated with each Budget Option

The table on the following page presents the estimated tiered fees associated with each proposed budget option.

Fiscal Year 2018-19 Proposed Budget Options and Rental Housing Fees

| Unit Counts | Budget Option A Fees (per unit) | Budget Option B Fees (per unit) | Budget Option C Fees (per unit) |
|---|---------------------------------|---------------------------------|---------------------------------|
| TOTAL EXPENDITURES:⁶ | \$2,556,693 | \$2,683,050 | \$2,804,925 |
| Fully Covered Units 9,558 | \$188 | \$198 | \$207 |
| Partially Covered Units (Excluding subsidized units) 6,249 | \$91 | \$96 | \$100 |
| GOVERNMENTALLY-SUBSIDIZED UNITS 4,211 | \$46 | \$48 | \$50 |
| TOTAL REVENUE: | \$2,559,269 | \$2,694,516 | \$2,813,956 |

Partial Pass-Through of the Rental Housing Fee

It is common among rent control jurisdictions in California to permit an optional, temporary pass-through of a portion of the Rental Housing Fee to be paid by rent-controlled Tenants in monthly installments over the course of the year. Indeed, the cities of Berkeley, Santa Monica, East Palo Alto, Los Angeles, Oakland, West Hollywood, and San Francisco allow the Landlord to recover 50% of the Rental Housing Fee divided over each month's rent. In Berkeley, the Rent Board is authorized to reimburse low-income tenants. In West Hollywood, the pass-through may not be applied to Section 8 tenants.

It is important to note that the pass-through of the fee does not increase the Rent or Maximum Allowable Rent as defined in the Rent Ordinance; rather, the pass-through is a line item surcharge in excess of the Maximum Allowable Rent. For example, if the Rent Board adopts Budget Option C, for a rent-controlled Tenant, the associated monthly pass-through would be approximately \$9.00 per month. Such a policy would allow a Landlord of a rent-controlled unit to recover \$103.50 of the Rental Housing Fee if the Board elects to adopt Budget Option C.

Rent Program staff members recommend the Board adopt such a policy following the City Council's adoption of the Fiscal Year 2018-19 Rental Housing Fee.

Timeline and Next Steps

At the February 28, 2018, Special Meeting, Boardmembers received a proposed timeline for adoption of the Fiscal Year 2018-19 Rent Program Budget, recommendation of approval of the Fiscal Year 2018-19 Rental Housing Fee to the City Council, and billing of the Fiscal Year 2018-19 Residential Rental Housing Fee.

⁶ Total expenditures include 17% operating and 8% risk reserves.

ITEM I-3

Consistent with the direction provided by the Board on March 21, 2018, Rent Program staff members scheduled a Special Meeting on April 23, 2018, for the Board to hold a public hearing on a final proposed budget and corresponding fee study.

In accordance with Section 11.100.060(n) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, a notice of public hearing will appear in the West County Times on April 13, 2018, and April 21, 2018, and copies of the proposed budget options are available for inspection at the Rent Program office, located on the second floor of the Community Services Building, 440 Civic Center Plaza, Richmond, CA 94804.

A proposed timeline for additional actions is contained within the table below.

| Task | Proposed Timeline |
|---|---|
| Rent Board considers adoption of Fiscal Year 2018-19 Rent Program Budget (includes public hearing) | April 23, 2018, Special Meeting |
| Rent Board approves Fiscal Year 2018-19 Fee Study, recommends to the City Council approval of the Fiscal Year 2018-19 Rental Housing Fee, and directs staff to study and prepare a regulation permitting a 50% pass-through of the Rental Housing Fee for rent-controlled Tenants | April 23, 2018, Special Meeting |
| City Council receives Fiscal Year 2018-19 Fee Study | May 22, 2018, Regular Meeting (study session) |
| City Council adopts Fiscal Year 2018-19 Rental Housing Fee | June 19, 2018, Regular Meeting |
| Rental Housing Fee bills generated | July 2018 |
| Rental Housing Fee bills mailed | August 2018 |
| Rental Housing Fee due | September 2018 |

DOCUMENTS ATTACHED:

Attachment 1 – Revised Fiscal Year 2018-19 Budget and Fee Study

REVISED FISCAL YEAR 2018-19 BUDGET AND RENTAL HOUSING FEE STUDY

CITY OF RICHMOND RENT PROGRAM

Nicolas Traylor
EXECUTIVE DIRECTOR | CITY OF RICHMOND RENT PROGRAM
440 CIVIC CENTER PLAZA, SUITE 200, RICHMOND, CA 94804
WWW.RICHMONDRENT.ORG

ACKNOWLEDGMENTS

Rent Program Department Team

Paige Roosa
Deputy Director

Vickie Medina
Services Analyst

Magaly Chavez
Services Analyst

Michael Roush
Legal Counsel

Andrea Zuniga
Administrative Intern

Brenda Ogutu
Graduate Student Fellow

Paul Cohen
Hearing Examiner

Cynthia Shaw
Administrative Analyst

Ramona Howell
Administrative Aide

Moises Serano
Administrative Intern

Philip Verma
Graduate Student Fellow



IT Department Team

Sue Hartman
Director

Randall Narron
Senior Programmer Analyst

Steve Furtado
Business Systems Manager

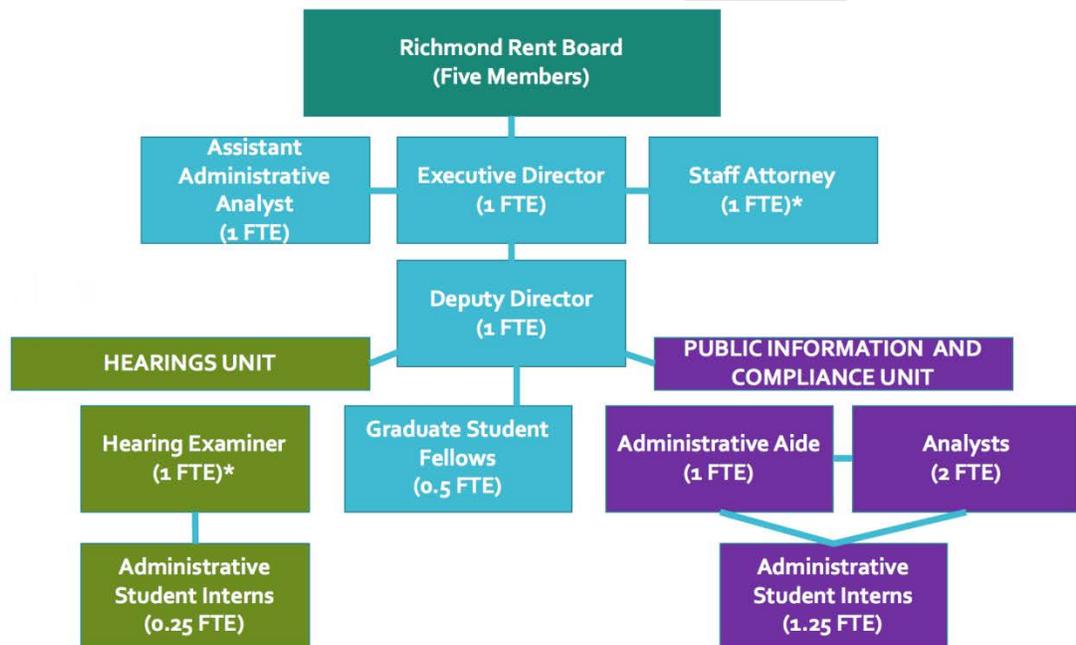
TABLE OF CONTENTS

| | | |
|------|---|----|
| I. | Department Organization and Goals | 3 |
| | a. Organizational Chart..... | 3 |
| | b. Mission Statement..... | 4 |
| | c. Fiscal Year 2018-19 Goals..... | 5 |
| II. | Expense and Revenue Summary | 6 |
| III. | Proposed Budget Options | 7 |
| | a. FY 18-19 Budget Must Focus on Rent Registration, Compliance, and Education..... | 7 |
| | b. Proposed Budget Priorities and Alternatives..... | 7 |
| IV. | Fiscal Year 2018-19 Rental Housing Fee Study | 10 |
| | a. Introduction and Background..... | 10 |
| | b. Structure of the Rental Housing Fee..... | 10 |
| | c. Lesser Fees for Rental Units in Governmentally Subsidized Housing..... | 12 |
| | d. Applicable Unit Counts and Database Development..... | 14 |
| | e. Rental Housing Fees Associated with each Budget Option..... | 15 |
| | f. Comparison to Previously Adopted Rental Housing Fee and Peer Jurisdictions..... | 16 |
| | g. Partial Pass-Through of the Rental Housing Fee..... | 18 |
| | h. Conclusion..... | 18 |
| V. | Appendices | 19 |

DEPARTMENT ORGANIZATION AND GOALS

Organizational Chart

The Rent Program Department consists of 10 full time employees in three units: a management unit, hearings unit, and public information and compliance unit. The Rent Program Department is led by an Executive Director appointed by a five-member Rent Board comprised of Richmond residents. No more than two members of the Rent Board may own or manage rental property or act as realtors. Each departmental unit is described in greater detail below.



**These staff members are anticipated to be hired by April 2018*

Management Unit

The Management Unit is responsible for policy research, which includes conducting surveys and studies to help guide administrative improvements and the formation of sound public policy. The Management Unit also monitors and works with other rent control jurisdictions to prepare for and inform legislation and the promulgation of regulations. The Management Unit oversees all personnel related issues (hiring, training, discipline in conformance with MOU's, etc.). Other duties include: Board support; coordination and assurance with compliance with Brown Act requirements; coordination of agendas, minutes and documents for all Rent Board meetings. Additionally, the Management Unit conducts payroll, purchasing, finance and accounting and administrative workflow processes. Central to the Management Unit's duties are preparation, adoption, monitoring and reporting of the annual Rent Program budget. The Management Unit also works with the City Council and other City departments to develop and implement the annual Rent Program report, and coordinate housing policy consistent with the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Program.

Legal Duties Associated with Management Unit

The general duties of the Staff Attorney include representing the Board in litigation, advising the Director and the Rent Board on legal matters, reviewing and opining on decisions on appeal, coordinating responses to public record act requests, training Rent Program Services Analysts, providing counseling support and quality control, supervising investigations and lawsuits for non-compliance, reviewing contracts, and responding to legal challenges to the Ordinance and applicable regulations. The Staff Attorney is also responsible for drafting rent regulations.

Public Information and Compliance Unit

The Public Information and Compliance Unit is responsible for conducting outreach to tenants and landlords, which includes counseling landlords and tenants on rights and responsibilities under the Richmond Rent Ordinance and California law. Outreach also includes conducting monthly community educational workshops, developing and updating the “Guide to Rent Control in Richmond” and other informational handouts. The Unit is responsible for assisting landlords and tenants with the rent adjustment petition process, facilitating mediation sessions, billing and collecting registration fees and conducting registration/billing outreach. The Unit is also responsible for processing and tracking new tenancies, changes in rental status (new tenancy registration, claims of exemption, etc.)

Hearings Unit

The general duties of the Hearing Unit is to: conduct hearings and write decisions, including conducting settlement conferences, act as back-up resource on interpretation of Ordinance and Regulations, assist with drafting public information documents including acting as the primary author of the “Guide to Rent Control” and the “Petition Process”, review other documents to the public that pertain to the rent adjustment petition process, develop and revise petition forms, along with other senior staff, conduct mediations and conduct hearings for other City departments (on loan) if time permits. The Hearing Unit is also responsible for working on special projects as assigned by the Executive Director such as working with City staff to develop rent registration/tracking software to better administer adjustment of rent levels in the Maximum Allowable Rent Tracking database.

Mission Statement

The mission of the Rent Program is to strengthen the community by providing housing stability for Richmond residents. The Rent Program strives to ensure housing stability for Richmond residents by limiting rent increases and protecting Tenants in good standing from unwarranted, arbitrary, discriminatory, or retaliatory evictions while ensuring a fair return on investment for rental property owners.

The primary objectives of the Rent Program are (1) to provide housing stability for Tenants similar to the housing stability and financial predictability that homeowners on a fixed-term mortgage enjoy, and (2) encourage and maintain the social, cultural, and economic diversity the City of Richmond proudly represents.

Fiscal Year 2018-19 Goals

- Establish a robust rent registration/rent tracking database/program.
- Establish a fully operational hearings unit (i.e. clear the backlog of petitions already filed). This includes developing all petition forms and getting them online.
- Train Rent Program Services Analyst and other senior staff on conducting mediations.
- Get the Mediation Program fully up and running.
- Publish the “Guide to Rent Control in Richmond.”
- Expand the use of innovative outreach tools: create informational/info-graphic educational videos, create social media presence, and conduct “targeted” outreach to problem properties.
- Work collaboratively with other City departments to improve housing inspection options and strengthen affordable housing policy.
- Improve website and develop online registration of new tenancies, and other administrative forms.

DRAFT

EXPENSE AND REVENUE SUMMARY

The Rent Program Department is designed to function as a cost-recovery department that operates without financial assistance from the City’s General Fund.¹ Instead, the Department is funded by a Residential Rental Housing Fee, paid by all Landlords of Rental Units in the City of Richmond.

In November 2017, Rent Program staff members embarked on the first billing cycle of the Rental Housing Fee. Invoices were mailed to approximately 23,500 Rental Units identified in the City’s database of total Rental Units. In many respects, the first billing cycle functioned as an additional public education and exemption verification project; approximately 3,300 suspected Rental Units mailed invoices for the Rental Housing Fee have been removed from the database following verification of exemption.

Table 1, below, contains a summary of funds expended and collected for departmental operations in Fiscal Years 2016-17 and 2017-18. The discrepancy in funds expended versus those budgeted, particularly in Fiscal Year 2017-18, is due to the absence of a Hearing Examiner and Staff Attorney, two of the highest budgeted positions in the department.

The projected expenditures for Fiscal Year 2017-18 indicate the Department will have a negative fund balance by the close of the 2017-18 Fiscal Year, unless robust compliance efforts are undertaken to collect unpaid Rental Housing Fee revenue. Additionally, given the litigious nature of Rent Programs, it is important the Department establish adequate reserves for unanticipated expenses.

Table 1: Expense and Revenue Summary

| FISCAL YEAR | BUDGETED AMOUNT (EXCLUDING RESERVES) | FUNDS EXPENDED | REVENUE COLLECTED (AS OF 4/12/18) |
|-------------|---|--------------------------|--------------------------------------|
| 2016-17 | \$920,347 | \$789,592 | \$789,592 |
| 2017-18 | \$1,940,271 | \$1,148,897 ² | \$949,317 |
| TOTAL | \$2,860,618 | \$1,938,489 | \$1,738,909 |

Source: City of Richmond Rent Program, 2018 (reports generated using TrakIT and MUNIS software systems.)

¹ At their meeting on December 20, 2017, Rent Boardmembers approved a [Reimbursement Agreement](#) between the Rent Board and City of Richmond to repay funds advanced by the City for program startup.

² Represents YTD and projected expenditures for the entire fiscal year.

PROPOSED BUDGET OPTIONS

FY 18-19 Budget Must Focus on Rent Registration, Compliance, and Education

In Fiscal Year 2018-19, the Rent Program department is poised to create a strong, actively enforced Rent Program that results in higher compliance than complaint-driven rent agencies. The proposed budget should therefore reflect the need to allocate appropriate funds to administer rent tracking, rent registration and registration outreach, in addition to physical improvements to the office.

To perform effective registration outreach via rent tracking, two crucial components must be in place. The first is the development of a robust rent tracking database through vacancy rent registration. The second is adequate clerical resources to maintain, update and track Maximum Allowable Rent (MAR) levels. Although a good database can automatically perform most rent ceiling calculations, and although a strong online registration component further eases administrative processes, all rent registration databases require both manual inputs by staff (due to MAR changes resulting from rent adjustment petitions) and regular database maintenance and updates, as the status of Rental Units may change periodically (e.g. from “fully exempt,” to “partially covered,” or “fully covered,” to “partially covered.”) Particularly in the context of a tiered fee, the status of each Rental Unit in the City is a critical piece of information that must be closely tracked.

Proposed Budget Priorities and Alternatives

Staff members recommend the Board consider adding the following line items to the Fiscal Year 2018-19 budget to support department operations:

- Maximize utility of the counseling area by allocating funds to reconfigure reconfiguring the existing office space to accommodate three counseling stations and improve the comfort of clients and counselors.
- Install permanent signage on doors and walls in 440 Civic Center Plaza to ensure community members can locate and navigate within the office.
- Employ an additional Administrative Aide (1 FTE) to implement and administer rent registration consistent with regulations adopted by the Board.
 - *Accurate rent registration and rent tracking includes the creation and maintenance of a complete database of tenancies, rents, and exempt statuses as well as an annual mailing of Maximum Allowable Rent certifications and close monitoring of exempt status, which improves billing accuracy. An Administrative Aide is the job classification best suited to this role due to this individual's need to perform difficult paraprofessional work, ability to interpret rules and regulations, and ability to train and provide direction to other staff members.*

- Employ a contractor to perform compliance-related tasks, such as investigations, issuing correspondence for noncompliance, and, with support from the Staff Attorney, pursue legal action for noncompliance with the Ordinance, registration, and fee payment requirements.
 - *As of March 16, 2018, over \$1.3 million in Rental Housing Fees have been assessed, but are unpaid. The estimated cost of hiring a contractor to focus on compliance (\$97,500) is a small fraction (7.2%) of the potential revenue (\$1,361,258). A contractor would be able to issue formal correspondence, properly cite and enforce applicable codes and regulations, and proactively prompt Board-initiated hearings and investigations with support from the Staff Attorney.*

The table on the following page presents three possible budget alternatives as well as the associated costs and impacts on the Rental Housing Fee. It is important to note that budget alternatives A, B, and C are progressive, with each alternative including the components of the prior option. Staff members recommend the Board adopt Budget Option C, which includes all line items identified above, and are necessary to implement a fully-functional rent registration system as well as bolster compliance with program requirements.

DRAFT

Table 2: Proposed Budget Options and Corresponding Estimated Rental Housing Fee

| PROPOSED OPTION | DESCRIPTION OF SIGNIFICANT CHANGES ³ | ESTIMATED COST (\$) | TOTAL BUDGET (INCLUDING OPERATING AND RISK RESERVES EQUAL TO 25% OF EXPENSES) | CORRESPONDING APPROXIMATE PROPOSED RENTAL HOUSING FEE (ROUNDED UP TO NEAREST DOLLAR) | PROPOSED PORTION OF FEES PAID BY RENT-CONTROLLED TENANTS (50% OF TOTAL FEE) ⁴ |
|--|---|---|---|--|--|
| A – BASELINE BUDGET WITH PHYSICAL IMPROVEMENTS | Add funds to furniture and construction costs for counseling area redesign and permanent signage | \$15,000 | \$2,556,693 | Fully Covered Units: \$188/unit Partially Covered Units: \$91/unit Governmentally-Subsidized Units: \$46/unit | \$94.00 (\$7.80 per month) |
| B – OPTION A PLUS ADDITIONAL RESOURCES FOR RENT REGISTRATION | Add funds to hire an additional Administrative Aide to administer rent registration | \$15,000 (Option A) + \$60,550 (salary) + \$33,303 (benefits) + \$6,233 (liability) + \$1,000 (IT account)= \$116,086 | \$2,683,050 | Fully Covered Units: \$198/unit Partially Covered Units: \$96/unit Governmentally-Subsidized Units: \$48/unit | \$99.00 (\$8.25 per month) |
| C – OPTION B PLUS ADDITIONAL RESOURCES FOR COMPLIANCE-RELATED WORK | Add funds to hire an additional Administrative Aide to administer rent registration and add a contractor to assist with compliance-related work | \$116,086 (Option B)+ \$97,500 contract for legal services (assumes contractor would work 10-15 hours per week at a rate of \$150/hour) = \$213,586 | \$2,804,925 | Fully Covered Units: \$207/unit Partially Covered Units: \$100/unit Governmentally-Subsidized Units: \$50/unit | \$103.50 (\$8.60 per month) |

³ Identified changes do not include regular, anticipated cost increases, such as step (salary) increases for employees, changes in indirect costs, and an increase in funds for computer equipment.

⁴ If approved by the Rent Board, it is proposed Landlords would have an option to pass through up to 50% of the Rental Housing Fee to be paid by the Tenant over the course of a year. For example, if the adopted Rental Housing Fee were \$207 for fully-covered units, up to \$103.50 could be passed on to a rent-controlled Tenant, who would be responsible for paying approximately an additional \$8.60 per month.

FISCAL YEAR 2018-19 RENTAL HOUSING FEE STUDY

Introduction and Background

Section 11.100.060(l)(1) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (“Rent Ordinance”) provides all Landlords shall pay a Residential Rental Housing Fee to fund the Rent Program budget. The amount of the Rental Housing Fee is determined annually by the City Council following a recommendation from the Rent Board.

Under Section 50076 of the California Government Code, fees charged for any service or regulatory activity must not exceed the reasonable cost of providing the service. Those fees must be approved by the City Council, as the legislative body, in public session. Therefore, a fee study is necessary to ensure that the Residential Rental Housing Fee recommended by the Rent Board and charged to Landlords is commensurate to the level of services provided by the Rent Program.

The fee study is designed to allow the Rent Program Department to recover costs of all budgeted operations, including:

- Personnel costs of staff, benefits, and overtime;
- Risk management and supplemental liability insurance plan (SLIP);
- Charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.);
- Information Technology (IT) expenses associated with the creation of a rent-tracking database and maintenance of computer hardware and software;
- Legal costs to support enforcement and defense of legal challenges to the Rent Ordinance;
- Costs of education and outreach, including the printing and distribution of print materials and hosting of community workshops and seminars;
- Contracts for translation and other professional services;
- Mileage and attendance at conferences and trainings; and,
- Operating and risk reserves to fund unanticipated costs and variations in collection of the Rental Housing Fee.

Structure of the Rental Housing Fee

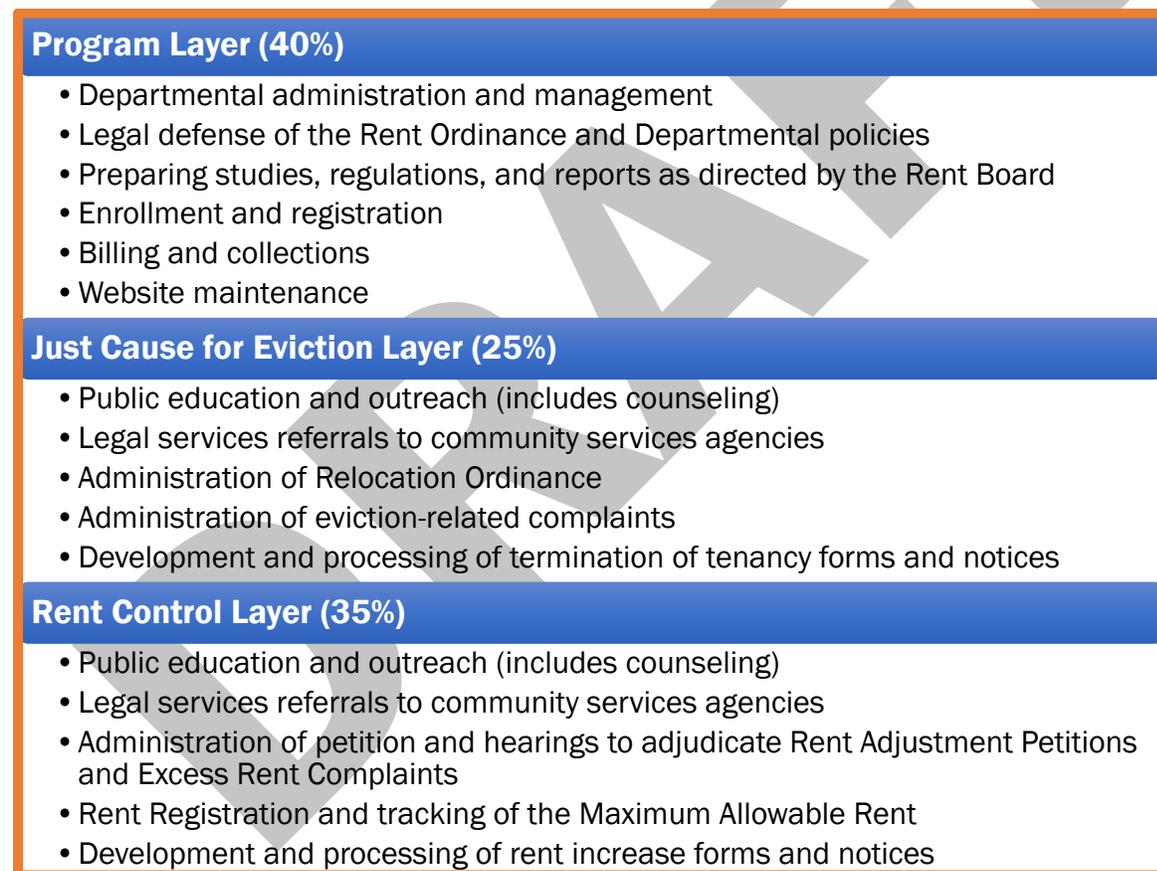
Consistent with direction from the Rent Board in 2017, the FY 2016-17 and FY 2017-18 Rental Housing Fees were established as “flat fees,” applicable to all units regardless of partial or full applicability under the Rent Ordinance. This approach was justified during the first 1.5 years of program startup since the tasks and associated benefits of Departmental startup are reasonably shared among rental units regardless of status.

With much of the Rent Program Department now fully developed, Rent Program staff members propose a tiered fee, much like that contemplated in the [2017 Fee Study](#)

prepared by Management Partners. Under this approach, costs of program administration are allocated among three components or layers: a general “program” layer (typically 40% of total costs), a “just cause” layer (typically 25% of total costs), and a “rent control” layer (typically 35% of costs).⁵ Such allocations correspond with the amount of time spent administering each component of the program.

Staff members recommend the Board and City Council consider a tiered-fee approach to the Fiscal Year 2018-19 Rental Housing Fee to ensure the requirements of Section 50076 of the California Government Code are met. For example, owners of partially covered units should not be required to pay for petition and hearings process services, as tenants in these units do not have the same remedies as those afforded to fully covered units. The figure below illustrates this concept and identifies key tasks associated with each program component.

Figure 1: Fee Layers and Associated Tasks

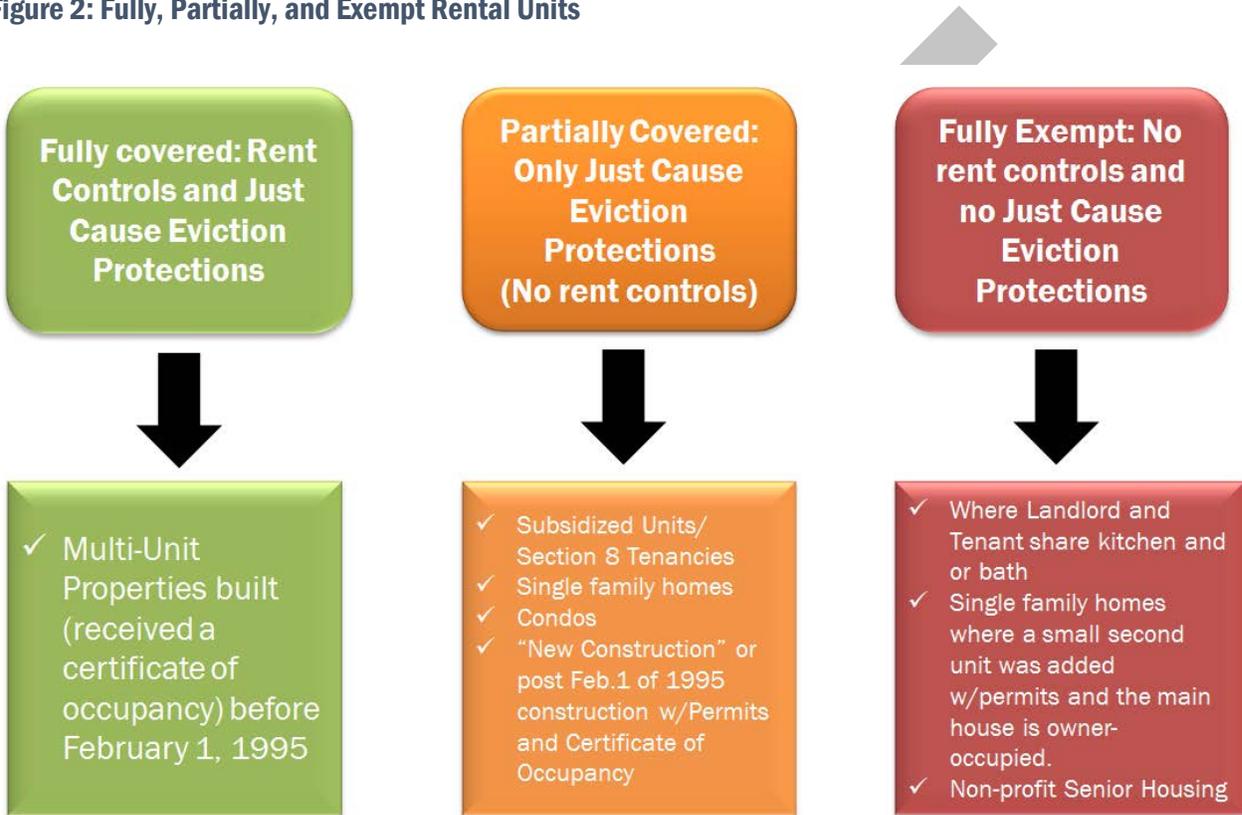


The amount of the Rental Housing Fee applicable to a particular Rental Unit depends on its status. Units applicable to the Just Cause for Eviction requirements, but exempt from the

⁵ Line items allocated differently include the contractor to focus on compliance, contract hearing examiner services, and community legal services contracts (all three items are allocated 50% to just cause and 50% to rent control layers)

Rent Control provisions of the Ordinance (such as single family homes, governmentally-subsidized units, condominiums, and recently constructed units), are responsible for payment of Program and Just Cause for Eviction layers. Units subject to the Just Cause for Eviction and Rent Control provisions of the Rent Ordinance would be responsible for payment of all three layers. Units that are fully exempt from the Rent Ordinance are not responsible for payment of the Rental Housing Fee. Figure 2, below, identifies the types of units within each of these categories.

Figure 2: Fully, Partially, and Exempt Rental Units



Lesser Fees for Rental Units in Governmentally Subsidized Housing

At their meeting on March 21, 2018, members of the Rent Board directed staff to explore the possibility of adding a “third tier” to the Rental Housing Fee applicable to Rental Units located within governmentally-subsidized housing developments. Consistent with Regulation 17-01, adopted by the Rent Board on November 15, 2017, governmentally-subsidized Rental Units include:

- Rental Units in which a Tenant holds a Section 8 Housing Choice Voucher and where the Rent does not exceed the Payment Standard as published by the U.S. Department of Housing and Urban Development.
- Rental Units for which the rent is subsidized by the Project-Based Section 8 Program.

- Rental Units that are “rent restricted” in a Low Income Housing Tax Credit Program project. “Rent restricted” means the rent charged for the unit is affordable for a qualifying Tenant pursuant to the Regulatory Agreement.
- Rental Units for which the rent is subsidized by the Section 202 Supportive Housing for the Elderly Program (assuming the property is not considered a “nonprofit home for the aged” as identified in Section 11.100.030(d)(2) of the Rent Ordinance).
- Rental Units that are “rent restricted” under a regulatory agreement between a governmental agency and a property owner. “Rent restricted” means the rent charged for the unit is affordable for a qualifying Tenant pursuant to the Regulatory Agreement.
- Rental units owned or managed by the Richmond Housing Authority.

Current estimates indicate there are approximately 4,211⁶ governmentally-subsidized rental units that meet the above criteria.

A separate “tier” for Rental Units located in governmentally-subsidized housing developments is supported by the following facts:

- (1) Rent-restricted units are exempt from the rent control provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (see [Regulation 17-01](#)). Except in cases of noncompliance with regulatory agreements or those in which the rent charged exceeds the Payment Standard established by HUD, Tenants in these units do not have the ability to submit Rent Adjustment Petitions due to decreases in space, services, or in response to habitability concerns, or file excess rent complaints.
- (2) Rent-restricted units were already subject to a form of just cause for eviction requirements prior to the effective date of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. While it is necessary to inform property managers and owners of affordable housing developments of the specific just cause for eviction requirements per the Richmond Rent Ordinance, managers of these units have already been operating within the confines of “good” or “just cause” for eviction requirements, so typically less education is required.
- (3) While staff members recommend the Board consider adoption of a regulation permitting an optional, partial pass-through of the Rental Housing Fee to be paid by Tenants, owners of subsidized housing developments may be restricted in the amount of the fee that may be passed-through to tenants as a result of the

⁶ At their November 15, 2017, meeting, Boardmembers received a report including an inventory and estimate of the total number of subsidized housing units in the City of Richmond. This report indicated there were 4,283 subsidized housing units in the City. Since that time, staff discovered there are 24 deed-restricted subsidized housing units at VUE at Hilltop Apartments, not 96. The current estimated number of units therefore reflects this 72 unit reduction in the estimated number of subsidized housing units in the City.

requirements of regulatory agreements governing the amount of rent that may be charged.

- (4) The stated purpose of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance is to promote neighborhood and community stability, healthy housing, and affordability for renters in the City by controlling excessive rent increases and arbitrary evictions to the greatest extent allowable under California law. Landlords of subsidized housing developments may be subject to stricter guidelines with respect to pass-through of the Rental Housing Fee and other surcharges. Subsidized housing provider stakeholders expressed the concern that imposing a full fee on affordable housing units creates a unique financial hardship for owners of governmentally-subsidized housing, who may struggle to continue to provide affordable housing and the supportive services required of these developments (such as after school programming, counseling, etc.) to residents. As such, a lesser fee for these units is consistent with the stated purpose of the Ordinance.

Based on these facts, staff members recommend the Board adopt a fee structure whereby governmentally-subsidized Rental Units are responsible for approximately half of the “Program” layer, half of the “Just Cause for Eviction” layer, and none of the “Rent Control” layer of the Rental Housing Fee.

Applicable Unit Counts and Database Development

The number of applicable Rental Units within each category is a critical input in the calculation of the Rental Housing Fees for partially and fully covered units. The Fiscal Year 2016-17 and Fiscal Year 2017-18 Fee Study utilized data provided by the Contra Costa County Assessor’s Office to identify suspected Rental Units. While County Assessor data may be used to arrive at an estimated number of total rental units, it cannot produce an exact figure. Nevertheless, County Assessor data was the best and most readily available data at the time of the Fiscal Year 2016-17 and Fiscal Year 2017-18 Fee Study.

Over the past six months, Rent Program staff members, with assistance from the IT Department, have refined the database of Rental Units in the City of Richmond, most notably through the completion of an exemption verification project of single family homes in the City to accurately identify units that are truly rented. This project involved mailing an introductory letter and policy information to all single family homes and condominiums possessing one of the following characteristics in the County Assessor database:

- (1) No Homeowner’s Tax Exemption was claimed
- (2) The site address of the property did not match the owner on record’s mailing address

Approximately 15,500 properties met the above criteria. To confirm applicability to the Rent Ordinance, Rent Program staff members mailed information about the requirements of the Rent Ordinance. Owners of properties in the City of Richmond not containing Rental Units were required to complete and submit a Declaration of Owner Occupation/and or Exemption form and submit documentation to allow staff members to approve the exemption.

Rent Program staff members received and processed a total of 1,295 valid declarations proving exemption. An additional 507 declarations were received but have yet to be processed due to missing or incomplete information.

Additional sources of data, including the identification of rental units not identified in the previous fee study, include:

- Rental Units enrolled in the Rent Program online at www.richmondrent.org/enroll
- Rental Units identified by the Rental Inspection Program
- Rental Units participating in the Section 8 Housing Choice Voucher Program
- Rental Units with an active business license
- Rental Units in subsidized housing developments, such as those built with Low Income Housing Tax Credits (LIHTC), based on the [inventory of deed-restricted affordable housing](#) prepared by Rent Program staff members in 2017
- Unknown Rental Units identified through Tenant inquiries to the Rent Program Department

Rental Housing Fees Associated with each Budget Option

The table below presents the estimated tiered fees associated with each proposed budget option:

Table 3: Fiscal Year 2018-19 Proposed Budget Options and Rental Housing Fees

| UNIT COUNTS | | BUDGET OPTION A FEES (PER UNIT) | BUDGET OPTION B FEES (PER UNIT) | BUDGET OPTION C FEES (PER UNIT) |
|---|-------|---------------------------------|---------------------------------|---------------------------------|
| TOTAL EXPENDITURES:⁷ | | \$2,556,693 | \$2,683,050 | \$2,804,925 |
| FULLY COVERED UNITS | 9,558 | \$188 | \$198 | \$207 |
| PARTIALLY COVERED UNITS (EXCLUDING SUBSIDIZED UNITS) | 6,249 | \$91 | \$96 | \$100 |
| GOVERNMENTALLY-SUBSIDIZED UNITS | 4,211 | \$46 | \$48 | \$50 |
| TOTAL REVENUE: | | \$2,559,269 | \$2,694,516 | \$2,813,956 |

⁷ Total expenditures include 17% operating and 8% risk reserves.

Comparison to Previously Adopted Rental Housing Fee and Peer Jurisdictions

On July 25, 2017, the Richmond City Council adopted [Resolution 99-17](#), establishing the Fiscal Year 2016-17 and Fiscal Year 2017-18 Residential Rental Housing Fees in the City's master fee schedule for a total per-unit fee of \$145.00.

The proposed budget options and fee study approach result in a reduction in the Rental Housing Fee for partially covered units and an increase in the fee for fully-covered units. The difference is particularly pronounced when one considers the \$145.00 fee spanned one and a half fiscal years. The increase in the fee can be explained by increases in operating expenses necessary to establish an actively-enforced Rent Program (namely, the employment of 10-11 full time employees), as well as decreases in the estimated total number of Rental Units in the City.

Table 4 on the follow page compares the proposed Rental Housing Fee to fees in other jurisdictions with rent programs in the state of California. While Richmond's proposed fees are lower than those charged in peer jurisdictions, it is important to consider that Richmond's median rental rates are also less than those in peer rent control jurisdictions.

DRAFT

Table 4: Comparison of Program Budgets, Unit Counts, Fees, and Median Rents in Case Study Cities

| JURISDICTION | PROGRAM BUDGET (FY 17-18) | APPLICABLE RENTAL UNITS⁸ | FY 2017-18 FEES (PER UNIT) | MEDIAN GROSS RENT⁹ | PORTION OF FEE PASSED THROUGH TO TENANTS |
|--|--|--|---|--------------------------------------|--|
| ACTIVELY ENFORCED RENT PROGRAMS | | | | | |
| BERKELEY | \$5,125,740 | 19,093 | \$270.00 | \$1,434 | 50%; City may reimburse low-income tenants |
| SANTA MONICA | \$5,181,693 | 27,542 | \$198.00 | \$1,626 | 50% |
| EAST PALO ALTO | \$427,415 | 2,325 | \$222.00 | \$1,510 | 50% |
| RICHMOND | \$2,804,925 (proposed Option C for FY 18-19) | 9,558 fully covered units; 10,460 partially covered units | \$207.00 for fully covered units; \$100 for partially covered units; \$50 for governmentally-subsidized units | \$1,242 | 50% (proposed – pending policy direction of the Board) |
| COMPLAINT-DRIVEN RENT PROGRAMS | | | | | |
| LOS ANGELES | \$25,256,173 | 631,000 | \$24.51 | \$1,241 | 50% |
| OAKLAND | \$817,903 | 65,000 | \$68.00 | \$1,189 | 50% |
| WEST HOLLYWOOD | \$4,015,021 | 16,805 | \$144.00 ¹⁰ | \$1,446 | 50% (excludes Section 8 tenants) |
| ALAMEDA | \$1,782,000 | 14,899 | \$120 | \$1,478 | Not yet established |
| SAN FRANCISCO | \$8,227,649 | 173,000 | \$45.00 for apartments; \$22.50 for residential hotel rooms | \$1,632 | 50% |

Sources: Management Partners, 2017; City of Richmond Rent Program, 2018

⁸ “Applicable rental units” refers to the number of units subject to the Rental Housing Fee in each case study jurisdiction.

⁹ The American Community Survey is an estimate; numbers denote estimates. Margins of error are not shown. Data source: 2012-2016 ACS 5-Year Estimates Table B25064

¹⁰ West Hollywood’s Rent Program receives support from the City’s General Fund, and the \$144 fee allows the program to recover 65% of total costs. The program would need to collect \$221 per unit to achieve 100% cost recovery.

Partial Pass-Through of the Rental Housing Fee

It is common among rent control jurisdictions in California to permit an optional, temporary pass-through of a portion of the Rental Housing Fee to be paid by rent-controlled Tenants in monthly installments over the course of the year. Indeed, the cities of Berkeley, Santa Monica, East Palo Alto, Los Angeles, Oakland, West Hollywood, and San Francisco allow the Landlord to recover 50% of the Rental Housing Fee divided over each month's rent. In Berkeley, the Rent Board is authorized to reimburse low-income tenants. In West Hollywood, the pass-through may not be applied to Section 8 tenants.

It is important to note that the pass-through of the fee does not increase the Rent or Maximum Allowable Rent as defined in the Rent Ordinance; rather, the pass-through is a line item surcharge in excess of the Maximum Allowable Rent. For example, if the Rent Board adopts Budget Option C, for a rent-controlled Tenant, the associated monthly pass-through would be approximately \$9.00 per month. Such a policy would allow a Landlord of a rent-controlled unit to recover \$103.50 of the Rental Housing Fee if the Board elects to adopt Budget Option C. Staff members recommend any pass-through policy of the Rental Housing Fee exclude a pass-through to Tenants of governmentally-subsidized Rental Units, as this may violate regulatory agreements, federal, or state laws.

Rent Program staff members recommend the Board adopt such a policy following the City Council's adoption of the Fiscal Year 2018-19 Rental Housing Fee.

Conclusion

The Fiscal Year 2018-19 Budget must reflect the goals and mission of the Rent Program Department; that is, to create an actively enforced Department to serve empowered and knowledgeable community members. To achieve this, staff members recommend the Rent Board take the following actions:

- Adopt Fiscal Year 2018-19 Budget Option C
- Approve the Revised Fiscal Year 2018-19 Rental Housing Fee Study
- Recommend to the City Council adoption of a fee of \$207 per Rental Unit for fully covered Rental Units, \$100 for partially covered Rental Units, and \$50 for governmentally-subsidized Rental Units to support continued program development
- Direct staff to prepare a regulation permitting a 50% pass-through of the Rental Housing Fee divided over each month's rent for rent-controlled tenancies

APPENDICES

Appendix A: Fiscal Year 2018-19 Proposed Budget Options

Appendix B: Budget Option A Fee Study Calculations

Appendix C: Budget Option B Fee Study Calculations

Appendix D: Budget Option C Fee Study Calculations

DRAFT

| REVISED PROPOSED FISCAL YEAR 2018-19 RENT PROGRAM BUDGET OPTIONS | | | | | | | | | | | | | | |
|--|--|-----------------|-----------------------------|----------------------------|--------------------|--------------------------|-------------------|----------------|-----------------------------|----------------|---------------------|---------------------|---------------------|---|
| | | | | | | TOTAL ALLOCATED FY 17-18 | YTD ACTUALS | % of allocated | ESTIMATED PROJECTED ACTUALS | % of allocated | OPTION A | OPTION B | OPTION C | Comments |
| Obj. Code | | FY 18-19 Salary | Benefits (at 55% of Salary) | FY 18-19 Salary & Benefits | TOTAL (1 employee) | | | | | | | | | |
| | Title | | 0.55 | | | | | | | | | | | Salary Assumptions (includes Step Increase) |
| 400001 | EXECUTIVE STAFF | \$ 530,552 | \$ 291,804 | \$ 822,356 | \$ 822,356 | \$ 582,834 | \$ 184,873 | 32% | | | \$ 822,356 | \$ 822,356 | \$ 822,356 | |
| | Executive Director* | \$ 148,000 | \$ 81,400 | \$ 229,400 | \$ 229,400 | \$ 214,908 | | | | | \$ 229,400 | \$ 229,400 | \$ 229,400 | \$9,024 - \$14,364 |
| | Deputy Director* | \$ 101,896 | \$ 56,043 | \$ 157,939 | \$ 157,939 | \$ 150,418 | | | | | \$ 157,939 | \$ 157,939 | \$ 157,939 | \$8,087 - \$12,873 |
| | Staff Attorney | \$ 140,328 | \$ 77,180 | \$ 217,508 | \$ 217,508 | \$ 108,754 | | | | | \$ 217,508 | \$ 217,508 | \$ 217,508 | \$9,024 - \$14,364 |
| | Hearing Examiner | \$ 140,328 | \$ 77,180 | \$ 217,508 | \$ 217,508 | \$ 108,754 | | | | | \$ 217,508 | \$ 217,508 | \$ 217,508 | \$9,024 - \$14,364 |
| 400002 | MANAGEMENT STAFF - 1021 | \$ 242,235 | \$ 133,229 | \$ 375,464 | \$ 375,464 | \$ 252,632 | \$ 125,512 | 50% | | | \$ 375,464 | \$ 375,464 | \$ 375,464 | |
| | Rent Program Services Analyst | \$ 85,891 | \$ 47,240 | \$ 133,131 | \$ 133,131 | \$ 80,963 | | | | | \$ 133,131 | \$ 133,131 | \$ 133,131 | \$6,357 \$6,674 \$6,977 \$7,315 \$7,684 |
| | Rent Program Services Analyst | \$ 82,102 | \$ 45,156 | \$ 127,258 | \$ 127,258 | \$ 80,963 | | | | | \$ 127,258 | \$ 127,258 | \$ 127,258 | \$6,357 \$6,674 \$6,977 \$7,315 \$7,684 |
| | Administrative Analyst | \$ 74,242 | \$ 40,833 | \$ 115,075 | \$ 115,075 | \$ 90,706 | | | | | \$ 115,075 | \$ 115,075 | \$ 115,075 | \$6,357 \$6,674 \$6,977 \$7,315 \$7,684 |
| 400003 | LOCAL 1021 STAFF | \$ 121,100 | \$ 66,605 | \$ 187,705 | \$ 187,705 | \$ 69,465 | \$ 36,512 | 53% | | | \$ 93,853 | \$ 187,705 | \$ 187,705 | |
| | Administrative Aide | \$ 60,550 | \$ 33,303 | \$ 93,853 | \$ 93,853 | \$ 69,465 | | | | | \$ 93,853 | \$ 93,853 | \$ 93,853 | \$4,910 \$5,115 \$5,360 \$5,602 \$5,873 |
| | Administrative Aide | \$ 60,550 | \$ 33,303 | \$ 93,853 | \$ 93,853 | \$ - | | | | | \$ - | \$ 93,853 | \$ 93,853 | \$4,910 \$5,115 \$5,360 \$5,602 \$5,873 |
| 400006 | PART TIME/TEMP STAFF | \$ 66,740 | \$ - | \$ - | \$ - | \$ 62,024 | \$ 35,081 | 57% | | | \$ 66,740 | \$ 66,740 | \$ 66,740 | |
| | Administrative Student Intern | \$ 16,685 | | | | \$ 15,506 | | | | | \$ 16,685 | \$ 16,685 | \$ 16,685 | \$15.54 \$17.20 \$18.81 \$20.51 \$22.07 |
| | Administrative Student Intern | \$ 16,685 | | | | \$ 15,506 | | | | | \$ 16,685 | \$ 16,685 | \$ 16,685 | \$15.54 \$17.20 \$18.81 \$20.51 \$22.07 |
| | Administrative Student Intern | \$ 16,685 | | | | \$ 15,506 | | | | | \$ 16,685 | \$ 16,685 | \$ 16,685 | \$15.54 \$17.20 \$18.81 \$20.51 \$22.07 |
| | Administrative Student Intern | \$ 16,685 | | | | \$ 15,506 | | | | | \$ 16,685 | \$ 16,685 | \$ 16,685 | \$15.54 \$17.20 \$18.81 \$20.51 \$22.07 |
| 400031 | Overtime/Comp Time | | | | | \$ 12,000 | \$ 2,132 | 18% | \$ 2,982 | 25% | \$ 5,000 | \$ 5,000 | \$ 5,000 | |
| *Salary increases for Executive Staff are discretionary in nature. Figures shown represent maximums and are subject to Board or Director approval. | | | | | | | | | | | | | | |
| TOTAL SALARIES AND BENEFITS | | | | | | \$ 978,953 | \$ 384,109 | 39% | \$ 704,292 | 72% | \$ 1,363,413 | \$ 1,457,265 | \$ 1,457,265 | |
| Cost Pool and Risk Management: | | | | | | | | | | | | | | |
| 400574 | General Liability and Worker's Comp | | | | | \$ 52,981 | \$ 17,426 | 33% | \$ 23,235 | 44% | \$ 62,330 | \$ 68,563 | \$ 68,563 | Workers Compensation - \$2,748 per employee, General Liability - \$3,485 per employee (combined total \$6,233 per employee.) 10 FTEs FY 18-19 |
| 400591 | Space at 440 Civic Center Plaza | | | | | \$ 52,275 | \$ 34,851 | 67% | \$ 46,468 | 89% | \$ 52,275 | \$ 52,275 | \$ 52,275 | Space at 440 CCP is based on the percentage of total square footage occupied. This percentage is then applied to the total annual debt service. Rent Program is presumed to occupy 0.9% of Civic Center's total square footage. The percentage was applied to the total annual debt service for FY 2016-17 to determine the cost. |
| 400586 | Indirect Cost | | | | | \$ 51,454 | \$ 34,302 | 67% | \$ 45,736 | 89% | \$ 51,454 | \$ 51,454 | \$ 51,454 | Indirect Costs are charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.) Allocations are determined in the City's cost allocation plan completed by an external consultant. Since the Rent Program dept. is new, it was not included in the current cost allocation plan. Staff recommended using the allocation of a department similar in size. In this case, the City Manager's Office was used as the basis. |
| 400552 | Supplemental Liability Insurance Policy (SLIP) | | | | | \$ 25,000 | \$ - | 0% | \$ - | 0% | \$ 25,000 | \$ 25,000 | \$ 25,000 | General liability policy for the Rent Control program. |
| Sub-Total Cost Pool + Risk Management | | | | | | \$ 181,710 | \$ 86,579 | 48% | \$ 129,867 | 71% | \$ 191,059 | \$ 197,292 | \$ 197,292 | |
| IT Costs | | | | | | | | | | | | | | |

| | | TOTAL ALLOCATED FY 17-18 | YTD ACTUALS | % of allocated | ESTIMATED PROJECTED ACTUALS | % of allocated | OPTION A | OPTION B | OPTION C | Comments |
|---|---|--------------------------|-------------------|----------------|-----------------------------|----------------|-------------------|-------------------|-------------------|--|
| 400220 | IT Professional Services and Startup Costs | \$ 29,500 | \$ 4,372 | 15% | \$ 4,372 | 15% | \$ 3,000 | \$ 3,000 | \$ 3,000 | IT Services - Contract with DataTree for property verification data (\$250 per month); Contract with Superior for database development |
| 400601 | Annual IT Costs (Including replacement funding) | \$ 18,683 | \$ 14,211 | 76% | \$ 18,948 | 101% | \$20,683 | \$21,683 | \$21,683 | General PC software and costs. |
| Sub-Total IT Expenses | | \$ 48,183 | \$ 18,582 | 39% | \$ 23,320 | 48% | \$ 23,683 | \$ 24,683 | \$ 24,683 | |
| Legal Costs | | | | | | | | | | |
| 400206 | Outside Legal Counsel (Litigation) | \$ 120,000 | \$ - | 0% | \$ - | 0% | \$ 120,000 | \$ 120,000 | \$ 120,000 | Outside legal counsel to respond to litigation pertaining to the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. Previous litigation was dismissed without prejudice on Saturday, May 6, 2017. The budgeted amount reflects estimate for anticipated future litigation. |
| 400206 | Rent Program Legal Counsel (Contract) | \$ 160,000 | \$ 94,225 | 59% | \$ 125,633 | 79% | \$ - | \$ - | \$ - | Contract legal services to support the Rent Program Department. |
| 400206 | Community Services Agency Contracts | \$ 150,000 | \$ 12,500 | 8% | \$ 50,000 | 33% | \$ 150,000 | \$ 150,000 | \$ 150,000 | Legal services to provide assistance to Tenants that have paid the Maximum Allowable Rent, are being evicted (Unlawful Detainer), and are able to provide evidence that their Landlord is not in compliance with the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. |
| Sub-Total Legal Expenses | | \$ 430,000 | \$ 106,725 | 25% | \$ 175,633 | 41% | \$ 270,000 | \$ 270,000 | \$ 270,000 | |
| Professional and Admin Services | | | | | | | | | | |
| 400201 | Contractor to focus on Compliance | N/A | N/A | N/A | N/A | N/A | \$ - | \$ - | \$ 97,500 | Mass-mailing and exemption verification project; issuing correspondence; taking legal action. Assumes \$150/hour for 10-15 hours per week. |
| 400201 | Management Partners | \$ 20,000 | \$ 11,790 | 59% | \$ 11,790 | 59% | \$ - | \$ - | \$ - | Professional services and technical assistance to assist with startup program design, processes, and administration. Services are likely to conclude by the end of FY 2017-18. |
| 400201 | Additional Subject Matter Experts | \$ 30,000 | \$ 17,874 | 60% | \$ 40,000 | 133% | \$ - | \$ - | \$ - | Contracts with subject matter experts to assist with drafting and reviewing regulations and other Rent Board policies |
| 400201 | Contract Hearing Examiner Services | \$ 6,025 | \$ - | 0% | \$ - | 0% | \$ 57,000 | \$ 57,000 | \$ 57,000 | Contract attorney to act as a backup hearing examiner in the event there is (1) a conflict of interest between either party and the Staff Hearing Examiner or (2) backup services are needed to adequately handle the volume of petitions submitted in the first operational year of the Hearings Unit. Assumes 6 petitions per fiscal year, 38 hours per petition, at a rate of \$250 per hour. |
| 400201 | Mediation Services | \$ 30,000 | \$ - | 0% | \$ - | 0% | \$ - | \$ - | \$ - | Contract with mediation service provider |
| 400201 | Translation Services | \$ 30,000 | \$ 7,477 | 25% | \$ 9,970 | 33% | \$ 15,000 | \$ 15,000 | \$ 15,000 | Translation services to ensure that all forms and notices are available in both English and Spanish, at a minimum, and for oral translation, as it may be advantageous for administration. Assumes 4,500 words per month @ \$0.14/word and 10 hours of verbal translation per month @ \$50.00/hour. |
| Sub-Total Professional & Admin | | \$ 116,025 | \$ 37,141 | 32% | \$ 61,760 | 53% | \$ 72,000 | \$ 72,000 | \$ 169,500 | |
| Other Operating Expenses | | | | | | | | | | |

| | TOTAL ALLOCATED FY 17-18 | YTD ACTUALS | % of allocated | ESTIMATED PROJECTED ACTUALS | % of allocated | OPTION A | OPTION B | OPTION C | Comments |
|---|--|-------------------|----------------|-----------------------------|----------------|---------------------|---------------------|---------------------|---|
| 400231 Postage & Mailing | \$ 75,000 | \$ 22,725 | 30% | \$ 30,300 | 40% | \$ 50,000 | \$ 50,000 | \$ 50,000 | Costs of mailing include production, printing, proofing, and postage |
| 400233 Copying & Duplicating | \$ 50,000 | \$ 1,079 | 2% | \$ 1,439 | 3% | \$ 5,000 | \$ 5,000 | \$ 5,000 | Bulk printing of materials for public outreach and information. |
| 400304 Copy Machine Rental | \$ 5,000 | \$ 1,562 | 31% | \$ 2,083 | 42% | \$ 5,000 | \$ 5,000 | \$ 5,000 | Cost of rental and maintenance of Xerox machines in 440 Civic Center Plaza. |
| 400322 Miscellaneous Expenses | \$ 10,000 | \$ 3,224 | 32% | \$ 4,299 | 43% | \$ 10,000 | \$ 10,000 | \$ 10,000 | Miscellaneous expenses associated with program development and operations. |
| 400341 Office Supplies and Furniture | \$ 6,000 | \$ 5,345 | 89% | \$ 7,127 | 119% | \$ 21,000 | \$ 21,000 | \$ 21,000 | Cost of general office supplies, timestamp, and office furniture (e.g. desk chairs.) |
| 400344 Computer/Phone Supplies | N/A - New Line Item (previously included in misc expenses) | \$ 2,561 | 100% | \$ 4,637 | 100% | \$ 6,300 | \$ 6,300 | \$ 6,300 | 10 computer monitors @ \$300.00; 8 headsets @ \$379.95; 1 phone setup @ \$200 |
| 400272 Community Education | \$ 20,000 | \$ 2,547 | 13% | \$ 3,396 | 17% | \$ 10,000 | \$ 10,000 | \$ 10,000 | Materials for community workshops and other outreach events. |
| 400242 Mileage | \$ 1,000 | \$ - | 0% | \$ - | 0% | \$ 1,000 | \$ 1,000 | \$ 1,000 | Use of City pool car. |
| 400243 Training / Conferences | \$ 15,000 | \$ - | 0% | \$ - | 0% | \$ 10,500 | \$ 10,500 | \$ 10,500 | Cost of attending Mediation Training for 7 staff members (\$1,500 per person) |
| 400401 Phone | \$ 1,200 | \$ - | 0% | \$ - | 0% | \$ 1,200 | \$ 1,200 | \$ 1,200 | Cell phone for Executive Director. |
| 400262 Books and Educational Materials | \$ 200 | \$ - | 0% | \$ - | 0% | \$ 200 | \$ 200 | \$ 200 | Educational and reference materials. |
| UC Berkeley Public Service Internship Program Interns | N/A | N/A | N/A | N/A | N/A | \$ 3,000 | \$ 3,000 | \$ 3,000 | The Rent Program has partnered with the UC Berkeley Public Service Center to host two interns at the Rent Program Office. The requested financial contribution for the Public Service Internship Program is a \$1,500 stipend per intern for the academic year. |
| 400271 Ad & Promotional materials | \$ 2,000 | \$ 559 | 28% | \$ 745 | 37% | \$ 2,000 | \$ 2,000 | \$ 2,000 | Posting of community events and other information in publications; use of Canva graphics; Adobe InDesign subscription (\$240 annually) |
| Sub-Total Other Operating | \$ 185,400 | \$ 39,604 | 21% | \$ 54,025 | 29% | \$ 125,200 | \$ 125,200 | \$ 125,200 | |
| TOTAL OPERATING EXPENSES | \$ 961,318 | \$ 288,632 | 30% | \$ 444,605 | 46% | \$ 681,942 | \$ 689,175 | \$ 786,675 | |
| Reserves: | | | | | | | | | |
| Operating Reserve (17%) | \$ 329,846 | | | | | \$ 347,710 | \$ 364,895 | \$ 381,470 | As recommended by the Government Finance Officers Association (GFOA.) |
| Risk Reserve (8%) | \$ 155,222 | | | | | \$ 163,628 | \$ 171,715 | \$ 179,515 | Risk Management reserve fund. |
| Sub-Total Reserves | \$ 485,068 | | | | | \$ 511,339 | \$ 536,610 | \$ 560,985 | |
| GRAND TOTAL | \$ 2,425,339 | \$ 672,741 | 35% | \$ 1,148,897 | 59% | \$ 2,556,693 | \$ 2,683,050 | \$ 2,804,925 | |

This page intentionally left blank

REVISED FISCAL YEAR 2018-19 RENT PROGRAM FEE STUDY: OPTION A

| REVENUE | | | | | | | | | | | | FEE COMPONENTS | | | | |
|---------------------------------|---|---------------|-----------------------------|--------------------------|----------------------------|-----------------|---|------------------|---------------------|-----------------------|--------------|-----------------|------------|--|--|--|
| | | | | Charged Units | Proposed Fees FY 2018-2019 | Costs Recovered | | Program Fee Part | Just Cause Fee Part | Rent Control Fee Part | | | | | | |
| | Fully Covered Units | | | 9,558 | \$ 188.00 | \$ 1,796,904 | | \$ 52.47 | \$ 38.57 | \$ 96.87 | | | | | | |
| | Partially Covered Units (Excluding Subsidized Units) | | | 6,249 | \$ 91.00 | \$ 568,659 | | | | | | | | | | |
| | Governmentally Subsidized Units | | | 4,211 | \$ 46.00 | \$ 193,706 | | | | | | | | | | |
| | | | Total Units | 20,018 | | \$ 2,559,269 | | | | | | | | | | |
| EXPENDITURES | | | | | | | | | | | | COST ALLOCATION | | | | |
| Personnel - Salary & Benefits | | | | | | | | | | | | FY 2018-19 | | | | |
| | Possible Positions, Titles, & Expenses | Annual Salary | Benefits (at 55% of Salary) | Annual Salary & Benefits | # of employees (FTE) | COMPENSATION | COMMENTS | Alloc % | Program | Alloc % | Terminations | Alloc % | Rent | | | |
| | Executive Director* | \$ 148,000 | \$ 81,400 | \$ 229,400 | 1 | \$ 229,400 | | 40.0% | \$ 91,760 | 25.0% | \$ 57,350 | 35.0% | \$ 80,290 | | | |
| | Deputy Director* | \$ 101,896 | \$ 56,043 | \$ 157,939 | 1 | \$ 157,939 | | 40.0% | \$ 63,176 | 25.0% | \$ 39,485 | 35.0% | \$ 55,279 | | | |
| | Staff Attorney | \$ 140,328 | \$ 77,180 | \$ 217,508 | 1 | \$ 217,508 | | 40.0% | \$ 87,003 | 25.0% | \$ 54,377 | 35.0% | \$ 76,128 | | | |
| | Hearing Examiner | \$ 140,328 | \$ 77,180 | \$ 217,508 | 1 | \$ 217,508 | | 40.0% | \$ 87,003 | 25.0% | \$ 54,377 | 35.0% | \$ 76,128 | | | |
| | Analyst (Housing Counselor) | \$ 85,891 | \$ 47,240 | \$ 133,131 | 1 | \$ 133,131 | | 40.0% | \$ 53,252 | 25.0% | \$ 33,283 | 35.0% | \$ 46,596 | | | |
| | Analyst (Housing Counselor) | \$ 82,102 | \$ 45,156 | \$ 127,258 | 1 | \$ 127,258 | | 40.0% | \$ 50,903 | 25.0% | \$ 31,815 | 35.0% | \$ 44,540 | | | |
| | Administrative Analyst (Rent Board Clerk) | \$ 74,242 | \$ 40,833 | \$ 115,075 | 1 | \$ 115,075 | | 40.0% | \$ 46,030 | 25.0% | \$ 28,769 | 35.0% | \$ 40,276 | | | |
| | Administrative Aide | \$ 60,550 | \$ 33,303 | \$ 93,853 | 1 | \$ 93,853 | | 40.0% | \$ 37,541 | 25.0% | \$ 23,463 | 35.0% | \$ 32,848 | | | |
| | Administrative Student Intern | \$ 16,685 | | \$ 16,685 | 0.5 | \$ 16,685 | | 40.0% | \$ 6,674 | 25.0% | \$ 4,171 | 35.0% | \$ 5,840 | | | |
| | Administrative Student Intern | \$ 16,685 | | \$ 16,685 | 0.5 | \$ 16,685 | | 40.0% | \$ 6,674 | 25.0% | \$ 4,171 | 35.0% | \$ 5,840 | | | |
| | Administrative Student Intern | \$ 16,685 | | \$ 16,685 | 0.5 | \$ 16,685 | | 40.0% | \$ 6,674 | 25.0% | \$ 4,171 | 35.0% | \$ 5,840 | | | |
| | Administrative Student Intern | \$ 16,685 | | \$ 16,685 | 0.5 | \$ 16,685 | | 40.0% | \$ 6,674 | 25.0% | \$ 4,171 | 35.0% | \$ 5,840 | | | |
| | Overtime/Comp Time | | | | | \$ 5,000 | | 40.0% | \$ 2,000 | 25.0% | \$ 1,250 | 35.0% | \$ 1,750 | | | |
| | <i>*Salary increases for Executive Staff are discretionary in nature. Figures shown represent maximums and are subject to Board or Director approval.</i> | | | | | | | | | | | | | | | |
| | TOTAL PERSONNEL EXPENSES | | | | 10 | \$ 1,363,412 | | | \$ 545,365 | | \$ 340,853 | | \$ 477,194 | | | |
| COSTS | | | | | | | | | | | | COMMENTS | | | | |
| Cost Pool and Risk Management | | | | | | | | | | | | | | | | |
| 400574 | General Liability and Worker's Comp | | | | | \$ 62,330 | Workers Compensation - \$2,748 per employee, General Liability - \$3,485 per employee (combined total \$6,233 per employee.) | 40.0% | \$ 24,932 | 25.0% | \$ 15,583 | 35.0% | \$ 21,816 | | | |
| 400591 | Space at 440 Civic Center Plaza | | | | | \$ 52,275 | Space at 440 CCP is based on the percentage of total square footage occupied. This percentage is then applied to the total annual debt service. Rent Program is presumed to occupy 0.9% of Civic Center's total square footage. The percentage was applied to the total annual debt service for FY 2016-17 to determine the cost. | 40.0% | \$ 20,910 | 25.0% | \$ 13,069 | 35.0% | \$ 18,296 | | | |
| 400586 | Indirect Cost | | | | | \$ 51,454 | Indirect Costs are charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.) Allocations are determined in the City's cost allocation plan completed by an external consultant. Since the Rent Program dept. is new, it was not included in the current cost allocation plan. Staff recommended using the allocation of a department similar in size. In this case, the City Manager's Office was used as the basis. | 40.0% | \$ 20,582 | 25.0% | \$ 12,864 | 35.0% | \$ 18,009 | | | |
| 400522 | SLIP Policy | | | | | \$ 25,000 | General liability policy for the Rent Control program | 40.0% | \$ 10,000 | 25.0% | \$ 6,250 | 35.0% | \$ 8,750 | | | |
| | Subtotal Cost Pool + Risk Management | | | | | \$ 191,059 | | | \$ 76,424 | | \$ 47,765 | | \$ 66,871 | | | |
| Information Technology Expenses | | | | | | | | | | | | | | | | |
| 400220 | IT Professional Services and Startup Costs | | | | | \$ 3,000 | IT Services - Contract with DataTree for property verification data (\$250 per month); Contract with Superior for database development. | 40.0% | \$ 1,200 | 25.0% | \$ 750 | 35.0% | \$ 1,050 | | | |
| 400601 | Annual IT Costs (Including replacement funding) | | | | | \$ 20,683 | General PC software and costs | 40.0% | \$ 8,273 | 25.0% | \$ 5,171 | 35.0% | \$ 7,239 | | | |
| | Subtotal Information Technology Expenses | | | | | \$ 23,683 | | | \$ 9,473 | | \$ 5,921 | | \$ 8,289 | | | |

| Legal Costs | | | | | | | | | | |
|---|---|--|---------------------|---|-------|---------------------------|--------|-------------------|-------|-------------------|
| 400206 | Outside Legal Counsel (to assist with anticipated litigation) | | \$ 120,000 | Outside legal counsel to respond to litigation pertaining to the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. Previous litigation was dismissed without prejudice on Saturday, May 6, 2017. Reflects estimate for anticipated future litigation. | 40.0% | \$ 48,000 | 25.0% | \$ 30,000 | 35.0% | \$ 42,000 |
| 400206 | Community Legal Services (Contract) (Eviction Defense Center & Centro Legal de la Raza) | | \$ 150,000 | Legal services to provide assistance to Tenants that have paid the Maximum Allowable Rent, are being evicted (Unlawful Detainer), and are able to provide evidence that their Landlord is not in compliance with the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance | 0.0% | \$ - | 50.0% | \$ 75,000 | 50.0% | \$ 75,000 |
| Subtotal Legal Costs | | | \$ 270,000 | | | \$ 48,000 | | \$ 105,000 | | \$ 117,000 |
| 400201 Professional and Admin Services | | | | | | | | | | |
| 400201 | Contract Hearing Examiner Services | | \$ 57,000 | Contract attorney to act as a backup hearing examiner in the event there is (1) a conflict of interest between either party and the Staff Hearing Examiner or (2) backup hearing examiner services are needed to adequately handle the volume of petitions submitted in the first operational year of the Hearings Unit. Assumes 6 petitions per fiscal year, 38 hours per petition, at a rate of \$250 per hour. | 0.0% | \$ 50 | 50.0% | \$ 28,500 | 50.0% | \$ 28,500 |
| 400201 | Translation Services | | \$ 15,000 | Translation services to ensure that all forms and notices are available in both English and Spanish, at a minimum, and for oral translation, as it may be advantageous for administration. Assumes 4,500 words per month @ \$0.14/word and 10 hours of verbal translation @ \$50.00/hour. | 40.0% | \$ 6,000 | 25.0% | \$ 3,750 | 35.0% | \$ 5,250 |
| Subtotal Professional and Admin Services | | | \$ 72,000 | | | \$ 6,050 | | \$ 32,250 | | \$ 33,750 |
| Other Operating Expenses | | | | | | | | | | |
| 400231 | Postage & Mailing | | \$ 50,000 | Costs of mailing include production, printing, proofing, and postage. | 40.0% | \$ 20,000 | 25.0% | \$ 12,500 | 35.0% | \$ 17,500 |
| 400233 | Copying & Duplicating | | \$ 5,000 | Bulk printing of materials for public outreach and information | 40.0% | \$ 2,000 | 25.0% | \$ 1,250 | 35.0% | \$ 1,750 |
| 400304 | Rental Exp - XEROX | | \$ 5,000 | Cost of rental and maintenance of Xerox machines in 440 Civic Center Plaza. | 40.0% | \$ 2,000 | 25.0% | \$ 1,250 | 35.0% | \$ 1,750 |
| 400322 | Misc. Exp | | \$ 10,000 | Miscellaneous expenses associated with program development and operations | 40.0% | \$ 4,000 | 25.0% | \$ 2,500 | 35.0% | \$ 3,500 |
| 400341 | Office Supplies and Furniture | | \$ 21,000 | Cost of general office supplies and anticipated counseling area redesign | 40.0% | \$ 8,400 | 25.0% | \$ 5,250 | 35.0% | \$ 7,350 |
| 400344 | Computer/Phone Supplies | | \$ 6,300 | 10 computer monitors @ \$300.00; 8 headsets @ \$379.95; 1 phone setup @ \$200 | 40.0% | \$ 2,520 | 25.0% | \$ 1,575 | 35.0% | \$ 2,205 |
| 400272 | Community Education | | \$ 10,000 | Materials for community workshops and other outreach events. | 40.0% | \$ 4,000 | 25.0% | \$ 2,500 | 35.0% | \$ 3,500 |
| 400242 | Mileage | | \$ 1,000 | Use of City pool car. | 40.0% | \$ 400 | 25.0% | \$ 250 | 35.0% | \$ 350 |
| 400243 | Training / Conferences | | \$ 10,500 | Legal and professional trainings (e.g. dispute resolution, handling of sensitive information) for staff, attendance at conferences. | 40.0% | \$ 4,200 | 25.0% | \$ 2,625 | 35.0% | \$ 3,675 |
| 400244 | Cell Phone | | \$ 1,200 | Cell phone for Executive Director | 40.0% | \$ 480 | 25.0% | \$ 300 | 35.0% | \$ 420 |
| 400262 | Books & Educational Materials | | \$ 200 | Educational and reference materials | 40.0% | \$ 80 | 25.0% | \$ 50 | 35.0% | \$ 70 |
| | UC Berkeley Public Service Internship Program Interns | | \$ 3,000 | The Rent Program has partnered with the UC Berkeley Public Service Center to host two interns at the Rent Program Office. The requested financial contribution for the Public Service Internship Program is a \$1,500 stipend per intern for the academic year. | 40.0% | \$ 1,200 | 25.0% | \$ 750 | 35.0% | \$ 1,050 |
| 400271 | Ad & Promotional materials | | \$ 2,000 | Posting of community events and other information in publications; use of Canva graphics; Adobe InDesign subscription (\$240 annually) | 40.0% | \$ 800 | 25.0% | \$ 500 | 35.0% | \$ 700 |
| Subtotal Other Operating Expenses | | | \$ 125,200 | | | \$ 50,080 | | \$ 31,300 | | \$ 43,820 |
| TOTAL OPERATING EXPENSES | | | \$ 681,942 | | | \$ 190,027 | | \$ 222,236 | | \$ 269,730 |
| Reserves | | | | | | | | | | |
| | Operating Reserve (17%) | | \$ 347,710 | As recommended by the Government Finance Officers Association (GFOA.) | 40.0% | \$ 139,084 | 25.0% | \$ 86,928 | 35.0% | \$ 121,699 |
| | Risk Reserve (8%) | | \$ 163,628 | Risk Management reserve fund. | 40.0% | \$ 65,451 | 25.0% | \$ 40,907 | 35.0% | \$ 57,270 |
| Subtotal Reserves | | | \$ 511,339 | | | \$ 204,535 | | \$ 127,835 | | \$ 178,969 |
| TOTAL | | | \$ 2,556,693 | | | \$ 939,927 | | \$ 690,923 | | \$ 925,893 |
| | | | | | | Effective allocation rate | 36.76% | 27.02% | | 36.21% |

REVISED FISCAL YEAR 2018-19 RENT PROGRAM FEE STUDY: OPTION B

| REVENUE | | | | | | | | | | FEE COMPONENTS | | | | |
|--|--|---|--------------------------|----------------------|----------------------------|---|---------|------------------|---------------------|-----------------------|---------|------------|--|--|
| | | | | Charged Units | Proposed Fees FY 2018-2019 | Costs Recovered | | Program Fee Part | Just Cause Fee Part | Rent Control Fee Part | | | | |
| | Fully Covered Units | | | 9,558 | \$ 198.00 | \$ 1,892,484 | | \$ 55.29 | \$ 40.34 | \$ 101.50 | | | | |
| | Partially Covered Units (Excluding Subsidized Units) | | | 6,249 | \$ 96.00 | \$ 599,904 | | | | | | | | |
| | Governmentally Subsidized Units | | | 4,211 | \$ 48.00 | \$ 202,128 | | | | | | | | |
| | | | Total Units | 20,018 | | \$ 2,694,516 | | | | | | | | |
| EXPENDITURES | | | | | | | | | | COST ALLOCATION | | | | |
| Personnel - Salary & Benefits | | | | | | | | | | FY 2018-19 | | | | |
| | Annual Salary | Benefits (at 55% of Salary) | Annual Salary & Benefits | # of employees (FTE) | COMPENSATION | COMMENTS | Alloc % | Program | Alloc % | Terminations | Alloc % | Rent | | |
| | Possible Positions, Titles, & Expenses | 12 | 0.55 | | | | | | | | | | | |
| | Executive Director* | \$ 148,000 | \$ 81,400 | \$ 229,400 | 1 | \$ 229,400 | 40.0% | \$ 91,760 | 25.0% | \$ 57,350 | 35.0% | \$ 80,290 | | |
| | Deputy Director* | \$ 101,896 | \$ 56,043 | \$ 157,939 | 1 | \$ 157,939 | 40.0% | \$ 63,176 | 25.0% | \$ 39,485 | 35.0% | \$ 55,279 | | |
| | Staff Attorney | \$ 140,328 | \$ 77,180 | \$ 217,508 | 1 | \$ 217,508 | 40.0% | \$ 87,003 | 25.0% | \$ 54,377 | 35.0% | \$ 76,128 | | |
| | Hearing Examiner | \$ 140,328 | \$ 77,180 | \$ 217,508 | 1 | \$ 217,508 | 40.0% | \$ 87,003 | 25.0% | \$ 54,377 | 35.0% | \$ 76,128 | | |
| | Analyst (Housing Counselor) | \$ 85,891 | \$ 47,240 | \$ 133,131 | 1 | \$ 133,131 | 40.0% | \$ 53,252 | 25.0% | \$ 33,283 | 35.0% | \$ 46,596 | | |
| | Analyst (Housing Counselor) | \$ 82,102 | \$ 45,156 | \$ 127,258 | 1 | \$ 127,258 | 40.0% | \$ 50,903 | 25.0% | \$ 31,815 | 35.0% | \$ 44,540 | | |
| | Administrative Analyst (Rent Board Clerk) | \$ 74,242 | \$ 40,833 | \$ 115,075 | 1 | \$ 115,075 | 40.0% | \$ 46,030 | 25.0% | \$ 28,769 | 35.0% | \$ 40,276 | | |
| | Administrative Aide | \$ 60,550 | \$ 33,303 | \$ 93,853 | 1 | \$ 93,853 | 40.0% | \$ 37,541 | 25.0% | \$ 23,463 | 35.0% | \$ 32,848 | | |
| | Administrative Aide | \$ 60,550 | \$ 33,303 | \$ 93,853 | 1 | \$ 93,853 | 40.0% | \$ 37,541 | 25.0% | \$ 23,463 | 35.0% | \$ 32,848 | | |
| | Administrative Student Intern | \$ 16,685 | | \$ 16,685 | 0.5 | \$ 16,685 | 40.0% | \$ 6,674 | 25.0% | \$ 4,171 | 35.0% | \$ 5,840 | | |
| | Administrative Student Intern | \$ 16,685 | | \$ 16,685 | 0.5 | \$ 16,685 | 40.0% | \$ 6,674 | 25.0% | \$ 4,171 | 35.0% | \$ 5,840 | | |
| | Administrative Student Intern | \$ 16,685 | | \$ 16,685 | 0.5 | \$ 16,685 | 40.0% | \$ 6,674 | 25.0% | \$ 4,171 | 35.0% | \$ 5,840 | | |
| | Administrative Student Intern | \$ 16,685 | | \$ 16,685 | 0.5 | \$ 16,685 | 40.0% | \$ 6,674 | 25.0% | \$ 4,171 | 35.0% | \$ 5,840 | | |
| | Overtime/Comp Time | | | | | \$ 5,000 | 40.0% | \$ 2,000 | 25.0% | \$ 1,250 | 35.0% | \$ 1,750 | | |
| *Salary increases for Executive Staff are discretionary in nature. Figures shown represent maximums and are subject to Board or Director approval. | | | | | | | | | | | | | | |
| | TOTAL PERSONNEL EXPENSES | | | 11 | \$ 1,457,265 | | | \$ 582,906 | | \$ 364,316 | | \$ 510,043 | | |
| Cost Pool and Risk Management | | | | | | | | | | COSTS | | | | |
| | 400574 | General Liability and Worker's Comp | | | \$ 68,563 | Workers Compensation - \$2,748 per employee, General Liability - \$3,485 per employee (combined total \$6,233 per employee.) | 40.0% | \$ 27,425 | 25.0% | \$ 17,141 | 35.0% | \$ 23,997 | | |
| | 400591 | Space at 440 Civic Center Plaza | | | \$ 52,275 | Space at 440 CCP is based on the percentage of total square footage occupied. This percentage is then applied to the total annual debt service. Rent Program is presumed to occupy 0.9% of Civic Center's total square footage. The percentage was applied to the total annual debt service for FY 2016-17 to determine the cost. | 40.0% | \$ 20,910 | 25.0% | \$ 13,069 | 35.0% | \$ 18,296 | | |
| | 400586 | Indirect Cost | | | \$ 51,454 | Indirect Costs are charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.) Allocations are determined in the City's cost allocation plan completed by an external consultant. Since the Rent Program dept. is new, it was not included in the current cost allocation plan. Staff recommended using the allocation of a department similar in size. In this case, the City Manager's Office was used as the basis. | 40.0% | \$ 20,582 | 25.0% | \$ 12,864 | 35.0% | \$ 18,009 | | |
| | 400522 | SLIP Policy | | | \$ 25,000 | General liability policy for the Rent Control program | 40.0% | \$ 10,000 | 25.0% | \$ 6,250 | 35.0% | \$ 8,750 | | |
| | Subtotal Cost Pool + Risk Management | | | | \$ 197,292 | | | \$ 78,917 | | \$ 49,323 | | \$ 69,052 | | |
| Information Technology Expenses | | | | | | | | | | | | | | |
| | 400220 | IT Professional Services and Startup Costs | | | \$ 3,000 | IT Services - Contract with DataTree for property verification data (\$250 per month); Contract with Superior for database development. | 40.0% | \$ 1,200 | 25.0% | \$ 750 | 35.0% | \$ 1,050 | | |
| | 400601 | Annual IT Costs (Including replacement funding) | | | \$ 21,683 | General PC software and costs | 40.0% | \$ 8,673 | 25.0% | \$ 5,421 | 35.0% | \$ 7,589 | | |
| | Subtotal Information Technology Expenses | | | | \$ 24,683 | | | \$ 9,873 | | \$ 6,171 | | \$ 8,639 | | |
| Legal Costs | | | | | | | | | | | | | | |

| | | | | | | | | | | |
|---|---|--|---------------------|---|-------|---------------------------|--------|-------------------|-------|-------------------|
| 400206 | Outside Legal Counsel (to assist with anticipated litigation) | | \$ 120,000 | Outside legal counsel to respond to litigation pertaining to the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. Previous litigation was dismissed without prejudice on Saturday, May 6, 2017. Reflects estimate for anticipated future litigation. | 40.0% | \$ 48,000 | 25.0% | \$ 30,000 | 35.0% | \$ 42,000 |
| 400206 | Community Legal Services (Contract) (Eviction Defense Center & Centro Legal de la Raza) | | \$ 150,000 | Legal services to provide assistance to Tenants that have paid the Maximum Allowable Rent, are being evicted (Unlawful Detainer), and are able to provide evidence that their Landlord is not in compliance with the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance | 0.0% | \$ - | 50.0% | \$ 75,000 | 50.0% | \$ 75,000 |
| Subtotal Legal Costs | | | \$ 270,000 | \$ - | | \$ 48,000 | | \$ 105,000 | | \$ 117,000 |
| Professional and Admin Services | | | | | | | | | | |
| 400201 | Contract Hearing Examiner Services | | \$ 57,000 | Contract attorney to act as a backup hearing examiner in the event there is (1) a conflict of interest between either party and the Staff Hearing Examiner or (2) backup hearing examiner services are needed to adequately handle the volume of petitions submitted in the first operational year of the Hearings Unit. Assumes 6 petitions per fiscal year, 38 hours per petition, at a rate of \$250 per hour. | 0.0% | \$ - | 50.0% | \$ 28,500 | 50.0% | \$ 28,500 |
| 400201 | Translation Services | | \$ 15,000 | Translation services to ensure that all forms and notices are available in both English and Spanish, at a minimum, and for oral translation, as it may be advantageous for administration. Assumes 4,500 words per month @ \$0.14/word and 10 hours of verbal translation @ \$50.00/hour. | 40.0% | \$ 6,000 | 25.0% | \$ 3,750 | 35.0% | \$ 5,250 |
| Subtotal Professional and Admin Services | | | \$ 72,000 | \$ - | | \$ 6,000 | | \$ 32,250 | | \$ 33,750 |
| Other Operating Expenses | | | | | | | | | | |
| 400231 | Postage & Mailing | | \$ 50,000 | Costs of mailing include production, printing, proofing, and postage. | 40.0% | \$ 20,000 | 25.0% | \$ 12,500 | 35.0% | \$ 17,500 |
| 400233 | Copying & Duplicating | | \$ 5,000 | Bulk printing of materials for public outreach and information | 40.0% | \$ 2,000 | 25.0% | \$ 1,250 | 35.0% | \$ 1,750 |
| 400304 | Rental Exp - XEROX | | \$ 5,000 | Cost of rental and maintenance of Xerox machines in 440 Civic Center Plaza. | 40.0% | \$ 2,000 | 25.0% | \$ 1,250 | 35.0% | \$ 1,750 |
| 400322 | Misc. Exp | | \$ 10,000 | Miscellaneous expenses associated with program development and operations | 40.0% | \$ 4,000 | 25.0% | \$ 2,500 | 35.0% | \$ 3,500 |
| 400341 | Office Supplies and Furniture | | \$ 21,000 | Cost of general office supplies and anticipated counseling area redesign | 40.0% | \$ 8,400 | 25.0% | \$ 5,250 | 35.0% | \$ 7,350 |
| 400344 | Computer/Phone Supplies | | \$ 6,300 | 10 computer monitors @ \$300.00; 8 headsets @ \$379.95; 1 phone setup @ \$200 | 40.0% | \$ 2,520 | 25.0% | \$ 1,575 | 35.0% | \$ 2,205 |
| 400272 | Community Education | | \$ 10,000 | Materials for community workshops and other outreach events. | 40.0% | \$ 4,000 | 25.0% | \$ 2,500 | 35.0% | \$ 3,500 |
| 400242 | Mileage | | \$ 1,000 | Use of City pool car. | 40.0% | \$ 400 | 25.0% | \$ 250 | 35.0% | \$ 350 |
| 400243 | Training / Conferences | | \$ 10,500 | Cost of attending Mediation Training for 7 staff members (\$1,500 per person) | 40.0% | \$ 4,200 | 25.0% | \$ 2,625 | 35.0% | \$ 3,675 |
| 400244 | Cell Phone | | \$ 1,200 | Cell phone for Executive Director | 40.0% | \$ 480 | 25.0% | \$ 300 | 35.0% | \$ 420 |
| 400262 | Books & Educational Materials | | \$ 200 | Educational and reference materials | 40.0% | \$ 80 | 25.0% | \$ 50 | 35.0% | \$ 70 |
| | UC Berkeley Public Service Internship Program Interns | | \$ 3,000 | The Rent Program has partnered with the UC Berkeley Public Service Center to host two interns at the Rent Program Office. The requested financial contribution for the Public Service Internship Program is a \$1,500 stipend per intern for the academic year. | 40.0% | \$ 1,200 | 25.0% | \$ 750 | 35.0% | \$ 1,050 |
| 400271 | Ad & Promotional materials | | \$ 2,000 | Posting of community events and other information in publications; use of Canva graphics; Adobe InDesign subscription (\$240 annually) | 40.0% | \$ 800 | 25.0% | \$ 500 | 35.0% | \$ 700 |
| Subtotal Other Operating Expenses | | | \$ 125,200 | | | \$ 50,080 | | \$ 31,300 | | \$ 43,820 |
| TOTAL OPERATING EXPENSES | | | \$ 689,175 | | | \$ 192,870 | | \$ 224,044 | | \$ 272,261 |
| Reserves | | | | | | | | | | |
| | Operating Reserve (17%) | | \$ 364,895 | As recommended by the Government Finance Officers Association (GFOA.) | 40.0% | \$ 145,958 | 25.0% | \$ 91,224 | 35.0% | \$ 127,713 |
| | Risk Reserve (8%) | | \$ 171,715 | Risk Management reserve fund. | 40.0% | \$ 68,686 | 25.0% | \$ 42,929 | 35.0% | \$ 60,100 |
| Subtotal Reserves | | | \$ 536,610 | | | \$ 214,644 | | \$ 134,152 | | \$ 187,813 |
| TOTAL | | | \$ 2,683,050 | | | \$ 990,420 | | \$ 722,512 | | \$ 970,117 |
| | | | | | | Effective allocation rate | 36.91% | 26.93% | | 36.16% |

REVISED FISCAL YEAR 2018-19 RENT PROGRAM FEE STUDY: OPTION C

| REVENUE | | | | | | | | | | | | | FEE COMPONENTS | | | | |
|--|--|---------------|-----------------------------|--------------------------|----------------------------|-----------------|---|---------|------------------|---------------------|-----------------------|---------|-----------------|--|--|--|--|
| | | | | Charged Units | Proposed Fees FY 2018-2019 | Costs Recovered | | | Program Fee Part | Just Cause Fee Part | Rent Control Fee Part | | | | | | |
| | Fully Covered Units | | | 9,558 | \$ 207.00 | \$ 1,978,506 | | | \$ 55.77 | \$ 43.36 | \$ 107.38 | | | | | | |
| | Partially Covered Units (Excluding Subsidized Units) | | | 6,249 | \$ 100.00 | \$ 624,900 | | | | | | | | | | | |
| | Governmentally Subsidized Units | | | 4,211 | \$ 50.00 | \$ 210,550 | | | | | | | | | | | |
| | | | Total Units | 20,018 | | \$ 2,813,956 | | | | | | | | | | | |
| EXPENDITURES | | | | | | | | | | | | | COST ALLOCATION | | | | |
| Personnel - Salary & Benefits | | | | | | | | | | | | | FY 2018-19 | | | | |
| | Possible Positions, Titles, & Expenses | Annual Salary | Benefits (at 55% of Salary) | Annual Salary & Benefits | # of employees (FTE) | COMPENSATION | COMMENTS | Alloc % | Program | Alloc % | Terminations | Alloc % | Rent | | | | |
| | Executive Director* | \$ 148,000 | \$ 81,400 | \$ 229,400 | 1 | \$ 229,400 | | 40.0% | \$ 91,760 | 25.0% | \$ 57,350 | 35.0% | \$ 80,290 | | | | |
| | Deputy Director* | \$ 101,896 | \$ 56,043 | \$ 157,939 | 1 | \$ 157,939 | | 40.0% | \$ 63,176 | 25.0% | \$ 39,485 | 35.0% | \$ 55,279 | | | | |
| | Staff Attorney | \$ 140,328 | \$ 77,180 | \$ 217,508 | 1 | \$ 217,508 | | 40.0% | \$ 87,003 | 25.0% | \$ 54,377 | 35.0% | \$ 76,128 | | | | |
| | Hearing Examiner | \$ 140,328 | \$ 77,180 | \$ 217,508 | 1 | \$ 217,508 | | 40.0% | \$ 87,003 | 25.0% | \$ 54,377 | 35.0% | \$ 76,128 | | | | |
| | Analyst (Housing Counselor) | \$ 85,891 | \$ 47,240 | \$ 133,131 | 1 | \$ 133,131 | | 40.0% | \$ 53,252 | 25.0% | \$ 33,283 | 35.0% | \$ 46,596 | | | | |
| | Analyst (Housing Counselor) | \$ 82,102 | \$ 45,156 | \$ 127,258 | 1 | \$ 127,258 | | 40.0% | \$ 50,903 | 25.0% | \$ 31,815 | 35.0% | \$ 44,540 | | | | |
| | Administrative Analyst (Rent Board Clerk) | \$ 74,242 | \$ 40,833 | \$ 115,075 | 1 | \$ 115,075 | | 40.0% | \$ 46,030 | 25.0% | \$ 28,769 | 35.0% | \$ 40,276 | | | | |
| | Administrative Aide | \$ 60,550 | \$ 33,303 | \$ 93,853 | 1 | \$ 93,853 | | 40.0% | \$ 37,541 | 25.0% | \$ 23,463 | 35.0% | \$ 32,848 | | | | |
| | Administrative Aide | \$ 60,550 | \$ 33,303 | \$ 93,853 | 1 | \$ 93,853 | | 40.0% | \$ 37,541 | 25.0% | \$ 23,463 | 35.0% | \$ 32,848 | | | | |
| | Administrative Student Intern | \$ 16,685 | | \$ 16,685 | 0.5 | \$ 16,685 | | 40.0% | \$ 6,674 | 25.0% | \$ 4,171 | 35.0% | \$ 5,840 | | | | |
| | Administrative Student Intern | \$ 16,685 | | \$ 16,685 | 0.5 | \$ 16,685 | | 40.0% | \$ 6,674 | 25.0% | \$ 4,171 | 35.0% | \$ 5,840 | | | | |
| | Administrative Student Intern | \$ 16,685 | | \$ 16,685 | 0.5 | \$ 16,685 | | 40.0% | \$ 6,674 | 25.0% | \$ 4,171 | 35.0% | \$ 5,840 | | | | |
| | Administrative Student Intern | \$ 16,685 | | \$ 16,685 | 0.5 | \$ 16,685 | | 40.0% | \$ 6,674 | 25.0% | \$ 4,171 | 35.0% | \$ 5,840 | | | | |
| | Overtime/Comp Time | | | \$ 5,000 | | \$ 5,000 | | 40.0% | \$ 2,000 | 25.0% | \$ 1,250 | 35.0% | \$ 1,750 | | | | |
| *Salary increases for Executive Staff are discretionary in nature. Figures shown represent maximums and are subject to Board or Director approval. | | | | | | | | | | | | | | | | | |
| | TOTAL PERSONNEL EXPENSES | | | | 11 | \$ 1,457,265 | | | \$ 582,906 | | \$ 364,316 | | \$ 510,043 | | | | |
| COSTS | | | | | | | | | | | | | COMMENTS | | | | |
| Cost Pool and Risk Management | | | | | | | | | | | | | | | | | |
| 400574 | General Liability and Worker's Comp | | | | | \$ 68,563 | Workers Compensation - \$2,748 per employee, General Liability - \$3,485 per employee (combined total \$6,233 per employee.) | 40.0% | \$ 27,425 | 25.0% | \$ 17,141 | 35.0% | \$ 23,997 | | | | |
| 500591 | Space at 440 Civic Center Plaza | | | | | \$ 52,275 | Space at 440 CCP is based on the percentage of total square footage occupied. This percentage is then applied to the total annual debt service. Rent Program is presumed to occupy 0.9% of Civic Center's total square footage. The percentage was applied to the total annual debt service for FY 2016-17 to determine the cost. | 40.0% | \$ 20,910 | 25.0% | \$ 13,069 | 35.0% | \$ 18,296 | | | | |
| 400586 | Indirect Cost | | | | | \$ 51,454 | Indirect Costs are charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.) Allocations are determined in the City's cost allocation plan completed by an external consultant. Since the Rent Program dept. is new, it was not included in the current cost allocation plan. Staff recommended using the allocation of a department similar in size. In this case, the City Manager's Office was used as the basis. | 40.0% | \$ 20,582 | 25.0% | \$ 12,864 | 35.0% | \$ 18,009 | | | | |
| 400552 | SLIP Policy | | | | | \$ 25,000 | General liability policy for the Rent Control program | 40.0% | \$ 10,000 | 25.0% | \$ 6,250 | 35.0% | \$ 8,750 | | | | |
| | Subtotal Cost Pool + Risk Management | | | | | \$ 197,292 | | | \$ 78,917 | | \$ 49,323 | | \$ 69,052 | | | | |
| Information Technology Expenses | | | | | | | | | | | | | | | | | |
| 400220 | IT Professional Services and Startup Costs | | | | | \$ 3,000 | IT Services - Contract with DataTree for property verification data (\$250 per month); Contract with Superior for database development | 40.0% | \$ 1,200 | 25.0% | \$ 750 | 35.0% | \$ 1,050 | | | | |
| 400601 | Annual IT Costs (Including replacement funding) | | | | | \$ 21,683 | General PC software and costs | 40.0% | \$ 8,673 | 25.0% | \$ 5,421 | 35.0% | \$ 7,589 | | | | |
| | Subtotal Information Technology Expenses | | | | | \$ 24,683 | | | \$ 9,873 | | \$ 6,171 | | \$ 8,639 | | | | |

| Legal Costs | | | | | | | | | | | | | | |
|---|---|--|-----------|------------------|---|-------|---------------------------|----------------|--------|-----------|----------------|-------|-----------|------------------|
| 400206 | Outside Legal Counsel (to assist with anticipated litigation) | | \$ | 120,000 | Outside legal counsel to respond to litigation pertaining to the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. Previous litigation was dismissed without prejudice on Saturday, May 6, 2017. Reflects estimate for anticipated future litigation. | 40.0% | \$ | 48,000 | 25.0% | \$ | 30,000 | 35.0% | \$ | 42,000 |
| 400206 | Community Legal Services (Contract) (Eviction Defense Center & Centro Legal de la Raza) | | \$ | 150,000 | Legal services to provide assistance to Tenants that have paid the Maximum Allowable Rent, are being evicted (Unlawful Detainer), and are able to provide evidence that their Landlord is not in compliance with the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance | 0.0% | \$ | - | 50.0% | \$ | 75,000 | 50.0% | \$ | 75,000 |
| Subtotal Legal Costs | | | \$ | 270,000 | | | \$ | 48,000 | | \$ | 105,000 | | \$ | 117,000 |
| Professional and Admin Services | | | | | | | | | | | | | | |
| 400201 | Contractor to focus on Compliance | | \$ | 97,500 | Mass-mailing and exemption verification project; issuing correspondence; taking legal action. Assumes \$150/hour for 10-15 hours per week. | 0.0% | \$ | - | 50.0% | \$ | 48,750 | 50.0% | \$ | 48,750 |
| 400201 | Contract Hearing Examiner Services | | \$ | 57,000 | Contract attorney to act as a backup hearing examiner in the event there is (1) a conflict of interest between either party and the Staff Hearing Examiner or (2) backup hearing examiner services are needed to adequately handle the volume of petitions submitted in the first operational year of the Hearings Unit. Assumes 6 petitions per fiscal year, 38 hours per petition, at a rate of \$250 per hour. | 0.0% | \$ | - | 50.0% | \$ | 28,500 | 50.0% | \$ | 28,500 |
| 400201 | Translation Services | | \$ | 15,000 | Translation services to ensure that all forms and notices are available in both English and Spanish, at a minimum, and for oral translation, as it may be advantageous for administration. Assumes 4,500 words per month @ \$0.14/word and 10 hours of verbal translation @ \$50.00/hour. | 40.0% | \$ | 6,000 | 25.0% | \$ | 3,750 | 35.0% | \$ | 5,250 |
| Subtotal Professional and Admin Services | | | \$ | 169,500 | | | \$ | 6,000 | | \$ | 81,000 | | \$ | 82,500 |
| Other Operating Expenses | | | | | | | | | | | | | | |
| 400231 | Postage & Mailing | | \$ | 50,000 | Costs of mailing include production, printing, proofing, and postage. | 40.0% | \$ | 20,000 | 25.0% | \$ | 12,500 | 35.0% | \$ | 17,500 |
| 400233 | Copying & Duplicating | | \$ | 5,000 | Bulk printing of materials for public outreach and information | 40.0% | \$ | 2,000 | 25.0% | \$ | 1,250 | 35.0% | \$ | 1,750 |
| 400304 | Rental Exp - XEROX | | \$ | 5,000 | Cost of rental and maintenance of Xerox machines in 440 Civic Center Plaza. | 40.0% | \$ | 2,000 | 25.0% | \$ | 1,250 | 35.0% | \$ | 1,750 |
| 400322 | Misc. Exp | | \$ | 10,000 | Miscellaneous expenses associated with program development and operations | 40.0% | \$ | 4,000 | 25.0% | \$ | 2,500 | 35.0% | \$ | 3,500 |
| 400341 | Office Supplies and Furniture | | \$ | 21,000 | Cost of general office supplies and anticipated counseling area redesign | 40.0% | \$ | 8,400 | 25.0% | \$ | 5,250 | 35.0% | \$ | 7,350 |
| | Computer/Phone Supplies | | \$ | 6,300 | 10 computer monitors @ \$300.00; 8 headsets @ \$379.95; 1 phone setup @ \$200 | 40.0% | \$ | 2,520 | 25.0% | \$ | 1,575 | 35.0% | \$ | 2,205 |
| | Community Education | | \$ | 10,000 | Materials for community workshops and other outreach events. | 40.0% | \$ | 4,000 | 25.0% | \$ | 2,500 | 35.0% | \$ | 3,500 |
| 400242 | Mileage | | \$ | 1,000 | Use of City pool car. | 40.0% | \$ | 400 | 25.0% | \$ | 250 | 35.0% | \$ | 350 |
| 400243 | Training / Conferences | | \$ | 10,500 | Cost of attending Mediation Training for 7 staff members (\$1,500 per person) | 40.0% | \$ | 4,200 | 25.0% | \$ | 2,625 | 35.0% | \$ | 3,675 |
| 400244 | Cell Phone | | \$ | 1,200 | Cell phone for Executive Director | 40.0% | \$ | 480 | 25.0% | \$ | 300 | 35.0% | \$ | 420 |
| 400262 | Books & Educational Materials | | \$ | 200 | Educational and reference materials | 40.0% | \$ | 80 | 25.0% | \$ | 50 | 35.0% | \$ | 70 |
| | UC Berkeley Public Service Internship Program Interns | | \$ | 3,000 | The Rent Program has partnered with the UC Berkeley Public Service Center to host two interns at the Rent Program Office. The requested financial contribution for the Public Service Internship Program is a \$1,500 stipend per intern for the academic year. | | | | | | | | | |
| 400271 | Ad & Promotional materials | | \$ | 2,000 | Posting of community events and other information in publications; use of Canva graphics; Adobe InDesign subscription (\$240 annually) | 40.0% | \$ | 800 | 25.0% | \$ | 500 | 35.0% | \$ | 700 |
| Subtotal Other Operating Expenses | | | \$ | 125,200 | | | \$ | 48,880 | | \$ | 30,550 | | \$ | 42,770 |
| TOTAL OPERATING EXPENSES | | | \$ | 786,675 | | | \$ | 51,472 | | \$ | 191,670 | | \$ | 319,961 |
| Reserves | | | | | | | | | | | | | | |
| | Operating Reserve (17%) | | \$ | 381,470 | As recommended by the Government Finance Officers Association (GFOA.) | 40.0% | \$ | 152,588 | 25.0% | \$ | 95,367 | 35.0% | \$ | 133,514 |
| | Risk Reserve (8%) | | \$ | 179,515 | Risk Management reserve fund. | 40.0% | \$ | 71,806 | 25.0% | \$ | 44,879 | 35.0% | \$ | 62,830 |
| Subtotal Reserves | | | \$ | 560,985 | | | \$ | 224,394 | | \$ | 140,246 | | \$ | 196,345 |
| TOTAL | | | \$ | 2,804,925 | | | \$ | 998,970 | | \$ | 776,606 | | \$ | 1,026,349 |
| | | | | | | | Effective allocation rate | | 35.61% | | 27.69% | | | 36.59% |

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: April 18, 2018

Final Decision Date Deadline: April 18, 2018

STATEMENT OF THE ISSUE: The Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance empowers the Richmond Rent Board to hire and evaluate the performance of the Executive Director. The Board hired the Executive Director, Nicolas Traylor, on July 2017 at a salary 10% less than what had been budgeted in the Board's 2017-18 budget because at the time of his hiring the City was only able to offer him 5% more than what his previous salary was with the City of Berkeley. The Board is meeting in closed session on April 18, 2018 to evaluate the performance of Mr. Traylor. The Board may, following the closed session, revise the salary of the Executive Director to an amount not to exceed what has been budgeted for this fiscal year. The Board may also set the salary of the Executive Director for Fiscal Year 2018-19 in an amount that is reflected in the Board's budget as that budget is adopted by the Richmond Rent Board.

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: (1) CONSIDER APPROVING a revision to the salary of the Executive Director for the remainder of Fiscal Year 2017-18 to the amount for the Executive Director position as reflected in the publicly posted and available Rent Board budget, as approved and adopted by the Richmond Rent Board. The revised salary for Fiscal Year 2017-18 shall become effective on April 16, 2018; and (2) CONSIDER APPROVING the salary of the Executive Director for Fiscal Year 2018-19 to the amount for the Executive Director position in the Richmond Board's budget for Fiscal Year 2018-19, as that budget, following a public hearing, is approved and adopted by the Richmond Rent Board. The approved salary for the Executive Director for Fiscal Year 2018-19 shall become effective on July 1, 2018 – Rent Program (Michael Roush 620-1202).

AGENDA ITEM NO:

I-4.

This page intentionally left blank



AGENDA REPORT

DATE: April 18, 2018
TO: Chair Gray and Members of the Rent Board
FROM: Michael Roush, Legal Counsel
SUBJECT: Consideration of Revision to the Salary of Executive Director

STATEMENT OF THE ISSUE:

The Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance empowers the Richmond Rent Board to hire and evaluate the performance of the Executive Director. The Board hired the Executive Director, Nicolas Traylor, on July 2017 at a salary 10% less than what had been budgeted in the Board's 2017-18 budget because at the time of his hiring the City was only able to offer him 5% more than what his previous salary was with the City of Berkeley. The Board is meeting in closed session on April 18, 2018 to evaluate the performance of Mr. Traylor. The Board may, following the closed session, revise the salary of the Executive Director to an amount not to exceed what has been budgeted for this fiscal year. The Board may also set the salary of the Executive Director for Fiscal Year 2018-19 in an amount that is reflected in the Board's budget as that budget is adopted by the Richmond Rent Board.

RECOMMENDED ACTION:

(1) CONSIDER APPROVING a revision to the salary of the Executive Director for the remainder of Fiscal Year 2017-18 to the amount for the Executive Director position as reflected in the publicly posted and available Rent Board budget, as approved and adopted by the Richmond Rent Board. The revised salary for Fiscal Year 2017-18 shall become effective on April 16, 2018; and (2) CONSIDER APPROVING the salary of the Executive Director for Fiscal Year 2018-19 to the amount for the Executive Director position in the Richmond Board's budget for Fiscal Year 2018-19, as that budget, following a public hearing, is approved and adopted by the Richmond Rent Board. The approved salary for the Executive Director for Fiscal Year 2018-19 shall become effective on July 1, 2018.

FISCAL IMPACT:

If these matters are approved, there will be no fiscal impact to the Rent Board budget as, for this fiscal year, the full amount of the Executive Director's salary has been

ITEM I-4

budgeted and, for Fiscal Year 2018-19, the Executive Director's salary shall only be as approved and adopted by the Richmond Rent Board.

DOCUMENTS ATTACHED:

Attachment 1—Board's adopted Budget for Fiscal Year 2017-18

Attachment 2—Board's proposed Budget for Fiscal Year 2018-19

AMENDED FISCAL YEAR 2017-18 RENT PROGRAM BUDGET | ADOPTED: SEPTEMBER 20, 2017

| | | | | | | | | TOTAL ALLOCATED | Comments |
|--|--|----------|---------------|-----------------|-----------------------------|--------------------------|--------------------|-----------------|---|
| Personnel - Salary & Benefits | | | | | | | | | |
| Title | Personnel Classification | # Months | Salary/ Month | FY 17-18 Salary | Benefits (at 55% of Salary) | Annual Salary & Benefits | TOTAL (1 employee) | | Salary Assumptions (Started at Step III in FY 16-17; Step IV in FY 17-18) |
| Executive Director | Project Manager II (PLACEHOLDER) | 12 | \$ 11,554 | \$ 138,650 | \$ 76,258 | \$ 214,908 | \$ 214,908 | \$ 214,908 | \$9,024 - \$14,364 |
| Deputy Director | Project Manager I (PLACEHOLDER) | 12 | \$ 8,087 | \$ 97,044 | \$ 53,374 | \$ 150,418 | \$ 150,418 | \$ 150,418 | \$8,087 - \$12,873 |
| Staff Attorney | Assistant City Attorney (PLACEHOLDER) | 6 | \$ 11,694 | \$ 70,164 | \$ 38,590 | \$ 108,754 | \$ 108,754 | \$ 108,754 | \$9,024 - \$14,364 |
| Hearing Examiner | Assistant City Attorney (PLACEHOLDER) | 6 | \$ 11,694 | \$ 70,164 | \$ 38,590 | \$ 108,754 | \$ 108,754 | \$ 108,754 | \$9,024 - \$14,364 |
| Housing Counselor | Management Analyst I/II* (step IV)(includes 2% salary increase for fluency in another language) | 7 | \$ 7,462 | \$ 52,234 | \$ 28,729 | \$ 80,963 | \$ 80,963 | \$ 80,963 | \$6,357 \$6,674 \$6,977 \$7,315 \$7,684 |
| Housing Counselor | Management Analyst I/II* (step IV) (includes 2% salary increase for fluency in another language) | 7 | \$ 7,462 | \$ 52,234 | \$ 28,729 | \$ 80,963 | \$ 80,963 | \$ 80,963 | \$6,357 \$6,674 \$6,977 \$7,315 \$7,684 |
| Administrative Analyst/Rent Board Clerk | Assistant/Associate Administrative Analyst* (step IV) | 8 | \$ 7,315 | \$ 58,520 | \$ 32,186 | \$ 90,706 | \$ 90,706 | \$ 90,706 | \$6,357 \$6,674 \$6,977 \$7,315 \$7,684 |
| Administrative Aide | Administrative Aide* (step IV) | 8 | \$ 5,602 | \$ 44,816 | \$ 24,649 | \$ 69,465 | \$ 69,465 | \$ 69,465 | \$4,910 \$5,115 \$5,360 \$5,602 \$5,873 |
| Student Intern | Administrative Student Intern (P/T - 15 hrs./wk.) | 12 | \$ 1,292 | \$ 15,506 | | | \$ 15,506 | \$ 15,506 | \$15.54 \$17.20 \$18.81 \$20.51 \$22.07 |
| Student Intern | Administrative Student Intern (P/T - 15 hrs./wk.) | 12 | \$ 1,292 | \$ 15,506 | | | \$ 15,506 | \$ 15,506 | \$15.54 \$17.20 \$18.81 \$20.51 \$22.07 |
| Student Intern | Administrative Student Intern (P/T - 15 hrs./wk.) | 12 | \$ 1,292 | \$ 15,506 | | | \$ 15,506 | \$ 15,506 | \$15.54 \$17.20 \$18.81 \$20.51 \$22.07 |
| Student Intern | Administrative Student Intern (P/T - 15 hrs./wk.) | 12 | \$ 1,292 | \$ 15,506 | | | \$ 15,506 | \$ 15,506 | \$15.54 \$17.20 \$18.81 \$20.51 \$22.07 |
| Overtime/Comp Time | | | | | | | \$ 12,000 | \$ 12,000 | |
| | | | | | | | | \$ 978,953 | |
| <i>*Titles subject to final review by the Human Resources Department</i> | | | | | | | | | |
| TOTAL PERSONNEL EXPENSES | | | | | | | | \$ 978,953 | |
| Cost Pool and Risk Management: | | | | | | | | | |
| General Liability and Worker's Comp | | | | | | | \$ 52,981 | \$ 52,981 | FY 17/18 Workers Compensation - \$2,748 per employee, General Liability - \$3,485 per employee (combined total \$6,233 per employee.) 8.5 FTEs FY 17-18 |
| Space at 440 Civic Center Plaza | | | | | | | \$ 52,275 | \$ 52,275 | Space at 440 CCP is based on the percentage of total square footage occupied. This percentage is then applied to the total annual debt service. Rent Program is presumed to occupy 0.9% of Civic Center's total square footage. The percentage was applied to the total annual debt service for FY 2016-17 to determine the cost. |
| Indirect Cost | | | | | | | \$ 51,454 | \$ 51,454 | Indirect Costs are charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.) Allocations are determined in the City's cost allocation plan completed by an external consultant. Since the Rent Program dept. is new, it was not included in the current cost allocation plan. Staff recommended using the allocation of a department similar in size. In this case, the City Manager's Office was used as the basis. |
| Supplemental Liability Insurance Policy (SLIP) | | | | | | | \$ 25,000 | \$ 25,000 | General liability policy for the Rent Control program. |
| Sub-Total Cost Pool + Risk Management | | | | | | | \$ 181,710 | \$ 181,710 | |
| IT Expenses: | | | | | | | | | |
| Startup Costs Year 1 and 2 | | | | | | | \$ 29,500 | \$ 29,500 | Estimated startup costs. |
| Annual IT Costs (Including replacement funding) | | | | | | | \$ 18,683 | \$ 18,683 | General PC software and costs. |
| Sub-Total IT Expenses | | | | | | | \$ 48,183 | \$ 48,183 | |
| Legal Costs | | | | | | | | | |
| Outside Legal Counsel (Litigation) | | | | | | | \$ 120,000 | \$ 120,000 | Outside legal counsel to respond to litigation pertaining to the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. Previous litigation was dismissed without prejudice on Saturday, May 6, 2017. The budgeted amount reflects estimate for anticipated future litigation. |
| Rent Program Legal Counsel | | | | | | | \$ 160,000 | \$ 160,000 | Legal Counsel to assist with training, daily operations, reviewing regulations, assisting with compliance and enforcement of the Ordinance, Excess Rent Complaints, Rent Adjustment Petitions, and the hearing process. Assumes approximately 12 hours per week @ \$250/hour. |
| Legal Services and/or Additional Legal Counsel | | | | | | | \$ 150,000 | \$ 150,000 | Legal services to provide assistance to Tenants that have paid the Maximum Allowable Rent, are being evicted (Unlawful Detainer), and are able to provide evidence that their Landlord is not in compliance with the Fair Rent, Just Cause for Eviction, and Home Owner Protection Ordinance, as may be determined by policy of the Rent Board (Contract or Employee). NOTE: FY17-18 .60 FTE (~3 days a week) Assistant City Attorney salary and benefits, but does not include cost pool or risk management. |
| Sub-Total Legal Expenses | | | | | | | \$ 430,000 | \$ 430,000 | |
| Other Operating Expenses | | | | | | | | | |
| Postage & Mailing | | | | | | | \$ 75,000 | \$ 75,000 | Costs of mailing include production, printing, proofing, and postage (assumes ~\$25,000 per mailing.) |
| Copying & Duplicating | | | | | | | \$ 50,000 | \$ 50,000 | Bulk printing of materials for public outreach and information. |
| Copy Machine Rental | | | | | | | \$ 5,000 | \$ 5,000 | Cost of rental and maintenance of Xerox machines in 440 Civic Center Plaza. |
| Miscellaneous Expenses | | | | | | | \$ 10,000 | \$ 10,000 | Miscellaneous expenses associated with program development and operations. |
| Office Supplies and Furniture | | | | | | | \$ 6,000 | \$ 6,000 | Cost of general office supplies, timestamp, and office furniture (e.g. desk chairs.) |
| Sub-Total Other Operating | | | | | | | \$ 146,000 | \$ 146,000 | |

| | | | | | | | TOTAL ALLOCATED | Comments |
|---|--|--|--|--|--|--|-----------------|---|
| Professional and Admin Services | | | | | | | | |
| Professional Service Contracts: | | | | | | | | |
| Management Partners | | | | | | | \$ 20,000 | Professional services and technical assistance to assist with startup program design, processes, and administration. Services are likely to conclude by the end of FY 2017-18. |
| Additional Subject Matter Experts | | | | | | | \$ 30,000 | Contracts with subject matter experts to assist with drafting and reviewing regulations and other Rent Board policies. |
| Contract Hearing Examiner Services | | | | | | | \$ 6,025 | Contract services to conduct hearings in the absence, or in addition to, a Staff Hearing Examiner. |
| Mediation Services | | | | | | | \$ 30,000 | Mediation services to provide a mediation option for Landlords and Tenants to potentially reduce demands for formal hearings, as may be determined by policy of the Rent Board. Assumes \$600 per mediation case, budget allows for 50 mediation sessions. |
| Translation Services | | | | | | | \$ 30,000 | Translation services to ensure that all forms and notices are available in both English and Spanish, at a minimum, and for oral translation, as it may be advantageous for administration. Assumes 9,000 words per month @ \$0.14/word and 25 hours of verbal translation @ \$50.00/hour. |
| Community Education | | | | | | | \$ 20,000 | Materials and supplies for large-format community education workshops, computer support sessions, and the development of a LEAP Digital Literacy LearnerWeb module. |
| Mileage | | | | | | | \$ 1,000 | Use of City pool car. |
| Training / Conferences | | | | | | | \$ 15,000 | Legal and professional trainings (e.g. dispute resolution, handling of sensitive information) for staff, attendance at conferences. |
| Cell Phone | | | | | | | \$ 1,200 | Assumed for Executive Director. |
| Books and Educational Materials | | | | | | | \$ 200 | Educational and reference materials. |
| Ad & Promotional materials | | | | | | | \$ 2,000 | Posting of community events and other information in publications. |
| Sub-Total Professional & Admin | | | | | | | \$ 155,425 | |
| TOTAL OPERATING EXPENSES | | | | | | | \$ 961,318 | |
| Reserves: | | | | | | | | |
| Operating Reserve (17%) | | | | | | | \$ 329,846 | As recommended by the Government Finance Officers Association (GFOA.) |
| Risk Reserve (8%) | | | | | | | \$ 155,222 | Risk Management reserve fund. |
| Sub-Total Reserves | | | | | | | \$ 485,068 | |
| GRAND TOTAL | | | | | | | \$ 2,425,338 | |

REVISED PROPOSED FISCAL YEAR 2018-19 RENT PROGRAM BUDGET OPTIONS

| | | | | | | TOTAL ALLOCATED FY 17-18 | OPTION A | OPTION B | OPTION C | Comments |
|--|-------------------------------------|-----------------|-----------------------------|----------------------------|--------------------|--------------------------|---------------------|---------------------|---------------------|---|
| Obj. Code | | FY 18-19 Salary | Benefits (at 55% of Salary) | FY 18-19 Salary & Benefits | TOTAL (1 employee) | | | | | |
| | Title | | 0.55 | | | | | | | Salary Assumptions (includes Step Increase) |
| 400001 | EXECUTIVE STAFF | \$ 530,552 | \$ 291,804 | \$ 822,356 | \$ 822,356 | \$ 582,834 | \$ 822,356 | \$ 822,356 | \$ 822,356 | |
| | Executive Director* | \$ 148,000 | \$ 81,400 | \$ 229,400 | \$ 229,400 | \$ 214,908 | \$ 229,400 | \$ 229,400 | \$ 229,400 | \$9,024 - \$14,364 |
| | Deputy Director* | \$ 101,896 | \$ 56,043 | \$ 157,939 | \$ 157,939 | \$ 150,418 | \$ 157,939 | \$ 157,939 | \$ 157,939 | \$8,087 - \$12,873 |
| | Staff Attorney | \$ 140,328 | \$ 77,180 | \$ 217,508 | \$ 217,508 | \$ 108,754 | \$ 217,508 | \$ 217,508 | \$ 217,508 | \$9,024 - \$14,364 |
| | Hearing Examiner | \$ 140,328 | \$ 77,180 | \$ 217,508 | \$ 217,508 | \$ 108,754 | \$ 217,508 | \$ 217,508 | \$ 217,508 | \$9,024 - \$14,364 |
| 400002 | MANAGEMENT STAFF - 1021 | \$ 242,235 | \$ 133,229 | \$ 375,464 | \$ 375,464 | \$ 252,632 | \$ 375,464 | \$ 375,464 | \$ 375,464 | |
| | Rent Program Services Analyst | \$ 85,891 | \$ 47,240 | \$ 133,131 | \$ 133,131 | \$ 80,963 | \$ 133,131 | \$ 133,131 | \$ 133,131 | \$6,357 \$6,674 \$6,977 \$7,315 \$7,684 |
| | Rent Program Services Analyst | \$ 82,102 | \$ 45,156 | \$ 127,258 | \$ 127,258 | \$ 80,963 | \$ 127,258 | \$ 127,258 | \$ 127,258 | \$6,357 \$6,674 \$6,977 \$7,315 \$7,684 |
| | Administrative Analyst | \$ 74,242 | \$ 40,833 | \$ 115,075 | \$ 115,075 | \$ 90,706 | \$ 115,075 | \$ 115,075 | \$ 115,075 | \$6,357 \$6,674 \$6,977 \$7,315 \$7,684 |
| 400003 | LOCAL 1021 STAFF | \$ 121,100 | \$ 66,605 | \$ 187,705 | \$ 187,705 | \$ 69,465 | \$ 93,853 | \$ 187,705 | \$ 187,705 | |
| | Administrative Aide | \$ 60,550 | \$ 33,303 | \$ 93,853 | \$ 93,853 | \$ 69,465 | \$ 93,853 | \$ 93,853 | \$ 93,853 | \$4,910 \$5,115 \$5,360 \$5,602 \$5,873 |
| | Administrative Aide | \$ 60,550 | \$ 33,303 | \$ 93,853 | \$ 93,853 | \$ - | \$ - | \$ 93,853 | \$ 93,853 | \$4,910 \$5,115 \$5,360 \$5,602 \$5,873 |
| 400006 | PART TIME/TEMP STAFF | \$ 66,740 | \$ - | \$ - | \$ - | \$ 62,024 | \$ 66,740 | \$ 66,740 | \$ 66,740 | |
| | Administrative Student Intern | \$ 16,685 | | | | \$ 15,506 | \$ 16,685 | \$ 16,685 | \$ 16,685 | \$15.54 \$17.20 \$18.81 \$20.51 \$22.07 |
| | Administrative Student Intern | \$ 16,685 | | | | \$ 15,506 | \$ 16,685 | \$ 16,685 | \$ 16,685 | \$15.54 \$17.20 \$18.81 \$20.51 \$22.07 |
| | Administrative Student Intern | \$ 16,685 | | | | \$ 15,506 | \$ 16,685 | \$ 16,685 | \$ 16,685 | \$15.54 \$17.20 \$18.81 \$20.51 \$22.07 |
| | Administrative Student Intern | \$ 16,685 | | | | \$ 15,506 | \$ 16,685 | \$ 16,685 | \$ 16,685 | \$15.54 \$17.20 \$18.81 \$20.51 \$22.07 |
| 400031 | Overtime/Comp Time | | | | | \$ 12,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | |
| *Salary increases for Executive Staff are discretionary in nature. Figures shown represent maximums and are subject to Board or Director approval. | | | | | | | | | | |
| TOTAL SALARIES AND BENEFITS | | | | | | \$ 978,953 | \$ 1,363,413 | \$ 1,457,265 | \$ 1,457,265 | |
| Cost Pool and Risk Management: | | | | | | | | | | |
| 400574 | General Liability and Worker's Comp | | | | | \$ 52,981 | \$ 62,330 | \$ 68,563 | \$ 68,563 | Workers Compensation - \$2,748 per employee, General Liability - \$3,485 per employee (combined total \$6,233 per employee.) 10 FTEs FY 18-19 |
| 400591 | Space at 440 Civic Center Plaza | | | | | \$ 52,275 | \$ 52,275 | \$ 52,275 | \$ 52,275 | Space at 440 CCP is based on the percentage of total square footage occupied. This percentage is then applied to the total annual debt service. Rent Program is presumed to occupy 0.9% of Civic Center's total square footage. The percentage was applied to the total annual debt service for FY 2016-17 to determine the cost. |

| | | TOTAL ALLOCATED FY 17-18 | OPTION A | OPTION B | OPTION C | Comments |
|--|---|-----------------------------|-------------------|-------------------|-------------------|---|
| 400586 | Indirect Cost | \$ 51,454 | \$ 51,454 | \$ 51,454 | \$ 51,454 | Indirect Costs are charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.) Allocations are determined in the City's cost allocation plan completed by an external consultant. Since the Rent Program dept. is new, it was not included in the current cost allocation plan. Staff recommended using the allocation of a department similar in size. In this case, the City Manager's Office was used as the basis. |
| 400552 | Supplemental Liability Insurance Policy (SLIP) | \$ 25,000 | \$ 25,000 | \$ 25,000 | \$ 25,000 | General liability policy for the Rent Control program. |
| Sub-Total Cost Pool + Risk Management | | \$ 181,710 | \$ 191,059 | \$ 197,292 | \$ 197,292 | |
| IT Costs | | | | | | |
| 400220 | IT Professional Services and Startup Costs | \$ 29,500 | \$ 3,000 | \$ 3,000 | \$ 3,000 | IT Services - Contract with DataTree for property verification data (\$250 per month); Contract with Superior for database development |
| 400601 | Annual IT Costs (Including replacement funding) | \$ 18,683 | \$20,683 | \$21,683 | \$21,683 | General PC software and costs. |
| Sub-Total IT Expenses | | \$ 48,183 | \$ 23,683 | \$ 24,683 | \$ 24,683 | |
| Legal Costs | | | | | | |
| 400206 | Outside Legal Counsel (Litigation) | \$ 120,000 | \$ 120,000 | \$ 120,000 | \$ 120,000 | Outside legal counsel to respond to litigation pertaining to the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. Previous litigation was dismissed without prejudice on Saturday, May 6, 2017. The budgeted amount reflects estimate for anticipated future litigation. |
| 400206 | Rent Program Legal Counsel (Contract) | \$ 160,000 | \$ - | \$ - | \$ - | Contract legal services to support the Rent Program Department. |
| 400206 | Community Services Agency Contracts | \$ 150,000 | \$ 150,000 | \$ 150,000 | \$ 150,000 | Legal services to provide assistance to Tenants that have paid the Maximum Allowable Rent, are being evicted (Unlawful Detainer), and are able to provide evidence that their Landlord is not in compliance with the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. |
| Sub-Total Legal Expenses | | \$ 430,000 | \$ 270,000 | \$ 270,000 | \$ 270,000 | |
| Professional and Admin Services | | | | | | |

| | | TOTAL ALLOCATED FY 17-18 | OPTION A | OPTION B | OPTION C | Comments |
|---|--------------------------------------|--------------------------|------------------|------------------|-------------------|--|
| 400201 | Contractor to focus on Compliance | N/A | \$ - | \$ - | \$ 97,500 | Mass-mailing and exemption verification project; issuing correspondence; taking legal action. Assumes \$150/hour for 10-15 hours per week. |
| 400201 | Management Partners | \$ 20,000 | \$ - | \$ - | \$ - | Professional services and technical assistance to assist with startup program design, processes, and administration. Services are likely to conclude by the end of FY 2017-18. |
| 400201 | Additional Subject Matter Experts | \$ 30,000 | \$ - | \$ - | \$ - | Contracts with subject matter experts to assist with drafting and reviewing regulations and other Rent Board policies |
| 400201 | Contract Hearing Examiner Services | \$ 6,025 | \$ 57,000 | \$ 57,000 | \$ 57,000 | Contract attorney to act as a backup hearing examiner in the event there is (1) a conflict of interest between either party and the Staff Hearing Examiner or (2) backup services are needed to adequately handle the volume of petitions submitted in the first operational year of the Hearings Unit. Assumes 6 petitions per fiscal year, 38 hours per petition, at a rate of \$250 per hour. |
| 400201 | Mediation Services | \$ 30,000 | \$ - | \$ - | \$ - | Contract with mediation service provider |
| 400201 | Translation Services | \$ 30,000 | \$ 15,000 | \$ 15,000 | \$ 15,000 | Translation services to ensure that all forms and notices are available in both English and Spanish, at a minimum, and for oral translation, as it may be advantageous for administration. Assumes 4,500 words per month @ \$0.14/word and 10 hours of verbal translation per month @ \$50.00/hour. |
| Sub-Total Professional & Admin | | \$ 116,025 | \$ 72,000 | \$ 72,000 | \$ 169,500 | |
| Other Operating Expenses | | | | | | |
| 400231 | Postage & Mailing | \$ 75,000 | \$ 50,000 | \$ 50,000 | \$ 50,000 | Costs of mailing include production, printing, proofing, and postage |
| 400233 | Copying & Duplicating | \$ 50,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | Bulk printing of materials for public outreach and information. |
| 400304 | Copy Machine Rental | \$ 5,000 | \$ 5,000 | \$ 5,000 | \$ 5,000 | Cost of rental and maintenance of Xerox machines in 440 Civic Center Plaza. |
| 400322 | Miscellaneous Expenses | \$ 10,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | Miscellaneous expenses associated with program development and operations. |
| 400341 | Office Supplies and Furniture | \$ 6,000 | \$ 21,000 | \$ 21,000 | \$ 21,000 | Cost of general office supplies, timestamp, and office furniture (e.g. desk chairs.) |

| | | TOTAL ALLOCATED FY 17-18 | OPTION A | OPTION B | OPTION C | Comments |
|--------|---|--|---------------------|---------------------|---------------------|---|
| 400344 | Computer/Phone Supplies | N/A - New Line Item (previously included in misc expenses) | \$ 6,300 | \$ 6,300 | \$ 6,300 | 10 computer monitors @ \$300.00; 8 headsets @ \$379.95; 1 phone setup @ \$200 |
| 400272 | Community Education | \$ 20,000 | \$ 10,000 | \$ 10,000 | \$ 10,000 | Materials for community workshops and other outreach events. |
| 400242 | Mileage | \$ 1,000 | \$ 1,000 | \$ 1,000 | \$ 1,000 | Use of City pool car. |
| 400243 | Training / Conferences | \$ 15,000 | \$ 10,500 | \$ 10,500 | \$ 10,500 | Cost of attending Mediation Training for 7 staff members (\$1,500 per person) |
| 400401 | Phone | \$ 1,200 | \$ 1,200 | \$ 1,200 | \$ 1,200 | Cell phone for Executive Director. |
| 400262 | Books and Educational Materials | \$ 200 | \$ 200 | \$ 200 | \$ 200 | Educational and reference materials. |
| | UC Berkeley Public Service Internship Program Interns | N/A | \$ 3,000 | \$ 3,000 | \$ 3,000 | The Rent Program has partnered with the UC Berkeley Public Service Center to host two interns at the Rent Program Office. The requested financial contribution for the Public Service Internship Program is a \$1,500 stipend per intern for the academic year. |
| 400271 | Ad & Promotional materials | \$ 2,000 | \$ 2,000 | \$ 2,000 | \$ 2,000 | Posting of community events and other information in publications; use of Canva graphics; Adobe InDesign subscription (\$240 annually) |
| | Sub-Total Other Operating | \$ 185,400 | \$ 125,200 | \$ 125,200 | \$ 125,200 | |
| | TOTAL OPERATING EXPENSES | \$ 961,318 | \$ 681,942 | \$ 689,175 | \$ 786,675 | |
| | Reserves: | | | | | |
| | Operating Reserve (17%) | \$ 329,846 | \$ 347,710 | \$ 364,895 | \$ 381,470 | As recommended by the Government Finance Officers Association (GFOA.) |
| | Risk Reserve (8%) | \$ 155,222 | \$ 163,628 | \$ 171,715 | \$ 179,515 | Risk Management reserve fund. |
| | Sub-Total Reserves | \$ 485,068 | \$ 511,339 | \$ 536,610 | \$ 560,985 | |
| | GRAND TOTAL | \$ 2,425,339 | \$ 2,556,693 | \$ 2,683,050 | \$ 2,804,925 | |