



Richmond Rent Program

# Update on Start-Up of Hearings Unit

Regular Meeting of the Richmond Rent Board

April 18, 2018 | City Council Chambers

# Petition & Hearing Processes Ready to Move Forward

## Necessary Rent Program Steps:

- Review of petitions for completeness & compliance
- Once a petition is deemed complete, a Notice of Objection is sent to the responding party
- The respondent has 21 days to complete the Notice of Objection. They may be received prior to the deadline
- A hearing will only be scheduled 10 days or more after the objections have been received
- Our best estimate is that the first hearings will be scheduled at the end of May or early June
- In the event that an appeal is requested, an appeal is not likely to be heard for several month after a decision issued. Appeals will be heard at regular Board meetings as a separate agenda item. All hearings and Board meetings are open to the public.

# Breakdown of Petitions Filed in 2017 - 2018

The Rent Program has received 153 Petitions as of April 12, 2018.

77 landlord petitions all requesting Fair Return rent adjustments  
and  
76 tenant petitions with:

- 24 requesting rent adjustments (decrease in habitability, space or services)
- 44 claiming excessive rent
- 6 requesting a permanent relocation payment
- 2 requesting a temporary relocation payment
- 9 tenants had resolved their excessive rent claim directly with their landlord
- 6+ parties stated they were ready to proceed toward a hearing
- 1 party requested a mediation

Communications with most of the petitioners is ongoing and the number of petitions ripe for going to hearing is likely to grow in the coming weeks.



Richmond Rent Program

# Implementing Rent Registration

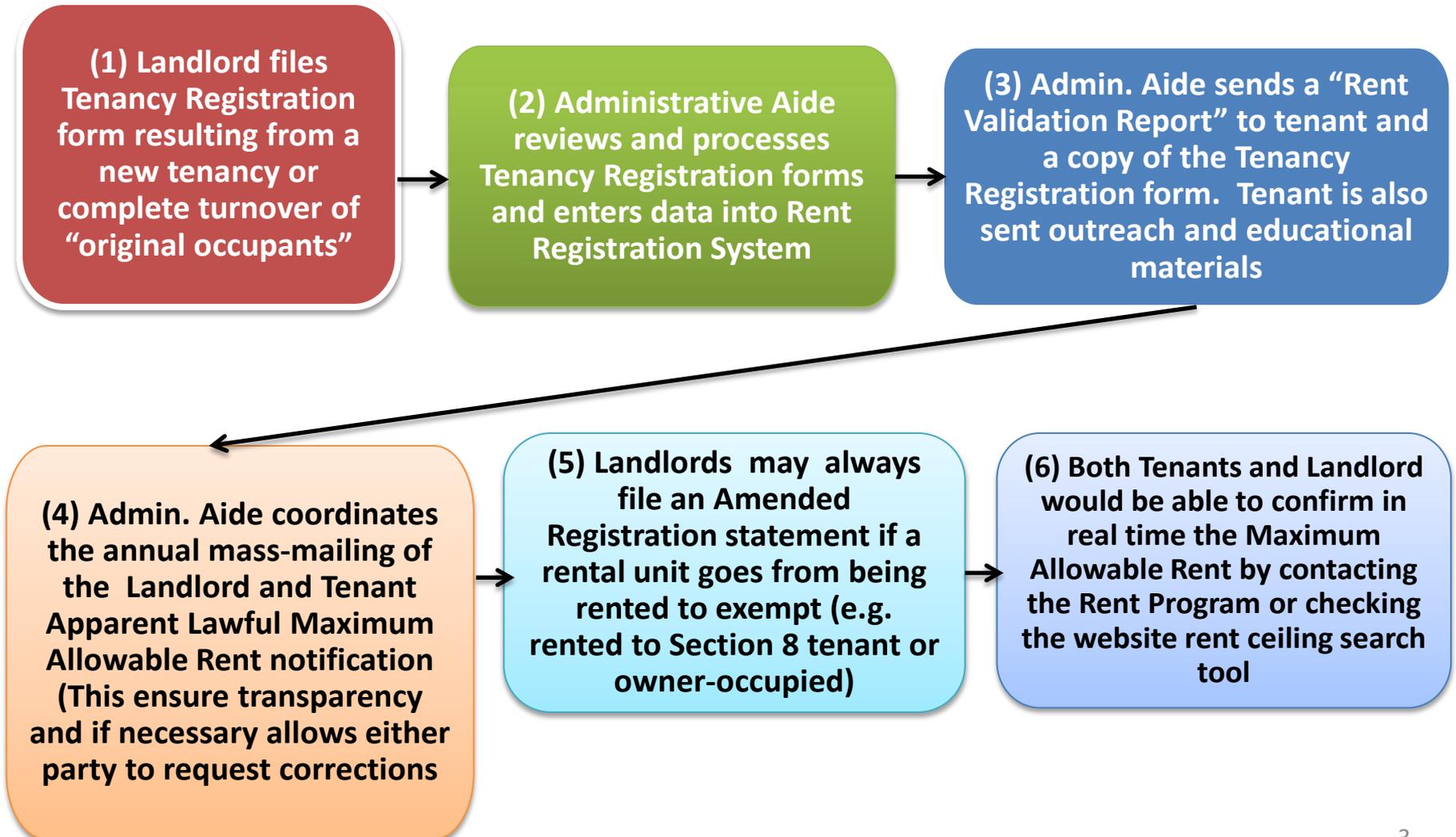
Regular Meeting of the Richmond Rent Board

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# What is Rent Registration and how does it work?

- For each new tenancy, landlords must file a Tenancy Registration Form indicating the starting rent and housing services associated with the new tenancy. The Rent Program then records, tracks and individually informs landlords and tenants regarding their lawful Maximum Allowable Rents (MAR).
- All new Tenants receive a Rent Validation Report confirming the MAR and housing services registered by the landlord. Included in this notification are educational materials on rights and responsibilities under the Rent Ordinance.
- Tenants and landlords are notified at least once a year informing them of their MAR(s) and associated housing services. This special mailing is known as the Notice of Apparent Lawful MAR.
- At any time tenants and landlords will be able to check their Maximum Allowable Rent (MAR) levels through an online Maximum Allowable Rent search portal.

# Overview of the Rent Registration Process



# Workload Associated with Rent Registration

## Administrative Aide Workload Includes

We expect that 40-50% of forms will be submitted online.

**Reviewing and processing all Tenancy Registration Forms that are submitted online or via hardcopy.**

Admin. Aide will process 2,000-3,000 Tenancy Registration forms annually.

**Sending all new tenants a Rent Validation Report memorializing the starting rent and housing services. Tenant also receives a "Guide to Rent Control in Richmond" and other important information about rights and responsibilities under the Rent Ordinance .**

Admin. Aide will send out ~2,000-3,000 new tenancy Rent Validation Reports annually

**Overseeing annual special mass mailing: All tenants and landlords of Controlled Rental Units will receive a rent ceiling/MAR notification at least once, if not twice, a year**

Admin. Aide will send out ~10,000 notices to tenants and ~6,000 notices to landlords annually

# What Rent Registration accomplishes:

- The benefits of rent registration are:
  - Greater compliance through transparency
    - Making transparent to both a tenants and a landlords what the lawful Maximum Allowable Rent (MAR) level through [new tenancy] rent validation reports, annual notices of the MAR and a website portal to allow for real time updates of the MAR
  - Supports the Rent Adjustment Petition Process
    - Provides clear data for the Hearing Examiner on lawful Maximum Allowable Rent levels
  - Improves Fee Study and Billing Accuracy
    - Provides more accurate data on the status of rental units subject to the Rental Housing Fee. This is especially important in the context of a tiered fee
  - Bolsters Outreach Opportunities
    - All new tenants and landlords receive confirmation of their registered rent(s), along with the “Guide to Rent Control in Richmond” and other important information about the Rent Ordinance and Rent Program. Annually both landlords and tenants are informed of the lawful rent ceilings

# Registration Outreach and Example Forms

**2,000-3,000  
(New) Tenancy Registration  
Forms processed annually**

**2,000-3,000 Rent  
Validation Reports sent  
to tenants annually**

**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

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.*

**New Tenancy Information**

**Name:** \_\_\_\_\_ **Name:** \_\_\_\_\_  
 Phone: (\_\_\_\_) \_\_\_\_\_ Phone: (\_\_\_\_) \_\_\_\_\_  
 Email: \_\_\_\_\_ Email: \_\_\_\_\_

**Name:** \_\_\_\_\_ **Name:** \_\_\_\_\_  
 Phone: (\_\_\_\_) \_\_\_\_\_ Phone: (\_\_\_\_) \_\_\_\_\_  
 Email: \_\_\_\_\_ Email: \_\_\_\_\_

**Initial Rent** \$ \_\_\_\_\_ /month

**Rent Level & Security Deposit**

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 1<sup>st</sup> 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: \_\_\_\_\_

Richmond Rent Program  
 440 Civic Center Plaza, 2nd Floor  
 Richmond, CA 94804

Website: [www.richmondrent.org](http://www.richmondrent.org) Phone: (510) 620-6576  
 E-Mail: [rent@ci.richmond.ca.us](mailto:rent@ci.richmond.ca.us) Fax: (510) 207-8149

CITY OF RICHMOND RENT PROGRAM 

## 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 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.

# 6,000 notices sent to landlords annually

# 10,000 notices sent to tenants annually

CITY OF RICHMOND RENT PROGRAM



## 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](mailto:rent@ci.richmond.ca.us).

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

CITY OF RICHMOND RENT PROGRAM



## 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](mailto: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.

# Proposed Implementation Timeline

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

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

CITY OF RICHMOND RENT PROGRAM

ITEM I-3 | April 18, 2017 Regular Rent Board Meeting  
[www.richmondrent.org](http://www.richmondrent.org)

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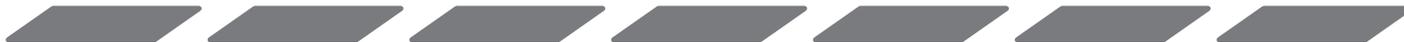
**(1) Background**



**(2) Proposed Revisions to Fiscal Year 2018-19 Budget and Fee Study**



**(3) Proposed Timeline**



**(4) Recommended Action**



# **(1) BACKGROUND**

REVISED FISCAL YEAR 2018-19 BUDGET

# BACKGROUND

- ❖ The Rent Program is designed to function as a cost-recovery department that operates without financial assistance from the City's General Fund.
- ❖ Instead, the Rent Program is funded by the Residential Rental Housing Fee, paid by all Richmond Landlords on an annual basis.
- ❖ Fees charged for any service or regulatory activity may not exceed the reasonable cost of providing the service (California Government Code 50076), which necessitates an annual fee study.
- ❖ The amount of the Rental Housing Fee is ultimately determined by the City Council, following a recommendation from the Rent Board.

# BACKGROUND (CONTINUED)

- ❖ At the March 21, 2018, Regular Meeting, the Rent Board received a comprehensive presentation from the Executive Director about the Department's goals and budget priorities for the 2018-19 Fiscal Year.
- ❖ The Rent Board provided the following direction to staff:
  - ❖ (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, recommending amounts to the City Council for adoption; and,
  - ❖ (2) Revise the Fee Study to include a third "tier" of the fee, applicable to governmentally- subsidized Rental Units.
- ❖ In addition, Boardmembers requested information about actual (versus budgeted) expenses in Fiscal Year 2017-18, to aid them in approving a reasonable budget for Fiscal Year 2018-19.
- ❖ Staff members have prepared a revised budget and fee study for the Rent Board's consideration.

# PROPOSED BUDGET PRIORITIES AND THEMES



# PROPOSED BUDGET PRIORITIES

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

- ❖ Maximize utility of the counseling area by reconfiguring the existing space to accommodate three counseling stations and improve 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
- ❖ Employ a contractor to perform compliance-related tasks, such as investigations, issuing correspondence for noncompliance, and pursuing legal action for noncompliance with the Ordinance, registration, and fee payment requirements.

# PROPOSED FEE STRUCTURE

## Program Layer (40%)

- Departmental administration and management
- Legal defense of the Rent Ordinance and Departmental policies
- Preparing studies, regulations, and reports as directed by the Rent Board
- Enrollment and registration
- Billing and collections
- Website maintenance

## Just Cause for Eviction Layer (25%)

- Public education and outreach (includes counseling)
- Legal services referrals to community services agencies
- Administration of Relocation Ordinance, Withdrawal from Rental Market, and Owner Move in processes
- Mediation of eviction-related complaints
- Development of termination of tenancy and written warning notice templates
- Review of Termination of Tenancy notices

## Rent Control Layer (35%)

- Public education and outreach (includes counseling)
- Legal services referrals to community services agencies
- Administration of petition and hearings to adjudicate Rent Adjustment Petitions and Excess Rent Complaints
- Rent Registration and tracking of the Maximum Allowable Rent
- Development of rent increase templates
- Establishment of the Annual General Adjustment

**(2) PROPOSED REVISIONS TO  
2018-19 BUDGET & FEE STUDY**  
REVISED FISCAL YEAR 2018-19 BUDGET

# PROPOSED REVISIONS TO THE DRAFT BUDGET

❖ The revised Fiscal Year 2018-19 budget includes the following modifications:

Line Item	Modification	Rationale
Staff Overtime	Reduced from \$10,000 to \$5,000	Overtime expenses are expected to be slightly elevated compared to FY 17-18 (\$2,982) for weekend community workshops and time-intensive tasks associated with rent registration and database development
IT Professional Services & Startup Costs	Reduced from \$30,000 to \$3,000	Staff anticipate the majority of database work will be completed using in-house resources
Contractor to Focus on Compliance <i>(Budget Option C only)</i>	Eliminated the assumption that this individual will be an attorney	Other individuals (who are not necessarily attorneys) could perform this function
Contract Hearing Examiner Services	\$57,000 is now budgeted for additional Hearing Examiner services	A backup Hearing Examiner will be necessary in the event there is a conflict of interest with the Staff Hearing Examiner; this individual can also assist with the current backlog of petitions.

# PROPOSED REVISIONS TO THE DRAFT BUDGET (CONTINUED)

❖ The revised Fiscal Year 2018-19 budget includes the following modifications:

Line Item	Modification	Rationale
Translation Services	Reduced from \$30,000 to \$15,000	Translation expenses are expected to be slightly elevated compared to FY 17-18 (\$9,970) for the translation of the Guide to Rent Control, registration, and petition forms
Copying & Duplicating	Reduced from \$50,000 to \$5,000	Copying & Duplicating expenses are expected to be slightly elevated compared to FY 17-18 (\$1,439) as community education and outreach increases
Community Education	Reduced from \$20,000 to \$10,000	Community Education expenses are expected to be at least double the expenses in FY 17-18 (\$3,396) as workshops will be held more consistently throughout the year. Auditorium rental may be necessary for larger-format events.

# PROPOSED REVISIONS TO THE DRAFT BUDGET (CONTINUED)

❖ The revised Fiscal Year 2018-19 budget includes the following modifications:

Line Item	Modification	Rationale
Training/Conferences	\$10,500 was moved into Training/Conferences and mediation line item zeroed	Staff members will attend mediation training in FY 18-19; previously this was allocated in the “Mediation” line item. It is more appropriate this expense be captured in the “Training/Conferences” line.
Phone	Addition of \$1,200 for Executive Director cell phone	Necessity of a separate phone for work-related business

# PROPOSED REVISIONS TO THE DRAFT FEE STUDY

- ❖ Accounts for all proposed budget modifications
- ❖ Includes a third tier applicable to governmentally-subsidized Rental Units (it is proposed these units would be charged for half of the “Program” layer and half of the “Just Cause” layer.)

## *RATIONALE FOR A “THIRD TIER” FOR SUBSIDIZED RENTAL UNITS*

- 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.

# RATIONALE FOR A “THIRD TIER” FOR SUBSIDIZED RENTAL UNITS (CONTINUED)

- 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) 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.

# PROPOSED BUDGET OPTIONS AND CORRESPONDING ESTIMATED RENTAL HOUSING FEE

## OPTION A

PROPOSED OPTION	DESCRIPTION OF SIGNIFICANT CHANGES	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 FEE PAID BY RENT-CONTROL TENANTS (50%)
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	<p>Fully Covered Units: \$188/unit</p> <p>Partially Covered Units: \$91/unit</p> <p>Governmentally-Subsidized Units: \$46/unit</p>	\$94.00 (\$7.80 per month)

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.

# PROPOSED BUDGET OPTIONS AND CORRESPONDING ESTIMATED RENTAL HOUSING FEE: OPTION B

PROPOSED OPTION	DESCRIPTION OF SIGNIFICANT CHANGES	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-CONTROL TENANTS (50%)
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)

# PROPOSED BUDGET OPTIONS AND CORRESPONDING ESTIMATED RENTAL HOUSING FEE: OPTION C

PROPOSED OPTION	DESCRIPTION OF SIGNIFICANT CHANGES	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-CONTROL TENANT (50%)
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 contract attorney to assist with compliance-related work	\$116,086 (Option B)+ \$97,500 contract (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)

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.

# RENTAL HOUSING FEES FOR EACH BUDGET OPTION

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

# PROPOSED RENTAL HOUSING FEE SUMMARY

Proposed Budget Option	Proposed Fully Covered Unit Fee	Proposed Partially Covered Unit Fee	Proposed Gov. Subsidized Unit Fee
Option A – Baseline budget with physical improvements	\$188	\$91	\$46
<i>Rent registration possible for...</i>	+\$10 more than baseline fee	+\$5 more than baseline fee	+2 more than baseline fee
Option B – Option A plus additional resources for rent registration	\$198	\$96	\$48
<i>Rent registration AND additional resources for compliance-related work possible for...</i>	+\$19 more than baseline fee	+\$9 more than baseline fee	+\$4 more than baseline fee
Option C – Option B plus additional resources for compliance-related work	\$207	\$100	\$50

# COMPARISON TO PEER JURISDICTIONS

JURISDICTION	PROGRAM BUDGET (FY 17-18)	RENT-STABILIZED UNITS	FY 2017-18 FEES (PER UNIT)	MEDIAN GROSS RENT (2012-2016 5-YEAR ESTIMATE)	PORTION OF FEE PASSED THROUGH TO TENANTS
<b>ACTIVELY ENFORCED RENT PROGRAMS</b>					
BERKELEY	\$5,125,740	19,093	\$270.00	\$1,434	50%; City may reimburse low-income tenants <i>(only applies to tenancies in effect before 1999)</i>
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)	10,381 fully covered units; 9,750 partially covered units	\$207.00 for fully covered units; \$100.00 for partially covered units; \$50 for gov. subsidized units (proposed Option C for FY 18-19)	\$1,242	50% (proposed – pending policy direction of the Board)

<sup>1</sup>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

# COMPARISON TO PEER JURISDICTIONS

JURISDICTION	PROGRAM BUDGET (FY 17-18)	RENT-STABILIZED UNITS	FY 2017-18 FEES (PER UNIT)	MEDIAN GROSS RENT (2012-2016 5-YEAR ESTIMATE)	PORTION OF FEE PASSED THROUGH TO TENANTS
<b>COMPLAINT-DRIVEN RENT PROGRAMS</b>					
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* (recovers 65% of cost)	\$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%

<sup>1</sup> 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

# 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 Tenants under rent control in monthly installments over the course of the year.
- ❖ 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 \$8.60 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 that the Board adopt such a policy following the City Council's adoption of the Fiscal Year 2018-19 Rental Housing Fee.

# STAFF RECOMMENDATIONS

- ❖ ADOPT Fiscal Year 2018-19 Budget Option C (robust enforcement through targeted compliance efforts and rent registration)
- ❖ APPROVE the Fiscal Year 2018-19 Rental Housing Fee Study
- ❖ RECOMMEND TO THE CITY COUNCIL adoption of a fee of \$207 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 for rent-controlled units, divided over each month's rent, for the Rent Board's consideration at a future meeting

**(3) PROPOSED TIMELINE**  
REVISED FISCAL YEAR 2018-19 BUDGET

# NEXT STEPS

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

**(4) RECOMMENDED ACTION**  
REVISED FISCAL YEAR 2018-19 BUDGET

# ITEM H-1 RECOMMENDED ACTION

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