



## 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, February 20, 2019**

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### **Boardmembers**

(Vacant Position)

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](http://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.

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## REGULAR MEETING OF THE RICHMOND RENT BOARD

### AGENDA

5:00 PM

**A. PLEDGE TO THE FLAG**

**B. ROLL CALL**

**C. STATEMENT OF CONFLICT OF INTEREST**

**D. AGENDA REVIEW**

**E. PUBLIC FORUM**

**F. RENT BOARD CONSENT CALENDAR**

- F-1.** APPROVE the minutes of the December 19, 2018, Regular Meeting of the Richmond Rent Board. ***This item was continued from the January 16, 2019, meeting.*** *Cynthia Shaw*
- F-2.** RECEIVE letters from community members regarding the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100. ***This item was continued from the January 16, 2019, meeting.*** *Cynthia Shaw*
- F-3.** RECEIVE the December 2018 Rent Program Monthly Report. ***This item was continued from the January 16, 2019, meeting.*** *Paige Roosa*
- F-4.** RECEIVE the January 2019 Rent Program Monthly Report. *Paige Roosa*
- F-5.** APPROVE a contract for community legal services with Bay Area Legal Aid in the amount of \$25,000 for Fiscal Year 2018-19. ***This item was continued from the January 16, 2019, meeting.*** *Nicolas Traylor*

**F-6.** RECEIVE the Rent Program FY 2018-19 Monthly Revenue and Expenditure Report through January 2019. *Paige Roosa*

**F-7.** RECEIVE report by Dr. Stephen Barton from the February issue of “Dollars and Sense” titled “The Economics of Residential Rent Control: The not so simple matter of supply and demand.” *Nicolas Traylor*

**G. STUDY AND ACTION SESSION**

**G-1.** RECEIVE draft, proposed Fiscal Year 2019-20 Rent Program operating budget options and corresponding draft Rental Housing Fee Study and PROVIDE direction to staff. *Nicolas Traylor*

**H. RENT BOARD AS A WHOLE**

**H-1.** (1) ADOPT a resolution establishing a limit on rent increases in LIHTC rental units not to exceed 5% per year and affirming the proposed amendments to Rent Board Regulation 204 as set forth by the Affordable Housing Ad Hoc Committee; (2) AMEND Regulation 204 to: (a) clarify those provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, Richmond Municipal Code, and California Civil Code, where, if violated, may result in a revocation of the exemption from Section 11.100.070 of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance as provided in Regulation 202; and (b) establish a process for revocation of such exemption. ***This item was continued from the January 16, 2019, meeting.*** *Nicolas Traylor  
Affordable Housing  
Ad Hoc Committee*

**H-2.** RECEIVE an update concerning the City of Richmond’s request for the Rent Program to administer housing-related ordinances and PROVIDE direction to staff. *Nicolas Traylor*

**I. REPORTS OF OFFICERS**

**J. 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](http://www.richmondrent.org).***

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# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 20, 2019

Final Decision Date Deadline: February 20, 2019

**STATEMENT OF THE ISSUE:** The minutes of the December 19, 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

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|---|--|--|
| <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 December 19, 2018, Regular Meeting of the Richmond Rent Board – Rent Program (Cynthia Shaw 620-5552).

AGENDA ITEM NO:

**F-1.**

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**RICHMOND, CALIFORNIA, December 19, 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, Vice Chair Gerould and Chair Gray.

**Absent:** None.

**STATEMENT OF CONFLICT OF INTEREST**

None.

**AGENDA REVIEW**

None.

**DEPARTMENT UNIT PRESENTATIONS – BILLING AND REGISTRATION UNIT**

Executive Director Nicolas Traylor presented on the duties of the Rent Program Billing and Registration Unit.

**AFFORDABLE HOUSING UPDATE**

Executive Director Nicolas Traylor gave updates on the progress of the Rent Board Ad Hoc Committee and the follow-up meeting with Heritage Park Management, Rent Program Staff Members, City Staff Members and Vice Mayor Willis regarding the power outage incident in October 2018.

**PUBLIC FORUM**

Cordell Hindler invited the Rent Board to attend community events that will be held during the months of December and January. He reported that he has reached out to Richmond Heights Council on their interest in learning about Rent Control, as well as other neighborhood councils and that he is awaiting a response.

**RENT BOARD CONSENT CALENDAR**

On motion of Boardmember Combs, seconded by Chair Gray, the item(s) marked with an (\*) were approved by the unanimous vote of the Rent Board:

\*H-1. Approve the minutes of the November 14, 2018, Special Meeting of the Richmond Rent Board.

\*H-2. The matter to receive letters from community members regarding the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100.

\*H-3. Receive the November 2018 Rent Program Monthly Report.

**STUDY AND ACTION SESSION**

I-1. The matter to (1) discuss City of Richmond adopted and proposed housing-related ordinances; (2) direct Rent Program staff to meet with City staff for the sole purpose of ascertaining the requested services from the Rent Program; and (3) report back to the Rent Board in January with an update was presented by Chair Gray, Community Economic and Development Director Shasa Curl, Acting Director of the Richmond Housing Authority Gabino Arredondo and Executive Director of Richmond Neighborhood Housing Services Nikki Beasley. The presentation included a discussion of collaborating with the Rent Program in implementing the adopted Fair Chance Ordinance, proposed Source of Income Ordinance and the proposed Tenant Screening Ordinance. Discussion ensued. The following individual gave comments: Nicole Montojo. A motion by Chair Gray, seconded by Boardmember Combs, to direct staff to continue to engage with city staff to further discuss City of Richmond adopted and proposed housing-related ordinances, for the sole purpose of ascertaining the requested services from the Rent Program and report back with an update the Rent Board in January, passed by the following vote: **Ayes:** Boardmembers Combs, Finlay, Maddock, Vice Chair Gerould and Chair Gray. **Noes:** None. **Abstentions:** None. **Absent:** None.

I-2. The matter to receive Tenant Buyout Agreement Policy Options and direct staff to (1) present the Rent Board's selected policy option during a study session at a meeting of the City of Richmond City Council and (2) work with City staff to develop a Buyout Agreement Ordinance was presented by Rent Program

Services Analyst Magaly Chavez. The presentation included a statement of the issue, background information, purpose of Buyout Agreement policies, research, findings, components of the proposed policy options, a proposed timeline, next steps and the recommended action. Discussion ensued. A motion by Chair Gray, seconded by Vice Chair Gerould, to receive Tenant Buyout Agreement Policy Options and direct staff to (1) present the Rent Board's selected policy option during a study session at a meeting of the City of Richmond City Council and (2) work with City staff to develop a Buyout Agreement Ordinance with the following recommendations: include the 4 components that staff recommended to be incorporated into any policy: (a) the Buyout Agreement must be written in the Tenants primary language, (b) the Buyout Agreement policy will cover all properties under Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, RMC 11.100, (c) the Buyout Agreement must contain anti-harassment language, (d) the Tenant has a right to rescind the Buyout Agreement at any time without penalty if the Buyout Agreement does not comply with the requirements of the Regulation; and to include (1) a requirement for the Landlord to give notice of the Buyout Agreement Rights to the Tenant, (2) a requirement for the Landlord to submit a copy of the Notice of Buyout Rights to the Rent Program prior to engaging in Buyout Agreement negotiations, (3) a provision that the Tenant has 45 calendar days to rescind once the Buyout Agreement is executed, (4) establish a minimum payout for the Buyout Agreement and that the minimum payments are tied to the Permanent Relocations payments due to Termination of Tenancy for Withdrawal From The Rental Market, as a qualified Tenant household and that the minimum payments are equal to the number of bedrooms as listed on the Relocation Fee Payment Table over time; 5) the Landlord is required to submit the Buyout Agreement to Rent Program within 20 calendar days; in terms of administrating and enforcement duties, the Rent Program will maintain a copy of all Buyout Agreements and Notice of Buyout Rights, staff will contact the Tenant identified on the submitted copy of the Notice of Buyout rights, the Rent Program will maintain a database that will be available to the public indicating data on compensation amounts and the neighborhood of the Buyout Agreements that's consistent with State Law; Rent Program staff will contact the Tenant and Landlord identified on the Buyout Agreement if the agreement does not comply with the Ordinance, and that there should be penalties for violating the Buyout Policy, with respect to the Tenant does have the private right of action to bring civil action against the Landlord for actual and statutory damages, not to exceed \$1000 per violation, passed by the following vote: **Ayes:**

Boardmembers Combs, Finlay, Maddock, Vice Chair Gerould and Chair Gray. **Noes:** None. **Abstentions:** None. **Absent:** None.

**REPORTS OF OFFICERS**

Executive Director Nicolas Traylor informed the Board of the City Offices Holiday closure from December 24, 2018 to January 1, 2019, reopening on January 2, 2019. He also wished everyone a happy holiday.

**ADJOURNMENT**

There being no further business, the meeting adjourned at 8:53 P.M.

Paige Roosa and Bailey Maher  
Staff Clerks

(SEAL)

Approved:

\_\_\_\_\_  
David Gray, Chair

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 20, 2019

Final Decision Date Deadline: February 20, 2019

**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:  
**F-2.**

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## ITEM F-2 ATTACHMENT 1

**From:** Ilona Clark [mailto:in70clark@gmail.com]

**Sent:** Tuesday, December 18, 2018 11:31 PM

**To:** Christina; Linda Newton; Lori Wickliff; Mike Vasilas; Nathan Clark; Norma LaBat; Vinay Pimplé; Ben Choi; Eduardo Martinez; Jael Myrick; Tom Butt - external; Bill Lindsay; Melvin Willis; Cynthia Shaw; Paige Roosa; David Gray; Emma Gerould; Lauren Maddock; Nancy coombs; Nicolas Traylor; Rent Program; Paul Cohen; Virginia Finlay; Demnlus Johnson III; Nathaniel Bates; Rhovy Lyn Antonio

**Subject:** Re: Housing Ordinances and the Richmond Rent Program

Previously mentioned participants of the October 30 meeting (sorry for the omission):

Those is attendance:

Shasa Curl- City of Richmond, City Managers Office

Charice Duckworth- City of Richmond

Thomas Omolo- City of Richmond

Chala Bonner- Safe Return project

Ilona Clark AURHP ( The Local voice of Housing Providers in Richmond)

Mike Vasilas- AURHP( the Local voice of Housing Providers in Richmond)

Cymone Goree- RNHS

Nikki Beasley RNHS

Nicole Montojo- HAAS Institute

On Tue, Dec 18, 2018 at 7:45 AM Ilona Clark <[in70clark@gmail.com](mailto:in70clark@gmail.com)> wrote:  
To the Rent Board and the City Council

Our group (AURHP) attended a meeting on October 30th with the participants listed below, to discuss housing policy being considered for a vote by the city council:

"Fair Chance Access to Affordable Housing" and the "Source of Income Housing Ordinances" were discussed at this meeting.

At that time, it was mentioned that a follow up meeting would be in order. To our knowledge, this has not happened. We discussed the need to assess the amount of time it takes for housing providers to be approved to provide subsidized housing (section 8). My subsequent emails with participants do not indicate that the requested research has been completed.

As we have pointed out to the group, some of the wording needs work and the ordinance, as written, seems purely punitive and provides no incentive to participate in subsidized housing programs, nor to make participation easier. Rhovy Antonio, of CAA, has

## ITEM F-2 ATTACHMENT 1

expressed an interest in this subject and has experience with incentives that have proven effective in other jurisdictions. Punitive regulations and poorly-worded ones tend to decrease the quantity and quality of housing, leaving those who need help most even more vulnerable. We must consider education, incentives and cutting of red tape for housing providers first.

We are not sure why the Richmond Rent Program is choosing to review these proposed regulations before the studies have been completed and before the City Council has reviewed them; this is premature and a poor use of the Richmond Rent Program's resources.

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Be kind, for everyone you meet carries a heavy burden.

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Be kind, for everyone you meet carries a heavy burden.

**ITEM F-2  
ATTACHMENT 2**

**From:** Nicole Montojo [<mailto:nmontejo@berkeley.edu>]  
**Sent:** Monday, December 17, 2018 2:52 PM  
**To:** Rent Control  
**Cc:** Shasa Curl; Charice Duckworth; Thomas Omolo; Nikki Beasley; Evan Bissell  
**Subject:** Re: 12/19/18 Rent Board Meeting - Item I-1

Dear Boardmembers Combs, Finlay, Gerould, Gray, and Maddock,

I am writing in regard to Item I-1 on the December 19 Rent Board meeting agenda on behalf of the five organizations (ACCE, Haas Institute for a Fair and Inclusive Society, Richmond Neighborhood Housing Services, RPA, and Safe Return Project) who drafted the two renter protection ordinances that are included in pages 67-77 of your meeting packet.

Since we presented these draft ordinances to the City Council on September 25, we have been working to refine them, ensure that they are aligned with existing state law, and incorporate feedback that we have received. Attached are revised drafts of both ordinances for your review. The content of both ordinances remains largely the same; there are just a few substantive changes, which are highlighted in yellow.

Thank you in advance for your consideration.

Sincerely,  
Nicole Montojo

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**Nicole B. Montojo**  
Housing Research Analyst  
Haas Institute for a Fair & Inclusive Society  
[haasinstitute.berkeley.edu](http://haasinstitute.berkeley.edu)

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Updated 12/13/18

**TITLE & PURPOSE**

**Source of Income Housing Ordinance**

Accordingly, the purpose of this chapter is to promote greater health equity for all Richmond Residents by helping to alleviate the housing crisis. This chapter maximizes the utilization of housing assistance programs by further ensuring safeguards to existing rights of tenants to be free of certain discrimination based on their source of income, use of a rental subsidy and to encourage housing providers to participate in the Richmond Housing Authority's Public Housing program and Housing Choice Voucher Program (commonly known as Section 8), and those receiving other forms of public assistance.

**FINDINGS:**

- a) The City of Richmond General Plan Program states in the 5th Cycle Housing Element Goal H-4: Equal Housing Access for All that it will, "Strive to achieve equal housing access for all people regardless of race, religion, gender, marital status, age, ancestry, national origin, color, sexual orientation, familial status, source of income, or disability."
- b) The City of Richmond General Plan Program states in the 5th Cycle Housing Element Policy H-4.1.1: Housing Choice Voucher Program that it will, "Continue to administer the City's Section 8 Housing Choice Voucher Program and maximize the program's utilization. Continue monitoring key program performance indicators such as attrition rates, fail-to-lease ratios, and waitlist size. Continue to work with local affordable housing developers to provide project-based vouchers. Respond to any future Notices of Funding Availability (NOFA) and apply for more vouchers."
- c) The General Plan of the City of Richmond states in the Policy H-4.2: Discrimination Prevention that it seeks to "Identify, monitor and prevent discriminatory housing practices."
- d) The General Plan of the City of Richmond states in the 5th Cycle Housing Element, Policy H2.7: Balanced Neighborhoods that it seeks to "Encourage a balance of housing incomes within neighborhoods to ensure a healthy mix of affordable and market rate housing and to deconcentrate poverty." Research shows that Section 8 and source of income discrimination can contribute to maintaining economically segregated neighborhoods, which is counter to the goals of the City's General Plan (Austin Tenants' Council, "Voucher Holders Need Not Apply: An Audit Report on the Refusal of Housing Choice Vouchers by Landlords in the Austin MSA.")
- e) The General Plan of the City of Richmond states in the 5th Cycle Housing Element Goal H-3: Expanded Housing Opportunities for Special Needs Groups that it seeks to, "Promote the expansion of housing opportunities for all special needs groups, including seniors, female-headed households, persons with disabilities, first-time homebuyers, large families, former prison inmates reentering the workforce, and homeless individuals and families." Nationwide, half (51 percent) of the households that received voucher assistance in 2016 were elderly or disabled, and nearly half (44 percent) have minors in the home (Center for Budget Policy and Priorities, 2017).
- f) As stated in the Health in All Policies Ordinance (Chapter 9.15) and Strategy document, The City of Richmond is committed to achieving the highest level of health for all Richmond residents. Good health is in the interest of everyone in Richmond and the region, since being healthy enhances quality of life, improves workforce productivity, increases the capacity for learning,

## ITEM F-2 ATTACHMENT 2

strengthens families and communities, supports environmental sustainability and helps reduce stress and feelings of insecurity.

- g) Action 4F in the Health in All Policies Strategy has the goal to, “Protect neighborhoods from gentrification that leads to the displacement of residents.”
- h) Action 4H in the Health in All Policies Strategy has the goal to, “Develop homelessness prevention program & enhance temporary and emergency shelter for families.”
- i) The Richmond Housing Authority owns, manages, and/or subsidizes various types of publicly subsidized housing, including Project-based Section 8 units, section 202 senior housing, public housing units, tax-credit financed affordable housing, and housing rented with Section 8 workers. Publicly supported affordable housing programs are essential to meeting the housing needs of low-income Richmond residents.
- j) RHA can assist 1851 families, but currently has ~ 1701 units under lease. Many tenants who qualify for Section 8 rental assistance are unable to benefit from it. This results in a significant loss of income for the RHA and housing challenges for those residents. (Conversation with Richmond Housing, August 2018)
- k) The RHA waitlist includes 838 people from when it was opened in 2013 and an additional 1000 were added when the waitlist was opened in November, 2017. (Conversation with Richmond Housing, August 2018)
- l) The Richmond Housing Authority, which administers the Section 8 rent subsidy program, reports a shortage of housing providers participating in the Section 8 program and that many tenants who qualify for Section 8 rental assistance are unable to benefit from it because of the unavailability of participating housing providers.
- m) Richmond residents who are Section 8 voucher holders report difficulty in finding housing due to a smaller number of properties open to Section 8 holders. Other jurisdictions in the United States have seen upwards of 12 percent increase in acceptance of Section 8 Housing Choice Vouchers when similar ordinances have been passed barring the refusal to accept Section 8 Housing Choice Vouchers to pay for apartments.
- n) Richmond Section 8 voucher holders frequently report that housing providers say that Section 8 voucher holders are not accepted because “previous Section 8 voucher holders previously damaged their property.” In these instances, housing providers’ perception of Section 8 holders prevents them from accessing housing opportunities without giving the individual a chance to share references or demonstrate the ability to pay rent.
- o) It is not uncommon to find postings for apartments that state that they do not accept Section 8.
- p) Research shows that in desirable housing markets, Section 8 holders have limited mobility and are concentrated in neighborhoods with lower health outcomes (Center for Budget Priorities and Policies, 2015)
- q) For Section 8 holders, the median rent in Richmond is unaffordable. According to Zillow, the median rent for a 2 bedroom apartment in Richmond in May 2017 was \$2,211. The payment standard for Section 8 Housing Choice Voucher holders during this same time was \$1,893.
- r) As stated in the Health in All Policies strategy Action 4F, a lack of affordable housing or the increased use of deteriorated housing can have serious health implications. The difficulty of finding decent, stable housing for Section 8 holders in Richmond is an acute challenge to the dignity, public health, and equal opportunity for this population and the broader community.
- s) California Government Code §12921 prohibits housing discrimination based on source of income as defined by §12955(p)(1), which does not protect Housing Choice voucher holders as established by case law (SABI v. Sterling, 183 Cal.App.4th 916 (2010)); and California and federal law further requires the City of Richmond to identify impediments to providing affordable housing and to develop strategies for removing those impediments. In order to fulfill its

## ITEM F-2 ATTACHMENT 2

commitment to fair housing, to increase affordable housing opportunities, and to fulfill its legal obligations it is necessary to prohibit housing discrimination based on source of income.

### DEFINITIONS:

- A. "Affordable Housing" means any residential building in Richmond that has received City, State, or Federal fundings, tax credits, and other subsidies connected in whole or in part to developing, rehabilitating, restricting rents, subsidizing ownership, or otherwise providing housing for extremely low income, very low income, low income, and moderate income households.
- B. "Source of Income" means all lawful sources of income or rental assistance program, homeless assistance program, security deposit assistance program or housing subsidy program, including but not limited to the Section 8 Housing Choice Voucher Program. Source of income includes any requirement of any such program or source of income or rental assistance.
- C. "Section 8" refers to the federal housing choice voucher program for income-qualified households. It assists very low-income families, the elderly, and the disabled to afford decent, safe, and sanitary housing in the private market. Local PHA pay the housing provider the amount equal to the difference between the tenant portion of the rent (30 percent of adjusted income, 10 percent of gross income, or the portion of welfare assistance designated for housing ) and the contract rent. HUD pays the PHA an administration fee to cover costs of running the program, including accepting and reviewing applications, recertifying eligibility, and inspecting the rental units. Housing choice vouchers are administered locally by the RHA. The RHA receives federal funds from the U.S. Department of Housing and Urban Development (HUD) to administer the voucher program. The participant is free to choose any housing that meets the requirements of the program, and is not limited to units located in subsidized housing projects.
- D. "Housing Provider" shall mean any individual or entity that owns, master leases, manages, or develops Affordable Housing or market-rate housing in the City. Any agent, such as a property management company, that makes tenancy decisions on behalf of the above described entities shall also be considered a "Housing Provider."
- E. "Inquire" shall mean any direct or indirect conduct intended to gather information about source of income from or about an applicant, candidate potential applicant or candidate, or employee, using any mode of communication, including but not limited to application forms, interviews, and background check reports.

### ORDINANCE:

**Prohibited Activity.** It shall be unlawful for any Housing Provider, person or persons to do any of the following acts wholly or partially because of a person's actual or perceived [race, color, ancestry, national origin, place of birth, sex, age, religion, creed, disability, sexual orientation, gender identity and] source of income:

1. To interrupt, terminate, or fail or refuse to initiate or conduct any transaction in real property, including, but not limited to, the rental thereof; to require different terms for such transaction; or falsely to represent that an interest in real property is not available for transaction;

## ITEM F-2 ATTACHMENT 2

2. To include in the terms or conditions of a transaction in real property any clause, condition or restriction;
3. to refuse or restrict facilities, services, repairs or improvements for any tenant or lessee;
4. To make, print, publish, advertise or disseminate in any way, or cause to be made, printed or published, advertised or disseminated in any way, any notice, statement or advertisement with respect to a transaction in real property, or with respect to financing related to any such transaction, which unlawfully indicates preference, limitation or discrimination based on source of income.

**Prohibited Economic Discrimination.** It is unlawful for any person to use a financial or income standard for the rental of housing that does either of the following:

1. Any rental payments or portions of rental payments that will be made by other individuals or organizations on the same basis as rental payments to be made directly by the tenant or prospective tenant;
2. Fails to account for the aggregate income of persons residing together or proposing to reside together or an aggregate income of tenants or prospective tenants and their cosigners or proposed cosigners or proposed cosigners on the same basis as the aggregate income of married persons residing together or proposing to reside together.
3. Fails to account for any source of income in the form of a rent voucher or subsidy. If a landlord requires that a prospective tenant or current tenant have a certain threshold level of income, any source of income in the form of a rent voucher or subsidy must be subtracted from the total of the monthly rent prior to calculating if the income criteria have been met.

### **Records to Be Maintained.**

- A. The Housing Provider must maintain records of all Section 8 applicant denials and the reason for denial.
- B. The Housing provider shall maintain such records for a period of three years from the date of the application.
- C. The Housing Provider shall permit the City access to these records for the purpose of making an audit, examination or review of performance data pertaining to this Ordinance

### **Remedies/Penalties.**

Any housing provider who violates this Ordinance shall be liable for an amount up to four and one-half times the monthly rent of the real property at issue.

### **Civil Injunctive Relief.**

Any aggrieved person may enforce the provisions of this chapter by means of a civil injunctive action. Any person who commits, or proposes to commit, an act in violation of this chapter may be enjoined there from by any court of competent jurisdiction. An action for injunction under this section may be brought by any aggrieved person, by the city attorney, the district attorney, or by any person or entity which will fairly and adequately represent the interests of the protected class and the prevailing party may also recover court costs and reasonable attorney's fees.

### **Exceptions.**

## ITEM F-2 ATTACHMENT 2

Nothing in this chapter shall be deemed to permit any rental or occupancy of any dwelling unit or commercial space otherwise prohibited by law.

### **Severability.**

If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional or invalid, such a decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance irrespective of the unconstitutionality or invalidity of any section, subsection, subdivision, paragraph, sentence, clause or phrase.

### **Effective Date.**

This Ordinance becomes effective six (6) months after its final passage and adoption.

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**Updated 12/13/18**

**TITLE & PURPOSE**

**Fair Tenant Screening Ordinance**

The purpose of this chapter is to promote neighborhood and community stability, fair and equal housing access, and affordability for renters in the City of Richmond by ensuring transparency in costs incurred by prospective tenants for tenant screening reports required by landlords as part of rental housing application processes. This chapter would require landlords to accept a verified and secure third party tenant screening report provided by the screening company on behalf of tenants when applying for rental housing. Prospective tenants would be able to use this report as many times as needed within a thirty day period for a single fee paid to third party companies who provide this service.

**FINDINGS:**

- (a) The City of Richmond, like other Bay Area jurisdictions, is facing a shortage of affordable housing.
- (b) Approximately one half of the Richmond residents are renters, and the percentage of overburdened Richmond renters increased from 34 percent in 2000 to 46 percent in 2015.
- (c) Application fees for rental housing create additional cost burdens for renters seeking new housing, often resulting in the exclusion of low-income people from applying for multiple housing options due to hardship of affording these fees. These fees are compounded with other deposits and advance rental payments which are often required in a competitive housing market.
- (d) Rental housing application fees are used by landlords to purchase tenant screening reports from third-party companies that are used to evaluate and select tenants for their rental properties. Tenant screening reports contain information about an applicant's credit, eviction, and criminal history, among other characteristics. Housing providers may purchase criminal background reports from countless private consumer reporting agencies. There are well over 600 companies offering consumer reports for residential tenant screening.
- (e) Applicants who apply for housing with multiple housing providers pay repeated screening fees for reports from different sources containing similar information. It is well documented that tenant screening reports often contain misleading, incomplete, or inaccurate information, such as information collected on someone with the same name, or information relating to expunged records, that may be unfairly used as a basis for denial of a prospective tenant's application.
- (f) Prospective landlords frequently do not provide applicants with a copy of their tenant screening report or a reason for denial of their application, and this lack of transparency makes it very difficult for prospective tenants to dispute potential errors and ensure the fair consideration of their application.
- (g) In accordance with the City's Fair Chance Access to Affordable Housing Ordinance (Chapter 7.110 of Article VII), this law would help ensure that affordable housing providers aren't improperly inquiring about prospective tenants' prior conviction status.

## ITEM F-2 ATTACHMENT 2

- (h) The excessive costs and lack of transparency associated with tenant screening reports particularly impact Section 8 voucher holders, whose housing choices are already severely constrained by the shortage of housing providers participating in the Section 8 program.
- (i) Private screening companies are governed by the federal Fair Credit Reporting Act (FCRA) and state consumer protection laws. Under these laws, individuals have the right to know what information is included in the files of consumer reporting agencies, be told if information in a consumer report has been used to take adverse action against them, and dispute incomplete or inaccurate information within a report. Consumer reporting agencies are also required to correct or delete inaccurate, incomplete, or unverifiable information under the FCRA.
- (j) The General Plan of the City of Richmond states in the Policy H-4.2: Discrimination Prevention that it seeks to “Identify, monitor and prevent discriminatory housing practices.”
- (k) The City of Richmond General Plan Program states in the 5th Cycle Housing Element Goal H-4: Equal Housing Access for All that it will, “Strive to achieve equal housing access for all people regardless of race, religion, gender, marital status, age, ancestry, national origin, color, sexual orientation, familial status, source of income, or disability.”
- (l) As stated in the Health in All Policies Ordinance (Chapter 9.15) and Strategy document, The City of Richmond is committed to achieving the highest level of health for all Richmond residents. Housing insecurity and the challenges of finding housing in a competitive market is a major source of chronic stress which can lead to reduced health outcomes.

### DEFINITIONS:

- (a) "Prospective tenant" shall mean a tenant, subtenant, lessee, sublessee or any other person who applies for residential housing that is governed under this chapter.
- (b) "Housing provider" shall mean any person or entity that owns, master leases, manages, or develops Affordable Housing or market-rate housing in the City. Any agent, including but not limited to a property management company, that makes tenancy decisions on behalf of one or more of the above-described entities shall also be considered a "housing provider."
- (c) "Tenant screening" shall mean using written or oral information about a prospective tenant in deciding whether to make or accept an offer for a prospective tenant to rent a residential rental property.
- (d) "Tenant screening agency" shall mean any person or entity which, for monetary fees, dues, or on a cooperative nonprofit basis, regularly engages in whole or in part in the practice of assembling or evaluating information about prospective tenants, including but not limited to credit history, eviction history employment history and conviction history, for the purpose of furnishing reports to housing providers.
- (e) "Comprehensive tenant screening report" shall mean a written communication prepared and provided by a tenant screening agency that includes, at a minimum, a prospective tenant's credit history and eviction history that a housing provider can use for purposes of tenant screening. A comprehensive tenant screening report may, but does not have to, contain additional information

## ITEM F-2 ATTACHMENT 2

about a prospective tenant, such as employment history and Conviction History (as defined by section g).

- (f) "Reusable comprehensive tenant screening report" shall mean a comprehensive tenant screening report that is: (i) prepared by a tenant screening agency at the request of a prospective tenant; (ii) paid for by a prospective tenant; (iii) made available directly to a housing provider by the tenant screening agency; and (iv) reusable any number of times by a prospective tenant for a period of thirty days. The information included in any reusable comprehensive tenant screening report must comply with the federal Fair Credit Reporting Act, the California Consumer Credit Reporting Agencies Act, and/or the California Investigative Consumer Credit Reporting Agencies Act, as applicable.
- (g) "Conviction history" shall mean information regarding one or more convictions or unresolved arrests, transmitted orally or in writing or by any other means, and obtained from any source, including but not limited to the individual to whom the information pertains, public records or a commercially operated database relying on public records. Conviction History that may be considered by a housing provider is limited to Richmond's Fair Chance Access to Affordable Housing Ordinance (Chapter 7.110 of Article VII).
- (h) "Eviction history" shall mean information containing or summarizing the contents of any records of unlawful detainer actions concerning the prospective tenant that are reportable in accordance with state law and are lawful for landlords to consider as part of tenant screening.
- (i) "Adverse action" shall mean any action by a housing provider that is unfavorable to the interests of a prospective tenant. Examples of common adverse actions by housing providers in regard to the rental application process include: failing or refusing to rent or lease real property to an individual with or without cause, requiring a co-signer on the lease, requiring a deposit that would not be required for another applicant, requiring a larger deposit than might be required for another applicant, and raising the rent to a higher amount than for another applicant. Other adverse actions in the context of housing include: evicting a tenant, failing or refusing to add a household member to an existing lease, or reducing any tenant subsidy. The adverse action must relate to real property in Richmond.
- (j) "Reasonable attorneys' fees," where authorized in this chapter, shall mean an amount to be determined including the following factors: The time and labor required, the novelty and difficulty of the questions involved, the skill requisite to perform the legal service properly, the fee customarily charged in the locality for similar legal services, the amount involved and the results obtained, and the experience, reputation and ability of the lawyer or lawyers performing the services.

### **ORDINANCE:**

#### **Required acceptance of reusable comprehensive tenant screening reports.**

- (a) If a housing provider wishes to conduct tenant screening on a prospective tenant, the housing provider must accept a reusable comprehensive tenant screening report made available by a tenant screening agency directly to the housing provider at no cost.

## ITEM F-2 ATTACHMENT 2

- (b) The housing provider may not charge a fee to the prospective tenant in connection with the housing provider's access to or receipt or review of a reusable comprehensive tenant screening report.
- (c) A housing provider may conduct tenant screening of prospective tenants in addition to the reusable comprehensive tenant screening report, provided that the housing provider does not charge the prospective tenant for or in connection with such additional tenant screening except to the extent such additional screening does not duplicate information already included in the reusable comprehensive tenant screening report provided to the housing provider.

### **Notice to prospective tenants.**

- (a) A housing provider shall provide written notice to all prospective tenants stating that the housing provider will accept a reusable comprehensive reusable tenant screening report furnished directly by a tenant screening agency if the prospective tenant so elects. The notice to prospective tenants must be featured at least as prominently as any other information about the housing provider's application process and must be included in the following:
  - 1. Any printed or electronic rental housing application form;
  - 2. Any website or online listing(s) maintained by the housing provider advertising the rental of a dwelling unit or as a source of information for current or prospective tenants;
  - 3. Any written or printed information prepared by or on behalf of the housing provider advertising the rental of a dwelling unit
- (b) Housing providers shall provide written notice to notify prospective tenants of the following information prior to obtaining any information about the prospective tenant or collecting any application fees:
  - 1. The landlord's tenant screening policy or criteria;
  - 2. If the housing provider conducts tenant screening of prospective tenants in addition to the reusable comprehensive tenant screening report, the name and address of any tenant screening agency used to conduct the additional screening and the prospective tenant's rights to obtain a free copy of the consumer report in the event of a denial or other adverse action, and to dispute the accuracy of information appearing in the consumer report.

### **Adverse action.**

If a housing provider takes an adverse action against a prospective tenant based on any information provided by a tenant screening agency, the housing provider shall provide written notice of the adverse action to the prospective tenant that states the reasons for the adverse action. The adverse action notice must contain all information as may be required under the federal Fair Credit Reporting Act, the California Consumer Credit Reporting Agencies Act, or the California Investigative Consumer Credit Reporting Agencies Act.

### **Records to be maintained.**

- (a) The housing provider shall maintain records of all adverse actions taken against any prospective tenant, as well as records of notices of adverse action sent in fulfillment of this Ordinance's requirements.
- (b) The housing provider shall maintain such records for a period of three years from the date of any prospective tenant's application.
- (c) The housing provider shall permit the City access to these records for the purpose of making an audit, examination or review of performance data pertaining to this Ordinance

**Remedies/Penalties.**

Any housing provider who violates this Ordinance shall be liable to the prospective tenant for an amount not to exceed three times any amount charged to a prospective tenant in violation of this Ordinance or five hundred dollars, whichever is greater.

**Civil Injunctive Relief.**

Any aggrieved person may enforce the provisions of this chapter by means of a civil injunctive action. Any person who commits, or proposes to commit, an act in violation of this chapter may be enjoined therefrom by any court of competent jurisdiction. An action for injunction under this section may be brought by any aggrieved person, by the city attorney, the district attorney, or by any person or entity which will fairly and adequately represent the interests of the protected class. The prevailing party in any such action may also recover court costs and reasonable attorney's fees.

**Exceptions.**

Nothing in this chapter shall be deemed to permit any rental or occupancy of any dwelling unit or commercial space otherwise prohibited by law. Nothing in this chapter shall be deemed to permit or require any housing provider to utilize any particular method of tenant screening or to conduct any tenant screening in violation of any local, state or federal law.

**Severability.**

If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance is for any reason held to be unconstitutional or invalid, such a decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause or phrase of this Ordinance irrespective of the unconstitutionality or invalidity of any section, subsection, subdivision, paragraph, sentence, clause or phrase.

This section does not limit a prospective tenant's rights or the duties of a tenant screening agency or of a housing provider as otherwise provided in the federal Fair Credit Reporting Act, the California Consumer Credit Reporting Agencies Act, or the California Investigative Consumer Credit Reporting Agencies Act.

**Effective Date.**

This Ordinance shall become effective six (6) months after its final passage and adoption.

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December 17, 2018

Richmond Rent Board  
440 Civic Center Plaza  
Richmond, CA 94804

Dear Mr. Traylor,

We understand that there is a Rent Board meeting December 19. Unfortunately, we have a prior commitment that we were not able to reschedule. However, as we had agreed to during our last conversation, USA Properties would like to provide the Rent Board with an update of the projects and concerns we have been addressing at Heritage Park at Hilltop within the last 30 days.

1. A resident meeting was hosted November 20 that approximately 70 residents attended. The meeting was an open forum for residents to voice concerns to management. The feedback we received from residents has been instrumental in determining our actions moving forward.
2. We have made staffing changes within the apartment community's management office. A temporary Community Manager and Assistant Manager are in place while we finalize our staffing plan, and we are committed to hiring a full-time, regular management team as soon as possible.
3. As compensation for the lack of on-site management presence during the October 27 power outage, we issued a one-day rent credit to all residents. The credit was issued for the December rent period.
4. We have completed a comprehensive inspection of our fire systems with a third-party company, including a review of the fire alarm panels, fire extinguisher, and fire doors, and have completed any recommended repairs.

## ITEM F-2 ATTACHMENT 3

5. On December 5, 2018, a joint agency inspection was conducted with the Richmond Fire Department, Building Department and Code Enforcement, and Police Department. There were no immediate corrections noted or citations issued from this inspection. To date, we have received one report from the Crime Free Housing team and we are reviewing its recommendations. We are pending receipt of the additional agency reports.
6. We are purchasing portable evacuation chairs for each stairwell based on the recommendation of the fire department.
7. We are continuing our feasibility analysis of a temporary generator(s) for the building.
8. The issue of feces in the laundry equipment appears to be caused by residents with incontinence issues that are not pre-washing soiled items prior to using the common laundry facility in building A. To address this sensitive concern, we have posted signage that advises residents to prewash any soiled clothing prior to using the laundry equipment. We are also working with our social services provider to help educate our residents on this issue and provide assistance as needed.
9. We have inspected all call boxes to the buildings and have made any necessary repairs.
10. We have purchased emergency kits for each households. These kits are anticipated to arrive this week (December 17). Once received, we will coordinate a resident meeting where the kits will be discussed and distributed.
11. We are auditing the parking plan for the community to ensure that all households are in compliance. There are only 123 parking spaces within the community to accommodate 192 apartment homes, so waiting lists are maintained accordingly.
12. As a follow up to the resident meeting, we have met one on one with all residents that requested a private meeting to discuss their concerns or maintenance needs directly.
13. We will be executing a contract to begin a drive-through security patrol service for the community.
14. On December 5, 2018, LifeSTEPS, our social services provider, held a meeting to show residents how to register and use the PG&E text alert program. Ten residents attended for the meeting.
15. On December 14, 2018, we hosted our annual Holiday Party for residents. Approximately 75 people were in attendance for this celebration.

**ITEM F-2  
ATTACHMENT 3**

16. At the request of residents, effective January 1, 2018, the community room will remain open daily until midnight.

If you have any questions or would like to discuss our handling of the situation, please feel free to contact me directly at 916-886-1260.

Sincerely,

USA Properties Fund, Inc.  
USA Multifamily Management, Inc.

*Angie Monges*

Angie Monges  
Regional Manager

*Victoria Critchfield*

Victoria Critchfield  
Vice President, Operations

Cc: USA Properties Fund, Inc., Geoff Brown, President  
USA Multifamily Management, Inc  
April Atkinson, President  
City of Richmond, Melvin Willis, Vice Mayor

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# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 20, 2019

Final Decision Date Deadline: February 20, 2019

**STATEMENT OF THE ISSUE:** The Monthly Activity Report is designed to provide members of the Rent Board and Richmond community with a summary of the Rent Program's activities for the month. Staff members find it timely to begin producing such reports on a monthly basis.

## 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 the December 2018 Rent Program Monthly Report - Rent Program (Paige Roosa 620-6537).

AGENDA ITEM NO:

**F-3.**

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MEMORANDUM

**TO:** Chair Gray and Members of the Rent Board  
**FROM:** Paige Roosa, Deputy Director  
**DATE:** January 16, 2019  
**SUBJECT:** DECEMBER 2018 MONTHLY ACTIVITY REPORT

---

**Introduction**

The Monthly Activity Report is designed to provide members of the Rent Board and Richmond community with a summary of the Rent Program's activities for the month. It is anticipated that the format, content, and detail of this report will evolve over time. Feedback concerning this report may be submitted via email to [rent@ci.richmond.ca.us](mailto:rent@ci.richmond.ca.us) or by calling (510) 234-RENT (7368).

**December Department Highlights**

*Rent Program staff assembled and mailed over 2,900 tailored Property Enrollment and Tenancy Registration form packets and developed an internal strategy for efficient processing of the submitted information.*

All Rent Program staff members assisted during the month of December on the comprehensive Property Enrollment and Tenancy Registration project. This large project required dedicated time from all staff on an assembly line to compile the packets. City of Richmond IT Department staff members have been and continue to be instrumental in the development of the online billing, Property Enrollment, and Tenancy Registration systems. Forms are expected to be completed by property owners and returned to the Rent Program no later than January 14, 2019, to provide staff members with ample time to process the submitted information and issue FY 2018-19 Rental Housing Fee invoices during the winter months (January - March).

*The December Community Workshop, titled "Evictions 101 - Landlord Oriented," provided information and guidance to Landlords regarding Just Cause for Eviction requirements and the eviction process in the City of Richmond.*

The December Community Workshop was attended by 23 community members, who gained insights and tips about the Just Cause for Eviction requirements in the City of Richmond, as well as the steps involved in the unlawful detainer (eviction) process. Rent Program Services Analyst Vickie Medina conducted a presentation of the applicability of the Just Cause for Eviction requirements, eviction noticing requirements, examples of the eviction process in Richmond, and tips and pitfalls in the eviction process. Following the presentation, community members were provided an opportunity to ask questions of staff. Presentation materials are accessible at <http://www.ci.richmond.ca.us/3541/Workshops>.

**Summary of Activities**

**I. Department Unit Activities**

<b>FRONT OFFICE UNIT</b>	<b><i>Occurrences</i></b>
Persons Assisted By Front Office Unit (without referral to an Analyst)	229
Declarations of Exemption Processed	27
Enrollment Forms Entered into Database	9
Invoices Generated	3
Termination of Tenancy Informational Letters mailed to Property Owners and Tenants in receipt of a Notice of Termination of Tenancy filed with the Rent Program	17
Hard Copy Termination Notices Processed	5
Hard Copy Rent Increase Notices Processed	14

<b>PUBLIC INFORMATION UNIT</b>	<b><i>Occurrences</i></b>
<b>Total Consultations Provided by a Rent Program Services Analyst</b>	723
Calls Received (Phone Counseling Sessions)	281
Walk-Ins (Includes Appointments)	251
Emails Received	191
<b>Total Consultations Provided in a Language other than English</b>	71
Consultations Provided in Spanish	67
Consultations Provided in Cantonese	5
Legal Service Referral Forms Completed	4
Informal Mediations Conducted	10
Formal Mediations Held	2
Courtesy Compliance Letters Mailed	6
Invoices Generated	17
Community Workshop Attendees (12/8/18 Evictions 101 - Landlord Oriented)	23
Tenants Assisted	52
Landlords Assisted	62
Property Managers Assisted	9

## ITEM F-3

<b>BILLING AND REGISTRATION UNIT/COMPLIANCE UNIT</b>	<i>Occurrences</i>
Enrollment/Tenancy Registration Packets Mailed	2,919
Enrollment Forms Processed	11
Tenancy Registration Forms Processed	0
Invoices Generated	650
Payments/Checks Processed	30
Property Information Updated	10
Payments Returned	0
Refunds Issued	0
Phone Call Consultations	79
Walk-In Consultations	6
Email Consultations	31
<b>Total Revenue Collected Between 12/01/18 - 12/31/18</b>	<b>\$71,758</b>
FY 17/18 Revenue Collected between 12/01/18 - 12/31/18	\$11,602
Total FY 17/18 Revenue Collected (through 1/2/19)	\$2,076,096
Monthly FY 18/19 Revenue Collected between 12/1/18 - 12/31/18	\$60,156
Total FY 18/19 Revenue Collected (through 1/2/19)	\$553,449
Compliance Actions (Reviewing records, exemption status, owner addresses, etc.)	410

<b>LEGAL UNIT</b>	<i>Occurrences</i>
Public Records Act Requests Received	2
Ellis Termination Notices Reviewed	1
Owner Move-In Eviction Notices Reviewed	3

<b>HEARINGS UNIT</b>	<i>Occurrences</i>
<b>Total Landlord Petitions Received</b>	<b>3</b>
Maintenance of Net Operating Income Petitions Received	3
<b>Total Tenant Petitions Received</b>	<b>3</b>
Excess Rent or Failure to Return Security Deposit Petitions Received	2
Decrease in Space or Services, Deterioration, Habitability Petitions Received	1
<b>Total Number of Cases Closed</b>	<b>7</b>
Decisions Ordered	3
Cases Settled	2
Cases Appealed	1
Petitions Withdrawn	1

## ITEM F-3

HEARINGS UNIT (continued)	Occurrences
<b>Total Number of Calls/Walk-Ins/Emails</b>	<b>36</b>
Calls/Placed Received (Regarding Hearings and Petitions)	10
Walk-Ins (Regarding Hearings and Petitions)	4
Emails Sent/Received (Regarding Hearings and Petitions)	22

### II. Online Notices Filed with the Rent Program

<i>Type of Form</i>	<i>Monthly Submissions/ Notices Filed</i>	<i>Prior Month Total</i>	<i>% Change from Prior Month</i>
Proof of Excess Rent Refund	10	11	-9.1%
Change in Terms of Tenancy Notices Filed	5	14	-64.3%
Rent Increase Notices Filed	156	81	92.6%
Termination Notices Filed <sup>1</sup>	433	489	-11.5%
<i>Applicable Just Cause for Eviction – Nonpayment of Rent</i>	422	459	-8.1%
<i>Applicable Just Cause for Eviction – Breach of Lease</i>	7	23	-69.6%
<i>Applicable Just Cause for Eviction – Nuisance</i>	0	3	-100%
<i>Applicable Just Cause for Eviction – Owner Move-In</i>	2	3	-33.3%
<i>Applicable Just Cause for Eviction – Withdrawal from the Rental Market</i>	2	1	100%
Agent Authorization	1	3	-66.6%
Proof of Permanent Relocation Payment Form	2	0	N/A
<b>Total Online Form Submissions/Notices Filed</b>	<b>607</b>	<b>598</b>	<b>1.5%</b>

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<sup>1</sup> Note: Termination Notices filed with the Rent Program does not indicate the number of Unlawful Detainer (eviction) lawsuits filed in court. In some cases, the Tenant may cure the issue for the notice (e.g. Tenant pays the rent that is due) and the eviction process is not initiated.

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 20, 2019

Final Decision Date Deadline: February 20, 2019

**STATEMENT OF THE ISSUE:** The Monthly Activity Report is designed to provide members of the Rent Board and Richmond community with a summary of the Rent Program's activities for the month. Staff members find it timely to begin producing such reports on a monthly basis.

## 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 the January 2019 Rent Program Monthly Report - Rent Program (Paige Roosa 620-6537).

AGENDA ITEM NO:

**F-4.**

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## MEMORANDUM

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

**FROM:** Paige Roosa, Deputy Director

**DATE:** February 20, 2019

**SUBJECT:** JANUARY 2019 MONTHLY ACTIVITY REPORT

---

**Introduction**

The Monthly Activity Report is designed to provide members of the Rent Board and Richmond community with a summary of the Rent Program's activities for the month. It is anticipated that the format, content, and detail of this report will evolve over time. Feedback concerning this report may be submitted via email to [rent@ci.richmond.ca.us](mailto:rent@ci.richmond.ca.us) or by calling (510) 234-RENT (7368).

**January Department Highlights**

*Staff developed internal procedures to monitor and process thousands of incoming Property Enrollment and Tenancy Registration forms.*

The Rent Program's receipt of over 3,000 Property Enrollment and Tenancy Registration forms during the month of January required another "all hands on deck" approach to the processing of submitted information. Crucial to the successful input of this data was the development of internal procedures that could be utilized by all staff members to enter information into the database in a consistent manner. Administrative Aide Ramona Howell and Administrative Student Intern Moises Serano were instrumental in the development of procedures and training of staff. This large project required dedicated time from all staff, including weekend hours. City of Richmond IT Department staff members have been and continue to be instrumental in the development of the online billing, Property Enrollment, and Tenancy Registration systems.

*The January Community Workshop, titled "Rights and Responsibilities for Richmond Tenants," provided information and guidance to Tenants regarding the Rent Ordinance and relevant California Civil Codes.*

The January Community Workshop was attended by 17 community members, who received detailed information about the Rent Control and Just Cause for Eviction provisions of the Rent Ordinance, the Rent Adjustment Petition process, and related California Civil Codes. Rent Program Services Analyst Magaly Chavez conducted a presentation of the applicability of the Rent Ordinance on different types of rental properties, eviction noticing requirements, examples of the eviction process in Richmond, the Annual General Adjustment, rent increase noticing requirements, vacancy decontrol, the rent adjustment petition process, and an



overview of important California Civil Codes. Following the presentation, community members were provided approximately 45 minutes to ask questions of staff. Presentation materials are accessible at <http://www.ci.richmond.ca.us/3541/Workshops>.

**Summary of Activities**

**I. Department Unit Activities**

<b>FRONT OFFICE UNIT</b>	<i>Occurrences</i>
<b>Persons Assisted By Front Office Unit (without referral to an Analyst)</b>	<b>630</b>
Declarations of Exemption Processed	47
Enrollment Forms Processed	345
Invoices Generated	24
Termination of Tenancy Informational Letters mailed to Property Owners and Tenants in receipt of a Notice of Termination of Tenancy filed with the Rent Program	6
Hard Copy Termination Notices Processed	2
Hard Copy Rent Increase Notices Processed	41

<b>PUBLIC INFORMATION UNIT</b>	<i>Occurrences</i>
<b>Total Consultations Provided by a Rent Program Services Analyst</b>	<b>586</b>
Calls Received (Phone Counseling Sessions)	314
Walk-Ins (Includes Appointments)	169
Emails Received	103
<b>Total Consultations Provided in a Language other than English</b>	<b>116</b>
Consultations Provided in Spanish	115
Consultations Provided in Cantonese	1
Legal Service Referral Forms Completed	5
Informal Mediations Conducted	6
Formal Mediations Held	0
Courtesy Compliance Letters Mailed	2
Invoices Generated	109
Community Workshop Attendees (1/12/19 Rights and Responsibilities for Richmond Tenants)	17
Tenants Assisted	73
Landlords Assisted	122
Property Managers Assisted	10
Realtors Assisted	2
Prospective Purchasers of Rental Property Assisted	1

## ITEM F-4

<b>BILLING AND REGISTRATION UNIT</b>	<i>Occurrences</i>
<b>Total Consultations with a Billing and Registration Unit Staff Member</b>	<b>340</b>
Phone Call Consultations	239
Walk-In Consultations	4
Email Consultations	97
Enrollment/Tenancy Registration Packets Mailed	89
Enrollment Forms Processed	111
Tenancy Registration Forms Processed	4
Invoices Generated	458
Payments/Checks Processed	21
Property Information Updated	29
Payments Returned	2
Refunds Issued	0
<b>Total Revenue Collected Between 1/01/19 - 1/31/19</b>	<b>\$218,309</b>
FY 17/18 Revenue Collected between 1/01/19 - 1/31/19	\$68,440
Total FY 17/18 Revenue Collected (through 1/31/19)	\$2,154,058
Monthly FY 18/19 Revenue Collected between 1/1/19 - 1/31/19	\$149,869
Total FY 18/19 Revenue Collected (through 1/31/19)	\$799,702

<b>LEGAL UNIT</b>	<i>Occurrences</i>
Public Records Act Requests Received	3
Owner Move-In Eviction Notices Reviewed	1

<b>HEARINGS UNIT</b>	<i>Occurrences</i>
<b>Total Landlord Petitions Received</b>	<b>1</b>
Maintenance of Net Operating Income Petitions Received	1
<b>Total Tenant Petitions Received</b>	<b>3</b>
Excess Rent or Failure to Return Security Deposit Petitions Received	1
Decrease in Space or Services, Deterioration, Habitability Petitions Received	2
<b>Total Number of Cases Closed</b>	<b>8</b>
Decisions Ordered	2
Cases Settled	2
Cases Appealed	3
Petitions Withdrawn	4

## ITEM F-4

HEARINGS UNIT (continued)	Occurrences
<b>Total Number of Calls/Walk-Ins/Emails</b>	<b>115</b>
Calls/Placed Received (Regarding Hearings and Petitions)	25
Walk-Ins (Regarding Hearings and Petitions)	7
Emails Sent/Received (Regarding Hearings and Petitions)	83

### II. Online Notices Filed with the Rent Program

<i>Type of Form</i>	<i>Monthly Submissions/ Notices Filed</i>	<i>Prior Month Total</i>	<i>% Change from Prior Month</i>
Proof of Excess Rent Refund	1	10	-90%
Change in Terms of Tenancy Notices Filed	10	5	100%
Rent Increase Notices Filed	135	156	-13.5%
Termination Notices Filed <sup>1</sup>	387	433	-10.6%
<i>Applicable Just Cause for Eviction – Nonpayment of Rent</i>	381	422	-9.7%
<i>Applicable Just Cause for Eviction – Breach of Lease</i>	5	7	-40%
<i>Applicable Just Cause for Eviction – Owner Move-In</i>	1	2	-50%
<i>Applicable Just Cause for Eviction – Withdrawal from the Rental Market</i>	0	2	-100%
Agent Authorization	13	1	1,200%
Proof of Permanent Relocation Payment Form	1	2	-50%
<b>Total Online Form Submissions/Notices Filed</b>	<b>934</b>	<b>607</b>	<b>53.9%</b>

<sup>1</sup> Note: Termination Notices filed with the Rent Program does not indicate the number of Unlawful Detainer (eviction) lawsuits filed in court. In some cases, the Tenant may cure the issue for the notice (e.g. Tenant pays the rent that is due) and the eviction process is not initiated.

## ITEM F-4

HEARINGS UNIT (continued)	Occurrences
<b>Total Number of Calls/Walk-Ins/Emails</b>	<b>115</b>
Calls/Placed Received (Regarding Hearings and Petitions)	25
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# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 20, 2019

Final Decision Date Deadline: February 20, 2019

**STATEMENT OF THE ISSUE:** After extensive review of Centro Legal de la Raza's effectiveness in the City of Richmond and multiple conversations, staff members and Centro Legal de la Raza agreed to mutually end the contract for legal services effective January 1, 2019. On November 14, 2018, the Rent Board directed staff to negotiate and execute a community legal service contract in a total amount not to exceed \$37,500. Subsequently, staff members issued the request for community legal services and selected a potential provider of community legal services for the execution of a contract. Staff is now seeking Board Approval of the contract for community legal services.

## 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 a contract for community legal services with Bay Area Legal Aid in the amount of \$25,000 for Fiscal Year 2018-19 – Rent Program (Nicolas Traylor 620-6564).

AGENDA ITEM NO:

**F-5.**

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# AGENDA REPORT

**DATE:** February 20, 2019

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

**FROM:** Nicolas Traylor, Executive Director

**SUBJECT:** RENT BOARD CONTRACT FOR COMMUNITY LEGAL SERVICES WITH BAY AREAL LEGAL AID OF RICHMOND CALIFORNIA

## **STATEMENT OF THE ISSUE:**

After extensive review of Centro Legal de la Raza's effectiveness in the City of Richmond and multiple conversations, staff members and Centro Legal de la Raza agreed to mutually end the contract for legal services effective January 1, 2019. On November 14, 2018, the Rent Board directed staff to negotiate and execute a community legal service contract in a total amount not to exceed \$37,500. Subsequently, staff members issued the request for community legal services and selected a potential provider of community legal services for the execution of a contract. Staff is now seeking Board Approval of the contract for community legal services.

## **RECOMMENDED ACTION:**

APPROVE a contract for community legal services with Bay Area Legal Aid in the amount of \$25,000 for Fiscal Year 2018-19– Rent Program (Nicolas Traylor 620-6564).

## **FISCAL IMPACT:**

In accordance with the Fiscal Year 2018-19 Rent Program budget, the proposed contract amendment includes the expenditure of \$25,000 for the second half of the fiscal year.

## **DISCUSSION:**

### Background

On June 21, 2017, the Rent Board directed staff to negotiate and execute legal services contracts for representation of Tenants and Landlords. In accordance with the City's procurement process, on August 11, 2017, the Rent Program issued a Request for

Qualifications and Proposals for Legal Services. Prospective service providers were required to submit proposals no later than 12:00 PM on Friday, September 8, 2017.

The Rent Program received four proposals and established a review committee to evaluate the proposals. Based on the proposals and feedback from the review committee, staff members executed contracts with The Eviction Defense Center and Centro Legal de la Raza.

On June 20, 2018, the Rent Board renewed its contract with both the Eviction Defense Center and Centro Legal de la Raza for community legal services, allocating \$75,000 of funds budgeted for Fiscal Year 2018-19, extending the term to June 30, 2019, and modifying the service plan to specify that Centro Legal de la Raza agrees to provide one hundred and twenty-five legal consultations to qualifying tenants per year.

After extensive review of Centro Legal de la Raza's effectiveness in the City of Richmond and multiple conversations, staff members and Centro Legal de la Raza agreed to mutually end the contract for legal services effective January 1, 2019. On November 14, 2018, Staff members proposed the reissuance of a Request for Proposals for Community Legal Services to solicit proposals from non-profit service providers who may be better equipped to provide those legal services currently provided by Centro Legal de la Raza to Richmond residents based on proximity to Richmond, staff capacity, and ability to assist Tenants residing in governmentally-subsidized Rental Units. The legal services sought by the RFP included, but was not limited to, providing no less than 0.5 FTE of an attorney dedicated to Richmond cases, offering housing clinics in the City of Richmond available to all low-income community members, regardless of citizenship status, assisting community members with the completion of Rent Adjustment Petitions, advocating for Richmond residents through the issuance of written correspondence, Rent Adjustment Petitions, and affirmative action cases, and coordinating with peer legal service providers and the Rent Program to provide comprehensive support to Richmond community members. On that same day, the Rent Board directed staff to negotiate and execute community legal services contract for a total amount not to exceed \$37,500.

#### Issuance of Request for Proposal for Legal Services

On November 14, 2018, the Rent Board directed staff to negotiate and execute a community legal service contract in a total amount not to exceed \$37,500. In accordance with the City's procurement process, on November 19, 2018, the Rent Program issued a Request for Proposals for Legal Services. Prospective service providers were required to submit proposals no later than 12:00 PM on Friday, December 14, 2018.

The Rent Program received one proposal from a prospective service provider, Bay Area Legal Aid. Bay Area Legal Aid's Proposal was evaluated by a review committee and ranked based on the following criteria:

## ITEM F-5

- Experience with local, state, and federal laws, regulations, and litigation in local courts;
- Ability to respond to Rent Program needs in an effective and timely manner;
- Demonstrated ability to respond promptly to Rent Program needs relating to emergency court actions or other emergency legal matters and provide a high quality of representation;
- Familiarity with the City of Richmond and ability to serve the Richmond community;
- Demonstrated ability to provide services to a diverse population of tenants and/or landlords in the City of Richmond in terms of citizenship status, language(s) spoken, and financial status;
- Demonstrated commitment to producing and measuring outcomes.

### Proposed Service Plan and Execution of Contract

Bay Area Legal Aid has proposed a service plan titled the “Housed Project”. The project contains three major components<sup>1</sup>:

1. The creation and operation of a Legal Clinic in the City of Richmond to provide legal information and assistance regarding housing related legal issues that implicate the Fair Rent, Just Cause, and Homeowner Protection Ordinance (hereinafter, “Rent Ordinance”) and accompanying Rules and Regulations. The Legal Clinic is designed to serve any Richmond Resident regardless of immigration status. Legal information and assistance will include, but is not limited to, the following issues: evictions, habitability, utilities, security deposits, reasonable accommodations, and other landlord/tenant concerns. Additionally, the Legal Clinic will assist eligible participants in drafting letters and other documents that implicate rights and obligations under the Rent Ordinance and accompanying Regulations. Finally, Bay Area Legal Aid will appoint a supervising attorney to administer the Legal Clinic and ensure that each Legal Clinic is staffed by at least three (3) staff members.
2. In addition to the Legal Clinic, Bay Area Legal Aid will provide weekly intake sessions for households requiring more in-depth assessments and follow-up that they may not otherwise receive through the Legal Clinic. These services will provide for more enhanced legal consultations that include more in-depth investigation and/or direct counsel intervention. This may include the filing of an administrative petition or submitting pertinent legal documents on behalf of an eligible client, and where feasible, extended legal representation in forums that includes, but is not limited to, mediation, negotiation, administrative hearings, trial, and/or affirmative litigation.
3. Bay Legal will develop and implement a referral system whereby Contractor coordinates with other housing legal service providers, other

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<sup>1</sup> The following is not a comprehensive list and the reader should look to Attachment 1 for BayArea Legal Aid’s full description of services.

## ITEM F-5

departments/services within Contractor's organization, and/or legal services organizations to supplement legal services that otherwise cannot be adequately provided under this Contract, with the goal of providing adequate wrap-around support to eligible participants.

Based on the proposals and feedback from the review committee, staff members selected Bay Area Legal Aid to execute a contract for community legal services. Bay Area Legal Aid has executed the contract and Staff is prepared to the same in kind.

### Conclusion

Staff members are recommending approval of a contract for community legal services with Bay Area Legal Aid for the remainder of Fiscal Year 2018-2019, in the amount of \$25,000 in accordance with the Fiscal Year 2018-19 Rent Program budget adopted by the Board.

### **DOCUMENTS ATTACHED:**

Attachment 1 – Bay Area Legal Aid Proposal for Services

Attachment 2 –Contract



Bay Area Legal Aid  
1025 Macdonald Ave  
Richmond, CA 94801

December 14, 2018

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

**RE: City of Richmond Rent Program RFP for Legal Services**

Dear Paige,

Bay Area Legal Aid ("BayLegal") respectfully requests consideration for the City of Richmond Rent Program Legal Services Grant ("Legal Services Grant"). BayLegal seeks a grant of \$37,232 to expand housing legal services in Richmond, providing housing legal services to low-income community members through weekly clinics.

As a legal services nonprofit organization with more than 52 years of experience providing legal services in Richmond, and throughout Contra Costa County, BayLegal is well positioned to provide housing legal services to the Richmond community. BayLegal works to embody our mission of *providing meaningful access to the civil justice system through quality legal assistance, regardless of a client's location, language or disability*. We embody our mission by ensuring our services are physically accessible: BayLegal's Contra Costa County Regional office is located in downtown Richmond, a few blocks from the Richmond BART station, and services are provided at eight mobile justice sites throughout the County. BayLegal's services are accessible to community members in a variety of languages: collectively, our staff speaks more than 16 languages and provides access to interpreters whenever necessary. Furthermore, BayLegal's services are culturally competent and trauma informed so that identities and experiences such as socioeconomic status, race, gender, and religion are not barriers to access.

Access to affordable housing is one of BayLegal's priorities, and BayLegal has extensive experience in the areas of eviction, habitability, fair housing, and subsidy preservation. BayLegal desires to increase housing services in Richmond because market forces have destabilized Richmond's rental housing market over the last decade, creating mass displacement and gentrification. BayLegal has seen an unprecedented increase in the number of community members seeking housing legal services, and our ability to meet increasing need has been limited by our current resources.

Despite our limited resources, BayLegal's Contra Costa office has already successfully assisted more than 1800 Contra Costa County families with housing legal services this year and partnering with the City of Richmond will allow us to increase the number of families served. Increasing the number of families served will help ensure that Richmond residents both understand their legal rights with regard to housing and have the tools they need to exercise their rights. We'd be honored to provide housing legal services in the Richmond community. Thank you for your consideration.

Sincerely,

Sarah Demarest  
Grants Officer  
Bay Area Legal Aid  
(510) 250-5218  
[sdemarest@baylegal.org](mailto:sdemarest@baylegal.org)

Enclosures

## II: Non-Profit Organization Information

Bay Area Legal Aid's (BayLegal's) mission is to *provide equal access to the civil justice system and high quality legal assistance throughout the Bay Area, regardless of a client's location, language or disability*. In 2000, three legal services programs--including Contra Costa Legal Services Foundation (founded in 1966)--merged to form Bay Area Legal Aid. With a staff of 130 attorneys and advocates, BayLegal has grown to become the largest poverty law firm in the San Francisco Bay Area, serving residents of Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, and Santa Clara counties through six community-based offices and the largest general legal intake and advice hotline in California, the Legal Advice Line (LAL).

**BayLegal served over 3,400 Contra Costa County families in 2017.** Accessibility is a high priority, and BayLegal offers multiple points of entry for community members. BayLegal staff members provide assistance at our Contra Costa County regional office (located at 1025 Macdonald Avenue in Richmond), and utilizes eight mobile justice sites throughout the county to ensure residents are able to access services regardless of where they live. Our mobile justice sites include the county's SparkPoint Centers, Monument Crisis Center, and the Richmond and Pittsburg courthouses, where BayLegal offers Debtors' Rights clinics and Domestic Violence Restraining Order clinics. BayLegal also provides mobile services at the Reentry Success Center in Richmond and Good Will Inc. Additionally, BayLegal offers two region-wide hotlines: our Legal Advice Line and Health Consumer Center, which are staffed by multilingual attorneys that provide immediate advice, counsel and referrals.

BayLegal provides wraparound legal assistance in areas of law that most significantly affect low-income people's self-sufficiency, including:

- ***Housing and homelessness prevention***, combating illegal evictions, discrimination, foreclosure, substandard and other housing rights violations;
- ***Health care access***, assisting clients with accessing coverage, terminations or denials of health insurance programs, and navigating the Affordable Care Act (ACA);
- ***Income and economic security***, ensuring access to basic income and support services for individuals, families and at-risk youth eligible to receive public benefits;
- ***Consumer protection***, helping low-income consumers access mainstream consumer credit and banking services, dispute credit inaccuracies, stop erroneous debt collection, reduce debt and avoid bankruptcy so they can move into economic self-sufficiency; and,

- *Domestic violence and sexual assault prevention*, helping clients secure restraining orders, divorces, child, spousal and other support orders, and immigration relief (VAWA and U-Visa).

BayLegal also provides targeted legal services for vulnerable populations including *veterans, formerly incarcerated people*, and *transition age youth* including Commercially Sexually Exploited Children (CSEC), youth with disabilities, mental health issues, and/or involvement in the dependency or delinquency systems.

BayLegal is an integral part of Contra Costa County's safety net of services for low income residents. Throughout this history, BayLegal has had great success with its approach, serving thousands of clients and fulfilling federal, state and local government contracts, including grants from the Legal Services Corporation, the U.S. Department of Housing and Urban Development (for fair housing work), the U.S. Department of Justice (for violence prevention and trafficking work), the California Department of Managed Healthcare and Covered California (both for healthcare work).

BayLegal is currently providing legal services to the following municipal organizations in the Bay Area:

**Contra Costa County**

**Contra Costa County Employment and Human Services Division**

*40 Douglas Drive, Martinez, CA 94553*

**Contra Costa County Health Services- Public Health Division**

*2500 Bates Ave, Ste B, Concord, CA*

**City of Concord (CDBG Collaborative)**

*1950 Parkside Drive, MS/10A, Concord, CA 94519*

**City of Antioch (CDBG collaborative)**

*200 H Street, Antioch, CA 94509*

**Alameda County**

**City of Oakland**

*150 Frank H. Ogawa Plaza, Ste. 4340; Oakland, CA 94612*

**Alameda County Health Care Services Agency**

*1000 San Leandro Blvd, Ste 300, San Leandro, CA 94577*

**Alameda County Probation Department**

*111 Jackson St, Oakland, CA 94607*

**Alameda County Behavioral Health Care Services Agency**

*1900 Embarcadero Ste 205, Oakland, CA 94606*

**Alameda County Social Services Agency**

2000 San Pablo Ave, Fl 4, Oakland, CA 94612  
**Alameda Housing and Community Development**  
224 Winton Ave, 108, Hayward, CA 94544  
**City of Fremont**  
39155 Liberty St, PO Box 5006, Fremont CA 94537

**San Francisco County**  
**San Francisco Mayor's Office of Housing**  
1 S Van Ness Ave, Fl 5, San Francisco, CA 94103  
**San Francisco Department of Status Against Women**  
25 Van Ness Ave, Ste 240, San Francisco, CA 94102  
**San Francisco Human Services Agency**  
PO Box 798, San Francisco, CA 94120

**Santa Clara County**  
**Santa Clara County Office of Adult Reentry**  
151 W. Mission St, San Jose, CA 95110  
**Santa Clara County Social Services Agency**  
333 W. Julian St, Ste 100, San Jose, CA 95110  
**Redwood City Community Development**  
1017 Middlefield Rd, PO Box 391, Redwood City, CA 94064

### **III. Organizational Capacity and Experience**

- a. *Organization's expertise ability to provide services to Tenants and Landlords as well as your, or the firm or organization's expertise and ability to provide services in the following areas*

BayLegal's Contra Costa County Regional Office staff includes 12 full time attorneys with expertise in housing, healthcare, public benefits, and domestic violence family law. BayLegal prioritizes serving low-income individuals and families with incomes at or below 200% of the Federal Poverty Level (\$41,560 for a family of three) and focuses its resources on serving the most underserved and vulnerable populations.

Underserved and vulnerable populations include individuals with limited English proficiency, people with disabilities, immigrants, domestic violence survivors, formerly incarcerated people, the LGBTQ community, at-risk youth, and people who are homeless. All of BayLegal's services are provided free of charge and in a culturally and linguistically competent manner. In order to provide culturally and linguistically competent services BayLegal employs multilingual staff, utilizes

translation/interpretation assistance, and provides staff trainings on a number of diversity and inclusion topics including serving transgender clients, eliminating bias, and providing trauma informed legal services.

Clients access legal services through BayLegal's Legal Advice Line and Health Consumer Center hotlines, its county regional office in Richmond, or at various mobile sites throughout the county. To date in 2018, BayLegal's Contra Costa County Regional staff has provided legal services to more than 3,500 families in the County.

*i. Knowledge of tenant and landlord law*

BayLegal's Contra Costa County housing attorneys have extensive knowledge of CA tenant and landlord law and regularly litigate evictions pursuant to state law. Our staff conducts weekly intakes at multiple sites throughout Contra Costa and offers a range of legal services designed to enforce tenant's rights under state law. For example, individuals facing termination of tenancy may receive advice and counsel as to their rights, *in propia persona* assistance with time-sensitive pleadings and/or full-scope representation, including discovery, negotiations and trial. We also regularly provide counsel and advocacy on habitability issues, security deposits, utilities, landlord entry, and nuisance/quiet enjoyment. In clinic settings, we have provided legal services to both landlords and tenants.

*ii. Knowledge of applicable Federal and State regulations related to rental housing*

During the height of the foreclosure crisis, BayLegal's housing team supported the passage of Richmond's 2009 *Protecting Tenants After Foreclosure* ordinance, which provided cutting-edge protections from bank and real estate owned (REO) evictions following foreclosure. BayLegal attorneys utilized the ordinance both in and out of court to keep Richmond families in their homes and to vindicate the rights of leaseholders. As tenant protections continued to expand under state and federal law, our staff stayed apprised of legal changes and utilized legal tools and strategies to help prevent further displacement.

BayLegal's housing team is accustomed to simultaneously analyzing federal, state and local law; for example, protections for domestic violence survivors are found in federal law (VAWA), state law, and in the Low-Income Housing Tax Credit program. While the state and federal protections are similar in substance, they have differing scopes. Our years of experience advocating for survivors has allowed us to develop expertise in their housing rights and allows us to effectively navigate overlapping authorities.

Similarly, BayLegal's housing attorneys regularly represent individuals and families in public housing and project based properties and are intimately familiar with the rights afforded to program participants pursuant to federal regulation and due process. Moreover, we understand the impact these processes have on state eviction proceedings and can leverage them to preserve housing and maximize client outcomes.

Our long-standing expertise working with veterans, individuals with criminal records and systems involved youth has given us extensive experience working with the explicit rights for each of these vulnerable populations. We regularly represent individuals at administrative hearings controlled by federal regulation and concurrent state eviction proceedings and are accustomed to the corresponding burdens, processes and forums for each. Our regional fair housing program routinely works with both state and federal offices to vindicate the right of our clients to be free from housing discrimination.

*iii. Knowledge of local rent control and just cause for eviction ordinances, including the City of Richmond's Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance*

Our housing attorneys are intimately familiar with Richmond's Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinances. As market forces destabilized Richmond's rental housing market over the last decade, creating the conditions for mass displacement and gentrification, BayLegal began receiving an unprecedented amount of requests for housing legal assistance. In response, BayLegal worked alongside local tenants' rights organizations and began advocating for the passage of the Just Cause/Rent Control ordinance. Knowing the importance of the recently passed ordinance to Richmond tenants, BayLegal successfully intervened to protect the ordinance and ensure that the Court had the opportunity to hear specific examples of the impact of the Ordinance.

Our attorneys are intimately familiar with the substantive and legal procedures set out in the Ordinance and its potential to stabilize Richmond's tenant community. At each stage of the Ordinance's inception, BayLegal developed community education and self-help materials to ensure tenants and landlords were aware of their rights and responsibilities, including sample letters and forms. BayLegal continues to assist in such matters as possible with limited capacity and will use our expertise of the Ordinance if awarded this grant to expand services to Richmond residents.

- iv. Providing services to diverse populations, in terms of native language, socioeconomic status, race, ethnicity, gender, and religion*

BayLegal has more than 52 years of experience providing culturally competent, trauma informed services to diverse populations. Additionally, BayLegal's employees are representative of the diverse communities we serve. BayLegal staff includes people of color, LGBTQ community members (including transgender and nonbinary attorneys), people of different faiths, and multilingual attorneys and advocates (who collectively speak more than 16 languages). BayLegal offers cultural competency training for staff on an ongoing basis and seeks to provide culturally competent and trauma informed services to clients.

- b. Please describe your agency's familiarity and ability to serve residents of public housing, tenants with Section 8 Housing Choice Vouchers, residents of Low Income Housing Tax Credit properties, and other subsidized housing programs.*

BayLegal staff has extensive experience working with federally subsidized housing programs, including public housing, project based housing, HCVP "Section 8" vouchers and a variety of rehabilitation and RAD converted properties. Effective advocacy for individuals in these properties is critical, because subsidized housing opportunities are limited and vulnerable populations are unlikely to secure subsidized housing once it is lost. Our firm has developed expertise in navigating these processes and securing favorable outcomes for our clients.

BayLegal regularly files writs of mandate to challenge erroneous administrative decisions, preserve our clients' program participation, and to enforce their rights. BayLegal makes requests for reasonable accommodations for disabled clients and advocates for tenants living in subsidized housing to receive overdue repairs and maintenance. When necessary, BayLegal files lawsuits to enforce our client's rights to clean, safe housing and leverages agreements to make repairs and compensate clients for owner neglect. Additionally, BayLegal works with Low Income Housing Tax Credit properties ("LIHTC") and recognizes the importance of this major source of below market housing stock.

While LIHTC properties lack many procedural protections, tenants are minimally entitled to "Just Cause" terminations and these properties frequently need to be reminded of that obligation. Through our reentry program, we deal with LIHTC properties maintaining discriminatory admissions policies (unilaterally banning "all felons," for example). While LIHTC properties are not bound by HUD regulations

concerning the admissions of individuals with criminal records, such policies are run afoul of the Fair Housing Act and Richmond's "Fair Chance" Ordinance.

- c. *Provide the names and resumes of any key personnel that will be working directly with the Rent Program, Board, and Richmond community members.*

To provide wrap-around support, the project draws on the breadth of expertise and experience found among staff based in BayLegal's Contra Costa office, including Managing Attorney Adam Poe, Regional Housing Counsel Lauren DeMartini, and housing attorneys Mihaela Gough and Henrissa Bassey.

#### **IV. Goals and Outcomes**

##### *The HOUSED Project*

The housing crisis in Richmond continues to push out many vulnerable and long-time low-income residents, including the elderly, disabled, immigrants, and tenants of public and subsidized housing, all of whom are typically unable to find alternative housing if they are displaced. These populations experience a significant number of evictions each year, are the least capable of navigating the legal system unaided, and are the most likely to end up homeless as a result. As such, this project aims to assist these underserved populations by conducting twenty (20) housing clinics where community members will 1) receive legal information regarding their legal rights, responsibilities and processes, 2) obtain brief services including assistance with preparing letters to assert legal rights and Rent Program and Court forms, and 3) procure legal representation.

HOUSED clinics will be held one day a week for 20 weeks in Richmond, beginning in February 2019. The clinics will be located in Richmond, either at BayLegal's Richmond office, or at another location (to be confirmed in January 2019). At HOUSED clinics, BayLegal staff will conduct intakes and provide legal information, advice, and representation (when eligible). BayLegal will make every effort to assist all clinic attendees and will coordinate with other housing legal services providers and legal services organizations (e.g. Eviction Defense Collaborative, Contra Costa County Bar Association Lawyer Referral Service) to coordinate legal services when necessary.

Information and brief services will pertain to a number of housing related legal issues including, but not limited to: evictions, habitability, utilities, security deposits, reasonable accommodations, and other landlord/tenant concerns.

BayLegal staff will also provide attendees with written fair housing information and information on various housing topics (example topics include: housing rights, landlord responsibilities, reasonable accommodations), and will offer referrals to peer legal services organizations as necessary. Brochures and written materials will be made available in a minimum of English, Spanish, and Chinese and BayLegal will staff the HOUSED clinics with mono and multilingual staff. Information will also be available in a manner that is effective for persons with hearing, visual and other communications-related disabilities.

In addition to a dedicated supervising attorney, BayLegal will utilize volunteers and interns to ensure a minimum of three staff members per clinic. BayLegal will not hire additional staff for this program at this time.

The HOUSED project will include weekly intakes for households requiring more in depth assessment and follow-up, for example, for rent adjustment petitions and advocacy around habitability defects. The program will provide extended legal representation services for eligible cases including representation for negotiation, trial, administrative hearing or affirmative litigation.

BayLegal's services will be culturally competent and available in Spanish and other languages (via telephone translation). Clinic services are available to any resident of Richmond regardless of immigration status.

To provide wrap-around support, the project draws on the breadth of expertise and experience found among staff based in BayLegal's Contra Costa office, including Managing Attorney Adam Poe and housing attorneys Mihaela Gough, Henrissa Bassey, and Lauren DeMartini.

The primary goal of this project is to help low-income Richmond residents avoid eviction and homelessness, save their housing and subsidies, and protect their rights to safe and affordable housing.

The desired outcomes include:

- 1) By the end of the grant period, a *minimum* of seventy-five (75) Richmond residents will have received legal information and/or brief services as a result of the HOUSED clinics.
- 2) By the end of the grant period, a *minimum* of nine (9) Richmond residents will have received (or be in the process of receiving) extended legal representation related to enforcement of the Richmond Ordinance.
- 3) Client surveys will be administered to all clinic attendees. Of completed surveys,

75% of respondents will identify as having an increased understanding of the court process and their rights with regard to housing.

- 4) Eighty percent (80%) of legal representation cases will have a favorable outcome.

To evaluate the success of the project, BayLegal will track 1) the number of participants served during the project period; 2) legal issue(s); 3) the type of service(s) provided; and 3) the final outcome of each matter taken for representation.

The success of the HOUSED project will be measured in two ways. First, BayLegal will obtain a favorable outcome in eighty percent (80%) of legal representation cases. A favorable outcome means that BayLegal helped legal representation clients exercise their legal rights by successfully preventing eviction, or preserving housing. Second, seventy-five percent (75%) of all Richmond residents served in the HOUSED project will identify as having an increased understanding of the Court or Rent Program process and their legal rights.

## **V. Service Approach**

- a. *What is your experience serving undocumented immigrants and low income residents with respect to rental housing issues? How would your organization ensure the same level of service regardless of citizenship status?*

Generally, prospective clients who are legal permanent residents, refugees/asylees, have conditional entry, victims of trafficking, and spouses, children and parents of U.S. citizens are also eligible for services. If a prospective client is not a U.S. Citizen and does not fall into one of the above categories, every effort to provide legal information and referrals will be made.

- b. *Describe any limitations or criteria your organization would employ to determine who is eligible to receive legal services (e.g. income limits, citizenship requirements, affiliation, etc.).*

*BayLegal has no restrictions for providing legal information and assistance in the Housing Law Clinics. As a recipient of Legal Services Corporation funding, and in recognition of the high cost of living in the Bay Area, BayLegal prioritizes representation for households with gross income of up to 200% of Federal Poverty Level (\$41,560 for a family of three).*

BayLegal's process for determining financial eligibility for representation begins at the time of intake when staff collects verbal information about the sources of the prospective client's income and assets. Hard copy verification of financial and income information is not required to determine if a client is financially eligible to receive assistance.

- c. If awarded this contract, would your agency allocate funds to hire additional staff and obtain additional resources, as opposed to relying on existing resources?*

If awarded this contract BayLegal will utilize existing resources and staff, as well as volunteers and interns, to implement the HOUSED project. BayLegal will not hire additional staff for this project at this time.

- d. Does your organization have capacity to translate documents into multiple languages and communicate with Tenants and Landlords in multiple languages? If so, please indicate those languages.*

BayLegal has capacity to translate documents into multiple languages and communicate with Tenants and Landlords. Collectively, BayLegal staff speaks more than 16 languages fluently including Spanish, French, Farsi, Hindi, Urdu, Arabic, Punjabi, Russian, Cantonese, Mandarin, Korean, Hebrew, Yoruba, Tagalog, Nepali, and Vietnamese.

#### **VI. Supporting Documents**

Please see attached.

**CITY OF RICHMOND RENT BOARD  
STANDARD CONTRACT**

Department: Rent Program	Project Manager: Nicolas Traylor
Project Manager E-mail: nicolas_traylor@ci.richmond.ca.us	Project Manager Phone No: 620-6564
Vendor No:                      PR No:	P.O./Contract No:
Description of Services: Provide legal advice and advocacy to qualifying Low Income Richmond Residents for housing related issues in connection with the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance and other applicable Rent Board resolution, regulation, rules, and/or policies.	

The parties to this STANDARD CONTRACT do mutually agree and promise as follows:

1. **Parties.** The parties to this Contract are the City of Richmond Rent Board (herein referred to as the "RENT BOARD") and the following named Contractor:

Company Name: Bay Area Legal Aid  
 \_\_\_\_\_  
 Street Address: 1025 Macdonald Avenue  
 \_\_\_\_\_  
 City, State, Zip Code: Richmond, CA 94801  
 \_\_\_\_\_  
 Contact Person: Adam Poe, Managing Attorney  
 \_\_\_\_\_  
 Telephone: (510) 233-9954 ext. 2616 Email: apoe@baylegal.org  
 \_\_\_\_\_  
 Business License No: \_\_\_\_\_ Expiration Date: \_\_\_\_\_

A California  corporation,  limited liability corporation  general partnership,  limited partnership,  individual,  non-profit corporation,  
 individual dba as [specify:] \_\_\_\_\_,  
 other [specify:] \_\_\_\_\_

2. **Term.** The effective date of this Contract is March 1, 2019, and it terminates June 30, 2019, unless terminated as provided herein.
3. **Payment Limit.** RENT BOARD's total payments to Contractor under this Contract shall not exceed \$25,000. RENT BOARD shall not pay for services that exceed the Contract Payment Limit unless a contract amendment has been approved by the RENT BOARD or Executive Director of the Richmond Rent Program.
4. **Contractor's Obligations.** Contractor shall provide those services and carry out that work described in the Service Plan (Exhibit A) which is attached hereto and is incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein.

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5. Rent Board Obligations. RENT BOARD shall make to the Contractor those payments described in the Payment Provisions (Exhibit B) which are attached hereto and are incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein.
6. Authorized Representatives and Notices. This Contract is subject to the Authorized Representatives and Notices Provisions (Exhibit C) which are attached hereto and are incorporated herein by reference.
7. General Conditions. This Contract is subject to the General Conditions (Exhibit D) which are attached hereto and are incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein.
8. Special Conditions. This Contract is subject to the Special Conditions (Exhibit E) (if any) which are attached hereto and are incorporated herein by reference, subject to all the terms and conditions contained or incorporated herein.
9. Insurance Provisions. This Contract is subject to the Insurance Provisions (Exhibit F) which are attached hereto and are incorporated herein by reference.
10. Signatures. These signatures attest the parties' Contract hereto:

RENT PROGRAM

CONTRACTOR:

\_\_\_\_\_

Title: Executive Director

I hereby certify that this Contract has been approved by the Rent Board or the Executive Director.

By: \_\_\_\_\_  
Board Clerk

Approved as to form:

By: \_\_\_\_\_  
Board Legal Counsel

\_\_\_\_\_ (\* The Corporation Chairperson of the Board, President or Vice President should sign below)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

(\* The Corporation Chief Financial Officer, Secretary or Assistant Secretary should sign below)

By: \_\_\_\_\_

Title: \_\_\_\_\_

Date Signed: \_\_\_\_\_

(NOTE: Pursuant to California Corporations Code Section 313, if Contractor is a corporation or nonprofit organization, this Contract (1) must be signed by (a) the Chairperson of the Board, President or Vice-President and (b) the Secretary any Assistant Secretary, the Chief Financial Officer or any Assistant Treasurer.

LIST OF ATTACHMENTS:

Service Plan  
Payment Provisions

Exhibit A  
Exhibit B

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Authorized Representatives and Notices	Exhibit C
General Conditions	Exhibit D
Special Conditions	Exhibit E
Insurance Provisions	Exhibit F

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EXHIBIT A  
SERVICE PLAN

1. **Scope of Services:** For purposes of this Service plan an eligible participant shall mean a Low-Income (as defined by HUD guidelines for Contra-Costa County) Richmond Resident who meets the Contractor's service criteria. Contractor shall provide and perform the services set forth below in a satisfactory and proper manner as determined by either the RENT BOARD or Executive Director of the Richmond Rent Program, and in accordance with the terms and conditions of this Contract, as described below:

Activity No. 1: Legal Clinic

Create and Operate a Legal Clinic in the City of Richmond to provide legal information and assistance regarding housing related legal issues that implicate the Fair Rent, Just Cause, and Homeowner Protection Ordinance (hereinafter, "Rent Ordinance") and accompanying Rules and Regulations. Legal information and assistance will include, but is not limited to, the following issues: evictions, habitability, utilities, security deposits, reasonable accommodations, and other landlord/tenant concerns. Additionally, the Legal Clinic will assist eligible participants in drafting letters and other documents that implicate rights and obligations under the Rent Ordinance and accompanying Regulations. Finally, Contractor shall appoint a supervising attorney to administer the Legal Clinic and ensure that each Legal Clinic is staffed by at least three (3) staff members.

Activity No. 2: Supplemental Legal Clinic Services

Contractor will provide weekly intake sessions for households requiring more in-depth assessments and follow-up that they may not otherwise receive through the Legal Clinic. These services will provide for more enhanced legal consultations that include more in-depth investigation and/or direct counsel intervention. This may include the filing of an administrative petition or submitting pertinent legal documents on behalf of an eligible client, and where feasible, extended legal representation in forums that include, but are not limited to, mediation, negotiation, administrative hearings, trial, and/or affirmative litigation.

Activity No. 3: Referrals to Peer Legal Services Organizations

Develop and implement a referral system whereby Contractor coordinates with other housing legal service providers, other departments/services within Contractor's organization, and/or legal services organizations to supplement legal services that otherwise cannot be adequately provided under this Contract, with the goal of providing adequate wrap-around support to eligible participants.

2. **Goals:** Contractor agrees to adhere to the following descriptions of goals. Where applicable, the goals of this service plan shall be measured by the participation of unduplicated participants. An unduplicated participant shall mean an eligible participant who has received no more than one direct service during a given month on the same issue. An eligible participant may be counted as more than one unduplicated participant where that participant has received services on an issue unrelated to the original issue of the initial service.

Activity No. 1: **Legal Clinic**

During the duration of fiscal year 2018-2019, Contractor shall conduct at least one legal clinic per week for a total of at least 17 legal clinics. Additionally, within these legal clinics Contractor shall, at a minimum, provide sixty-four (64) eligible unduplicated participants with legal information and assistance.

Activity No. 2: **Supplemental Legal Clinic Services**

During the duration of fiscal year 2018-2019, Contractor shall, at a minimum, provide seven (7) eligible unduplicated participants with legal representation related to the enforcement of the Richmond Rent Ordinance.

Activity No. 3: **Referrals to Peer Legal Services Organizations**

During the duration of fiscal year 2018-2019, Contractor shall, at a minimum, provide for twelve (12) legal referrals to peer legal service providers, institutional internal services, and/or legal services organizations.

3. **Measurement:** To measure the success of this service plan, Contractor will track the following:
  - a. The number of participants (which includes unduplicated and duplicated participants) served during the duration of this Contract.
  - b. The categories of encountered legal issues and the outcomes or resolutions of those legal issues.
  - c. The categories of services provided including, but not limited to, drafting/assisting in responding to unlawful detainers, drafting/assisting in writing letters to landlords/tenants regarding habitability, reasonable accommodations, etc., drafting/assisting in completing administrative petitions, referrals, providing legal representation in negotiations, mediations, administrative hearings, trials and providing other types of brief legal services and advice.
4. **Outcomes:** Successful outcomes of this service plan shall be measured in three ways:
  - a. Contractor shall conduct participant surveys which measure satisfaction of services on a scale of one through five (1-5). Contractor must maintain an average score of three (3) to have been considered successful under this service plan.
  - b. Contractor shall obtain a favorable outcome in eighty percent (80%) of legal representation. For the purposes of this subsection, a favorable outcome means that Contractor helped legally represented clients exercise their legal rights by successfully preventing eviction or preserving housing.
  - c. Contractor shall obtain a favorable outcome in seventy-five (75%) of all participants

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served in the Legal Clinic. As used herein, a favorable outcome shall be measured by participants identified increased understanding of the Court or Rent Program process and their legal rights. Such measurement may be obtained through surveys or other acceptable common industry means.

5. **Intake Forms:** Contractor shall create an intake form to track eligible participant data. This form shall include, at a minimum, the client's name, address, contact information, race/ethnicity (optional), date of birth, language or other access to justice issues, monthly income and source, household information, monthly rent, landlord name, security deposit, move-in date, last time rent was paid/accepted, the type of notice the Tenant received, a description of the housing problem, and the client's goals. This form may also be used by Rent Program staff to make a direct referral to Contractor. The form may be faxed to Contractor with a follow-up call or email to confirm receipt. RENT BOARD agrees that these intakes and all eligible participant-related documents and information shall be subject to and protected by California's Attorney-Client Privilege and Attorney-Client Confidentiality. In the event RENT BOARD would like to review the client-related documents and/or obtain information related to clients served pursuant to this Contract, Contractor must be permitted sufficient time to comply with its duty to maintain attorney/client privilege and client confidentiality by either redacting the documents or obtain written authorization from the client to permit RENT BOARD to review the file. Furthermore, RENT BOARD agrees that a direct referral from the RENT BOARD does not impose any additional obligations upon Contractor for the provision of services.
  
6. **Reports:** Contractor shall submit monthly reports detailing the number of eligible participants served and pertinent data regarding their tenancies and demographics, as described in paragraphs one through four (1-4). These reports shall have client names and addresses redacted to preserve attorney/client privilege, with full records maintained at Contractors' office for review if necessary.

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**EXHIBIT B  
PAYMENT PROVISIONS**

***{PLEASE NOTE THAT THE RENT PROGRAM SHALL NOT PAY FOR SERVICES THAT EXCEED THE CONTRACT PAYMENT LIMIT UNLESS A CONTRACT AMENDMENT HAS BEEN APPROVED BY THE RENT BOARD OR EXECUTIVE DIRECTOR}***

1. Provided Contractor is not in default under this Contract, Contractor shall be compensated \$6,250 per month, and will submit monthly invoices in accordance with the procedures as provided below.
2. Under no circumstances shall Contractor bill for travel time, unless pre-approved by the Executive Director of the Richmond Rent Program or their designee.
3. Any and all payments made pursuant to this Contract shall be subject to the Contract Payment Limit. The Payment Limit includes expenses (phones, photo copying, meals, etc.) Invoices, shall be adequately detailed, based on accurate records, and be in a form reasonably satisfactory to the RENT BOARD. Contractor may be required to provide back-up material upon request.
4. Contractor shall submit timely invoices to the following address:  
  
Attention: City of Richmond Finance Department - Accounts Payable  
Project Manager: Nicolas Traylor  
P.O. Box 4046  
Richmond, CA 94804
5. All invoices that are submitted by Contractor shall be subject to the approval of the Executive Director, Nicolas Traylor, before payments shall be authorized.
6. The RENT BOARD will pay invoice(s) within 45 days after completion of services to the RENT BOARD satisfaction. The RENT BOARD shall not pay late fees or interest.
7. A Richmond business license shall be obtained before any payment under this Contract shall be authorized and the business license must be kept current during the term of this Contract for payments to continue to be authorized.
8. All insurance coverage required by this Contract shall be provided by the Contractor before this Contract shall be executed by the RENT BOARD. The insurance coverage must be kept current during the term of this Contract for payments to continue to be authorized.

**EXHIBIT C  
AUTHORIZED REPRESENTATIVES AND NOTICES**

1. Notices. All notices, demands, statements, or communications provided for by this Contract shall be in writing and may be delivered by deposit in the United States mail, postage prepaid. Notices to the RENT BOARD shall be addressed to the Executive Director of the Richmond Rent Program, as delineated below in section 1.1, who is responsible for the administration of or the supervision of the scope of work under this Contract. Notices to the Contractor shall be addressed to the party designated by Contractor (as delineated below in section 1.2). Notice shall be deemed delivered (a) upon personal delivery; (b) as of the fifth business day after mailing by United States certified mail, postage prepaid, addressed to the proper party; or (c) as of 12:00 p.m. on the second business day immediately after the day it is deposited with and accepted by Federal Express, or a similar overnight courier service, addressed to the proper party and marked for next business day morning delivery. For the purposes of this Contract, a "business day" means any day Monday through Friday that is not a holiday recognized by the federal government or the State of California.

1. 1 RENT BOARD hereby designates as its Authorized Representative the Project Manager whose name and address are as follows:

Nicolas Traylor

City Of Richmond Rent Program, 440 Civic Center Plaza, Suite 200

Richmond, CA 94804

1. 2 CONTRACTOR hereby designates as its Authorized Representative the Project Manager whose name and address are as follows:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

EXHIBIT D  
GENERAL CONDITIONS

1. Independent Contractor. Contractor acknowledges, represents and warrants that Contractor is not a regular or temporary employee, joint venturer or partner of the RENT BOARD, but rather an independent Contractor. This Contract shall not be construed to create an agency, servant, employee, partnership, or joint venture relationship. As an independent Contractor, Contractor shall have no authority to bind RENT BOARD to any obligation or to act as RENT BOARD'S agent except as expressly provided herein. Due to the independent Contractor relationship created by this Contract, RENT BOARD shall not withhold state or federal income taxes, the reporting of which shall be Contractor's sole responsibility.
2. Brokers. Contractor acknowledges, represents and warrants that Contractor has not hired, retained or agreed to pay any entity or person any fee, commission, percentage, gift, or any other consideration, contingent upon or resulting from the award or making of this Contract.
3. City Property. The rights to applicable plans, drawings, reports, calculations, data, specifications, videos, graphics or other materials prepared for or obtained pursuant to this Contract, which, upon request, are to be delivered to RENT BOARD within a reasonable time, shall be deemed assigned to RENT BOARD. If applicable, Contractor shall prepare check prints upon request. Notwithstanding the foregoing, Contractor shall not be obligated to provide to RENT BOARD proprietary software or data which Contractor has developed or had developed for Contractor's own use; provided, however, that Contractor shall, pursuant to Section 15 below, indemnify, defend and hold harmless RENT BOARD from and against any discovery or Public Records Act request seeking the disclosure of such proprietary software or data.
4. Patents, Trademarks, Copyrights and Rights in Data. Contractor shall not publish or transfer any materials, discoveries, developments, concepts, designs, ideas, know how, improvements, inventions and/or original works of authorship resulting from activities supported by this Contract without the express prior written consent of the Executive Director of the Richmond Rent Program. If anything resulting from activities supported by this Contract is patentable, trademarkable, copyrightable or otherwise legally protectable, RENT BOARD reserves the exclusive right to seek such intellectual property rights. Notwithstanding the foregoing, Contractor may, after receiving RENT BOARD's prior written consent, seek patent, trademark, copyright or other intellectual property rights on anything resulting from activities supported by this Contract. However, RENT BOARD reserves, and Contractor irrevocably grants, a nonexclusive, fully paid-up, royalty-free, assumable, perpetual, worldwide license, with the right to transfer, sublicense, practice and exploit said license and the right to make, have made, copy, modify, make derivative works of, use, sell, import, and otherwise distribute under all applicable intellectual properties without restriction of any kind said license. This paragraph shall not apply to any Know Your Rights materials and/or attorney-work product resulting from this Contract. Contractor further agrees to assist RENT BOARD, not at RENT BOARD's expense, in every proper way to secure the RENT BOARD's in any patents, trademarks, copyrights or other intellectual property rights relating thereto, including the disclosure to RENT BOARD of all pertinent information and data with respect

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thereto. Contractor shall also assist RENT BOARD in the execution of all applications, specifications, oaths, assignments, recordations, and all other instruments which RENT BOARD shall deem necessary in order to apply for, obtain, maintain and transfer such rights, or if not transferable, to waive such rights. Contractor shall further assist RENT BOARD in the execution of all applications, specifications, oaths, assignments, recordations and all other instruments which RENT BOARD shall deem necessary in order to assign and convey to RENT BOARD, and any assigns and nominees the sole and exclusive right, title and interest in and to any patents, trademarks, copyrights or other intellectual property rights relating thereto. Contractor further agrees that its obligation to execute or cause to be executed, when it is in Contractor's power to do so, any such instruments or papers shall continue during and at all times after the end of Contractor's services and until the expiration of the last such intellectual property right. Contractor hereby irrevocably designates and appoints RENT BOARD, and its duly authorized officers, agents and servants, as its agent and attorney-in-fact, to act for and in its behalf and stead to execute and file any such applications and to do all other lawfully permitted acts to further the application for, prosecution, issuance, maintenance or transfer of letters of patents, copyright and other registrations. This power of attorney is coupled with an interest and shall not be affected by Contractor's subsequent incapacity.

5. Inspection. Contractor's performance, place of business and records pertaining to this Contract are subject to monitoring, inspection, review and audit by authorized representatives of the RENT BOARD, the State of California, and the United States Government. If the project or services set forth in Exhibit A shall be performed on RENT BOARD or other public property, RENT BOARD shall have the right to inspect such work without notice. If such project or services shall not be performed on RENT BOARD or other public property, RENT BOARD shall have the right to inspect such work upon reasonable notice, subject to Bay Area Legal Aid's duty to maintain attorney/client privilege and client confidentiality.
6. Services. The project or services set forth in Exhibit A shall be performed to the full satisfaction and approval of RENT BOARD. In the event that the project or services set forth in Exhibit A are also itemized by price, RENT BOARD, in its sole discretion, may, upon notice to Contractor, delete certain items or services set forth in Exhibit A, in which case there shall be a corresponding reduction in the amount of compensation paid to Contractor. Contractor shall, at its own cost and expense, furnish all facilities and equipment necessary for Contractor to complete the project or perform the services required herein, unless otherwise provided in Exhibit A.
7. Records. Contractor shall keep and make available for inspection and copying by authorized representatives of the RENT BOARD, the State of California, and the United States Government, the Contractor's regular business records and such additional records pertaining to this Contract as may be required by the RENT BOARD, subject to Contractor's duty to maintain attorney/client privilege and client confidentiality.

Contractor shall retain all documents pertaining to this Contract for a period of five (5) years after this Contract's termination (or for any further period that is required by law) and until all Federal or State audits are complete and exceptions resolved for this contract's

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funding period. Upon request, Contractor shall make these records available to authorized representatives of the RENT BOARD, the State of California, and the United States Government, subject to Contractor's duty to maintain attorney/client privilege and client confidentiality.

Contractor shall keep full and detailed accounts, maintain records, and exercise such controls as may be necessary for proper financial management under this Contract. The Contractor's accounting and control systems shall be satisfactory to RENT BOARD. Contractor's accounting systems shall conform to generally accepted accounting principles and all records shall provide a breakdown of total costs charged under this Contract, including properly executed payrolls, time records, utility bills, invoices and vouchers. The RENT BOARD shall be afforded prompt access to Contractor's records, books, and Contractor shall preserve such project records for a period of at least five (5) years after the termination of this Contract, or for such longer period as may be required by law.

Contractor shall permit RENT BOARD and its authorized representatives and accountants to inspect, examine and copy Contractor's books, records, accounts, correspondence, instructions, drawings, receipts, subcontracts, purchase orders, vouchers, memoranda and other data relating to the project or services set forth in Exhibit A, and any and all data relevant to this Contract at any reasonable time for the purpose of auditing and verifying statements, invoices, or bills submitted by Contractor pursuant to this Contract and shall provide such assistance as may be reasonably required in the course of such inspection. Contractor shall also allow RENT BOARD access to the record keeping and accounting personnel of Contractor.

RENT BOARD further reserves the right to examine and re-examine said books, records, accounts, and data during the five (5) year period following the termination of this Contract; and Contractor shall in no event dispose of, destroy, alter, or mutilate said books, records, accounts, and data in any manner whatever for five (5) years after the termination of this Contract. Pursuant to California Government Code § 10527, the parties to this Contract shall be subject to the examination and audit of representatives of the Auditor General of the State of California for a period of three (3) years after final payment under this Contract. The examination and audit shall be confined to those matters connected with the performance of this Contract including, but not limited to, the cost of administering this Contract.

8. Changes and Extra Work. All changes and/or extra work under this Contract shall be performed and paid for in accordance with the following:

Only the RENT BOARD or Executive Director of the Richmond Rent Program, may authorize extra and/or changed work. Contractor expressly recognizes that other City of Richmond personnel are without authorization to either order extra and/or changed work or waive contract requirements. Failure of Contractor to secure the authorization for such extra and/or changed work shall constitute a waiver of any and all right to adjustment in contract price due to such unauthorized work and Contractor thereafter shall be entitled to no compensation whatsoever for performance of such extra and/or changed work.

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If Contractor is of the opinion that any work which Contractor has been directed to perform is beyond the scope of this Contract and constitutes extra work, Contractor shall promptly notify RENT BOARD or the Executive Director of the Richmond Rent Program of the fact. The RENT BOARD or the Executive Director of the Richmond Rent Program shall make a determination as to whether or not such work is, in fact, beyond the scope of this Contract and constitutes extra work. In the event that RENT BOARD or the Executive Director of the Richmond Rent Program determines that such work does constitute extra work, RENT BOARD shall provide extra compensation to Contractor on a fair and equitable basis. A change order or Contract Amendment providing for such compensation for extra work shall be negotiated between RENT BOARD and Contractor and executed by Contractor and the Executive Director of the Richmond Rent Program.

In the event RENT BOARD or the Executive Director of the Richmond Rent Program determines that such work does not constitute extra work, Contractor shall not be paid extra compensation above that provided herein and if such determination is made by the Executive Director of the Richmond Rent Program staff, said determination may be appealed to the RENT BOARD; provided, however, a written appeal must be submitted to the Executive Director of the Richmond Rent Program within five (5) days after the determination is sent to Contractor. Said written appeal shall include a description of each and every ground upon which Contractor challenges the staff's determination.

9. Additional Assistance. If this Contract requires Contractor to prepare plans and specifications, Contractor shall provide assistance as necessary to resolve any questions regarding such plans and specifications that may arise during the period of advertising for bids, and Contractor shall issue any necessary addenda to the plans and specifications as requested. In the event Contractor is of the opinion that RENT BOARD's requests for addenda and assistance is outside the scope of normal services, the parties shall proceed in accordance with the changes and extra work provisions of Section 8 of these General Conditions.
10. Professional Ability. Contractor acknowledges, represents and warrants that Contractor and its employees are skilled and able to competently provide the services hereunder, and possess all professional licenses, certifications, and approvals necessary to engage in their occupations. RENT BOARD has relied upon the professional ability and training of Contractor as a material inducement to enter into this Contract. Contractor shall perform in accordance with generally accepted professional practices and standards of Contractor's profession. In the event that RENT BOARD, in its sole discretion, desires the removal of any person employed or retained by Contractor to perform services hereunder, such person shall be removed immediately upon receiving notice from RENT BOARD.
11. Business License. Contractor shall obtain a Richmond Business License before performing any services required under this Contract. The failure to so obtain such license shall be a material breach of this Contract and grounds for immediate termination by RENT BOARD; provided, however, that RENT BOARD may waive the business license requirement in writing under unusual or extraordinary circumstances without necessitating any modification of this Contract to reflect such waiver.
12. Termination Without Default. Notwithstanding any provision herein to the contrary, RENT

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BOARD and or Executive Director of the Richmond Rent Program may, in its sole and absolute discretion and without cause, terminate this Contract at any time prior to completion by Contractor of the project or services hereunder, immediately upon written notice to Contractor. Contractor may terminate this Contract at any time in its sole and absolute discretion and without cause upon 30 days' written notice to RENT BOARD. In the event of termination by either party, Contractor shall be compensated for: (1) all authorized work satisfactorily performed prior to the effective date of termination; (2) necessary materials or services of others ordered by Contractor for this Contract, prior to receipt of notice of termination, irrespective of whether such materials or services of others have actually been delivered, provided that Contractor is not able to cancel such orders. Compensation for Contractor in such event shall be determined by RENT BOARD in accordance with the percentage of the project or services completed by Contractor; and all of Contractor's finished or unfinished work product through the time of the RENT BOARD's last payment shall be transferred and assigned to RENT BOARD. Additionally, in the event of such termination, the RENT BOARD may proceed with the work in any reasonable manner it chooses.

13. Termination in the Event of Default. Should Contractor fail to perform any of its obligations hereunder, within the time and in the manner provided or otherwise violate any of the terms of this Contract, RENT BOARD or Executive Director of the Richmond Rent Program may immediately terminate this Contract by giving written notice of such termination, stating the reasons for such termination. Contractor shall be compensated as provided in Section 12 of these General Conditions; provided, however, there shall be deducted from such amount the amount of damage, including attorney's fees, expert witness fees and costs, if any, sustained by RENT BOARD by virtue of Contractor's breach of this Contract. Additionally, in the event of such termination, the RENT BOARD may proceed with the work in any reasonable manner it chooses.
  
14. Conflict of Interest. Contractor acknowledges, represents and warrants that Contractor shall avoid all conflicts of interest (as defined under any federal, state or local statute, rule or regulation, or at common law) with respect to this Contract. Contractor further acknowledges, represents and warrants that no RENT BOARD official or employee has any economic interest, as defined in Title 2, California Code of Regulations §§ 18703.1 through 18703.5, with Contractor that would invalidate this Contract. Contractor acknowledges that in the event that Contractor shall be found by any judicial or administrative body to have any conflict of interest (as defined above) with respect to this Contract, all consideration received under this Contract shall be forfeited and returned to RENT BOARD forthwith. This provision shall survive the termination of this Contract for one (1) year.
  
15. Indemnification. (a) If this Contract is a contract for design professional services subject to California Civil Code Section 2782.8(a) and Contractor is a design professional, as defined in California Civil Code Section 2782.8(b)(2), Contractor shall hold harmless, defend and indemnify the RENT BOARD, its officers, agents, employees, and volunteers from and against any and all claims, damages, losses, and expenses including attorneys' fees arising out of, or pertaining to, or relating to the negligence, recklessness, or willful misconduct of the Contractor, except where caused by the active negligence, sole negligence, or willful misconduct of the RENT BOARD. To the fullest extent permitted by law, Contractor shall immediately defend and indemnify the RENT BOARD and its officers, agents, employees,

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and volunteers from and against any and all liabilities, regardless of nature or type, that arise out of, pertain to, or relate to the negligence, recklessness, or willful misconduct of the Contractor, or its employees, agents, or subcontractors. Liabilities subject to the duties to defend and indemnify include, without limitation, any and all claims, losses, damages, penalties, fines, and judgments; associated investigation and administrative expenses; defense costs, including but not limited to reasonable attorneys' fees; court costs; and costs of alternative dispute resolution. Contractor's obligation to indemnify applies unless it is finally adjudicated that the liability was caused by the sole active negligence or sole willful misconduct of an indemnified party.

(b) If this Contract is not a contract for design professional services subject to California Civil Code Section 2782.8(a) or Contractor is not a design professional as defined in California Civil Code Section 2782.8(b)(2), Contractor shall indemnify, defend, and hold harmless the RENT BOARD, its officers, agents, employees and volunteers from any and all claims, suits, or actions of every name, kind and description, brought forth on account of injuries to or death of any person or damage to property arising from or connected with the willful misconduct, negligent acts, errors or omissions, ultra-hazardous activities, activities giving rise to strict liability, or defects in design by Contractor or any person directly or indirectly employed by, or acting as, the agent for Contractor in the performance of this Contract, including the concurrent or successive passive negligence of the RENT BOARD, its officers, agents, employees or volunteers.

(c) It is understood that the duty of Contractor to indemnify and hold harmless includes the duty to defend as set forth in Section 2778 of the California Civil Code. Contractor shall be obligated to defend, in all legal, equitable, administrative, or special proceedings, with counsel approved by the RENT BOARD, the RENT BOARD and its officers, agents, employees, and volunteers, immediately upon tender to Contractor of the claim in any form or at any stage of an action or proceeding, whether or not liability is established. An allegation or determination that persons other than Contractor are responsible for the claim does not relieve Contractor from its separate and distinct obligation to defend under this Section 15. The obligation to defend extends through final judgment, including exhaustion of any appeals. The defense obligation includes an obligation to provide independent counsel if Contractor asserts that liability is caused in whole, or in part, by the negligence or willful misconduct of an indemnified party.

(d) The review, acceptance or approval of the Contractor's work or work product by any indemnified party shall not affect, relieve or reduce the Contractor's indemnification or defense obligations. This Section 15 survives completion of the services or the termination of this Contract. The provisions of this Section 15 are not limited by, and do not affect, the provisions of this Contract relating to insurance.

(e) Acceptance of insurance certificates and endorsements required under this Contract does not relieve Contractor from liability under this Section 15. This Section 15 shall apply whether or not such insurance policies are determined to be applicable to any such damages or claims

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for damages.

16. Safety. Contractor acknowledges that the RENT BOARD is committed to the highest standards of workplace safety. Contractor shall perform all work hereunder in full compliance with applicable local, state and federal safety requirements including but not limited to Occupational Safety and Health Administration requirements, and shall assume sole and complete responsibility for the safety of Contractor's employees and any subcontractor's employees. If a death, serious personal injury or substantial property damage occurs in connection with the performance of this Contract, Contractor shall immediately notify the RENT BOARD by telephone.
17. Insurance. Insurance requirements are set forth in Exhibit F to this Contract. Contractor shall abide by the insurance requirements set forth in said Exhibit F.
18. Non-Liability of Officials and Employees of the Rent Board. No official or employee of the RENT BOARD shall be personally liable for any default or liability under this Contract.
19. Compliance with Laws. Contractor shall comply with all federal, state and local laws, statutes, ordinances, rules and regulations, and the orders and decrees of any courts or administrative bodies or tribunals, with respect to this Contract, including without limitation environmental laws, employment discrimination laws and prevailing wage laws. Compliance under this provision includes compliance with all provisions of the Richmond Municipal Code ("Municipal Code"), including Chapters 2.50, 2.52, 2.56, and 2.60, if applicable.

Contractor acknowledges that under § 2.60.070 of the Municipal Code ("Living Wage Ordinance"), Contractor shall promptly provide to RENT BOARD documents and information verifying its compliance with the Living Wage Ordinance. Also as prescribed in § 2.60.070, Contractor shall notify each of its affected employees with regards to the wages that are required to be paid pursuant to the Living Wage Ordinance.

Contractor shall comply with § 2.28.030 of the Municipal Code, obligating every Contractor or subcontractor under a contract or subcontract with the RENT BOARD for public work or for goods or for services to refrain from discriminatory employment or subcontracting practices on the basis of race, color, sex, sexual orientation, religious creed, national origin or ancestry of any employee, any applicant for employment or any potential subcontractor.

Contractor acknowledges that the RENT BOARD's Drug Free Workplace Policy, Violence in the Workplace Policy and the Policy Against Workplace Harassment, are available on the RENT BOARD's website at <http://www.ci.richmond.ca.us/workplacepolicies> . Contractor agrees to abide by the terms and conditions of said policies.

20. Limitations upon Subcontracting and Assignment. This Contract binds the heirs, successors, assigns and representatives of Contractor. The Contractor shall not enter into subcontracts

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for any work contemplated under this Contract and shall not assign this Contract, nor any portion hereof or monies due or to become due, without the prior written consent of the RENT BOARD or its designee.

Contractor acknowledges that the services which Contractor shall provide under this Contract are unique, personal services which, except as otherwise provided herein, Contractor shall not assign or sublet to any other party without the prior written approval of RENT BOARD, which approval may be withheld in RENT BOARD's sole and absolute discretion. In the event that RENT BOARD, in writing, approves any assignment or subletting of this Contract or the retention of subcontractors by Contractor, Contractor shall provide to RENT BOARD upon request copies of each and every subcontract contract prior to the execution thereof by Contractor and subcontractor. Any assignment by Contractor of any or all of its rights under this Contract without first obtaining RENT BOARD's prior written consent shall be a default under this Contract.

The sale, assignment, transfer or other disposition of any of the issued and outstanding capital stock of Contractor (if applicable), or of the interest of any general partner or joint venturer or syndicate member if Contractor is a partnership or joint-venture or syndicate, which shall result in a change of control of Contractor, shall be deemed an assignment. For this purpose, control shall mean fifty percent or more of the voting power or twenty-five percent or more of the assets of the corporation, partnership or joint-venture.

21. Integration. This Contract constitutes the entire agreement between the parties concerning the subject matter hereof and supersedes any previous oral or written agreement; provided, however, that correspondence or documents exchanged between Contractor and RENT BOARD may be used to assist in the interpretation of the Exhibits to this Contract.
22. Modifications and Amendments. This Contract may be modified or amended only by a change order or Contract Amendment executed by both parties and approved as to form by the Executive Director of the Richmond Rent Program or designated Staff Attorney.
23. Conflicting Provisions. In the event of a conflict between these General Conditions and those of any Exhibit or attachment hereto, these General Conditions shall prevail; provided, however, that any Special Conditions as set forth in Exhibit E shall prevail over these General Conditions. In the event of a conflict between the terms and conditions of any two or more Exhibits or attachments hereto, those prepared by RENT BOARD shall prevail over those prepared by the Contractor, and the terms and conditions preferred by the RENT BOARD shall prevail over those preferred by the Contractor.
24. Non-exclusivity. Notwithstanding any provision herein to the contrary, the services provided by Contractor hereunder shall be non-exclusive, and RENT BOARD reserves the right to employ other Contractors in connection with the project.

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25. Exhibits. All Exhibits hereto are made a part hereof and incorporated herein by reference; provided, however, that any language in Exhibit A which does not pertain to the project description, proposal, scope of services, or method of compensation (as applicable), or any corresponding responsibilities of RENT BOARD, shall be deemed extraneous to, and not a part of, this Contract.
26. Force Majeure. Neither party hereto shall be considered in default in the performance of its obligations hereunder to the extent that the performance of such an obligation is prevented or delayed by reason of acts of God, strikes, boycotts, lock-outs, inability to procure materials not related to the price thereof, failure of power, restrictive governmental laws and regulations enacted after the date of this Contract, riots, civil unrest, acts of terrorism, insurrection, war, declaration of a state or national emergency or other reasons of a like nature not within the reasonable control of such party.
27. Time of the Essence. Time is of the essence of this Contract. Contractor and RENT BOARD agree that any time period set forth in Exhibit A represents their best estimates with respect to completion dates and both Contractor and RENT BOARD acknowledge that departures from the schedule may occur. Therefore, both Contractor and RENT BOARD will use reasonable efforts to notify one another of changes to the schedule. Contractor shall not be responsible for performance delays caused by others, or delays beyond Contractor's control, and such delays shall extend the times for performance of Contractor's work.
28. Confidentiality. Contractor agrees to comply with, and to require its employees, agents and partners to comply with, all applicable State or Federal statutes or regulations respecting confidentiality, including but not limited to, the identity of persons served under this Contract, their records, or services provided them, and assures that:
- All applications and records concerning any individual made or kept by Contractor or any public officer or agency in connection with the administration of or relating to services provided under this Contract will be confidential, and will not be open to examination for any purposes not directly connected with the administration of such service.
- No person will publish or disclose or permit or cause to be published or disclosed, any list of persons receiving services, except as may be required in the administration of such service.
29. Third Parties. Nothing herein shall be interpreted as creating any rights or benefits in any third parties. For purposes hereof, transferees or assignees as permitted under this Contract shall not be considered "third parties."
30. Governing Law. This Contract shall be construed in accordance with the law of the State of California without regard to principles of conflicts of law. This Contract is made in Contra Costa County, California, and any action relating to this Contract shall be instituted and

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ATTACHMENT 2**

prosecuted in the courts of Contra Costa County, California.

31. Nonrenewal. Contractor understands and agrees that there is no representation, implication, or understanding that the services provided by Contractor under this Contract will be purchased or renewed by the RENT BOARD under a new contract following expiration or termination of this Contract, and waives all rights or claims to notice or hearing respecting any failure by RENT BOARD to continue the purchase of all or any failure to continue purchase of all or any such services from Contractor.
32. Claims. Any claim by Contractor against RENT BOARD hereunder shall be subject to Government Code §§ 800 et seq. The claims presentation provisions of said Act are hereby modified such that the presentation of all claims hereunder to the RENT BOARD shall be waived if not made within six months after accrual of the cause of action.
33. Interpretation. This Contract shall be interpreted as if drafted by both parties.
34. Warranty. In the event that any product shall be provided to the RENT BOARD as part of this Contract, Contractor warrants as follows: Contractor possesses good title to the product and the right to transfer the product to RENT BOARD; the product shall be delivered to the RENT BOARD free from any security interest or other lien; the product meets any specifications contained herein; the product shall be free from material defects in materials and workmanship under normal use for a period of one (1) year from the date of delivery; and the product shall be fit for its intended purpose(s). Notwithstanding the foregoing, consumable and maintenance items (such as light bulbs and batteries) shall be warranted for a period of one hundred and eighty (180) days from the date of delivery. All repairs during the warranty period shall be promptly performed by Contractor, at Contractor's expense, including shipping.
35. Severability. In the event that any of the provisions or portions or applications thereof of this Contract are held to be unenforceable or invalid by any court of competent jurisdiction, RENT BOARD and Contractor shall negotiate an equitable adjustment in the provisions of the Contract with a view toward effectuating the purpose of this Contract, and the validity and enforceability of the remaining provisions or portions or applications thereof, shall not be affected thereby.
36. Authority. RENT BOARD warrants and represents that the signatory hereto (the Executive Director of the Richmond Rent Board) is duly authorized to enter into and execute this Contract on behalf of RENT BOARD. The party signing on behalf of Contractor warrants and represents that he or she is duly authorized to enter into and execute this Contract on behalf of Contractor, and shall be personally liable to RENT BOARD if he or she is not duly authorized to enter into and execute this Contract on behalf of Contractor.

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37. Waiver. The waiver by RENT BOARD of any breach of any term or provision of this Contract shall not be construed as a waiver of any subsequent breach. Inspections or approvals, or statements by any officer, agent or employee of the RENT BOARD relating to the Contractor's performance, or payments therefore, or any combination of these acts, shall not relieve the Contractor's obligation to fulfill this Contract as prescribed; nor shall the RENT BOARD be thereby stopped from bringing any action for damages or enforcement arising from any failure to comply with any of the terms and conditions of this Contract.
38. Possessory Interest. If this Contract results in the Contractor having possession of, claim to or right to the possession of land or improvements, but does not vest ownership of the land or improvements in the same person, or if this Contract results in the placement of taxable improvements on tax exempt land (Revenue and Taxation Code 107), such interest or improvements may represent a possessory interest subject to property tax, and Contractor may be subject to the payment of property taxes levied on such interest.
39. Performance and Final Acceptance. Contractor represents that it is experienced, qualified, registered, licensed, equipped, organized and financed to perform the services under this Contract. Contractor shall perform the services under this Contract with that degree of skill and judgment normally exercised by professional firms performing services of a similar nature in the State of California, and shall be responsible for the professional quality, technical accuracy and coordination of the services it performs under this Contract. In addition to the other rights and remedies which RENT BOARD may have, Contractor shall, at its own expense, correct any services which fail to meet the above standard.

RENT BOARD shall provide Contractor an opportunity to cure errors and omission which may be disclosed during the review of submittals, with no increase in the authorized Contract Payment Limit. Should Contractor fail to make necessary corrections in a timely manner, such corrections shall be made by the RENT BOARD and the cost thereof shall be charged to Contractor.

If warranted, RENT BOARD shall determine, and Contractor may request such determination, that Contractor has satisfactorily completed performance of this Contract. Upon such determination, RENT BOARD shall issue to Contractor a written Notice of Final Acceptance, after which Contractor shall not incur further costs under this Contract. Contractor shall respond to such Notice of Final Acceptance by executing and submitting to RENT BOARD a Release and Certificate of Final Payment.

40. Survival. The rights and obligations of the parties which by their nature survive termination or completion of the services covered by this Contract shall remain in full force and effect after termination or completion.

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**EXHIBIT E  
SPECIAL CONDITIONS**

The General Conditions are hereby amended to include the following modifications and/or provisions (if applicable):

**EXHIBIT F  
INSURANCE PROVISIONS**

During the entire term of this Contract and any extension or modification thereof, the CONTRACTOR shall keep in effect insurance policies meeting the insurance requirements specified in the insurance provisions which are attached hereto and incorporated herein by this reference.

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 20, 2019

Final Decision Date Deadline: February 20, 2019

**STATEMENT OF THE ISSUE:** The Rent Program receives monthly variance reports from the City of Richmond Finance Department. These reports provide useful information on the Rent Program's revenues and expenditures throughout the fiscal year. Finance Department staff members have graciously agreed to provide these reports to staff on a schedule that will permit them to be included in the agenda for the Rent Board's regularly scheduled meetings.

## 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 the Rent Program FY 2018-19 Monthly Revenue and Expenditure Report through January 2019 – Rent Program (Paige Roosa 620-6537).

AGENDA ITEM NO:

**F-6.**

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Rent Program  
FY2018-19 Monthly Revenue and Expenditure Report

FUND	ORG	CHARACTER	OBJECT	ORIGINAL BUDGET	REVISED BUDGET	Per 1 Jul-2018 MTD ACTUAL	Per 2 Aug-2018 MTD ACTUAL	Per 3 Sept-2018 MTD ACTUAL	Per 4 Oct-2018 MTD ACTUAL	Per 5 Nov-2018 MTD ACTUAL	Per 6 Dec-18 MTD ACTUAL	Per 7 Jan-19 MTD ACTUAL	ENCUMBRANCES	YTD TOTAL	AVAILABLE BUDGET	% USED		
1018	11850065	34	LICENSES, PRMITS&FEES	340445	FEES/Admin Fees	(2,804,925.00)	(2,804,925.00)	(61,153.75)	(87,687.78)	(49,762.50)	(491,811.00)	(51,052.25)	(74,694.25)	(128,623.00)	(944,784.53)	(1,860,140.47)	33.7%	
					<b>TOTAL LICENSES, PRMITS&amp;FEES</b>	<b>(2,804,925.00)</b>	<b>(2,804,925.00)</b>	<b>(61,153.75)</b>	<b>(87,687.78)</b>	<b>(49,762.50)</b>	<b>(491,811.00)</b>	<b>(51,052.25)</b>	<b>(74,694.25)</b>	<b>(128,623.00)</b>	<b>(944,784.53)</b>	<b>(1,860,140.47)</b>	<b>33.7%</b>	
1018	11850065	38	OTHER REVENUE	364855	OTHER REV/Misc Other Revenue	-	-	(20.60)	-	-	-	(75.00)	-	(95.60)	95.60	100.0%		
					<b>TOTAL OTHER REVENUE</b>	<b>-</b>	<b>-</b>	<b>(20.60)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(75.00)</b>	<b>-</b>	<b>(95.60)</b>	<b>95.60</b>	<b>100.0%</b>		
			<b>TOTAL REVENUE</b>	<b>(2,804,925.00)</b>	<b>(2,804,925.00)</b>	<b>(61,153.75)</b>	<b>(87,708.38)</b>	<b>(49,762.50)</b>	<b>(491,811.00)</b>	<b>(51,052.25)</b>	<b>(74,769.25)</b>	<b>(128,623.00)</b>	<b>-</b>	<b>(944,880.13)</b>	<b>(1,860,044.87)</b>	<b>33.7%</b>		
1018	11850065	40	SALARIES AND WAGES	400001	SALARIES & WAGES/Executive	470,660.00	470,660.00	43,808.34	44,156.70	44,212.68	44,212.68	44,212.68	44,212.68	309,028.44	161,631.56	65.7%		
1018	11850065	40	SALARIES AND WAGES	400002	SALARIES & WAGES/Mgmt-Local 21	242,235.00	339,735.00	19,837.94	19,837.94	19,837.94	29,118.23	26,024.80	24,445.70	25,570.84	164,673.39	175,061.61	48.5%	
1018	11850065	40	SALARIES AND WAGES	400003	SALARIES & WAGES/Local 1021	119,474.00	119,474.00	10,783.02	10,783.02	10,783.02	10,987.78	10,987.78	10,987.78	76,095.42	43,378.58	63.7%		
1018	11850065	40	SALARIES AND WAGES	400006	SALARIES & WAGES/PT- Temp	77,530.00	77,530.00	2,276.74	5,707.84	4,616.42	2,981.22	4,401.34	4,113.23	2,902.15	26,998.94	50,531.06	34.8%	
1018	11850065	40	SALARIES AND WAGES	400031	OVERTIME/General	12,000.00	12,000.00	317.29	70.53	14.11	-	562.34	1,191.51	270.53	2,426.31	9,573.69	20.2%	
1018	11850065	40	SALARIES AND WAGES	400048	OTHER PAY/Bilingual Pay	1,674.00	1,674.00	549.59	484.82	484.82	484.82	546.69	776.66	592.73	3,920.13	(2,246.13)	234.2%	
1018	11850065	40	SALARIES AND WAGES	400049	OTHER PAY/Auto Allowance	4,200.00	4,200.00	350.00	350.00	350.00	350.00	350.00	350.00	350.00	2,450.00	1,750.00	58.3%	
1018	11850065	40	SALARIES AND WAGES	400050	OTHER PAY/Medical- in Lieu of	4,200.00	4,200.00	350.00	350.00	200.00	200.00	200.00	200.00	200.00	1,700.00	2,500.00	40.5%	
					<b>TOTAL SALARIES AND WAGES</b>	<b>931,973.00</b>	<b>1,029,473.00</b>	<b>78,272.92</b>	<b>81,740.85</b>	<b>80,498.99</b>	<b>88,129.97</b>	<b>87,285.63</b>	<b>86,277.56</b>	<b>85,086.71</b>	<b>587,292.63</b>	<b>442,180.37</b>	<b>57.0%</b>	
1018	11850065	41	FRINGE BENEFITS	400103	P-ROLL BEN/Medicare Tax-ER Shr	12,303.00	12,303.00	1,160.03	1,188.56	1,180.49	1,292.29	1,269.08	1,255.38	1,237.20	8,583.03	3,719.97	69.8%	
1018	11850065	41	FRINGE BENEFITS	400104	P-ROLL BEN/PERS Benefits			20,717.85	16,042.21					36,760.06	(36,760.06)	100.0%		
1018	11850065	41	FRINGE BENEFITS	400105	P-ROLL BEN/Health Insurance Be	142,999.00	142,999.00	11,256.12	11,256.12	12,037.77	13,601.43	12,819.60	12,629.14	12,629.14	86,229.32	56,769.68	60.3%	
1018	11850065	41	FRINGE BENEFITS	400106	P-ROLL BEN/Dental Insurance	13,347.00	13,347.00	1,108.35	1,108.35	1,108.35	1,354.65	1,231.50	1,231.50	1,231.50	8,374.20	4,972.80	62.7%	
1018	11850065	41	FRINGE BENEFITS	400109	P-ROLL BEN/Employee Assistance	414.00	414.00	32.76	32.76	32.76	40.04	36.40	36.40	36.40	247.52	166.48	59.8%	
1018	11850065	41	FRINGE BENEFITS	400110	P-ROLL BEN/Professional Dev-Mg	5,250.00	5,250.00	1,500.00	686.09	750.00		63.91		3,000.00	2,250.00	57.1%		
1018	11850065	41	FRINGE BENEFITS	400111	P-ROLL BEN/Vision	1,953.00	1,953.00	162.90	162.90	144.90	177.10	161.00	161.00	161.00	1,130.80	822.20	57.9%	
1018	11850065	41	FRINGE BENEFITS	400112	P-ROLL BEN/Life Insurance	2,730.00	2,730.00	423.58	423.58	423.58	511.43	471.34	471.34	471.34	3,196.19	(466.19)	117.1%	
1018	11850065	41	FRINGE BENEFITS	400114	P-ROLL BEN/Long Term Disabilit	8,712.00	8,712.00	721.04	724.02	724.02	873.74	798.88	759.03	806.63	5,407.36	3,304.64	62.1%	
1018	11850065	41	FRINGE BENEFITS	400116	P-ROLL BEN/Unemployment Ins	4,104.00	4,104.00	456.00	456.00	418.00	494.00	456.00	456.00	456.00	3,192.00	912.00	77.8%	
1018	11850065	41	FRINGE BENEFITS	400117	P-ROLL BEN/Personal/Prof Dev	1,500.00	1,500.00								1,500.00	0.0%		
1018	11850065	41	FRINGE BENEFITS	400121	P-ROLL BEN/Worker Comp-Clerica	10,023.00	10,023.00	1,038.35	1,351.44	1,224.08	1,033.25	1,198.97	1,165.35	1,024.02	8,035.46	1,987.54	80.2%	
1018	11850065	41	FRINGE BENEFITS	400122	P-ROLL BEN/Worker Comp-Prof	52,605.00	52,605.00	5,339.91	5,369.12	5,373.82	6,152.44	5,892.90	5,760.41	5,854.82	39,743.42	12,861.58	75.6%	
1018	11850065	41	FRINGE BENEFITS	400124	P-ROLL BEN/CON-MEDICL EE Share	(7,500.00)	(7,500.00)								(7,500.00)	0.0%		
1018	11850065	41	FRINGE BENEFITS	400127	P-ROLL BEN/OPEB	34,139.00	34,139.00	3,052.68	3,066.98	3,069.28	3,449.92	3,331.44	3,266.68	3,312.82	22,549.80	11,589.20	66.1%	
1018	11850065	41	FRINGE BENEFITS	400128	P-ROLL BEN/Pension Stabilizatr			547.27	274.47					821.74	(821.74)	100.0%		
1018	11850065	41	FRINGE BENEFITS	400130	P-ROLL BEN/PARS Benefits			29.60	75.12	60.19	38.75	57.47	56.07	38.48	355.68	(355.68)	100.0%	
1018	11850065	41	FRINGE BENEFITS	400131	P-ROLL BEN/CON-OPEB-EE Share	(7,200.00)	(7,200.00)								(7,200.00)	0.0%		
1018	11850065	41	FRINGE BENEFITS	400149	P-ROLL BEN/PERS-Misc	104,346.00	104,346.00		4,711.56	9,423.12	10,584.18	10,230.52	10,061.72	10,179.48	55,190.58	49,155.42	52.9%	
1018	11850065	41	FRINGE BENEFITS	400151	P-ROLL BEN/PERS-Misc (UAL)	105,819.00	105,819.00			11,337.66	12,597.40	12,597.40	12,597.40	12,597.40	61,727.26	44,091.74	58.3%	
					<b>TOTAL FRINGE BENEFITS</b>	<b>485,544.00</b>	<b>485,544.00</b>	<b>47,546.44</b>	<b>46,243.19</b>	<b>47,244.11</b>	<b>52,950.62</b>	<b>50,552.50</b>	<b>49,971.33</b>	<b>50,036.23</b>	<b>344,544.42</b>	<b>140,999.58</b>	<b>71.0%</b>	
1018	11850065	42	PROF & ADMIN SERVICES	400201	PROF SVCS/Professional Svcs	169,500.00	72,000.00		-	1,084.39		11,070.28	9,857.86	789.28	36,159.46	35,840.54	50.2%	
1018	11850065	42	PROF & ADMIN SERVICES	400206	PROF SVCS/Legal Serv Cost	270,000.00	276,250.00		6,250.00	18,750.00	6,364.02	6,250.00	25,000.00	12,500.00	156,364.02	119,885.98	56.6%	
1018	11850065	42	PROF & ADMIN SERVICES	400220	PROF SVCS/Info Tech Services	3,000.00	3,000.00					541.87		541.87	2,458.13	18.1%		
												359.24		359.24	(359.24)	#DIV/0!		
1018	11850065	42	PROF & ADMIN SERVICES	400242	TRAVEL & TRNG/Mileage	1,000.00	1,000.00				18.85	203.60	95.44	317.89	682.11	31.8%		
1018	11850065	42	PROF & ADMIN SERVICES	400243	TRAVEL & TRNG/Conf, Mtng Trng	10,500.00	10,500.00							-	10,500.00	0.0%		
1018	11850065	42	PROF & ADMIN SERVICES	400245	TRAVEL & TRNG/Tuition Rmb/Cer						800.00			800.00	(800.00)	100.0%		
1018	11850065	42	PROF & ADMIN SERVICES	400262	DUES & PUB/Books & Subs	200.00	200.00							-	200.00	0.0%		
1018	11850065	42	PROF & ADMIN SERVICES	400271	AD & PROMO/Advertising&Promo	2,000.00	2,000.00		3.00	655.00	490.34			1,148.34	851.66	57.4%		
1018	11850065	42	PROF & ADMIN SERVICES	400272	AD & PROMO/Community Events	10,000.00	10,000.00		69.96	74.93				144.89	9,855.11	1.4%		
1018	11850065	42	PROF & ADMIN SERVICES	400280	ADM EXP/Program Supplies						708.75	430.52	423.05	1,562.32	(1,562.32)	100.0%		
					<b>TOTAL PROF &amp; ADMIN SERVICES</b>	<b>466,200.00</b>	<b>374,950.00</b>	<b>-</b>	<b>6,250.00</b>	<b>19,907.35</b>	<b>7,093.95</b>	<b>19,880.09</b>	<b>35,851.22</b>	<b>13,807.77</b>	<b>94,607.65</b>	<b>197,398.03</b>	<b>177,551.97</b>	<b>52.6%</b>
1018	11850065	43	OTHER OPERATING	400231	OFF EXP/Postage & Mailing	50,000.00	50,000.00		1,434.62	352.68	442.11	1,224.65	4,896.05	260.10	8,610.21	41,389.79	17.2%	
1018	11850065	43	OTHER OPERATING	400232	OFF EXP/Printing & Binding	-	-				541.87	966.21		2,296.71	3,804.79	(3,804.79)	100.0%	
1018	11850065	43	OTHER OPERATING	400233	OFF EXP/Copying & Duplicating	5,000.00	5,000.00							-	5,000.00	0.0%		
1018	11850065	43	OTHER OPERATING	400304	RENTAL EXP/Equipment Rental	5,000.00	5,000.00							-	5,000.00	0.0%		
1018	11850065	43	OTHER OPERATING	400321	MISC EXP/Misc Contrib	3,000.00	3,000.00							-	3,000.00	0.0%		
1018	11850065	43	OTHER OPERATING	400322	MISC EXP/Misc Exp	10,000.00	10,000.00			376.21	870.51	101.22		182.23	1,873.55	8,126.45	18.7%	
1018	11850065	43	OTHER OPERATING	400341	OFF SUPP/Office Supplies	21,000.00	7,000.00		1,162.55	898.31	101.48		82.07	509.51	2,753.92	4,246.08	39.3%	
1018	11850065	43	OTHER OPERATING	400344	OFF SUPP/Computer Supplies	6,300.00	6,300.00							5,895.26	404.74	93.6%		
					<b>TOTAL OTHER OPERATING</b>	<b>100,300.00</b>	<b>86,300.00</b>	<b>-</b>	<b>1,434.62</b>	<b>1,891.44</b>	<b>2,752.80</b>	<b>2,393.56</b>	<b>4,978.12</b>	<b>3,248.55</b>	<b>22,937.73</b>	<b>63,362.27</b>	<b>26.6%</b>	
1018	11850065	44	UTILITIES	400401	UTILITIES/Tel & Telegraph	1,200.00												

**Rent Program  
FY2018-19 Monthly Revenue and Expenditure Report**

**ITEM F-6**

FUND	ORG	CHARACTER	OBJECT	ORIGINAL BUDGET	REVISED BUDGET	Per 1	Per 2	Per 3	Per 4	Per 5	Per 6	Per 7	ENCUMBRANCES	YTD TOTAL	AVAILABLE BUDGET	% USED	
						Jul-2018	Aug-2018	Sept-2018	Oct-2018	Nov-2018	Dec-18	Jan-19					
1018	11850065	48	ASSET/CAPITAL OUTLAY														
			400601	NONCAP ASST/Comp Hrdware<5K	21,683.00	21,683.00	(11,649.27)	-	11,649.27				6,358.32	6,358.32	15,324.68	29.3%	
			400604	NONCAP ASST/Furniture <5k		500.00								-	500.00	0.0%	
			400704	CAP OUTLAY/Furn & Equip>5,000		13,500.00					9,996.20		3,503.80	13,500.00	-	100.0%	
			<b>TOTAL ASSET/CAPITAL OUTLAY</b>	<b>21,683.00</b>	<b>35,683.00</b>	<b>(11,649.27)</b>	<b>-</b>	<b>11,649.27</b>	<b>-</b>	<b>-</b>	<b>9,996.20</b>	<b>-</b>	<b>9,862.12</b>	<b>19,858.32</b>	<b>15,824.68</b>	<b>55.7%</b>	
<b>TOTAL EXPENDITURES</b>				<b>2,191,475.00</b>	<b>2,197,725.00</b>	<b>127,466.09</b>	<b>148,966.66</b>	<b>182,518.16</b>	<b>164,225.34</b>	<b>173,409.78</b>	<b>200,372.43</b>	<b>165,477.26</b>	<b>110,708.41</b>	<b>1,273,144.13</b>	<b>924,580.87</b>	<b>57.9%</b>	
<b>NET OPERATING (SURPLUS)/DEFICIT</b>				<b>(613,450.00)</b>	<b>(607,200.00)</b>	<b>66,312.34</b>	<b>61,258.28</b>	<b>132,755.66</b>	<b>(327,585.66)</b>	<b>122,357.53</b>	<b>125,603.18</b>	<b>36,854.26</b>	<b>110,708.41</b>	<b>328,264.00</b>	<b>(935,464.00)</b>		

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 20, 2019

Final Decision Date Deadline: February 20, 2019

**STATEMENT OF THE ISSUE:** Dr. Stephen Barton, a foremost expert on rent control and affordable housing policy, and drafter of many of key Rent Board Regulations has written a report in the "Dollars and Sense" magazine titled "The Economics of Residential Rent Control: The not so simple matter of supply and demand." Dr. Barton's report is a nuanced analysis of the economics of rent control that dispels many myths and deconstructs the economic arguments against rent controls.

## 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 report by Dr. Stephen Barton from the February issue of "Dollars and Sense" titled "The Economics of Residential Rent Control: The not so simple matter of supply and demand."– Rent Program (Nicolas Traylor 620-6564).

AGENDA ITEM NO:

**F-7.**

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# The Economics of Residential Rent Control

## A Not-So-Simple Matter of Supply and Demand

BY STEPHEN BARTON

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Graffiti in support of rent control, location unknown, March 2009.

Credit: Flickr user [alaspoorwho](#), CC BY-SA 2.0 license.

AS THE UNITED STATES EMERGED FROM THE FINANCIAL CRISIS AND recession of 2007–2009, rents in many areas increased rapidly, reaching previously unheard-of levels. This resulted in a massive and continuing transfer of wealth from tenants to real estate investors, displacement of hundreds of thousands of tenants, and a major increase in homelessness. In response, several cities in California and New York passed the first new rent control ordinances in over 30 years and there are serious efforts to eliminate state-level prohibitions on rent controls in Illinois, Oregon, and Washington. In California, a broad coalition of community and tenant organizations put an initiative measure on the November 2018 ballot to repeal statewide restrictions on local rent controls. The ballot measure lost, but the effort received national publicity and brought renewed attention to the case for rent control.

Much of the economic literature critical of rent control is based on analyses of the stringent controls established during World War II, which lasted into the 1970s in New York City and parts of Europe. This generation of rent controls sometimes held rents below the level necessary to operate and maintain the controlled buildings, delivering short-term benefits to tenants at the cost of long-run deterioration. These findings simply do not apply to modern “second generation” rent control systems. Throughout the United States the courts have established that landlords have a constitutional right to a fair return on their investment, which typically requires annual increases in rent ceilings sufficient to cover increases in operating and maintenance costs and an increase in normal cash flow (profit) so that the value of that cash flow is not reduced by inflation. Economist Richard Arnott suggested that in light of this, “economists should reconsider their blanket opposition to current rent control systems and evaluate them on a case-by-case basis.” Research on the practical effects of second generation rent controls has come up with mixed results, largely because to be effective rent controls must be part of a broader set of programs. You will not learn about that from the public policy discourse found in the news media or, indeed, from most economists.

Rent control can provide tenants with stability and fair rents in cities where the rental housing market is unable to stabilize rents on its own. It can protect millions of tenants very quickly and at low cost, with its administration paid for by fees charged to the landlords benefitting from increased rents. The opponents of rent control claim the “science” of economics has shown that rent control is not only ineffective but harms the low and moderate-income people it is intended to help and endangers needed housing development. When closely examined, however, these claims prove to be based on simplistic, misleading models of the rental housing market and to ignore important non-monetary human values in favor of a utopian idealization of “the market.”

## A Choice of Values

Rent control provides tenants with stability and predictable rents. The real estate industry has long told us that homeownership is good because it increases community stability, while renters are “transient.” Then when tenants demand the stability that can be provided by rent control the real estate industry switches from the civic language in which stability is a virtue to the economic language of efficiency so that harmful “transience” becomes beneficial “mobility.” In the economics literature, it is said that rent control results in “reduced mobility” and that this causes an “inefficient allocation” of rental units. This is typically illustrated with stories about a few high-income tenants who choose to remain in a rent controlled apartment rather than move into a higher-rent apartment closer to a new job or of a size more suited to their current needs. It is never illustrated with the stories of the low-income seniors, childcare workers, and others who are able to stay in their community rather than being pushed out entirely because they could not afford the current market rent for any size of apartment. Nor do the analyses focused on mobility distinguish between moves that people make voluntarily to improve their lives and moves forced by increasing rents (displacement). There is a substantial medical and sociological literature documenting that the displacement of low-income people creates severe stress, with long-term health and mental health impacts—costs that receive no attention from the economics literature.

When there is a shortage of any good, rising prices ration the existing supply, allocating the scarce good to those willing and able to pay the most. If we let prices ration scarce housing, we are saying that high-income people are more deserving of access to the neighborhood or city of their choice than low-income people, and that the time people have lived in an area and the presence of family and friends is important only to the extent that it is backed up by an ability to pay higher rents.

## Housing Is Not a Simple Commodity

Mainstream economists and the real estate industry typically argue that affordable housing crises are a simple matter of supply and demand. In a typical statement, the National Multifamily Housing Council, a major industry association, assures us that rents “provide the economic incentives needed to attract new investment in rental housing, as well as to maintain existing housing stock. In this respect,

housing is no different from other commodities, such as food and clothing—the amount producers supply is directly related to the prevailing market price.” In this model, rental housing is a simple commodity and the rental housing market is self-correcting, so that rising rents will quickly generate additional supply and restore affordability, while rent controls will necessarily result in reduced maintenance and less construction of new housing.

In the real world, rental housing is a far more complex commodity than tomatoes or shirts, and those complexities create serious problems in matching supply with demand. Among the barriers to perfect competition is the fact that demand for housing is dependent on its location. Apartment modules can be built in a factory in Idaho and

**The real estate industry argues that rent control forces the landlord to “subsidize” tenants, when in fact the landlords are extracting unearned land rent from their tenants, taking publicly created value for private profit.**

shipped for hundreds of miles to California, but unlike smart phones, their value when assembled depends on where they are ultimately located.

## Housing Prices Include Land Value and Land Rent

Housing necessarily sits on land, whose value as a location is created by the larger society rather than by the building owner. Much of the value of rental housing in California comes from competition for access to coastal locations with growing job markets and high levels of natural and cultural amenities. In *The Wealth of Nations*, generally considered the founding work of market economics, Adam Smith pointed out that the “rent of houses” can be divided into the “building rent,” the rent actually necessary to operate and maintain the building, and the “ground rent,” which reflects demand for a desirable location. Smith went on to say that ground rent is a “species of revenue which the owner, in many cases, enjoys without any care or attention of his own.” The real estate industry knows this quite well. It is virtually impossible to attend a real estate conference without hearing, multiple times, that the three most

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## RENT CONTROL

important determinants of whether an investment in real estate will be profitable are “location, location, and location.”

What the industry loves about increases in land value is that they require little, if any, investment on the part of the property owner. Instead they result from the private and public actions of the residents in making their community a good place to live, typically some combination of government services and investment in infrastructure, neighborhood amenities, and private investment that increases employment. The real estate industry argues that rent control forces the landlord to “subsidize” tenants, when in fact the landlords are extracting unearned land rent from their tenants, taking publicly created value for private profit.

Adam Smith argued further that “though a part of this revenue should be taken from (the owner) in order to defray the expenses of the state, no discouragement will thereby be given to any sort of

industry. ... A tax upon ground-rents would not raise the rents of houses.” He was one of the first in a long line of economists, the most notable American being Henry George, who recognize that land-value taxation is “efficient” because it taxes value created by the larger society, not the value created by the property owner or the property owner’s employees. This analysis of land rent also applies to rent control, which can be used to limit increases in land rent without reducing the rent below what is actually necessary to operate and maintain the building.

When it is possible to sufficiently increase the supply of housing at a desirable residential location, then the location will not be scarce and market competition will eliminate the land rent. Some inland locations are surrounded by flat, easily buildable land in all directions. But especially in coastal cities, geographic constraints limit the potential to increase the supply of housing. Since these limited urban areas are largely built out, they can only increase housing supply through increases in density, and this increases the per-unit

## PAUL KRUGMAN GETS IT WRONG TWICE IN ONE COLUMN

Opponents frequently point to “liberal economist Paul Krugman,” winner of a Nobel Prize in economics, to show that liberals and conservatives alike oppose rent control. On June 7, 2000, Krugman wrote a column in the *New York Times* about a story published on the previous day describing how dozens of applicants for apartments offered for rent in San Francisco were trying to impress prospective landlords with resumes, credit reports, and personal enthusiasm. Krugman knew this must be caused by rent control, even though he stated that he “didn’t know a thing about” the San Francisco housing market. “Landlords don’t want groveling—they would rather have money. In uncontrolled markets the question of who gets an apartment is settled quickly by the question of who is able and willing to pay the most.” But under San Francisco’s rent-stabilization system, rents for new tenancies are set by the landlord without restriction and then controlled again based on the new initial rent. These landlords could easily have raised their asking prices or had prospective tenants bid against each other, so what was really going on?

San Francisco was in the midst of the first dot-com boom. Thousands of newly hired, highly paid tech workers were moving into the city and rents were skyrocketing. Some landlords had not realized how high they could raise the rents, and were learning this when so many prospective tenants showed up. Other landlords were unsure whether the dot-com boom would last and wanted to get stable tenants rather than risk having tenants move out a few months later and have to re-rent the apartment at a lower rent. And in fact, when the dot-com boom collapsed in 2002, thousands of tech workers lost their jobs and rents went part of the way back down for a few years before turning upward again. So the story Krugman read the day before reflected the effects of incomplete knowledge and economic uncertainty rather than the effects of rent control.

Krugman followed this error with yet another. He claimed San Francisco had “an absence of new apartment construction, despite those high rents, because landlords fear that controls will be extended.” In fact, rising rents had already resulted in a substantial increase in apartment construction that continues to this day. The fact that Paul Krugman could produce a column of such breathtaking inaccuracy demonstrates the hold that simplistic models of the rental-housing market have on even top-level economists.

construction cost. Geographic constraints are exacerbated by the real estate industry's successful century-long campaign to identify the single-family home as the "American Dream" and to create land-use regulations that exclude higher-density housing from single-family neighborhoods.

The opponents of rent control invariably claim that high housing costs are entirely the result of government interference with the market through exclusionary land-use regulations and that eliminating them will allow the market to become fully competitive and solve the supply problem. This ignores the other limitations of geography and increasing costs of production with increasing density. A recent study from the Federal Home Loan Mortgage Corporation estimates that two-thirds of San Francisco's excessive housing cost is the result of its geography, since 75% of the area within 50 miles of its downtown is under water or on steep hills, and another third of the excess housing cost is the result of restrictive zoning. It also ignores the disconnect between supply and demand that results from two other factors that distinguish rental housing from other commodities: its high development cost and its long life.

### ***There Is a Disconnect between Supply and Demand in Rental Housing***

The real estate industry endlessly repeats the claim that the rental housing affordability crisis is a "simple matter of supply and demand" and that increased supply is the only legitimate response. This is quite understandable, since this approach preserves the current massive transfer of income from tenants to real estate investors indefinitely. A very long period of time is required to substantially increase supply when adding 2% to the housing stock in a given year is a high rate of production. Currently, California is adding less than 1% per year and there is already a statewide and nationwide shortage of skilled construction workers that will take years to overcome before production can substantially increase. In areas with growing economies, it is hard for housing production to keep up. Nor is there any certainty that increased production of new housing will be sustained long enough to reduce rent burdens on most tenants.

Rising demand for rental housing increases rents throughout the rental-housing stock but does not generate additional housing supply at all price levels. Supply can only be added through



new construction, and the expected rent for a newly constructed building must be enough to profitably pay off the costs of its construction as well as meet the ongoing costs to operate and maintain it. Then, once much of the cost of construction is paid off, after the first decade or so of operation, the property can be profitably operated and maintained at a substantially lower rent. If continued new housing construction pulls higher income tenants away from buildings as they age, then owners of the older buildings will compete to attract tenants and will bring rents down closer to the minimum necessary to profitably operate and maintain the building. This process is called "filtering down." Most tenants live in older rental housing because they cannot afford the rents necessary to pay off the costs of construction but can afford to pay enough for a landlord to profitably operate and maintain the building once the construction costs are paid off.

However, there is no market mechanism to ensure "filtering" will happen or that the amount of housing that filters down will match the need for it. The Joint Center for Housing Studies at Harvard University reports that multifamily housing production increased for several years, but as vacancy rates have risen at the high end of the rental market,

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A sign from the Rally to Save NYC, a protest in favor of stronger tenant laws and repeal of laws favoring landlords and developers, New York City, May 14, 2015.

Credit: Wikimedia Commons, The All Nite Images, CC BY-SA 2.0 license.

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## RENT CONTROL

multifamily housing production has declined, even though vacancies remain low in the rest of the rental market. The only way to directly respond to the growing need for housing with lower rents is for government to subsidize the costs of new construction, thus creating what is commonly referred to as “affordable housing” where rents only need to cover the costs of operation, maintenance, and a renovation reserve.

Increases in the rents charged for older housing cannot result in the production of additional older housing. They simply inflict hardship on tenants and transfer income from non-owners to owners. Their only “purpose” is to ration access to scarce rental housing based on who can pay the most money. These are the increases that are limited by rent controls.

**Rent control needs companion policies because landlords will work to evade regulation by finding other more profitable ways to use the rental housing under their control.**

Rent control, in its various forms, reduces the hardships caused by rent increases that result from a scarcity of older housing. It provides an alternative method of rationing access, giving priority to security of tenure and stability rather than to whoever has the most money. Modern rent-control systems in the United States exempt new construction, which makes sense because that is the sector of the rental housing market in which price increases will generate additional supply. This in turn explains why the empirical literature finds that modern rent control systems have no discernable effect on new construction.

***Tenants Lack Bargaining Power Under Conditions of Scarcity***

Since rent control simply limits the level of land rent, and owners receive at least as much rent as they would in a perfectly competitive market, they will have the revenue necessary to profitably operate and maintain their property. To evade this conclusion, opponents of rent control typically make two self-contradictory arguments: that increased

supply will stabilize and even lower rents without reducing maintenance, but that if rent controls stabilize rents somehow landlords will be unable to maintain their property.

When they are not simply hypocritical, arguments that rent controls will result in reduced maintenance and lower housing quality are based on a simplistic understanding of the rental housing market. Maintenance is not a direct response to the amount of rent paid but rather to the differential between the rent that can be obtained for well-maintained versus poorly maintained rental housing. In a tight rental housing market, reduced maintenance may not result in much of a reduction in rent, especially for those landlords with lower-income tenants who have few alternatives and little bargaining power. We see this routinely with low-income tenants in coastal California, who often live in substandard conditions yet pay rents that would be well above average in other parts of the United States.

Rent-control systems under which landlords can evict tenants only with good cause (i.e., for good reasons such as non-payment of rent or damaging the unit rather than for complaining about poor maintenance) can help re-establish the differential by empowering tenants to call for code enforcement and petition the rent control program for rent decreases for code violations. A study of Washington, D.C., found that code violations declined after rent control began and that the exempt housing stock had a higher rate of deficiencies than the housing under rent control. A recent review of the empirical literature sponsored by the National Multifamily Housing Council, which is hostile to rent controls, found that “rent-controlled buildings potentially can suffer from deterioration or lack of investment, but the risk is minimized when there are effective local requirements and/or incentives for building maintenance and improvements.”

**Rent Regulation Must be Part of a Broader Program to be Effective**

Rent control needs companion policies because landlords will work to evade regulation by finding other more profitable ways to use the rental housing under their control. A frequent finding in studies of rent control is that some landlords will convert their rental properties to condominiums and sell them to owner-occupants, thus reducing the overall stock of rental housing. Local governments have control over condominium conversion and often ban this

response by landlords. Alternatively, some cities treat this as a desirable effect and pass accompanying legislation to give tenants a right of first refusal to buy their apartment, provide them with down-payment assistance, and offer lifetime leases to those who don't want to buy. There are also a few landlords who have sufficient income from property in other cities that they can afford to hold buildings vacant in protest against rent control. Vacant building taxes provide one potential response. As the latter situation makes clear, what is involved here is a power struggle, not simply the impersonal forces of the market at work.

Rent control systems in New York City and in a few other cities have "vacancy control," meaning that rents are not allowed to increase to current market levels when a tenant moves out and a new tenant moves in. It is often claimed that landlords will select higher-income tenants over lower-income tenants to reduce non-payment of rent, so that rent control will not benefit the tenants who need it most. There is some evidence to the contrary from the experience of Berkeley under strong rent control, where it appeared that apartments continued to circulate within the same social circle as tenants moved out. In addition, Berkeley allowed landlords to obtain higher rents when they rented to tenants receiving federal Section 8 assistance, leading to high participation in that program. Nonetheless, the landlord maintains control over the selection of new

tenants, so it could be useful to explore providing incentives to encourage landlords to rent lower-rent units to lower-income tenants.

Many rent control systems allow rent to jump to whatever the market will bear between the departure of an old tenant and the arrival of a new tenant, a policy called "vacancy decontrol." A cap on rent increases starts up again at the start of a new tenancy. (This type of system is often called "rent stabilization" in contrast with stronger "rent control.") Since these systems can be evaded by evicting long-term tenants, they are normally accompanied by a requirement that landlords show "good cause" for evictions. Landlords faced with a combination of rent control, vacancy decontrol, and good cause for eviction requirements may become less tolerant of minor lease violations and increase evictions for cause. Cities can deal with this by providing emergency rental assistance to renters who suffer short-term loss of income and by requiring that landlords provide tenants with sufficient opportunity to correct a lease violation. This portfolio of policies—vacancy decontrol, rent control, good cause, and emergency rental assistance—reduces displacement. Since rents rise to the market level as tenants move, such systems do not maintain affordability over the long run and other affordability programs are necessary.

The power of the real estate industry is such that sometimes policy moves the wrong way, as >>

### THREE MAINSTREAM ECONOMISTS HIDE THEIR OWN FINDINGS

Economists Rebecca Diamond, Timothy McQuade, and Franklin Qian recently conducted a sophisticated study of the effects of the 1994 expansion of rent stabilization to two- to four-unit properties in San Francisco. Their study found that thousands of renters were able to remain in San Francisco due to rent controls. It also found that the owners of the newly regulated small buildings shifted 15% of the units out of the rental market, mostly by converting them to condominiums, and that this loss of rental units increased market rents. Having found effects that both reduced and increased gentrification, the authors proceeded to make the much-publicized claim that "rent control has actually fueled the gentrification of San Francisco, the exact opposite of the policy's intended goal." What they really found was that allowing condominium conversion had fueled gentrification and undercut the positive effects of rent stabilization.

They also found that the overall financial benefits to tenants were still higher than the costs that resulted from allowing condominium conversions. But they hid this finding by explicitly omitting from their calculations the "benefits for renters who moved into the impacted units in later years (after 1994) which presumably were also quite large" and by closing the study in 2012, just after the end of the recession and before the rapid rent increases of the last six years. As a result, opponents of rent control routinely make the false claim that this study showed that the benefits of rent control to one group of tenants were entirely offset by its costs to other tenants. The authors conclude that a massive program of rent subsidies would work better than rent control, but make no suggestions for where the money might come from. It appears that three mainstream economists were so deeply attached to market solutions that they were unable to accept their own findings.

## RENT CONTROL

shown by the abolition of rent controls in Massachusetts in 1994, the abolition of vacancy controls in California in 1995, and the many state-wide prohibitions on local rent controls. In any place where rent control is needed because the market does not supply sufficient housing affordable to lower-income tenants, the long-term goal should be to provide capital subsidies to build up the supply of permanently affordable housing owned by nonprofit housing corporations, limited-equity cooperatives, and community land trusts. Social ownership protects against political changes hostile to the presence of low-income residents. That is a very long-term and expensive solution, but taxes on land value or land rent would be one very fair way to raise the money. The California cities of Berkeley and East Palo Alto increased their taxes on the gross receipts of residential rental properties to fund affordable housing and homelessness prevention, as close to a tax on land rent as state law allows.

Finally, many people don't make enough money to afford even the minimum rent necessary to pay for the ongoing operation and maintenance of rental housing. Even when the rental housing market is working well, or if there is a substantial supply of socially owned housing rented at cost, the lowest-income people will need rent subsidies or, better yet, higher wages and a guarantee of a decent income for those unable to work.

### Rent Control and Human Rights

Rent control is one of many efforts to uphold human dignity by expanding human rights, those rights which are held to be inherent in all people, and restraining forms of private property that give owners power over non-owners. Economist and historian Albert O. Hirschman described three rhetorical themes consistently used by opponents of human rights. These themes, which he called “the rhetoric of reaction,” are: *perversity*—the argument that a reform will harm those it is intended to help; *futility*—the argument that a reform will do no good; and *jeopardy*—the argument that the reform will endanger progress already made. This is an accurate description of the arguments made against rent control and in defense of the power of real estate investors to exact unearned land rent from tenants. Opponents claim it will harm tenants by

reducing the supply of rental housing through conversion to owner-occupancy, result in reduced maintenance to match lower rents, and endanger the new construction needed to house a growing population. But as we have seen, the rental housing market is not a simple matter of supply and demand. Instead, it is inherently prone to failure and persistent scarcity in urban areas with growing economies. When demand far outstrips supply, only rent regulation has sufficient scope and timeliness to stabilize tenants' lives, reduce forced displacement, and limit the hardships caused by unfair and unnecessary rent increases. **D&S**

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**STEPHEN BARTON** is on the board of the Bay Area Community Land Trust and was Housing Director for the City of Berkeley and deputy director of the Berkeley Rent Stabilization Program. He holds a Ph.D. from the University of California, Berkeley and is the author of numerous articles on housing policy.

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**SOURCES:** Joshua D. Ambrosius, et al. “Forty years of rent control: Reexamining New Jersey’s moderate local policies after the great recession,” *Cities* (2015); Richard Arnott, “Time for Revisionism on Rent Control?,” *Journal of Economic Perspectives*, Winter 1995; Stephen Barton, “Land Rent and Housing Policy: A Case Study of the San Francisco Bay Area Rental Housing Market,” *American Journal of Economics and Sociology* (fundaffordablehousing.org); Stephen Barton, “Land Value, Land Rent and Progressive Housing Policy,” *Progressive Planning*, Fall 2010 (fundaffordablehousing.org); Sean Beckett & Elias Yannopoulos, “Is Geography Destiny,” *Freddie Mac*, September 2017 (freddiemac.com); Rebecca Diamond, Timothy McQuade, and Franklin Qian, “The Effects of Rent Control Expansion on Tenants, Landlords and Inequality: Evidence from San Francisco,” National Bureau of Economic Research, Working Paper 24181, January 2018 (nber.org); Lee S. Friedman, *Microeconomics of Public Policy Analysis*, Chapter 13, “The Control of Prices to Achieve Equity in Specific Markets,” Princeton University Press, 2002; Henry Grabar, “Rent Control is Back,” *Slate*, Oct. 17, 2018 (slate.com); Michael Hiltzik, “Proposition 10,” *Los Angeles Times*, Oct. 19, 2018 (latimes.com); W. Dennis Keating, Michael B. Teitz & Andrejs Skaburskis, *Rent Control: Regulation and the Rental Housing Market*, Center for Urban Policy Research, New Brunswick, 1998; Neil Mayer, “Rehabilitation decisions in rental housing: an empirical analysis,” *Journal of Urban Economics*, 1981; Nicole Montojo, Stephen Barton and Eli Moore, *Opening the Door for Rent Control: Toward a Comprehensive Approach to Protecting California’s Renters*, Haas Institute for a Fair and Inclusive Society, University of California, Berkeley, September 2018 (haas institute.berkeley.edu); E. O. Olsen, “What do economists know about the effect of rent control on housing maintenance?,” *Journal of Finance and Economics*, 1988; Manuel Pastor, Vanessa Carter, and Maya Abood, *Rent Matters: What are the Impacts of Rent Stabilization Measures?*, Program for Environmental and Regional Equity, University of Southern California, October 2018 (dornsife.usc.edu); Lisa Sturtevant, *The Impacts of Rent Control: A Research Review and Synthesis*, Multifamily Housing Research Council, Washington D.C., May 2018; Miriam Zuk and Karen Chapple, “Housing Production, Filtering and Displacement: Untangling the Relationships,” Research Brief, Institute of Governmental Studies, May 2016 (urbandisplacement.org).

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# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 20, 2019

Final Decision Date Deadline: February 20, 2019

**STATEMENT OF THE ISSUE:** In accordance with Section 11.100.060(l) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, the amount of the Residential Rental Housing Fee will be determined by the City Council after a recommendation by the Board is provided to the City Council. Prior to July 1, the Board shall hold a public hearing on a proposed budget and adopt an annual budget for the ensuing fiscal year. The budget shall be funded by the Residential Rental Housing Fee. Staff members have prepared draft budget options and a corresponding draft fee study for the Rent Board's consideration and comment. The purpose of this item is to receive preliminary feedback from the Board prior to the scheduling of a public hearing for potential adoption of the Fiscal Year 2019-20 budget.

## 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: STUDY AND ACTION SESSION
- 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 draft, proposed Fiscal Year 2019-20 Rent Program operating budget options and corresponding draft Rental Housing Fee Study and PROVIDE direction to staff – Rent Program (Nicolas Traylor 620-6564).

AGENDA ITEM NO:

**G-1.**

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# AGENDA REPORT

**DATE:** February 20, 2019  
**TO:** Chair Gray and Members of the Rent Board  
**FROM:** Nicolas Traylor, Executive Director  
**SUBJECT:** DRAFT FISCAL YEAR 2019-20 BUDGET AND FEE STUDY

## **STATEMENT OF THE ISSUE:**

In accordance with Section 11.100.060(l) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, the amount of the Residential Rental Housing Fee will be determined by the City Council after a recommendation by the Board is provided to the City Council. Prior to July 1, the Board shall hold a public hearing on a proposed budget and adopt an annual budget for the ensuing fiscal year. The budget shall be funded by the Residential Rental Housing Fee. Staff members have prepared draft budget options and a corresponding draft fee study for the Rent Board's consideration and comment. The purpose of this item is to receive preliminary feedback from the Board prior to the scheduling of a public hearing for potential adoption of the Fiscal Year 2019-20 budget.

## **RECOMMENDED ACTION:**

RECEIVE draft, proposed Fiscal Year 2019-20 Rent Program operating budget options and corresponding draft 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 projected operating budget of \$2,864,554 and corresponding fees of \$208 for fully-covered Rental Units and \$109 for partially covered Rental Units (fees rounded up to the nearest dollar).

Budget Option B would result in a projected operating budget of \$2,843,508 and corresponding fees of \$207 for fully-covered Rental Units and \$108 for partially covered Rental Units (fees rounded up to the nearest dollar).

**DISCUSSION:**

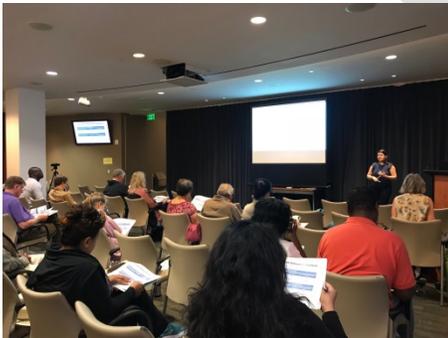
Receive an oral report and presentation from staff.

**DOCUMENTS ATTACHED:**

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

# DRAFT FISCAL YEAR 2019-20 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  
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## ACKNOWLEDGMENTS

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Vickie Medina  
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Magaly Chavez  
*Analyst*

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Moises Serano  
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Bailey Maher  
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Johana Gurdian  
*UC Berkeley PSI Intern*



### IT Department Team

Sue Hartman  
*Director*

Randall Narron  
*Senior Programmer*

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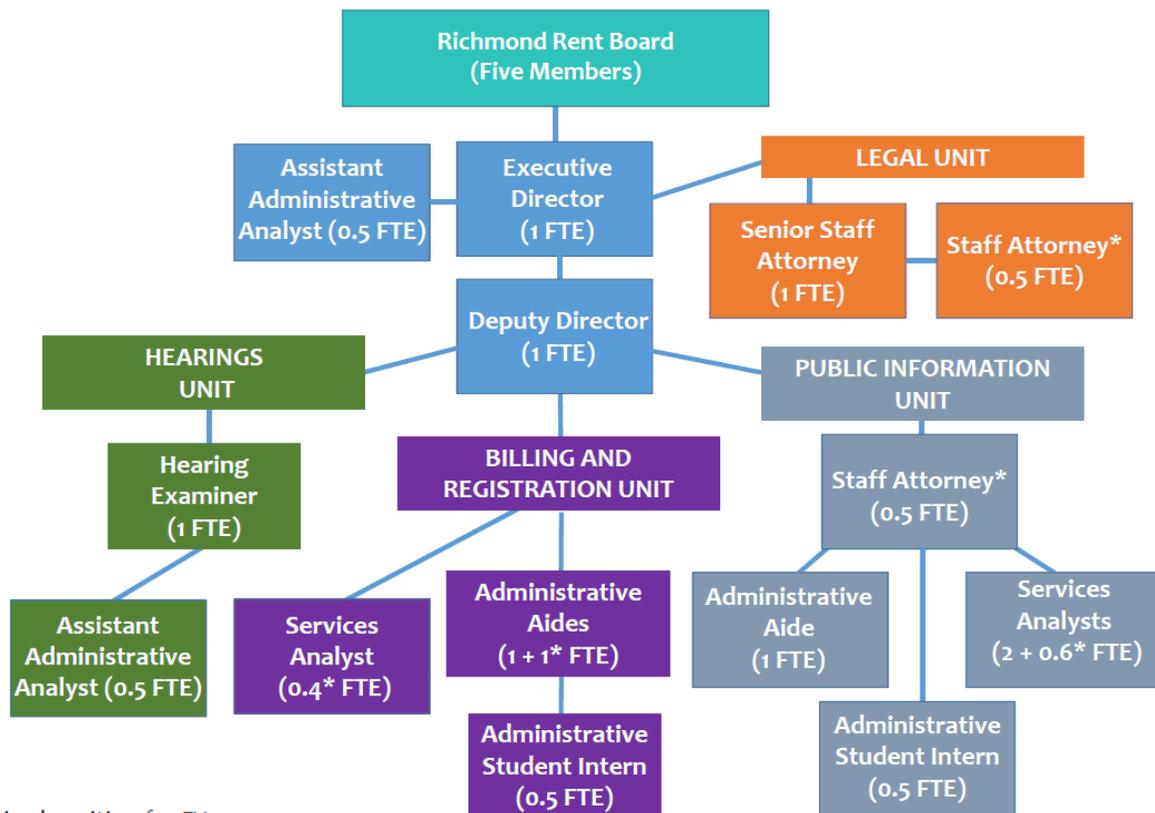
# RENT PROGRAM ORGANIZATION AND GOALS

## Organizational Chart and Unit Descriptions

The Richmond Rent Program was established following the adoption of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (Rent Ordinance) by Richmond voters in 2016. In accordance with the Rent Ordinance, an Executive Director appointed by a five-member Rent Board comprised of Richmond residents leads the Rent Program. No more than two members of the Rent Board may own or manage rental property or act as realtors.

The proposed organizational chart for Fiscal Year 2019-20 is shown below. This proposed structure includes the addition of Billing and Registration and Legal Units, as well as an additional 3 full-time equivalents (FTEs): a Staff Attorney (1 FTE) to manage the Public Information and Compliance Unit, assist with legal analysis, and act as a backup hearing examiner; an additional Rent Program Services Analyst (1 FTE) to further support the Public Information and Compliance Unit; and an additional Administrative Aide (1 FTE) to assist the Billing and Registration Unit with collection of the Rental Housing Fee.

**Figure 1. Proposed 2019-20 Rent Program Organizational Chart**



\*Desired position for FY 2019-20

### ***Management Unit (2.5 FTE)***

The Management Unit, comprised of the Executive Director, Deputy Director, and Assistant Administrative Analyst (0.5 FTE), is responsible for guiding the development of the Rent Program Department and managing day-to-day operations. The Management Unit also conducts policy research to support the Department and Rent Board, which includes conducting surveys and studies to help guide administrative improvements and the formation of sound public policy. In addition, the Management Unit coordinates 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 providing staff support to the Rent Board, assuring compliance with Brown Act requirements, and preparing 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, monitoring and reporting of the annual Rent Program budget. The Management Unit also publishes the Rent Program Annual Report, required by the Rent Ordinance.

### ***Legal Unit (1.5 FTE)***

The Legal Unit includes the Rent Program's existing Staff Attorney (shown in the organizational chart as a "Senior Staff Attorney") and 0.5 FTE of an additional Staff Attorney, whose tasks would also include supervision of and quality control of information provided by the Public Information Unit. The duties of the Legal Unit include representing the Board in litigation, advising the Director and the Rent Board on legal matters (this may include the preparation of Confidential Legal Memoranda), reviewing and opining on decisions on appeal, coordinating responses to public records act requests, training Rent Program Services Analysts, supervising investigations and lawsuits for non-compliance, reviewing contracts, and responding to legal challenges to the Ordinance and applicable regulations. Staff members in the Legal Unit are also responsible for drafting regulations for consideration by the Rent Board and establishing processes to monitor rent increase and termination notices in accordance with the requirements of the Rent Ordinance.

### ***Public Information Unit (4.6 FTE)***

The Public Information Unit, comprised of a proposed Staff Attorney (0.5 FTE), Administrative Aide, Administrative Student Intern, and Rent Program Services Analysts (2.6 FTE), is responsible for educating community members about Landlord and Tenant rights and responsibilities under the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, as well as related State and Federal laws. The proposed Junior Staff Attorney is responsible for supervising and ensuring quality control of counseling sessions. Education is provided in the form of one-on-one counseling, facilitating mediation sessions, drafting print materials such as the Guide to Rent Control, and providing direct referrals to community legal services agencies. Rent Program Services Analysts also plan, prepare, and conduct monthly community educational workshops for Landlords and Tenants and assist Landlords and Tenants with the filing of Rent Adjustment Petitions. Administrative staff members in the Public Information and Compliance Unit also assist with purchasing and contract management.

### ***Billing and Registration Unit (2.9 FTE)***

The proposed Billing and Registration Unit, comprised of two Administrative Aides (proposed combined 2 FTE) an Administrative Student Intern (0.5 FTE), and 0.4 FTE of a Rent Program Services Analyst, is responsible for the creation and maintenance of the Department's property enrollment and tenancy registration database with assistance from IT Department staff, which supports all departmental functions. The enrollment and tenancy registration database is an essential tool used to generate accurate Rental Housing Fee invoices, track the Maximum Allowable Rent for Controlled Rental Units, and manage contract and case information for all Rental Units in the City of Richmond. Billing and Registration Unit staff members are responsible for planning and executing the annual billing cycle of the Rental Housing Fee and managing the collection of revenue, including late fees. This unit is directly supervised by the Deputy Director.

### ***Hearings Unit (1.5 FTE)***

The Hearings Unit consists of the Department's Hearing Examiner, who is supported by an Assistant Administrative Analyst (0.5 FTE). The main functions of the Hearing Unit include conducting hearings and issuing decisions, conducting settlement conferences, acting as a back-up resource on interpretation of the Rent Ordinance and Regulations, assisting with drafting public information documents such as the Guide to Rent Control and numerous Frequently Asked Questions, maintain all forms required for administration of the Rent Adjustment Petition process and conducting mediations. Staff members in the Hearings Unit also assist with special projects, such as working with City staff to develop rent registration/tracking software to adjust rents in the Maximum Allowable Rent Tracking database. This unit is directly supervised by the Deputy Director.

### **Mission Statement**

The mission of the Rent Program is to promote neighborhood and community stability, healthy housing, and affordability for Richmond tenants through the regulating of those landlord/tenant matters that reasonably relate to rents and evictions, while maintaining a landlord's right to a fair return.

### **Progress Towards the Achievement of Fiscal Year 2018-19 Goals**

As part of the Fiscal Year 2018-19 Rent Program budget development process, staff members identified a series of goals, for which the proposed Fiscal Year 2018-19 budget would support. Table 1, on the following page, provides a status update on the goals established for the 2018-19 fiscal year.

**Table 1. Progress towards achievement of Fiscal Year 2018-19 goals**

Fiscal Year 2018-19 Goal	Progress Towards Achievement
Establish a robust rent registration and rent tracking database	<i>Progress is ongoing.</i> The structure of the database was developed, forms were developed, and form packets were disseminated to property owners. Approximately 2,000 Property Enrollment forms and 1,200 Tenancy Registration forms have been received to date and are in the process of being entered into the database. Staff members anticipate the bulk of Property Enrollment information submitted will be entered into the system by the close of the 2018-19 fiscal year; however, the submission and processing of Property Enrollment and Tenancy Registration forms is a continuous cycle. Approximately 7,000 Tenancy Registration forms must be processed in the 2019-20 fiscal year.
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	<i>Complete.</i> The Hearings Unit is fully operational.
Train Rent Program Services Analysts and other senior staff on conducting mediations	<i>Complete.</i> The Deputy Director, Hearing Examiner, and Rent Program Services Analysts completed a 40-hour mediation training in October 2018.
Get the Mediation Program fully up and running	<i>Nearly complete.</i> Staff members are in the process of developing a Rent Program mediation guide and requisite forms and notices. While the formal mediation program has yet to be launched, staff members conduct informal mediations on a regular basis. Staff members anticipate a formal mediation program will be fully operational by the close of the 2018-19 Fiscal Year.
Publish the Guide to Rent Control in Richmond	<i>Nearly Complete.</i> The Guide to Rent Control is in draft form and staff anticipate finalizing the text by the close of the 2018-19 Fiscal Year.
Work collaboratively with other City departments to improve housing inspection options and strengthen affordable housing policy	<i>Progress is ongoing.</i> Staff members have met with staff from the Housing Authority, Planning and Building Services Department, City Manager’s Office, Code Enforcement, and Fire Department to improve housing inspection options and strengthen affordable housing policy. The Affordable Ad Hoc Committee has also met numerous times and an agreement with affordable housing providers to limit “rent shock” is nearly finalized. In addition, staff members have engaged with other City departments to streamline communication and create new workflows and lines of communication to ensure the requirements of the Rent Ordinance are satisfied.
Improve website and develop online registration of new tenancies, and other administrative forms	<i>Progress is ongoing.</i> Several features were added to the Rent Program website in Fiscal Year 2018-19, including easy-to-identify shortcuts to forms and contact information, frequently asked questions modules, a reorganized and reformatted Laws and Regulations page and an online method for submission of Property Enrollment and Tenancy Registration forms on the City’s e-Trakit site. The online submission of forms and notices has yet to be fully launched; staff members anticipate systems will continue to be developed in the 2019-20 fiscal year.

## **Proposed Fiscal Year 2019-20 Goals**

The proposed Fiscal Year 2019-20 budget has been prepared for the Board's consideration in acknowledgement of the following goals in three broad categories: outreach, program development, and program sustainability.

### **PROGRAM DEVELOPMENT:**

1. Continue to invest resources in staff training, particularly for the Rent Program Services Analysts, to ensure staff members are knowledgeable on the requirements of the Rent Ordinance, Rent Board regulations, and related State and Federal laws
2. Launch the formal mediation program
3. Continue to develop an online filing system for the submission of Property Enrollment and Tenancy Registration forms, as well as the filing of rent increase and termination of tenancy notices on the City's e-trakit website

### **OUTREACH:**

1. Publicize the Guide to Rent Control in Richmond and develop one-page fact sheets on common topics such as Just Cause for Eviction, Owner Move-In evictions, the Ellis Act, and the Relocation Ordinance
2. Expand education efforts to target specific groups, such as (but not limited to) Tenants and providers of affordable housing, realtors, and monolingual Spanish-speaking households
3. Develop systems to produce Notices of the Maximum Allowable Rent (MAR) (sent to Landlords and Tenants when Tenancy Registration Forms are submitted), including a database accessible to the public where community members can research the MAR for a particular rental unit

### **PROGRAM SUSTAINABILITY:**

1. Improve collection of the Rental Housing Fee (greater than 80% compliance) to build up the Rent Program's reserves
2. Continue to work collaboratively with other City departments to improve rental housing inspection options, seismic safety policy, enforcement of the Relocation Ordinance, and the collection of other City fees, such as the Business License Tax, Fire Prevention Services Fee, and Rental Inspection Program fee
3. Continue to develop and refine the City's first comprehensive database of Rental Units, which provides benefits City-wide, in the form of fee collection, communication, and property information

## EXPENSE AND REVENUE SUMMARY

The Rent Program is designed to cover its cost through charging all Landlords a Residential Rental Housing Fee.<sup>1</sup>

Table 1, below, contains a summary of funds expended and collected for departmental operations in Fiscal Years 2016-17, 2017-18, and 2018-19 through January 31, 2019. The lack of revenue collected in the current Fiscal Year 2018-19, compared to Fiscal Year 2017-18, is due in large part to the delays imposed by the Property Enrollment and Tenancy Registration project, which was required to generate accurate invoices with tiered fees. It is anticipated the remaining Fiscal Year 2018-19 Rental Housing Fee invoices will be mailed in March 2019. Collection efforts for Fiscal Year 2016-17, 2017-18, and 2018-19 Rental Housing Fees are ongoing.

**Table 2. Expense and Revenue Summary**

FISCAL YEAR FEE	BUDGETED AMOUNT	FUNDS EXPENDED	REVENUE COLLECTED	ESTIMATED REVENUE CAPACITY BASED ON UPDATED UNIT COUNT <sup>2</sup>	ESTIMATED PERCENT OF POTENTIAL REVENUE COLLECTED
2017-18 <sup>3</sup>	FY 16-17 (partial): \$1,150,433	\$1,967,837	\$2,154,058 <sup>4</sup>	\$2,792,555	77.1% <sup>5</sup>
	FY 17-18: \$2,425,338				
2018-19 <sup>6</sup>	\$2,804,925	\$1,166,226	\$799,702	\$2,550,164	31.3%

Source: City of Richmond Rent Program, 2019 (reports generated using TrakIT and MUNIS software systems.)

<sup>1</sup> 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.

<sup>2</sup> This figure represents the total possible revenue that could be collected, calculated by multiplying the adopted fee by the updated number of total rental units based on the Rent Program's updated unit count information.

<sup>3</sup> Includes the Fiscal Year 2016-17 Rental Housing Fee (December 2016 – June 2017)

<sup>4</sup> This figure includes revenue collected in Fiscal Year 2017-18 for both the Fiscal Year 2016-17 and Fiscal Year 2017-18 fees.

<sup>5</sup> This figure represents the percentage of potential revenue for both FY 16-17 and FY 17-18 collected in FY 17-18, during the concurrent billing cycle.

<sup>6</sup> Amount of expended funds and revenue collected reflects July 2018 – mid February 2019.

## **PROPOSED FY 2019-20 BUDGET**

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### **Investing in Critical Functions**

In Fiscal Year 2018-19, the Rent Program department made strides in creating a strong, actively enforced program. Staff members look forward to continued progress towards this vision in Fiscal Year 2019-20, and have proposed the addition of three FTE to support both critical day-to-day functions and longer-term developments across each departmental unit.

In the Billing and Registration Unit, for example, one additional Administrative Aide (1 FTE) is included in the proposed budget to provide critical administrative support to maintain the database of applicable rental units, process data submitted through Property Enrollment and Tenancy Registration forms, generate Rental Housing Fee invoices, and respond to inquiries from members of the public. In the Public Information and Compliance Unit, a Staff Attorney is included in the proposed budget to provide legal support, trainings, and general oversight of Rent Program Services Analysts who provide information and guidance to Landlords, Tenants, attorneys, prospective purchasers of rental property, and property managers. In addition, the proposed additional Staff Attorney could support the Hearings Unit through acting as a backup Hearing Examiner, as well as the Management Unit, in conducting legal research and supporting the lead Staff Attorney in the event of litigation.

These staff additions are contained in Budget Option A, the recommended budget option, which would require a \$1.00 increase in the Rental Housing Fee for fully covered units and a \$9.00 increase in the fee for partially covered Rental Units (including governmentally-subsidized Rental Units). Budget Option B is an alternative, reduced budget, which would require no increase in the Rental Housing Fee for fully covered Rental Units and an \$8.00 increase in the Rental Housing Fee for partially covered Rental Units.

### **Proposed Budget Priorities and Alternatives**

To provide necessary support to department operations, Budget Option A, the recommended budget option, contains the modifications described below. Identified changes do not include regular, anticipated cost increases, such as step/salary increases for employees, changes in indirect costs, changes in the cost of office space at City Hall, and an increase in network IT accounts.

- An additional Staff Attorney (1 FTE) was added to provide legal support, staff trainings, and guidance to the Public Information and Compliance Unit, Hearings Unit, and Management Unit (this position would eliminate the need for backup Hearing Examiner and Outside Legal Services contracts, and as such, the amount budgeted in Option A for both line items is zero).
  - *A Staff Attorney is the position most suited to this role, as this individual could not only effectively train and observe staff members counseling members of the public on their rights and responsibilities under the Rent Ordinance and applicable State and Federal law, but also function as a*

*backup Hearing Examiner and assist the lead Staff Attorney with legal research, analysis, and representation in court in the event of litigation.*

- An additional Administrative Aide (1 FTE) was added to support the administrative demands of the Billing and Registration Unit (this position would replace two part-time Administrative Student Intern positions).
  - *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 notices 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.*

As part of the budget development process, budgeted versus expended funds for each line item were studied closely. For several line items, reductions in budgeted funds were supported by the Department's expenditures during the 2018-19 Fiscal Year. The following amendments are included in both the recommended Budget Option A, as well as the alternative, reduced Budget Option B. Identified changes do not include regular, anticipated cost increases, such as step/salary increases for employees, changes in indirect costs, changes in the cost of office space at City Hall, and an increase in funds for computer equipment.

- An additional bilingual (English and Spanish) Rent Program Services Analyst (1 FTE) was added to replace the contract Compliance Officer position and increase staff capacity to provide counseling and referrals to monolingual Spanish-speaking households
  - *The demand for counseling on the Rent Ordinance and related policies exceeds staff capacity, and currently only one Rent Program Services Analyst is able to assist monolingual Spanish-speaking households. An additional Rent Program Services Analyst is necessary to support these functions, as well as address the high number of inquiries from Tenants in governmentally-subsidized rental housing and continue to support the Billing and Registration Unit with compliance work related to collection of the Rental Housing Fee.*
- The salary for the Deputy Director position was increased based on a survey of Deputy Director salaries in peer rent control jurisdictions, provided in Appendix C
- Funds for contracts with Community Legal Services Agencies were increased to allow the Eviction Defense Center to employ an additional 0.5 FTE of an attorney to manage Richmond cases.
  - *In FY 2018-19, the EDC requested funding for one full time staff attorney and one 50% time paralegal. With this level of funding, the 2018-19 contract anticipated serving 15 Richmond tenants every month. The EDC grossly underestimated the high demand and need for legal services in Richmond. Within the second month of the fiscal year, the EDC was providing services to*

*32 Richmond tenants. Since that time, the average number of Richmond tenants with open cases receiving services has been over 45 every month, which is three times the number of clients anticipated. In the 2018 calendar year, the EDC made over 100 court appearances for Richmond tenants. To meet the high demand for services, the EDC hired another staff attorney who now dedicates 50% of her time to Richmond cases. The EDC requests that 50% of her salary be covered by funds allocated in FY 2019-20.*

- The cost of the Supplemental Liability Insurance Policy was reduced from \$25,000 to \$13,000 to reflect the actual cost of the policy retained for the Rent Program
- IT Professional Services and Startup costs were reduced to zero, since program and database have been created and are functional.
- Funds for written translation were increased from \$15,000 to \$23,500 due to the increased demand for the translation of documents pertaining to Rent Adjustment Petitions.
- Funds for postage and mailing were reduced from \$50,000 to \$20,000 to reflect the typical costs of postage and mailing incurred by departmental activities.
- Funds for community education were reduced from \$10,000 to \$2,500 to more accurately reflect the cost of community workshop events (approximately \$150 per workshop).
- Funds for office supplies were reduced from \$15,000 to \$6,000 since the physical improvements to the Rent Program office were completed. The remaining \$6,000 will fund the maintenance of standard office supplies.
- Budgeted costs of computer and phone equipment increased from \$6,300 to \$6,350 to purchase phones for the counseling stations, a printer/scanner/fax machine for the counseling stations, laptops for Rent Program Services Analysts to assist with case management, and additional computer monitors for staff.
- Funds for training and conferences were reduced from \$10,500 to \$2,000 to reflect the anticipated cost of such activities in Fiscal Year 2019-20.
- A new line item was created for subscriptions including DataTree (for property title information) and LexisNexis (for legal research).

The following amendment is included only in the alternative, reduced Budget Option B:

- Funds allocated for Outside Legal Counsel were increased from \$120,000 to \$160,000 due to the potential for future litigation, and in recognition of the fact that with only one Staff Attorney, contracts with outside legal counsel will be essential to defend legal challenges to the Rent Ordinance.

Table 3, below, provides a comparison of the recommended Budget Option A and alternative Budget Option B.

**Table 3. Proposed Budget Options and Corresponding Estimated Rental Housing Fee**

PROPOSED OPTION	SHORT DESCRIPTION OF SIGNIFICANT ADDITIONS <sup>7</sup>	ESTIMATED COST (\$)	TOTAL BUDGET (INCLUDING OPERATING RESERVE EQUAL TO 17% OF EXPENSES)	CORRESPONDING APPROXIMATE PROPOSED RENTAL HOUSING FEE
<p><b>OPTION A (RECOMMENDED) ADDITIONAL 3.0 STAFF, INCREASED FUNDS FOR COMMUNITY LEGAL SERVICES, COMPUTER EQUIPMENT, TRANSLATION SERVICES, AND LEXISNEXIS SUBSCRIPTION</b></p>	<p>Employ an additional Staff Attorney (1 FTE), Administrative Aide (1 FTE), and Rent Program Services Analyst (1 FTE), increase funds for Community Legal Services, computer/phone equipment, translation services, and LexisNexis subscription</p>	<p><i>Staff Costs:</i>  \$241,452 (salaries) +  \$137,628 (benefits)+  \$18,699 (liability) +  \$3,000 (IT accounts) +  <i>Community Legal Services Contract increase:</i>  \$50,000 +  <i>Computer equipment increase:</i>  \$50 +  <i>Translation services increase:</i>  \$8,500 contract increase  <i>LexisNexis subscription:</i>  \$3,420</p> <hr/> <p><b>\$462,749</b></p>	<p>\$2,864,554</p>	<p>Fully Covered Units: \$208/unit</p> <p>Partially Covered Units (includes Governmentally Subsidized units): \$109/unit</p>
<p><b>OPTION B (ALTERNATIVE) ADDITIONAL 1.0 STAFF, INCREASED FUNDS FOR CONTRACT LEGAL COUNSEL, COMPUTER EQUIPMENT, TRANSLATION SERVICES, AND LEXISNEXIS SUBSCRIPTION</b></p>	<p>Employ an additional Rent Program Services Analyst (1 FTE), increase funds for Community Legal Services, increase funds for contract legal counsel, computer/phone equipment, translation services, and LexisNexis subscription</p>	<p><i>Staff Costs:</i>  \$74,244 (salaries) +  \$42,319 (benefits)+  \$6,233 (liability) +  \$1,000 (IT accounts) +  <i>Community Legal Services Contract increase:</i>  \$50,000 +  <i>Outside Legal Counsel Contract Increase:</i>  \$40,000 +  <i>Computer equipment increase:</i>  \$50 +  <i>Translation services increase:</i>  \$8,500 contract increase  <i>LexisNexis subscription:</i>  \$3,420</p> <hr/> <p><b>\$225,766</b></p>	<p>\$2,843,508</p>	<p>Fully Covered Units: \$207/unit</p> <p>Partially Covered Units (includes Governmentally Subsidized units): \$108/unit</p>

<sup>7</sup> 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.

## **FISCAL YEAR 2019-20 RENTAL HOUSING FEE STUDY**

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### **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 established 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, but not limited to:

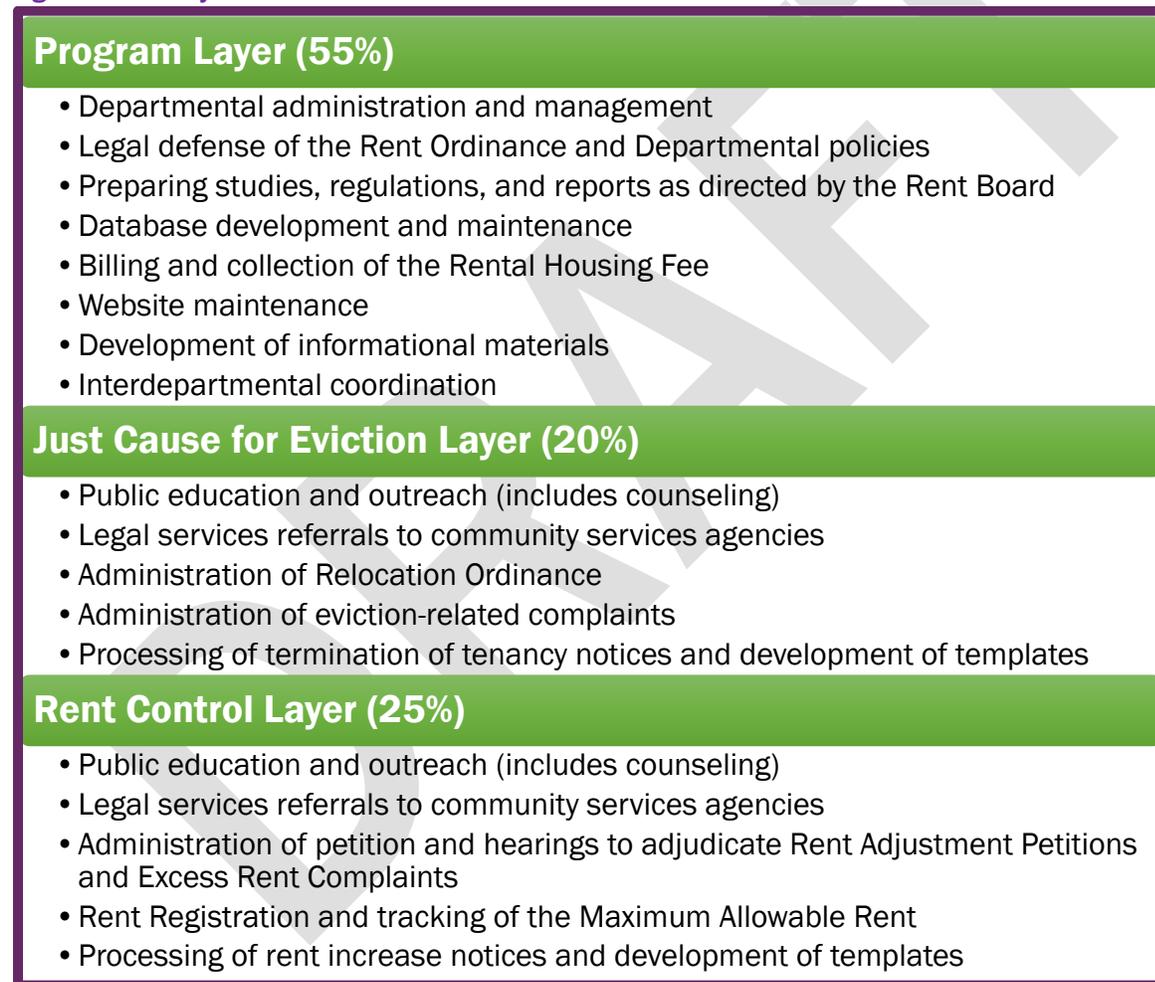
- Personnel costs of staff, benefits, and overtime;
- Risk management and supplemental liability insurance plan (SLIP);
- Charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.);
- Information Technology (IT) expenses associated with a property and 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,
- An operating reserve 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, its first year of existence, 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 were reasonably shared among rental units regardless of status.

For the 2018-19 Fiscal Year, the Rent Board adopted 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 (calculated at 55% of costs), a “just cause” layer (20% of total costs), and a “rent control” layer (25% of costs).<sup>8</sup> Such allocations correspond with the amount of resources spent administering each component of the program. Staff members recommend the Board and City Council continue to utilize a tiered-fee approach to the Fiscal Year 2019-20 Rental Housing Fee to ensure the requirements of Section 50076 of the California Government Code are met.<sup>9</sup> The figure on the following page illustrates this concept and identifies key example tasks associated with each program component. This list is not exhaustive; the tasks below are identified for illustrative purposes only.

**Figure 2. Fee Layers and Associated Tasks**

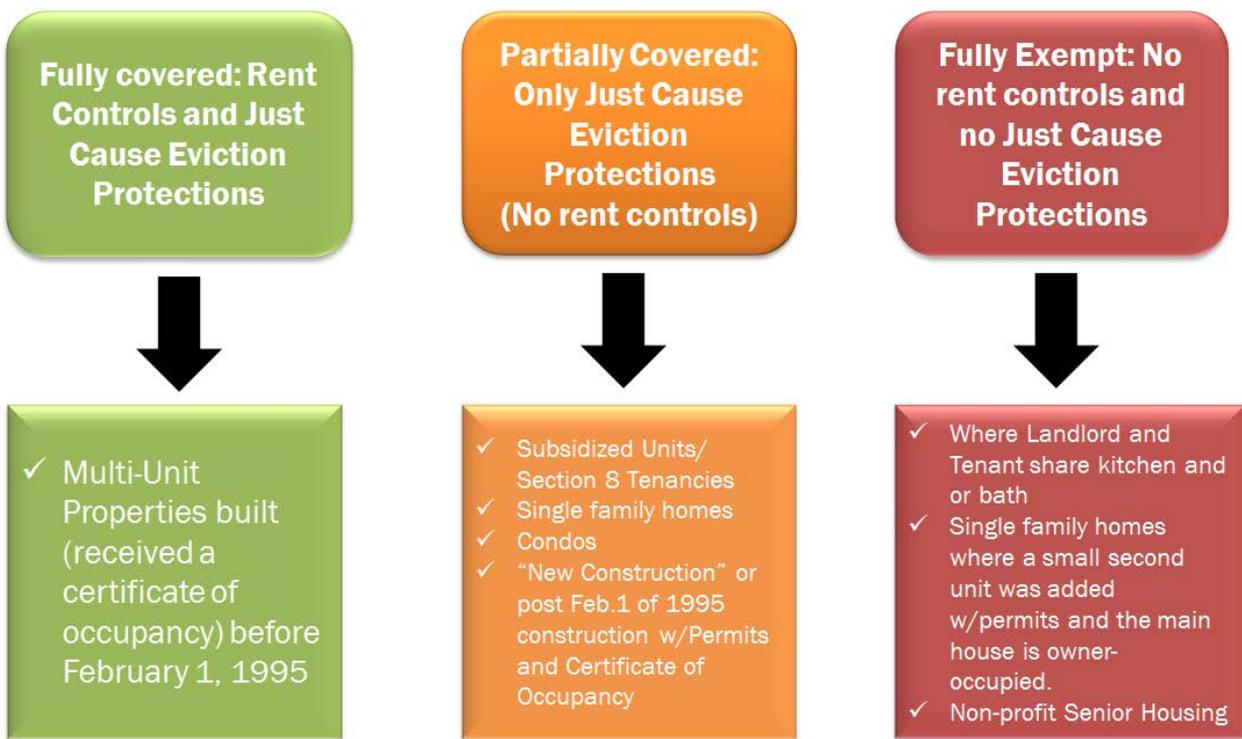


<sup>8</sup> Community legal services contracts (contained in Budget Options A and B) and a contract for a backup hearing examiner (contained in Budget Option B) are allocated 50% to just cause and 50% to rent control layers.

<sup>9</sup> Staff recommend that the allocation utilized in FY 2018-19 of 40% Program Layer, 25% Just Cause for Eviction Layer, and 35% Rent Control Layer be modified slightly to 55% Program Layer, 20% Just Cause for Eviction Layer, and 25% Rent Control Layer, consistent with the services associated with each layer.

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 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 3. Fully, Partially, and Exempt Rental Units**



**The Proposed Elimination of a "Third Tier," 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. Consistent with Regulation 202, 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 4,211<sup>10</sup> governmentally-subsidized rental units that meet the above criteria.

At the time of staff’s analysis in 2018, a separate “tier” for Rental Units located in governmentally-subsidized housing developments was presumed to be supported for policy and programmatic reasons, such as the fact that rent-restricted units are exempt from the rent control provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (see Regulation 202). 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. In addition, 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.

Under the adopted structure for the Fiscal Year 2018-19 Rental Housing Fee, governmentally-subsidized Rental Units were 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. Based on the services rendered and staff time dedicated specifically to Tenants and providers of affordable housing in Fiscal Year 2018-19, the same structure for the Fiscal Year 2019-20 Rental Housing Fee is unsupported. The services offered to Tenants and Landlords of governmentally-subsidized rental units are the same as those offered to partially covered rental units; therefore, a difference in the fee charged between these units is not justified. Instead, staff recommend that governmentally subsidized rental units be subject to the fee for Partially Covered Rental Units, since

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<sup>10</sup> 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.

governmentally subsidized rental units are currently exempt from rent control pursuant to Rent Board Regulation 202.

### 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.

Since the first iteration of the Rental Housing Fee Study in Fiscal Year 2017-18, staff have continued to refine 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 to all owners of property that met the criteria above. 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 approximately 1,700 Declaration of Owner Occupation and/or Exemption forms.

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](http://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

Since the adoption of last year's Rental Housing Fee, staff members have continued to refine the database of Rental Units through processing of Property Enrollment and Owner Declaration forms. These processes have unveiled a significant number of suspected rental

units that are not truly rented, decreasing the total number of applicable rental units among which the Rent Program budget is divided to calculate the Rental Housing Fee. For example, the processing of Property Enrollment forms has unearthed many multifamily properties where an owner may occupy one unit. In such case, the status of a unit would be changed from “Compliant” or “Noncompliant” [Partially or Fully-Covered Rental Unit] to “Owner Occupied.” The table below summarizes these changes as of February 13, 2019.

**Table 4. Unit Status Changes, 2018 - 2019**

**NOTE: These numbers are in the process of being verified and all figures are subject to change.**

STATUS	CHANGE BETWEEN 2018 AND 2019 (POSITIVE NUMBER – UNITS ADDED; NEGATIVE NUMBER – UNITS LOST)	CURRENT TOTAL
SUSPECTED FULLY COVERED RENTAL UNITS	+175	175
FULLY COVERED RENTAL UNITS	-1,946	7,627
SUSPECTED PARTIALLY COVERED RENTAL UNITS	+53	54
PARTIALLY COVERED RENTAL UNITS	-366	7,192
GOVERNMENTALLY SUBSIDIZED RENTAL UNITS	0	4,211
OWNER OCCUPIED/HOMEOWNER EXEMPT	+3,782	4,614
RENT FREE	+75	159
NOT AVAILABLE FOR RENT	+8	170
NOT APPLICABLE <sup>11</sup>	+496	527

<sup>11</sup> Includes Statuses “Exempt,” “APN not on file,” “Outside City Boundaries,” “Ineligible,” “Vacant Lot,” and “Non-Applicable”

### Rental Housing Fees Associated with each Budget Option

Table 5, below, presents the estimated tiered fees associated with each proposed budget option:

**Table 5. Fiscal Year 2018-19 Proposed Budget Options and Rental Housing Fees**

UNIT COUNTS		OPTION A (RECOMMENDED)	OPTION B (ALTERNATIVE)
TOTAL EXPENDITURES: <sup>12</sup>		\$2,864,554	\$2,843,508
FULLY COVERED UNITS <sup>13</sup>	7,802	\$207.16	\$206.75
PARTIALLY COVERED UNITS (INCLUDING SUBSIDIZED UNITS) <sup>14</sup>	11,457	\$108.96	\$107.40
TOTAL REVENUE <sup>15</sup> :		\$2,871,629	\$2,852,370

### Comparison to Previously Adopted Rental Housing Fee and Peer Jurisdictions

On May 15, 2018, the Richmond City Council adopted [Resolution 32-18](#), establishing the Fiscal Year 2018-19 Residential Rental Housing Fee in the City's master fee schedule of \$207 per Controlled Rental Unit, \$100 per Partially Covered Rental Unit, and \$50 per Governmentally Subsidized Rental Unit. The table below shows the proposed percentage increase in the fee for each existing tier.

**Table 6. Comparison of 2018-19 Rental Housing Fee to Proposed Option A and Option B Fees**

TIER	2018-19 FEE	2019-20 OPTION A FEE	OPTION A PERCENTAGE INCREASE	2019-20 OPTION B FEE	OPTION B PERCENTAGE INCREASE
FULLY COVERED UNITS	\$207	\$208	0.5%	\$207	0%
PARTIALLY COVERED UNITS	\$100	\$109	9.0%	\$108	8.0%
GOVERNMENTALLY SUBSIDIZED UNITS	\$50	\$109	118%	\$108	116%

Table 7 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

<sup>12</sup> Total expenditures include a 17% operating reserve and 8% risk management reserve

<sup>13</sup> Includes suspected fully covered rental units

<sup>14</sup> Includes suspected partially covered rental units

<sup>15</sup> Fees rounded to the nearest full dollar (\$208 for fully covered units and \$109 for partially covered units)

are lower than those charged in peer jurisdictions with actively-enforced rent programs, it is important to consider that Richmond’s median rental rates are also less than those in peer rent control jurisdictions.

**Table 7: Comparison of Program Budgets, Unit Counts, Fees, and Median Rents in Case Study Cities**

JURISDICTION	PROGRAM BUDGET (FY 18-19)	APPLICABLE RENTAL UNITS <sup>16</sup>	FY 2018-19 FEES (PER UNIT)	MEDIAN GROSS RENT <sup>17</sup>	PORTION OF FEE PASSED THROUGH TO TENANTS
<b>ACTIVELY ENFORCED RENT PROGRAMS</b>					
BERKELEY	\$5,172,000	19,093	\$250	\$1,523	50%; City may reimburse low-income tenants <sup>18</sup>
SANTA MONICA	\$5,241,630 <sup>19</sup>	27,542	\$198	\$1,669	50%
EAST PALO ALTO	\$431,100	2,325	\$222	\$1,613	50%
RICHMOND	Proposed Option A: \$2,846,634	7,802 fully covered units; 11,457 partially covered units	Proposed Option A: \$208 per Fully Covered Unit; \$109 per Partially Covered Unit	\$1,329	0%
<b>COMPLAINT-DRIVEN RENT PROGRAMS</b>					
LOS ANGELES	\$10,624,185 <sup>20</sup>	631,000	\$24.51	\$1,302	50%
OAKLAND	\$2,795,050	65,000	\$68.00	\$1,255	50%
WEST HOLLYWOOD	\$2,580,521	16,805	\$144 <sup>21</sup>	\$1,490	50% (excludes Section 8 tenants)
ALAMEDA	\$1,789,000	14,899	\$106	\$1,607	Not yet established
SAN FRANCISCO	\$8,545,317	173,000	\$45.00 per apartment unit; \$22.50 per residential hotel room	\$1,709	50%

Sources: Management Partners, 2017; City of Richmond Rent Program, 2019

<sup>16</sup> “Applicable rental units” refers to the number of units subject to the Rental Housing Fee in each case study jurisdiction.

<sup>17</sup> The American Community Survey is an estimate; numbers denote estimates. Margins of error are not shown. Data source: 2013-2017 ACS 5-Year Estimates Table B25064

<sup>18</sup> Pass-through only applies to tenancies that began prior to January 1, 1999.

<sup>19</sup> Budget includes total operating expenses and does not include \$474,622 of “non-operating expenses,” including a capital improvement project and annual PERS loan payment.

<sup>20</sup> Figure represents the total funds contributed by the Rent Stabilization Trust fund for the Rent Stabilization Program (operated by the Housing and Community Investment Department).

<sup>21</sup> 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.

## Conclusion and Recommended Actions

The proposed 2019-20 Budget Options A and B reflect the overarching mission of the Rent Program; that is, to create an actively enforced program that effectively serves empowered and knowledgeable community members. The Fiscal Year 2019-20 Fee Study will allow the Rent Program to recover costs of all budgeted operations in a manner consistent with Section 50076 of the California Government Code.

The recommendations put forth by staff for consideration by the Rent Board are as follows:

- Staff members recommend that the Board adopt Fiscal Year 2019-20 Budget Option A to provide the support necessary for continued development of all Rent Program operations;
- Approve the Fiscal Year 2019-20 Rental Housing Fee Study; and,
- Recommend to the City Council adoption of a fee of \$208 for fully covered Rental Units and \$109 for partially covered Rental Units, including governmentally-subsidized Rental Units.

## **APPENDICES**

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Appendix A: Proposed FY 2019-20 Budget (Option A) and Fee Study Calculations

Appendix B: Alternative FY 2019-20 Budget (Option B) and Fee Study Calculations

Appendix C: Deputy Director Salary Survey

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**DRAFT FISCAL YEAR 2019-20 RENT PROGRAM FEE STUDY - BUDGET OPTION A**

REVENUE										Comments				
		Units	Proposed Fees FY 2018 19	Costs Recovered						Program Fee Part		Just Cause Fee Part		Rent Control Fee Part
	Fully Covered	7,802	\$ 208.00	\$ 1,622,816						\$ 76.09		\$ 32.86		\$ 98.20
	Partially Covered	11,457	\$ 109.00	\$ 1,248,813										
	<b>Total Units</b>	<b>19,259</b>		<b>\$ 2,871,629</b>										
EXPENDITURES										FEE COMPONENTS				
	FY 19-20 Salary	Benefits (at 57% of Salary)	FY 19-20 Salary & Benefits	TOTAL (1 employee)	BUDGETED AMOUNT FY 18-19	BUDGETED AMOUNT FY 19-20	Salary Assumptions (includes Step Increase)	Alloc %	Program	Alloc %	Terminations	Alloc %	Rent	
<b>Title</b>		0.57												
Executive Director*	\$ 153,336	\$ 87,402	\$ 240,738	\$ 240,738	\$ 229,400	\$ 240,738	\$9,024 - \$14,364	55.0%	\$ 132,406	20.0%	\$ 48,148	25.0%	\$ 60,184	
Deputy Director*	\$ 120,000	\$ 68,400	\$ 188,400	\$ 188,400	\$ 157,939	\$ 188,400	\$8,087 - \$12,873	55.0%	\$ 103,620	20.0%	\$ 37,680	25.0%	\$ 47,100	
Staff Attorney	\$ 145,380	\$ 82,866	\$ 228,246	\$ 228,246	\$ 217,508	\$ 228,246	\$9,024 - \$14,364	55.0%	\$ 125,535	20.0%	\$ 45,649	25.0%	\$ 57,062	
Staff Attorney	\$ 108,288	\$ 61,724	\$ 170,012	\$ 170,012	\$ -	\$ 170,012	\$9,024 - \$14,364	55.0%	\$ 93,507	20.0%	\$ 34,002	25.0%	\$ 42,503	
Hearing Examiner	\$ 145,380	\$ 82,866	\$ 228,246	\$ 228,246	\$ 217,508	\$ 228,246	\$9,024 - \$14,364	55.0%	\$ 125,535	20.0%	\$ 45,649	25.0%	\$ 57,062	
Rent Program Services Analyst	\$ 87,780	\$ 50,035	\$ 137,815	\$ 137,815	\$ 133,131	\$ 137,815	\$6,357 \$6,674 \$6,977 \$7,315 \$7,684	55.0%	\$ 75,798	20.0%	\$ 27,563	25.0%	\$ 34,454	
Rent Program Services Analyst	\$ 92,208	\$ 52,559	\$ 144,767	\$ 144,767	\$ 127,258	\$ 144,767	\$6,357 \$6,674 \$6,977 \$7,315 \$7,684	55.0%	\$ 79,622	20.0%	\$ 28,953	25.0%	\$ 36,192	
Rent Program Services Analyst	\$ 74,244	\$ 42,319	\$ 116,563	\$ 116,563	\$ -	\$ 116,563	\$6,357 \$6,674 \$6,977 \$7,315 \$7,684	55.0%	\$ 64,110	20.0%	\$ 23,313	25.0%	\$ 29,141	
Administrative Analyst	\$ 74,244	\$ 42,319	\$ 116,563	\$ 116,563	\$ 115,075	\$ 116,563	\$6,357 \$6,674 \$6,977 \$7,315 \$7,684	55.0%	\$ 64,110	20.0%	\$ 23,313	25.0%	\$ 29,141	
Administrative Aide	\$ 64,320	\$ 36,662	\$ 100,982	\$ 100,982	\$ 93,853	\$ 100,982	\$4,910 \$5,115 \$5,360 \$5,602 \$5,873	55.0%	\$ 55,540	20.0%	\$ 20,196	25.0%	\$ 25,246	
Administrative Aide	\$ 70,476	\$ 40,171	\$ 110,647	\$ 110,647	\$ 93,853	\$ 110,647	\$4,910 \$5,115 \$5,360 \$5,602 \$5,873	55.0%	\$ 60,856	20.0%	\$ 22,129	25.0%	\$ 27,662	
Administrative Aide	\$ 58,920	\$ 33,584	\$ 92,504	\$ 92,504	\$ -	\$ 92,504	\$4,910 \$5,115 \$5,360 \$5,602 \$5,873	55.0%	\$ 50,877	20.0%	\$ 18,501	25.0%	\$ 23,126	
Administrative Student Intern (0.5 FTE)	\$ 19,997			\$ 19,997	\$ 16,685	\$ 19,997	\$15.54 \$17.20 \$18.81 \$20.51 \$22.07	55.0%	\$ 10,998	20.0%	\$ 3,999	25.0%	\$ 4,999	
Administrative Student Intern (0.5 FTE)	\$ 19,997			\$ 19,997	\$ 16,685	\$ 19,997	\$15.54 \$17.20 \$18.81 \$20.51 \$22.07	55.0%	\$ 10,998	20.0%	\$ 3,999	25.0%	\$ 4,999	
Administrative Student Intern (0.5 FTE)	\$ 19,997			\$ 19,997	\$ 16,685	\$ -								
Administrative Student Intern (0.5 FTE)	\$ 19,997			\$ 19,997	\$ 16,685	\$ -								
Overtime/Comp Time				\$ 5,000	\$ 5,000	\$ 5,000		55.0%	\$ 2,750	20.0%	\$ 1,000	25.0%	\$ 1,250	
<i>*Salary increases for Executive Staff are discretionary in nature. Figures shown represent maximums and are subject to Board or Director approval.</i>														
<b>TOTAL SALARIES AND BENEFITS</b>					<b>\$ 1,457,265</b>	<b>\$ 1,920,478</b>			<b>\$ 1,056,263</b>		<b>\$ 384,096</b>		<b>\$ 480,119</b>	
<b>Cost Pool and Risk Management:</b>														
General Liability and Worker's Comp					\$ 68,563	\$ 81,029	Workers Compensation - \$2,748 per employee, General Liability - \$3,485 per employee (combined total \$6,233 per employee.) 13 FTEs FY 19-20	55.0%	\$ 44,566	20.0%	\$ 16,206	25.0%	\$ 20,257	
Space at 440 Civic Center Plaza					\$ 52,275	\$ 64,523	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. Since the Rent Program's square footage has expanded by approximately 25% since FY 2016-17, the budgeted amount for FY 2019-20 was increased by 25%.	55.0%	\$ 35,488	20.0%	\$ 12,905	25.0%	\$ 16,131	
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. The City Manager's Office was used as the basis since Rent Program was not included in the Cost Allocation Plan.	55.0%	\$ 28,300	20.0%	\$ 10,291	25.0%	\$ 12,864	
Supplemental Liability Insurance Policy (SLIP)					\$ 25,000	\$ 13,000	General liability policy for the Rent Control program.	55.0%	\$ 7,150	20.0%	\$ 2,600	25.0%	\$ 3,250	
<b>Sub-Total Cost Pool + Risk Management</b>					<b>\$ 197,292</b>	<b>\$ 210,006</b>			<b>\$ 115,503</b>		<b>\$ 42,001</b>		<b>\$ 52,502</b>	
<b>IT Costs</b>														
IT Professional Services and Startup Costs					\$ 3,000	\$ 0	IT Services - Contract with DataTree for property verification data (\$250 per month); Contract with Superior for database development							
Annual IT Costs (Including replacement funding)					\$ 21,683	\$ 23,683	General PC software and costs.	55.0%	\$ 13,026	20.0%	\$ 4,737	25.0%	\$ 5,921	
<b>Sub-Total IT Expenses</b>					<b>\$ 24,683</b>	<b>\$ 23,683</b>			<b>\$ 13,026</b>		<b>\$ 4,737</b>		<b>\$ 5,921</b>	

Legal Costs													
Outside Legal Counsel (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. The budgeted amount reflects estimate for anticipated future litigation.	55.0%	\$ -	20.0%	\$ -	25.0%	\$ -
Community Services Agency Contracts					\$ 150,000	\$ 200,000	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.		\$ -	50.0%	\$ 100,000	50.0%	\$ 100,000
<b>Sub-Total Legal Expenses</b>					<b>\$ 270,000</b>	<b>\$ 200,000</b>					<b>\$ 100,000</b>		<b>\$ 100,000</b>
Professional and Admin Services													
Contractor to Focus on Compliance					\$ 97,500	\$ -							
Contract Hearing Examiner Services					\$ 57,000	\$ -							
Translation Services					\$ 15,000	\$ 23,500	Translation services to (1) translate print and outreach materials (assumes 4,500 words per month @ \$0.14/word (2) Rent Adjustment Petition decisions (approximately \$430 per decision, three translated decisions per month) and verbal translation (assumes 60 minutes per month @ \$0.65 per minute).	55.0%	\$ 12,925	20.0%	\$ 4,700	25.0%	\$ 5,875
<b>Sub-Total Professional &amp; Admin</b>					<b>\$ 169,500</b>	<b>\$ 23,500</b>			<b>\$ 12,925</b>		<b>\$ 4,700</b>		<b>\$ 5,875</b>
Other Operating Expenses													
Postage & Mailing					\$ 50,000	\$ 20,000	Costs of mailing include production, printing, proofing, and postage	55.0%	\$ 11,000	20.0%	\$ 4,000	25.0%	\$ 5,000
Copying & Duplicating					\$ 5,000	\$ 5,000	Bulk printing of materials for public outreach and information	55.0%	\$ 2,750	20.0%	\$ 1,000	25.0%	\$ 1,250
Copy Machine Rental					\$ 5,000	\$ 5,000	Cost of rental and maintenance of Xerox machines in 440 Civic Center Plaza	55.0%	\$ 2,750	20.0%	\$ 1,000	25.0%	\$ 1,250
Miscellaneous Expenses					\$ 10,000	\$ 10,000	Miscellaneous expenses associated with program development and operations	55.0%	\$ 5,500	20.0%	\$ 2,000	25.0%	\$ 2,500
Office Supplies					\$ 21,000	\$ 6,000	Cost of general office supplies	55.0%	\$ 3,300	20.0%	\$ 1,200	25.0%	\$ 1,500
Computer/Phone Supplies					\$ 6,300	\$ 6,350	10 computer monitors @ \$175.00; 3 phone setups (for counseling stations) @ \$200; 3 laptops @ \$1,200; 1 printer for counseling station @ \$400	55.0%	\$ 3,493	20.0%	\$ 1,270	25.0%	\$ 1,588
Community Education					\$ 10,000	\$ 2,500	Materials for community workshops and other outreach events	55.0%	\$ 1,375	20.0%	\$ 500	25.0%	\$ 625
Mileage					\$ 1,000	\$ 1,000	Use of City pool car	55.0%	\$ 550	20.0%	\$ 200	25.0%	\$ 250
Training / Conferences					\$ 10,500	\$ 2,000	Attendance at legal trainings/continuing education and/or conferences (e.g. APA)	55.0%	\$ 1,100	20.0%	\$ 400	25.0%	\$ 500
Phone					\$ 1,200	\$ 1,200	Cell phone for Executive Director	55.0%	\$ 660	20.0%	\$ 240	25.0%	\$ 300
Books and Educational Materials					\$ 200	\$ 200	Educational and reference materials	55.0%	\$ 110	20.0%	\$ 40	25.0%	\$ 50
Data Subscriptions					N/A - New Line Item	\$ 6,420	DataTree subscription (\$250 per month) and Lexis Nexis (\$285 per month)	55.0%	\$ 3,531	20.0%	\$ 1,284	25.0%	\$ 1,605
UC Berkeley Public Service Internship Program Interns					\$ 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.	55.0%	\$ 1,650	20.0%	\$ 600	25.0%	\$ 750
Ad & Promotional materials					\$ 2,000	\$ 2,000	Posting of community events and other information in publications; use of Canva graphics; Adobe InDesign subscription (\$240 annually)	55.0%	\$ 1,100	20.0%	\$ 400	25.0%	\$ 500
<b>Sub-Total Other Operating</b>					<b>\$ 125,200</b>	<b>\$ 70,670</b>			<b>\$ 38,869</b>		<b>\$ 14,134</b>		<b>\$ 17,668</b>
<b>TOTAL OPERATING AND SALARY EXPENSES</b>					<b>\$ 2,243,940</b>	<b>\$ 2,448,337</b>			<b>\$ 1,236,585</b>		<b>\$ 549,667</b>		<b>\$ 662,084</b>
Reserves:													
Operating Reserve (17%)					\$ 381,470	\$ 416,217.24	As recommended by the Government Finance Officers Association (GFOA)	55%	\$228,919.48	20%	\$83,243.45	25%	\$104,054.31
Risk Reserve (8%)					\$ 179,515								
<b>GRAND TOTAL INCLUDING RESERVES</b>					<b>\$ 2,804,925</b>	<b>\$ 2,864,554</b>			<b>\$ 1,465,505</b>		<b>\$ 632,911</b>		<b>\$ 766,138</b>

**DRAFT FISCAL YEAR 2019-20 RENT PROGRAM FEE STUDY - BUDGET OPTION B**

REVENUE													
	Units	Proposed Fees FY 2018-19	Costs Recovered							Program Fee Part	Just Cause Fee Part	Rent Control Fee Part	
Fully Covered	7,802	\$ 207.00	\$ 1,615,014							\$ 73.87	\$ 33.53	\$ 99.35	
Partially Covered	11,457	\$ 108.00	\$ 1,237,356.00										
<b>Total Units</b>	<b>19,259</b>		<b>\$ 2,852,370</b>										
EXPENDITURES													
	FY 19-20 Salary	Benefits (at 57% of Salary)	FY 19-20 Salary & Benefits	TOTAL (1 employee)	BUDGETED AMOUNT FY 18-19	BUDGETED AMOUNT FY 19-20	Salary Assumptions (includes Step Increase)	Alloc %	Program	Alloc %	Terminations	Alloc %	Rent
Executive Director*	\$ 153,336	\$ 87,402	\$ 240,738	\$ 240,738	\$ 229,400	\$ 240,738	\$9,024 - \$14,364	55.0%	\$ 132,406	20.0%	\$ 48,148	25.0%	\$ 60,184
Deputy Director*	\$ 120,000	\$ 68,400	\$ 188,400	\$ 188,400	\$ 157,939	\$ 188,400	\$8,087 - \$12,873	55.0%	\$ 103,620	20.0%	\$ 37,680	25.0%	\$ 47,100
Staff Attorney*	\$ 145,380	\$ 82,867	\$ 228,247	\$ 228,247	\$ 217,508	\$ 228,247	\$9,024 - \$14,364	55.0%	\$ 125,536	20.0%	\$ 45,649	25.0%	\$ 57,062
Hearing Examiner*	\$ 145,380	\$ 82,867	\$ 228,247	\$ 228,247	\$ 217,508	\$ 228,247	\$9,024 - \$14,364	55.0%	\$ 125,536	20.0%	\$ 45,649	25.0%	\$ 57,062
Rent Program Services Analyst	\$ 87,780	\$ 50,035	\$ 137,815	\$ 137,815	\$ 133,131	\$ 137,815	\$6,357 \$6,674 \$6,977 \$7,315 \$7,684	55.0%	\$ 75,798	20.0%	\$ 27,563	25.0%	\$ 34,454
Rent Program Services Analyst	\$ 92,208	\$ 52,559	\$ 144,767	\$ 144,767	\$ 127,258	\$ 144,767	\$6,357 \$6,674 \$6,977 \$7,315 \$7,684	55.0%	\$ 79,622	20.0%	\$ 28,953	25.0%	\$ 36,192
Rent Program Services Analyst	\$ 74,244	\$ 42,319	\$ 116,563	\$ 116,563	\$ -	\$ 116,563	\$6,357 \$6,674 \$6,977 \$7,315 \$7,684	55.0%	\$ 64,110	20.0%	\$ 23,313	25.0%	\$ 29,141
Administrative Analyst	\$ 74,244	\$ 42,319	\$ 116,563	\$ 116,563	\$ 115,075	\$ 116,563	\$6,357 \$6,674 \$6,977 \$7,315 \$7,684	55.0%	\$ 64,110	20.0%	\$ 23,313	25.0%	\$ 29,141
Administrative Aide	\$ 64,320	\$ 36,662	\$ 100,982	\$ 100,982	\$ 93,853	\$ 100,982	\$4,910 \$5,115 \$5,360 \$5,602 \$5,873	55.0%	\$ 55,540	20.0%	\$ 20,196	25.0%	\$ 25,246
Administrative Aide	\$ 70,476	\$ 40,171	\$ 110,647	\$ 110,647	\$ 93,853	\$ 110,647	\$4,910 \$5,115 \$5,360 \$5,602 \$5,873	55.0%	\$ 60,856	20.0%	\$ 22,129	25.0%	\$ 27,662
Administrative Student Intern (0.5 FTE)	\$ 19,997				\$ 16,685	\$ 19,997	\$15.54 \$17.20 \$18.81 \$20.51 \$22.07	55.0%	\$ 10,998	20.0%	\$ 3,999	25.0%	\$ 4,999
Administrative Student Intern (0.5 FTE)	\$ 19,997				\$ 16,685	\$ 19,997	\$15.54 \$17.20 \$18.81 \$20.51 \$22.07	55.0%	\$ 10,998	20.0%	\$ 3,999	25.0%	\$ 4,999
Administrative Student Intern (0.5 FTE)	\$ 19,997				\$ 16,685	\$ 19,997	\$15.54 \$17.20 \$18.81 \$20.51 \$22.07	55.0%	\$ 10,998	20.0%	\$ 3,999	25.0%	\$ 4,999
Administrative Student Intern (0.5 FTE)	\$ 19,997				\$ 16,685	\$ 19,997	\$15.54 \$17.20 \$18.81 \$20.51 \$22.07	55.0%	\$ 10,998	20.0%	\$ 3,999	25.0%	\$ 4,999
Overtime/Comp Time					\$ 5,000	\$ 5,000		55.0%	\$ 2,750	20.0%	\$ 1,000	25.0%	\$ 1,250
<i>*Salary increases for Executive Staff are discretionary in nature. Figures shown represent maximums and are subject to Board or Director approval.</i>													
<b>TOTAL SALARIES AND BENEFITS</b>					\$ 1,457,265	\$ 1,697,956			\$ 933,876		\$ 339,591	\$ 424,489	
<b>Cost Pool and Risk Management:</b>													
General Liability and Worker's Comp					\$ 68,563	\$ 68,563	Workers Compensation - \$2,748 per employee, General Liability - \$3,485 per employee (combined total \$6,233 per employee.) 11 FTEs FY 19-20	55.0%	\$ 37,710	20.0%	\$ 13,713	25.0%	\$ 17,141
Space at 440 Civic Center Plaza					\$ 52,275	\$ 64,523	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. Since the Rent Program's square footage has expanded by approximately 25% since FY 2016-17, the budgeted amount for FY 2019-20 was increased by 25%.	55.0%	\$ 35,488	20.0%	\$ 12,905	25.0%	\$ 16,131
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.	55.0%	\$ 28,300	20.0%	\$ 10,291	25.0%	\$ 12,864
Supplemental Liability Insurance Policy (SLIP)					\$ 25,000	\$ 13,000	General liability policy for the Rent Control program.	55.0%	\$ 7,150	20.0%	\$ 2,600	25.0%	\$ 3,250
<b>Sub-Total Cost Pool + Risk Management</b>					\$ 197,292	\$ 197,540			\$ 108,647		\$ 39,508	\$ 49,385	
<b>IT Costs</b>													
IT Professional Services and Startup Costs					\$ 3,000	\$0	IT Services - Contract with DataTree for property verification data (\$250 per month); Contract with Superion for database development						
Annual IT Costs (Including replacement funding)					\$ 21,683	\$23,683	General PC software and costs	55.0%	\$ 13,026	20.0%	\$ 4,737	25.0%	\$ 5,921
<b>Sub-Total IT Expenses</b>					\$ 24,683	\$23,683			\$ 13,026		\$ 4,737	\$ 5,921	

Legal Costs													
Outside Legal Counsel (Litigation)					\$ 120,000	\$ 160,000	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.	55.0%	\$ 88,000	20.0%	\$ 32,000	25.0%	\$ 40,000
Contract Hearing Examiner Services					\$ 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.	0.0%		50.0%	\$ 28,500	50.0%	\$ 28,500
Community Services Agency Contracts					\$ 150,000	\$ 200,000	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%	\$ 100,000	50.0%	\$ 100,000
<b>Sub-Total Legal Expenses</b>					<b>\$ 270,000</b>	<b>\$ 417,000</b>			<b>\$ 88,000</b>		<b>\$ 160,500</b>		<b>\$ 168,500</b>
Professional and Admin Services													
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.						
Translation Services					\$ 15,000	\$ 23,500	Translation services to (1) translate print and outreach materials (assumes 4,500 words per month @ \$0.14/word (2) Rent Adjustment Petition decisions (approximately \$430 per decision, three translated decisions per month) and verbal translation (assumes 60 minutes per month @ \$0.65 per minute).	55.0%	\$ 12,925	20.0%	\$ 4,700	25.0%	\$ 5,875
<b>Sub-Total Professional &amp; Admin</b>					<b>\$ 169,500</b>	<b>\$ 23,500</b>			<b>\$ 12,925</b>		<b>\$ 4,700</b>		<b>\$ 5,875</b>
Other Operating Expenses													
Postage & Mailing					\$ 50,000	\$ 20,000	Costs of mailing include production, printing, proofing, and postage	55.0%	\$ 11,000	20.0%	\$ 4,000	25.0%	\$ 5,000
Copying & Duplicating					\$ 5,000	\$ 5,000	Bulk printing of materials for public outreach and information	55.0%	\$ 2,750	20.0%	\$ 1,000	25.0%	\$ 1,250
Copy Machine Rental					\$ 5,000	\$ 5,000	Cost of rental and maintenance of Xerox machines in 440 Civic Center Plaza	55.0%	\$ 2,750	20.0%	\$ 1,000	25.0%	\$ 1,250
Miscellaneous Expenses					\$ 10,000	\$ 10,000	Miscellaneous expenses associated with program development and operations	55.0%	\$ 5,500	20.0%	\$ 2,000	25.0%	\$ 2,500
Office Supplies					\$ 21,000	\$ 6,000	Cost of general office supplies	55.0%	\$ 3,300	20.0%	\$ 1,200	25.0%	\$ 1,500
Computer/Phone Supplies					\$ 6,300	\$ 6,350	10 computer monitors @ \$175.00; 3 phone setups (for counseling stations) @ \$200; 3 laptops @ \$1,200; 1 printer for counseling station @ \$400	55.0%	\$ 3,493	20.0%	\$ 1,270	25.0%	\$ 1,588
Community Education					\$ 10,000	\$ 2,500	Materials for community workshops and other outreach events	55.0%	\$ 1,375	20.0%	\$ 500	25.0%	\$ 625
Mileage					\$ 1,000	\$ 1,000	Use of City pool car.	55.0%	\$ 550	20.0%	\$ 200	25.0%	\$ 250
Training / Conferences					\$ 10,500	\$ 2,000	Attendance at legal trainings/continuing education, conferences (e.g. APA), and annual Rent Board Consortium	55.0%	\$ 1,100	20.0%	\$ 400	25.0%	\$ 500
Phone					\$ 1,200	\$ 1,200	Cell phone for Executive Director	55.0%	\$ 660	20.0%	\$ 240	25.0%	\$ 300
Books and Educational Materials					\$ 200	\$ 200	Educational and reference materials	55.0%	\$ 110	20.0%	\$ 40	25.0%	\$ 50
Data Subscriptions					N/A - New Line Item	\$ 6,420	DataTree subscription (\$250 per month) and Lexis Nexis (\$285 per month)	55.0%	\$ 3,531	20.0%	\$ 1,284	25.0%	\$ 1,605
UC Berkeley Public Service Internship Program Interns					\$ 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.	55.0%	\$ 1,650	20.0%	\$ 600	25.0%	\$ 750
Ad & Promotional materials					\$ 2,000	\$ 2,000	Posting of community events and other information in publications; use of Canva graphics; Adobe InDesign subscription (\$240 annually)	55.0%	\$ 1,100	20.0%	\$ 400	25.0%	\$ 500
<b>Sub-Total Other Operating</b>					<b>\$ 125,200</b>	<b>\$ 70,670</b>			<b>\$ 38,869</b>		<b>\$ 14,134</b>		<b>\$ 17,668</b>
<b>TOTAL OPERATING AND SALARY EXPENSES</b>					<b>\$ 2,243,940</b>	<b>\$ 2,430,349</b>			<b>\$ 1,195,342</b>		<b>\$ 563,170</b>		<b>\$ 671,837</b>
Reserves:													
Operating Reserve (17%)					\$ 381,470	\$ 413,159.29	As recommended by the Government Finance Officers Association (GFOA)	55%	\$227,237.61	20%	\$82,631.86	25%	\$103,289.82
Risk Reserve (8%)					\$ 179,515			55%	\$0.00	20%	\$0.00	25%	\$0.00
<b>GRAND TOTAL INCLUDING RESERVES</b>					<b>\$ 2,804,925</b>	<b>\$ 2,843,508</b>			<b>\$ 1,422,579</b>		<b>\$ 645,802</b>		<b>\$ 775,127</b>

2018-19 Deputy Director Salary Survey				
City	Job Title	Low (Annual Salary)	High (Annual Salary)	Source
Berkeley	Deputy Director of Rent Stabilization	\$118,345	\$155,532	<a href="https://www.cityofberkeley.info/uploadedFiles/Human_Resources/Level_3_-_General/SalaryListBENEFITED.pdf">https://www.cityofberkeley.info/uploadedFiles/Human_Resources/Level_3_-_General/SalaryListBENEFITED.pdf</a>
San Francisco	Deputy Director I/II/III/IV/V	\$104,182	\$231,868	<a href="http://citidex.sfgov.org/cgi-bin/dhr/findClass.cgi?MyID=0955">http://citidex.sfgov.org/cgi-bin/dhr/findClass.cgi?MyID=0955</a>
Beverly Hills	Deputy Director of Rent Stabilization	\$137,844	\$172,296	<a href="http://www.beverlyhills.org/cbhfiles/storage/files/15155035271275074371/ExecutiveSalarySchedule(AppendixA)-NewStructure.FINAL_effective04-10-18.pdf">http://www.beverlyhills.org/cbhfiles/storage/files/15155035271275074371/ExecutiveSalarySchedule(AppendixA)-NewStructure.FINAL_effective04-10-18.pdf</a>
Oakland	Manager, Rent Stabilization Program	\$136,488	\$167,592	<a href="http://www2.oaklandnet.com/government/o/HumanResources/sSalarySchedule/index.htm">http://www2.oaklandnet.com/government/o/HumanResources/sSalarySchedule/index.htm</a>
San Jose	Deputy Director	\$116,893	\$182,084	<a href="http://www.sanjoseca.gov/DocumentCenter/View/1206">http://www.sanjoseca.gov/DocumentCenter/View/1206</a>
Alameda	Community Development Manager	\$122,080	\$148,389	<a href="https://www.alamedaca.gov/Departments/City-Administration/Human-Resources">https://www.alamedaca.gov/Departments/City-Administration/Human-Resources</a>
Santa Monica	Deputy Director of Special Projects	\$131,400	\$162,228	<a href="https://www.smgov.net/Departments/HR/Labor_Relations.aspx">https://www.smgov.net/Departments/HR/Labor_Relations.aspx</a>
	<b>AVERAGE</b>	<b>\$123,890</b>	<b>\$174,284</b>	

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# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 20, 2019

Final Decision Date Deadline: February 20, 2019

**STATEMENT OF THE ISSUE:** Following discussion among Boardmembers and receipt of comments from Tenants in LIHTC Rental Units and affordable housing providers at the November 14, 2018, Special Meeting, members of the Rent Board requested a detailed report addressing policy options and recommendations regarding how, if at all, to regulate Rental Units in LIHTC properties. The Affordable Housing Ad Hoc Committee has prepared the requested information and is seeking Rent Board adoption of its recommendations.

## 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) ADOPT a resolution establishing a limit on rent increases in LIHTC rental units not to exceed 5% per year and affirming the proposed amendments to Rent Board Regulation 204 as set forth by the Affordable Housing Ad Hoc Committee; (2) AMEND Regulation 204 to: (a) clarify those provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, Richmond Municipal Code, and California Civil Code, where, if violated, may result in a revocation of the exemption from Section 11.100.070 of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance as provided in Regulation 202; and (b) establish a process for revocation of such exemption – Rent Program (Nicolas Traylor 620-6564).

AGENDA ITEM NO:  
**H-1.**

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# AGENDA REPORT

**DATE:** February 20, 2019

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

**FROM:** Affordable Housing Ad Hoc Committee

**SUBJECT:** PROPOSED POLICY OPTIONS AND RECOMMENDATION REGARDING RENT INCREASES AND HABITABILITY CONCERNS IN LOW INCOME HOUSING TAX CREDIT (LIHTC) RENTAL PROPERTIES

## **STATEMENT OF THE ISSUE:**

Following discussion among Boardmembers and receipt of comments from Tenants in LIHTC Rental Units and affordable housing providers at the November 14, 2018, Special Meeting, members of the Rent Board requested a detailed report addressing policy options and recommendations regarding how, if at all, to regulate Rental Units in LIHTC properties. The Affordable Housing Ad Hoc Committee has prepared the requested information and is seeking Rent Board adoption of its recommendations.

## **RECOMMENDED ACTION:**

(1) ADOPT a resolution establishing a limit on rent increases in LIHTC rental units not to exceed 5% per year and affirming the proposed amendments to Rent Board Regulation 204 as set forth by the Affordable Housing Ad Hoc Committee; (2) AMEND Regulation 204 to: (a) clarify those provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, Richmond Municipal Code, and California Civil Code, where, if violated, may result in a revocation of the exemption from Section 11.100.070 of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance as provided in Regulation 202; and (b) establish a process for revocation of such exemption – Rent Program (Nicolas Traylor 620-6564).

## **FISCAL IMPACT:**

Staff members anticipate utilization of approximately 0.5 FTE of existing staff resources to administer the proposed amendments to Regulation 204, prepare an annual report concerning affordable housing units, act as the Affordable Housing Liaison, develop outreach materials, and establish materials and protocols for the mediation program tailored to residents of affordable housing.

## DISCUSSION:

### Background

At the November 14, 2018, Rent Board Special Meeting, the Affordable Housing Ad Hoc Committee presented its findings concerning two questions specific to Tenants in Rental Units financed through the Low Income Housing Tax Credit (LIHTC) program (Section 42 of the Internal Revenue Code):

*(1) Are the rent restrictions required by the California Tax Credit Allocation Committee sufficient to address “rent shock,” particularly in potentially-anomalous years like 2018, when Area Median Income and TCAC maximum rents increased more than 10 percent?*

The key purpose of the Rent Ordinance is to “promote neighborhood and community stability, healthy housing, and affordability for renters in the City of Richmond...” The Rent Ordinance helps stabilize rents and provides eviction protections in a high-cost housing market. These provisions are aimed at protecting Tenants from displacement caused by “rent shock” or arbitrary evictions, allowing them to benefit from and contribute to Richmond’s improving economy. Although there is no universal definition for “rent shock”, the Rent Board’s standard for “rent shock” is reflected in two ways. First, under the Rent Ordinance, the Annual General Adjustment (AGA) for Controlled Rental Units is restricted to the 100 percent of the Consumer Price Index (3.6 percent for 2018). Second, pursuant to Regulation 602, in cases where a Landlord has not previously taken the allowed rent increases, they are restricted to 5 percent of these deferred or “banked” increases in addition to the AGA in any 12-month period.

While both Controlled Rental Units and LIHTC rental units are regulated by a governmental agency, their regulation processes are different. Unlike the Rent Board, TCAC does not regulate the percentage of rent increases; rather, it regulates the maximum rent an owner may charge, based on Area Median Income and household size. This regulatory scheme lacks limitations on the amount of an increase an owner may take at any one time to reach the TCAC Maximum Rent. Therefore, a Tenant in a LIHTC unit could still experience a large relative rent increase. At their May 2018 meeting, Rent Board members expressed concern that in years when the Area Median Income increases substantially, Tenants living in LIHTC units would not enjoy the same protections from “rent shock” as their counterparts in Controlled Rental Units.<sup>1</sup>

*(2) Are LIHTC Tenants in Richmond able to successfully assert their rights to safe and habitable living conditions?*

The Rent Ordinance also provides Tenants with recourse if they experience a reduction in habitability, services or space. Tenants in Controlled Rental Units can use the Rent

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<sup>1</sup> Around half of the city’s LIHTC units also receive tenant- or project-based Section 8 subsidies. Tenants in those units typically pay no more than 30 percent of their household income to rent and are therefore unlikely to experience “rent shock” in the same way as LIHTC Tenants without such subsidies.

Adjustment Petition process to compel Landlords to provide healthy housing that meets local and state habitability standards. Since the Rent Board exempted LIHTC units from the rent control provisions of the Rent Ordinance, these Tenants do not have that option. However, Tenants in LIHTC units are able to participate in Rent Program mediation and can lodge complaints with TCAC. Additionally, providers are all required to provide onsite management and are bound by state law and TCAC regulations to provide units that are safe and habitable. Affordable housing management is charged with responding to Tenant complaints in a timely manner and keeping units in good condition. In fact, LIHTC providers that are not providing safe and habitable housing or are overcharging Tenants can be subject to substantial financial penalties, including the recapture of tax credits in severe cases.

Rent Program staff regularly receives grievances from LIHTC Tenants regarding habitability, safety, and issues getting satisfactory responses from management. While LIHTC Tenants can be empowered to advocate for themselves by learning about their rights after consulting with Rent Program staff, both LIHTC Tenants and providers would benefit from the Rent Program's assistance through its mediation services. In phone calls and meetings, both affordable housing providers and Tenants have indicated their interest in mediation.

Following discussion among Boardmembers and receipt of comments from Tenants in LIHTC Rental Units and affordable housing providers at the November 14, 2018, Special Meeting, members of the Rent Board requested a detailed report addressing policy options and recommendations regarding how, if at all, to regulate Rental Units in LIHTC properties.

### Policy Options and Recommendations

The following tables present policy questions and proposed options for the Rent Board's consideration. The option recommended by the Affordable Housing Ad Hoc Committee is bolded.

<b>Policy Question #1: To what extent should rent increases in LIHTC properties be limited?</b>		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
Rent increases imposed on a LIHTC tenant shall not exceed 2% per year	Tenants of LIHTC Units must meet income restrictions that qualify them as low or moderate income. As such, a 2% cap could provide greater housing stability to Tenants whose incomes are already low or moderate compared to other households in the Bay Area. LIHTC Tenants expressed that for those on fixed-incomes (e.g. Social Security assistance), a 2% cap on rent increases would more realistically reflect increases in income.	<p>May discourage affordable housing development in Richmond</p> <p>Providers would have very little incentive to agree to a 2% limitation, particularly LIHTC providers such as Heritage at Hilltop who are exempt from rent control via Costa Hawkins.</p> <p>Restricting increases to such a low amount may not allow LIHTC providers to keep up with operating expense increases and could result in a reduction of resident services and staffing. This is an important point as LIHTC providers would not be able to petition for an MNOI increase or historically low rent increase and could lead to legal challenges.</p>

<b>Policy Question #1: To what extent should rent increases in LIHTC properties be limited? (CONTINUED)</b>		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
Rent increases imposed on a LIHTC tenant shall not exceed 100% of the Consumer Price Index (CPI)	Could result in greater administrative ease when informing LIHTC Tenants of the annual rent increase limit, since that percentage would be the same for rent controlled Tenants (since the Annual General Adjustment is equal to 100% of the change in the Consumer Price Index).	<p>The CPI varies monthly, and is therefore unpredictable. Housing providers seek predictability for financing and budgeting purposes.</p> <p>Similar disincentive for properties already exempt from rent control via Costa Hawkins. Exempt LIHTC properties such as Heritage Park could opt out, and would still not be subject to the fee for fully covered rental units if the Board revoked the exemption for LIHTC units.</p>

<b>Policy Question #1: To what extent should rent increases in LIHTC properties be limited? (CONTINUED)</b>		
<p><b>Rent increases imposed on a LIHTC tenant shall not exceed 5% per year (Ad Hoc Committee Recommendation)</b></p>	<p>Both affordable housing providers and LIHTC Tenants indicated that a fixed rent cap is preferable to tracking an index, such as the CPI.</p> <p>Based on historical data, the average year-to-year increase allowed by TCAC between 2000 and 2018 was approximately 3.1%. In years where TCAC permits a rent increase far in excess of the historical average, a limit of 5%, would shelter Tenants from an unusually large rent increase, while allowing housing providers to approach TCAC maximum rent levels.</p> <p>The 5% rent cap is less than what a market rent Tenant would experience under the banking regulation, which currently is 5% + 3.6% for a total of 8.6%. LIHTC property owners, unlike owners of rent controlled units are unable to seek an upward adjustment in rent via the MNOI/historically low petition, further limiting potential rent increases.</p> <p>5% rent cap increase on a LIHTC unit is a magnitude lower than 5% increase on market because rents on LIHTC units are set already at a fraction of market rents (e.g. 5% on a \$1000 1 bed room unit translates to only \$50 while 5% on \$2000 is \$100).</p>	<p>Based on LIHTC Tenant feedback, a limit of 5% in years when TCAC limits are at or above 5% may cause financial burden, particularly for Tenants on fixed-incomes.</p>

<b>Policy Question #1: To what extent should rent increases in LIHTC properties be limited? (CONTINUED)</b>		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
Rent increases imposed on a LIHTC tenant shall not exceed 5% plus the Consumer Price Index (CPI).	This methodology utilizes existing Rent Board policy (Rent Board Regulation 602).	The Rent Board's banking regulation and the TCAC system are incompatible. Affordable housing providers expressed preference for a fixed amount to avoid confusion.
No further restrictions beyond those imposed by the Tax Credit Allocation Committee	May provide administrative ease and potentially lower staff costs associated with monitoring LIHTC rent cap restrictions.	Without any rent cap restrictions, Tenants in LIHTC units are exposed to a greater degree of housing instability due to significant increase in TCAC maximum rent limits.

<b>Policy Question #2: How should the Board ensure Tenants are able to assert their rights to habitable living conditions in LIHTC rental units?</b>		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
<b>Establishment of Mediation Program tailored to LIHTC Tenants (Ad Hoc Committee Recommendation)</b>	Mediation is an expeditious method for resolving housing related issues. Both parties (Tenants and housing providers) have indicated a good faith willingness to utilize mediation as a means of resolving disputes.	Resolution of issues is not guaranteed.  Increased staff time/resources
<b>Designated Affordable Housing Liaison (Ad Hoc Committee Recommendation)</b>	Liaison will: (1) act as the central point of communication for the agency regarding affordable housing issues; (2) be involved in all high level discussions between the agency and providers; (3) track complaints and resolution thereof; and (4) assist in the preparation of reports.	Increased staff time/resources

<b>Policy Question #3: How often should Rent Program staff members be required to report to the Rent Board on grievances received from affordable developments?</b>		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
Staff shall prepare one comprehensive report per year (in conjunction with the Annual Report)	More efficient use of staff time, since staff members are already required to report annually to the City Council and Rent Board on the status of rental housing (including affordable housing)	Only allows for the Rent Board to receive a comprehensive report once per year
<b>Staff shall prepare one standalone report per year, in addition to the Annual Report (Ad Hoc Committee Recommendation)</b>	The Rent Board will receive a report from staff concerning affordable housing twice per year, one of which would be focused solely on affordable housing, allowing the Board more opportunities to discuss and comment on LIHTC developments.	Increased staff time/resources
Staff shall prepare two standalone reports per year, in addition to the Annual Report	The Rent Board will receive a comprehensive report from staff concerning affordable housing three times per year, two of which would be focused solely on affordable housing, allowing the Board more opportunities to discuss and comment on the status of affordable housing.	Increased staff time/resources

<b>Policy Question #4: Which mechanism(s) of policy creation should the Board employ to best establish and enforce its interests?</b>		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
<b>Resolution (Ad Hoc Committee Recommendation-Resolution contained in Attachment 1)</b>	<p>Clearly restates the Board's findings that support its policy regarding housing stability in LIHTC properties. Adds guidance to comply with existing regulations.</p> <p>Unlike a contract, a resolution can be rescinded in the future if the Board saw problems arise or circumstances change.</p>	<p>A resolution is a policy statement, not a law or regulation.</p>
<b>Amended Regulation (Ad Hoc Committee Recommendation-Amended Regulation contained in Attachment 2)</b>	<p>Clarifies the procedures by which affordable housing providers can avail themselves to the benefits of exemption and succinctly describes under which circumstances the exemption can be revoked.</p> <p>Unlike a contract, a regulation can be amended in the future if the Board saw problems arise or circumstances change.</p>	<p>None.</p>

<b>Policy Question #4: Which mechanism(s) of policy creation should the Board employ to best establish and enforce its interests? (CONTINUED)</b>		
<i>Policy Option</i>	<i>Potential Benefits</i>	<i>Potential Drawbacks</i>
<p>Memorandum of Understanding between Affordable Housing Providers and Rent Board</p> <p><i>Note: MOU has not been prepared. MOU would need to be prepared by Rent Program Staff in conjunction with LIHTC providers and presented to the Board for approval at a subsequent meeting.</i></p>	<p>Signed written agreement that memorializes the terms and policies articulated by the Rent Board, whereby each provider agrees to adhere to the terms therein via signature.</p>	<p>Time and resources associated with coordinating with each provider's attorneys to gain unanimous agreement with the terms of the drafted document.</p> <p>An MOU is not enforceable, but a statement of "good-will" to comply with the Rent Board's policies regarding housing stability in LIHTC properties.</p>
<p>Contract between Rent Board and Affordable Housing Providers</p>	<p>Signed written agreement that is enforceable in court.</p>	<p>Time and resources associated with coordinating with each provider's attorneys to gain unanimous agreement with the terms of the drafted document.</p> <p>A contract is difficult to measure damages to the Rent Board when there is a breach of contract, which increases the difficulty of enforcement.</p> <p>Costly to enforce in court and as a party to the contract itself, the Board increases its exposure to legal risks.</p> <p>There could be possibility of unintended consequences; a contract would lock the Board into a set agreement that may be difficult to change in the future if the Board saw problems arise or circumstances change.</p>

**DOCUMENTS ATTACHED:**

Attachment 1 – Resolution establishing a limit on rent increases in LIHTC rental units not to exceed 5% per year and affirming the proposed amendments to Rent Board Regulation 204 as set forth by the Affordable Housing Ad Hoc Committee

Attachment 2 – Proposed Amended Regulation 204 (red-lined)

Attachment 3 – Proposed Amended Regulation 204 (clean)

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**Resolution No. 19-01**

ESTABLISHING ADDITIONAL TERMS OF EXEMPTION FOR LOW-INCOME HOUSING TAX CREDIT PROVIDERS FROM THE RENT CONTROL PROVISIONS OF RICHMOND FAIR RENT, JUST CAUSE FOR EVICTION, AND HOMEOWNER PROTECTION ORDINANCE PURSUANT TO REGULATION 202.

**WHEREAS**, on November 8, 2016, the voters in the City of Richmond passed, by initiative, the “Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance”; and

**WHEREAS**, on November 15, 2017, the Richmond Rent Board adopted Regulation 202 and Regulation 204(formerly Regulation 17-01) exempting “governmentally subsidized Rental Units” from the rent control provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance; and

**WHEREAS**, there are approximately 4,283 Rental Units in Richmond that receive Low-Income Housing Tax Credits (LIHTC) and/or direct subsidies from the Department of Housing and Urban Development (HUD), including the Housing Choice Voucher and Project-Based Section 8 programs. These units represent approximately 20 percent of Richmond’s rental housing stock and represent a critical aspect of housing affordability in the city; and

**WHEREAS**, of the 4,283 governmentally subsidized Rental Units in Richmond, 2,702 Rental Units receive LIHTC funding; and

**WHEREAS**, maximum rents in LIHTC Rental Units are determined annually by the California Tax Credit Allocation Committee (TCAC) based on Area Median Income for Oakland-Fremont, CA HUD Metro FMR Area, which contains Alameda and Contra Costa Counties; and

**WHEREAS**, the methodology employed by HUD to calculate Contra Costa County’s Area Median Income may not accurately reflect Area Median Income for Richmond Tenants. For purposes of this Resolution, Tenant shall have the same meaning as provided in Richmond Municipal Code Section 11.100.030(r); and

**WHEREAS**, in March 2018, Tenants at multiple LIHTC developments received rent increases in excess of ten (10) percent, the maximum rent permitted by TCAC for the year; and

**WHEREAS**, throughout the course of their work, Rent Program staff have also heard grievances from Tenants in LIHTC Rental Units regarding habitability, security, and other issues; and

**WHEREAS**, due to LIHTC’s exemption pursuant to Regulation 202, Tenants living in these units cannot use the Rent Program’s petition system to request rent adjustments and resolve grievances in this manner; and

# ITEM H-1 ATTACHMENT 1

**WHEREAS**, Rent Program staff convened 13 of the city's affordable housing providers for a conference call on May 18, 2018, to discuss these concerns and potential solutions; and

**WHEREAS**, in early June 2018, six affordable housing providers, representing approximately 63 percent of the deed-restricted units in the City of Richmond, submitted letters to the Rent Program indicating their willingness to limit annual rent increases in LIHTC Rental Units; and

**WHEREAS**, on June 20, 2018, the Rent Board appointed two of its members to an ad hoc committee to develop an agreement with LIHTC providers in conjunction with Rent Program staff to limit rent increases in these units and address other concerns raised by Tenants; and

**WHEREAS**, in communication with Rent Program staff, affordable housing providers have indicated their preference to voluntarily cap annual rent increases at 6 percent (6%) and noted that TCAC maximum rents have historically increased by around 2 or 3 percent per year; and

**WHEREAS**, at an August 24, 2018 meeting with Tenants of affordable housing and Tenant representatives, many expressed concerns about large rent increases leading to displacement and homelessness, particularly for low-income seniors and others on fixed incomes; and

**WHEREAS**, at this same meeting, Tenants of affordable housing and Tenant representatives expressed a strong willingness to participate in a Rent Board-initiated mediation process to resolve habitability and other concerns with management; and

**WHEREAS**, while the Tenants and Tenant representatives in attendance expressed concerns that any rent increase would pose a financial hardship, they indicated they preferred a flat percentage cap of 2 percent (2%) on annual rent increases; and

**WHEREAS**, to date, affordable housing providers and Tenants of affordable housing and their representatives have not agreed on the appropriate percentage of annual rent increases; and

**WHEREAS**, on November 7, 2018, the Ad Hoc committee convened and determined it prudent to present the Rent Board with various policy options related to the continual exemption of LIHTC Rental Units pursuant to Regulation 202;

**NOW, THEREFORE, BE IT RESOLVED**, that the owner of a LIHTC Rental Unit may increase the rent up to the maximum allowed by TCAC at any time, so long as the increase does not exceed five (5) percent during any 12-month period;

**BE IT FURTHER RESOLVED**, while LIHTC properties' rents are not regulated by the Rent Board, Rent Program staff shall meet annually with LIHTC providers to gather information pertaining to compliance with Regulation 204, housing quality, and rents; the rent information shall be provided in an editable spreadsheet and include the current and proposed rent. This meeting shall occur no later than 60 calendar days from the day TCAC releases its permitted Maximum Rent Schedule; and

# ITEM H-1 ATTACHMENT 1

**BE IT FURTHER RESOLVED**, the Rent Program shall issue an annual report to the Rent Board on the state of governmentally subsidized Rental Units in the City of Richmond, based on program data. This report shall include recommendations to the Board regarding compliance and housing quality, and may be compiled as a section of the Rent Program's Annual Report presented to the City Council; and

**BE IT FURTHER RESOLVED**, at the same meeting the Rent Board receives the Annual Report, the Rent Board shall consider the LIHTC complied Rent data and make findings of the overall compliance of LIHTC properties and whether continual exemption of these properties is achieving the purpose of the Rent Ordinance; and

**BE IT FURTHER RESOLVED**, in the event a majority of Rent Board members find substantial noncompliance among LIHTC Rental Unit(s) and/or continued exemption of these LIHTC Rental Unit(s) does not achieve the purpose of the Rent Ordinance, the Rent Board shall consider at its next regularly scheduled meeting whether to maintain the LIHTC Rental Unit exemption as described in Regulation 204; and

**BE IT FURTHER RESOLVED**, in the event that a majority of Rent Board members vote to remove the exemption of a LIHTC Rental Unit(s), Rent Board staff shall within 10 business days charge the non-exempt LIHTC Rental Unit(s) a Rental Housing Fee equivalent to the amount charged for fully covered units, or partially covered units where applicable, for the same fiscal year in which the exemption was removed, less any fees already paid, and apply the full provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance, as permitted by State law.

**BE IT FURTHER RESOLVED**, that LIHTC providers who comply with the policies stated herein and Regulation 204, shall pay a Residential Rental Housing Fee as determined by an annual Rental Housing Fee Study approved by the Rent Board and adopted by the City Council, and maintain their exemption under Regulation 202; and

**BE IT FURTHER RESOLVED**, that the Tenants of governmentally subsidized Rental Units have the same rights as other Richmond Tenants to request counseling and mediation services from the Rent Program to resolve potential breaches of California Civil Code 1941.1 or other issues that implicate termination of a tenancy; and

**BE IT FURTHER RESOLVED**, that in no case shall a LIHTC provider be permitted to avail itself to the benefit of the provisions of this Resolution 19-01 and Regulation 202, unless that LIHTC provider has fully resolved any past and/or currently due Residential Rental Housing Fees and is otherwise in compliance with the Enrollment requirements pursuant to Regulation 405 and the requirements set forth in Regulation 204; and

**BE IT FURTHER RESOLVED**, that the Rent Program staff is authorized to develop rules and procedures to implement the counseling, enrollment, and mediation services associated with the purpose of this Resolution; and

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ATTACHMENT 1**

Dated:

Adopted by the Richmond Rent Stabilization Board of the City of Richmond by the following vote:

AYE:

NAY:

ABSTAIN:

ABSENT

DRAFT

## ITEM H-1 ATTACHMENT 2

### 204. Maintaining an Exemption Pursuant to Regulation 202: Only Applies if Rental Unit is in Compliance with Applicable Laws and Regulations

A. ~~The exemption from~~ Notwithstanding Regulation 202, Rental Units described in Regulation 202 shall not be exempt from Section 11.100.070 of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance rent control (RMC 11.100.070) as described in Section 202 and Section 203 of this Regulation only applies so long as the where the property owner has failed to substantially comply with all of the applicable provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance, Rent Board Orders, Regulations, and/or Resolutions, as well as the Implied Warranty of Habitability as described in Civil Code 1941.1, and Richmond Municipal Code Section 6.40.040. This includes, but is not limited to, a property owners obligation to comply with the following:

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(1) Timely payment of all owing Residential Rental Housing Fee. For purposes of this provision, a payment shall be considered timely where a property owner remits payment of the Residential Rental Housing Fee within 30 calendar days from the date the Rent Program sends the invoice. Where there is a dispute in the amount owed, payment shall be considered timely where the owner remits payment of the Residential Rental Housing Fee within 30 calendar days from the date the Rent Program sends the amended invoice. However, where the dispute is wholly concerned with assessed late fees, payment shall be considered timely where the owner remits payment of the Residential Rental Housing Fee within 5 calendar days from the date the Rent Program sends the amended invoice or 30 calendar days from the date the Rent Program sent the initial invoice, whichever is later. If a dispute does not result in an amended invoice, payment shall be due within 30 calendar days from the date the Rent Program sent the initial invoice;

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(2) Payment of the Business License Tax pursuant to Richmond Municipal Code Section 11.100.060(1)(1);

(3) Enrollment of all applicable Rental Units pursuant to Regulation 405(B);

(4) All of the applicable provisions set forth in Resolution 19-01; and

(5) Any and all requirements set forth in any regulatory agreement executed between a developer and/or property owner and a Federal, State, or government entity.

B. Where Rent Program Staff members have determined a property owner has failed to comply with any of the obligations set forth in Regulation 204(A), Rent Program Staff members shall immediately notify the property owner in writing of the obligation(s) the property owner has failed to satisfy. The written notification must identify the specific obligation(s) the property owner has failed to satisfy and provide the property owner up to 60 calendar days from the date of mailing of the notification to bring itself into compliance with the identified obligation(s). If a property owner fails to timely comply with the obligation(s) identified in the Rent Program Staff member's written notification, Rent Program Staff members may agendaize an item of noncompliance for the next regularly scheduled Rent Board meeting. The agenda item shall include an identification of the specific property that has failed to

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**ITEM H-1  
ATTACHMENT 2**

comply, specific findings of noncompliance, a recommendation of the removal of the exemption contained in Regulation 202 as it relates to the noncompliant property, and any other information Rent Program staff member(s) deems relevant.

C. In addition to Regulation 204(A), Rental Units described in Regulation 202 shall not be exempt from Section 11.100.070 of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance where rental unit is in compliance with laws and regulations, and for which there is no longer in effect (a) a tenant with a Section 8 Housing Choice Voucher in the #Rental #Unit, (b) the #Rental #Unit is no longer in a Project-Based Section 8 Program, and/or (c) the #Rental #Unit is no longer rent restricted under a regulatory agreement and/or declaration of restrictive covenants.

~~“Applicable laws and regulations” here include the Rent Ordinance, owners’ regulatory agreements with federal, state, and local housing agencies, and code violations related to serious health and safety issues, as defined under RMC 6.40.040 and California Civil Code Section 1941.1. Nothing in this in Regulation 204(A) and/or Regulation 204(B) section shall preclude tenants residing in #Rental #Units described in Section 202 of this Regulation 202 from seeking advice or assistance from the Rent Program concerning applicable provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance and utilizing the remedies provided in the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance to the extent permitted by Federal, State, and #local law.~~

D.

## ITEM H-1 ATTACHMENT 3

### 204. Maintaining an Exemption Pursuant to Regulation 202: Compliance with Applicable Laws and Regulations

- A. Notwithstanding Regulation 202, Rental Units described in Regulation 202 shall not be exempt from Section 11.100.070 of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance where the property owner has failed to substantially comply with all of the applicable provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance, Rent Board Orders, Regulations, and/or Resolutions, as well as the Implied Warranty of Habitability as described in Civil Code 1941.1, and Richmond Municipal Code Section 6.40.040. This includes, but is not limited to, a property owners obligation to comply with the following:
- (1) Timely payment of all owing Residential Rental Housing Fee. For purposes of this provision, a payment shall be considered timely where a property owner remits payment of the Residential Rental Housing Fee within 30 calendar days from the date the Rent Program sends the invoice. Where there is a dispute in the amount owed, payment shall be considered timely where the owner remits payment of the Residential Rental Housing Fee within 30 calendar days from the date the Rent Program sends the amended invoice. However, where the dispute is wholly concerned with assessed late fees, payment shall be considered timely where the owner remits payment of the Residential Rental Housing Fee within 5 calendar days from the date the Rent Program sends the amended invoice or 30 calendar days from the date the Rent Program sent the initial invoice, whichever is later. If a dispute does not result in an amended invoice, payment shall be due within 30 calendar days from the date the Rent Program sent the initial invoice;
  - (2) Payment of the Business License Tax pursuant to Richmond Municipal Code Section 11.100.060(1)(1);
  - (3) Enrollment of all applicable Rental Units pursuant to Regulation 405(B);
  - (4) All of the applicable provisions set forth in Resolution 19-01; and
  - (5) Any and all requirements set forth in any regulatory agreement executed between a developer and/or property owner and a Federal, State, or government entity.
- B. Where Rent Program Staff members have determined a property owner has failed to comply with any of the obligations set forth in Regulation 204(A), Rent Program Staff members shall immediately notify the property owner in writing of the obligation(s) the property owner has failed to satisfy. The written notification must identify the specific obligation(s) the property owner has failed to satisfy and provide the property owner up to 60 calendar days from the date of mailing of the notification to bring itself into compliance with the identified obligation(s). If a property owner fails to timely comply with the obligation(s) identified in the Rent Program Staff member's written notification, Rent Program Staff members may agendaize an item of noncompliance for the next regularly scheduled Rent Board meeting. The agenda item shall include an identification of the specific property that has failed to comply, specific findings of noncompliance, a recommendation of the removal of the

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ATTACHMENT 3**

exemption contained in Regulation 202 as it relates to the noncompliant property, and any other information Rent Program staff member(s) deems relevant.

- C. In addition to Regulation 204(A), Rental Units described in Regulation 202 shall not be exempt from Section 11.100.070 of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance where there is no longer in effect (a) a tenant with a Section 8 Housing Choice Voucher in the Rental Unit, (b) the Rental Unit is no longer in a Project-Based Section 8 Program, and/or (c) the Rental Unit is no longer rent restricted under a regulatory agreement and/or declaration of restrictive covenants.
- D. Nothing in Regulation 204(A) and/or Regulation 204(B) shall preclude tenants residing in Rental Units described in Regulation 202 from seeking advice or assistance from the Rent Program concerning applicable provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance and utilizing the remedies provided in the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance to the extent permitted by Federal, State, and local law.

DRAFT

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: February 20, 2019

Final Decision Date Deadline: February 20, 2019

**STATEMENT OF THE ISSUE:** On December 19, 2018, in conjunction with Richmond City officials, the Chair brought an item before the Rent Board titled "Proposed Collaboration with the Richmond Rent Board, City of Richmond, and Richmond Housing Authority to Implement Housing Ordinances to Protect Richmond Residents." Following the discussion, the Rent Board directed staff to continue to engage with City staff to further discuss City of Richmond adopted and proposed housing-related ordinances, for the sole purpose of ascertaining the requested services from the Rent Program and report back with an update. Staff members have prepared an update for the Board and are seeking further direction.

## 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 an update concerning the City of Richmond's request for the Rent Program to administer housing-related ordinances and PROVIDE direction to staff – Rent Program (Nicolas Traylor 620-6564).

AGENDA ITEM NO:

**H-2.**

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# AGENDA REPORT

**DATE:** February 20, 2018

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

**FROM:** Nicolas Traylor, Executive Director

**SUBJECT:** POLICY RECOMMENDATIONS REGARDING COLLABORATION WITH CITY DEPARTMENTS AND AGENCIES

## **STATEMENT OF THE ISSUE:**

On December 19, 2018, in conjunction with Richmond City officials, the Chair brought an item before the Rent Board titled "Proposed Collaboration with the Richmond Rent Board, City of Richmond, and Richmond Housing Authority to Implement Housing Ordinances to Protect Richmond Residents." Following the discussion, the Rent Board directed staff to continue to engage with City staff to further discuss City of Richmond adopted and proposed housing-related ordinances, for the sole purpose of ascertaining the requested services from the Rent Program and report back with an update. Staff members have prepared an update for the Board and are seeking further direction.

## **RECOMMENDED ACTION:**

RECEIVE an update concerning the City of Richmond's request for the Rent Program to administer housing-related ordinances and PROVIDE direction to staff – Rent Program (Nicolas Traylor 620-6564).

## **FISCAL IMPACT:**

The total fiscal impact of the City's requested "ask" of Rent Program staff is unknown at this time; however, if the Rent Program were to administer and enforce only the Fair Chance Ordinance, for example, it could potentially require an increase in the Rent Program's annual budget anywhere between \$394,768 - \$558,690 (see Programmatic Consideration #3 below).

### DISCUSSION:

#### Background

Established in December 2016 following voter approval of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (hereafter “Rent Ordinance”), the Rent Program is a cost-recovery department governed by a five-member Rent Board. Pursuant to the Rent Ordinance, the Rent Program is funded by a Residential Rental Housing Fee (hereafter “Fee”) approved by the City Council in accordance with Section 50076 of the California Government Code.

Recently, City staff members have been directed by the City Council to develop and/or implement three housing-related ordinances: (1) a Fair Chance Access to Affordable Housing Ordinance (RMC 7.100, adopted December 20, 2016), (2) a Fair Tenant Screening Ordinance (not yet adopted), and (3) a Source of Income Anti-Discrimination Ordinance (not yet adopted). In the absence of current staff capacity within the City’s Housing and Community Development Department, and facing pressure from community organizations dissatisfied with the lack of enforcement of Council-adopted Ordinances such as the Fair Chance Access to Affordable Housing Ordinance, City staff members are seeking assistance from Rent Program staff members on the development and implementation of these Ordinances.

On December 19, 2018, in conjunction with Richmond City officials, the Chair brought an item before the Rent Board titled “Proposed Collaboration with the Richmond Rent Board, City of Richmond, and Richmond Housing Authority to Implement Housing Ordinances to Protect Richmond Residents.” The discussion of this item centered around educating the Richmond Board on three housing related City Ordinances— Source of Income Anti-Discrimination, Fair Chance Ordinance, and Reusable Tenant Screening Report Ordinances (hereinafter, “housing-related ordinances”). At the conclusion of the item, the Board authorized staff to meet with City officials to ascertain the requested services sought from the Richmond Rent Program.

On January 15, 2019, the Rent Board’s Executive Director, Deputy Director and Staff Attorney met with City officials. There, City officials articulated that they would like the Richmond Rent Board to implement and administer the Fair Chance Ordinance. City officials also inquired as to the Rent Board’s legal position on the matter. The Rent Board’s Staff Attorney explained the legal limitations and concerns related to the Rent Program administering the Fair Chance Ordinance. This report addresses the programmatic considerations of the City’s requested “ask.”

### Programmatic Considerations

***Programmatic Consideration #1: Allocation of Rent Program resources for the development and implementation of housing-related ordinances will detract resources from critical tasks such as enrollment, fee collection, and database development.***

At this point in the Rent Program's development, the effectiveness of the Rent Program and the ability of the Rent Board to carry out its powers and duties rest on the ability of staff to conduct the outreach, education, and processes necessary to charge and collect the Rental Housing Fee and monitor the Maximum Allowable Rent. Currently, due to investments in the Property Enrollment and Tenancy Registration process, which is necessary to generate accurate invoices, less than 35% of Fiscal Year 2018-19 Rental Housing Fee revenue has been collected. Development of a financially stable program is a higher priority at this time than creating additional programs to administer tangential ordinances.

***Programmatic Consideration #2: Hearings for appeals of the adopted and proposed ordinances cannot practically be held within the required deadline with existing Rent Program resources.***

Under the Fair Chance Access to Affordable Housing Ordinance, prospective tenants may appeal to the City's Appeal Hearing Officer. Upon receiving an appeal application, the Appeal Hearing Officer must hold a hearing and decide whether to uphold the housing provider's decision within ten calendar days of receiving an appeal application. Not only would this require the Rent Board to authorize the Hearing Examiner to hold hearings regarding matters unrelated to its powers and duties, it is practically unfeasible for the current Hearing Examiner to hold hearings within the ten-calendar-day deadline due to the demands of the current Hearings Calendar required to enforce the Rent Ordinance. Currently, Rent Adjustment Petition hearings typically have at least a 30-day wait period due to the Hearing Examiner's availability and docket of scheduled hearings.

***Programmatic Consideration #3: The Rent Program does not currently have the staff necessary to administer additional housing-related ordinances.***

Administration of the aforementioned housing-related ordinances will require, at a minimum:

- Developing regulations to implement each ordinance;
- Developing a hearings process;
- Developing an appeals process;
- Conducting outreach and education around each ordinance;
- Training in California Penal Code and other related criminal statutes; and
- Development of program forms.

## ITEM H-2

The Rent Program's administration of the proposed Housing-Related Ordinances could necessitate the employment of at least one Administrative Aide, one additional Rent Program Services Analyst and one Hearing Examiner, which would cost the Rent Program an estimated \$394,768 - \$558,690 annually.

In addition, it would be prudent for the Program to invest additional resources in outside legal counsel, since administration of additional housing-related ordinances would expose the Rent Program to additional legal risks (e.g. increased writs filed based on each ordinance.)

### Conclusion

While the development and implementation of a Fair Chance Access to Affordable Housing, Fair Tenant Screening Ordinance, and Source of Income Anti-Discrimination ordinances are directives of the City Council and therefore important to the community, the Rent Board's decision to allocate Rent Program resources to these efforts could ultimately result in a disservice to Richmond residents by distracting from the Board's primary duty to administer the Rent Ordinance and govern a Rent Program that is able to adequately serve community members.

Expanding the Rent Board's jurisdiction and Rent Program's services to include other housing-related ordinances contemplated by the City Council should be carefully considered for policy, programmatic, and legal reasons.