



REGULAR MEETING OF THE RENT BOARD OF THE CITY OF RICHMOND

AGENDA
Wednesday, January 20, 2021

Link to Rent Board Meeting Agendas and Accompanying Materials:
www.ci.richmond.ca.us/3375/Rent-Board

Board Chair
Lauren Maddock

Board Vice Chair
Emma Gerould

Boardmembers
Alana Grice Conner
Virginia Finlay
(Vacant Position)

**ALL BOARDMEMBERS WILL PARTICIPATE VIA VIDEO OR
TELECONFERENCE**

***REFER TO PAGE 2 FOR INSTRUCTIONS ON HOW TO PARTICIPATE
BY COMPUTER, MOBILE DEVICE, OR PHONE AS A MEMBER OF THE PUBLIC***

CORONAVIRUS DISEASE (COVID-19) ADVISORY

Due to the coronavirus (COVID-19) pandemic, Contra Costa County and Governor Gavin Newsom have issued multiple orders requiring sheltering in place, social distancing, and reduction of person-to-person contact. Accordingly, Governor Gavin Newsom has issued executive orders that allow cities to hold public meetings via teleconferencing.

Both <https://www.coronavirus.cchealth.org/> and
<http://www.ci.richmond.ca.us/3914/Richmond-Coronavirus-Info>
provide updated coronavirus information.

Public comment will be confined to items appearing on the agenda and will be limited to the methods provided below. DUE TO THE SHELTER IN PLACE ORDERS, and consistent with Executive Order N29-20, this meeting will utilize video/teleconferencing

only. The following provides information on how the public can participate in this meeting.

How to observe and/or participate in the meeting from home:

By Computer, Tablet, or Mobile Device:

Step 1: Tune in to the videoconference at the following link:

<https://us02web.zoom.us/j/89345050449?pwd=d1UyemdRR0tudk0rajlxQkdRSE1tQT09>

Step 2: Enter the following password: rentboard

By Telephone:

Step 1: Dial (for higher quality, dial a number based on your current location):

US: +1 301 715 8592 or +1 312 626 6799 or +1 646 558 8656 or +1 253 215 8782 or
+1 346 248 7799 or +1 669 900 9128

Step 2: Webinar ID: 893 4505 0449

International numbers available: <https://us02web.zoom.us/j/89345050449>

How to make a Public Comment during the meeting:

Members of the public must submit a request to speak during the meeting by sending an email to Rent Board Clerk Cynthia Shaw at cynthia_shaw@ci.richmond.ca.us by **3:00 PM on Wednesday, January 20, 2021**. The request must include the following:

- (a) Your Name
- (b) Your Phone Number
- (c) The Item for which you wish to make a Public Comment

Requests for comments received via email during the meeting and up until the public comment period on the relevant agenda item is closed, will be accommodated as is reasonably possible and will be limited to a maximum of one to two minutes, depending on the number of commenters, as more fully described in the Rent Board meeting procedures below. The City cannot guarantee that its network and/or the site will be uninterrupted.

Accessibility for Individuals with Disabilities

Upon request, the City will provide for written agenda materials in appropriate alternative formats, or disability-related modification or accommodation, including auxiliary aids or services and sign language interpreters, to enable individuals with disabilities to participate in and provide comments at/related to public meetings. Please submit a request, including your name, phone number and/or email address, and a description of the modification, accommodation, auxiliary aid, service or alternative format requested at least two days before the meeting. Requests should be emailed to cynthia_shaw@ci.richmond.ca.us or submitted by phone at (510) 620-5552. Requests made by mail to the Rent Program Office, Rent Board meeting, 440 Civic Center Plaza, Suite 200, Richmond, CA 94804 must be received at least two days before the meeting. Requests will be granted whenever possible and resolved in favor of accessibility.

Effect of Advisory on In-Person Public Participation

During the pendency of the Executive Order N-29-20, the language in this Advisory portion of the agenda supersedes any language below in the meeting procedures contemplating in-person public comment.

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.

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 16, 2020, Regular Meeting of the Richmond Rent Board. *Cynthia Shaw*

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

F-3. RECEIVE the December 2020 Rent Program Monthly Report. *Paige Roosa*

F-4. RECEIVE the Rent Program FY 2020-21 Monthly Revenue and Expenditure Report through December 2020. *Paige Roosa*

F-5. RECEIVE the budgeted versus actual revenue and expenditures report for the second quarter ending December 31, 2020. *Paige Roosa*

G. RENT BOARD AS A WHOLE

G-1. (1) RECEIVE and ADOPT the Richmond Rent Board Special Revenue Fund Operating Reserve Policy and (2) DIRECT staff to prepare a plan to phase in contributions to the reserves to meet the targeted levels over the next three years for the *Paige Roosa*
Charles Oshinuga

Board's consideration during the Fiscal Year
2021-22 budget adoption process.

H. REGULATIONS

- H-1. ADOPT revised proposed Regulation 1009, clarifying the definition of a natural person, the number of allowable evictions, and good faith requirements as they relate to Owner Move-In (OMI) evictions pursuant to Section 11.100.060(a)(6) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance.

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.

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: January 20, 2021

Final Decision Date Deadline: January 20, 2021

STATEMENT OF THE ISSUE: The minutes of the December 16, 2020, 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 16, 2020, 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 16, 2020

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

Due to the coronavirus (Covid-19) pandemic, Contra Costa County and Governor Gavin Newsom have issued multiple orders requiring sheltering in place, social distancing, and reduction of person-to-person contact. Accordingly, Governor Gavin Newsom has issued executive orders that allow cities to hold public meetings via teleconferencing.

Public comments were confined to items appeared on the agenda and were limited to the methods provided below. DUE TO THE SHELTER IN PLACE ORDERS, and consistent with Executive Order N29-20, the meeting utilized video/teleconferencing only. The following provides information on how the public participated in this meeting.

The public was able to view the meeting using Zoom at the following link:

<https://us02web.zoom.us/j/85085668264?pwd=cXc0OVlKaWJFenRPQUgzQidnWHlNdz09>

Password: rentboard

Or By Telephone:

US: +1 646 558 8656 or +1 301 715 8592 or +1 312 626 6799 or
+1 669 900 9128 or +1 253 215 8782 or +1 346 248 7799

Webinar ID: 850 8566 8264

International numbers available:

<https://us02web.zoom.us/j/85085668264?pwd=cXc0OVlKaWJFenRPQUgzQidnWHlNdz09>

Community members who wished to make a public comment were required to submit their comments via email by 3:00 p.m. on Wednesday, December 16, 2020, to the Rent Board Clerk, Cynthia Shaw at cynthia_shaw@ci.richmond.ca.us, to be considered into the record.

PLEDGE TO THE FLAG

ROLL CALL

Boardmembers Present: Finlay, Conner and Chair Maddock.

Staff Present: Staff Attorney Charles Oshinuga, Deputy Director Paige Roosa and Executive Director Nicolas Traylor.

Absent: Vice Chair Gerould.

STATEMENT OF CONFLICT OF INTEREST

None.

AGENDA REVIEW

On a motion of Boardmember Finlay, seconded by Boardmember Conner, a recommendation by Deputy Director Paige Roosa, to remove Item F-4 under Consent Calendar, passed by the following vote: **Ayes:** Boardmember Conner, Finlay and Chair Maddock. **Noes:** None. **Abstentions:** None. **Absent:** Vice Chair Gerould.

PUBLIC FORUM

Cordell Hindler commented by email, expressing that he feels that the public should be allowed to attend Rent Board meetings so that the public can address their concerns. He also invited Boardmembers to attend the Contra Costa Mayors Conference held on January 7, 2021, at 6:30 PM.

Steven or Vang Ma began with a request to the Rent Board, to direct Rent Program staff to develop a list of current rent amounts in Richmond because he feels that the Rent Board has independently driven up the rents and should be reflected from the beginning of rent control until now. He also made an announcement to Landlords about options for re-renting their units. He mentioned the Re-entry Program from the State of California and renting to study abroad students can also help with a steady income from rents and to avoid the Rent Board. He also encouraged Landlords to protect their investments and to keep in mind that Landlords are not a credit agency for the City of Richmond. He also encouraged small property owners to hang in there because this is a challenging time. He also expressed that the Rent Program makes up to \$2.5 million dollars and the first \$400 of property owner's rents received goes to the Rent Board. He also feels that that the Rent Board does not reflect the community of Richmond and creates a false impression about Landlords that did not exist before Rent Control started and he feels that the Rent Board should be defunded.

RENT BOARD CONSENT CALENDAR

On motion of Boardmember Finlay, seconded by Boardmember Conner, the item(s) marked with an (*) were approved with Vice Chair Gerould absent:

*F-1. Approve the minutes of the November 18, 2020, Regular Meeting of the Richmond Rent Board.

*F-2. Receive the November 2020 Rent Program Monthly Report.

*F-3. Receive the Rent Program FY 2020-21 Monthly Revenue and Expenditure Report through November 2020.

*F-5. Amend Regulation 601(A)(1) to maintain consistency with Regulation 603(A), requiring that Landlords of Controlled Rental Units file a copy of a notice of rent increase with the Rent Board within ten business days after service on the Tenant.

*F-6. Amend Regulation 911(A), requiring that Landlords refund any rent overcharges collected in violation of the Rent Ordinance on or after its effective date of December 30, 2016.

*F-7. Amend Regulation 1001 to clarify that Landlords of all Rental Units shall file notices of termination of tenancy and change in terms of tenancy with the Rent Board.

REGULATIONS

G-1. The matter to continue discussion on proposed Regulation 1009 in the context of Richmond Municipal Code Section 11.100.050(a)(6)(B) and adopt proposed Regulation 1010 was presented by Executive Director Nicolas Traylor. The presentation included the statement of the issue, proposed revised Regulation 1010, continued discussion on RMC 11.100.050 (a)(6) (B), that included pertinent sections of the Ordinance and interpretations 1 and 2, a response regarding deferring to the courts, next steps and the recommended action. Discussion ensued. There were no public comments on this item.

A motion by Boardmember Conner, seconded by Chair Maddock, to adopt proposed Regulation 1010 as presented, passed by the following vote: **Ayes:** Boardmember Conner, Finlay and Chair Maddock. **Noes:** None. **Abstentions:** None. **Absent:** Vice Chair Gerould.

A motion by Boardmember Conner, seconded by Boardmember Finlay, directing staff to prepare a proposed Regulation 1009 consistent with interpretation #2 as presented by Executive Director Nicolas Traylor at the December 16, 2020,

Rent Board Meeting and for further discussion at the January 20, 2021, Rent Board Meeting, passed by the following vote: **Ayes:** Boardmembers Conner, Finlay and Chair Maddock. **Noes:** None. **Abstentions:** None. **Absent:** Vice Chair Gerould.

REPORTS OF OFFICERS

Deputy Director Paige Roosa gave a brief report that as of December, the Richmond Rapid Response Fund (R3F) Rent Assistance Program for Displacement and Homelessness Prevention began issuing grants to several Richmond housing providers. She also added that residents have been awarded up to \$5,000 to help pay the 25% of rent that is due between September 2020 and January 2021, per AB 3088 as well as other delinquent rent that Tenants may owe. She also mentioned that the Rent Program does not have any workshops for the rest of the year and we will be announcing the schedule in the New Year. She also wished everyone happy holidays.

Board Clerk Cynthia Shaw reminded Boardmembers to look for an email from the City Clerk in regards to the AB Ethics Training, due by December 31st, as well as the Form 700 requirement, for which the Boardmembers should receive an email reminder around the beginning of the new year.

ADJOURNMENT

There being no further business, the meeting adjourned at 5:42 P.M.

Cynthia Shaw and Mónica Bejarano
Staff Clerks

(SEAL)

Approved:

Lauren Maddock, Chair

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: January 20, 2021

Final Decision Date Deadline: January 20, 2021

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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Cynthia Shaw

From: Evelyne Bolling <e.bolling@ymail.com>
Sent: Saturday, December 12, 2020 11:20 AM
To: Cynthia Shaw
Subject: September and October Rent Board Meeting Minutes + Support for changes

Hello Ms. Shaw,

In catching up with the meetings minutes of the past few months, I have 1 brief question and 1 comment expressing agreement with Chair Maddock:

SEPTEMBER MINUTES - Question

“1010(C) 3: revise language regarding the change of address/contact information form to include shall contain a statement informing the Tenant that failure to update the Landlord and to remove and/or the Rent Program and add language that the Rent Program may facilitate an update of change of address between the displaced Tenant and Landlord.”

Can you please explain or rephrase the paragraph above? It seems there may be words missing and I cannot catch the intended meaning.

OCTOBER MINUTES - Comment

“1010(C) 3: Chair Maddock recommended that staff remove the language in regards to the Rent Program facilitating an update of the change of address between the displaced Tenant and Landlord. The proposed language stated: “Where the Rent Program chooses to facilitate an update of the displaced Tenant’s change of address, the Rent Program shall send the Landlord written notification of the displaced Tenant’s new address. This written notification shall be sent to the address that the Landlord performed an eviction pursuant to RMC Section 11.100.050(a) (6).” She expressed that the displaced Tenant should be responsible for providing any change of address to the Landlord.

1010 (C) 5: Chair Maddock recommended that staff remove the entire section that references if the Landlord does not have the displaced Tenant’s contact information, the Landlord shall request the Rent Program provide the Landlord with the Tenant’s contact information. The proposed language states, “in such an event, the Rent Program shall seek written permission of the displaced Tenant to release their contact information to the Landlord. If the displaced Tenant elects not to provide the sought after permission, the Rent Program shall serve as the intermediary, and assist the Landlord in providing the displaced Tenant with the Landlord’s written offer for re-renting the Rental Unit to the displaced Tenant.” She expressed that the displaced Tenant should be responsible for providing any change of address and communicate directly with the Landlord.”

I agree with Chair Maddock that the responsibility for compliance with address change be placed on the Tenant. Additionally, while the Tenant is displaced through no fault of his/her own, the law(s) provide(s) the Tenant with compensation and ways to re-occupy the dwelling when available. Consequently, the Tenant should be forthcoming with information and promptly reply to notices. Failure to do so should be viewed as “not interested”.

And finally, the Rent Program should not be “in the middle” with permissions and the likes...if a Tenant does not feel confident enough to provide the Landlord with a new address, the likelihood of the Tenant wanting to return to the dwelling is minimal, don’t you think? So, let’s not force the issue.

Best,
E. Bolling

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Cynthia Shaw

From: Ilona Clark <in70clark@gmail.com>
Sent: Saturday, December 12, 2020 10:51 PM
To: Cynthia Shaw; Paige Roosa; Alana Conner; Emma Gerould; Lauren Maddock; Nicolas Traylor; Rent Program; Paul Cohen; Virginia Finlay
Subject: OMI regulations

to the Richmond Rent Board and Staff,

Having read the latest packet, I request that you consider the unintended consequences of your proposals.

Measure L already requires that a unit be re-offered at previous rent levels to evicted renters, forever.

Further limiting OMI to one per property (unless owner becomes disabled) is unnecessary and would decrease rentals on the market since no owner would rent another unit on the property willingly knowing they would never be able to recover the unit if needed.

Remember, 80% of Richmonds housing providers are small-timers. We have families and need the flexibility to move them or ourselves in, keep our kids local and our elders close.

Furthermore, if the limit of OMI's is one per property, forever, subsequent owners will not rent, knowing they may never legally recover their property. This will further limit much-needed rental units - forever.

Measure L has left this point in your hands, please oppose this proposal as written.

Respectfully

Ilona Clark

--

A mistake that makes you humble is better than an achievement that makes you arrogant

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**Atchison Village Mutual Homes
Corporation**

270 Curry Street
Richmond, California 94801
Tel 510-234-9054 Fax 510-234-9072
avmhc2@yahoo.com

December 16, 2020

Alana Grice Conner
City of Richmond Rent Program
440 Civic Center Plaza, Suite 200
Richmond, CA 94804

Dear Ms. Conner,

I am writing to you regarding the assertion by the staff of the Richmond Rent Board that Atchison Village Mutual Homes Corporation is subject to the oversight of the Rent Board, and to request that you reverse this decision.

If you are not familiar with Atchison Village, we are a community of 450 homes, constructed by the Richmond Housing Authority with federal funding in 1941 to meet the housing crisis created by the influx of war industry workers into Richmond who built ships at the Kaiser shipyard and jeeps and tanks at the Ford plant. We are one of the only such communities still standing in the United States. In 1957, after the government announced its intention to sell off the Atchison Village Defense Housing Project, the residents of Atchison Village joined together to form the Atchison Village Mutual Homes Corporation, launching our proud history of home ownership. Many of our units are owned by the original homeowners, or their children or grandchildren. We have served as an affordable route to home ownership in Richmond for over 60 years.

Atchison Village is on the US National Register of Historic Places, and is part of the Rosie the Riveter National Historic District.

Our legal structure as a mutual homes corporation is highly unusual, one of only a handful of such communities in the country. We are not condos, nor are we an apartment complex. Instead, we are a community in which our members share ownership of the entire property, with individual homeowners possessing the right to

perpetual use of our homes. We all think of ourselves as homeowners. We buy and sell our homes on the open market. We have the right to modify, decorate and landscape our homes (subject to city codes and historic trust rules) that any homeowners enjoy. We each pay property taxes on our individual homes.

And we have enormous pride in our homes. There is active involvement in Village governance through an engaged and energetic community, evidenced through high turnout in our Board elections, and large attendance at community town halls and Board meetings. We support each other, from grocery shopping for disabled neighbors during the pandemic, to a group that helps lower income neighbors pay their property taxes. We are a community of owner-occupied homes. In fact, our by-laws require homeowners to be residents. The only "tenants" in the Village are people who are renting rooms from the homeowners, who are housemates of the homeowners.

Few of us would be able to own homes in the Bay Area without Atchison Village, as one of the few affordable places to buy a home in the entire metropolitan area. Again, we are very proud of our homes and our community,

During the years I have lived in Atchison Village, I have heard many different ways of describing our community. The one common thread in all of those descriptions is the fact that we are homeowners. We disagree about many things, as people in such a large and diverse community inevitably do. But we universally consider ourselves homeowners.

The immediate past president of our Board of Directors was one of the primary shapers of Richmond's Rent Control ordinance. Atchison Village was specifically discussed while developing the ordinance, and it was clear to him that there was never any intention of attempting to consider Atchison Village subject to the ordinance, but that we were clearly outside its purview.

I ask that the Rent Board overturn the demands of your staff to bring us under your oversight. I am attaching a letter from our attorney regarding the legal underpinnings of our request.

Thank you for your consideration.

Sincerely,

A handwritten signature in black ink that reads "Tara Ayres". The signature is fluid and cursive, with a long horizontal stroke extending to the left.

Tara Ayres
President
Atchison Village Mutual Homes Corporation

cc Richmond City Council

3150 Kinsrow Avenue, #289
Eugene, Oregon 97401
Tel.: (701) 330-2098
e-mail: mbelopez@protonmail.com
Admitted in the State of California

Mr. Charles Oshinuga, Esq.
Staff Attorney
Richmond Rent Program
440 Civic Center Plaza, 2nd Floor
Richmond, California 94804

VIA UNITED STATES CERTIFIED MAIL

**RE: Richmond Rent Program Correspondence Concerning Possible
Enrollment of Atchison Village Mutual Homes Corporation**

December 15, 2020

Dear Mr. Oshinuga,

I write concerning your October 21, 2020 e-mail correspondence to Atchison Village Mutual Homes Corporation (“Atchison Village”), as attorney for Atchison Village. This will serve as Atchison Village’s reply concerning the Richmond Rent Program’s (“Rent Program”) efforts to force Atchison Village’s inclusion under the auspices of the Rent Program’s operations, including both “enrolling” Atchison Village in the Rent Program, and requiring the payment of fees for such inclusion therein.

As you are aware, Atchison Village is not and has never been a landlord to the many generations of families that have resided within its boundaries. Instead, wise people saw the terrible ravages of multiple World Wars, and the rise and fall of stock markets that wiped out savings and left people destitute and homeless, and they worked collectively to ensure that none of their families would be without homes. The members of Atchison Village came together, pooling their resources, raising money (through such activities as bake sales), and collectively purchased the property and buildings from the United States Government. Indeed, original contracts from the 1950s note each member’s obligation to make good on that member’s share of the promissory note to the United States Government for the purchase of Atchison Village.

Since its founding Atchison Village has **been owned by the members**. Moreover, through democratic efforts the members of Atchison Village (as has been the case from its inception to present), collectively decide how to allocate shared resources for the repair and maintenance of Atchison Village, payment for office staff, and the procurement of insurance to protect Atchison Village. Every member has one vote. No one is charged a “rent.” And, as you are further

aware, Atchison Village does not exist to earn a “pecuniary profit.” It is also not a provider of “low income” housing, nor a limited equity cooperative. Finally, Atchison Village does not “artificially” restrict the price at which a member can transfer his or her Unit, and furthermore, Atchison Village does not receive any profit from such private transfer.

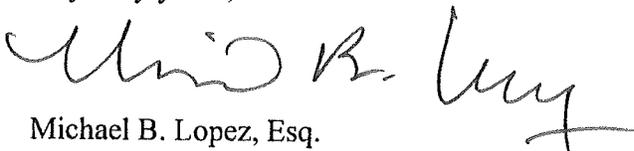
Although legal creatures establishing mutual ownership—for the benefit of a community of members—once were not as historically well-known in the United States, such models have long-since existed in jurisdictions like Norway, Germany, and Sweden. And, of course, such models of **mutual ownership** are now established in the United States, and recognized by governmental entities like the United States Department of Housing and Urban Development.

Atchison Village is a proud community of 450 members who own their homes. Some have lived their entire lives in Atchison Village, others have raised generations of families within its historic enclave. All are proud to have the dignity associated with homeownership, and civic pride in taking active part in the governance of their mutually owned corporation. Consequently, Atchison Village will decline the Rent Program’s offer to transform its members from a group of homeowners into one of renters.

Finally, it is my understanding that privileged work-product produced for Atchison Village was shared as part of a private consultation with the Rent Program by Directors of Atchison Village who were not represented at that meeting by counsel. I respectfully ask that you return or destroy all copies of that privileged work-product, and certify such compliance to me in writing.

Should you wish to discuss anything that I have written here, you may contact me by telephone, my direct dial is: (701) 330-2098, or via e-mail: mbelopez@protonmail.com.

Very truly yours,



Michael B. Lopez, Esq.

Attorneys for Atchison Village Mutual Homes Corporation



**Atchison Village Mutual Homes
Corporation**

270 Curry Street
Richmond, California 94801
Tel 510-234-9054 Fax 510-234-9072
avmhc2@yahoo.com

December 16, 2020

Emma Gerould
City of Richmond Rent Program
440 Civic Center Plaza, Suite 200
Richmond, CA 94804

Dear Ms. Gerould,

I am writing to you regarding the assertion by the staff of the Richmond Rent Board that Atchison Village Mutual Homes Corporation is subject to the oversight of the Rent Board, and to request that you reverse this decision.

If you are not familiar with Atchison Village, we are a community of 450 homes, constructed by the Richmond Housing Authority with federal funding in 1941 to meet the housing crisis created by the influx of war industry workers into Richmond who built ships at the Kaiser shipyard and jeeps and tanks at the Ford plant. We are one of the only such communities still standing in the United States. In 1957, after the government announced its intention to sell off the Atchison Village Defense Housing Project, the residents of Atchison Village joined together to form the Atchison Village Mutual Homes Corporation, launching our proud history of home ownership. Many of our units are owned by the original homeowners, or their children or grandchildren. We have served as an affordable route to home ownership in Richmond for over 60 years.

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perpetual use of our homes. We all think of ourselves as homeowners. We buy and sell our homes on the open market. We have the right to modify, decorate and landscape our homes (subject to city codes and historic trust rules) that any homeowners enjoy. We each pay property taxes on our individual homes.

And we have enormous pride in our homes. There is active involvement in Village governance through an engaged and energetic community, evidenced through high turnout in our Board elections, and large attendance at community town halls and Board meetings. We support each other, from grocery shopping for disabled neighbors during the pandemic, to a group that helps lower income neighbors pay their property taxes. We are a community of owner-occupied homes. In fact, our by-laws require homeowners to be residents. The only "tenants" in the Village are people who are renting rooms from the homeowners, who are housemates of the homeowners.

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During the years I have lived in Atchison Village, I have heard many different ways of describing our community. The one common thread in all of those descriptions is the fact that we are homeowners. We disagree about many things, as people in such a large and diverse community inevitably do. But we universally consider ourselves homeowners.

The immediate past president of our Board of Directors was one of the primary shapers of Richmond's Rent Control ordinance. Atchison Village was specifically discussed while developing the ordinance, and it was clear to him that there was never any intention of attempting to consider Atchison Village subject to the ordinance, but that we were clearly outside its purview.

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Thank you for your consideration.

Sincerely,

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Tara Ayres
President
Atchison Village Mutual Homes Corporation

cc Richmond City Council

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e-mail: mbelopez@protonmail.com
Admitted in the State of California

Mr. Charles Oshinuga, Esq.
Staff Attorney
Richmond Rent Program
440 Civic Center Plaza, 2nd Floor
Richmond, California 94804

VIA UNITED STATES CERTIFIED MAIL

**RE: Richmond Rent Program Correspondence Concerning Possible
Enrollment of Atchison Village Mutual Homes Corporation**

December 15, 2020

Dear Mr. Oshinuga,

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Since its founding Atchison Village has **been owned by the members**. Moreover, through democratic efforts the members of Atchison Village (as has been the case from its inception to present), collectively decide how to allocate shared resources for the repair and maintenance of Atchison Village, payment for office staff, and the procurement of insurance to protect Atchison Village. Every member has one vote. No one is charged a “rent.” And, as you are further

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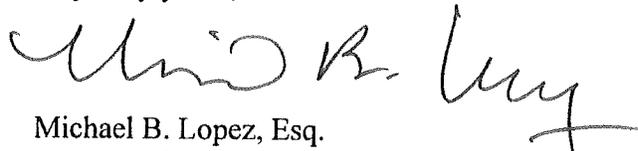
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Finally, it is my understanding that privileged work-product produced for Atchison Village was shared as part of a private consultation with the Rent Program by Directors of Atchison Village who were not represented at that meeting by counsel. I respectfully ask that you return or destroy all copies of that privileged work-product, and certify such compliance to me in writing.

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December 16, 2020

Lauren Maddock
City of Richmond Rent Program
440 Civic Center Plaza, Suite 200
Richmond, CA 94804

Dear Ms. Maddock,

I am writing to you regarding the assertion by the staff of the Richmond Rent Board that Atchison Village Mutual Homes Corporation is subject to the oversight of the Rent Board, and to request that you reverse this decision.

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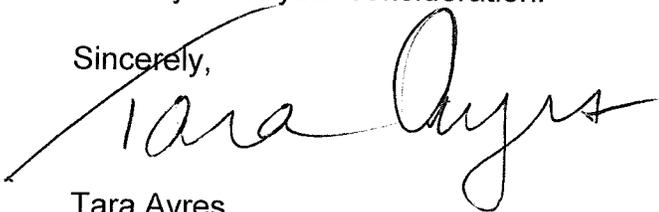
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Tara Ayres
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cc Richmond City Council

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440 Civic Center Plaza, 2nd Floor
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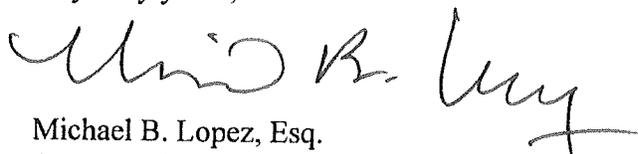
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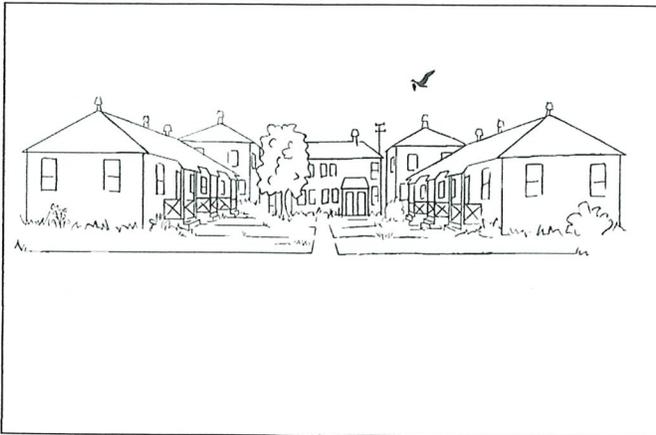
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December 16, 2020

Virginia Finlay
City of Richmond Rent Program
440 Civic Center Plaza, Suite 200
Richmond, CA 94804

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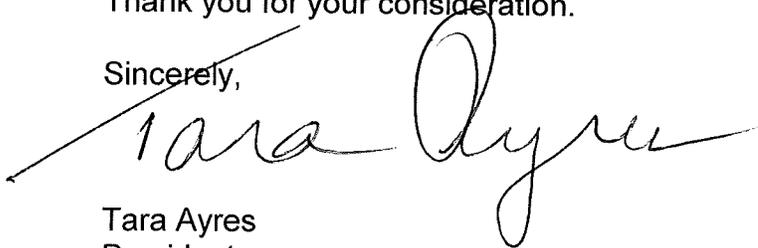
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cc Richmond City Council

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Michael B. Lopez, Esq.

Attorneys for Atchison Village Mutual Homes Corporation

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: January 20, 2021

Final Decision Date Deadline: January 20, 2021

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 2020 Rent Program Monthly Report - Rent Program (Paige Roosa 620-6537).

AGENDA ITEM NO:

F-3.

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MEMORANDUM

TO: Executive Director Traylor and Members of the Rent Board
FROM: Paige Roosa, Deputy Director
DATE: January 20, 2021
SUBJECT: DECEMBER 2020 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 or by calling (510) 234-RENT (7368).

December Agency Highlights

All Rent Program staff members continue to carry out the bulk of job functions remotely, which presents us with both challenges and opportunities. The content below highlights our activities for the month.

Public Information Unit staff members launched a series of social media efforts in December to educate the community about the Richmond Rent Program Tenant Petition Process. As part of their ongoing efforts to engage members of the public through our social media accounts, Rent Program Services Analysts Magaly Chavez and Monica Bejarano developed a six-part series detailing Tenant Rent Adjustment Petition applications including those for Rent Decreases Under the Fair Rent Standard: Excess Rent Due to Overcharges or Increase in Security Deposit, Excess Rent Based on Overpayment Due to the Conditions of the Rental Unit, Reduction in Number of Tenants, and Failure to Pay Relocation Payments. The posts sought to guide and provide helpful pointers for community members concerning the Rent Adjustment Petition process. By the end of the month, we reached 487 followers on Instagram and of those followers, 56% are local Richmond community members. We continue to find new ways to expand our social media platforms to reach more members of the community.



ITEM F-3

Staff members continue to support the Rent Assistance Program, an initiative of the Richmond Rapid Response Fund (R3F). Throughout the month of December, Executive Director Nicolas Traylor and I participated in development meetings to further the establishment of a Rent Assistance Program specifically for Richmond residents. Community partners including SparkPoint Contra Costa, Richmond Neighborhood Housing Services, and CHDC continued to receive and process applications for assistance. Funded in large part by the City Council's allocation of \$100,000 in CARES Act funds as well as a contribution of \$25,000 from Chevron,



the Rent Assistance Program successfully distributed grants of up to \$5,000 to 27 community members before the year's end. For more information about Rent Assistance resources available to Richmond households, please visit <http://www.ci.richmond.ca.us/4024/Rent-Assistance-Resources>.

The Rent Program office remained open during the holiday season, along with the City of Richmond, to support community members through an extraordinarily challenging time. Historically, the Richmond Rent Program has observed the Richmond City Hall closure, halting operations between Christmas and New Year's Day. 2020 presented new circumstances; Richmond City Hall and the Richmond Rent Program remained open to assist community members through a uniquely challenging time considering the economic and health impacts of the ongoing Covid-19 pandemic. Public Information Unit staff members were particularly busy, providing 108% more consultations to community members as compared to December of the previous year, approximately one quarter of which were conducted in Spanish.

Management staff prepared for organizational changes to take effect in January.

The changes necessitated in 2020 due to the Covid-19 pandemic provided senior staff with the opportunity to reflect on the effectiveness of the Rent Program agency's organizational structure. As a result of this reflection, Executive Director Traylor and I drafted a revised organizational chart to streamline agency operations and improve the agency's overall efficiency. We met regularly with staff members to prepare them for the changes planned to take place in January 2021, which most notably include the consolidation of the Public Information and Billing and Registration Units into one Public Information and Enrollment (PIE) unit. The revised organizational chart will be presented to the Board and community as part of the 2021-22 budget adoption process.

Summary of Activities

I. Department Unit Activities

PUBLIC INFORMATION UNIT	<i>Current Month Occurrences</i>	<i>Prior Year Occurrences (December 2019)</i>	<i>% Change from Prior Year (December 2019)</i>
Persons Assisted By Front Office Unit (without referral to an Analyst)	179	114	57.0%
Total Consultations Provided by a Rent Program Services Analyst	418	201	108.0%
Calls Received (Phone Counseling Sessions)	176	98	79.6%
Emails Received	242	49	393.9%
Walk-Ins (includes appointments)	0	54	-100.0%
Total Consultations Provided in a Language other than English	105	28	275.0%
Consultations Provided in Spanish	105	28	275.0%
Legal Service Referral Forms Completed	7	5	40.0%
Courtesy Compliance Letters Mailed	27	2	1,250.0%
Total Hard Copy Notices Processed	13	36	-66.6%
Hard Copy Rent Increase Notices Processed	5	24	-79.1%
Hard Copy Termination of Tenancy Notices Processed	2	12	-83.3%

BILLING AND REGISTRATION UNIT	<i>Current Month Occurrences</i>	<i>Prior Year Occurrences (December 2019)</i>	<i>% Change from Prior Year (December 2019)</i>
Total Consultations with a Billing and Registration Unit Staff Member	103	107	-3.7%
Phone Call Consultations	32	64	-50.0%
Email Consultations	71	35	102.9%
Enrollment Forms Processed	8	22	-63.6%
Enrollment/Tenancy Registration Packets Mailed	4	37	-89.2%
Invoices Generated	247	322	-23.3%
Payments/Checks Processed	8	42	-81.0%
Payments Returned	2	3	-33.3%
Compliance Actions (reviewing records, exemption statuses, owner addresses)	0	19	-100.0%
Administrative Determinations of Applicability Issued	4	0	N/A

ITEM F-3

BILLING AND REGISTRATION UNIT (continued)	<i>Current Month Occurrences</i>	<i>Prior Year Occurrences (December 2019)</i>	<i>% Change from Prior Year (December 2019)</i>
Property Information Updated	9	24	-62.5%
Total Monthly Revenue Collected (12/01/2020 - 12/31/2020)	\$63,630	\$88,381	-28.0%
Total Revenue Collected in FY 2020-21 (through 12/31/2020)	\$2,205,668	\$2,355,203	-6.3%

LEGAL UNIT	<i>Current Month Occurrences</i>	<i>Prior Year Occurrences (December 2019)</i>	<i>% Change from Prior Year (December 2019)</i>
Public Records Act Requests Received	2	4	-50.0%
Owner Move-In Termination Notices Reviewed	2	2	0.0%
Ellis Act Termination Notices Received	1	1	0.0%

HEARINGS UNIT	<i>Current Month Occur- enc es</i>	<i>Prior Year Occurrences (December 2019)</i>	<i>% Change from Prior Year (December 2019)</i>
Total Consultations with Hearings Unit Coordinator	45	12	275.0%
Calls/Placed Received (<i>Regarding Hearings and Petitions</i>)	7	6	16.7%
Emails Sent/Received (<i>Regarding Hearings and Petitions</i>)	38	4	850.0%
Total Landlord Petitions Received	2	1	100.0%
Request for Administrative Determination of Exempt Status Received	2	0	N/A
Total Tenant Petitions Received	1	7	-85.7%
Tenant Petitions Based on a Reduction in Space, Services, or Habitability Received	1	0	N/A
Total Number of Pending Petition Cases (<i>"Pending Petition Cases" are defined as those awaiting an objection response, a decision is pending, a decision has been issued with an appeal deadline approaching, or where an upcoming hearing has been scheduled</i>)	13	18	-27.8%
Pending Tenant Petitions (<i>As of January 12, 2021</i>)	11		
Pending Landlord Petitions (<i>As of January 12, 2021</i>)	2		

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HEARINGS UNIT (continued)	<i>Current Month Occurrences</i>	<i>Prior Year Occurrences (December 2019)</i>	<i>% Change from Prior Year (December 2019)</i>
Total Number of Cases Closed	2	1	100.0%
Cases Settled	1		
Decisions Ordered	1		
Appeals Filed	1	0	N/A

II. Online Notices Filed with the Rent Program

<i>Type of Form</i>	<i>Monthly Submissions/ Notices Filed</i>	<i>Prior Year Total (December 2019)</i>	<i>% Change from Prior Year (December 2019)</i>
Agent Authorization	1	0	N/A
Proof of Excess Rent Refund	0	0	0.0%
Proof of Permanent Relocation Payment	1	1	0.0%
Change in Terms of Tenancy Notices Filed	0	7	-100%
Rent Increase Notices Filed	92	138	-33.3%
Termination Notices Filed ¹	70	225	-68.8%
<i>Applicable Just Cause for Eviction - Nonpayment of Rent</i>	65	208	-68.7%
<i>Applicable Just for Eviction- Breach of Lease</i>	3	4	-25%
<i>Applicable Just Cause for Eviction - Owner Move In</i>	1	5	-80%
<i>Applicable Just Cause for Eviction- Withdrawal from Rent Market</i>	0	5	-100%
<i>Applicable Just Cause for Eviction- Nuisance</i>	1	3	-66.6%
<i>Applicable Just Cause for Eviction- Temporary Termination of Tenancy To Undertake Substantial Repairs</i>	0	0	0.0%
Total Online Form Submissions	164	596	-72.4%

¹ 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.

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AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: January 20, 2021

Final Decision Date Deadline: January 20, 2021

STATEMENT OF THE ISSUE: Utilizing the City's MUNIS software system, management staff are able to generate financial reports on a monthly basis detailing the Rent Program's revenues and expenditures. These reports allow management staff and the Rent Board to closely monitor the Program's financial circumstances.

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> | |

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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: RECEIVE the Rent Program FY 2020-21 Monthly Revenue and Expenditure Report through December 2020 – Rent Program (Paige Roosa 620-6537).

AGENDA ITEM NO:

F-4.

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Rent Program
FY2020-21 Monthly Revenue and Expenditure Report

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CHARACTER	OBJECT	ORIGINAL BUDGET	REVISED BUDGET	Per 1	Per 2	Per 3	Per 4	Per 5	Per 6	Per 7	Per 8	Per 9	Per 10	Per 11	Per 12	ENCUMBRANCES	YTD TOTAL	AVAILABLE BUDGET	% USED
				Jul-2020	Aug-2020	Sept-2020	Oct-2020	Nov-2020	Dec-2020	Jan-2021	Feb-2021	Mar-2021	Apr-2021	May-2021	June-2021				
34	LICENSES, PERMITS&FEES	340445	Rental Housing Fees	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34		(2,187,009.95)	(422,046.05)	83.8%
			TOTAL LICENSES, PERMITS&FEES	(2,609,056.00)	(2,609,056.00)	(2,609,056.00)	(2,609,056.00)	(2,609,056.00)	(2,609,056.00)	(2,609,056.00)	(2,609,056.00)	(2,609,056.00)	(2,609,056.00)	(2,609,056.00)	(2,609,056.00)		(2,187,009.95)	(422,046.05)	83.8%
36	INTEREST INCOME	361701	Interest	(7,785.37)	-	-	(1,854.42)	-	-	-	-	-	-	-	-		(9,639.79)	9,639.79	100.0%
			TOTAL INTEREST INCOME	-	-	-	(1,854.42)	-	-	-	-	-	-	-	-		(9,639.79)	9,639.79	100.0%
	OTHER REV/Bad Debt Recovery	364867	Revenue from Collections Agency	(7,785.37)	(7,785.37)	(2,540.28)	(6,167.59)	-	(2,165.18)	-	-	-	-	-	-		(18,658.42)	10,325.65	100.0%
			TOTAL OTHER REVENUE	-	(7,785.37)	(2,540.28)	(6,167.59)	-	(2,165.18)	-	-	-	-	-	-		(18,658.42)	10,325.65	100.0%
			TOTAL REVENUE	(2,609,056.00)	(2,609,056.00)	(217,820.37)	(723,593.37)	(935,207.88)	(242,298.51)	(32,757.95)	(63,630.08)	-	-	-	-		(2,215,308.16)	(402,080.61)	84.9%
40	SALARIES AND WAGES	400001	SALARIES & WAGES/Executive	667,048.00	667,048.00	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34	55,587.34		333,524.04	333,523.96	50.0%
40	SALARIES AND WAGES	400002	SALARIES & WAGES/Mgmt-Local 21	303,316.00	303,316.00	15,501.88	15,501.88	15,501.88	15,501.88	15,501.88	15,501.88	15,501.88	15,501.88	15,501.88	15,501.88		82,673.66	220,642.34	27.3%
40	SALARIES AND WAGES	400003	SALARIES & WAGES/Local 1021	195,857.00	195,857.00	15,832.70	15,832.70	15,832.70	15,832.70	15,832.70	15,832.70	15,832.70	15,832.70	15,832.70	15,832.70		95,266.42	100,590.58	48.6%
40	SALARIES AND WAGES	400006	SALARIES & WAGES/PT-Temp	43,036.00	43,036.00	1,712.36	1,712.36	1,712.36	1,712.36	1,712.36	1,712.36	1,712.36	1,712.36	1,712.36	1,712.36		14,337.69	28,698.31	100.0%
40	SALARIES AND WAGES	400031	OVERTIME/General	6,000.00	6,000.00	1,148.41	1,148.41	1,148.41	1,148.41	1,148.41	1,148.41	1,148.41	1,148.41	1,148.41	1,148.41		409.36	5,590.64	100.0%
40	SALARIES AND WAGES	400048	OTHER PAY/Bilingual Pay	9,402.00	9,402.00	773.68	773.68	773.68	773.68	773.68	773.68	773.68	773.68	773.68	773.68		4,937.43	4,464.57	52.5%
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	350.00	350.00	350.00		2,100.00	2,100.00	50.0%
40	SALARIES AND WAGES	400050	OTHER PAY/Medical- in Lieu of	-	-	-	-	-	-	-	-	-	-	-	-		-	-	-
40	SALARIES AND WAGES	400079	COMP ABSENCES/WC-Prof-Mgt-Tec	-	-	-	-	-	-	-	-	-	-	-	-		-	-	100.0%
			TOTAL SALARIES AND WAGES	1,228,859.00	1,228,859.00	89,757.96	87,274.56	88,866.06	91,856.04	92,219.23	83,274.75	-	-	-	-		533,248.60	695,610.40	43.4%
41	FRINGE BENEFITS	400103	P-ROLL BEN/Medicare Tax-ER Shr	16,122.00	16,122.00	1,304.81	1,268.80	1,313.62	1,340.12	1,340.49	1,213.12	-	-	-	-		7,780.96	8,341.04	48.3%
41	FRINGE BENEFITS	400105	P-ROLL BEN/Health Insurance Be	148,142.00	148,142.00	10,441.39	10,441.39	10,441.39	10,441.39	10,441.39	11,417.92	-	-	-	-		63,624.87	84,517.13	42.9%
41	FRINGE BENEFITS	400106	P-ROLL BEN/Dental Insurance	16,258.00	16,258.00	1,217.00	1,217.00	1,217.00	1,217.00	1,217.00	1,217.00	-	-	-	-		7,302.00	8,956.00	44.9%
41	FRINGE BENEFITS	400109	P-ROLL BEN/Employee Assistance	484.00	484.00	36.40	36.40	36.40	36.40	36.40	36.40	-	-	-	-		218.40	265.60	45.1%
41	FRINGE BENEFITS	400110	P-ROLL BEN/Professional Dev-Mg	6,000.00	6,000.00	36.40	36.40	36.40	36.40	36.40	36.40	-	-	-	-		159.36	5,840.64	2.7%
41	FRINGE BENEFITS	400111	P-ROLL BEN/Vision	2,123.00	2,123.00	161.00	161.00	161.00	161.00	161.00	161.00	-	-	-	-		966.00	1,157.00	45.5%
41	FRINGE BENEFITS	400112	P-ROLL BEN/Life Insurance	3,717.00	3,717.00	291.40	291.40	291.40	291.40	291.40	291.40	-	-	-	-		1,748.40	1,968.60	47.0%
41	FRINGE BENEFITS	400114	P-ROLL BEN/Long Term Disabilit	11,132.00	11,132.00	788.51	790.93	790.93	790.93	790.93	790.93	-	-	-	-		4,743.16	6,388.84	42.6%
41	FRINGE BENEFITS	400116	P-ROLL BEN/Unemployment Ins	5,016.00	5,016.00	456.00	456.00	456.00	456.00	456.00	456.00	-	-	-	-		2,660.00	2,356.00	53.0%
41	FRINGE BENEFITS	400117	P-ROLL BEN/Personal/Prof Dev	2,250.00	2,250.00	-	1,500.00	-	-	-	-	-	-	-	-		1,500.00	750.00	66.7%
41	FRINGE BENEFITS	400118	P-ROLL BEN/Worker Comp-Injury Appt	-	-	-	-	337.62	-	-	-	-	-	-	-		337.62	(337.62)	100.0%
41	FRINGE BENEFITS	400121	P-ROLL BEN/Worker Comp-Clerica	14,330.00	14,330.00	1,330.40	1,267.57	1,418.35	1,398.93	1,405.80	1,614.00	-	-	-	-		8,435.05	5,894.95	58.9%
41	FRINGE BENEFITS	400122	P-ROLL BEN/Worker Comp-Prof	80,557.00	80,557.00	6,224.94	6,224.94	6,224.94	6,194.52	6,224.94	6,224.94	-	-	-	-		37,319.22	43,237.78	46.3%
41	FRINGE BENEFITS	400124	P-ROLL BEN/CON-MEDICL EE Share	(10,500.00)	(10,500.00)	-	-	-	-	-	-	-	-	-	-		(10,500.00)	0.00	0.0%
41	FRINGE BENEFITS	400127	P-ROLL BEN/OPEB	44,703.00	44,703.00	3,550.81	3,527.68	3,584.03	3,563.89	3,580.26	3,630.19	-	-	-	-		21,436.86	23,266.14	48.0%
41	FRINGE BENEFITS	400130	P-ROLL BEN/PARS Benefits	-	-	0.80	0.80	0.53	0.27	0.27	12.24	-	-	-	-		14.91	(14.91)	100.0%
41	FRINGE BENEFITS	400131	P-ROLL BEN/CON-OPEB-EE Share	(9,600.00)	(9,600.00)	-	-	-	-	-	-	-	-	-	-		(9,600.00)	0.00	0.0%
41	FRINGE BENEFITS	400149	P-ROLL BEN/PERS-Misc	147,443.00	147,443.00	11,723.63	11,657.01	11,839.56	11,818.92	11,827.20	11,990.63	-	-	-	-		70,856.95	76,586.05	48.1%
41	FRINGE BENEFITS	400151	P-ROLL BEN/PERS-Misc (UAL)	223,322.00	223,322.00	21,460.45	19,509.50	21,460.45	21,460.45	21,460.45	21,460.45	-	-	-	-		126,811.75	96,510.25	56.8%
			TOTAL FRINGE BENEFITS	701,499.00	701,499.00	58,987.54	56,850.42	60,697.60	59,508.84	59,195.53	60,675.58	-	-	-	-		355,915.51	345,583.49	50.7%
42	PROF & ADMIN SERVICES	400201	PROF SVCS/Professional Svcs	17,500.00	17,500.00	50.63	762.75	899.63	1,573.08	589.40	1,104.54	-	-	-	-		10,598.88	15,578.91	89.0%
42	PROF & ADMIN SERVICES	400206	PROF SVCS/Legal Serv Cost	210,000.00	210,000.00	-	-	-	-	10,416.00	22,916.00	-	-	-	-		139,578.00	172,910.00	82.3%
42	PROF & ADMIN SERVICES	400242	TRAVEL & TRNG/Mileage	204.00	204.00	-	-	-	-	-	-	-	-	-	-		-	204.00	0.0%
42	PROF & ADMIN SERVICES	400243	TRAVEL & TRNG/Conf, Mtng Trng	1,224.00	1,224.00	-	-	-	-	-	-	-	-	-	-		-	1,224.00	0.0%
42	PROF & ADMIN SERVICES	400245	TRAVEL & TRNG/Tuition Rmty/Cer	1,500.00	1,500.00	-	-	-	-	-	-	-	-	-	-		-	1,500.00	100.0%
42	PROF & ADMIN SERVICES	400261	DUES & PUB/Memberships & Dues	800.00	800.00	-	-	-	-	-	-	-	-	-	-		-	800.00	0.0%
42	PROF & ADMIN SERVICES	400262	DUES & PUB/Books & Subs	1,650.00	1,650.00	-	-	-	-	-	-	-	-	-	-		-	1,650.00	0.0%
42	PROF & ADMIN SERVICES	400271	AD & PROMO/Advertising&Promo	200.00	200.00	-	279.66	-	-	-	113.39	-	-	-	-		536.64	(336.64)	268.3%
42	PROF & ADMIN SERVICES	400272	AD & PROMO/Community Events	3,513.00	3,513.00	-	-	143.59	-	-	-	-	-	-	-		-	3,513.00	0.0%
42	PROF & ADMIN SERVICES	400280	ADM EXP/Program Supplies	3,525.00	3,525.00	-	291.96	96.00	-	195.96	-	-	-	-	-		583.92	2,941.08	100.0%
			TOTAL PROF & ADMIN SERVICES	240,116.00	240,116.00	50.63	762.75	1,471.25	1,812.67	11,005.40	24,329.89	-	-	-	-		150,176.88	189,609.47	79.0%
43	OTHER OPERATING	400231	OFF EXP/Postage & Mailing	25,432.00	25,432.00	-	-	3,063.35	-	-	-	-	-	-	-		3,063.35	2,368.65	12.0%
43	OTHER OPERATING	400232	OFF EXP/Printing & Binding	27,181.00	27,181.00	-	-	1,326.46	102.40	385.66	-	-	-	-	-		1,814.52	25,366.48	100.0%
43	OTHER OPERATING	400233	OFF EXP/Copying & Duplicating	-	-	-	-	235.94	-	-	-	-	-	-	-		235.94	(235.94)	100.0%
43	OTHER OPERATING	400304	RENTAL EXP/Equipment Rental	8,000.00	8,000.00	-	185.73	-	799.18	-	-	-	-	-	-		4,243.89	5,228.80	65.4%
43	OTHER OPERATING	400321	MISC EXP/Misc Contrib	3,000.00	3,000.00	-	-	-	-	-	-	-	-	-	-		-	3,000.00	0.0%
43	OTHER OPERATING	400322	MISC EXP/Misc Exp	2,925.00	2,925.00	-	-	-	-	-	-	-	-	-	-		-	2,925.00	0.0%
43	OTHER OPERATING	400341	OFF SUPP/Office Supplies	6,795.00	6,795.00	-	1,095.54	120.25	-	-	38.38	-	-	-	-		1,254.17	5,540.83	

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AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: January 20, 2021

Final Decision Date Deadline: January 20, 2021

STATEMENT OF THE ISSUE: As part of the Fiscal Year 2020-21 budget development process, management staff consulted with Kevin Harper, CPA, to implement a series of budgetary best practices for the Rent Program and Rent Board. As Kevin Harper advised in his March 12, 2020, memorandum, "a key element of an effective budget process is monitoring actual results against the budget throughout the year. This is done on a quarterly basis to allow management time to make adjustments if necessary to expenditures, policies or operations." In accordance with Kevin Harper's advice, staff members have prepared the report for the second quarter ending in December 2020 for the Board's receipt.

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> | |

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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: RECEIVE the budgeted versus actual revenue and expenditures report for the second quarter ending December 31, 2020 – Rent Program (Paige Roosa 620-6537).

AGENDA ITEM NO:

F-5.

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AGENDA REPORT

DATE: January 20, 2021
TO: Chair Maddock and Members of the Rent Board
FROM: Paige Roosa, Deputy Director
SUBJECT: SECOND QUARTER (Q2) BUDGETED VERSUS ACTUAL REPORT

STATEMENT OF THE ISSUE:

As part of the Fiscal Year 2020-21 budget development process, management staff consulted with Kevin Harper, CPA, to implement a series of budgetary best practices for the Rent Program and Rent Board. As Kevin Harper advised in his March 12, 2020, memorandum, “a key element of an effective budget process is monitoring actual results against the budget throughout the year. This is done on a quarterly basis to allow management time to make adjustments if necessary to expenditures, policies or operations.” In accordance with Kevin Harper’s advice, staff members have prepared the report for the second quarter ending in December 2020 for the Board’s receipt.

RECOMMENDED ACTION:

RECEIVE the budgeted versus actual revenue and expenditures report for the second quarter ending December 31, 2020 – Rent Program (Paige Roosa 620-6537).

FISCAL IMPACT:

There is no fiscal impact of receiving this report, other than that it supports the Rent Board’s ability to monitor program revenues and expenditures on a regular basis.

DISCUSSION:

Background

As part of the Fiscal Year 2020-21 budget development process, management staff consulted with Kevin Harper, CPA, to implement a series of budgetary best practices for the Rent Program and Rent Board. As Kevin Harper advised in his March 12, 2020, memorandum, “a key element of an effective budget process is monitoring actual results against the budget throughout the year. This is done on a quarterly basis to allow management time to make adjustments if necessary to expenditures, policies or

ITEM F-5

operations. The best way to monitor budget vs. actual results is to prepare a quarterly financial report that is reviewed by management and the Board. Although this budget vs. actual report is an internal management document, it should be reviewed by the Rent Board at a public meeting.”

The City of Richmond and Richmond Rent Program operate on a fiscal year schedule which begins on July 1 and ends on June 30. In this scheme, each month is considered a “period,” and there are three periods in each quarter of the fiscal year. The periods and months within each quarter are shown in the table below.

Quarter	Periods (Months)
1	1-3 (July, August, September)
2	4-6 (October, November, December)
3	7-9 (January, February, March)
4	10-12 (April, May, June)

Description of Significant Variances

In his memorandum, Kevin Harper explained that a central purpose of the budgeted versus actual reports is to identify, explain, and document, significant variances between budgeted and actual amounts. He further noted that it is important to quantify those variances that are explained, and that it is more advantageous to thoroughly research and explain very large variances than to do a more cursory explanation of many variances. Following this recommendation, staff members have researched and prepared explanations of variances at or below 25 percent in the report.

The greatest variances between budgeted and actual expenses in the first quarter of the 2020-21 fiscal year are due in large part to the ongoing effects of the Covid-19 pandemic. The pandemic has significantly impacted the nature of our work; for example, all workshops and community events are now held remotely, eliminating the need for refreshments, promotional materials, and supplies. The pandemic has also delayed the process of filling vacancies in the Public Information Unit as well as projects that were budgeted to occur in the second quarter, such as the printing and mailing of the Guide to Rent Control. Management staff are working diligently to fill vacant positions and make progress on projects that have been delayed by the pandemic. As such, at this time staff members do not recommend making any amendments to the existing budget.

DOCUMENTS ATTACHED:

Attachment 1 – Q2 Budgeted Versus Actuals Report

**ITEM F-5
ATTACHMENT 1**

**RICHMOND RENT PROGRAM
BUDGET VS ACTUAL REPORT - REVENUES AND EXPENDITURES
QUARTER ENDED DECEMBER 31, 2020**

	QUARTER ENDED 12/31/2020			YEAR-TO-DATE 12/31/2020			VARIANCE EXPLANATION (a)
	BUDGET	ACTUAL	VARIANCE	BUDGET	ACTUAL	VARIANCE	
REVENUES							
Fees (includes revenue from collections agency)	\$ (521,811)	\$ (336,832)	\$ 184,979	\$ (2,348,150)	\$ (2,187,010)	\$ 161,140	Payment plans allow for later payment of fees; late fee invoices have yet to be sent
Investment Income	-	(1,854)	(1,854)	-	(9,640)	(9,640)	Budget did not account for interest income
TOTAL REVENUES	(521,811)	(338,687)	183,125	(2,348,150)	(2,196,650)	151,501	
EXPENDITURES							
Salaries & Wages							
SALARIES & WAGES/Executive	168,096	166,762	1,334	336,192	333,524	2,668	
SALARIES & WAGES/Mgmt-Local 21	75,968	40,168	35,800	151,936	82,674	69,262	Two vacant housing counselor positions
SALARIES & WAGES/Local 1021	49,779	47,768	2,011	99,558	95,266	4,292	
SALARIES & WAGES/PT- Temp	10,759	8,975	1,784	21,518	14,338	7,180	Hours for one admin student intern significantly decreased
OVERTIME/General	1,500	144	1,356	3,000	409	2,591	Employees opted for comp time in lieu of OT pay
OTHER PAY/Bilingual Pay	3,060	2,482	578	6,119	4,937	1,182	
OTHER PAY/Auto Allowance	1,050	1,050	-	2,100	2,100	-	
OTHER PAY/Medical- in Lieu of	612	-	612	1,224	-	1,224	Category not included in budget
COMP ABSENCES/WC-Prof-Mgt-Tec	1,047	-	1,047	2,094	-	1,047	No expenditures this quarter
Subtotal Salaries & Wages	311,870	267,350	44,520	623,741	533,249	89,446	
Benefits							
P-ROLL BEN/Medicare Tax-ER Shr	4,155	3,894	262	8,311	7,781	530	
P-ROLL BEN/Health Insurance Be	37,864	32,301	5,563	75,728	63,625	12,103	
P-ROLL BEN/Dental Insurance	4,196	3,651	545	8,393	7,302	1,091	
P-ROLL BEN/Employee Assistance	124	109	15	248	218	30	
P-ROLL BEN/Professional Dev-Mg	1,041	159	881	2,081	159	1,922	Budgeted estimate was conservative
P-ROLL BEN/Vision	548	483	65	1,097	966	131	
P-ROLL BEN/Life Insurance	1,113	874	239	2,227	1,748	478	
P-ROLL BEN/Long Term Disabilit	2,591	2,373	218	5,182	4,743	439	
P-ROLL BEN/Unemployment Ins	1,633	1,330	303	3,267	2,660	607	
P-ROLL BEN/Personal/Prof Dev	197	-	197	393	1,500	(1,107)	Increased professional development expenses due to remote work
P-ROLL BEN/Worker Comp-Injury Appt	-	338	(338)	-	338	(338)	Category not included in budget
P-ROLL BEN/Worker Comp-Clerica	2,569	4,419	(1,850)	5,137	8,435	(3,298)	Budgeted estimate underestimated WC costs
P-ROLL BEN/Worker Comp-Prof	15,937	18,644	(2,707)	31,874	37,319	(5,445)	
P-ROLL BEN/OPEB	11,036	10,774	261	22,071	21,437	635	
P-ROLL BEN/PARS Benefits	134	13	121	268	15	253	Budgeted estimate was conservative
P-ROLL BEN/PERS-Misc	35,487	35,637	(150)	70,974	70,857	117	
P-ROLL BEN/PERS-Misc (UAL)	60,098	64,381	(4,284)	120,195	126,812	(4,284)	
Subtotal Benefits	178,724	179,380	(656)	178,724	355,916	(656)	
Professional & Administrative Services							
PROF SVCS/Professional Svcs	4,375	3,267	1,108	8,750	4,980	3,770	Covid-19 pandemic delayed translation projects such as Guide to Rent Control
PROF SVCS/Legal Serv Cost	52,500	33,332	19,168	105,000	33,332	71,668	Contracts with EDC and BayLegal commenced in October instead of July
AD & PROMO/Advertising&Promo	50	257	(207)	100	537	(437)	Funds spent on "boosting" social media posts as a means of outreach
AD & PROMO/Community Events	878	-	878	1,757	-	1,757	No community events held in person due to Covid-19
ADM EXP/Program Supplies	881	292	589	1,763	584	1,179	No community events held in person due to Covid-19
Subtotal Professional & Admin Services	58,685	37,148	21,537	117,369	39,433	77,936	
Travel, Training & Professional Dues							
TRAVEL & TRNG/Meal Allowance	51	-	51	102	-	102	No travel due to Covid-19
TRAVEL & TRNG/Mileage	306	-	306	612	-	612	No travel due to Covid-19
TRAVEL & TRNG/Conf, Mtng Trng	1,500	-	1,500	1,500	-	1,500	No attendance at conferences due to Covid-19
TRAVEL & TRNG/Tuition Rmb/Cer	-	-	-	-	-	-	
DUES & PUB/Memberships & Dues	-	-	-	-	-	-	
DUES & PUB/Subscription	-	-	-	-	-	-	
Subtotal Travel, Training & Professional Dues	1,857	-	1,857	2,214	-	2,214	
Other Operating Expenditures							
OFF EXP/Postage & Mailing	6,358	-	6,358	12,716	3,063	9,653	Covid-19 pandemic delayed projects such as Guide to Rent Control
OFF EXP/Printing & Binding	6,795	488	6,307	13,591	1,815	11,776	Covid-19 pandemic delayed projects such as Guide to Rent Control
OFF EXP/Copying & Duplicating	-	-	-	-	236	(236)	
RENTAL EXP/Equipment Rental	2,000	799	1,201	4,000	985	3,015	Remote work significantly decreased printing activity
MISC EXP/Misc Contrib	-	-	-	-	-	-	
MISC EXP/Misc Exp	731	-	731	1,463	-	1,463	Budgeted estimate was conservative
OFF SUPP/Office Supplies	1,699	159	1,540	3,398	1,254	2,143	Remote work significantly decreased use of office supplies
UTILITIES/Tel & Telegraph	71	229	(158)	142	229	(87)	Increased phone utility usage due to Covid-19
CONTRACT SVCS/Other Cntrct Svc	-	69	(69)	-	69	(69)	Category not included in budget
PROV FR INS LOSS/Ins Gen Liab	-	-	-	8,865	7,915	950	
COST POOL/(ISF)-Gen Liability	23,272	17,379	5,893	46,544	34,755	11,789	Budgeted estimate was conservative
COST POOL/(CAP)- Admin Charges	13,120	12,864	256	26,241	25,726	515	
COST POOL/(IND)Civic Ctr Alloc	11,991	12,573	(582)	23,982	25,143	(1,161)	
NONCAP ASST/Comp Hrdware<5K	-	-	-	-	-	-	
NONCAP ASST/Furniture <5k	-	-	-	-	-	-	
Subtotal Other Operating Expenditures	66,037	44,560	21,477	140,940	101,190	39,750	
TOTAL EXPENDITURES	617,173	528,438	88,735	1,062,987	1,029,787	208,689	
EXCESS OF REVENUES OVER (UNDER) EXPEND	\$ 95,362	\$ 189,752	\$ 271,860	\$ (1,285,163)	\$ (1,166,863)	\$ 360,190	

(a) Variance explanations are provided where the actual figure varies from the budgeted figure by twenty five percent or more.

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AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: January 20, 2021

Final Decision Date Deadline: January 20, 2021

STATEMENT OF THE ISSUE: In December 2019, the Rent Board directed Rent Program staff members to negotiate and execute a contract with a financial consultant to, among other tasks, provide recommendations regarding financial and budgetary "best practices" to be utilized by the Rent Board and Rent Program staff members, specifically as it relates to the preparation of an annual budget and fee study for approval by the Rent Board. In April 2020, in consideration of the recommendations and best practices presented by Kevin W. Harper CPA & Associates, the Rent Board directed staff to develop a financial reserve policy. Staff members have prepared such a policy for the Board's consideration.

INDICATE APPROPRIATE BODY

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

ITEM

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

RECOMMENDED ACTION: (1) RECEIVE and ADOPT the Richmond Rent Board Special Revenue Fund Operating Reserve Policy and (2) DIRECT staff to prepare a plan to phase in contributions to the reserves to meet the targeted levels over the next three years for the Board's consideration during the Fiscal Year 2021-22 budget adoption process – Rent Program (Paige Roosa/Charles Oshinuga 620-6537).

AGENDA ITEM NO:

G-1.

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AGENDA REPORT

DATE: January 20, 2021

TO: Chair Maddock and Members of the Rent Board

FROM: Paige Roosa, Deputy Director
Charles Oshinuga, Staff Attorney

SUBJECT: PROPOSED FINANCIAL RESERVE POLICY

STATEMENT OF THE ISSUE:

In December 2019, the Rent Board directed Rent Program staff members to negotiate and execute a contract with a financial consultant to, among other tasks, provide recommendations regarding financial and budgetary “best practices” to be utilized by the Rent Board and Rent Program staff members, specifically as it relates to the preparation of an annual budget and fee study for approval by the Rent Board. In April 2020, in consideration of the recommendations and best practices presented by Kevin W. Harper CPA & Associates, the Rent Board directed staff to develop a financial reserve policy. Staff members have prepared such a policy for the Board’s consideration.

RECOMMENDED ACTION:

(1) RECEIVE and ADOPT the Richmond Rent Board Special Revenue Fund Operating Reserve Policy and (2) DIRECT staff to prepare a plan to phase in contributions to the reserves to meet the targeted levels over the next three years for the Board’s consideration during the Fiscal Year 2021-22 budget adoption process – Rent Program (Paige Roosa/Charles Oshinuga 620-6537).

FISCAL IMPACT:

The proposed financial reserve policy would require that the Board maintain a minimum total reserve balance equal to thirty percent (30%) of the Board’s adopted operating budget, not to exceed fifty percent (50%) of the Board’s adopted operating budget. If the total reserve balance exceeds fifty percent (50%) of the current year annual budget or is anticipated to exceed fifty percent (50%) of the following year’s annual budget, the Executive Director or their Designee shall prioritize the use of the excess funds in reducing any subsequent Residential Rental Housing Fee proposal.

DISCUSSION:Background

Section 11.100.060(m) of the Rent Ordinance ensures the integrity and autonomy of the Rent Board by mandating that the Rent Board “be an integral part of the government of the City [of Richmond],” and “shall exercise its powers and duties under [Chapter 11.100] independent from the City Council, City Manager, and City Attorney, except by request of the [Rent] Board.” The Rent Ordinance further vests the Rent Board with the sole power to oversee and adopt its own budget, while establishing that “the City Council and the City Manager shall have no authority to oversee, supervise, or approve this budget.” The Rent Program budget is comprised only of reasonable and necessary expenses to achieve the purpose of the Rent Ordinance and is currently funded in whole by annual registration fees charged to all Landlords in an amount deemed reasonable by the Rent Board and approved by the City Council.

In December 2019, the Rent Board directed Rent Program staff members to negotiate and execute a contract with a financial consultant to, among other tasks, provide recommendations regarding financial and budgetary “best practices” to be utilized by the Rent Board and Rent Program staff members, specifically as it relates to the preparation of an annual budget and fee study for approval by the Rent Board. In April 2020, in consideration of the recommendations and best practices presented by Kevin W. Harper CPA & Associates, the Rent Board directed staff to develop a financial reserve policy.

At a City Council meeting in the spring of 2020, in the midst of the Covid-19 pandemic, and in affirmation of the Rent Board’s independence, the City of Richmond City Council successfully voted to not provide the City of Richmond Rent Board with any financial relief if the Rent Board were to fall into a fiscal deficit. Having no financial safety net from the City of Richmond and being an independent agency which necessitates an ability to self-determine through financial independence, it is fiscally prudent and consistent with the mandate of the Rent Ordinance for the Rent Board to maintain reserves in an amount necessary to overcome any shortfalls in its ability to cover its annual expenses.

Purpose

The Rent Board provides services that have an impact on quality of life for community members. Prudent use of resources helps determine how effectively these services are provided on an ongoing basis. Reserve funds help ensure that the Board sets aside adequate resources to mitigate the potential negative economic impacts of unforeseen circumstances and emergencies. The proposed reserve policy establishes the amount that the Rent Board will strive to maintain in its Special Revenue Operating Fund Reserves, how the Reserves will be funded, and the conditions under which Reserves may be used.

Case Study Research

To inform the proposed reserve policy, staff members reviewed peer rent control jurisdictions and City policies. Findings are summarized on the following page:

Table 1. Reserve policies in peer jurisdictions

Jurisdiction	Policy
City of Richmond	For FY 20/21, the City shall maintain a minimum of 15% of next year’s General Fund expenditures.
Santa Monica Rent Stabilization Program	Follows the City of Santa Monica’s recommendation to maintain a level of reserves equal to a percentage of the current year’s operating budget and the value of earned vacation and sick leave benefits for employees. For FY 20/21 the City’s recommendation is a 12% reserve of the current year’s operating budget and an amount equal to the earned leave accruals for employees.
Berkeley Rent Stabilization Board	Does not have a formal written policy, but the Berkeley City Auditor’s recommendation is that all agencies maintain a reserve of at least 16% of their reoccurring annual operational budget, and that is what is generally cited in the Rent Board’s budget report.
Mountain View Rent Stabilization Program	Does not have a formal written policy, but the Rental Housing Committee adopted a reserve in its yearly budget approval, to a total amount of 15% of the budget.
City of San Jose Rent Stabilization Program	Does not have a formal written policy, but reserves are estimated to be 10% to 20% of the total Program budget.

While the proposed policy for Richmond may appear inconsistent with peer jurisdictions, it is prudent that the Rent Board adopt a reserve balance policy that adequately reflects both (1) the City of Richmond Rent Board’s dependence on the Residential Rental Housing Fee, which has proved to be a volatile revenue source given year-to-year fluctuations in the number of applicable Rental Units upon which the Residential Rental Housing Fee may be assessed, and (2) the City of Richmond’s inability to financially support the City of Richmond Rent Board during times of crisis and/or financial uncertainty.

Proposed Reserve Policy

In summary, the proposed reserve policy accomplishes three objectives:

- 1) Establishes three categories of Reserves and creates a procedure whereby those amounts within the Reserves may be accessed;
- 2) Requires that any amount of the Reserves that are appropriated for spending be replenished; and
- 3) Sets a maximum cap on the total amount of Reserves that can be held at one time and require that any amount in excess of the Reserve maximum cap be used to reduce future annual registration fees.

Proposed Reserve Funds and Target Balances

The proposed policy indicates that the Rent Board shall maintain a minimum Special Revenue Operating Fund Unrestricted Committed Fund balance of at least thirty percent (30%) of operating expenditures for budget stability, cash flow, and contingencies such as catastrophic events and unforeseen operating or capital needs. This is based on the risk assessment methodology for setting reserve levels developed by the Government Finance Officers Association of the United States and Canada.

Table 2. Proposed Reserve Funds

Name	Purpose	Target Level	Target Level (\$) (based on FY 20/21 budget)
Operating and Stability Reserve	Provide fiscal stability and mitigate loss of service delivery and financial risks associated with unexpected revenue shortfalls during a single fiscal year or during a prolonged recessionary period.	25% of current year budgeted expenses (equivalent to one fiscal quarter)	\$724,061
Catastrophic Legal Event Reserve	Offset unforeseen legal costs that exceed currently allocated legal fees.	50% of any remaining reserve balances after the Operating and Stability Reserve is sufficiently funded at 25% of current year budgeted expenses	Min: \$72,406 Max:\$362,030
Catastrophic Reserve	Mitigate costs associated with unforeseen emergencies, such as a disaster or catastrophic event.	50% of any remaining reserve balances after the Operating and Stability Reserve is sufficiently funded at 25% of current year budgeted expenses	Min: \$72,406 Max:\$362,030

Status of Current Fund Balances

Under the proposed reserve policy, projections indicate that the Rent Program will be approximately \$328,000 short of meeting the proposed target minimum reserve balances. Consistent with the proposed policy, if, based on staff's analysis and forecasting, the target level of reserves is or is anticipated to be insufficient based upon the target levels established in the policy, then during the annual budget process, Fund

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Balance levels shall be provided to the Rent Board as an agenized item for discussion. Should the projected year-end Fund Balance be below the minimum reserve amount established by the policy, a plan to replenish the reserves shall be established based on the requirements outlined in the policy. It is recommended that the Board direct staff to prepare a plan to phase in contributions to the reserves to meet the targeted levels over the next three years for the Board's consideration during the Fiscal Year 2021-22 budget adoption process.

Table 3. Fund Balance Calculations

Category	Amount
Current Revenues (Actual as of end of Q2)	\$2,215,308
Current Expenditures (Actual as of end of Q2)	\$1,184,174
Total Revenues (Projected through end of Q4) ¹	\$2,363,610
Projected Expenditures (Projected through end of Q4) ²	\$2,264,174
Projected Surplus	\$99,436
Starting Fund Balance (Beginning FY 2020-21)	\$441,530
Projected Unassigned Fund Balance (that may be contributed to reserves at end of Q4)	\$540,966
Proposed Minimum Reserve Balance	\$868,873
Projected Shortfall	-\$327,907

Next Steps

In accordance with Regulation 323, Resolution 20-02, which contains the Special Revenue Fund Operating Reserve Policy, would become effective February 19, 2021 (thirty calendar days from the date of the Board meeting) if adopted by the Board. If adopted, staff members will begin preparing reserve balance projections for the Board's consideration as part of the Fiscal Year 2021-22 budget adoption process.

DOCUMENTS ATTACHED:

Attachment 1 – Proposed Richmond Rent Board Special Revenue Fund Operating Reserve Policy

¹ Projected revenue assumes that 100% of balances of all payment plans and invoice extensions will be paid and 50% of remaining projected revenue will be collected before the close of the fiscal year.

² Projected expenditures assume \$180,000 in expenditures for the months of January-June 2021.

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**ITEM G-1
ATTACHMENT 1**

**CITY OF RICHMOND RENT BOARD RESOLUTION NO. 20-02
ADOPTING CITY OF RICHMOND RENT BOARD RESERVE POLICY**

WHEREAS, on November 8, 2016, Richmond Residents passed ballot initiative Measure L, with 65.27% voting Yes, which established Rent control and Just Cause for Eviction within the City limits of Richmond; and

WHEREAS, Measure L encapsulates the edicts of Rent Control and Just Cause for Eviction within a voter-adopted Ordinance, called “The Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance,” and herein referred to as “Rent Ordinance”; and

WHEREAS, Measure L, among other things, created an independent agency and vested within that agency broad powers of administering and executing the provisions of the Rent Ordinance; and

WHEREAS, pursuant to Richmond Municipal Code Section 11.100.060(m), to ensure the integrity and autonomy of the Rent Board, Measure L mandates the Rent Board “be an integral part of the government of the City [of Richmond]”, and establishes that the Rent Board “shall exercise its powers and duties under [Chapter 11.100] independent from the City Council, City Manager, and City Attorney, except by request of the [Rent] Board.”; and

WHEREAS, in furtherance of its independence, Measure L vests the Rent Board with the sole power to oversee and adopt its own budget, while establishing that “the City Council and the City Manager shall have no authority to oversee, supervise, or approve this budget”; and

WHEREAS, to finance the budget, which must be comprised of only reasonable and necessary expenses, Measure L provides that the Rent Board shall charge Landlords annual registration fees in an amount deemed reasonable by the Rent Board; and

WHEREAS, in affirmation of the Rent Board’s independence, the City of Richmond City Council, successfully voted to not provide the City of Richmond Rent Board with any financial relief if the Rent Board were to fall into a fiscal deficit; and

WHEREAS, having no financial safety net from the City of Richmond City Council and being an independent agency, which necessitates an ability to self-determine through financial independence, it is fiscally prudent and consistent with the mandate of Measure L for the City of Richmond Rent Board to

ITEM G-1 ATTACHMENT 1

maintain reserves in an amount necessary to overcome any shortfalls in its ability to cover its annual expenses; and

WHEREAS, consistent with prudence, on December 18, 2019, the City of Richmond Rent Board directed Rent Program staff members to negotiate and execute a contract with a financial consultant to: (1) Develop and present two, five, and 10-year financial projections of both revenues, expenditures, and reserves for the Rent Program agency, specifically as they relate to collection of the Rental Housing Fee; (2) Provide recommendations on how to meet the Rent Program's goal of building 17% operating reserves by the close of the 2020-21 fiscal year, and how best to achieve long-term financial stability in a manner that is consistent with all applicable laws and regulations including but not limited to Section 50076 of the California Government Code; and (3) Provide recommendations regarding financial and budgetary "best practices" to be utilized by the Rent Board and Rent Program staff members, specifically as it relates to the preparation of an annual budget and fee study for approval by the Rent Board; and

WHEREAS, on February 3, 2020, the City of Richmond Rent Board contracted with Kevin W. Harper CPA & Associates to engage his financial services; and

WHEREAS, between the months of February and March 2020, Rent Program staff members worked with Kevin W. Harper CPA & Associates to develop financial and budgetary recommendations and best practices for the City of Richmond Rent Board's consideration; and

WHEREAS, on April 15, 2020, in consideration of the recommendations and best practices presented by Kevin W. Harper CPA & Associates, the City of Richmond Rent Board directed staff to develop a financial reserve policy; and

WHEREAS, it is prudent that the City of Richmond Rent Board adopt a reserve balance policy that adequately reflects both (1) the City of Richmond Rent Board's dependence on the Residential Rental Housing Fee, charged to all Richmond Landlords on an annual basis, and which has proved to be a volatile revenue source given year-to-year fluctuations in the number of applicable Rental Units upon which the Residential Rental Housing Fee may be assessed, and (2) the City of Richmond's inability to financially support the City of Richmond Rent Board during times of crisis and/or financial uncertainty.

NOW, THEREFORE, BE IT RESOLVED THAT:

The City of Richmond Rent Board adopts the City of Richmond Rent Board Reserve Policy contained in Attachment A, which will do the following:

- 1) Establish three categories of Reserves and create a procedure whereby those amounts within the Reserves may be accessed;

ITEM G-1 ATTACHMENT 1

- 2) Require that any amount of the Reserves that are appropriated for spending be replenished; and

- 3) Sets a maximum cap on the total amount of Reserves that can be held at one time and require that any amount in excess of the Reserve maximum cap be used to reduce future annual registration fees.

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ATTACHMENT A:

TITLE: Richmond Rent Board Special Revenue Fund Operating Reserve Policy

The Richmond Rent Board Special Revenue Fund Operating Reserve Policy is to be reviewed by the Rent Board as part of their annual operating budget review and adoption process.

AUTHORITY:

Richmond Municipal Code Section 11.100.060(m) confers on the Rent Board integrity and autonomy, rendering the exercise of its powers and duties independent from the City Council, City Manager, and City Attorney, except by request of the Rent Board. As a consequence of its independence, Richmond Municipal Code 11.100.060(n) establishes that the Rent Board has the sole power to establish its own annual budget for each ensuing fiscal year, and that the City Council and City Manager shall have no authority to oversee, supervise, or approve this budget. This authority necessarily includes the approval of financial policies which establishes and directs the operations of its services provided through the Richmond Rent Program. The Executive Director of the Richmond Rent Program is responsible for carrying out the policy directives of the Rent Board and managing the day-to-day operations of the Richmond Rent Program. This policy shall be administered on behalf of the Richmond Rent Board by the Executive Director of the Richmond Rent Program or their Designee.

PURPOSE:

The Rent Board provides services that have an impact on quality of life for community members. Prudent use of resources helps determine how effectively these services are provided on an ongoing basis. Reserve funds help ensure that the Board sets aside adequate resources to mitigate the potential negative economic impacts of unforeseen circumstances and emergencies.

The Rent Board desires to maintain a prudent level of financial resources to ensure compliance with the Rent Ordinance while guarding its stakeholders against service disruption in the event of unexpected temporary revenue shortfalls or unforeseen one-time expenditures. The Special Revenue Operating Fund Reserves are accumulated and maintained in governmental funds in order to provide stability and flexibility to respond to unexpected adversity and/or opportunities.

This policy establishes the amount that the Rent Board will strive to maintain in its Special Revenue Operating Fund Reserves, how the Reserves will be funded, and the conditions under which Reserves may be used.

BACKGROUND:

Fiscally, the Rent Board operates under a Special Revenue Operating Fund. The Special Revenue Operating Fund is an account for financial resources that are restricted or committed to expenditures for specific purposes other than debt service or capital projects. Because the Rent Board is a Cost-Recovery Agency, State law restricts the use of its funds received through the Residential Rental Housing Fee. The expenditure of Residential Rental Housing Fees is limited to only those services and/or activities that pertain to those landlord/tenant matters that reasonably relate to rents and evictions.

Under ordinary accounting standards, and consistent with the Fiscal Year 2020-21 Reserve Policy of the City of Richmond, there are five separate components of a Fund balance, each of which establishes specific parameters controlling the specific purpose for which amounts may be spent:

ITEM G-1 ATTACHMENT 1

1. **Non-Spendable Fund Balance** – Cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to remain intact.
2. **Restricted Fund Balance** – Restricted either externally imposed or imposed by law through constitutional provisions or enabling legislation.
3. **Unrestricted Committed Fund Balance** – Reserved for specific purposes pursuant to constraints imposed by formal action of the Rent Board.
4. **Unrestricted Assigned Fund Balance** – Reserved by the Rent Board or Executive Director for specific purposes, but neither restricted nor committed.
5. **Unrestricted Unassigned Fund Balance** – Residual balance not classified in any of the above categories and has not been restricted, committed, nor assigned to specific purposes.

In the Unrestricted Committed Fund Balance, the Rent Board, as the City of Richmond's highest level of decision-making authority as it relates to the Rent Board budget, may commit funds for specific purposes pursuant to constraints imposed by formal action taken, such as an ordinance or resolution. These committed amounts cannot be used for any other purpose unless the Rent Board removes or changes the specific use through the same type of formal action taken to establish the commitment. An affirmative vote of three (3) Rent Board members is required to both approve and remove a commitment. Any Commitment of Fund Balance by the Rent Board must be prior to the end of the fiscal year. An example of committed funds is committing an amount of fund balance equal to the expected costs for replacing an existing database, which is demonstrated to be a reasonable and necessary expense, or establishing an operating reserve.

It is recommended that the Rent Board adopt a policy that provides for three reserves within the Rent Board's Unrestricted Committed Fund Balance: (1) an Operating and Stability Reserve, (2) a Catastrophic Legal Reserve, and (3) a Catastrophic Reserve.

DESCRIPTION AND APPROPRIATE RESERVE BALANCE LEVELS:

The Rent Board shall maintain a minimum Special Revenue Operating Fund Unrestricted Committed Fund balance of at least thirty percent (30%) of operating expenditures for budget stability, cash flow, and contingencies such as catastrophic events and unforeseen operating or capital needs. This is based on the risk assessment methodology for setting reserve levels developed by the Government Finance Officers Association of the United States and Canada. Following are the three categories of Reserves hereby created and their respective reserve target levels:

- (1) ***Operating and Stability Reserve:*** The Rent Board shall maintain year-end contingency reserve balances in an Operating and Stability Reserve equivalent to a minimum of twenty-five percent (25%) (equivalent to one quarter of the fiscal year) of current year budgeted expenditures. The purpose of the Operating and Stability Reserve is to provide fiscal stability and mitigate loss of service delivery and financial risks associated with unexpected revenue shortfalls during a single fiscal year or during a prolonged recessionary period. As the Rent Board experiences net revenue gains in future years, the Operating and Stability Reserve balance must grow back to twenty-five percent (25%) of total expenditures to allow the Rent Board to build up its capacity to handle future short term economic downturns or emergencies without cutting services. A policy based upon a percentage assures that the reserve will remain a prudent cushion as the Rent Board's budget grows over time.

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- (2) ***Catastrophic Legal Event Reserve:*** The Rent Board shall maintain a Catastrophic Legal Event Reserve equivalent to fifty percent (50%) of any remaining reserve balances after the Operating and Stability Reserve is sufficiently funded at twenty-five percent (25%) of current year budgeted expenses. The purpose of the Catastrophic Legal Event Reserve is to offset unforeseen legal costs that exceed currently allocated legal fees. Should an unforeseen lawsuit be brought against the Rent Board that results in the Rent Board owing fees and costs that exceed those legal expenditures provided for in the annual budget, the Executive Director or their Designee shall have the authority to approve Catastrophic Legal Event Reserve appropriations; however, the Executive Director's or their Designee's approval of use of Catastrophic Legal Event Reserves shall not automatically result in the disbursement of said funds. Subject to the principles of Attorney Client Privilege and the Brown Act, the Executive Director or their Designee's approval must be certified by a majority of the Rent Board Member's at a noticed Board Meeting. The certification shall be accompanied by a budget amendment confirming the nature of the emergency and authorizing the appropriation of reserve funds.
- (3) ***Catastrophic Reserve:*** The Rent Board shall maintain a Catastrophic Reserve equivalent to fifty percent (50%) of any remaining reserve balances after the Operating and Stability Reserve is sufficiently funded at twenty-five percent (25%) of current year budgeted expenses. The purpose of the Catastrophic Reserve is to mitigate costs associated with unforeseen emergencies, such as a disaster or catastrophic event. Should unforeseen events occur that require the expenditure of the Rent Board's resources beyond those provided for in the annual budget, the Executive Director or their Designee shall have the authority to approve Catastrophic Reserve appropriations; however, the Executive Director's or their Designee's approval of use of Catastrophic Reserves shall not automatically result in the disbursement of said funds. Rather, the Executive Director or their Designee's approval must be certified by a majority of the Rent Board Member's at a noticed Board Meeting. The certification shall be accompanied by a budget amendment confirming the nature of the emergency and authorizing the appropriation of reserve funds. Should a catastrophic event occur, the required reserve level of fifty percent (50%) of any remaining reserve balances after the Operating and Stability Reserve is sufficiently funded should be adequate to meet the Rent Board's financial needs. For instance, in the event of a natural disaster, the Catastrophic Reserve would provide necessary coverage for basic operating expenses, including costs of relocating of the Richmond Rent Program to another site if the current structure is destroyed and lease costs therein, while still meeting debt service obligations for approximately 90 days. This time frame would enable the Rent Board to seek other available cash alternatives.

COMPLIANCE:

The Rent Board will measure its compliance with this Policy as of June 30 of each year, or as soon as is practical after final year-end account information becomes available. During the course of the year, Rent Program staff members shall deliver to the Rent Board monthly variance reports, so that the Rent Board

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may closely monitor its revenues and expenditures to ensure Reserves are, or are projected to be, sufficiently funded and used only in accordance with this Policy.

If, based on staff's analysis and forecasting, the target level of Reserves is or is anticipated to be insufficient based upon the target levels established in this Policy, then during the annual budget process, Fund Balance levels shall be provided to the Rent Board as an agenda item for discussion. Should the projected year-end Fund Balance be below the minimum Reserve amount established by this Policy, a plan to replenish the Reserve shall be established based on the requirements outlined in this Policy.

FUNDING OF RESERVES:

Funding of all Reserve targets will generally come from committed funds, excess revenues over expenditures, or one-time revenues.

CONDITIONS FOR USE OF RESERVES:

It is the intent of the Rent Board to limit the use of all Reserves under this Policy to address unanticipated, non-recurring (one-time) needs. Reserves shall not normally be applied to recurring annual operating expenditures. Reserves may, however, be used to allow for the Rent Board to restructure its operations in a deliberate manner (as might be required in an economic downturn), but such use will only take place in the context of an adopted long-term financial plan.

ALLOCATION OF RESERVE FUNDS:

The Rent Board will allocate committed funds, excess revenues over expenditures, or one-time revenue to Reserves by June 30 of each year, or as soon as is practical after final year-end account information becomes available

PERIODIC REVIEW OF RESERVE TARGETS:

Compliance with these sections will be reviewed in conjunction with the annual budget process. At a minimum, during the annual budget process, Rent Program staff members shall review the current and three-year projected Reserves to ensure that they are appropriate given the economic and financial risk factors the Rent Board is subject to.

USE AND REPLENISHMENT OF FUNDS:

The Rent Board's discretionary use of the reserve balances shall be limited by the "Compliance" section of this Policy. Where the Rent Board exercises its direction and appropriates any Reserve Funds consistent with Section (2) of this Policy, the funds shall be replenished in a manner consistent with the following:

- (1) Reserve Funds may be allocated for one-time emergencies (or capital projects deemed appropriate by the Board) only; reserve funds are not to be used for ongoing expenses. Rent Board approval is required before any withdrawals from a reserve fund are initiated.
- (2) In no event shall the total amount of Reserve Funds, as described in Section (2) of this Policy, exceed fifty percent (50%) of the annual budget in any current year. Where the total Reserve Funds either exceed fifty percent (50%) of the current year annual budget or are anticipated to exceed fifty percent (50%) of the following year's annual budget, the Executive Director or their Designee shall prioritize the use of the excess funds in reducing any subsequent Residential Rental Housing Fee proposal.

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: January 20, 2021

Final Decision Date Deadline: January 20, 2021

STATEMENT OF THE ISSUE: At their meeting on December 16, 2020, the Rent Board received a presentation on proposed 1009(C)1 in the context of Section 11.100.050(a)(6)(B) of the Rent Ordinance. Following discussion, the Rent Board directed staff to revise proposed Regulation 1009 to reflect the interpretation that Section 11.100.050(a)(6)(B) of the Rent Ordinance does not limit Landlords to one Owner Move-In (OMI) eviction per property, but rather means that if the same Landlord or same enumerated relative already occupies a rental unit on the property, that Landlord or enumerated relative may not perform an OMI eviction for themselves or the enumerated relative on the property. Staff members have prepared the revised regulation for the Board's consideration and potential adoption.

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> | |

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|---|--|---------------------------------|
| <input type="checkbox"/> Presentation/Proclamation/Commendation (3-Minute Time Limit) | | |
| <input type="checkbox"/> Public Hearing | <input checked="" type="checkbox"/> Regulation | <input type="checkbox"/> Other: |
| <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: ADOPT revised proposed Regulation 1009, clarifying the definition of a natural person, the number of allowable evictions, and good faith requirements as they relate to Owner Move-In (OMI) evictions pursuant to Section 11.100.060(a)(6) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance – Rent Program (Nicolas Traylor 620-6564).

AGENDA ITEM NO:

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AGENDA REPORT

DATE: January 20, 2021
TO: Chair Maddock and Members of the Rent Board
FROM: Nicolas Traylor, Executive Director
SUBJECT: PROPOSED OWNER MOVE-IN EVICTION REGULATION 1009

STATEMENT OF THE ISSUE:

At their meeting on December 16, 2020, the Rent Board received a presentation on proposed 1009(C)1 in the context of Section 11.100.050(a)(6)(B) of the Rent Ordinance. Following discussion, the Rent Board directed staff to revise proposed Regulation 1009 to reflect the interpretation that Section 11.100.050(a)(6)(B) of the Rent Ordinance does not limit Landlords to one Owner Move-In (OMI) eviction per property, but rather means that if the same Landlord or same enumerated relative already occupies a rental unit on the property, that Landlord or enumerated relative may not perform an OMI eviction for themselves or the enumerated relative on the property. Staff members have prepared the revised regulation for the Board's consideration and potential adoption.

RECOMMENDED ACTION:

ADOPT revised proposed Regulation 1009, clarifying the definition of a natural person, the number of allowable evictions, and good faith requirements as they relate to Owner Move-In (OMI) evictions pursuant to Section 11.100.060(a)(6) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance – Rent Program (Nicolas Traylor 620-6564).

FISCAL IMPACT OF PROPOSED POLICY OPTIONS:

There is no measurable fiscal impact to the Rent Program associated with the proposed regulation.

DISCUSSION:

Background

Section 11.100.050(a)(6) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (Rent Ordinance) provides that a Landlord may seek to recover

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possession of a rental unit in good faith for the use and occupancy as a Primary Residence by the Landlord or the Landlord's spouse, children, parents, or grandparents. This category of terminations is commonly referred to as "Owner Move-In evictions," or "OMI" evictions.

Policy Direction Provided by the Board

Since their meeting on September 16, 2020, the Board has directed staff members to incorporate the following revisions to proposed Regulation 1009:

- 1009(B) 1: Clarify language to explicitly specify that a Natural Person shall include Owner of a trust, who is both a Trustor and Trustee.
- 1009(D) 5: Clarify language regarding Good Faith requirements, to make clear that consideration of "good faith" by the courts may be considered at the time of the service of a notice of termination pursuant 11.050.100(a) (6).
- 1009(E) Clarify or remove section regarding failure to occupy the rental unit.
- Revise Regulation 1009 to clarify that if a same Landlord or same enumerated relative already occupies a rental unit on the property that same Landlord or same enumerated relative may not perform an owner move-in for themselves or the enumerated relative on the property. This interpretation will allow a Landlord who already occupies a rental unit on the property to be able to perform owner move-in evictions for their enumerated relatives who are not already occupying a rental unit on the property. Landlords would still be prohibited from performing additional owner-move for enumerated relatives not already living on the property if there is a vacant unit.

Board Interpretation and Policy Direction Regarding Regulation 1009

In accordance with the Board's initial policy direction, Rent Program staff drafted Regulation 1009(C)1 and (C)4, placing limits on how many Owner Move-In evictions could take place on a property. Prior to bringing this policy before the Board for its consideration and adoption at the October 21, 2020, Board meeting, staff members recommended the Board discuss the policy to further understand how it might align or conflict with the Rent Ordinance. After initial discussion at the October Board meeting, the item was continued to the November Board meeting. At the November 18, 2020, Board meeting, Boardmembers opted to continue discussion on Regulation 1009(C)1 in the context of Richmond Municipal Code Section 11.100.050(a)(6)(B) at their meeting in December.

At their December 16, 2020, Regular Meeting, the Board received three options for addressing Regulation 1009. The first option (interpretation 1), reflected the Board's initial policy direction limiting the number of OMI evictions that a Landlord could perform on a property, clarifying that if the same Landlord or enumerated relative already

occupies a Rental Unit on the property (or if a vacancy already exists on the property), that same Landlord may not perform an OMI eviction for themselves or any enumerated relative. This interpretation is reasonable only if the word “same” applies to the Landlord and not the enumerated relative.

The second option (interpretation 2) would not place a limit on the number of OMI evictions that are permissible on a property. This interpretation also hinges on the word “same”, but in this case, the word “same” applies to both the Landlord and the Tenant so that if the same Landlord or same enumerated relative already occupies a rental unit on the property, that same Landlord or same enumerated relative may not perform an OMI eviction for themselves or an enumerated relative on the property. This interpretation permits a Landlord who already occupies a Rental Unit on a property to perform an OMI eviction for enumerated relatives who are not already occupying a Rental Unit on the property. Landlords would still be prohibited from performing additional OMI evictions for enumerated relatives not already living on the property if there is a vacant unit.

The final option presented by staff was to defer to the courts. This would mean that instead of adopting Regulation 1009, the Board would defer to the courts, which would require parties to seek relief and clarification through the judicial process.

After receiving the three policy options, the Board directed staff to draft Regulation 1009 to reflect the second interpretation: that RMC 11.100.050 (a)(6)(B) means that if the same Landlord or same enumerated relative already occupies a rental unit on the property, that same Landlord or same enumerated relative may not perform an OMI eviction for themselves or the same enumerated relative on the property.

Summary of Proposed Regulation 1009

As drafted, Regulation 1009 contains the following sections:

- a. Section A describes the purpose of the regulation.
- b. Section B clarifies the definition of “natural person” for the purpose of the regulation.
- c. Section C clarifies limitations on allowable OMI evictions that may take place on a property.
- d. Section D contains an illustrative list of factors for the courts to consider when evaluating a Landlord’s good faith in terminating a tenancy on the grounds of OMI.

Next Steps

In accordance with Regulation 323, proposed Regulation 1009 would become effective February 19, 2021 (thirty calendar days from the date of the Board meeting) if adopted by the Board. If adopted, senior staff will update informational materials and ensure that housing counselors are trained on the new regulation prior to its effectiveness.

DOCUMENTS ATTACHED:

Attachment 1 – Revised Proposed Regulation 1009 (track-changes)

Attachment 2 – Revised Proposed Regulation 1009 (clean)

1009. Owner Move-In Eviction Pursuant Richmond Municipal Code Section 11.100.050(a)(6)

A. Purpose of Regulation. Richmond Municipal Code Section 11.100.050(a)(6), permits the eviction of a Tenant where a Landlord ~~who~~ seeks to recover possession of a Rental Unit in good faith for use and occupancy as a Primary Residence for themselves, or for an enumerated qualifying relative. In response to community members' inquiries regarding the application of Richmond Municipal Code Section 11.100.050(a)(6), the purpose of this Regulation is to clarify those circumstances whereby the usage of Richmond Municipal Code Section 11.100.050(a)(6) is appropriate, and to aid the courts in interpreting the provisions of Richmond Municipal Code Section 11.100.050(a)(6).

B. Definition of Natural Person for Purposes of this Regulation. ~~B.~~

1. Only a Natural Person who has at least a 50 percent ownership interest in a Property shall be considered a Landlord.
2. No corporation, partnership, limited partnership, or trust company ~~as~~ as defined in California Financial Code, Section 107, real estate investment trust ~~as~~ as defined in Section 856 of the Internal Revenue Code, or association shall be considered a Natural Person.

2-3. Notwithstanding Regulation 1009(B)(2), a Natural Person shall include an Owner of a Revocable Trust where the Owner is both the Grantor and Grantee, and holds 50% ownership interest in the Property.

C. Number of Allowable Evictions Under Richmond Municipal Code Section 11.100.050(a)(6).

A "Landlord" as defined in Richmond Municipal Code Section 11.100.050(a)(6), may, in good faith, evict a Tenant from a Rental Unit for the use and occupancy as a Primary Residence for themselves or for their spouse, children, parents, or grandparents; however:-

1. A Landlord that meets the definition espoused in Richmond Municipal Code Section 11.100.050(a)(6) who occupies one of the dwelling units on the Property; shall be prohibited from performing an eviction pursuant to Municipal Code Section 11.100.050(a)(6) on behalf of themselves to recover possession of any other dwelling unit on the Property. shall only be permitted to perform one Owner Move In eviction on the Property for either themselves, their spouse, children, parents, or grandparents.
2. Where an enumerated relative, as described in Municipal Code Section 11.100.050(a), occupies a unit on the Property, a Landlord shall be prohibited from performing an eviction pursuant to Municipal Code Section

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~~11.100.050(a)(6); on behalf of that same enumerated relative to recover possession of any other dwelling unit on the Property.~~

~~2-3.~~ Notwithstanding Regulation 1009(C)(1) and Regulation 1009(C)(2), a Landlord may perform an eviction pursuant to Municipal Code Section 11.100.050(a)(6), on behalf of either themselves or an enumerated relative, regardless of whether that Landlord or that same enumerated relative already occupies a unit on the Property, if who has already performed an Owner Move In for either themselves, their spouse, children, parents, or grandparents, may perform an additional Owner Move In on the same Property if there is a demonstrated need for a Reasonable Accommodation based on a qualifying Disability as defined by Government Code Section 12955.3

~~3-4.~~ The Landlord or enumerated relative must intend to occupy the Rental Unit as their Primary Residence as defined in Richmond Municipal Code Section 11.100.030(h) for at least thirty-six consecutive months following recovery of possession. A Landlord shall only have one Primary Residence.

~~4.~~ If any Landlord as defined by Richmond Municipal Code Section 11.100.050(a)(6) or enumerated relative already occupies one unit on a property, no eviction pursuant to Richmond Municipal Code Section 11.100.050(a)(6), may take place unless there is a demonstrated need for a Reasonable Accommodation based on a qualifying Disability as defined by Government Code Section 12955.3

5. No eviction pursuant to Richmond Municipal Code Section 11.100.050(a)(6) is permitted if a vacancy exists on the Property, unless there is a demonstrated need for a Reasonable Accommodation based on a qualifying Disability as defined by Government Code Section 12955.3

D. Good Faith Requirements.

This subsection illustrates, but does not exhaust, the factors that a Superior Court may consider as relevant evidence in determining whether the Landlord is acting or acted in good faith under Richmond Municipal Code Section 11.100.050(a)(6)(D).

1. A Landlord is not acting in good faith if the Landlord or enumerated relative for whom a Tenant has been evicted does not intend to move into the unit within 90 days of the date that the tenant vacates the unit and/or does not intend to thereafter occupy the Rental Unit for at least ~~thirty-six~~ Six (36) consecutive months as their Primary Residence.
2. Where proof is presented that an ownership interest was granted for the primary purpose of qualifying a person as a Landlord for purposes of eviction under Richmond Municipal Code Section 11.100.050(a)(6), the Landlord is not proceeding in good faith.

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~~3. Where the same Landlord attempts to concurrently perform two evictions pursuant to Richmond Municipal Code Section 11.100.050(a)(6), that Landlord is not proceeding in good faith.~~

~~4.3~~A Landlord who has served a notice of termination of tenancy under Richmond Municipal Code Section 11.100.050(a)(6) is not proceeding in good faith if the Landlord, at the time of the service of a notice of termination of tenancy pursuant to Municipal Code Section 11.100.050(a)(6), has other vacant Rental Units on the Property where the Tenant currently resides, unless there exists a demonstrated Reasonable Accommodation, ~~from the date of the notice to quit until the date of judgment of an Unlawful Detainer, unless there exists a demonstrated Reasonable Accommodation.~~ A vacant unit shall include any Rental Unit for which the Landlord has received notice that a Tenant intends to vacate, a Rental Unit where the Landlord has obtained a Writ of Possession-Real Property, and any Rental unit which is otherwise vacant and not currently rented.

~~5.4~~The court, in making a determination regarding the presence or absence of gGood ~~f~~Faith in an eviction, should consider, along with any other factors deemed relevant: whether the Tenant has recently reported violations of Richmond Municipal Code Chapter 11.100, Richmond Rent Board Regulations, and/or Richmond Rent Board Orders to the Rent Program/Rent Board; whether the Landlord has vacant Rental Units in other residential rental properties in the City of Richmond; whether the Landlord has previously attempted to evict the Tenantese or other Tenants pursuant to Richmond Municipal Code Section 11.100.050(a)(6); whether the Tenant being evicted is paying a low Rent in relation to other units on the property; whether the eviction is an attempt to move the tenant into a higher priced Rental Unit; and any additional relevant information.

~~6.5~~In making a determination as to whether a wrongful eviction has occurred, the Superior Court should consider a Landlord's failure to comply with any of the provisions set forth in Regulation 1010, as evidence that the contested Owner Move-In was not performed in Good faith-good faith.

~~E. Failure to Occupy the Rental Unit. If the individual specified in the notice terminating tenancy pursuant to Richmond Regulation 11.100.050(a)(6), decides they no longer want to occupy the Rental Unit as their Primary Residence, the Landlord shall immediately offer the Rental Unit back to the Tenant who vacated the Rental Unit. In addition to any other remedies obligated under the City of Richmond Relocation Ordinance, any payment made pursuant to the City of Richmond Relocation Ordinance need not be returned.~~

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**1009. Owner Move-In Eviction Pursuant Richmond Municipal Code Section
11.100.050(a)(6)**

- A. Purpose of Regulation. Richmond Municipal Code Section 11.100.050(a)(6), permits the eviction of a Tenant where a Landlord seeks to recover possession of a Rental Unit in good faith for use and occupancy as a Primary Residence for themselves, or for an enumerated qualifying relative. In response to community members' inquiries regarding the application of Richmond Municipal Code Section 11.100.050(a)(6), the purpose of this Regulation is to clarify those circumstances whereby the usage of Richmond Municipal Code Section 11.100.050(a)(6) is appropriate, and to aid the courts in interpreting the provisions of Richmond Municipal Code Section 11.100.050(a)(6).
- B. Definition of Natural Person for Purposes of this Regulation.
1. Only a Natural Person who has at least a 50 percent ownership interest in a Property shall be considered a Landlord.
 2. No corporation, partnership, limited partnership, or trust company as defined in California Financial Code, Section 107, real estate investment trust as defined in Section 856 of the Internal Revenue Code, or association shall be considered a Natural Person.
 3. Notwithstanding Regulation 1009(B)(2), a Natural Person shall include an Owner of a Revocable Trust where the Owner is both the Grantor and Grantee, and holds 50% ownership interest in the Property.
- C. Number of Allowable Evictions Under Richmond Municipal Code Section 11.100.050(a)(6).

A "Landlord" as defined in Richmond Municipal Code Section 11.100.050(a)(6), may, in good faith, evict a Tenant from a Rental Unit for the use and occupancy as a Primary Residence for themselves or for their spouse, children, parents, or grandparents; however:

1. A Landlord who occupies one of the dwelling units on the Property shall be prohibited from performing an eviction pursuant to Municipal Code Section 11.100.050(a)(6) on behalf of themselves to recover possession of any other dwelling unit on the Property.
2. Where an enumerated relative, as described in Municipal Code Section 11.100.050(a), occupies a unit on the Property, a Landlord shall be prohibited from performing an eviction pursuant to Municipal Code Section 11.100.050(a)(6) on behalf of that same enumerated relative to recover possession of any other dwelling unit on the Property.

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3. Notwithstanding Regulation 1009(C)(1) and Regulation 1009(C)(2), a Landlord may perform an eviction pursuant to Municipal Code Section 11.100.050(a)(6), on behalf of either themselves or an enumerated relative, regardless of whether that Landlord or that same enumerated relative already occupies a unit on the Property, if there is a demonstrated need for a Reasonable Accommodation based on a qualifying Disability as defined by Government Code Section 12955.3
4. The Landlord or enumerated relative must intend to occupy the Rental Unit as their Primary Residence as defined in Richmond Municipal Code Section 11.100.030(h) for at least thirty-six consecutive months following recovery of possession. A Landlord shall only have one Primary Residence.
5. No eviction pursuant to Richmond Municipal Code Section 11.100.050(a)(6) is permitted if a vacancy exists on the Property, unless there is a demonstrated need for a Reasonable Accommodation based on a qualifying Disability as defined by Government Code Section 12955.3

D. Good Faith Requirements.

This subsection illustrates, but does not exhaust, the factors that a Superior Court may consider as relevant evidence in determining whether the Landlord is acting or acted in good faith under Richmond Municipal Code Section 11.100.050(a)(6)(D).

1. A Landlord is not acting in good faith if the Landlord or enumerated relative for whom a Tenant has been evicted does not intend to move into the unit within 90 days of the date that the tenant vacates the unit and/or does not intend to thereafter occupy the Rental Unit for at least thirty-six (36) consecutive months as their Primary Residence.
2. Where proof is presented that an ownership interest was granted for the primary purpose of qualifying a person as a Landlord for purposes of eviction under Richmond Municipal Code Section 11.100.050(a)(6), the Landlord is not proceeding in good faith.
3. A Landlord who has served a notice of termination of tenancy under Richmond Municipal Code Section 11.100.050(a)(6) is not proceeding in good faith if the Landlord, at the time of the service of a notice of termination of tenancy pursuant to Municipal Code Section 11.100.050(a)(6), has other vacant Rental Units on the Property where the Tenant currently resides, unless there exists a demonstrated Reasonable Accommodation. A vacant unit shall include any Rental Unit for which the Landlord has received notice that a Tenant intends to vacate, a Rental Unit where the Landlord has obtained a Writ of Possession-Real Property, and any Rental unit which is otherwise vacant and not currently rented.
4. The court, in making a determination regarding the presence or absence of good faith in an eviction, should consider, along with any other factors deemed

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relevant: whether the Tenant has recently reported violations of Richmond Municipal Code Chapter 11.100, Richmond Rent Board Regulations, and/or Richmond Rent Board Orders to the Rent Program/Rent Board; whether the Landlord has vacant Rental Units in other residential rental properties in the City of Richmond; whether the Landlord has previously attempted to evict the Tenant or other Tenants pursuant to Richmond Municipal Code Section 11.100.050(a)(6); whether the Tenant being evicted is paying a low Rent in relation to other units on the property; whether the eviction is an attempt to move the tenant into a higher priced Rental Unit; and any additional relevant information.

5. In making a determination as to whether a wrongful eviction has occurred, the Superior Court should consider a Landlord's failure to comply with any of the provisions set forth in Regulation 1010, as evidence that the contested Owner Move-In was not performed in good faith.

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