

# ADOPTION OF FISCAL YEAR 2021-22 BUDGET AND RENTAL HOUSING FEE STUDY

CITY OF RICHMOND RENT PROGRAM



ITEM G-1 | March 9, 2021 Regular Rent Board Meeting

[www.richmondrent.org](http://www.richmondrent.org)

## BACKGROUND

- ❖ The Board is required to hold a public hearing and adopt an annual budget for the upcoming fiscal year no later than July 1.
- ❖ The annual budget is funded by the Residential Rental Housing Fee, the amount of which is determined by the City Council following a recommendation from the Rent Board.
- ❖ On February 17, 2021, the Rent Board received a proposed budget, corresponding Rental Housing Fee study, and 10-year financial projection, and directed staff to reduce the budgeted operating reserve such that the corresponding Rental Housing Fees would be reduced by \$1.00 for Fully and Partially Covered Rental Units.
- ❖ Staff members have incorporated this revision and are seeking approval by the Rent Board.

# CONTENTS OF THIS PRESENTATION

(1) Rent Program Organizational Chart



(2) Revised Fiscal Year 2021-22 Budget

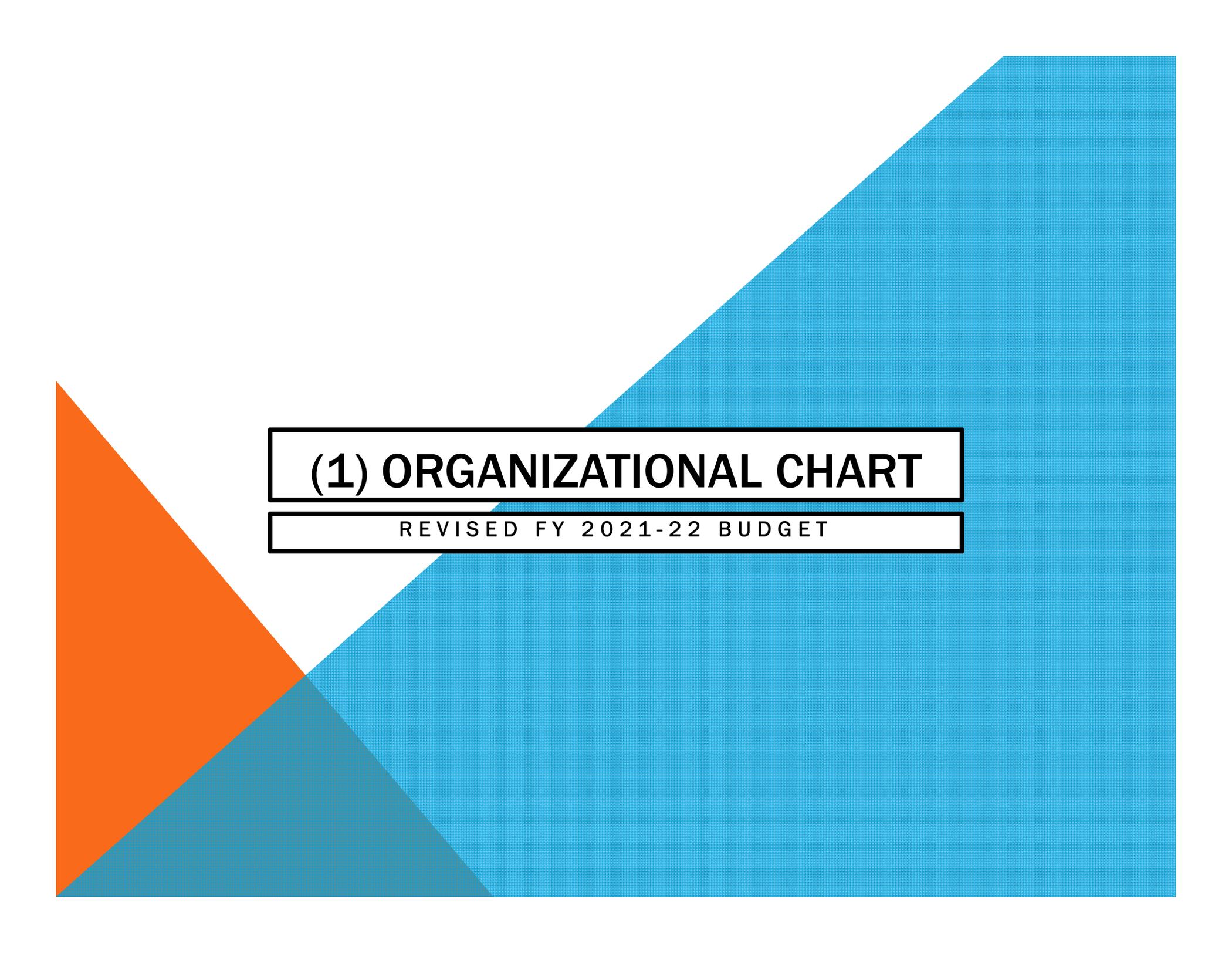


(3) Financial Status and 10-Year Projection



(4) Revised Fiscal Year 2021-22 Rental Housing Fee Study

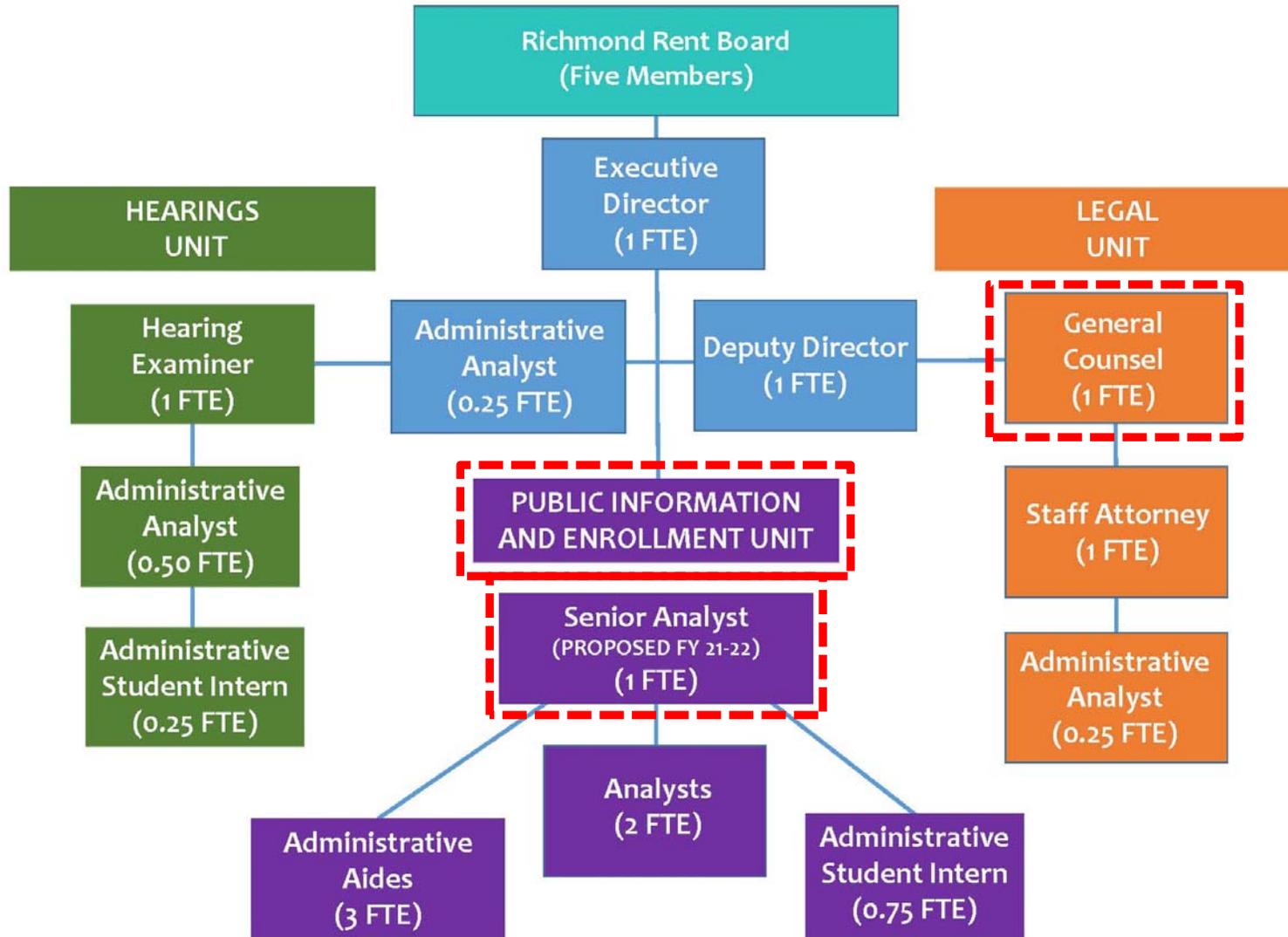


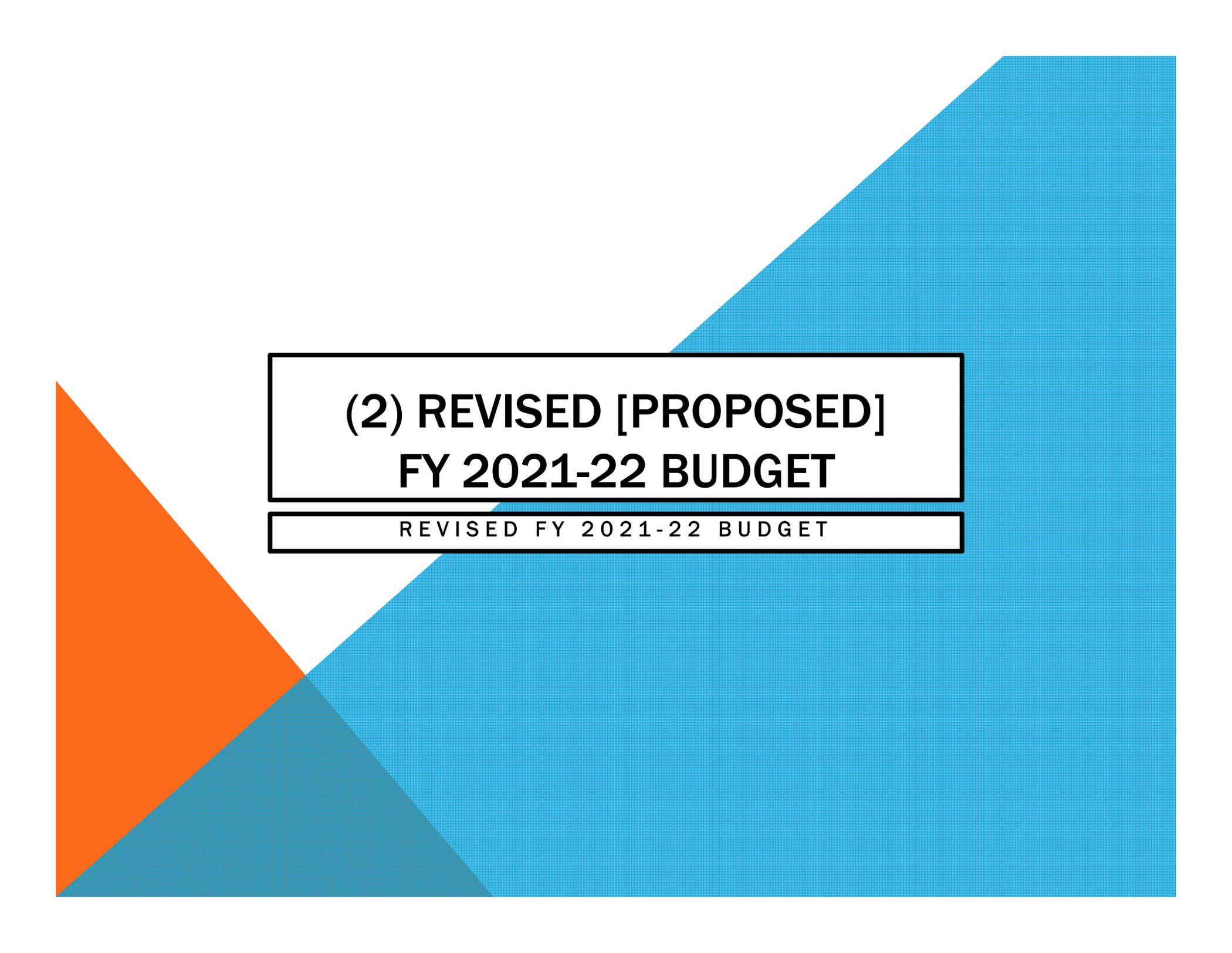


# **(1) ORGANIZATIONAL CHART**

REVISED FY 2021-22 BUDGET

# RENT PROGRAM ORGANIZATIONAL CHART





**(2) REVISED [PROPOSED]  
FY 2021-22 BUDGET**

REVISED FY 2021-22 BUDGET

# PROPOSED FY 2021-22 BUDGET: SALARIES & WAGES

- ❖ Proposed \$1,195,799 for Salaries and Wages includes the following allocations:
- ❖ Salaries for Permanent Staff: \$1,175,322 (*\$41,242 less than previous year due to vacancies anticipated in Q1 & Q2*)
- ❖ Overtime wages: \$2,500
- ❖ Bilingual pay: \$11,377
- ❖ Auto Allowance: \$4,200
- ❖ Medical In-Lieu Plan: \$2,400



# PROPOSED FY 2021-22 BUDGET: BENEFITS

❖ Proposed \$747,618 for Benefits includes the following allocations:

❖ Health Benefits:

- ❖ Health Insurance: \$140,309
- ❖ Dental Insurance: \$15,508
- ❖ Vision Insurance: \$2,052
- ❖ Employee Assistance Program: \$464

❖ Professional Development funds: \$9,000

❖ Medicare Taxes: \$15,992

❖ Life Insurance: \$3,713

❖ Long-Term Disability Insurance: \$10,076

❖ Unemployment Insurance: \$5,730

❖ Workers' Comp Insurance:

- ❖ Appointments: \$359
- ❖ Clerical staff: \$19,240
- ❖ Professional staff: \$79,290

❖ Other Post-Employment Benefits (OPEB): \$22,763

❖ Public Agency Retirement System (PARS) Benefits: \$94

❖ Miscellaneous Benefits: \$423,029

# PROPOSED FY 2021-22 BUDGET: PROFESSIONAL AND ADMINISTRATIVE SERVICES

❖ Proposed \$228,350 includes the following allocations:

❖ **Professional Services Contracts:**

- ❖ Translation (written and verbal): \$11,350
- ❖ Property Information (monthly subscription): \$4,000
- ❖ Legal Information (monthly subscription): \$3,000

❖ **Community Services Agency Contracts:**

- ❖ Bay Area Legal Aid for weekly legal service clinics for Landlords and Tenants (Richmond residents): \$75,000
- ❖ Eviction Defense Center (referrals to individuals who need assistance responding to Unlawful Detainer (eviction) lawsuits): \$125,000

❖ **Legal Filing Fees:**

- ❖ Anticipated legal filing fees in the event of litigation: \$10,000 (estimates approximately \$5,000 per writ)

## PROPOSED FY 2021-22 BUDGET: TRAVEL AND TRAINING

- ❖ Proposed \$800 includes the following allocation:
- ❖ Tuition reimbursement, consistent with the City's personnel policies: \$800

# PROPOSED FY 2021-22 BUDGET: DUES AND PUBLICATIONS

- ❖ Proposed \$1,650 includes the following allocation:
- ❖ California BAR Association dues for three attorneys (\$550 per attorney)



# PROPOSED FY 2021-22 BUDGET: ADVERTISING AND PROMOTION

- ❖ Proposed \$5,675 includes the following allocations:
- ❖ Newspaper announcements as required as part of the budget adoption process: \$200
- ❖ Monthly promotion on social media accounts: \$600
- ❖ Promotional materials to be included with large mailing projects: \$4,875



**Richmond Rent Program**

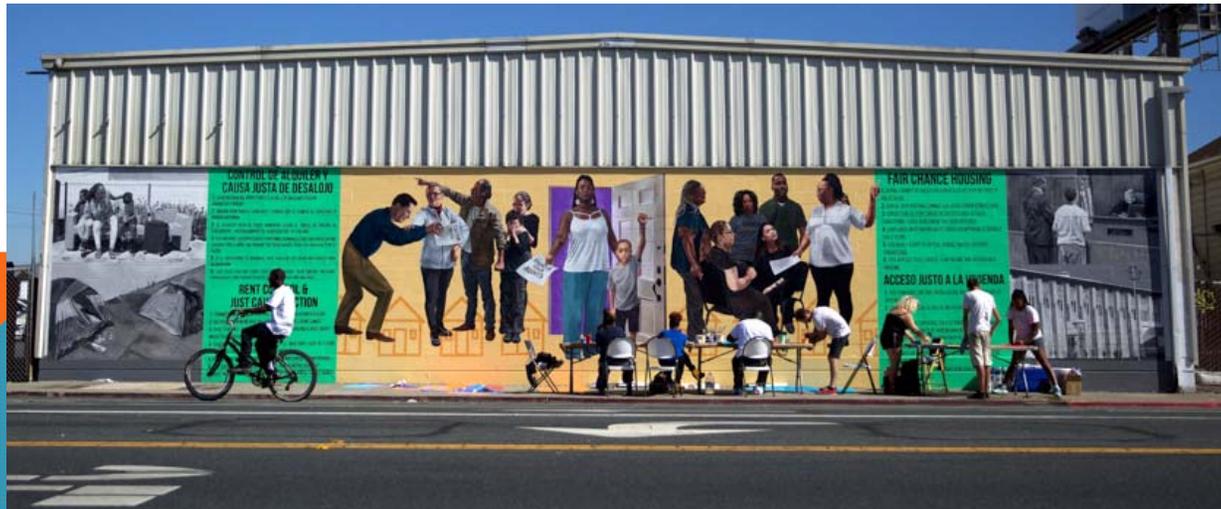
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# PROPOSED FY 2021-22 BUDGET: ADMINISTRATIVE EXPENSES

- ❖ Proposed \$3,950 includes the following allocations:
  - ❖ Emails for Rent Boardmembers: \$1,200
  - ❖ Business cards for staff members: \$600
  - ❖ Labor to refurbish the Rent Control and Just Cause for Eviction educational mural on Ohio Street: \$600
  - ❖ Zoom Accounts: \$1,550



## PROPOSED FY 2021-22 BUDGET: OFFICE EXPENSES – POSTAGE & MAILING

- ❖ Proposed \$25,547 includes the following allocations:
- ❖ Rental Housing Fee invoices to 5,716 Landlords: \$1,658
- ❖ Late Rental Housing Fee invoices to 1,905 Landlords: \$553
- ❖ Sending the Notice of Apparent Lawful Rent Ceiling to 15,030 Tenants and Landlords: \$4,359
- ❖ Sending Rent Validation Reports to 15,030 Tenants and Landlords: \$4,359
- ❖ Mailing the Guide to Rent Control to 23,439 Tenants and Landlords: \$11,719

## PROPOSED FY 2021-22 BUDGET: OFFICE EXPENSES – PRINTING & BINDING

- ❖ Proposed \$27,157 includes the following allocations:
  - ❖ Printing Rental Housing Fee invoices for 5,716 Landlords: \$286
  - ❖ Printing Late Rental Housing Fee invoices for 1,905 Landlords: \$95
  - ❖ Printing the Notice of Apparent Lawful Rent Ceiling for 15,030 Tenants and Landlords: \$752
  - ❖ Printing Rent Validation Reports for 15,030 Tenants and Landlords: \$752
  - ❖ Printing the Guide to Rent Control for 23,439 Tenants and Landlords: \$19,923
  - ❖ General print materials: \$4,500

## PROPOSED FY 2021-22 BUDGET: OFFICE EXPENSES – EQUIPMENT RENTAL

- ❖ Proposed \$8,000 provides for the lease of combination printers, scanners, copiers and fax machines at the Rent Program office.



## PROPOSED FY 2021-22 BUDGET: MISCELLANEOUS CONTRIBUTIONS AND EXPENSES

- ❖ Proposed \$5,925 includes the following allocations:
  - ❖ Two UC Berkeley Public Service Center interns for the 2021-22 academic year: \$3,000 (\$1,500 per intern)
  - ❖ Miscellaneous expenses based on minor unforeseen program needs throughout the year: \$2,925



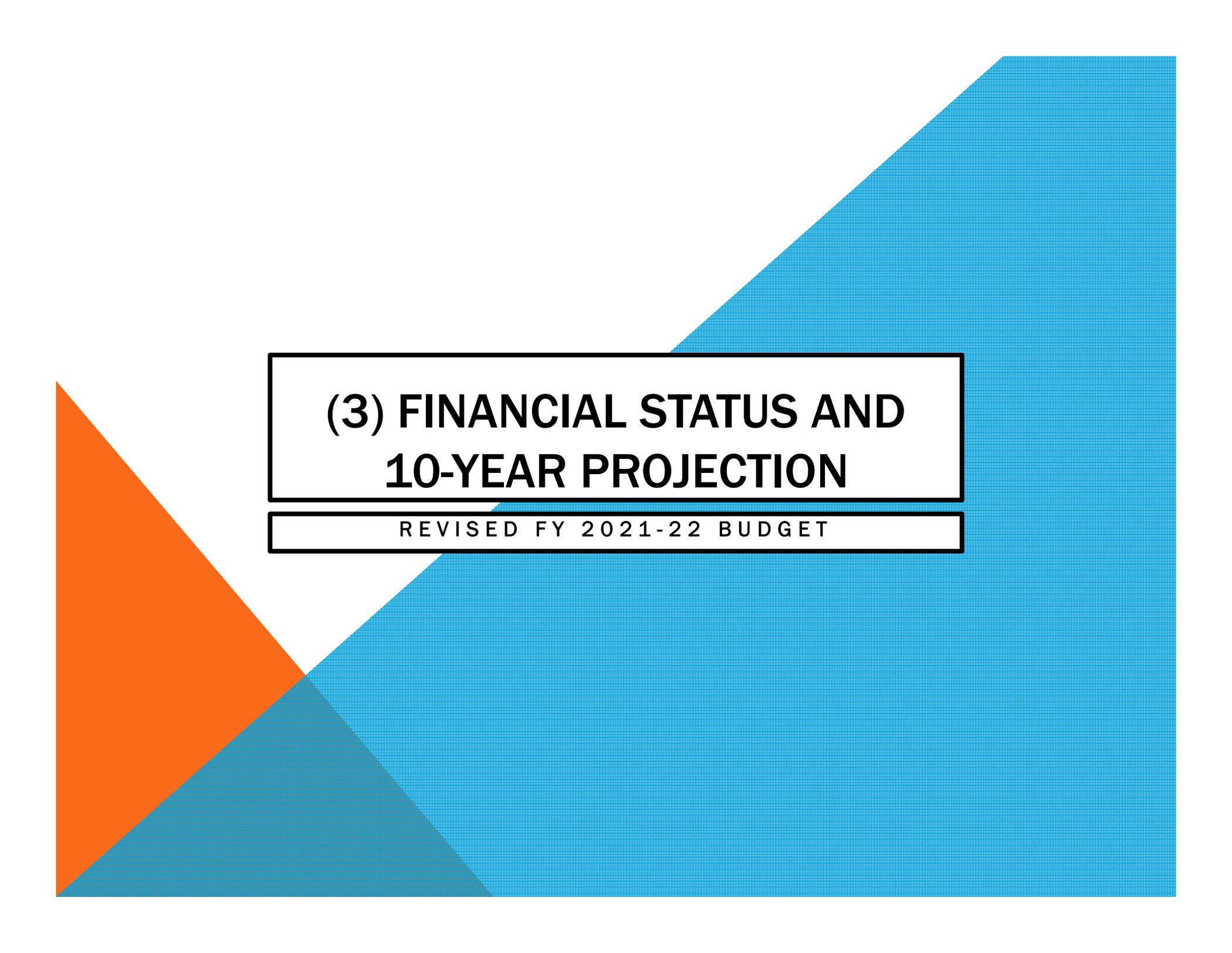
## PROPOSED FY 2021-22 BUDGET: OFFICE SUPPLIES, UTILITIES, AND SUPPLEMENTAL INSURANCE

- ❖ Proposed \$6,795 provides for office supplies purchased through the City's contracts with office supply vendors.
- ❖ Proposed \$500 for utilities provides for the cost of the Executive Director's work cell phone service (*During the Covid-19 pandemic, the Executive Director's cell phone has been utilized by program staff to handle incoming calls to the main Rent Program phone line.*)
- ❖ Proposed \$9,300 for the cost of a supplemental liability insurance policy (SLIP) for the Rent Program accounts for Errors and Omissions and General Liability coverage.

## PROPOSED FY 2021-22 BUDGET: COST POOL AND NONCAPITAL ASSETS

- ❖ Proposed \$193,532 covers General Liability, Administrative Charges, and space at City Hall for the Rent Program, and includes:
  - ❖ General Liability and Workers Compensation: \$79,937
  - ❖ Administrative Charges (previously referred to as “Indirect Costs”): \$52,481
  - ❖ Civic Center Allocation: \$50,286
- ❖ Proposed \$10,800 in noncapital assets includes funds for 9 laptops





# **(3) FINANCIAL STATUS AND 10-YEAR PROJECTION**

REVISED FY 2021-22 BUDGET

## EXPENSE AND REVENUE SUMMARY

FISCAL YEAR	BUDGETED AMOUNT	FUNDS EXPENDED	FEE REVENUE COLLECTED <sup>(1)</sup>	COLLECTION RATE
2017-18 <sup>(2)</sup>	FY 16-17 (partial): \$1,150,433	\$1,967,837	\$2,173,778 <sup>(3)</sup>	61%
	FY 17-18: \$2,425,338			
2018-19	\$2,804,925	\$2,047,186	\$2,190,203	78%
2019-20	\$2,923,584	\$2,264,738	\$2,706,268	93%
2020-21	\$2,896,242	\$2,137,638 <sup>(4)</sup>	\$2,553,498 <sup>(5)</sup>	88% <sup>(6)</sup>

<sup>(1)</sup> Includes revenue collected by the collections agency.

<sup>(2)</sup> Includes the FY 2016-17 Rental Housing Fee (December 2016 – June 2017)

<sup>(3)</sup> Includes revenue collected in FY 2017-18 for both the FY 2016-17 and FY 2017-18 fees.

<sup>(4)</sup> Represents projected total expenses through the end of FY 2020-21.

<sup>(5)</sup> Represents projected total revenues through the end of FY 2021-21, excluding interest.

<sup>(6)</sup> Represents a collection rate based on projected expenses and revenues through the end of FY 2020-21.

# 10-YEAR FINANCIAL PROJECTION: BACKGROUND

- ❖ In February 2020, the Rent Program entered into a contract with Kevin W. Harper CPA and Associates to prepare 10-year financial projections for the Rent Program and issue recommendations in support of the agency's goal of achieving long-term financial stability.
- ❖ Financial projections are living documents.
- ❖ As recommended by Kevin Harper, the financial projections will be updated continuously based on actual and projected expenses.
- ❖ An updated 10-year financial projection based on the proposed FY 2021-22 budget was provided as an attachment to the proposed budget and fee study document.
- ❖ The financial projections allow for more informed decision making.

## 10-YEAR FINANCIAL PROJECTION: HIGH-LEVEL SUMMARY

- ❖ Financial projection forecasts revenue and expenses through Fiscal Year 2030-31
- ❖ Assumes that costs will increase 2 percent per year, unless otherwise specified, and the fee will increase by 1 percent per year beginning in FY 2023-24
- ❖ Allows the Rent Program to maintain reserves in the range recommended by the Board (18-25%)
- ❖ As compliance with Property Enrollment and fee payment increases, reserves may accrue faster than the projection indicates – as such, fees may not necessarily need to increase each year
- ❖ Displays the target ending fund balance amount that will ensure the agency has funds available to cover expenses in the first two months of the fiscal year in the event revenue collection is delayed



**(4) REVISED [PROPOSED]  
RENTAL HOUSING FEE STUDY**

REVISED FY 2021-22 BUDGET

# INTRODUCTION AND BACKGROUND

- ❖ Section 11.100.060(l)(1) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (“Rent Ordinance”) provides all Landlords shall pay a Residential Rental Housing Fee to fund the Rent Program operating budget.
- ❖ The amount of the Rental Housing Fee is determined annually by the Rent Board and approved by the City Council.
- ❖ Under Section 50076 of the California Government Code, fees charged for any service or regulatory activity must not exceed the reasonable cost of providing the service. Those fees must be approved by the City Council, as the legislative body, in public session.
- ❖ A fee study is necessary to ensure that the Residential Rental Housing Fee recommended by the Rent Board and charged to Landlords is commensurate to the level of services provided by the Rent Program.

# PROPOSED FEE STRUCTURE AND EXAMPLE SERVICES

## Program Layer (55%)

- Departmental administration and management
- Legal defense of the Rent Ordinance and Departmental policies
- Preparing studies, regulations, and reports as directed by the Rent Board
- Database development and maintenance
- Billing and collection of the Rental Housing Fee
- Website maintenance
- Interdepartmental coordination

## Just Cause for Eviction Layer (20%)

- Public education and outreach (includes counseling)
- Legal services referrals to community services agencies
- Administration of Relocation Ordinance
- Mediation of eviction-related complaints
- Processing of termination of tenancy notices and development of templates

## Rent Control Layer (25%)

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

## APPLICABLE UNIT COUNTS

STATUS	2020 TOTAL	CHANGE BETWEEN 2020 AND 2021 (Positive Number – Units Added; Negative Number –Units Lost)	2021 TOTAL
<b>Fully Covered Units</b>	<b>7,433</b>	<b>+82</b>	<b>7,515</b>
<b>Partially Covered Units (EXCLUDING GOV SUBSIDIZED RENTAL UNITS)</b>	<b>5,688</b>	<b>+12</b>	<b>5,700</b>
<b>Governmentally Subsidized Units</b>	<b>4,512</b>	<b>-4</b>	<b>4,508</b>
<b>Total Applicable Units</b>	<b>17,633</b>	<b>+90</b>	<b>17,723</b>

# PROPOSED BUDGET AND RENTAL HOUSING FEES

UNIT COUNTS		PROPOSED FY 2021-22	CHANGE FROM FY 2020-21
TOTAL BUDGET: <sup>13</sup>		\$2,886,764	-\$9,478 (-0.3%)
FULLY COVERED UNITS <sup>14</sup>	7,515	\$218	-\$1 (-0.5%)
PARTIALLY COVERED UNITS <i>(INCLUDING SUBSIDIZED UNITS)</i> <sup>15</sup>	10,208	\$123	-\$1 (-0.8%)
TOTAL REVENUE <sup>16</sup> :		\$2,938,314	+\$39,363 (+1.4%)

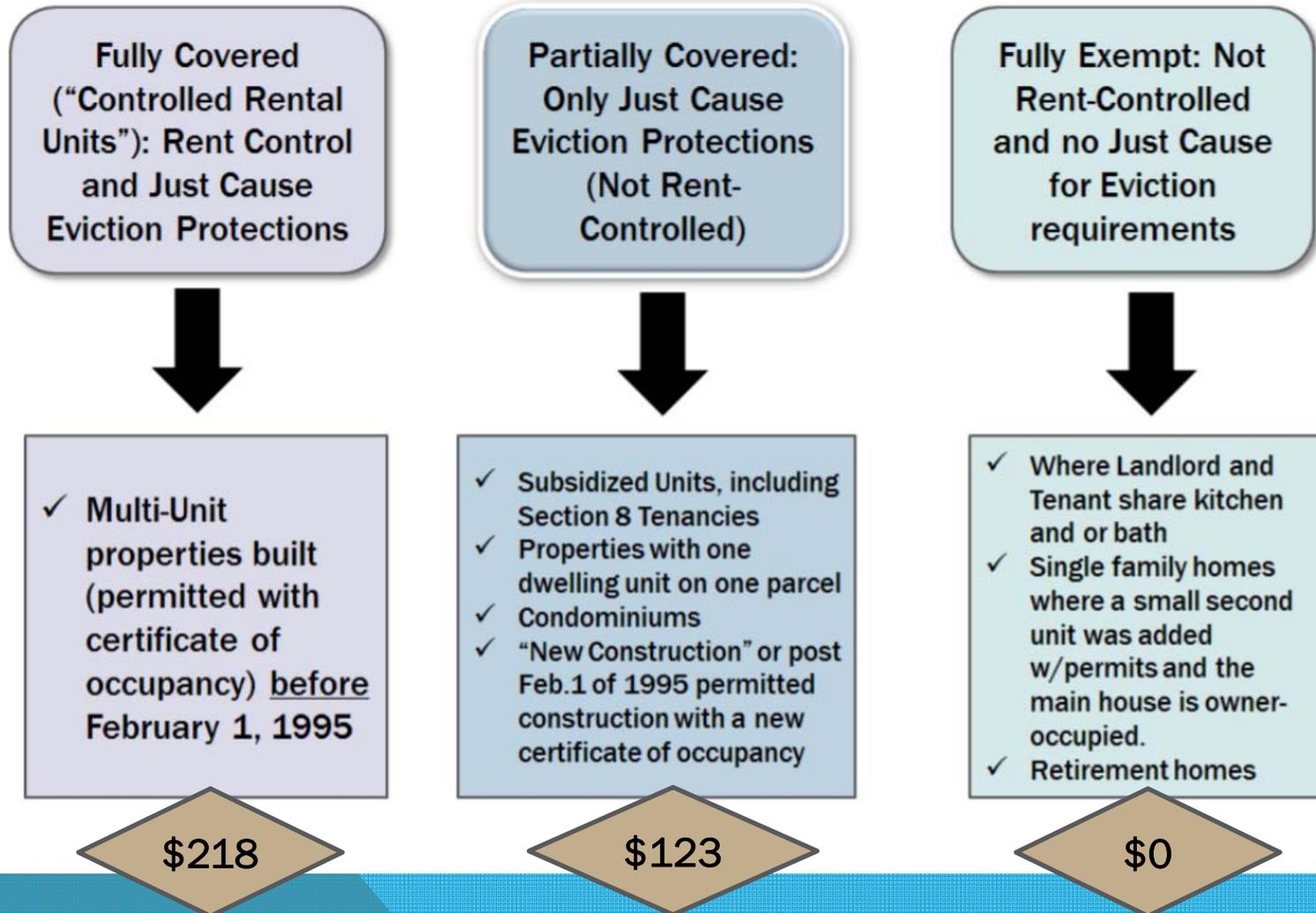
<sup>[1]</sup> Total expenditures include an 17.5% operating reserve as directed by the Rent Board

<sup>[2]</sup> Includes suspected Fully Covered rental units

<sup>[3]</sup> Includes suspected Partially Covered rental units

<sup>[4]</sup> Fees rounded to the nearest full dollar; includes revenue from collections agency and interest

# PROPOSED FY 2021-22 RENTAL HOUSING FEES



## COMPARISON OF PROPOSED FY 2021-22 RENTAL HOUSING FEE TO PRIOR YEARS

FISCAL YEAR	FULLY COVERED RENTAL UNITS	PARTIALLY COVERED RENTAL UNITS	GOVERNMENTALLY SUBSIDIZED RENTAL UNITS
2017-18	\$145	\$145	\$145
2018-19	\$207	\$100	\$50
2019-20	\$212	\$112	\$112
2020-21	\$219	\$124	\$124
2021-22 (Proposed)	\$218	\$123	\$123

## ITEM G-1 RECOMMENDED ACTION

- (1) ADOPT Revised Fiscal Year 2021-22 Rent Program budget and corresponding ten-year financial projection;
- (2) RECEIVE and APPROVE Revised Fiscal Year 2021-22 Rental Housing Fee Study; and
- (3) DIRECT staff to prepare a resolution, consistent with the Rent Board's approved Rental Housing Fee Study and budget, recommending to the City Council adoption of a two-tier fee structure for Fiscal Year 2021-22 of \$218 for Fully Covered Rental Units and \$123 for Partially Covered Rental Units

## PROPOSED GENERAL COUNSEL CLASSIFICATION

- ❖ Would require approval by the City Council for establishment
- ❖ Includes tasks that reach beyond the scope of the Staff Attorney role and are critical to the agency
- ❖ Serves as Chief Counsel and legal advisor to the Rent Board and Executive Director
- ❖ Manages and advises on all phases of Rent Board legal work
- ❖ Represents the Rent Board in all civil matters
- ❖ Manages, directs, plans, and organizes the Rent Program legal unit
- ❖ Participates in recommending and implementing policy changes
- ❖ Would not increase the number of full-time equivalents (FTEs) employed by the agency

## PROPOSED SENIOR ANALYST CLASSIFICATION

- ❖ Would require approval by the Personnel Board and City Council for establishment
- ❖ Would be responsible for managing the agency's largest unit (consolidated Public Information and Enrollment Unit)
- ❖ Provides recommendations and support to management staff in their development of the agency's budget, policies, and procedures
- ❖ Supervises Analysts, Administrative Aides, and Student Interns
- ❖ Would relieve the Staff Attorney of management responsibilities
- ❖ Would not increase the total number of FTEs employed by the agency.

## PROPOSED PUBLIC INFO & ENROLLMENT UNIT

- ❖ Replaces existing Public Information and Billing and Registration Units
- ❖ Is anticipated to be advantageous to the agency for the following reasons:
  - ❖ Improved compliance with enrollment, registration, and fee payment requirements
  - ❖ Greater efficiency in serving members of the public
  - ❖ Promotes collaboration on large outreach projects

# PROPOSED FY 2021-22 GOALS



## PROPOSED FY 2021-22 GOALS: PROGRAM DEVELOPMENT

- ❖ Develop a training schedule for Rent Program Services Analysts (but accessible to all staff), to ensure housing counselors remain knowledgeable on the requirements of the Rent Ordinance and apprised of any changes to Rent Board Regulations and related State and Federal laws.
- ❖ Continue to implement the mediation program to provide free formal and informal mediation services to Landlords and Tenants as a means of resolving disputes that have a reasonable nexus to the Rent Ordinance through the assistance of a trained mediator.
- ❖ Continue to develop an online filing system for the submission of Property Enrollment and Tenancy Registration forms, as well as the filing of rent increase and termination of tenancy notices on the City's e-trakit website.

## PROPOSED FY 2021-22 GOALS: OUTREACH

- ❖ Publish and distribute the Guide to Rent Control in Richmond and one-page fact sheets on common topics such as Just Cause for Eviction, Owner Move-In evictions, the Ellis Act, and the Relocation Ordinance.
- ❖ Develop and Act Upon a Comprehensive Outreach Plan that includes, but is not limited to, continuing to bolster our social media presence, producing informational, infographic, and/or testimonial videos to highlight aspects of the Rent Ordinance and services provided by the Rent Program and expanding outreach efforts to local businesses, schools, non-profits, neighborhood councils, and other community stakeholders.
- ❖ Launch Tenancy Registration Outreach by beginning to mail out Notices of the Maximum Allowable Rent (MAR) (sent to Landlords and Tenants when Tenancy Registration Forms are submitted), and create a database accessible to the public where community members can research the MAR for a particular Rental Unit.

## PROPOSED FY 2021-22 GOALS: PROGRAM SUSTAINABILITY AND COMPLIANCE

- ❖ Continue to improve collection of the Rental Housing Fee (greater than 90% compliance) through investing in effective compliance and outreach projects to ensure that all Rental Units subject to the Rent Ordinance are assessed the Rental Housing Fee and all Landlords who should be paying the Rental Housing Fee receive an invoice and are made aware of their financial obligation to the Rent Program.
- ❖ Continue to work collaboratively with other City departments to improve rental housing inspection options, seismic safety policy, enforcement of the Relocation Ordinance, the Richmond Rapid Response Fund (R3F) Rent Assistance Program for Displacement and Homelessness Prevention, and the collection of other City fees, such as the Business License Tax, Fire Prevention Services Fee, and Rental Inspection Program fee.
- ❖ Continue to implement the recommendations provided by Kevin Harper CPA and Associates, including monitoring budgeted versus actual expenses and providing quarterly reports to the Rent Board, updating the Board's 10-year financial projection, and proposing budgetary policies for the Board's consideration.