



CITY OF RICHMOND RENT PROGRAM

AFFORDABLE HOUSING REPORT 2020-21

Nicolas Traylor-Executive Director

December 21, 2022

November 16, 2022 (Continued)

ITEM H-1

STATEMENT OF THE ISSUE

- On February 20, 2019, the Rent Board adopted Resolution 19-01, which established additional terms of exemption for Low-Income Housing Tax Credit (LIHTC) units from the rent control provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance in conformance with Regulation 202.
- Additionally, Resolution 19-01 requires Rent Program staff to compile a report to the Rent Board on the state of Governmentally Subsidized Rental Units in the City of Richmond based on program data.
- The Rent Program has prepared the required report for the Rent Board to determine overall compliance of LIHTC developments in Richmond and determine next steps regarding their exemption under Regulation 202.

BACKGROUND

- On November 15, 2017, the Rent Board adopted Regulation 202, exempting “Governmentally Subsidized Rental Units” from the Rent Control provisions of Rent Ordinance and Regulation 204, which established the terms for this exemption.
- In early 2018, residents at Heritage Park at Hilltop Apartments, a Low-Income Housing Tax Credit (LIHTC) development serving individuals 55 years or older voiced concerns to the Rent Board about receiving rent increases in excess of 10%.
- In response, the Richmond Rent Board adopted Resolution 19-01 and amended Regulation 204 which established additional terms of exemption for LIHTC developments from the Rent Control provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance.

BACKGROUND

- Additionally, the Resolution requires Rent Program Staff to compile information on Low-Income Housing Tax Credit (LIHTC) properties in a report that provides the Rent Board a comprehensive overview of compliance during the 2020-21 calendar years.
- This report will help the Rent Board decide whether to maintain LIHTC properties' exemption from Rent Control, as permitted by Regulation 202. This report will also touch on some of the key services provided to governmentally subsidized Tenants and Affordable Housing Providers and a summary of notices of termination of tenancy filed at the Affordable Housing properties in Richmond for fiscal years 2019-20 and 2020-21.

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Introduction and Purpose of this Report

- On November 15, 2017, the Richmond Rent Board adopted Regulation 202 and Regulation 204 exempting “Governmentally Subsidized Rental Units” from the rent control provisions of the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance.⁶
- According to Regulation 204, these rental units shall not be exempt in cases where the property owner has failed to substantially comply with timely payment of all owing Residential Housing Fees, payment of Business License Tax, enrollment of all applicable rental units, and all requirements set forth in any regulatory agreement between a developer and/or property owner and a Federal, State, or government entity.

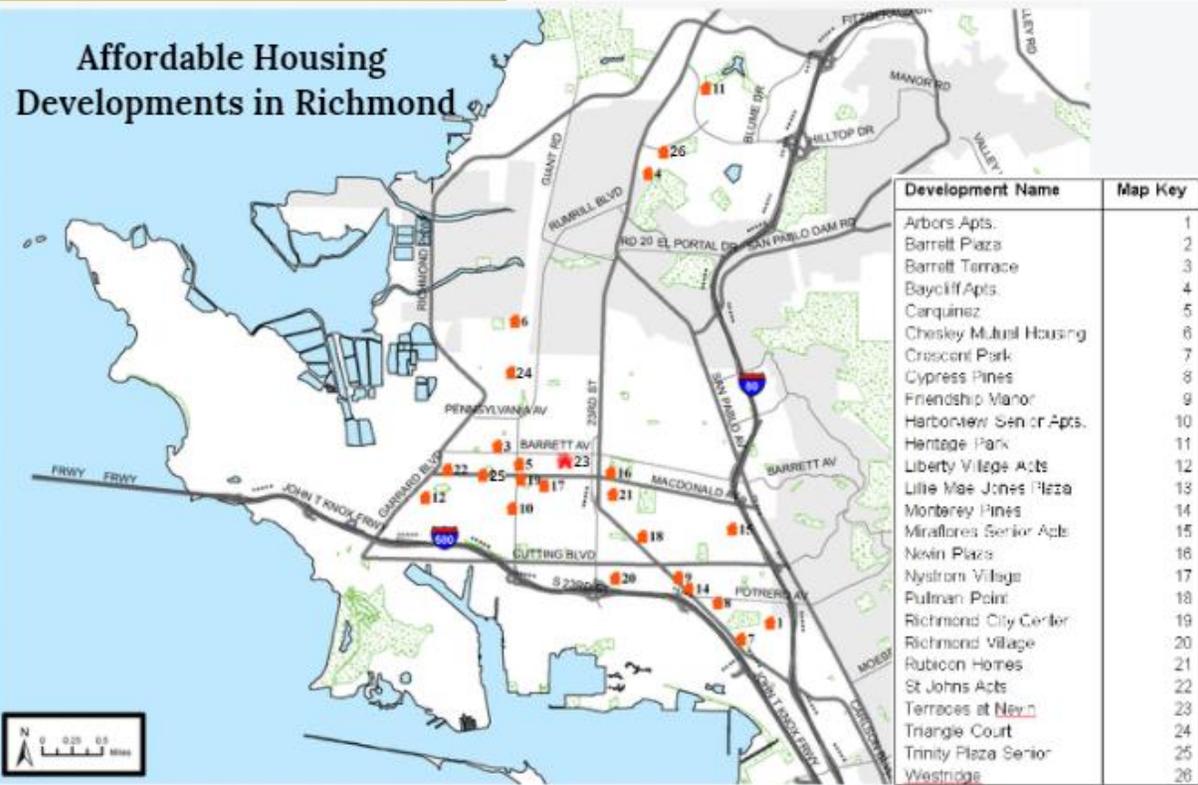


Introduction and Purpose of this Report

- Governmentally subsidized rental units make up 20% of Richmond's rental housing stock. These rental units include Section 8 voucher rentals, HUD project based Rental Units, and Low-Income Housing Tax Credits (LIHTC). 7
- LIHTC Rental Units are not directly subsidized by the governmental. Instead, construction of LIHTC units is funded through the tax code and state treasury agencies. Rent levels for LIHTC units are linked to household income. However, unlike subsidized housing programs, such as the Section 8 Housing Choice Voucher program, rent adjustments track the Area Median Income (AMI) of a region, rather than an individual household's income. As such, rent increases in LIHTC units don't directly correspond to changes in a household's financial circumstances.
- Additionally, the California Tax Credit Allocation Committee (TCAC) – the state agency regulating LIHTC - does not regulate the frequency or percentage of rent increases; it only establishes maximum rents by bedroom size and income bracket. Without limitations on the amount of rent increase that can be imposed at any one-time, low-income tenants faced potential “rent shock” that could result in significant financial hardship and even displacement.

Overview of Richmond's Affordable Housing Stock

- Of the 4,337 governmentally subsidized rental units in Richmond, 2,925 units have been built using Low Income Housing Tax Credits.
- There are 789 units that receive HUD Project-Based Rental Assistance and 1,215 with Housing Choice Vouchers from the Contra Costa County Housing Authority. Many of the units fall under multiple affordable housing programs, with more than half of the LIHTC units also receiving HUD subsidies.
- There are 26 affordable housing properties in Richmond currently, which includes both LIHTC and non-LIHTC affordable housing. Most are clustered in the south and west of the city, while there are a few in the north.
- Currently, there are five affordable housing projects that have been approved for development: Hacienda Rehab (148 units), Quarry Residential (8 units), Metrowalk Phase 2 (150 units), 100 38th Street (133 units), 5620 Central (39 units) and Villas at Renaissance (105 units). In total, these projects will add 335 Very Low-Income units and 240 Moderate Income units to the affordable housing market.

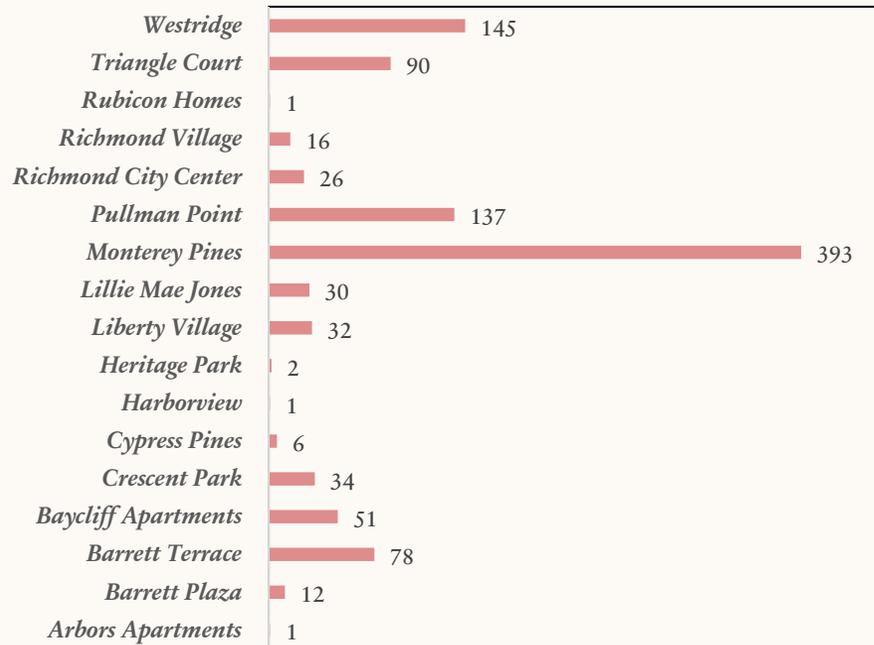


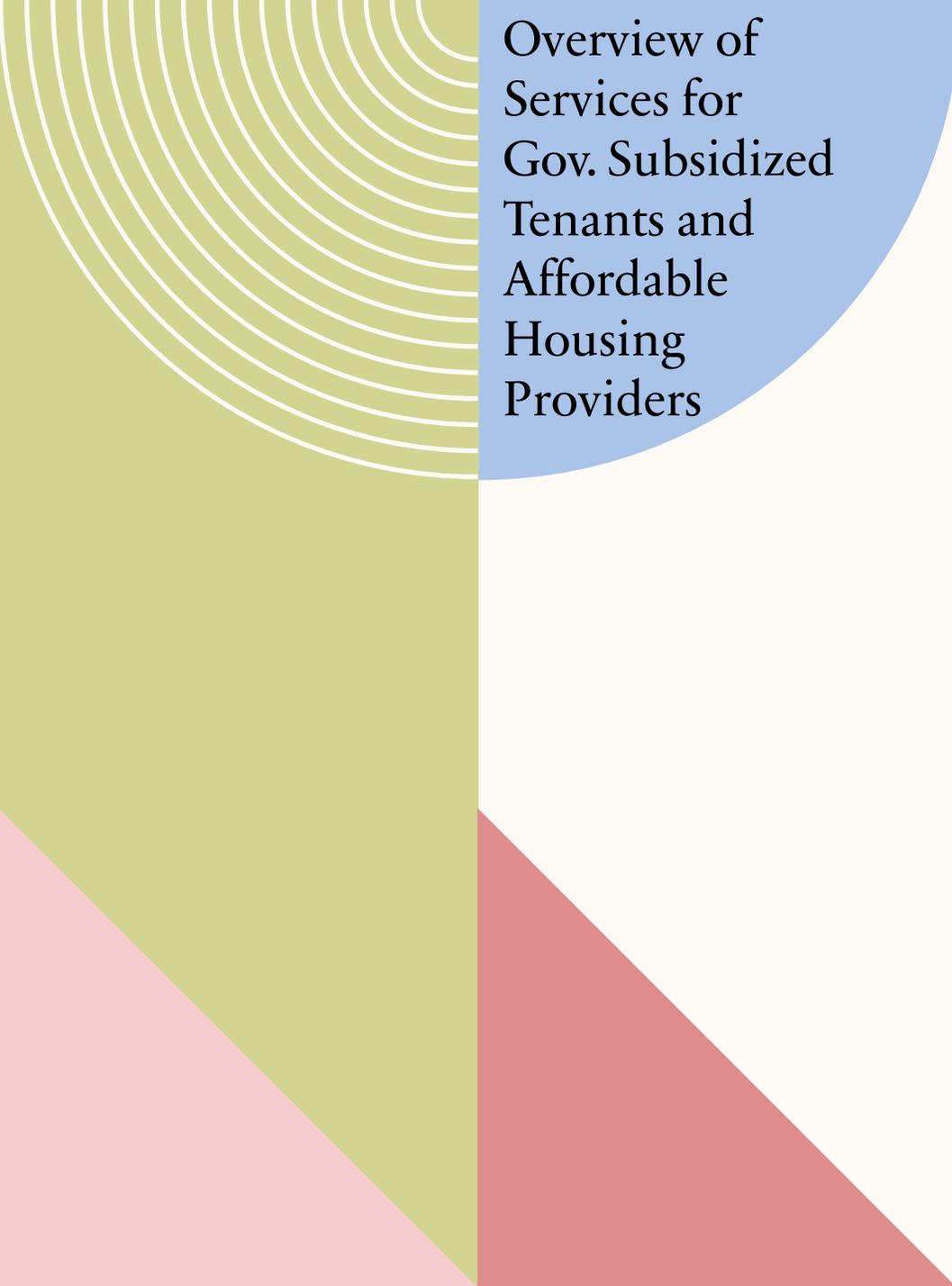
Overview of Gov. Subsidized Notices of Termination of Tenancy

- Landlords in Richmond, are required to submit to the Rent Program any notice of termination of tenancy served on a Tenant within 2-business days of having served the notice on the Tenant. Since the 2019-20 Affordable Housing Report did not include eviction related data, this report will include eviction data for both 2019-20, and 2020-21. During these two fiscal years, the Rent Program logged 1055 notices of termination of tenancy across 17 affordable housing properties.
- The highest number of notices of termination of tenancy came from Monterey Pines, with 393 notices filed with the Rent Program over the two fiscal years, followed by Westridge (145) and Pullman Point (137).
- In fiscal year 2020-21, the total number of notices of termination of tenancy filed with the Rent Program for all Rental Units dropped significantly (approximately 70%) due to the Tenant Protection Act of 2020, which prohibited most evictions for non-payment of rent for Tenants experiencing financial hardship caused by the COVID-19 pandemic. Although not detailed in this report, submission of notices of termination of tenancy of governmentally subsidized rental units also decreased by around 70% in fiscal year 2020-21.

Notices of Termination of Tenancy Submitted 2019-2021

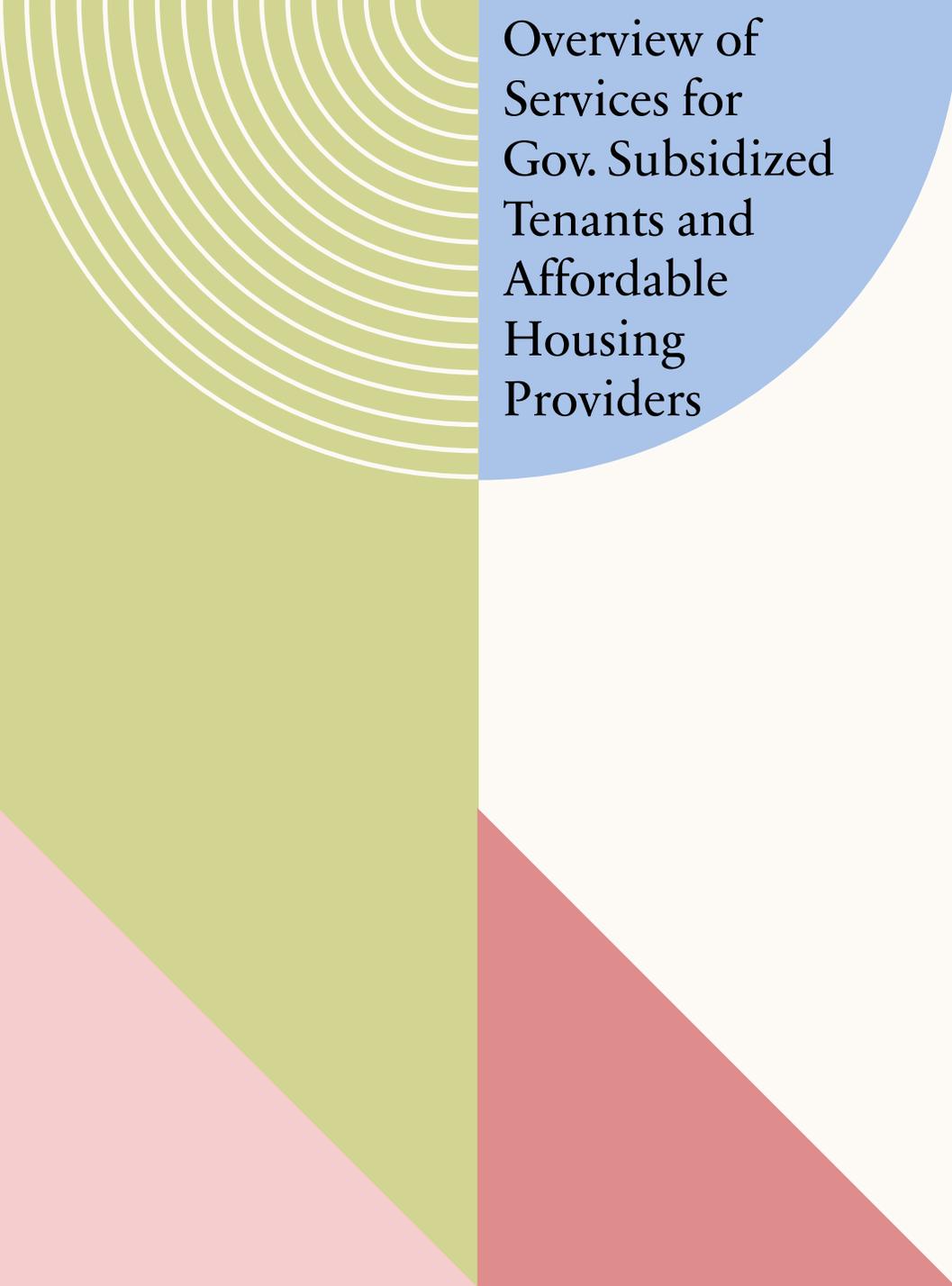
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Overview of Services for Gov. Subsidized Tenants and Affordable Housing Providers

- Tenants and Landlords of partially covered Rental Units (exempt from the Rent Control provision of the Richmond Rent Ordinance but covered by the requirement to have Just Cause to evict) such as governmentally subsidized units, single family dwellings, condominiums, and post February 1, 1995, permitted construction, receive counseling from the Rent Program on eviction related issues, habitability problems, temporary and permanent relocation assistance, and other Landlord/Tenant issues. 10
- As part of the counseling process, in many cases, informal mediation is utilized to bring the Affordable Housing Providers and governmentally subsidized Tenants together to understand each other rights.
- Informal mediation occurs when during a counseling session, housing counselors recognize that a situation is ripe for mediation. Resolution of disputes is often achieved through “shuttle diplomacy” usually by phone, between management and the Tenant.
- During fiscal year 2020-2021, the Rent Program conducted over 500 counseling sessions for Affordable Housing Providers and governmentally subsidized Tenants.



Overview of Services for Gov. Subsidized Tenants and Affordable Housing Providers

- Over 70 legal service referrals were made on behalf of governmentally subsidized Tenants over the last two fiscal years.
- In response to resident complaints, Rent Program staff have also made site visits to Affordable Housing properties, such as Crescent Park, Pullman Point and Heritage Park at Hilltop, to educate Tenants and management about eviction protections and to address habitability, health and safety, nuisance complaints and management issues.
- Each governmentally subsidized Tenant who receives a notice of termination of tenancy receive outreach and education in the form of an informational letter informing them that the Rent Program has received a notice regarding the termination of tenancy they received and what their rights are under the Just Cause for Eviction provisions of the Rent Ordinance. Over 1,000 informational letters regarding eviction protections were sent to governmentally subsidized Tenants and Affordable Housing Providers during fiscal years 2019-20 and 2020-21. This eviction related outreach often results in Affordable Housing Providers and governmentally subsidized Tenants contacting the Rent Program for additional information, counseling, or legal assistance referrals.

Summary of Compliance with Resolution 19-01

Property	FY 2020-2021		Submitted Rent Increase Spreadsheets showing rent increases at or below 5%
	Enrolled	Paid	
Arbors Apartments	Y	Y	Y
Barrett Plaza	N	Y	N/A
Barrett Terrace	N	Y	N/A
Baycliff Apartments	Y	Y	Y
Carquinez	Y	Y	Y
Chesley Mutual	N	Y	Y
Crescent Park	Y	Y	Y
Cypress Pines	Y	Y	N/A
Friendship Manor	Y	Y	N/A
Harborview	Y	N	Y
Heritage Park	Y	Y	Y
Liberty Village	N	Y	Y
Lillie Mae Jones	N	Y	N
Miraflores	Y	Y	N/A
Monterey Pines	Y	Y	Y
Nevin Plaza	Y	Y	N/A
Nystrom Village	Y	Y	N/A
Pullman Point	Y	Y	N/A
Richmond City Center	N	Y	Y
Richmond Village	Y	Y	N
Rubicon Homes	Y	Y	N/A
St Johns Apartments	Y	Y	N/A
The Terraces	N	N	N/A
Triangle Court	Y	Y	N/A
Trinity Plaza	Y	Y	N/A
Westridge	Y	Y	N

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- 24 out of 26 properties (92%) paid fees for the 2020-2021 fiscal year. The only providers that did not pay fees for fiscal year 2020-2021 was Harborview and the Terraces at Nevin. Collection efforts are underway for these two properties.
 - Additionally, 18 (69%) of the 26 properties required to enroll have completed a property enrollment form and filed it with the Rent Program.
 - As part of the resolution 19-01, LIHTC providers are required to submit spreadsheets of rent increases. Of the 26 properties, 13 are exempt from submitting their spreadsheets. Of the 13 properties that aren't exempt, the Rent Program has received 10 (77%) spreadsheets.
 - Properties that have multiple layers of subsidy such as properties that receive tax credit and Section 8 were not required to submit spreadsheets showing their proposed rent increases. These properties are designated in the table below as Not Applicable (N/A). Only properties that are solely subsidized by LIHTC are required to submit spreadsheets. Multiple emails were sent to follow up with non-compliant providers.

NEXT STEPS

This report was compiled by Rent Program staff to allow the Rent Board to determine overall compliance of LIHTC properties from July 1, 2020– June 30, 2021. Using this information, the Rent Board can discuss whether to move forward with exemption or non-exemption under Regulation 202. The Rent Program anticipates providing the Rent Board with the 2021-22 Affordable Housing Report within the current fiscal year.

RECOMMENDED ACTION

RECEIVE the 2020-21 Affordable Housing Report summarizing Low-Income Housing Tax Credit (LIHTC) developments' compliance in Richmond and determine the next steps for LIHTC properties and exemptions under Regulation 202.

City Council Request for the Rent Program to Assist in the Development of and Possible Administration of a City of Richmond-funded Rental Assistance Program

Nicolas Traylor-Executive Director
Lina Velasco, Director of Community Development

December 21, 2022

City of Richmond
Rent Program
Item H-3



Previous Council Action

At the November 22, 2022, Regular Meeting of the Richmond City Council, the Council approved a motion for City staff to request that the Rent Program seek authorization from its Board for staff to work with the City of Richmond to study the ability of and cost for the Rent Program to develop and possibly administer a rental assistance program for the City of Richmond.

Fiscal Impact

The cost of administering a City of Richmond-funded Rental Assistance Program would be determined based on the anticipated number of households to be served, amount of funds to be managed, and final Program model. The Rent Program would receive appropriate City funding for staff and program resources needed to oversee any contracts and for its role in the administration of a Rent Relief Program for the City of Richmond.

Statement of the Issue

- Prior to the COVID-19 pandemic, there was limited emergency rental assistance available to Richmond tenants and landlords. Organizations such as Shelter Inc. and Seasons of Sharing were among the few organizations that provided limited rental assistance resources to income qualifying households.
- Since the beginning of the COVID-19 pandemic, the Rent Program has taken a leading role in coordinating a coalition of non-profits to establish and administer a temporary rent relief program through the Richmond Rapid Response Fund (R3F) that received Coronavirus Aid, Relief, and Economic Security (CARES) Act and American Rescue Plan Act (ARPA) funds from the City to disburse to Richmond residents impacted by the COVID-19 pandemic.
- The City of Richmond provided R3F approximately \$600,000 in ARPA funds, of which at least \$200,000 will be distributed for rent assistance via the Richmond Community Foundation with support from Richmond Neighborhood Housing Services, SparkPoint, and the Rent Program.
- Until the City Council approves a permanent emergency rental assistance program to be administered, the above-mentioned organizations will continue to assist the City with disbursing the remaining ARPA funds.

Background and Discussion

- In 2018 and 2019, the Rent Program's Executive Director organized a series of meetings with City of Richmond staff, Rent Board members, and City Council members to discuss the creation of a rental assistance program dedicated to Richmond tenants. Based on the high percentage of housing counseling cases that involved nonpayment of rent evictions in Richmond, it was evident that there was an on-going need for rent assistance. At the time, rent assistance resources were not only limited, but were spread out among many local organizations, each competing for rent assistance funds.
- These preliminary meetings spurred discussions on the need for a permanent rent assistance program. Initial ideas included modeling a Richmond-based program on Oakland's "Keep Oakland Housed" program, a collaboration between the City of Oakland, corporations, foundations, local non-profits, and philanthropic organizations.

Background and Discussion

- When the COVID-19 pandemic began in the Spring of 2020, the urgency to provide rent assistance escalated due to the high loss of jobs and unemployment, prompting the Rent Program to spearhead efforts to provide rent assistance in partnership with R3F, who had identified an urgent need for rental assistance based on their survey of the community regarding the financial impacts of COVID-19.
- Rent Program and Community Development staff convened community organizations focused on housing and formed a working group to administer rent assistance funds to avoid a wave of evictions following the expiration of various eviction moratoriums adopted by the State and County. The working group included representatives from SparkPoint, the West Contra Costa Public Education Fund (EdFund West), Richmond Community Foundation (RCF), Richmond Neighborhood Housing Service (RNHS), Community Housing Development Corporation (CHDC), and City Housing staff.
- The working group met weekly to strategize efforts and is referred to as the Rent Relief Committee. Together these organizations have led and supported the Richmond Rapid Response Fund's (R3F) efforts to provide rent assistance, totaling \$385,000 to 77 Richmond renters and landlords.

Background and Discussion

- After initially convening and leading the Rent Relief Committee at the beginning of the COVID-19 pandemic, the Rent Program passed leadership over to R3F, who was in the process of hiring a Director. In May 2021, Jasmine Jones, the Executive Director of the EdFund West began overseeing the R3F Rent Relief Committee. This transition made sense because the EdFund West was fiscal sponsor of the Richmond Rapid Response Fund, a wraparound initiative that was established to meet the immediate and ongoing needs of the community during the COVID-19 pandemic and beyond. The City provided CARES Act funds to R3F to provide rent relief to Richmond residents impacted by the COVID-19 pandemic.
- In July 2021, the R3F hired Jessica Travenia, to oversee R3F, organize the Rent Relief Committee, develop its governing structure, executing Memorandums of Agreements between the R3F and community organizations, administering the rent assistance work, and to continue the program's development and efforts to raise additional funding.
- In November 2022, the Richmond Community Foundation (RCF) took over from R3F as program lead and fiscal agent for the COVID-related rent relief program. The RCF, RNHS, SparkPoint, and the Richmond Rent Program continue to assist Richmond landlords and tenants with their applications for ARPA-funded rent assistance. The Rent Relief Committee was created to respond to the urgent need for rent assistance brought about by the COVID-19 pandemic, but the long-term need and demand for rent assistance services in Richmond to protect against unnecessary evictions and housing instability is clear. The COVID-19 pandemic also made clear that services designed to protect housing stability also strengthens public health.

Background and Discussion

In its long-term strategic planning efforts, the consensus among Rent Relief Committee members is that:

1) A permanent and well-funded City rent assistance program would best serve the needs of the community and effectuate housing and community stability.

2) The Rent Program is uniquely positioned to oversee and administer a long-term City funded rent assistance program, as an agency that:

- Regulates rents and evictions in Richmond
- Provides holistic counseling to landlords and tenants on eviction related matters
- Monitors notices of termination of tenancy
- Mediates landlord/tenant disputes related to non-payment of rent, successfully connecting landlords and tenants to rent assistance resources and mediating repayment plans for cases when rent assistance is insufficient to cover the total rental debt

3) The mission and purpose of the Fair Rent, Just Cause for Eviction and Homeowner Protection Ordinance and rent assistance services are aligned. Both policies promote housing and community stability and work to protect public health by protecting against unwarranted and arbitrary evictions and unnecessary displacement.

Recommended Action

Authorize and Direct Rent Program staff to work with the City of Richmond to support the development and research the ability and potential costs for the Rent Program to administer a City of Richmond-funded rental assistance program and continue to assist with the processing of rent assistance applicants for the remaining ARPA funds. Rent Program staff would seek the Rent Board's recommendation on a proposed rent assistance program model prior to presenting options and recommendations to the City Council for its consideration and approval.

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