

DISCUSSION - 2023-24
BUDGET AND FEE STUDY
CITY OF RICHMOND RENT PROGRAM

ITEM | April 19, 2023, Regular Rent Board Meeting
www.richmondrent.org

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(2) Discuss Fiscal Year 2023-24 Budget and Fee Timeline



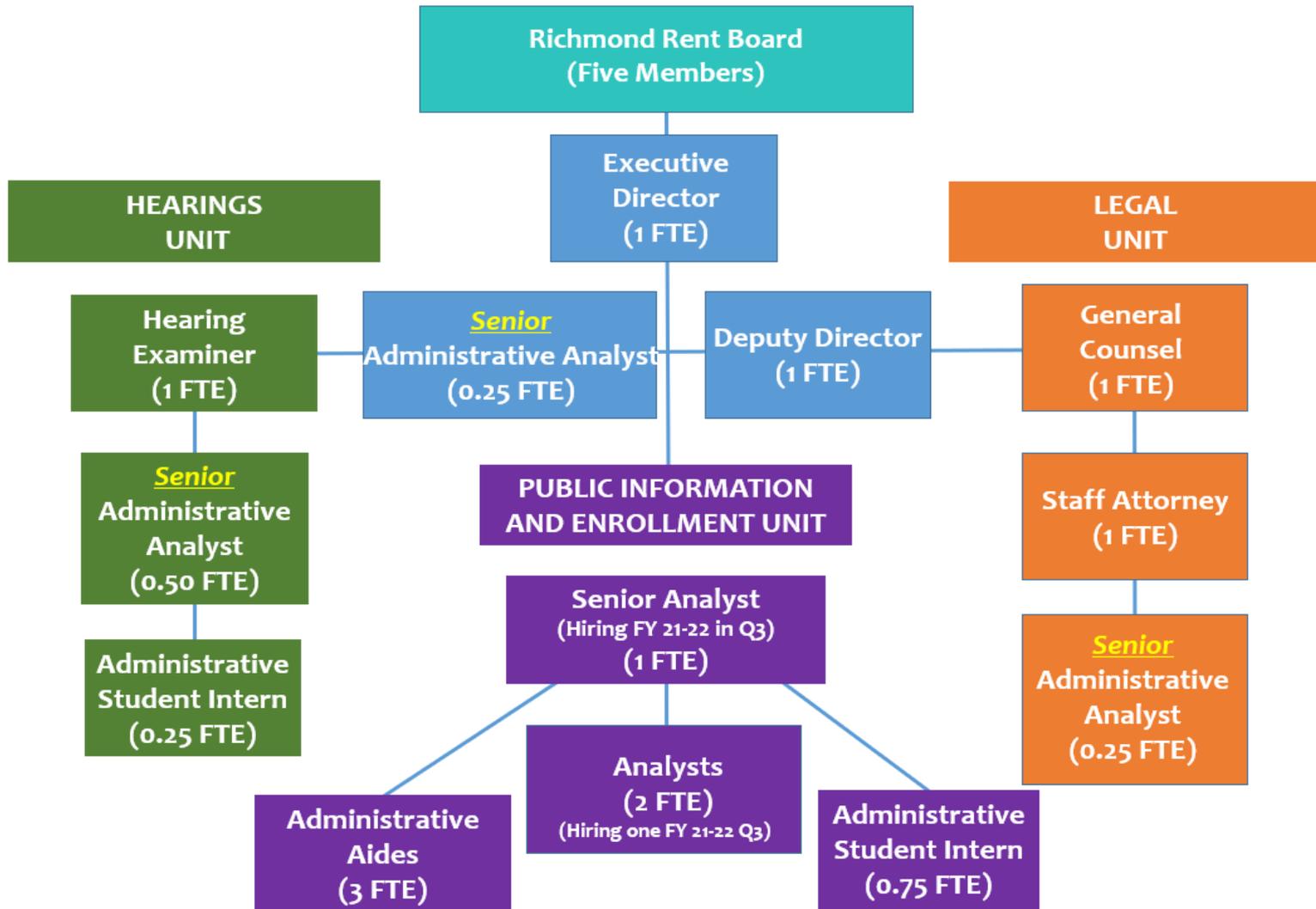
(3) Board Review – Q and A



RENT PROGRAM MISSION STATEMENT

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

RENT PROGRAM ORGANIZATIONAL CHART



PROPOSED FY 2023-24 GOALS



PROPOSED FY 2023-24 GOALS

PROGRAM DEVELOPMENT

- ❖ Continue to invest in staff training and professional development to ensure staff members are knowledgeable of the requirements of the Rent Ordinance, Rent Board Regulations, and related State and Federal laws.
- ❖ Continue to develop online services (e.g., filing system for the submission of Property Enrollment and Tenancy Registration forms, online appointment scheduling system, increasing counseling sessions, as well as the filing of rent increase and termination of tenancy notices).
- ❖ Enhance legal services for Richmond small property owners and tenants to address the impact of the COVID-19 Pandemic.

OUTREACH

- ❖ Increase awareness of the Rent Ordinance by publicizing and distributing the comprehensive Guide to Rent Control in Richmond and continue to develop online outreach services (e.g., fact sheets, webinars, and podcasts on laws. Enhance support for in-person outreach service for both the Rent Program office and City-wide community events.
- ❖ Expand education efforts through targeted outreach to specific groups, such as (but not limited to) tenants and providers of affordable housing, realtors, monolingual Spanish speaking households, small property owners, and problem properties (those with code violations).
- ❖ Develop systems to produce Notices of the Maximum Allowable Rent (MAR) (sent to Landlords and Tenants when Tenancy Registration Forms are submitted), including a database accessible to the public where community members can research the MAR for a particular rental unit. Build an indicator in the system to notify staff of rent increases beyond MAR.

PROGRAM SUSTAINABILITY AND COMPLIANCE

- ❖ Provide the highest level of service to the rental community. To properly administer these services, the Rent Program must continually collect the Rental Housing Fees to support the necessary operations.
- ❖ Improve and focus on sustainability of the agency. The success of the Program is tied to the ability to retain, develop, and effectively invest and deploy staff resources in the most effective and efficient manner possible.
- ❖ Continue to work collaboratively with other City departments to improve rental housing inspection options, Richmond's Rent Assistance Program, enforcement of the Relocation Ordinance, and the collection of other City fees (e.g., Business License Tax, Fire Prevention Services Fee, and Rental Inspection Program fee).
- ❖ Continue to develop and refine the Rent Program's database, transitioning from using the City's TRAKiT database, to a new database solution designed to work specifically for the needs of the Rent Program.

BUDGET AND RENTAL HOUSING FEE REQUIREMENTS

- ❖ In accordance with Section 11.100.060(I) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, the amount of the Residential Rental Housing Fee will be determined by the City Council after a recommendation by the Board is provided to the City Council.
- ❖ Prior to July 1, the Board shall hold a public hearing on a proposed budget and adopt an annual budget for the ensuing fiscal year. The budget shall be funded by the Residential Rental Housing Fee.
- ❖ Staff members are preparing a draft budget and a corresponding fee study for the Rent Board's consideration and comment. The purpose of this item is to understand the timeline and required for approval and schedule a public hearing for potential adoption of the Fiscal Year 2023-24 Budget.

PROPOSED BUDGET AND FEE STUDY TIMELINE

<p>April/May 2023</p>	<p>Newspaper announcement is sent to be published in the paper on Wednesday, April/May & Saturday, April/May 2023</p>
<p>April Regular/Special Rent Board Meeting April/May <i>Packet published at least 10 days prior</i></p>	<p>PUBLIC HEARING HELD: Board receives revised FY 23/24 Budget and Fee Study and considers adoption (if not adopted, item may be continued in May, potential Special Meetings required)</p>
<p>City Council Meeting on June 6, 2023 (staff will insert placeholder for subsequent meetings in the event item requires several meetings) <i>(Item request due in eSCRIBE 5/18/23, supporting docs due 5/19)</i></p>	<p>City Council Adopts Resolution Approving FY 23/24 Rental Housing Fee</p>
<p>June 7, 2023</p>	<p>Rent Program staff notify Finance Department staff of adopted fee for inclusion in the City's Master Fee Schedule</p>

EXPENSE AND REVENUE SUMMARY

FISCAL YEAR	BUDGETED AMOUNT	FUNDS EXPENDED	FEE REVENUE COLLECTED	COLLECTION RATE
2017-18	FY 16-17 (partial): \$1,150,433	\$1,967,834	\$2,753,351	77%
	FY 17-18: \$2,425,338			
2018-19	\$2,804,925	\$2,047,186	\$2,192,672	78%
2019-20	\$2,923,584	\$2,264,738	\$2,684,140	92%
2020-21	\$2,896,242	\$2,137,638	\$2,778,234	96%
2021-22	\$2,893,854	\$2,175,258	\$2,346,795	81%

COMPARISON TO PEER JURISDICTIONS

Jurisdiction Actively Enforced Programs	Program Fees (FY 2022-2023)	Regulated Rental Units (Estimated)
Berkeley	\$290 per unit	19,204
	(Fully Covered Properties)	(Fully Covered Properties)
	\$178 per unit	7,000
	(Partially Covered Properties)	(Partially Covered Properties)
East Palo Alto	\$266 per unit	2,467
Richmond	\$226 per unit	7,665
	(Fully Covered Properties)	(Fully Covered Properties)
	\$127 per unit	10,485
	(Partially Covered Properties)	(Partially Covered Properties)
Santa Monica	\$228	27,484

RENTAL HOUSING FEES FROM PRIOR YEARS

FISCAL YEAR	FULLY COVERED RENTAL UNITS	PARTIALLY COVERED/GOVERNMENTALLY SUBSIDIZED RENTAL UNITS
2017-18	\$145	\$145
2018-19	\$207	\$100*
2019-20	\$212	\$112
2020-21	\$219	\$124
2021-22	\$218	\$123
2022-23	\$226	\$127

* Governmentally Subsidized \$50 for 2018-19

ADOPTED FISCAL YEAR 2022-23 BUDGET

ADOPTED FY 2022 - 2023 RENT PROGRAM BUDGET AND FEE STUDY

FEE STUDY

				# UNITS	Proposed Fee	Revenue			Program Fee		Just Cause Fee		Rent Control Fee
				7,665	\$226	\$1,729,668		2022-23	\$ 87.60		\$ 39.53		\$ 98.52
				10,485	\$127	\$1,333,019							
						\$3,062,687							

BUDGET

Object #	City Account Description	FY 18-19 ACTUALS	FY 19-20 ACTUALS	FY 20-21 ACTUALS	FY 21-22 PROPOSED	FY 22-23 PROPOSED	Notes	Program Allocation (%)	Program Allocation (\$)	Just Cause Allocation (%)	Just Cause Allocation (\$)	Rent Control Allocation (%)	Rent Control Allocation (\$)
	REVENUES												
340445	Fees/Admin Fees	2,189,703	2,681,689	2,764,961	2,893,854	3,062,687	(1)						
361701	Int & Invest/Pooled-All Other	367	11,537	6,096	14,460	14,000							
364867	Revenue from Collections	133	13,042	24,796	30,000	30,000							
	TOTAL REVENUES	2,190,203	2,706,268	2,795,854	2,938,314	3,106,687							
	EXPENSES												
400001	Salaries & Wages/Executive	530,092	639,594	649,356	677,798	724,848	(2)	55%	398,666	20%	144,970	25%	181,212
400002	Salaries & Wages/Mgmt-Local 21	294,152	263,080	183,838	284,628	324,846	(2)	55%	178,665	20%	64,969	25%	81,212
400003	Salaries & Wages/Local 1021	128,866	150,317	168,422	169,860	202,332	(2)	55%	111,283	20%	40,466	25%	50,583
400006	Salaries & Wages/PT-Temp	49,557	45,905	32,244	43,036	35,776	(2)	55%	19,677	20%	7,155	25%	8,944
400031	Overtime/General	4,778	2,094	1,312	2,500	2,500		55%	1,375	20%	500	25%	625
400048	Other Pay/Bilingual Pay	6,993	9,064	9,719	11,377	11,172		55%	6,145	20%	2,234	25%	2,793
400049	Other Pay/Auto Allowance	4,200	4,200	4,200	4,200	4,200		55%	2,310	20%	840	25%	1,050
400050	Other Pay/Medical-In Lieu of	2,700	1,500	-	2,400	-		55%	-	20%	-	25%	-
400079	Comp Absences/WC-Prof-Mgt-Tec	1,486	5,328	-	-	-		55%	-	20%	-	25%	-
	Subtotal - Salaries & Wages	1,022,823	1,121,084	1,049,091	1,195,799	1,305,674			718,120		261,135		326,418
400103	P-Roll Ben/Medicare Tax-ER Shr	14,937	16,389	15,313	15,992	18,207	(3)	55%	10,014	20%	3,641	25%	4,552
400104	P-Roll Ben/PERS Benefits	-	-	-	-	-		55%	-	20%	-	25%	-
400105	P-Roll Ben/Health Insurance Be	146,557	136,575	128,611	140,309	232,291	(3)	55%	127,760	20%	46,458	25%	58,073
400106	P-Roll Ben/Dental Insurance	16,652	17,021	17,534	15,508	17,520	(3)	55%	9,636	20%	3,504	25%	4,380
400109	P-Roll Ben/Employee Assistance	430	473	422	464	216	(3)	55%	119	20%	43	25%	54
400110	P-Roll Ben/Professional Dev-Mg	3,728	5,200	1,500	3,750	6,750	(3)	55%	3,713	20%	1,350	25%	1,688
400111	P-Roll Ben/Vision	2,106	2,095	2,049	2,052	2,052	(3)	55%	1,129	20%	410	25%	513
400112	P-Roll Ben/Life Insurance	5,557	4,006	3,433	3,713	4,139	(3)	55%	2,276	20%	828	25%	1,035
400114	P-Roll Ben/Long Term Disabilit	9,408	10,100	9,259	10,076	12,342	(3)	55%	6,788	20%	2,468	25%	3,086
400116	P-Roll Ben/Unemployment Ins	1,860	5,100	4,960	5,730	5,472	(3)	55%	3,010	20%	1,094	25%	1,368
400117	P-Roll Ben/Personal/Prof Dev	750	1,493	1,500	5,250	2,250	(3)	55%	1,238	20%	450	25%	563
400118	P-Roll Ben/Worker Comp-Injury Appt	-	-	692	359	-	(3)	55%	-	20%	-	25%	-
400121	P-Roll Ben/Worker Comp-Clerica	13,806	12,154	14,541	19,240	24,001	(3)	55%	13,201	20%	4,800	25%	6,000
400122	P-Roll Ben/Worker Comp-Prof	69,352	60,744	74,891	79,290	-	(3)	55%	-	20%	-	25%	-
400127	P-Roll Ben/OPEB	39,338	43,623	42,145	22,763	40,723	(3)	55%	22,398	20%	8,145	25%	10,181
400130	P-Roll Ben/PARS Benefits	642	434	50	94	-	(3)	55%	-	20%	-	25%	-
400149	P-Roll Ben/Misc	123,021	140,616	139,314	151,638	156,287	(3)	55%	85,958	20%	31,257	25%	39,072
400151	P-Roll Ben/Misc (UAL)	162,985	235,683	271,234	271,391	287,268	(3)	55%	157,997	20%	57,454	25%	71,817
	Subtotal Fringe Benefits	611,127	691,706	727,447	747,618	809,518			445,235		161,904		202,380

ADOPTED FISCAL YEAR 2022-23 BUDGET- CONTINUED

400201	Prof Svcs/Professional Svcs	32,112	38,241	10,957	18,350	143,455	(4)	55%	78,900	20%	28,691	25%	35,864
400206	Prof Svcs/Legal Serv Cost	137,614	193,742	149,994	210,000	210,000	(5)	10%	21,000	70%	147,000	20%	42,000
400220	Prof Svcs/Info Tech Services	2,375	-	2,142	-	-	-	55%	-	20%	-	25%	-
400241	Travel & Trng/Meal Allowance	359	-	-	-	-	-	55%	-	20%	-	25%	-
400242	Travel & Trng/Mileage	1,284	17	-	-	-	-	55%	-	20%	-	25%	-
400243	Travel & Trng/Conf. Mtng Trng	280	-	-	-	-	-	55%	-	20%	-	25%	-
400245	Travel & Trng/Tuition Rmb/Cert	800	800	-	800	800	(6)	55%	440	20%	160	25%	200
400261	Dues & Pub/Memberships & Dues	824	1,590	1,453	1,650	1,650	(7)	55%	908	20%	330	25%	413
400263	Dues & Pub/Subscription	1,500	-	-	-	-	-	55%	-	20%	-	25%	-
400271	Ad & Promo/Advertising & Promo Materials	1,559	2,106	1,702	5,675	800	(8)	55%	440	20%	160	25%	200
400272	Ad & Promo/Community Events	1,563	1,722	-	-	-	-	55%	-	20%	-	25%	-
400280	Adm Exp/Program Supplies	5,292	1,600	3,432	3,950	5,380	(9)	55%	2,959	20%	1,076	25%	1,345
	Subtotal Prof & Admin Services	185,563	239,819	169,680	240,425	362,085			104,647		177,417		80,021
400231	Off Exp/Postage & Mailing	10,849	5,905	6,528	22,647	17,300	(10)	55%	9,515	20%	3,460	25%	4,325
400232	Off Exp/Printing & Binding	12,071	3,295	3,428	25,807	24,404	(11)	55%	13,422	20%	4,881	25%	6,101
400233	Off Exp/Copying & Duplicating	46	-	236	500	500	-	55%	275	20%	100	25%	125
400304	Rental Exp/Equipment Rental	8,721	4,532	2,488	8,000	9,000	(12)	55%	4,950	20%	1,800	25%	2,250
400321	Misc Exp/Misc Contrib	3,000	-	1,500	3,000	2,000	(13)	55%	1,100	20%	400	25%	500
400322	Misc Exp/Misc Exp	3,061	2,262	-	2,925	2,000	-	55%	1,100	20%	400	25%	500
400341	Off Supp/Office Supplies	8,721	6,024	1,891	6,795	5,000	-	55%	2,750	20%	1,000	25%	1,250
400344	Off Supp/Computer Supplies	18	783	-	-	-	-	55%	-	20%	-	25%	-
	Subtotal Other Operating	46,486	22,801	16,072	69,674	60,204			33,112		12,041		15,051
400401	Utilities/Tel & Telegraph	254	414	551	500	500	-	55%	275	20%	100	25%	125
400538	Contract Svcs/Other Contract Svcs	-	-	103	-	-	-	55%	-	20%	-	25%	-
400552	Prov Fr Ins Loss/Ins Gen Liab	8,029	8,765	9,047	9,300	9,300	-	55%	5,115	20%	1,860	25%	2,325
400574	Cost Pool/(ISF)-Gen Liab	55,701	75,144	69,513	79,937	-	(14)	55%	-	20%	-	25%	-
400586	Cost Pool/(CAP)-Admin Charges	51,454	51,454	51,454	52,481	-	(14)	55%	-	20%	-	25%	-
400591	Cost Pool/(IND)/Civic Ctr Alloc	52,420	47,026	50,289	50,286	48,217	-	55%	26,519	20%	9,643	25%	12,054
400601	Noncap Asst/Comp Hrdware<5K	-	6,526	-	10,800	-	-	55%	-	20%	-	25%	-
400604	Noncap Asst/Furniture <5K	13,328	-	-	-	-	-	55%	-	20%	-	25%	-
	TOTAL EXPENSES	2,047,186	2,264,738	2,143,246	2,456,820	2,595,497			1,333,024		624,099		638,374
	OPERATING RESERVE	560,985	424,794	420,821	429,944	467,190	(15)	55%	256,954	20%	93,438	25%	116,797
	TOTAL BUDGET	2,604,925	2,923,584	2,896,242	2,886,764	3,062,687			1,589,978		717,537		755,172

10-YEAR FINANCIAL PROJECTION

FINANCIAL STABILITY RECOMMENDATIONS (First 3):

- 1. Maximizing revenue** – A significant challenge for the Rent Program is identifying all units that are subject to the Rental Housing Fee.
- 2. Inflationary increase for Rental Housing Fee** -The City includes an inflationary increase in most of its fees when it adopts its Master Fee Schedule each year. It determines the percentage increase based on the Employment Cost Index from the US Bureau of Labor Statistics. The Rent Board does not include inflationary increases for its fees. Large increases every few years are harder than smaller increases every year for both the Rent Board and the landlords. A steady planned increase in the fee allows planning by both parties, is consistent with the Rent Board's need to match revenues and expenditures and is logical to landlords.
- 3. Reserve policy** - The Government Finance Officers Association (GFOA) recommends that governments should maintain a prudent level of financial reserves to protect against reducing service levels or raising fees because of temporary revenue shortfalls or unpredicted one-time expenditures. Currently at 18%.

FY 2023-24 is in line with projected 10-year Financial Projection for Revenues and Expenditure

RECOMMENDED ACTION

- ❖ **RECEIVE** a presentation regarding the Rent Program budget process and requirements for the Fiscal Year 2023-24 Rent Program operating Budget and corresponding Rental Housing Fee Study and discuss scheduling a Special meeting to review a preliminary proposed Rent Program Budget and corresponding Fee Study for the Fiscal Year 2023-24 Budget.