

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: May 17, 2023

Final Decision Date Deadline: May 17, 2023

STATEMENT OF THE ISSUE: Section 11.100.060(n) of the Rent Ordinance requires that the Board 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. In consideration of this requirement, staff members have prepared a proposed Fiscal Year 2023-24 budget and fee study and provided the Rent Board with a prior 10-year financial projection for its consideration and comment. The purpose of this item is to receive feedback from the Board on the proposed budget prior to its adoption by the July 1 deadline.

INDICATE APPROPRIATE BODY

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|---|---|--|--|---|
| <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 type="checkbox"/> Other: |
| <input type="checkbox"/> Contract/Agreement | <input checked="" type="checkbox"/> Rent Board As Whole | |
| <input type="checkbox"/> Grant Application/Acceptance | <input type="checkbox"/> Claims Filed Against City of Richmond | |
| <input type="checkbox"/> Resolution | <input type="checkbox"/> Video/PowerPoint Presentation (contact KCRT @ 620.6759) | |

RECOMMENDED ACTION: (1) RECEIVE a draft Fiscal Year 2023-24 Rent Program Budget and corresponding Rental Housing Fee Study to PROVIDE direction to staff; and (2) CONSIDER adoption of the Fiscal Year 2023-24 Budget and approval of the Fee Study consistent with Sections 11.100.060(n) and (l) of the Rent Ordinance – Rent Program (Nicolas Traylor/Fred Tran – 620-6564).

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AGENDA REPORT

DATE: May 17, 2023

TO: Chair Cantor and Members of the Rent Board

FROM: Nicolas Traylor, Executive Director
Fred Tran, Deputy Director

SUBJECT: PROPOSED FISCAL YEAR 2023-24 BUDGET AND FEE STUDY

STATEMENT OF THE ISSUE:

Section 11.100.060(n) of the Rent Ordinance requires that the Board 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. In consideration of this requirement, staff members have prepared a proposed Fiscal Year 2023-24 budget and fee study and provided the Rent Board with a prior 10-year financial projection for its consideration and comment. The purpose of this item is to receive feedback from the Board on the proposed budget prior to its adoption by the July 1 deadline.

RECOMMENDED ACTION:

(1) RECEIVE a draft Fiscal Year 2023-24 Rent Program Budget and corresponding Rental Housing Fee Study to PROVIDE direction to staff; and (2) CONSIDER adoption of the Fiscal Year 2023-24 Budget and approval of the Fee Study consistent with Sections 11.100.060(n) and (l) of the Rent Ordinance – Rent Program (Nicolas Traylor/Fred Tran – 620-6564).

FISCAL IMPACT:

The proposed budget and Rental Housing Fee study for the 2023-24 Fiscal Year would authorize \$2,760,075 in expenses and \$2,830,075 in revenues. The Rental Housing Fee for the 2023-24 fiscal year is proposed: \$202 for Fully Covered Rental Units and \$115 for Partially Covered Rental Units.

DISCUSSION:

Proposed Fiscal Year 2023-24 Goals

The proposed Fiscal Year 2023-24 budget has been prepared for the Board's consideration in acknowledgement of the following goals in three broad categories: Program Development, Outreach, and Program Sustainability and Compliance.

PROGRAM DEVELOPMENT:

1. 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. Work closely with newly hired staff and existing staff to increase understanding of the Rent Ordinance and procedures. Provide mediation training for staff in the process of counseling Landlord and Tenants, who regularly mediate complicated Landlord/Tenant disputes related to rents and evictions.
2. 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). Begin implementing a system to better support the Program and allow online enrollment and registration.
3. Enhance legal services for Richmond small property owners and Tenants to address the impact of the COVID-19 Pandemic. Enhance eviction defense services for Richmond Tenants.

OUTREACH:

1. 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 new pandemic related laws and other common topics such as Just Cause for Eviction, Owner Move-In Evictions, Rent Increases, the Rent Adjustment Petition process, the Ellis Act, and the Relocation Ordinance). Restart in-person outreach efforts by tabling at various community events.
2. 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).
3. Develop systems to produce Notices of the Maximum Allowable Rent (MAR) (sent to Landlords and Tenants when Tenancy Registration Forms are submitted), including a database accessible to the public where community

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members can research the MAR for a particular rental unit. Build an indicator in the system to notify staff of rent increases beyond MAR.

4. The Rent Program intends to conduct a Tenant survey in fiscal year 2023-24 to receive assessment and feedback from the rental community on the impact of eviction protections and rent stabilization and associated Rent Program services. The contracted amount will be at a nominal fee. Rent Program staff intend to propose a Landlord survey for fiscal year 2024-2025.

PROGRAM SUSTAINABILITY AND COMPLIANCE:

1. Provide the highest level of service to the rental community. To properly administer these services, the Rent Program must continually collect sufficient Residential Rental Housing Fees necessary to support the Program operations.
2. Improve and focus on sustainability of the agency. The success of the Program is tied to the ability to retain, develop, and effectively deploy staff resources in the most effective and efficient manner possible. Enhance front desk resources to improve responsiveness and customer service. Conduct collection related outreach to rental property owners not in compliance with the requirement to pay the Residential Rental Housing Fee.
3. Continue to work collaboratively with City departments to improve rental housing inspection options, rent assistance resources and options, enforcement of the Relocation Ordinance, and the collection of the Residential Rental Housing Fee and other City fees (e.g., Business License Tax, Fire Prevention Services Fee, and Rental Inspection Program fee).
4. 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. A more effective and efficient database will allow for more accurate billing, enhancing the Program's collection rate, and improving the Program's ability to accurately track lawful rents, Hearing's decisions, eviction trends, etc. The anticipated long-term impact should be a decrease in overall long-term staff costs.

Proposed Fiscal Year 2023-24 Budget Summary

The proposed total expenditures for the 2023-24 fiscal year are presented in the following categories:

Category	Proposed FY 2023-24 Budget
Salaries and Wages	\$1,440,739
Fringe Benefits	\$880,050

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Professional and Administrative Services	\$417,458
Cost Pool (Admin. Charges, Space at 440 Civic Center Plaza, General Liability)	\$60,248
Other Operating Expenses	\$48,780
Supplemental Liability Insurance Policy (SLIP)	\$9,300
Utilities	\$500
Computer Hardware for Board Members	\$3,000
Carry forward from FY 2022-23 – System	(\$100,000)
TOTAL	\$2,760,075

Proposed Fiscal Year 2023-24 Residential Rental Housing Fee Study

Section 11.100.060(l)(1) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (“Rent Ordinance”) provides all Landlords shall pay a Residential Rental Housing Fee to fund the Rent Program budget. The amount of the Residential Rental Housing Fee is annually established by the Richmond 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. Therefore, a fee study is necessary to ensure that the Residential Rental Housing Fee recommended by the Rent Board and charged to Landlords is commensurate to the level of services provided by the Rent Program.

The fee study is designed to allow the Rent Program to recover costs of all budgeted operations, including, but not limited to:

- Personnel costs of staff, benefits, and overtime;
- Risk management and supplemental liability insurance plan (SLIP);
- Charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e., City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.);
- Information Technology (IT) expenses associated with a property and rent-tracking database and maintenance of computer hardware and software;
- Costs of education and outreach, including the printing and distribution of print materials and hosting of community workshops and seminars;
- Contracts for legal referrals, translation and other professional services;
- Attendance at conferences and trainings; and,
- An operating reserve to fund unanticipated costs and variations in collection of the Residential Rental Housing Fee.

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Staff members recommend the Board continue to utilize a tiered-fee approach to the Fiscal Year 2023-24 Rental Housing Fee to ensure the requirements of Section 50076 of the California Government Code are met.

The Fully and Partially Covered Fees decreasing in fiscal year 2023-24 is temporary. The decrease in fees is due to the Cost Pool charges not being budgeted for General Liability, Administrative Charges, and Workers' Compensation Insurance. Cost Pool for the Civic Center rent has been budgeted. Matrix Consulting is still currently conducting a Cost Pool study on the General Liability, Administrative Charges, and Workers' Compensation Insurance allocation methodology and amounts. Once the study is complete and Cost Pool charges are settled, the actual amounts will be included and budgeted in the following fiscal years. The Rent Program is continuing discussions with the City of Richmond on the Cost Pool allocations.

Additionally, the decrease in Revenues and Residential Rental Housing Fees for fiscal year 2023-24 is due to the current reserve balance level approaching twenty-five percent (25%) of the current year budgeted expenditures. The Reserve Policy requires the Board to maintain a minimum total reserve balance equal to eighteen percent (18%) of the Board's current year budgeted expenditures, not to exceed twenty-five percent (25%). If the total reserve balance exceeds twenty-five percent (25%) of the current year annual budget or is anticipated to exceed twenty-five percent (25%) 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.

Table 1 contains the fees corresponding to the proposed Fiscal Year 2023-24 budget.

Table 1. Fiscal Year 2023-24 Proposed Budget and Rental Housing Fees

		Proposed for FY 2023-24	Change from FY 2022-23 (Decrease)
TOTAL EXPENSES:¹		\$2,760,075	\$164,578 6.3%
Fully Covered Units²	7,749	\$202	(\$24) (10.7%)
Partially Covered Units (including subsidized units)³	10,385	\$115	(\$12) (9.7%)
TOTAL REVENUES⁴:		\$2,830,075	(\$276,612) (10.7%)

¹ Total expenditures do not include a budgeted reserve as in prior years

² Includes suspected Fully Covered rental units

³ Includes suspected Partially Covered rental units

⁴ Fees rounded up to the nearest full dollar

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The table below compares the proposed Fiscal Year 2023-24 Rental Housing Fee to prior year fees.

Table 2. Comparison of Proposed Fiscal Year 2023-24 Rental Housing Fee to Prior Year Fees

Fiscal Year	Fully Covered Rental Units	Partially Covered Rental Units
2017-18	\$145	\$145
2018-19	\$207	\$100 or \$50 (Gov. Subsidized) ⁵
2019-20	\$212	\$112
2020-21	\$219	\$124
2021-22	\$219	\$124
2022-23	\$226	\$127
2023-24 (Proposed)	\$202	\$115

Conclusion and Proposed Actions

The proposed 2023-24 Budget and Fee study reflects the short and long-term goals of the Rent Program and will allow the agency to recover costs of all budgeted operations without increasing the Rental Housing Fee. Rent Program Staff request the Rent Board to consider adoption of the Fiscal Year 2023-24 Budget and approval of the Fee Study consistent with Sections 11.100.060(n) and (l) of the Rent Ordinance

DOCUMENTS ATTACHED:

Attachment 1 – Proposed Fiscal Year 2023-24 Budget and Rental Housing Fee Study

⁵ Governmentally Subsidized Rental Units are not segregated from partially covered units. The only year in which that occurred was FY 18'-19'. As the same level of services are offered for both types of Rental Units, they are charged the same Fee.

FY 2023-24 BUDGET & RENTAL HOUSING FEE STUDY

CITY OF RICHMOND RENT PROGRAM

PROPOSED MAY 17, 2023:



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www.richmondrent.org



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ACKNOWLEDGMENTS

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I. RENT PROGRAM ORGANIZATION AND GOALS

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.

Proposed Fiscal Year 2023-24 Organizational Chart and Labor Summary

The Richmond Rent Program was established following the adoption of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (Rent Ordinance) by a majority of Richmond voters in 2016. In accordance with the Rent Ordinance, an Executive Director appointed by a five-member Rent Board comprised of Richmond residents leads the Rent Program.

The following figures illustrate how the proposed staffing plan for the upcoming year compares to prior years. Of note is the proposed addition of an Office Assistant to cover front desk duties. The rationale for this proposed change to the organizational chart is described in further detail below. Figure 1 contains the proposed organizational chart for fiscal year 2023-24, and Figures 2 and 3 provide a summary of full-time equivalents (FTEs) since Fiscal Year 2021-22.

Figure 1. FY 2023-24 Proposed Rent Program Organizational Chart

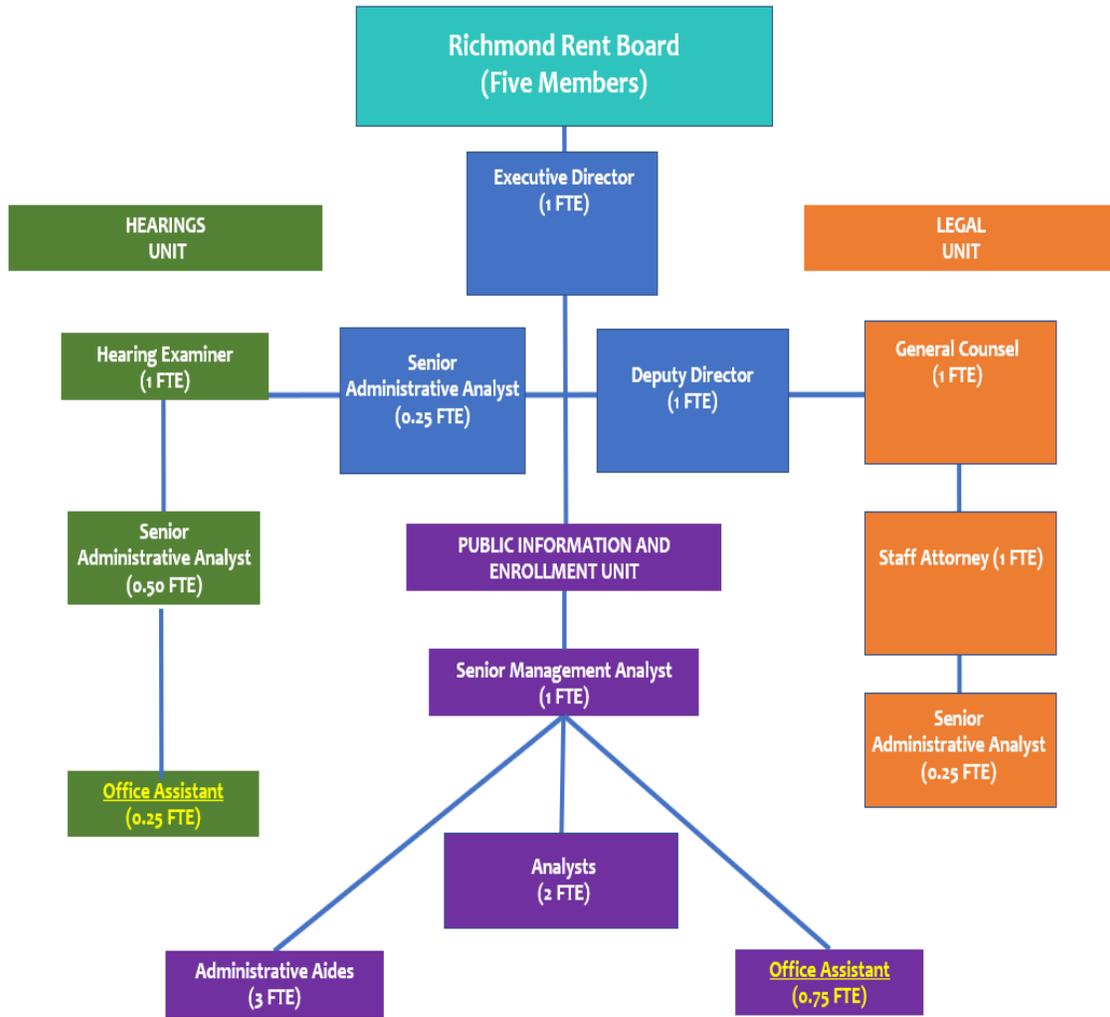


Figure 2. Proposed Fiscal Year 2023-24 Labor Summary

<i>Unit</i>	<i>Authorized Positions 2021/2022</i>	<i>Authorized Positions 2022/2023</i>	<i>Proposed Positions 2023/2024</i>	<i>Amount of Change 22/23 - 23/24</i>
Management	2.25	2.25	2.25	0
Legal	2.25	2.25	2.25	0
Public Information	N/A	N/A	N/A	N/A
Billing & Registration	N/A	N/A	N/A	N/A
Public Information & Enrollment	6.00	6.00	6.75	.75
Hearings	1.50	1.50	1.75	.25
TOTAL	12	12	13	1

Figure 3. Proposed Fiscal Year 2023-24 Permanent Staff by Classification

<u>Classification</u>	<u>Authorized Positions 2021/2022</u>	<u>Authorized Positions 2022/2023</u>	<u>Proposed Positions 2023/2024</u>	<u>Amount of Change 22/23 - 23/24</u>
Administrative Aide	3	3	3	0
Assistant Administrative Analyst	1	0	0	0
Office Assistant	0	0	1	1
Deputy Director	1	1	1	0
Executive Director	1	1	1	0
General Counsel	1	1	1	0
Hearing Examiner	1	1	1	0
Rent Program Services Analyst I/II	2	2	2	0
Senior Management Analyst	1	1	1	0
Senior Administrative Analyst	0	1	1	0
Staff Attorney	1	1	1	0
Total	12	12	13	1

Proposed addition for an Office Assistant

The proposed Fiscal Year 2023-24 budget includes the addition of an Office Assistant (1 FTE). This role will primarily cover the front desk to assist Landlords and Tenants seeking Rent Program services, scheduling housing counseling appointments, processing rent increases and termination of tenancy notices, and sending out educational materials to the public, among other duties.

Front desk duties were originally performed by a permanent full-time Administrative Aide who retired in late 2019. During the first years of the Rent Program a full-time front desk staff was necessary to handle the high volume of calls, emails, and office visits from Landlords and Tenants seeking information on the Richmond Rent Ordinance. When the COVID-19 Pandemic began in early 2020, the Rent Program Office pivoted to a hybrid with limited in person access to the office due to the local emergency order. With the Rent Program office less available to the public, the need for a full-time front desk person was superseded by the need to focus on collection of the Rental Housing Fee. Collecting Rent Program fees would become more challenging due to Landlords suffering financial losses related to the COVID-19 Pandemic and non-payment of rent. To address this concern, in 2019, a newly hired Administrative Aide was assigned to focus primarily on compliance and Program sustainability. Part-time Administrative Student Interns were utilized to handle incoming calls, emails, and other front desk related duties. In June of 2021, the City of Richmond and the Rent Program offices briefly opened to the public before shutting down again due to another surge in COVID-19 cases. During that brief reopening, it became clear that part-time Administrative Student Interns could not adequately cover all front desk duties. Furthermore, since part-time Administrative Student Interns' employment is

dependent on the students attending college classes, their availability was limited, and turnover was common. This led to regular and repeated resources having to be dedicated to on-onboarding and training of new Administrative Student Interns.

As of March 28, 2023, the Rent Program has been open to in-person services. A full-time staff is needed again to provide a consistent presence at the front desk and reduce resources spent on hiring and training new staff. Furthermore, with eviction moratoria having recently lapsed, staff anticipate an increase Tenants and Landlords seeking assistance with evictions, which should also increase office visits. The proposed addition of an Office Assistance to handle front desk duties will increase the overall number of full-time equivalents (FTEs) employed by the agency by one.

Investing in Retention of Executive Staff

Retaining the Rent Program's talented and experienced Executive staff should be a top priority for the agency and the Rent Board, especially in the current competitive labor market. To support the retention of the Rent Program's Executive Staff, reasonable salary adjustments are necessary. Between fiscal years 2020-21 to present, the majority of Executive Staff decided to forgo salary increases to help with the agency's fiscal sustainability (in anticipation of a decrease in the collection of the Rental Housing Fee, related to heightened financial strain the COVID-19 pandemic has had on Richmond Landlords). Staff recommend the Rent Board authorize salaries for Executive Staff to be adjusted to their budgeted and MOU negotiated amounts.

Proposed Increase in Eviction Defense Funding

In 2018 the Rent Board contracted with the Eviction Defense Center (EDC) to provide legal assistance and representation to Richmond Tenants facing evictions.

Since the inception of the contract with the Rent Board in 2018, the EDC has always over performed on providing services to the targeted number of clients each month. The current contract anticipates that the EDC will serve a minimum of 30 clients each month (15 new and 15 continuing), totaling 360 unduplicated clients annually. In the current fiscal year, the EDC has provided legal services to an average of 118 clients every month, and served 392 unduplicated clients. The EDC is on pace to serve more than three times the number of clients anticipated under the current contract. With the lifting of the eviction moratoria, the number of clients served are anticipated to increase in Fiscal Year 2023-24. Setting aside the anticipated increase in the number of Tenants needing eviction defense, to keep up with the previous and current demands, an increase in funding for the EDC is recommended.

The current contract (\$125,000) funds 85% FTE of an attorney and 25% FTE of a paralegal. Increasing EDC's contract by \$75,000 would cover another 50% FTE for an attorney and allow for an eviction defense attorney from the EDC to work at the Rent Program office instead of Tenants having to travel to the Eviction Defense Center's office in downtown Oakland for in-person services. The additional funding for the EDC will alleviate the current work burden and make it more convenient for Richmond Tenants to receive eviction defense services.

Legal Services for both Small Rental Property Owners and Tenants

Approximately 92% of Richmond rental property owners are small, “mom and pop” Landlords owning fewer than 5 units in Richmond. Historically, Richmond has been one of the few Bay Area Cities where owning a rental property was financially achievable for middle income households. Buying a small rental property helps in creating generational wealth and is part of many middle-income households’ retirement nest eggs. Small rental property owners typically receive less rental income and are more likely to face financial strain caused by expensive unexpected repairs, coupled with less secure rental income. As a result, small Landlords are more likely to find themselves struggling to afford legal advice related to lawfully terminate tenancies. Although the Rent Program housing counselors can provide Landlords (and Tenants) with valuable legal information and help understanding the law, they cannot provide legal advice, advocacy, or representation.

Rent Program staff has observed cases where small Landlords attempt to terminate tenancies without proper legal advice, which resulted in engaging in improper eviction tactics. Such tactics can lead to claims of harassment and illegal evictions. In some of these cases not having legal assistance and attempting to “do it on their own” led to costly affirmative lawsuits, threatening the ability to pass on generational wealth. Loss of and lack of generational wealth is a driving force for the continuation of generational poverty and financial instability.

The COVID-19 pandemic has exasperated financial strain for many of Richmond’s small Landlords, whose Tenants have struggled to pay rent due to the financial harm caused by the pandemic. This is evidenced by the continued high demand for rent assistance resources and mediations related to the repayment of rental debt. Rent Program staff recommend that the Rent Board budget \$75,000 for legal services for rental property owners (five or less rental units). This service would fund a half-time attorney (20 Hours a week) to provide Landlords owning less than 5 rental units with legal assistance, legal advice, and limited representation. Finally, this service would also be available to Richmond Tenants, who need general legal assistance. Legal assistance would include providing legal advice, writing letters on behalf of Tenants and limited representation.

Progress Towards the Achievement of Fiscal Year 2022-23 Goals

As part of the Fiscal Year 2023-24 Rent Program budget development process, staff members identified a series of goals that the proposed budget would support. As was the case for the greater City of Richmond and the nation, the COVID-19 pandemic forced a reconsideration of goals and objectives. Rent Program staff returned to work in March 2023 and the office is fully operational to the public. As the local emergency ceased and an increase of potential evictions or rental housing issues rise, additional staff resources are needed to assist with Tenant and Landlord disputes.

Table 1 provides a status update on the goals established for the 2022-23 fiscal year and notes the impacts of the COVID-19 Pandemic on the City of Richmond and the Rent Program.

Table 1. Progress towards achievement of Fiscal Year 2022-23 Goals

Fiscal Year 2022-23 Goal	Progress Towards Achievement
<p>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.</p>	<p>Nearly complete. Rent Program Services Analysts received regular and ongoing support and training from the managing Staff Attorney on the Rent Ordinance and related laws and regulations. Senior staff members provided specific training on new regulations and processes as needed. Rent Program Services Analysts provided weekly informational sessions to support staff in the Public Information Unit to keep them apprised of changes to the law and current topics of relevance. Rent Program Services Analysts also develop outreach materials to communicate updates to the community. Daily and weekly check-ins are conducted to assure Analysts can ask more situational nuance and situational questions on the Rent Ordinance.</p>
<p>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.</p>	<p>Nearly complete, but significantly impacted by the Covid-19 pandemic, work is ongoing. With mediation guidelines and administrative procedures in place, staff members continue to assess the bandwidth of the Public Information Unit to determine how many mediations may be scheduled per month. The Covid-19 pandemic delayed the process of filling vacancies in the Public Information Unit and eliminated the possibility of in-person mediation. Mediation training has been completed by the Hearing Examiner, Staff Attorney, Senior Management Analyst, and the Rent Program Service Analysts.</p>
<p>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.</p>	<p>Progress is ongoing. Online submission of forms and notices has yet to be fully launched; staff members anticipate systems will continue to be developed in the 2023-24 fiscal year. The upgrade to more a modern system for Rent Programs and City-wide is planned for the fiscal year 2023-24.</p>
<p>Publish and distribute the educational materials, such as the updated Guide to Rent Control and one-page fact sheets on common topics such as Just Cause for Eviction, Owner Move-In evictions, the Ellis Act, the Relocation Ordinance and COVID-19 pandemic related laws</p>	<p>Nearly complete but significantly impacted by the Covid-19 pandemic. The distribution of some educational materials, such as the updated Guide to Rent Control, was significantly delayed by the transition to remote work necessitated by the Covid-19 pandemic. Instead, Rent Program staff have pivoted their attention to developing FAQ’s, one-page factsheets and a comprehensive facts sheet and postcards on of pertinent pandemic related laws that have impacted Landlords and Tenants. Additionally, staff have produced significant outreach resources through online educational services, such as webinars, instructional videos and “micro-workshops” designed to educate the public on some of the more commonly asked questions, such as how to file notices of termination of tenancies with the Rent Program.</p> <p>Staff members anticipate completion of the Guide to Rent Control task in the 2023-24 fiscal year as the severity of the pandemic decreases, restrictions lessen, and a new Rent</p>

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ATTACHMENT 1**

	Program database is established to carry out outreach related to tenancy registration.
Fiscal Year 2023-24 Goal	Progress Towards Achievement
<p>Develop and Execute 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.</p>	<p>Progress is ongoing but was significantly impacted by the Covid-19 pandemic. During the 2020-21 fiscal year, the Executive Director, in partnership with Public Information Unit staff members spearheaded an outreach strategy to conduct site visits and make connections with local businesses, churches, and community centers. While the initiative gained momentum in the preceding fiscal year, progress was severely stunted in Fiscal Year 2022-23 due to the Covid-19 Pandemic limiting in-person contact.</p> <p>Instead, outreach was primarily conducted through the agency’s social media accounts, comprehensive fact sheets, webinars, instructional videos, and infographic reports regarding the Rent Program and Rent Ordinance. In-person outreach will resume in Fiscal Year 2023-24. Included in the outreach plan for 2023-24 is targeted enrollment and registration outreach to those rental property owners who are not in compliance with the requirement to enroll their properties and pay the Residential Rental Housing Fee.</p>
<p>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.</p>	<p>Progress is ongoing due to the limitations of remote work during the Covid-19 pandemic. Over three-fourths of all rent-controlled tenancies have been registered to date; however, thousands of forms still need to be entered into a database.</p> <p>Originally planned to be completed during the 2020-21 fiscal year, the launching of Tenancy Registration Outreach (generating and mailing notices of the Maximum Allowable Rent) was significantly delayed by the transition to remote work necessitated by the Covid-19 Pandemic and by the process of gaining City approval to establish a new Rent Program database that can perform such tasks.</p> <p>Staff members anticipate initiation of this task during the 2023-24 fiscal year as the severity of the pandemic decreases and with the development of the Rent Program’s planned database upgrade.</p>
<p>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 must pay Rental Housing Fees receive an invoice and made aware of their financial obligation to the Rent Program.</p>	<p>On Track to Complete and compliance is ongoing. Revenue from fiscal year 2022-23 and previous fiscal years is continuously being collected. The transition to remote work and the financial impacts of the COVID-19 Pandemic have led to delays by some property owners in paying the Rental Housing Fees, lowering the anticipated collection rate to approximately 85%. Rent Program staff anticipate that the development and utilization of a new Rent Program database will increase compliance with enrollment, tenancy registration and payment of the Residential Rental Housing Fee.</p>

<p>Continue to work collaboratively with other City Departments to improve rental housing inspection options, seismic safety policy, enforcement of the Relocation Ordinance, the Richmond Rent Assistance Program, and the collection of other City fees, such as the Business License Tax, Fire Prevention Services Fee, and Rental Inspection Program fee.</p>	<p>Progress is ongoing. Rent Program staff continue to host monthly meetings with the Richmond Fire Department, Code Enforcement, Richmond Housing Authority, and Community Development Department to foster open communication about issues pertaining to the Rent Ordinance. In addition to monthly meetings, the Public Information Unit are frequently in communication with the Finance and Community Development Departments to streamline operations and improve customer service provided to community members by facilitating information sharing and identifying opportunities for collaboration. The Finance Department currently updated their systems to invoice and credit fees for Measure U. Program staff worked collaboratively with Finance staff to assure payments were verified for Landlords that qualified for the credit.</p> <p>After having spread headed the development of Richmond's interim rent assistance program, Public Information staff and Rent Program management have continued to work (meeting bi-weekly) with a coalition of rent assistance agencies and the City of Richmond to provide rent assistance to Richmond Landlords and Tenants.</p>
<p>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.</p>	<p>Ongoing. Rent Program staff provides a monthly variance report to the Rent Board to compare budgeted revenues and expenditures monthly. Rent Program financing is currently in line with the 10-year financial projection. In fiscal year 2022-23, the Rent Board authorized the funding of an upgraded database system customized to the agency's needs. The new solution will offer Customer Relations Management, a Billing/Invoice component, an Interaction Log, Registration of tenancies, tracking of Maximum Allowable Rents, and Rent Adjustment Petition Management. Finally, over the last several fiscal years, the Rent Program has collected adequate Rental Housing Fees to reach the 25% threshold in reserves, which means budgeting for fewer reserves in fiscal year 2023-24 (5% instead of 18%) to assure reserves do not exceed the 25% limit.</p>

Proposed Fiscal Year 2023-24 Goals

The proposed Fiscal Year 2023-24 budget has been prepared for the Board's consideration in acknowledgement of the following goals in three broad categories: Program Development, Outreach, and Program Sustainability and Compliance.

PROGRAM DEVELOPMENT:

- 1. 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. Work closely with newly hired staff and existing staff to increase understanding of the Rent Ordinance and procedures. Provide mediation training for staff in the process of counseling Landlord and

Tenants, who regularly mediate complicated Landlord/Tenant disputes related to rents and evictions.

2. **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). Begin implementing a system to better support the Program and allow online enrollment and registration.
3. **Enhance legal services** for Richmond small property owners and Tenants to address the impact of the COVID-19 Pandemic. Enhance eviction defense services for Richmond Tenants.

OUTREACH:

1. **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 new pandemic related laws and other common topics such as Just Cause for Eviction, Owner Move-In Evictions, Rent Increases, the Rent Adjustment Petition process, the Ellis Act, and the Relocation Ordinance). Restart in-person outreach efforts by tabling at various community events.
2. **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).
3. **Develop systems to produce** Notices of the Maximum Allowable Rent (MAR) (sent to Landlords and Tenants when Tenancy Registration Forms are submitted), including a database accessible to the public where community members can research the MAR for a particular rental unit. Build an indicator in the system to notify staff of rent increases beyond MAR.
4. **The Rent Program intends to conduct a Tenant survey** in fiscal year 2023-24 to receive assessment and feedback from the rental community on the impact of eviction protections and rent stabilization and associated Rent Program services. The contracted amount will be at a nominal fee. Rent Program staff intend to propose a Landlord survey for fiscal year 2024-2025.

PROGRAM SUSTAINABILITY AND COMPLIANCE:

1. **Provide the highest level of service to the rental community.** To properly administer these services, the Rent Program must continually collect sufficient Residential Rental Housing Fees necessary to support the Program operations.
2. **Improve and focus on sustainability of the agency.** The success of the Program is tied to the ability to retain, develop, and effectively deploy staff resources in the most

effective and efficient manner possible. Enhance front desk resources to improve responsiveness and customer service. Conduct collection related outreach to rental property owners not in compliance with the requirement to pay the Residential Rental Housing Fee.

3. **Continue to work collaboratively with other City departments** to improve rental housing inspection options, rent assistance resources and options, enforcement of the Relocation Ordinance, and the collection of the Residential Rental Housing Fee and other City fees (e.g., Business License Tax, Fire Prevention Services Fee, and Rental Inspection Program fee).
4. **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. A more effective and efficient database will allow for more accurate billing, enhancing the Program's collection rate, and improving the Program's ability to accurately track lawful rents, Hearing's decisions, eviction trends, etc. The anticipated long-term impact should be a decrease in overall long-term staff costs.

II. PROPOSED FY 2023-24 BUDGET

The figure below contains the revised Fiscal Year 2023-24 budget based on feedback provided by the Rent Board at its May 17, 2023, meeting. Detailed descriptions of the components within each line item are contained in the sections that follow.

BUDGET								
Object #	City Account Description	FY 18-19 ACTUALS	FY 19-20 ACTUALS	FY 20-21 ACTUALS	FY 21-22 ACTUALS	FY 22-23 ADOPTED	FY 23-24 PROPOSED	Notes
REVENUES								
340445	Fees/Admin Fees	2,189,703	2,681,689	2,764,961	2,332,429	3,062,687	2,760,075	(1)
361701	Int & Invest/Pool-All Other	367	11,537	6,096	4,619	14,000	20,000	
364867	Revenue from Collections & Other	133	13,042	24,796	19,641	30,000	50,000	
TOTAL REVENUES		2,190,203	2,706,268	2,795,854	2,356,688	3,106,687	2,830,075	
EXPENSES								
400001	Salaries & Wages/Executive	530,092	639,594	649,356	676,463	724,848	763,257	(2)
400002	Salaries & Wages/Mgmt-Local 21	294,152	263,080	183,838	147,008	324,846	353,101	(2)
400003	Salaries & Wages/Local 1021	128,866	150,317	168,422	152,925	202,332	268,646	(2)
400006	Salaries & Wages/PT-Temp	49,557	45,905	32,244	35,234	35,776	37,565	(2)
400031	Overtime/General	4,778	2,094	1,312	1,793	2,500	2,500	(2)
400048	Other Pay/Bilingual Pay	6,993	9,064	9,719	7,910	11,172	11,470	(2)
400049	Other Pay/Auto Allowance	4,200	4,200	4,200	4,200	4,200	4,200	(2)
400050	Other Pay/Medical-In Lieu of	2,700	1,500	-	-	-	-	
400079	Comp Absences/WC-Prof-Mgt-Tec	1,486	5,328	-	-	-	-	
400058	OTHER PAY/Bonuses	-	-	-	34,200	-	-	
Subtotal - Salaries & Wages		1,022,823	1,121,084	1,049,091	1,059,732	1,305,674	1,440,739	
400103	P-Roll Ben/Medicare Tax-ER Shr	14,937	16,389	15,313	15,435	18,207	20,774	(3)
400105	P-Roll Ben/Health Insurance Be	146,557	136,575	128,611	168,100	232,291	271,329	(3)
400106	P-Roll Ben/Dental Insurance	16,652	17,021	17,534	13,509	17,520	18,031	(3)
400109	P-Roll Ben/Employee Assistance	430	473	422	244	216	234	(3)
400110	P-Roll Ben/Professional Dev-Mg	3,728	5,200	1,500	250	6,750	7,500	(3)
400111	P-Roll Ben/Vision	2,106	2,095	2,049	1,588	2,052	2,158	(3)
400112	P-Roll Ben/Life Insurance	5,557	4,006	3,433	3,336	4,139	3,931	(3)
400114	P-Roll Ben/Long Term Disabilit	9,408	10,100	9,259	6,952	12,342	11,996	(3)
400116	P-Roll Ben/Unemployment Ins	1,860	5,100	4,960	4,440	5,472	5,928	(3)
400117	P-Roll Ben/Personal/Prof Dev	750	1,493	1,500	1,140	2,250	2,250	(3)
400118	P-Roll Ben/Worker Comp-Injury Appt	-	-	692	-	-	-	
400121	P-Roll Ben/Worker Comp-Clerica	13,806	12,154	14,541	9,042	24,001	6,923	(3)
400122	P-Roll Ben/Worker Comp-Prof	69,352	60,744	74,891	47,762	-	-	(14)
400127	P-Roll Ben/OPEB	39,338	43,623	42,145	40,276	40,723	32,127	(3)
400130	P-Roll Ben/PARS Benefits	642	434	50	398	-	-	
400149	P-Roll Ben/Misc	123,021	140,616	139,314	128,986	156,287	186,975	(3)
400151	P-Roll Ben/Misc (UAL)	162,985	235,683	271,234	252,844	287,268	309,894	(3)
Subtotal Fringe Benefits		611,127	691,706	727,447	694,301	809,518	880,050	
400201	Prof Svcs/Professional Svcs	32,112	38,241	10,957	10,460	143,455	133,400	(4)
400206	Prof Svcs/Legal Serv Cost	137,614	193,742	149,994	183,326	210,000	275,000	(5)
400220	Prof Svcs/Info Tech Services	2,375	-	2,142	2,205	-	-	
400241	Travel & Trng/Meal Allowance	359	-	-	-	-	-	
400242	Travel & Trng/Mileage	1,284	17	-	-	-	-	
400243	Travel & Trng/Conf, Mtng Trng	280	-	-	-	-	-	
400245	Travel & Trng/Tuition Rmb/Cert	800	800	-	-	800	800	(6)
400261	Dues & Pub/Memberships & Dues	824	1,590	1,453	1,437	1,650	1,650	(7)
400263	Dues & Pub/Subscription	1,500	-	-	-	-	-	
400271	Ad & Promo/Advertising & Promo Materials	1,559	2,106	1,702	3,928	800	800	(8)
400272	Ad & Promo/Community Events	1,563	1,722	-	-	-	-	
400280	Adm Exp/Program Supplies	5,292	1,600	3,432	1,126	5,380	5,808	(9)
Subtotal Prof & Admin Services		185,563	239,819	169,680	202,481	362,085	417,458	
400231	Off Exp/Postage & Mailing	10,849	5,905	6,528	14,981	17,300	15,355	(10)
400232	Off Exp/Printing & Binding	12,071	3,295	3,428	735	24,404	15,425	(11)
400233	Off Exp/Copying & Duplicating	46	-	236	-	500	-	
400304	Rental Exp/Equipment Rental	8,721	4,532	2,488	2,554	9,000	9,000	(12)
400321	Misc Exp/Misc Contrib	3,000	-	1,500	1,500	2,000	2,000	(13)
400322	Misc Exp/Misc Exp	3,061	2,262	-	173	2,000	2,000	
400341	Off Supp/Office Supplies	8,721	6,024	1,891	6,457	5,000	5,000	
400344	Off Supp/Computer Supplies	18	783	-	-	-	-	
Subtotal Other Operating		46,486	22,801	16,072	26,400	60,204	48,780	
400121	Carry forward from FY 2022-23 - System	-	-	-	-	-	(100,000)	(1)
400401	Utilities/Tel & Telegraph	254	414	551	498	500	500	
400538	Contract Svcs/Other Contract Svcs	-	-	103	150	-	-	
400552	Prov Fr Ins Loss/Ins Gen Liab	8,029	8,765	9,047	8,991	9,300	9,300	
400574	Cost Pool/(ISF)-Gen Liab	55,701	75,144	69,513	79,937	-	-	(14)
400586	Cost Pool/(CAP)-Admin Charges	51,454	51,454	51,454	52,481	-	-	(14)
400591	Cost Pool/(IND)Civic Ctr Alloc	52,420	47,026	50,289	50,286	48,217	60,248	(14)
400601	Noncap Asst/Comp Hrdware<5K	-	6,526	-	-	-	3,000	(15)
400604	Noncap Asst/Furniture <5K	13,328	-	-	-	-	-	
TOTAL EXPENSES		2,047,186	2,264,738	2,143,246	2,175,258	2,595,497	2,760,075	
NET BUDGET BALANCE		143,017	441,530	652,608	181,431	511,190	70,000	

Budget Notes

- (1) Assumes a Fiscal Year 2023-24 Rental Housing Fee of \$202 for Fully Covered units and \$115 for Partially Covered units.
- (2) See detailed Salary and Wage assumptions.
- (3) The Rent Program received budgeted Fringe Benefits amounts from the City's Finance - Budget Division except for Workers Compensation.
- (4) Includes \$100,000 for cloud-based solution – IT charge, \$2,400 TRAKiT annual fee, \$4,500 for a property information subscription, \$3,000 for a legal research subscription, \$15,000 for scheduled interpretation, \$8,000 for written translation, and \$500 for on-demand interpretation services.
- (5) Includes \$2000,000 contract with the Eviction Defense Center to assist Tenants with Unlawful Detainer cases and \$75,000 to contract legal services for small Landlords.
- (6) In accordance with City personnel policies, eligible employees may receive reimbursement of up to \$800 for higher education tuition.
- (7) Anticipated cost of Bar Association dues for three attorneys (\$550 per Attorney).
- (8) Budgeted amount includes funds to satisfy the requirement to publish notices in the newspaper for public hearings as part of the budget adoption process, social media promotions, and promotional materials.
- (9) Budgeted amount includes the cost of email accounts for Rent Board Members, business cards, and videoconference/webinar accounts.
- (10) Budgeted amount reflects anticipated postage costs for Rental Housing Fee invoices, tenancy registration mailings, and the Guide to Rent Control.
- (11) Budgeted amount reflects anticipated printing costs for Rental Housing Fee invoices, tenancy registration mailings, and the Guide to Rent Control.
- (12) Lease of copy machines including a cost-per-copy amount 36-month lease.
- (13) Stipends for UC Berkeley Public Service Center interns, ranging from \$1,000 to \$1,500 and \$500 for Tenant survey to be conducted.
- (14) The Rent Program is working with the City to determine the proper methodology of Cost Pool allocation; the methodology and allocation is under review.
- (15) Budgeted technology for the Rent Board Members - computer or tablet hardware.

SALARIES AND WAGES	
400001 – 400006 Permanent Employees	Proposed Allocation: \$1,440,739

The allocation reflects salary-related costs for all filled positions and includes a Memorandum of Understanding negotiated monthly pay rate increase per each Bargaining Unit for Executive Staff Local 21, Mid-Management Local 21, and SEIU Local 1021. The rate increases took effect on January 1, 2023, at 5% and the City shall increase the monthly pay rate by 4% effective on January 1, 2024.

Position	Fiscal Year 2022-23 Salary	Fiscal Year 2023-24 Salary	Notes
Executive Director	\$165,603	\$172,368	Max Range- Wage Schedule
Hearing Examiner	\$149,596	\$155,702	MOU – 4% Increase 1/2024
General Counsel	\$152,649	\$163,487	MOU – 4% Increase 1/2024
Deputy Director	\$140,000	\$149,940	MOU – 4% Increase 1/2024
Staff Attorney	\$117,000	\$121,760	MOU – 4% Increase 1/2024
Subtotal Executive Staff	\$724,848	\$763,257	
Rent Program Services Analyst II	\$83,724	\$85,456	Step 2, 4% Increase
Senior Administrative Analyst	\$80,982	\$94,557	Reclassified from Assistant Admin. Analyst: Q3-2023 – 4% Increase
Rent Program Services Analyst I	\$74,244	\$75,734	Step 4, 4% Increase
Senior Analyst	\$85,896	\$97,354	Reclassified from Program Analyst – 4% Increase
Subtotal Local 21 Management Staff	\$324,846	\$353,101	
Administrative Aide	\$70,476	\$75,475	MOU – 4% Increase 1/2024
Administrative Aide	\$61,380	\$69,811	Step 2 4% Increase 1/2024
Administrative Aide	\$70,476	\$70,884	Regular step increase - MOU – 4% Increase 1/2024
Office Assistant II	\$0	\$52,476	Budget at Step 2
Subtotal SEIU 1021 Staff	\$202,332	\$268,646	
Administrative Student Intern	\$17,888	\$18,782	
Administrative Student Intern	\$17,888	\$18,783	
Subtotal Part Time/Temp Staff	\$35,776	\$37,564	
TOTAL SALARIES	\$1,287,802	\$1,422,569	

SALARIES AND WAGES	
400031 Overtime	Proposed Allocation: \$2,500

The allocation accounts for \$2,500 for the Public Information and Enrollment Unit for work that cannot be completed during regularly scheduled hours. Most overtime hours are anticipated to be incurred during billing and registration periods, when there is a high

volume of inquiries and thousands of mailers to print and assemble. The proposed allocation also accounts for overtime hours utilized during weekend or evening outreach events.

SALARIES AND WAGES	
400048 Bilingual Pay	Proposed Allocation: \$11,470

The allocation accounts for the two percent (2%) salary premium granted to seven (5) bilingual staff members employed by the Rent Program. These staff members include:

- Staff Attorney (1 FTE)
- Hearing Examiner (1 FTE)
- Rent Program Services Analysts (1 FTE)
- Senior Rent Program Services Analyst (1 FTE)
- Administrative Aides (1 FTE)

SALARIES AND WAGES	
400049 Auto Allowance	Proposed Allocation: \$4,200

The allocation accounts for an automobile allowance for the Executive Director, in the amount of \$350 per month.

BENEFITS	
400103 - 400151 Fringe Benefits	Proposed Allocation: \$880,050

The allocation accounts for benefits provided to full-time employees. Individual plan changes and/or actual rate changes during the fiscal year may affect the amount expended.

These benefits include:

- Health Benefits
 - Health Insurance (\$271,329)
 - Dental Insurance (\$18,031)
 - Employee Assistance Program (\$234)
 - Vision Insurance (\$2,158)
- Professional Development funds – 13 permanent employees are eligible for reimbursement of up to \$750 for eligible expenses (\$9,750)
- Medicare Taxes (\$20,774)
- Life Insurance (\$3,931)

- Long-Term Disability Insurance (\$11,996)
- Unemployment Insurance (\$5,928)
- Workers' Comp Insurance¹
 - Clerical staff (\$6,923)
 - Professional staff (\$0)
- Other Post-Employment Benefits (OPEB) (\$32,127)²
- Miscellaneous Benefits (\$496,869)³

PROFESSIONAL AND ADMINISTRATIVE SERVICES	
400201 Professional Services	Proposed Allocation: \$133,400

The allocation accounts for professional services provided by contractors. These services include:

- Cloud-based Solution suited for the Program's critical needs and goals. The system will improve the efficiency, accuracy, and reliability of the critical data. The available modules consist of a CRM/Database to store all the rental unit data such as property addresses, Landlord information, and activity/interaction log, which would include the history and summary of all submissions and notices filed with the Rent Program. The system would also integrate billing/invoicing. This will also allow online submissions of Property Enrollment forms, Tenancy Registration forms, and Rent Adjustment petitions. Finally, the solution will allow for comprehensive counseling and petition case management. Start-up costs and first year annual subscription (estimate \$100,000). This is a carry forward from Fiscal Year 2022-23. The project was deferred due to the contract being held up with the Finance Department.
- Translation Services
 - Written translation (\$8,000)
 - Scheduled verbal interpretation (\$15,000)
 - On-demand verbal interpretation (\$500)
 -
- Property Information subscription (\$4,500)

¹ The Rent Program received the Fringe Benefits from the Finance Department Budget Analyst based on the projected Total Salaries and Wages. No charge will be included in the budget for Worker's Compensation for Professional staff due to the methodology being reviewed by Cost Pool consultants.

² According to the California Department of Human Resources, through the collective bargaining process and under the authority of Government Code 22944.5, OPEB (Other Post-Employment Benefits) is the method by which the State of California, as the employer, and its employees jointly prefund health benefits that active employees will receive as state retirees. All employees in positions that are eligible for health benefits, whether currently enrolled, prefund OPEB. The state prefunds a matching contribution.

³ Miscellaneous benefits refer to the employer portion of CalPERS pension costs for miscellaneous (non-sworn) staff. CalPERS costs are remitted in two parts—one being a percentage of payroll each pay period (object code 400149) and the other being a flat dollar amount per FTE for the unfunded liability (object code 400151). CalPERS provides an annual valuation report that specifies these rates/dollar amounts.

- Legal Information subscription (\$250 per month, for a total of \$3,000)
- TRAKiT End User license for Citywide database (\$2,400)

PROFESSIONAL AND ADMINISTRATIVE SERVICES	
400206 Legal Services	Proposed Allocation: \$275,000

The allocation accounts for legal services provided by contractors for community members. The allocation includes funds for the legal services:

1. Community Services Agency Contracts
 - The Rent Program proposes to contract with the Eviction Defense Center in the amount of \$200,000 to provide legal referrals to individuals who need assistance with responding to Unlawful Detainer (eviction) lawsuits. Beginning this fiscal year, the Eviction Defense Center will offer weekly legal service clinics for both Landlords and Tenants who are Richmond property owners and residents.
 - The Rent Program intends to source a contract in the amount of \$75,000 for legal services for Landlords who own five or less rental units. This service will provide Landlords owning less than 5 rental units legal assistance, legal advice, and limited representation. This service will also be available to Tenants that reside in the City of Richmond.

TRAVEL AND TRAINING	
400245 Tuition Reimbursement	Proposed Allocation: \$800

The allocation accounts for reimbursement for tuition reimbursement, consistent with the City's personnel policies (\$800).

DUES AND PUBLICATIONS	
400261 Memberships & Dues	Proposed Allocation: \$1,650

The allocation accounts for California BAR Association dues for three attorneys (\$550 per attorney).

ADVERTISING AND PROMOTION	
400271 Advertising & Promotional Materials	Proposed Allocation: \$800

The allocation accounts for newspaper announcements as required as part of the budget adoption process (\$200) and monthly promotion on social media accounts (\$600).

ADMINISTRATIVE EXPENSES	
400280 Program Supplies	Proposed Allocation: \$5,808

The allocation includes funds for supplies not classified as office supplies, including:

- Emails for Rent Board Members (\$100 per month, for a total cost of \$1,200)
- Business cards for staff members (\$50 per order, for an estimated 2 orders, for a total cost of \$100)
- Zoom Accounts
 - 10 Standard Accounts (\$1,641)
 - 3 Webinar Accounts (\$2,267)

OFFICE EXPENSES	
400231 Postage and Mailing	Proposed Allocation: \$15,355

The allocation includes funds for mailing invoices, letters, and the Guide to Rent Control to Tenants and Landlords. Specifically, the allocation accounts for the following projects and assumes a postage rate of \$0.63 per envelope for all projects, except for the Guide to Rent Control mailing, which assumes a postage rate of \$1.00 per envelope:

- Rental Housing Fee invoices to 6,500 Landlords: \$4,095
- Late Rental Housing Fee invoices to 1,000 Landlords: \$630
- Letter Project to 1,000 Landlords: \$630
- Mailing the Guide to Rent Control to 10,000 Tenants and Landlords: \$10,000

OFFICE EXPENSES	
400232 - 400233 Printing and Binding	Proposed Allocation: \$15,425

The allocation includes funds for printing resources for community members, as well as invoices, letters, and the Guide to Rent Control for Tenants and Landlords. Specifically, the allocation accounts for the following projects:

- General print materials: \$6,500 (includes \$500 in account string 400233)
- Rental Housing Fee invoices to 6,500 Landlords: \$325
- Late Rental Housing Fee invoices to 1,000 Landlords: \$50
- Printing Rent Validation Reports for 1,000 Tenants and Landlords: \$50
- Printing the Guide to Rent Control for 10,000 Tenants and Landlords: \$8,500

OFFICE EXPENSES	
400304 Equipment Rental	Proposed Allocation: \$9,000

The allocation provides for funding for the lease of combination printers, scanners, copiers, and fax machines at City Hall. In 2019, the Rent Program, in partnership with the Richmond

Promise, Arts and Culture, and Department of Infrastructure, Maintenance, and Operations, entered a 36-month lease for two machines for the second floor of 440 Civic Center Plaza building. The cost of the lease is shared equally among participating entities, while the cost-per-copy is charged to each entity. The cost of the Rent Program is approximately \$666 per month, which includes \$558 for the lease of two machines and approximately \$108 for cost-per-copy charges (\$0.0055 per page for black and white copies; \$0.048 for color.)

MISCELLANEOUS EXPENSES	
400321 - 400322 Miscellaneous Contributions and Expenses	Proposed Allocation: \$4,000

The allocation provides for the Rent Program to continue to partner with the UC Berkeley Public Service Center to retain student interns for the 2023-24 academic year. The estimated cost is approximately \$1,500.

The Rent Program intends to conduct a Tenant survey in fiscal year 2023-24. The contracted amount will be at a nominal fee not to exceed \$500.

The allocation also includes \$2,000 for miscellaneous expenses based on minor unforeseen program needs throughout the year.

OFFICE SUPPLIES	
400341 Office Supplies	Proposed Allocation: \$5,000

The Rent Program purchases office supplies through the City’s purchasing division which contracts with an office supply vendor. This allocation covers traditional office supplies necessary to maintain daily professional operations.

UTILITIES	
400401 Telephone	Proposed Allocation: \$500

The allocation covers 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.

SUPPLEMENTAL INSURANCE	
400552 General Liability Insurance	Proposed Allocation: \$9,300

The allocation covers the cost of a supplemental liability insurance policy (SLIP) for the Rent Program. More specifically, the policy accounts for Errors and Omissions and General Liability coverage.

COST POOL	
400574 – 400591 General Liability, Admin Charges, Space	Proposed Allocation: \$60,248

The allocation covers General Liability, Administrative Charges, and space at City Hall for the Rent Program.

The Rent Program has been in discussions with the City of Richmond to evaluate the new methodology and accuracy of the allocation that covers General Liability and Administrative Charges. Staff reviewed the allocation for General Liability and Administrative Charges from the Finance (Budget) Department since being advised by the Finance Department that the Cost Pool amounts were anticipated to increase significantly.

The City’s new methodology must align with California law which requires fees charged for any service or regulatory activity must not exceed the reasonable cost of providing the service of the Rent Program.

Rent Program leadership are engaged in on-going discussions with the City Attorney’s, City Manager, Human Resources, and Finance Department regarding the budgeted Cost Pool and Fringe Benefits amounts. Rent Program staff have reached a tentative solution and understanding with the City; the Rent Program and City have mutually contracted with a consultant to prepare a separate joint study to be used for cost allocation between the two parties. As of May 2023, the Cost Pool Study is being completed and preliminary amounts will be discussed between the Rent Program and the City. A proper mechanism for charging overhead costs to the Rent Program needs to be established for the administrative support provided by the City of Richmond.

- **General Liability and Workers’ Compensation** (Fringe Benefits) at a total cost of \$0. The City’s new methodology must align to Section 50076 of the California Government Code which requires fees charged for any service or regulatory activity must not exceed the reasonable cost of providing the service of the Rent Program. Until this methodology has been researched and validated by consultants hired jointly with the City, no charge will be included in the budget.
- **Administrative Charges** (*previously referred to as “Indirect Costs”*) are allocated to City Departments to reimburse the General Fund for administrative services performed by central service departments (e.g., Information Technology (IT), Human Resources, Finance Department, City Manager, City Attorney, City Clerk, and City Council.) Allocations are determined in the City’s Cost Allocation Plan (CAP) which is conducted by an external consultant on a periodic basis. The Rent Program was not included in the City’s most recent Cost Allocation Plan. The City Manager’s Office used a version of a CAP as the basis for the original Cost Pool amounts in prior years. The new CAP was conducted by NBS, was designed to determine Cost Pool amounts for the Richmond Housing Authority (for Federal reimbursement purposes) and was deemed by the City Council to not be applicable to the Rent Program. The City’s new methodology for determining Cost Pool amounts for the Rent Program must align to Section 50076 of the California Government Code which requires fees charged for

any service or regulatory activity to not exceed the reasonable cost of providing the service of the Program. Until this methodology has been researched and validated by consultants hired jointly with the City, no charge will be included in the budget. The cost allocated in the budget is \$0.

- **Civic Center Allocation** refers to the cost of office space at 440 Civic Center Plaza. The cost of this space is based on the percentage of total occupied square footage at City Hall. This percentage is then applied to the total annual debt service. Based on the most recent assessment conducted in 2017, the Rent Program is presumed to occupy 0.9% of the total square footage at City Hall. Since the Rent Program's square footage has increased each year since 2017, the budgeted allocation has increased accordingly. The City anticipates conducting a new assessment in the current fiscal year, and as such, the cost of these charges may increase or decrease depending on their findings. The cost allocated in the budget is \$60,248.

Computer Hardware and Tablets	
400601 Noncap Asst/Computer Hardware<5K	Proposed Allocation: \$3,000

The allocation will be to purchase technology for the Rent Board Members, either computers or tablets (hardware).

III. EXPENSE AND REVENUE PROJECTIONS

Overview

In accordance with the Rent Ordinance, the Rent Program’s budget is funded by a Residential Rental Housing Fee, paid by all Richmond Landlords. Table 2, below, contains a summary of funds expended and collected for departmental operations since the Program’s establishment in 2017. Collection efforts for all assessed fees are ongoing. In 2019, the Rent Board entered into a contract with a collection services agency to recover unpaid fees. To date, the agency has collected approximately \$125,000 in outstanding fee revenue. This figure is expected to grow as collection efforts continue.

Table 2. Expense and Revenue Summary

FISCAL YEAR	BUDGETED AMOUNT	FUNDS EXPENDED	FEE REVENUE COLLECTED ⁴	COLLECTION RATE
2017-18 ⁵	FY 16-17 (partial): \$1,150,433	\$1,967,834	\$2,753,351 ⁶	77%
	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	\$2,143,246	\$2,795,854	97%
2021-22	\$2,893,854	\$2,175,258	\$2,356,688	81%
2022-23	\$3,062,687	\$2,525,087 ⁷	\$2,656,947 ⁸	87% ⁹ PROJECTED

Source: Richmond Rent Program, 2023 (reports generated using eTRAKiT and MUNIS software systems.)

The decrease in Revenues and Rental Housing Fees for fiscal year 2023-24 is due to the current reserve balance level approaching twenty-five percent (25%) of the current year budgeted expenditures. The Reserve Policy requires the Board to maintain a minimum total reserve balance equal to eighteen percent (18%) of the Board’s current year budgeted expenditures, not to exceed twenty-five percent (25%). If the total reserve balance exceeds twenty-five percent (25%) of the current year annual budget or is anticipated to exceed twenty-five percent (25%) 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.

⁴ Includes revenue collected by the collection agency.

⁵ Includes the FY 2016-17 Rental Housing Fee (December 2016 – June 2017)

⁶ Includes revenue collected in FY 2017-18 for both the FY 2016-17 and FY 2017-18 fees.

⁷ Represents projected total expenses through the end of FY 2022-23.

⁸ Represents projected total revenues through the end of FY 2022-23, excluding interest.

⁹ Represents a collection rate based on projected revenues through the end of FY 2022-23.

The Fully and Partially Covered Fees decreasing in fiscal year 2023-24 is temporary. The decrease in fees is due to the Cost Pool charges not being budgeted for General Liability, Administrative Charges, and Workers' Compensation Insurance. Cost Pool for the Civic Center rent has been budgeted. Matrix Consulting is still currently conducting a Cost Pool study with the City on the General Liability, Administrative Charges, and Workers' Compensation Insurance allocation methodology and amounts. Once the study is complete and Cost Pool charges are settled with the City, the actual amounts will be included and budgeted in the following fiscal years. The Rent Program is continuing discussions with the City on the Cost Pool allocations.

10-Year Financial Projection

A ten-year financial projection of revenue, expenses, and reserves is contained in Appendix B of this report. The projected Rental Housing Fee collection rate for the 2023-24 fiscal year is expected to be above 87 percent. There may be a slight decrease in the collection rate from prior years primarily attributable to the challenges posed by the Covid-19 pandemic. Not only have many property owners experienced financial hardship because of the effects of the pandemic, but the Rent Program and City of Richmond's ability to collect revenue has also been negatively impacted.

IV. FISCAL YEAR 2023-24 RENTAL HOUSING FEE STUDY

Introduction and Background

Section 11.100.060(l)(1) of the Rent Ordinance provides all Landlords shall pay a Residential Rental Housing Fee to fund the Rent Program budget. The amount of the Rental Housing Fee is established annually by the Richmond 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.

The fee study is designed to allow the Rent Program to recover costs of all budgeted operations, including, but not limited to:

- Personnel costs of staff, benefits, and overtime;
- Risk management of general and supplemental liability insurance;
- Charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e., City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.);
- Information Technology (IT) expenses associated with a property and rent-tracking database and maintenance of computer hardware and software;
- Costs of education and outreach, including the printing and distribution of print materials and hosting of community workshops and seminars;
- Contracts for legal referrals, translation and other professional services;

Structure of the Rental Housing Fee

Consistent with direction from the Rent Board in 2017, its first year of existence, the Fiscal Year 2016-17 and FY 2017-18 Rental Housing Fees were established as “flat fees,” applicable to all units regardless of partial or full applicability under the Rent Ordinance. This approach was utilized during the first 1.5 years of program startup since the tasks and associated benefits of the agency’s startup were reasonably shared among Rental Units regardless of status.

For the 2018-19 Fiscal Year, the Rent Board adopted a tiered fee, much like that contemplated in the [2017 Fee Study](#) prepared by Management Partners. Under this approach, costs of program administration are allocated among three components or layers: a general “program” layer (calculated at 55% of costs), a “just cause” layer (20% of total costs), and a “rent control” layer (25% of costs). Such allocations correspond with the number of resources spent administering each component of the program. Staff members recommend the Board continue to utilize a tiered-fee approach in its determination of the Fiscal Year 2023-24 Rental Housing Fee to ensure the requirements of Section 50076 of the California Government Code are met. The figure on the following page illustrates this

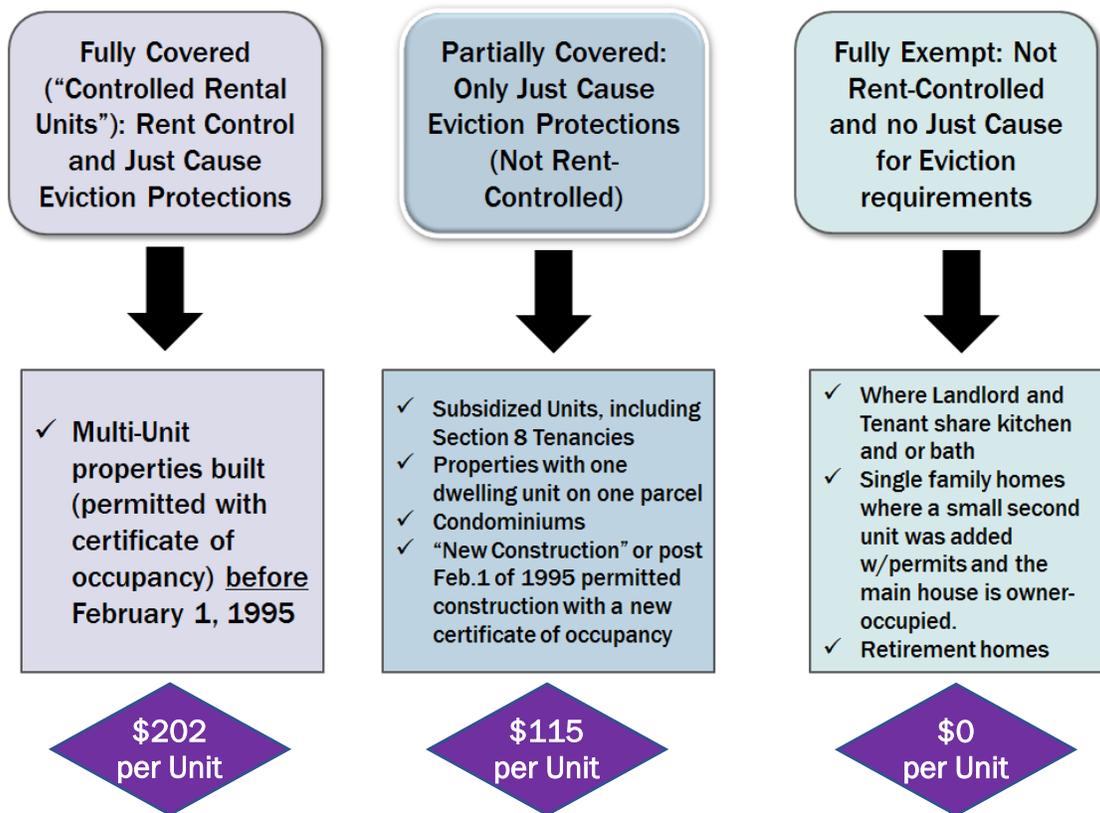
concept and identifies key example tasks associated with each program component. This list is not exhaustive; the tasks below are identified for illustrative purposes only.

Figure 2. Fee Layers and Associated Tasks

Program Layer (55%)
<ul style="list-style-type: none"> • Agency administration and management • Legal defense of the Rent Ordinance and agency 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 • Development of informational materials • Interdepartmental coordination
Just Cause for Eviction Layer (20%)
<ul style="list-style-type: none"> • Public education and outreach (includes counseling on evictions) • Legal services referrals to community services agencies • Administration of Relocation Ordinance • Administration of eviction-related complaints • Evictions intervention mediations (payment plan agreements and mediations to avoid breach of lease/nuisance etc.) • Processing of termination of tenancy notices and associated outreach
Rent Control Layer (25%)
<ul style="list-style-type: none"> • 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 courtesy compliance letters

The amount of the Rental Housing Fee applicable to a particular Rental Unit depends on its status. Units applicable to the Just Cause for Eviction requirements but exempt from the Rent Control provisions of the Ordinance (such as properties with only one dwelling unit on the parcel, governmentally subsidized units, condominiums, and permitted units built after February 1, 1995), are responsible for payment of Program and Just Cause for Eviction layers. Units subject to the Just Cause for Eviction and Rent Control provisions of the Rent Ordinance would be responsible for payment of all three layers. Units that are fully exempt from the Rent Ordinance are not responsible for payment of the Rental Housing Fee. Figure 3, identifies the types of units within each of these categories and the proposed fee.

Figure 3. Proposed Fees Applicable to Fully Covered, Partially Covered, and Fully Exempt Rental Units



Applicable Unit Counts and Database Development

The number of applicable Rental Units within each category is a critical input in the calculation of the Rental Housing Fees for partially and Fully Covered units. The Fiscal Year 2016-17 and 2017-18 Fee Study utilized data provided by the Contra Costa County Assessor's Office to identify suspected Rental Units. While County Assessor data may be used to arrive at an estimated number of total Rental Units, it cannot produce an exact figure. Nevertheless, County Assessor data was the best and most readily available data at the time of the Fiscal Year 2016-17 and 2017-18 Fee Study.

Since the first iteration of the Rental Housing Fee Study in Fiscal Year 2017-18, staff have continued to refine the database of Rental Units in the City of Richmond, most notably through the completion of an exemption verification project of single-family homes in the City to accurately identify units that are truly rented. This project involved mailing an introductory letter and policy information to all single-family homes and condominiums possessing one of the following characteristics in the County Assessor database:

(1) No Homeowner's Tax Exemption was claimed

(2) The site address of the property did not match the owner on record's mailing address

Approximately 15,500 properties met the above criteria. To confirm applicability under the Rent Ordinance, Rent Program staff members mailed information about the requirements of the Rent Ordinance to all the owners of properties that met the criteria above. Owners of

properties in the City of Richmond that did not contain any Rental Units (for example, owners of condominiums that are owner-occupied) were required to complete and submit a Declaration of Owner Occupancy and/or Exemption form and submit documentation to allow staff members to approve the exemption. Rent Program staff members received and processed approximately 1,731 Declaration of Owner Occupancy and/or Exemption forms.

Additional sources of data, including the identification of Rental Units not identified in the previous fee study, include:

- Rental Units enrolled in the Rent Program online at www.richmondrent.org/enroll
- Rental Units identified by the Rental Inspection Program
- Rental Units participating in the Section 8 Housing Choice Voucher Program
- Rental Units with an active business license
- Rental Units in subsidized housing developments, such as those built with Low Income Housing Tax Credits (LIHTC), based on the [inventory of deed-restricted affordable housing](#) prepared by Rent Program staff members in 2017
- Unknown Rental Units identified through Tenant inquiries and other sources to the Rent Program

Since the adoption of last year's Rental Housing Fee, staff members have continued to refine the database of Rental Units through processing Property Enrollment and Owner Declaration forms. These processes have further unveiled suspected Rental Units that are not truly rented, decreasing the total number of applicable Rental Units among which the Rent Program budget is divided to calculate the Rental Housing Fee. For example, the processing of Property Enrollment forms has unearthed many multifamily properties where an owner may occupy one unit. In such case, the status of a unit would be changed from "Compliant" or "Noncompliant" [Partially or Fully Covered Rental Unit] to "Owner Occupied." The table on the following page summarizes these changes as of March 2023. In total, records indicate that the Rent Program is aware of 18,134 Rental Units applicable to the Rent Ordinance.

According to the 2019 American Community Survey (Table DP04), the number of renter-occupied housing units in Richmond is reported as 20,467 units, with a margin of error of 1,767. The American Community Survey is a sample, not a complete count, which is why the margin of error is reported. This means that there is estimated to be between 18,700 and 22,234 renter-occupied housing units in Richmond. **This data suggests that there could be at least one thousand Rental Units absent from the Rent Program's database.** Rent Program staff are committed to dedicating resources to 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.

Table 3. Unit Status Counts, 2021 – 2023

NOTE: These numbers are continuously being verified and all figures are subject to change.

STATUS	2021 TOTAL	2022 TOTAL	2023 TOTAL	CHANGE BETWEEN 2022 AND 2023
SUSPECTED FULLY COVERED RENTAL UNITS	31	33	32	-1
FULLY COVERED RENTAL UNITS	7,484	7,632	7,717	+85
SUBTOTAL – FULLY COVERED UNITS	7,515	7,665	7,749	+84
SUSPECTED PARTIALLY COVERED RENTAL UNITS (EXCLUDING GOV SUBSIDIZED RENTAL UNITS)	203	124	116	-8
PARTIALLY COVERED RENTAL UNITS (EXCLUDING GOV SUBSIDIZED RENTAL UNITS)	5,497	5,863	5,782	-81
SUBTOTAL – PARTIALLY COVERED UNITS (EXCLUDING GOV SUBSIDIZED RENTAL UNITS)	5,700	5,987	5,898	-89
SUBTOTAL - GOVERNMENTALLY SUBSIDIZED RENTAL UNITS	4,508	4,498	4,487	-11
TOTAL APPLICABLE UNITS	17,723	18,150	18,134	-16
OWNER OCCUPIED	5,625	5,759	5,827	+68
RENT FREE	259	250	244	-6
NOT AVAILABLE FOR RENT	315	265	243	-22
NOT APPLICABLE ¹⁰	805	533	530	-3
TOTAL NON-APPLICABLE OR CONDITIONALLY EXEMPT UNITS	7,004	6,807	6,844	+37

Rental Housing Fees Associated with Proposed FY 2023-24 Budget

Table 4 below presents the fees corresponding to the proposed Fiscal Year 2023-24 budget.

Table 4. Fiscal Year 2023-24 Proposed Budget and Rental Housing Fees

UNIT COUNTS		PROPOSED FY 2023-24	CHANGE FROM FY 2022 TO 2023 (DECREASE)
TOTAL BUDGET¹¹		\$2,760,075	\$164,578 6.3%
FULLY COVERED UNITS¹²	7,749	\$202	(\$24) (10.7%)
PARTIALLY COVERED UNITS (INCLUDING SUBSIDIZED UNITS)¹³	10,385	\$115	(\$12) (9.7%)
TOTAL REVENUE¹⁴		\$2,830,075	(\$276,612) (10.7%)

Comparison to Previously Adopted Rental Housing Fee and Peer Jurisdictions

On July 5, 2022, the Richmond City Council adopted [Resolution 65-20](#), approving the Fiscal Year 2022-23 Residential Rental Housing Fee in the City’s master fee schedule of \$226 per Controlled Rental Unit and \$127 per Partially Covered Rental Unit. Table 5, below, contains a historical comparison of the Residential Rental Housing Fees charged in previous years.

Table 5. Comparison of Proposed FY 2023-24 Rental Housing Fee to Prior Year Fees

FISCAL YEAR	FULLY COVERED RENTAL UNITS	PARTIALLY COVERED RENTAL UNITS	GOVERNMENTALLY SUBSIDIZED RENTAL UNITS ¹⁵
2017-18	\$145	\$145	N/A
2018-19	\$207	\$100	\$50
2019-20	\$212	\$112	N/A
2020-21	\$219	\$124	N/A
2021-22	\$218	\$123	N/A
2022-23	\$226	\$127	N/A
2023-24 (Proposed)	\$202	\$115	N/A

¹¹ Total expenditures include a budgeted reserve equal to 18 percent of proposed expenses in prior years

¹² Includes suspected Fully Covered Rental Units

¹³ Includes suspected Partially Covered Rental Units

¹⁴ Fees rounded to the nearest full dollar; includes revenue from collections agency and interest

¹⁵ Governmentally Subsidized Rental Units are not segregated from partially covered units. The only year in which that occurred was FY 18'-19'. As the same level of services are offered for both types of Rental Units, they are charged the same Fee.

Table 6 compiled by the Richmond Rent Program on this page compares the proposed Rental Housing Fee to fees in other jurisdictions with rent programs in the state of California. This table calculates the per unit cost of administration, revealing that of California’s actively enforced programs. Richmond’s proposed fees are comparable to the peer jurisdictions with actively enforced rent programs, it is important to consider that Richmond’s average rental rates are also less than those in peer rent control jurisdictions.

Table 6: Comparison of Program Budgets, Unit Counts, Fees, and Median Rents in Case Study Cities

JURISDICTION	2023-24 PROGRAM BUDGET	APPLICABLE RENTAL UNITS	RENTAL HOUSING FEES (PER UNIT)	AVERAGE RENT ¹⁶	PORTION OF FEE PASSED THROUGH TO TENANTS
ACTIVELY ENFORCED RENT PROGRAMS					
BERKELEY	\$6,602,000	19,600 Fully Covered; 5,000 Partially-Covered	\$290 per Fully Covered Unit; \$178 per Partially-Covered Unit	\$3,358	50%, City may reimburse low-income Tenants ¹⁷
EAST PALO ALTO	\$657,860	2,467	\$266	\$2,779	50%
OAKLAND	\$7,119,037	79,000	\$101	\$2,813	50%
RICHMOND	\$2,760,075 (proposed for FY 2023-24)	7,749 Fully Covered Units; 10,385 Partially Covered Units	\$202 per Fully Covered Unit; \$115 per Partially Covered Unit (proposed for FY 2023-24)	\$2,537	None
SANTA MONICA	\$5,807,003	27,484	\$228	\$4,017	50%
COMPLAINT-DRIVEN RENT PROGRAMS					
LOS ANGELES	\$22,032,000	631,000	\$38.75 per Unit	\$2,781	50%
WEST HOLLYWOOD	\$2,257,000	15,800	\$144 ¹⁸	\$3,261	50% (excludes Section 8 Tenants)
ALAMEDA	\$1,586,826	12,334 Fully Regulated Units; 1,861 Partially Regulated Units	\$155 per Fully Regulated Unit; \$105 per Partially Regulated Unit; \$0 for Subsidized Units	\$2,735	50%
SAN FRANCISCO	\$17,399,510	225,623	\$61 per apartment unit; \$30.50 per residential hotel room	\$3,313	50%

¹⁶ Source: RentCafe: The average apartment per square footage varies greatly depending on unit type, with less expensive and luxury alternatives for houses and apartments alike. Studio apartments are the smallest and most affordable, 1-bedroom apartments are closer to the average, while 2-bedroom apartments, and 3-bedroom apartments offer more square footage. Zillow Rent Index (ZRI) was used as the source in prior year.

¹⁷ Pass-through only applies to tenancies that began prior to January 1, 1999.

¹⁸ West Hollywood’s Rent Program receives support from the City’s General Fund, and the \$144 fee allows the program to recover 65% of total costs. The program would need to collect \$221 per unit to recover 100% of costs.

Conclusion and Recommended Actions

The 2023-24 budget supports the overarching goal of the Rent Program; that is, to continue to develop as an actively enforced Program that equips community members with an understanding of their rights and responsibilities under the Rent Ordinance, while also allowing recourse through the rent adjustment process. The Fiscal Years 2023-24 Fee Study and Budget allows the agency to recover costs of all budgeted operations and does not necessitate raising the amount of the Rental Housing Fee.

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

- Adopt the proposed Fiscal Year 2023-24 Budget to provide the support necessary for continued development of all Rent Program operations.
- Receive and approve the Fiscal Year 2023-24 Fee Study.
- Direct staff to prepare a resolution, consistent with the Rent Board's approved Fee Study and Budget, recommending to the City Council adoption of a two-tier fee structure for Fiscal Year 2023-24 of \$202 for Fully Covered Rental Units and \$115 for Partially Covered Rental Units.

V. UNIT DESCRIPTIONS

Management Unit (2.25 FTE)

The Management Unit, comprised of the Executive Director, Deputy Director, and Senior Administrative Analyst (0.25 FTE), who are responsible for guiding the development of the Rent Program agency and managing day-to-day operations. The Senior Administrative Analyst supports the Executive Director with confidential matters of the Rent Program and administers full collaboration with the Rent Board. The Management Unit also conducts policy research to support the agency and Rent Board, which includes conducting surveys and studies to help guide administrative improvements and the formation of sound public policy. The Management Unit oversees all personnel-related issues (hiring, training, discipline in conformance with MOU's, etc.) Other duties include providing staff support to the Rent Board, including but not limited to the preparation of agendas, minutes, and documents for all Rent Board meetings. Central to the Management Unit's duties are preparation, monitoring, and reporting of the annual Rent Program budget. The Management Unit also publishes the Rent Program Annual Report, required by the Rent Ordinance.

Legal Unit (2.25 FTE)

The Legal Unit includes Staff Attorneys (2 FTE) and a Senior Administrative Analyst (0.25 FTE). The duties of the Legal Unit include representing the Board in litigation, advising the Director and the Rent Board on legal matters (this may include the preparation of Confidential Legal Memoranda and ensuring compliance with Brown Act requirements, reviewing and opining on decisions on appeal, coordinating responses to public records act requests, training Rent Program Services Analysts, supervising investigations and lawsuits for non-compliance, reviewing contracts, and responding to legal challenges to the Ordinance and applicable regulations. Staff members in the Legal Unit are also responsible for drafting regulations for consideration by the Rent Board and establishing processes to monitor rent increases and termination notices in accordance with the requirements of the Rent Ordinance.

Public Information and Enrollment Unit (7.50 FTE)

The Public Information and Enrollment Unit, comprised of a Senior Management Analyst, Administrative Aides (3 FTE), Rent Program Services Analysts (2 FTE), Office Assistant (.75 FTE), and Administrative Student Intern (0.75 FTE), is responsible for educating community members about Landlord and Tenant rights and responsibilities under the Rent Ordinance, as well as related State and Federal laws. This includes maintenance of the agency's property enrollment and tenancy registration database. The enrollment and tenancy registration database are an essential tool used to generate accurate Rental Housing Fee invoices, track the Maximum Allowable Rent for Controlled Rental Units, and manage contact and case information for all Rental Units in the City of Richmond. Public Information and Enrollment Unit staff members are responsible for planning and executing the annual billing cycle of the Rental Housing Fee and managing the collection of revenue, including late fees. Community education is provided in the form of one-on-one counseling, facilitating mediation sessions, drafting print materials such as the Guide to Rent Control, and providing direct referrals to community legal services agencies. Staff members in this unit also plan, prepare, and conduct monthly community educational workshops for Landlords and

Tenants, maintain the agency's social media accounts, and assist Landlords and Tenants with the filing of Rent Adjustment Petitions.

Hearings Unit (2.00 FTE)

The Hearings Unit consists of a Hearing Examiner (1.0 FTE), who is supported by a Senior Administrative Analyst (0.5 FTE), Office Assistant (.25 FTE), and an Administrative Student Intern (0.25 FTE). The main functions of the Hearings Unit include administering the petition process, conducting hearings, and issuing decisions, conducting settlement conferences, acting as a back-up resource on interpretation of the Rent Ordinance and regulations, assisting with drafting public information documents such as the Guide to Rent Control and other print and online materials and maintaining all forms required for administration of the Rent Adjustment Petition process. Staff members in the Hearings Unit also assist with special projects, such as working with City staff to develop rent registration/tracking software to adjust rents in the Maximum Allowable Rent database.

VI. APPENDICES

Appendix A: FY 2023-24 Budget and Fee Study Calculations

**ITEM G-1
ATTACHMENT 1
APPENDIX A**

PROPOSED FY 2023 - 2024 RENT PROGRAM BUDGET AND FEE STUDY														
FEE STUDY														
	Type	# UNITS	Proposed Fee	Revenue	(a) + (b) + (c)	Program Fee	Just Cause Fee	Rent Control Fee						
	Fully-Covered	7,749	\$202	\$1,566,719	(a) + (b) + (c)	\$77	\$38	\$87						
	Partially-Covered	10,385	\$115	\$1,193,357	(a) + (b)	(a)	(b)	(c)						
	Total Units	18,134		\$2,760,075										
BUDGET														
Object #	City Account Description	FY 18-19 ACTUALS	FY 19-20 ACTUALS	FY 20-21 ACTUALS	FY 21-22 ACTUALS	FY 22-23 ADOPTED	FY 23-24 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	2,332,429	3,062,687	2,760,075	(1)						
361701	Int & Invest/Pooled-All Other	367	11,537	6,096	4,619	14,000	20,000							
364867	Revenue from Collections & Other	133	13,042	24,796	19,641	30,000	50,000							
	TOTAL REVENUES	2,190,203	2,706,268	2,795,854	2,356,688	3,106,687	2,830,075							
EXPENSES														
400001	Salaries & Wages/Executive	530,092	639,594	649,356	676,463	724,848	763,257	(2)	55%	419,792	20%	152,651	25%	190,814
400002	Salaries & Wages/Mgmts-Local 21	294,152	283,080	183,838	147,008	324,846	353,101	(2)	55%	194,206	20%	70,620	25%	88,275
400003	Salaries & Wages/Local 1021	128,866	150,317	168,422	152,925	202,332	268,646	(2)	55%	147,755	20%	53,729	25%	67,162
400006	Salaries & Wages/PT-Temp	49,557	45,905	32,244	35,234	35,776	37,565	(2)	55%	20,661	20%	7,513	25%	9,391
400031	Overtime/General	4,778	2,094	1,312	1,793	2,500	2,500	(2)	55%	1,375	20%	500	25%	625
400048	Other Pay/Bilingual Pay	6,993	9,064	9,719	7,910	11,172	11,470	(2)	55%	6,309	20%	2,294	25%	2,868
400049	Other Pay/Auto Allowance	4,200	4,200	4,200	4,200	4,200	4,200	(2)	55%	2,310	20%	840	25%	1,050
400050	Other Pay/Medical-In Lieu of	2,700	1,500	-	-	-	-		55%	-	20%	-	25%	-
400079	Comp Absences/WC-Prof-Mgt-Tec	1,486	5,328	-	-	-	-		55%	-	20%	-	25%	-
400058	OTHER PAY/Bonuses	-	-	-	34,200	-	-							
	Subtotal - Salaries & Wages	1,022,823	1,121,084	1,049,091	1,059,732	1,305,674	1,440,739			792,407		288,148		360,185
400103	P-Roll Ben/Medicare Tax-ER Shor	14,937	16,389	15,313	15,435	18,207	20,774	(3)	55%	11,426	20%	4,155	25%	5,194
400105	P-Roll Ben/Health Insurance Be	146,557	136,575	128,611	168,100	232,291	271,329	(3)	55%	149,231	20%	54,266	25%	67,832
400106	P-Roll Ben/Dental Insurance	16,652	17,021	17,534	13,509	17,520	18,031	(3)	55%	9,917	20%	3,606	25%	4,508
400109	P-Roll Ben/Employee Assistance	430	473	422	244	216	234	(3)	55%	129	20%	47	25%	59
400110	P-Roll Ben/Professional Dev-Mg	3,728	5,200	1,500	250	6,750	7,500	(3)	55%	4,125	20%	1,500	25%	1,875
400111	P-Roll Ben/Vision	2,106	2,095	2,049	1,588	2,052	2,158	(3)	55%	1,187	20%	432	25%	540
400112	P-Roll Ben/Life Insurance	5,557	4,006	3,433	3,336	4,139	3,931	(3)	55%	2,162	20%	786	25%	983
400114	P-Roll Ben/Long Term Disability	9,408	10,100	9,259	6,952	12,342	11,996	(3)	55%	6,598	20%	2,399	25%	2,999
400116	P-Roll Ben/Unemployment Ins	1,860	5,100	4,960	4,440	5,472	5,928	(3)	55%	3,260	20%	1,186	25%	1,482
400117	P-Roll Ben/Personal/Prof Dev	750	1,493	1,500	1,140	2,250	2,250	(3)	55%	1,238	20%	450	25%	563
400118	P-Roll Ben/Worker Comp-Injury Appt	-	-	692	-	-	-		55%	-	20%	-	25%	-
400121	P-Roll Ben/Worker Comp-Clerical	13,806	12,154	14,541	9,042	24,001	6,923	(3)	55%	3,808	20%	1,385	25%	1,731
400122	P-Roll Ben/Worker Comp-Prof	69,352	60,744	74,891	47,762	-	-	(14)	55%	-	20%	-	25%	-
400127	P-Roll Ben/OPEB	39,338	43,623	42,145	40,276	40,723	32,127	(3)	55%	17,670	20%	6,425	25%	8,032
400130	P-Roll Ben/PARS Benefits	642	434	50	398	-	-		55%	-	20%	-	25%	-
400149	P-Roll Ben/Misc.	123,021	140,616	139,314	128,986	156,287	186,975	(3)	55%	102,836	20%	37,395	25%	46,744
400151	P-Roll Ben/Misc. (UAL)	162,985	235,683	271,234	252,844	287,268	309,894	(3)	55%	170,442	20%	61,979	25%	77,474
	Subtotal Fringe Benefits	611,127	691,706	727,447	694,301	809,518	880,050			484,028		176,010		220,013
400201	Prof Svcs/Professional Svcs	32,112	38,241	10,957	10,460	143,455	133,400	(4)	55%	73,370	20%	26,680	25%	33,350
400206	Prof Svcs/Legal Serv Cost	137,614	193,742	149,994	183,326	210,000	275,000	(5)	10%	27,500	70%	192,500	20%	55,000
400220	Prof Svcs/Info Tech Services	2,375	-	2,142	2,205	-	-		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	1,437	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	3,928	800	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	1,126	5,380	5,808	(9)	55%	3,194	20%	1,162	25%	1,452
	Subtotal Prof & Admin Services	185,553	239,819	169,680	202,481	362,085	417,458			105,852		220,992		90,615
400231	Off Exp/Postage & Mailing	10,849	5,905	6,528	14,981	17,300	15,355	(10)	55%	8,445	20%	3,071	25%	3,839
400232	Off Exp/Printing & Binding	12,071	3,295	3,428	735	24,404	15,425	(11)	55%	8,484	20%	3,085	25%	3,856
400233	Off Exp/Copying & Duplicating	46	-	236	-	500	-		55%	-	20%	-	25%	-
400304	Rental Exp/Equipment Rental	8,721	4,532	2,488	2,554	9,000	9,000	(12)	55%	4,950	20%	1,800	25%	2,250
400321	Misc. Exp/Misc. Contrib	3,000	-	1,500	1,500	2,000	2,000	(13)	55%	1,100	20%	400	25%	500
400322	Misc. Exp/Misc. Exp	3,061	2,262	-	173	2,000	2,000		55%	1,100	20%	400	25%	500
400341	Off Supp/Office Supplies	8,721	6,024	1,891	6,457	5,000	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	26,400	60,204	48,780			26,829		9,756		12,195
400121	Carry forward from FY 2022-23 - System	-	-	-	-	-	(100,000)	(1)	55%	(55,000)	20%	(20,000)	25%	(25,000)
400401	Utilities/Tel & Telegraph	254	414	551	498	500	500		55%	275	20%	100	25%	125
400538	Contract Svcs/Other Contract Svcs	-	-	103	150	-	-		55%	-	20%	-	25%	-
400552	Prov Fr Ins Loss/Ins Gen Liab	8,029	8,765	9,047	8,991	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	60,248	(14)	55%	33,136	20%	12,050	25%	15,062
400601	Noncap Asst/Comp Hardware<5K	-	6,526	-	-	-	3,000	(15)	55%	1,650	20%	600	25%	750
400604	Noncap Asst/Furniture <5K	13,328	-	-	-	-	-		55%	-	20%	-	25%	-
	TOTAL EXPENSES	2,047,186	2,264,738	2,143,246	2,175,258	2,595,497	2,760,075			1,394,291		689,515		676,269
	NET BUDGET BALANCE	143,017	441,530	652,608	181,431	511,190	70,000			1,394,291		689,515		676,269

Notes:

- (1) Assumes a Fiscal Year 2023-24 Rental Housing Fee of \$202 for Fully Covered unit and \$115 for Partially Covered units and Carry forward \$100,000 for cloud-based solution - IT charge from previous fiscal year
- (2) Refer to the Budget and Fee Study for detailed salary and wage assumptions
- (3) The Rent Program received budgeted Fringe Benefits amounts from the City's Finance - Budget Division with the except for Workers Compensation
- (4) Includes \$100,000 for cloud-based solution - IT charge, \$2,400 TRAKIT annual fee, \$4,500 for a property information subscription, \$3,000 for a legal research subscription, \$15,000 for scheduled interpretation, \$8,000 for written translation, and \$500 for on-demand interpretation services.
- (5) Includes \$200,000 contract with the Eviction Defense Center to assist with Unlawful Detainer cases, \$75,000 to contract legal services for small landlords
- (6) In accordance with City personnel policies, eligible employees may receive reimbursement of up to \$800 for higher education tuition
- (7) Anticipated cost of Bar Association dues for three attorneys (\$550 per Attorney)
- (8) Budgeted amount includes funds to satisfy the requirement to publish notices in the newspaper for public hearings as part of the budget adoption process and social media promotions
- (9) Budgeted amount includes the cost of email accounts for Rent Board Members, business cards, and videoconference/webinar accounts
- (10) Budgeted amount reflects anticipated postage costs for Rental Housing Fee invoices, tenancy registration mailings, and the Guide to Rent Control
- (11) Budgeted amount reflects anticipated printing costs for Rental Housing Fee invoices, tenancy registration mailings, and the Guide to Rent Control
- (12) Lease of copy machines including a cost-per-copy amount
- (13) Stipends for UC Berkeley Public Service Center interns, ranging from \$1,000 - \$1,500 per intern and \$500 for tenant survey to be conducted
- (14) Rent Program is working with the City to determine the proper methodology of Cost Pool allocation, the methodology and allocation is under review
- (15) Budgeted technology for the Rent Board Members - computer or tablet hardware

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