

# PROPOSED FISCAL YEAR 2023-24 BUDGET AND RENTAL HOUSING FEE STUDY

**CITY OF RICHMOND RENT PROGRAM**

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ITEM G-1 | June 26, 2023, Special Rent Board Meeting  
[www.richmondrent.org](http://www.richmondrent.org)

# BACKGROUND



The Board is required to hold a public hearing and adopt an annual budget for the upcoming fiscal year no later than July 1.



The annual budget is funded by the Residential Rental Housing Fee, the amount of which is determined by the City Council following a recommendation from the Rent Board.



Staff members have prepared a proposed Fiscal Year 2023-24 budget, fee study, and 10-year financial projection for the Board's consideration.

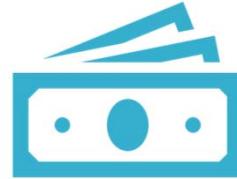


The purpose of this item is to receive feedback from the Board on the proposed budget and discuss potential adoption by the July 1 deadline.

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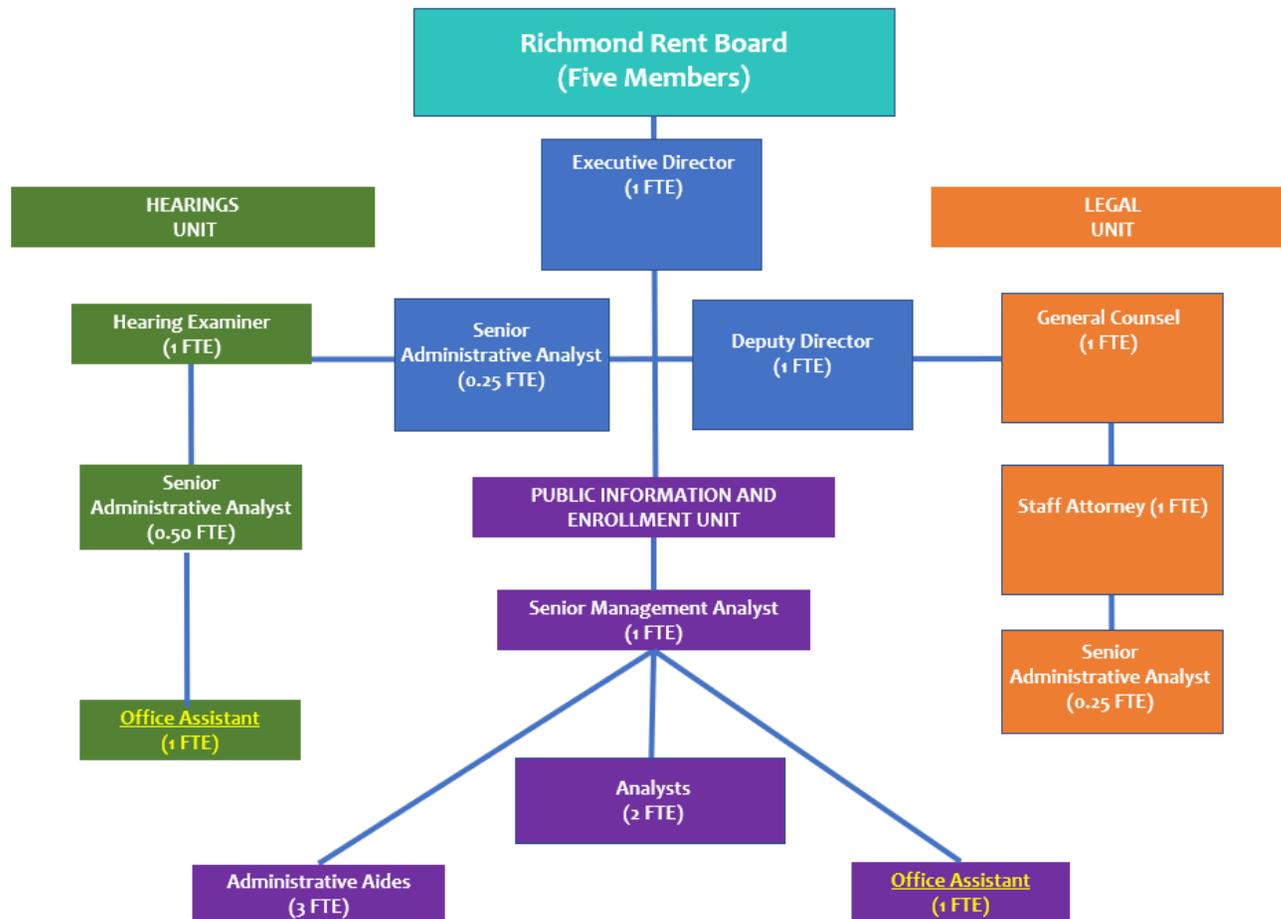
(3) Draft Fiscal Year 2022-23  
Rental Housing Fee Study

# PROPOSED RENT PROGRAM ORGANIZATIONAL CHART

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**Proposed FY 2023-24 Budget**

# Proposed Organizational Chart



# Proposed Additions for Two Office Assistants

## **FRONT DESK OFFICE ASSISTANT:**

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.

- When the COVID-19 Pandemic began in early 2020, the Rent Program Office pivoted to a hybrid services, 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 With the Rent Program office less available to the public, the need for a full-time front desk person was superseded by the need to focus on collection of the Rental Housing Fee.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 COVID-19 related financial losses. To address this concern, in 2019, a newly hired Administrative Aide was assigned to focus primarily on compliance and Program sustainability.
- Instead of having full-time staff dedicated to the Front Desk, part-time Admin. Student Interns were utilized to handle incoming calls, emails, and other front desk related duties. In June of 2021, Rent Program offices briefly opened before shutting down again due to a surge in COVID-19 cases. During that brief reopening, it became clear that part-time Interns could not adequately cover all front desk duties. Furthermore, as students, their availability was limited, and turnover was common. This led to the regular and repeated dedication of resources for on-onboarding and training of new Interns.
- A full-time staff is needed to provide a consistent presence at the front desk and reduce resources spent on hiring and training new staff. Furthermore, with eviction moratoria having lapsed, staff anticipate an increase in office visits by Tenants and Landlords seeking assistance with evictions.

## **BOARD AND HEARINGS OFFICE ASSISTANT:**

- To support holding bilingual Board meetings requires an additional Office Assistant (1 FTE) to aid with handling the increased workload for the additional Board requirements. This Office Assistant will support the Board Clerk with taking minutes, managing public comment at Board meetings, preparing Rent Board related documents for translation, arranging the logistics and set up of the bilingual Board meetings, assisting with the generation of Rent Board Agenda Packets, assisting the Hearing Coordinator with preparing for Rent Board Hearings, preparing Rent Board Hearing and Appeal Hearing documents, and Hearing recordings for translation.

# Salary Adjustment Per MOU and Class and Compensation Study

During late May and June of 2023, the City of Richmond and Union Representatives reach their respective MOU agreements for salary adjustments and classification salary adjustments based on a class and compensation study developed by the Segal consulting firm. As Unionized City employees, Rent Program staff salaries must be adjusted per those agreed upon MOUs:

## **Bargaining Unit: SEIU Local 1021:**

- At the May 23, 2023, Council Meeting, the City had agreed to adopt a resolution approving the ratified contract amendment between the City and SEIU Local 1021 Full-Time General Employees and Part-Time & Intermittent Bargaining Units, providing for implementation of the Segal Classification and Compensation Study for SEIU Local 1021 Full-Time General Employees Bargaining Unit and a four percent (4%) base wage increase effective July 1, 2023, for both the Full-Time General and the Part-Time & Intermittent Bargaining Unit; and adopt a resolution approving the associated salary schedule for the four percent (4%) base wage increase.

## **Bargaining Unit: IFPTE Local 21 Mid-Management:**

- Per the June 6, 2023, Council Meeting, the City had agreed to adopt a resolution approving the ratified contract amendment between the IFPTE Local 21 Mid-Management Bargaining Unit, providing for implementation of the Segal Classification and Compensation Study and a four percent (4%) base wage increase effective July 1, 2023, for IFPTE Local 21 Mid-Management Bargaining Unit; and adopt a resolution approving the associated salary schedule for a four percent (4%) base wage increase.

# Salary Adjustment Per MOU and Class and Compensation Study

## Bargaining Unit: IFPTE Local 21 Executive Managers:

As of June 14, 2023, a Classification and Compensation Study Tentative Agreement had been reached with the City of Richmond with the following terms:

- 2024 COLA increased from 4% to 5%
- 2025 COLA increased from 4% to 5%
- Beginning July 1, 2023, the City will begin making contributions to a deferred compensation account for each Executive in the amount of 2.0% of each employee's semi-monthly base salary to occur each pay period.
- Longevity Pay effective first full pay period in July 2023
  - 2% at 5 years of service
  - 4.5% at 10 years of service
  - 9% at 20 years of service
- The Segal salary schedules will be implemented upon the completion of the Classification Specification terms which continues to be negotiated. The City and Bargaining Unit have agreed to meet bi-weekly until this is complete to ensure it will occur as soon as possible. It is currently the City's turn to provide the Union with its response to the latest suggested changes to the initially proposed new specifications. The Bargaining Unit is optimistic that they will reach an agreement in June or July of 2023.
- In late May 2023, HR informed Rent Program staff that the Payroll Division (Finance Department) was planning to disburse retroactive payments from fiscal year 2021-22 and 2022-23 for salary increases that were not processed in the system. Program staff inquired with the Human Resources Department and the Payroll Division as to which fiscal year the salary increases and retroactive payments would be processed with no date or actual amounts provided. The Rent Program staff estimated budget amounts based on the expected salary increase per each staff's anniversary date and their associated Memorandum of Understanding.

# 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 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 own fewer than 5 units in Richmond.
- 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.
- 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, which will fund a half-time attorney (20 Hours a week) who can provide legal advice, and limited representation. Finally, this service would also be available to Richmond Tenants, who need general legal assistance.

# PROPOSED FY 2022-23 BUDGET

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# Salaries & Wages

- ❖ Salaries for Permanent and Part-Time Staff: **\$1,588,677**
- ❖ 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% and 5% effective on January 1, 2024.
- ❖ Overtime wages: \$2,500
- ❖ Bilingual pay: \$11,470
- ❖ Auto Allowance: \$4,200
- ❖ Other Pay/Retro Pay for 2022-23: \$63,615
- ❖ **Total for Salaries and Wages: \$1,670,462**

# Benefits

## ❖ Proposed \$809,518 for Benefits includes the following allocations:

### ❖ Health Benefits:

- ❖ Health Insurance: \$271,329
- ❖ Dental Insurance: \$18,031
- ❖ Vision Insurance: \$2,158
- ❖ Employee Assistance Program: \$234

### ❖ Professional Development funds: \$9,750

- ❖ Medicare Taxes: \$20,774
- ❖ Life Insurance: \$3,931
- ❖ Long-Term Disability Insurance: \$11,996
- ❖ Unemployment Insurance: \$5,928

### ❖ Workers' Comp Insurance:

- ❖ Clerical staff: \$6,923
- ❖ Professional staff: \$0

### ❖ Other Post-Employment Benefits (OPEB): \$32,127

- ❖ Miscellaneous Benefits and (UAL): \$469,869

# Professional & Administrative Services

❖ Proposed \$418,300 includes the following allocations:

❖ **Professional Services Contracts:**

- ❖ Written Translation: \$9,500
- ❖ Scheduled verbal interpretation: \$23,400
- ❖ On-demand verbal interpretation: \$500
- ❖ Property Information (monthly subscription): \$4,500
- ❖ Legal Information (monthly subscription): \$3,000
- ❖ CRM/Database: \$100,000 (carry over from last FY)
- ❖ IT Services (TrakiT end user license): \$2,400

❖ **Community Services Agency Contracts:**

- ❖ Legal services Landlords and Tenants: \$75,000
- ❖ Eviction Defense Center (referrals to individuals who need assistance responding to eviction lawsuits): \$200,00

# Travel and Training

❖ **Proposed \$800 includes the following allocation:**

❖ Tuition reimbursement, consistent with the City's personnel policies: \$800



# Dues and Publications



❖ **Memberships and Dues: \$1,650**

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

# Advertising and Promotion

❖ **Proposed \$800 includes the following allocations:**

- ❖ Newspaper announcements as required as part of the budget adoption process: \$200
- ❖ Monthly promotion on social media accounts: \$600



# Administrative Expenses

- ❖ **Proposed \$5,808 includes the following allocations:**
  - ❖ Emails for Rent Boardmembers: \$1,200
  - ❖ Business cards for staff members: \$100
  - ❖ Rent Board food/snacks for Regular and Special Meetings: \$600
  - ❖ Zoom Accounts: \$3,908 (10 standard accounts and 3 webinar accounts)



## OFFICE EXPENSES: Postage & Mailing

### ❖ Proposed \$15,355 includes the following allocations:

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

## OFFICE EXPENSES: Printing & Binding

### ❖ Proposed \$15,425 includes the following allocations:

- 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: Equipment Rental

- ❖ **Proposed \$9,000 provides for the lease of combination printers, scanners, copiers and fax machines at the Rent Program office.**

# Miscellaneous Contributions and Expenses

- ❖ **Proposed \$7,000 includes the following allocations:**
  - ❖ UC Berkeley Public Service Center intern(s) for the: \$2,000
  - ❖ Interpretation Booth (for soundproofing): \$3,000
  - ❖ Miscellaneous expenses based on minor unforeseen program needs throughout the year: \$2,000



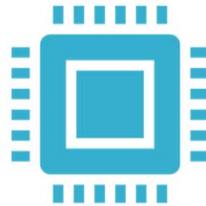
## Office Supplies, Utilities, and Supplemental Insurance

\$5,000 for Office  
Supplies



<sup>PI</sup> Provides for office supplies purchased through the City's contracts with office supply vendors.

\$500 for Utilities  
(ED's Work Cell Phone)



Provides for the cost of the Executive Director's work cell phone service (During the Covid-19 pandemic, the Executive Director's cell phone has been utilized by program staff to handle incoming calls to the main Rent Program phone line.)

\$9,300 for Supplemental  
Insurance



Provides for supplemental liability insurance policy (SLIP) for the Rent Program accounts for Errors and Omissions and General Liability coverage.

# Cost Pool and Noncapital Assets

- ❖ Proposed \$60,248 covers General Liability, Administrative Charges, and space at City Hall for the Rent Program, and includes:
  - ❖ General Liability/Workers Comp: \$0
  - ❖ Administrative Charges (previously referred to as “Indirect Costs”): \$0
  - ❖ Civic Center Allocation: \$60,248





## Computer Hardware and Tablets

### ❖ Non-Capital Assets/Computer Hardware:

- ❖ Laptops/Tablets for Board members: \$5,000

# Expense and Revenue Projections

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# Expense and Revenue Summary

FISCAL YEAR	BUDGETED AMOUNT	FUNDS EXPENDED	FEE REVENUE COLLECTED	COLLECTION RATE
2017-18	FY 16-17 (partial): \$1,150,433	\$1,967,834	\$2,753,351	78%
	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	\$2,637,703	86% PROJECTED

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



# RENTAL HOUSING FEE STUDY

**Proposed FY 2023-24 BUDGET**

# Introduction and Background

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

# Structure of the Rental Housing Fee

## Program Layer (55%)

- 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

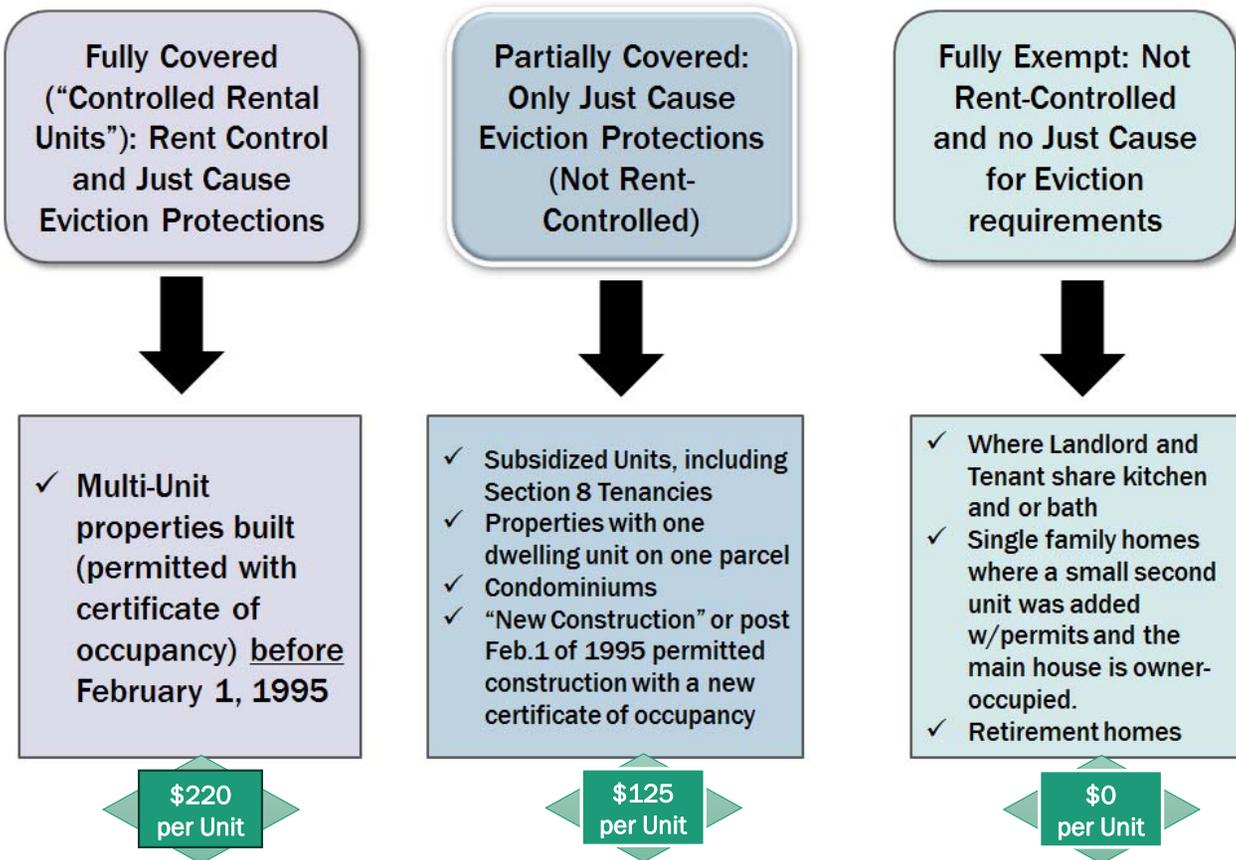
## Just Cause for Eviction Layer (20%)

- 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%)

- 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

# Proposed Fees Applicable to Fully, Partially and Exempt Rental Units



# APPLICABLE UNIT COUNTS

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
<b>SUBTOTAL – FULLY COVERED UNITS</b>	<b>7,515</b>	<b>7,665</b>	<b>7,749</b>	<b>+84</b>
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
<b>SUBTOTAL – PARTIALLY COVERED UNITS (EXCLUDING GOV SUBSIDIZED RENTAL UNITS)</b>	<b>5,700</b>	<b>5,987</b>	<b>5,898</b>	<b>-89</b>
<b>SUBTOTAL - GOVERNMENTALLY SUBSIDIZED RENTAL UNITS</b>	<b>4,508</b>	<b>4,498</b>	<b>4,487</b>	<b>-11</b>
<b>TOTAL APPLICABLE UNITS</b>	<b>17,723</b>	<b>18,150</b>	<b>18,134</b>	<b>-16</b>
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	805	533	530	-3
<b>TOTAL NON-APPLICABLE OR CONDITIONALLY EXEMPT UNITS</b>	<b>7,004</b>	<b>6,807</b>	<b>6,844</b>	<b>+37</b>

# BUDGET AND RENTAL HOUSING FEES

UNIT COUNTS		PROPOSED FY 2023-24	CHANGE FROM FY 2023 TO 2024 (DECREASE)
TOTAL BUDGET		\$3,004,698	(\$57,989) (1.9%)
FULLY COVERED UNITS	7,749	<b>\$220</b>	(\$6) (2.7%)
PARTIALLY COVERED UNITS (INCLUDING SUBSIDIZED UNITS)	10,385	<b>\$125</b>	(\$2) (1.6%)
TOTAL REVENUE		\$3,074,698	(\$31,989) (1.0%)

## 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
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)	\$220	\$125	N/A

# 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 <sup>16</sup>	PORTION OF FEE PASSED THROUGH TO TENANTS
<b>ACTIVELY ENFORCED RENT PROGRAMS</b>					
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 <sup>17</sup>
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	\$220 per Fully Covered Unit; \$125 per Partially Covered Unit (proposed for FY 2023-24)	\$2,537	None
SANTA MONICA	\$5,807,003	27,484	\$228	\$4,017	50%
<b>COMPLAINT-DRIVEN RENT PROGRAMS</b>					
LOS ANGELES	\$22,032,000	631,000	\$38.75 per Unit	\$2,781	50%
WEST HOLLYWOOD	\$2,257,000	15,800	\$144 <sup>18</sup>	\$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%

## RECOMMENDED ACTION

(1) ADOPT Revised Fiscal Year 2023-24 Rent Program budget; (2) RECEIVE and APPROVE Revised Fiscal Year 2023-24 Rental Housing Fee Study; and (3) DIRECT staff to prepare a resolution, consistent with the Rent Board's approved Rental Housing Fee Study and budget, recommending to the City Council adoption of a two-tier fee structure for Fiscal Year 2023-24 of \$220 for Fully Covered Rental Units and \$125 for Partially Covered Rental Units.

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# FINANCIAL RESERVE POLICY

JUNE 26, 2023, SPECIAL MEETING OF THE RICHMOND RENT BOARD | ITEM H-1



## RESERVE POLICY BACKGROUND

- The Rent Ordinance ensures the integrity and autonomy of the Rent Board
  - *The Rent Board [shall] “be an integral part of the government of the City [of Richmond],” and “shall exercise its powers and duties under [Chapter 11.100] independent from the City Council, City Manager, and City Attorney, except by request of the [Rent] Board.” – Section 11.100.060(m)*
- The Rent Ordinance requires that the Rent Board adopt its own budget, independent of the City Council, City Manager, and City Attorney – currently the budget is funded solely by the Rental Housing Fee.
- In April 2020, in consideration of the recommendations and best practices presented by Kevin W. Harper CPA & Associates, the Rent Board directed staff to develop a financial reserve policy.
- On January 20, 2021, staff presented a proposed policy to the Board that would require that the Board maintain a minimum reserve balance equal to 30% of current year expenditures, not to exceed 50%.
- The Board directed staff to revise the proposed policy to reflect a minimum/maximum range of 18-25% on February 17, 2021.

## OBJECTIVES OF RESERVE POLICY

- The revised reserve policy accomplishes following objectives:
  1. Establishes three categories of Reserves and creates a procedure whereby those amounts within the reserves may be accessed;
  2. Requires that any amount of the reserves that are appropriated for spending be replenished;
  3. Sets a maximum cap on the total amount of Reserves that can be held at one time and require that any amount in excess of the Reserve maximum cap be used to reduce future Rental Housing Fees.

## RESERVE LEVELS

Name	Purpose	Target Level	Target Level (\$) (based on FY 22/23 budget)
<b>Operating and Stability Reserve</b>	Provide fiscal stability and mitigate loss of service delivery and financial risks associated with unexpected revenue shortfalls during a single fiscal year or during a prolonged recessionary period.	18% of current year budgeted expenses (Adopted Budget \$2,738,580)	\$492,944
<b>Catastrophic Legal Event Reserve</b>	Offset unforeseen legal costs that exceed currently allocated legal fees.	50% of any remaining reserve balances after the Operating and Stability Reserve is sufficiently funded at 18% of current year budgeted expenses	Min: \$0 Max:\$74,489
<b>Catastrophic Reserve</b>	Mitigate costs associated with unforeseen emergencies, such as a disaster or catastrophic event.	50% of any remaining reserve balances after the Operating and Stability Reserve is sufficiently funded at 18% of current year budgeted expenses	Min: \$0 Max:\$74,489

<b>STATUS OF EXISTING FUND BALANCES</b>	
<b>CATEGORY</b>	<b>AMOUNT</b>
Current Revenues (FY 2022-23 Actual as of end of May 2023)	\$2,590,521
Current Expenditures (FY 2022-23 Actual as of end of May 2023)	\$2,299,657
<b>Starting Fund Balance (Beginning FY 2022-23)</b>	<b>\$584,010</b>
<b>Projected Revenues (FY 2022-23 Projected through Q4)</b>	<b>\$2,614,258</b>
<b>Projected Expenditures (FY 2022-23 Projected through Q4)</b>	<b>\$2,567,690</b>
<b>Projected Surplus (Ending FY 2022-23)</b>	<b>\$46,568</b>
<b>Proposed FY 22-23 Contribution to Reserves:</b>	<b>\$116,568</b>
<i>Proposed Contribution to Operating and Stability Reserve</i>	\$22,014
<i>Proposed Contribution to Catastrophic Legal Event Reserves</i>	\$47,277
<i>Proposed Contribution to Catastrophic Reserves</i>	\$47,277
<b>Starting Fund Balance (Beginning FY 2023-24)</b>	<b>\$514,010<sup>5</sup></b>

## PROPOSED NEXT STEPS

- In accordance with Regulation 323, Resolution 21-01, which contains the Special Revenue Fund Operating Reserve Policy became effective March 19, 2021.
- Staff members coordinated with the Finance Department staff to create accounts within the Rent Program's Special Revenue Fund where reserve funds were deposited.

- If Replenishing Reserve Funds approved, reserve balance after funding:

<i>Operating and Stability Reserve balance after proposed funding:</i>	<i>\$492,944</i>
<i>Catastrophic Legal Event Reserve balance after proposed funding:</i>	<i>\$74,489</i>
<i>Catastrophic Reserve balance after proposed funding:</i>	<i>\$74,489</i>
<b><i>Total Reserve Balance</i></b>	<b><i>\$641,922</i></b>

## RECOMMENDED ACTION

**Staff recommends that the Rent Board authorize replenishing the reserves to a minimum of eighteen percent (18%) of current year budgeted expenditures for the Operating and Stability Reserve and the maximum remaining for the Catastrophic Legal Event Reserve and Catastrophic Reserve as described in the Reserve Policy.**

- Proposed Contribution to Operating and Stability Reserve      \$22,014
- Proposed Contribution to Catastrophic Legal Event Reserves      \$47,277
- Proposed Contribution to Catastrophic Reserves      \$47,277

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# REGULATION ANNOUNCING THE 2023 ANNUAL GENERAL ADJUSTMENT

ITEM H-2 June 26, 2023

Nicolas Traylor, Executive Director

Richmond Rent Program

## STATEMENT OF THE ISSUE:

- Section 11.100.070(b) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance provides no later than June 30 of each year, the Board shall announce the percentage by which Rent for eligible Rental Units will be generally adjusted effective September 1 of that year. Adoption of a regulation is necessary to announce the amount of the 2023 Annual General Adjustment applicable to those tenancies that were in effect prior to September 1, 2022.

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## Fiscal Impact

- **There is no fiscal impact related to this item.**

## Background

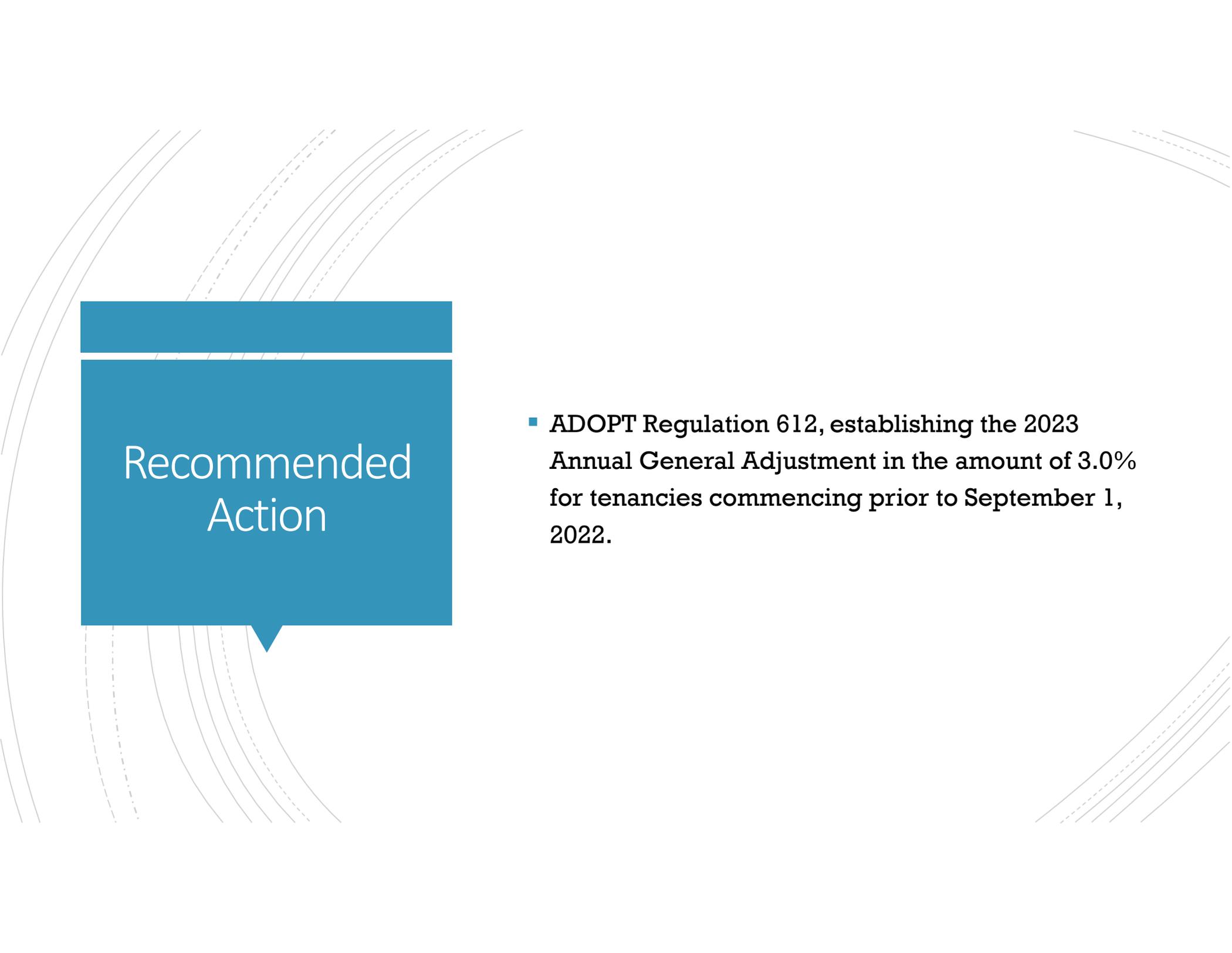
- Measure P amended Richmond Municipal Code Section 11.100.070(b)(1), to explain that the Annual General Adjustment is equal to sixty percent (60%) of the percentage increase in the Consumer Price Index (All Urban Consumers, San Francisco-Oakland -San Jose region) as reported by the U.S. Department of Labor, Bureau of Labor Statistics, or three percent (3.0%), whichever is lower, for the 12-month period ending as of March of the current year.
- No later than June 30 of each year, the Rent Board must announce the amount of the Annual General Adjustment for the current year. This percentage represents the Annual General Adjustment that may take effect September 1.

## Calculation of the Maximum Allowable Rent

- As written, Regulation 612 announces the Annual General Adjustment by which the Maximum Allowable Rent may increase for Controlled Rental Units.
- To reduce the risk of error, staff members utilize the U.S. Department of Labor, Bureau of Labor Statistics' determination of the CPI in a given 12-month period.
- The change in the Consumer Price Index for 2023 is 5.3%. Sixty percent (60%) of 5.3% is 3.18%. Because 3.18% is larger than 3.0%, the Annual General Adjustment for 2023 is 3.0%

## Next Steps

- Staff members will draft a template rent increase notice for Landlord use based on the new 2023 Annual General Adjustment. These forms will be available on the Rent Program website ([www.richmondrent.org](http://www.richmondrent.org)), within thirty days (30) upon Rent Board adoption of Regulation 612. In addition, staff members will send an announcement to community members announcing the 2023 Annual General Adjustment.
- Additional community engagement and education is anticipated to address questions regarding application of the 2023 AGA in September 2023.



## Recommended Action

- **ADOPT Regulation 612, establishing the 2023 Annual General Adjustment in the amount of 3.0% for tenancies commencing prior to September 1, 2022.**

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