

REGULATION ANNOUNCING THE 2024 ANNUAL GENERAL ADJUSTMENT

ITEM H-1 June 28, 2024

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 2024 Annual General Adjustment applicable to those tenancies that were in effect prior to September 1, 2023.



Fiscal Impact

- **There is no fiscal impact related to this item.**
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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 613 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 2024 is 2.4%. Sixty percent (60%) of 2.4% is 1.44%. Because 1.44% is less than 3.0%, the Annual General Adjustment for 2024 is 1.44%

Next Steps

- Staff members will draft a template rent increase notice for Landlord use based on the new 2024 Annual General Adjustment. These forms will be available on the Rent Program website (www.richmondrent.org), within thirty days (30) upon Rent Board adoption of
- Staff members will send an announcement to community members announcing the 2024 Annual General Adjustment.
- Additional community engagement and education is anticipated to address questions regarding application of the 2024 AGA.

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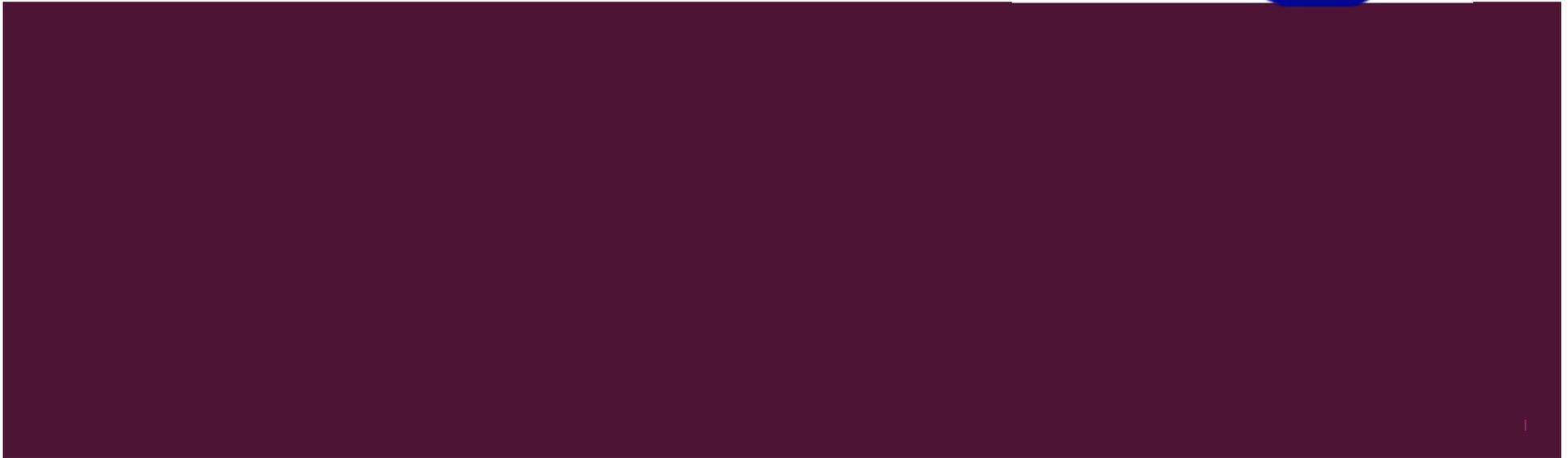
Recommended Action

- **ADOPT Regulation 613, establishing the 2024 Annual General Adjustment in the amount of 1.44% for tenancies commencing prior to September 1, 2023.**

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JUNE 28, 2024, SPECIAL MEETING OF THE RICHMOND RENT BOARD | ITEM I-I

RESERVE POLICY



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 23/24 budget)
Operating and Stability Reserve	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 \$3,004,698)	\$540,846
Catastrophic Legal Event Reserve	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:\$105,164
Catastrophic Reserve	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:\$105,164 ⁴

STATUS OF EXISTING FUND BALANCES

CATEGORY	AMOUNT
Current Revenues (FY 2023-24 Actual as of end of May 2024)	\$2,905,170
Current Expenditures (FY 2023-24 Actual as of end of May 2024)	\$2,708,438
Starting Fund Balance (Beginning FY 2023-24)	\$650,067
Projected Revenues (FY 2023-24 Projected through Q4)	\$2,935,170
Projected Expenditures (FY 2023-24 Projected through Q4)	\$2,717,962
Projected Surplus (Ending FY 2023-24)	\$217,208
Proposed FY 2023-24 Contribution to Reserves:	\$109,252
<i>Operating and Stability Reserve</i>	\$47,902
<i>Catastrophic Legal Event Reserves</i>	\$30,675
<i>Catastrophic Reserves</i>	\$30,675
Starting Fund Balance (Beginning FY 2024-25)	\$758,022

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 contributing to Reserve Funds approved, reserve balance after funding:

<i>Operating and Stability Reserve balance after proposed funding:</i>	\$540,846
<i>Catastrophic Legal Event Reserve balance after proposed funding:</i>	\$105,164
<i>Catastrophic Reserve balance after proposed funding:</i>	\$105,164
<i>Total Reserve Balance</i>	<i>\$751,174</i>

RECOMMENDED ACTION

Staff recommend 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 \$47,902
- Proposed Contribution to Catastrophic Legal Event Reserves \$30,675
- Proposed Contribution to Catastrophic Reserves \$30,675

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FY 2024-25 BUDGET & RENTAL HOUSING FEE STUDY

**CITY OF RICHMOND RENT PROGRAM
PROPOSED JUNE 28, 2024:**



**Nicolas Traylor- Executive Director
ITEM J-1 | June 28, 2024, Special Rent Board Meeting
www.richmondrent.org**

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 2024-25 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 adopt the proposed Fiscal Year 2024-25 Rent Program Budget and Fee Study prior to the July 1 deadline and to direct staff to recommend to the City Council approval of a two-tiered fee structure for Fiscal Year 2024-25 of \$239 for Fully Covered Rental Units and \$136 for Partially Covered Rental Units.

Fiscal Impact

The proposed budget and Rental Housing Fee study for the 2024-25 Fiscal Year would authorize \$3,299,011 in expenses and \$3,399,011 in revenues. The Rental Housing Fee for the 2024-25 fiscal year is proposed: \$239 for Fully Covered Rental Units and \$136 for Partially Covered Rental Units.

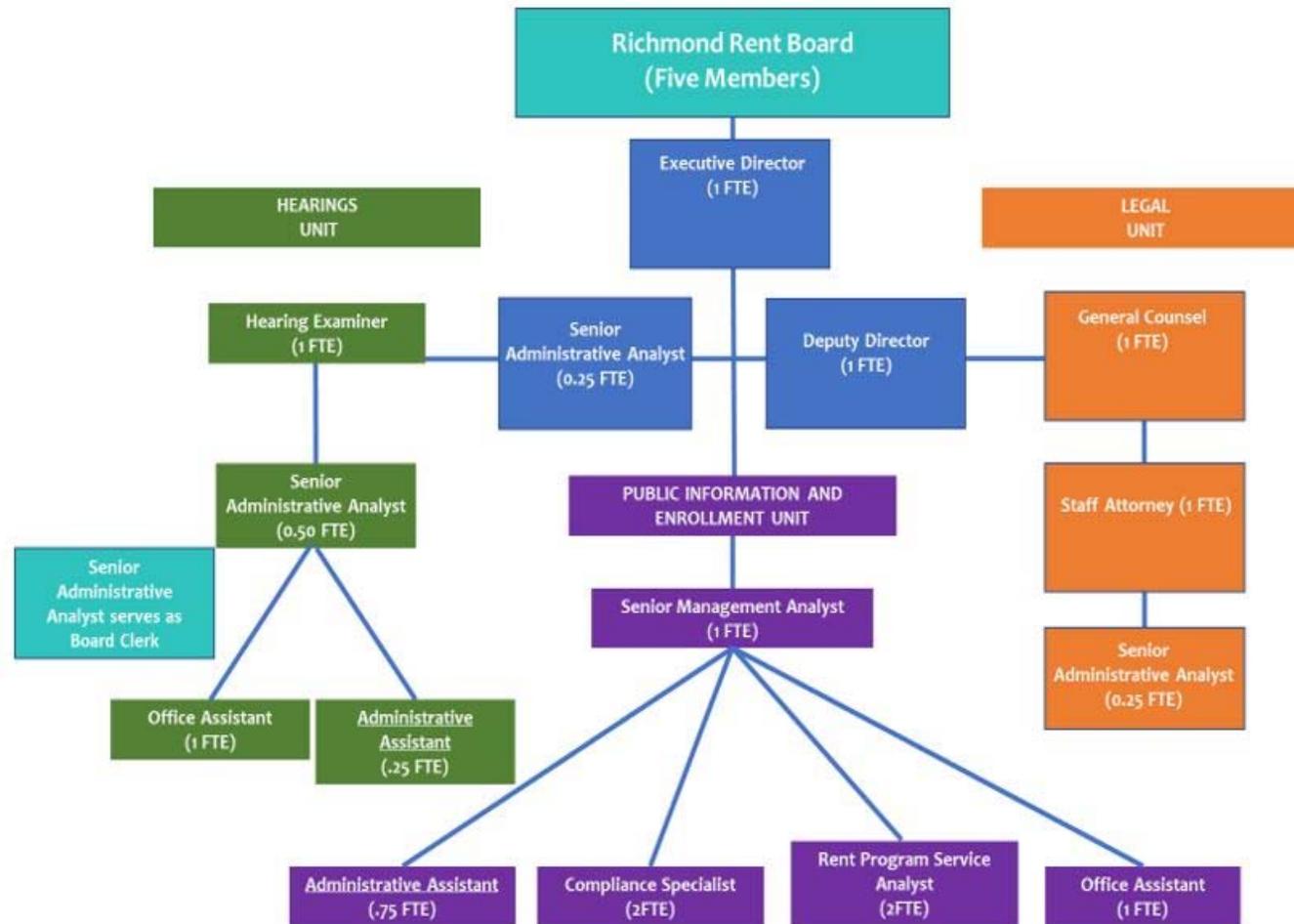
Proposed Fiscal Year 2024-25 Labor Summary

<i>Unit</i>	<i>Authorized Positions 2022/2023</i>	<i>Authorized Positions 2023/2024</i>	<i>Proposed Positions 2024/2025</i>	<i>Amount of Change 23/24 to 24/25</i>
Management	2.25	2.25	2.25	0
Legal	2.25	2.25	2.25	0
Public Information & Enrollment	6.00	7.00	7.00	0
Hearings	1.50	2.50	2.50	0
TOTAL	12	14	14	0

Figure 3. Proposed Fiscal Year 2024-25 Permanent Staff by Classification

<i>Classification</i>	<i>Authorized Positions 2022/2023</i>	<i>Authorized Positions 2023/2024</i>	<i>Proposed Positions 2024/2025</i>	<i>Amount of Change 23/24 to 24/25</i>
Administrative Aide	3	0	0	0
Administrative Assistant	0	1	1	0
Compliance Specialist	0	2	2	0
Deputy Director	1	1	1	0
Executive Director	1	1	1	0
General Counsel	1	1	1	0
Hearing Examiner	1	1	1	0
Office Assistant	0	2	2	0
Rent Program Services Analyst I and II	2	2	2	0
Senior Administrative Analyst	1	1	1	0
Senior Management Analyst	1	1	1	0
Staff Attorney	1	1	1	0
Total	12	14	14	0

Proposed Rent program Organizational Chart



Approved Office Assistant in FY 2023-24 to be Reclassified to Administrative Trainee or Equivalent in FY 2024-25

- In FY 2023-24 per the Rent Board direction in May of 2023, additional support was needed for translation and interpretation services to allow for bilingual Board meetings. Holding bilingual Board meetings required an additional Hearings Unit Staff (1 FTE) to aid with handling an increased workload for the additional Board requirements.
- After the recruitment process had concluded with no viable candidate identified, it was determined that the role can be reclassified to an Administrative Trainee or an equivalent level. Once the reclassification is approved, the recruitment will begin in the first quarter of FY 2024-25 for hiring in the second quarter.

Proposed
Fiscal Year 2024-25
Agency Goals

- Program Development
- Outreach
- Program Sustainability and Compliance

Program Development

- Continue to invest in staff training and professional development
- Continue to develop online services
- Enhance legal services to Richmond Landlords and Tenants

Outreach

- Increase awareness of the Rent Ordinance
- Expand education efforts
- Develop systems to produce Notices of the Maximum Allowable Rent (MAR)
- Conduct a Landlord survey

Program Sustainability & Compliance

- Provide the highest level of service to the rental community
- Improve and focus on sustainability of the agency
- Continue to work collaboratively with other City departments
- Continue to develop and refine the Rent Program's database, transitioning from using the City's TRAKiT database

**PROPOSED
FISCAL YEAR 2024-25
BUDGET**

Permanent Employee Salaries and Wages

SALARIES AND WAGES	
400001 - 400006 Permanent Employees	Proposed Allocation: \$1,859,742

The allocation reflects salary-related costs for all budgeted positions which includes the 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, 2024, at 4% and 5% per Bargaining Unit. The City will also increase the monthly pay rate by 4% and 5% on January 1, 2025 for each unit.

Overtime

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.

Bilingual Pay

SALARIES AND WAGES

400048 Bilingual Pay	Proposed Allocation: \$14,289
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The allocation accounts for the two percent (2%) salary premium granted to seven (7) 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)
- Compliance Specialist (1 FTE)
- Office Assistants (2 FTE)

Auto Allowance

SALARIES AND WAGES

400049 Auto Allowance	Proposed Allocation: \$4,200
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The allocation accounts for an automobile allowance for the Executive Director, in the amount of \$350 per month.

Other
Pay/Pension
Credits
(Deferred
Compensation)

SALARIES AND WAGES

400053	Proposed Allocation:
Other Pay / Pension Credits (Deferred Compensation)	\$19,694

Beginning July 1, 2023, the City began making contributions to a deferred compensation account for each Executive Staff in the amount of 2.0% of each employee's semi-monthly base salary to occur each pay period per the ratified MOU.

Fringe Benefits

BENEFITS	
400103 - 400151 Fringe Benefits	Proposed Allocation: \$1,005,294

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 (\$326,838)
 - Dental Insurance (\$19,418)
 - Employee Assistance Program (\$252)
 - Vision Insurance (\$2,324)
- Professional Development funds
 - 14 permanent employees are eligible for reimbursement of up to \$750 for eligible expenses (\$10,500)
- Medicare Taxes (\$26,457)
- Life Insurance (\$4,047)
- Long-Term Disability Insurance (\$13,025)
- Unemployment Insurance (\$6,384)
- Workers' Comp Insurance¹
 - Clerical staff (\$0)
 - Professional staff (\$81,614)
- Other Post-Employment Benefits (OPEB) (\$0)²
- Miscellaneous Benefits (\$514,435)³

TRANSLATION,
INTERPRETATION
&
OTHER PROFESSIONAL
SERVICES

400201 Professional Services	Proposed Allocation: \$90,700
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The allocation accounts for professional services provided by contractors. These services include:

Increase in translation and interpretation services to accommodate additional requirements for Board Meetings.

- Written translation (\$19,000)
- Scheduled verbal interpretation and on-demand services (\$41,700)
- Evaluation 360 Degrees – Executive Director (\$10,000)
- Temporary Services (\$20,000)

SUPPLEMENTAL
INSURANCE

SUPPLEMENTAL INSURANCE	
400552 General Liability Insurance	Proposed Allocation: \$9,500

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 beyond City's insurance policy.

IT SERVICES

LEGAL SERVICES

PROFESSIONAL SERVICES/INFO TECH SERVICES

400220 Information Technology Services	Proposed Allocation: \$2,500
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\$2,500 TRAKiT annual IT charge for City land management system.

PROFESSIONAL AND ADMINISTRATIVE SERVICES

400206 Legal Services	Proposed Allocation: \$275,000
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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
 - o 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.
 - o The Rent Program is finalizing a contract in the amount of \$75,000 for legal services for Landlords and Tenants. This service will provide Landlords legal assistance, legal advice, and limited representation. This service will also be available to Tenants that reside in the City of Richmond.

BAR ASSOCIATION DUES

DUES AND MEMBERSHIPS

400261 Memberships & Dues	Proposed Allocation: \$2,025
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The allocation accounts for California BAR Association dues for three attorneys (\$675 per attorney).

PROPERTY & LEGAL INFORMATION SUBSCRIPTIONS

DUES AND SUBSCRIPTIONS

400261 Subscriptions	Proposed Allocation: \$7,500
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- Property Information subscription (\$4,500)
- Legal Information subscription (\$250 per month, for a total of \$3,000)

ADVERTISING & PROMOTIONAL MATERIALS

ADVERTISING AND PROMOTION	
400271 Advertising & Promotional Materials	Proposed Allocation: \$3,000

The allocation accounts for newspaper announcements as required as part of the budget adoption process (\$200), advertising materials for increased outreach (\$2,200), and monthly promotion on social media accounts (\$600).

PROGRAM SUPPLIES & EXPENSES

ADMINISTRATIVE EXPENSES	
400280 Program Supplies and Expenses	Proposed Allocation: \$6,881

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

- Emails for Rent Board Members (total cost of \$1,382)
- Business cards for staff members (\$50 per order, for an estimated 2 orders, for a total cost of \$100)
- Rent Board food/snacks for Regular and Special Meetings: \$1,200
- Zoom Meetings Accounts - \$4,199

POSTAGE AND MAILING

PRINTING & BINDING

OFFICE EXPENSES

400231 Postage and Mailing	Proposed Allocation: \$30,000
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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 \$0.68 per envelope for all projects, except for the Guide to Rent Control mailing, which assumes a postage rate of \$1.12 per envelope:

- Rental Housing Fee invoices to Landlords
- Late Rental Housing Fee invoices to Landlords
- Letter Project to Landlords
- Mailing the Guide to Rent Control to Tenants and Landlords
- Postcards - Outreach Plan

OFFICE EXPENSES

400232 Printing and Binding	Proposed Allocation: \$30,000
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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
- Rental Housing Fee invoices to Landlords
- Late Rental Housing Fee invoices to Landlords
- Printing Rent Validation Reports for Tenants and Landlords
- Printing the Guide to Rent Control for Tenants and Landlords
- Postcards - Outreach Plan

EQUIPMENT RENTAL

OFFICE EXPENSES

400304 Equipment Rental	Proposed Allocation: \$9,000
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The allocation provides for funding for the lease of combination printers, scanners, copiers, and fax machines at City Hall. The Rent Program, in partnership with the Richmond Promise, Arts and Culture, and Department of Infrastructure, Maintenance, and Operations, entered a 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). The City is exploring a new lease and printing/copy structure.

RECOGNITION & AWARDS

RECOGNITION AND AWARDS

400338 Recognition & Awards	Proposed Allocation: \$300
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The Board approved an amount not to exceed \$300 for a perpetual plaque to recognize past Board members.

OFFICE SUPPLIES

OFFICE SUPPLIES	
400341 Office Supplies	Proposed Allocation: \$8,000

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

UTILITIES

UTILITIES	
400401 Telephone	Proposed Allocation: \$500

The allocation covers the cost of a mobile 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 and texting. A phone plan established to text and call the rental community and not rely on staff personal number being disclosed for safety purposes.

COST POOL

COST POOL	
400574, 400586, 400591, and 391994 General Liability, Admin. Charges, Civic Center Rent, and Operation Transfer In	Proposed Allocation: \$0 Net

The allocation and transfer include General Liability, Administrative Charges, Workers' Compensation Insurance, and office space at City Hall for the Rent Program.

Rent Program leadership are engaged in on-going discussions with the City Attorney's, City Manager, and Finance Department regarding the budget for Cost Pool and Fringe Benefits. Rent Program staff have reached a tentative solution and understanding with the City; the Rent Program and City are negotiating to complete terms and execute a Cooperative Agreement between the City and Rent Board. For Fiscal Year 2024-25, the [City](#) has provided the below amounts to include in the Rent Program Budget:

- **General Liability** - \$99,980.
- **Workers' Compensation** (Fringe Benefits - Prof) \$81,614.
- **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 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 cost allocated in the budget is \$52,481.

COST POOL CONTINUED

- **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 the Community Services Building. The cost allocated in the budget is \$56,315.
- **Operation Transfer In** will be used to offset the Cost Pool charges as a Subsidy for the fiscal year 2023-24 and fiscal year 2024-25. The Rent Program will not be expending any funds to recover the Cost Pool charges, 100% of the transfer will be City funded. The transfer will be pending City Council approval. The Subsidy will not be required to be paid back as a loan with any interest bearing, it will be considered a transfer from the City to the Rent Program to offset those Cost Pool charges. The amount will be (\$290,391) for the fiscal year 2024-25.

EXPENSE & REVENUE PROJECTIONS

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	\$2,609,775	\$2,143,246	\$2,795,854	107%
2021-22	\$2,938,314	\$2,175,258	\$2,356,688	80%
2022-23	\$3,106,687	\$2,581,531	\$2,635,376	85%
2023-24	\$3,074,398	\$2,741,960	\$2,966,265	93% (PROJECTED)

10-YEAR FINANCIAL PROJECTION

In February 2020, the Rent Program contracted with Kevin W. Harper CPA and Associates to prepare 10-year financial projections and recommendations in support long-term financial stability. The 10-year projection allows for more informed decision making by anticipating that costs will increase 2 percent per year with fees increasing by 1 percent per year. This allows the Rent Program to maintain required reserves between 18-25% to ensure funds are available to cover expenses in the first two months of the fiscal year in the event revenue collection is delayed.

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**FISCAL YEAR 2024-25 RENTAL
HOUSING
FEE STUDY**

INTRODUCTION AND BACKGROUND

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

PROPOSED FEE STRUCTURE AND EXAMPLE SERVICES

Program Layer (55%)

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

Just Cause for Eviction Layer (20%)

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

Rent Control Layer (25%)

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

APPLICABLE UNIT COUNTS

STATUS	2023 TOTAL	CHANGE BETWEEN 2023 AND 2024 (Positive Number – Units Added; Negative Number –Units Lost)	2023 TOTAL
Fully Covered Units	7,749	+108	7,857
Partially Covered Units (EXCLUDING GOV SUBSIDIZED RENTAL UNITS)	5,898	+148	6,046
Governmentally Subsidized Units	4,487	-48	4,439
Total Applicable Units	18,134	+208	18,342

Fiscal Year 2024-25

Proposed Budget and Rental Housing Fees

UNIT COUNTS		PROPOSED FY 2024-25	CHANGE FROM FY 2023 TO 2024
TOTAL BUDGET ⁸		\$3,299,011	\$294,313 9.8%
FULLY COVERED UNITS ⁹	7,857	\$239	\$19 8.6%
PARTIALLY COVERED UNITS (INCLUDING SUBSIDIZED UNITS) ¹⁰	10,485	\$136	\$11 8.5%
TOTAL REVENUE ¹¹		\$3,399,011	\$324,313 10.5%

Comparison of Proposed FY 2024-25 Rental Housing Fee to Prior Years

FISCAL YEAR	FULLY COVERED RENTAL UNITS	PARTIALLY COVERED RENTAL UNITS
2017-18	\$145	\$145
2018-19	\$207	\$100/\$50 (Gov. Subsidized) ¹²
2019-20	\$212	\$112
2020-21	\$219	\$124
2021-22	\$218	\$123
2022-23	\$226	\$127
2023-24	\$220	\$125
2024-25 (Proposed)	\$239	\$136

Fees in Sister Jurisdictions

JURISDICTION	2024-25 PROGRAM BUDGET	APPLICABLE RENTAL UNITS	RENTAL HOUSING FEES (PER UNIT)	AVERAGE RENT ¹³	PORTION OF FEE PASSED THROUGH TO TENANTS
ACTIVELY ENFORCED RENT PROGRAMS					
BERKELEY	\$7,506,460	19,600 Fully Covered; 5,000 Partially-Covered	\$344 for Fully Covered; \$212 per Partially-Covered; \$53 for Non-profit Affordable	\$3,300	50%, City may reimburse low-income Tenants ¹⁴ \$13 a month at maximum for 12 consecutive months
EAST PALO ALTO	\$800,528	8,212	\$234	\$2,844	None (2016 MAR increased by \$9.75 for 50% registration passthroughs rescinded)
OAKLAND	\$11,124,347	100,787	\$101	\$2,553	50%
RICHMOND	\$3,299,011 (proposed for FY 2024-25)	7,857 Fully-Covered; 10,485 Partially-Covered Units	\$239 per Fully Covered; \$136 per Partially Covered	\$2,814	None
SANTA MONICA	\$6,138,003	27,484	\$228	\$4,017	50%
COMPLAINT-DRIVEN RENT PROGRAMS					
LOS ANGELES	\$11,221,649	650,832	\$38.75 per Unit	\$2,700	50%
WEST HOLLYWOOD	\$3,734,698	16,000 Rent-controlled; total 18,000 units	\$145¹⁵	\$3,439	50% (excludes Section 8 Tenants)
ALAMEDA	\$1,985,543	13,500 Fully-covered; total 16,579 units	\$162 per Fully-covered; \$109 per Partially-covered	\$2,713	50%
SAN FRANCISCO	\$14,740,863	291,000	\$59 per apartment; \$29.50 per residential hotel room	\$2,825	50%

RECOMMENDED ACTION

(1) ADOPT Revised Fiscal Year 2024-25 Rent Program Budget; (2) RECEIVE and APPROVE Fiscal Year 2024-25 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 2024-25 of \$239 for Fully Covered Rental Units and \$136 for Partially Covered Rental Units