

AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: December 18, 2024

Final Decision Date Deadline: December 18, 2024

STATEMENT OF THE ISSUE: The Ordinance empowers the Richmond Rent Board to request and receive funding when and if necessary, from “any available source” for its reasonable and necessary expenses. [Quotation marks added.] Currently, 85% of the Budget is devoted to personnel, salaries and benefits, which will increase every year due to contractual obligations. Sooner or later the contracted obligations will outpace the money that can be reasonably collected from landlord fees. At that time, the Ordinance permits the Board to seek other sources of funding. Aware of the financial instability this scenario portends, it is imperative that the current Board initiate action now, before the need arises, so we will be fully prepared when the time comes. Every source of money is not an appropriate source. The Board needs guidance from the considered opinion of the Rent Program Staff, supported by experts in academic and financial spheres, to (1) develop/recommend evidence-based guidelines to determine appropriate foundation sources for funding the Richmond Rent Program, to (2) develop policies and regulations for requesting and receiving funding, and (3) to explore different budget formats that provide the fiscal transparency expected by donor foundations.

INDICATE APPROPRIATE BODY

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| ☐ City Council | ☐ Redevelopment Agency | ☐ Housing Authority | ☐ Surplus Property Authority | ☐ Joint Powers Financing Authority |
| ☐ Finance Standing Committee | ☐ Public Safety Public Services Standing Committee | ☐ Local Reuse Authority | ☒ Other: <u>Rent Board</u> | |

ITEM

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| ☐ Presentation/Proclamation/Commendation (3-Minute Time Limit) | | |
| ☐ Public Hearing | ☐ Regulation | ☐ Other: |
| ☐ Contract/Agreement | ☒ Rent Board As Whole | |
| ☐ Grant Application/Acceptance | ☐ Claims Filed Against City of Richmond | |
| ☐ Resolution | ☐ Video/PowerPoint Presentation (contact KCRT @ 620.6759) | |

RECOMMENDED ACTION: 1. DIRECT STAFF to start the research necessary to provide credible guidelines for the Board to follow to identify appropriate donor foundations and submit a written report containing the proposed guidelines to the Board at the December 2024 Regular Meeting of the Rent Board and thereafter on a quarterly basis. 2. DIRECT STAFF to identify in the written report all expert sources used to support the guidelines presented to the Board. For example, if Staff adopts a recommendation from the Haas Business Institute of the University of California, Berkeley, this source should be identified in full. (Nicolas Traylor/Fred Tran – 620-6564). ***This item was continued from the November 20, 2024, Regular Rent Board Meeting.***

AGENDA ITEM NO:

H-1.

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AGENDA REPORT

DATE: December 18, 2024

TO: Chair Cantor and Members of the Rent Board

FROM: Elaine Dockens, Member, Richmond Rent Board

SUBJECT: Richmond Rent Ordinance, 11.100.060 (I) Financing

STATEMENT OF THE ISSUE:

The Ordinance empowers the Richmond Rent Board to request and receive funding when and if necessary, from “any available source” for its reasonable and necessary expenses. [Quotation marks added.] Currently, 85% of the Budget is devoted to personnel, salaries and benefits, which will increase every year due to contractual obligations. Sooner or later the contracted obligations will outpace the money that can be reasonably collected from landlord fees. At that time, the Ordinance permits the Board to seek other sources of funding. Aware of the financial instability this scenario portends, it is imperative that the current Board initiate action now, before the need arises, so we will be fully prepared when the time comes.

Every source of money is not an appropriate source. The Board needs guidance from the considered opinion of the Rent Program Staff, supported by experts in academic and financial spheres, to (1) develop/recommend evidence-based guidelines to determine appropriate foundation sources for funding the Richmond Rent Program, to (2) develop policies and regulations for requesting and receiving funding, and (3) to explore different budget formats that provide the fiscal transparency expected by donor foundations.

FISCAL IMPACT: Not determined.

BACKGROUND:

The Richmond Rent Board has an obligation to set strategic goals for the Rent Program to achieve and maintain financial stability. Strategic goals and the guidelines, policies and regulations supporting the goals are only as good as the evidence-based research and data that goes into drafting them. Therefore, the considered opinion of the Staff, enhanced by evidence-based research and data from recognized experts, is the best way for the Board to fulfill its role to provide strategic direction for the Agency.

DISCUSSION: Topics for consideration

First, Consider the mandate of the second sentence of Section 11.100.060 (I) Financing, of the Rent Ordinance in light of the Board's knowledge of the current budget being 85% salaries, wages, and benefits.

Second, consider receiving research and recommendations from respected academic institutions, e.g., the Haas School of Business at UC Berkeley.

Third, consider using evidence-based research learn the practices and expectations of donor foundations e.g., Candid.org (merging Guidestar.org and the Foundation Directory to deliver accurate and timely information on institutional philanthropy).

Fourth, consider exploring additional budget options, e.g., that clearly state the percentages of funds dedicated to specific goals of The Rent Program and that clearly addresses the budget criteria of appropriate foundation donors.

<https://gettingattention.org/nonprofit-budget>

Fifth, research appropriate donor foundations, i.e., foundations with policies that coincide with and support the goals of the Rent Program.

Sixth: the Board has the discretion to consider, from time to time, the formation of an Ad Hoc Committee consisting of no more than two Board members to monitor/support Staff progress.

Seventh: The first step is to establish guidelines for identifying appropriate donor foundations. Subsequent, separate steps to establish policies, draft and promulgate appropriate regulations will come after the guidelines are established.

VOTE BY THE BOARD AFTER DISCUSSION:

The Board shall vote on a motion to direct the Staff to use evidenced-based research to establish guidelines for identifying appropriate donor foundations which would be appropriate sources of additional funds, as the first step in implementing Section 11.100.060, 2nd sentence, of the Rent Ordinance.

RECOMMENDED ACTION:

If the motion is passed by vote, the Board,

- 1.DIRECT STAFF to start the research necessary to provide credible guidelines for the Board to follow to identify appropriate donor foundations and submit a written report containing the proposed guidelines to the Board at the December 2024 Regular Meeting of the Rent Board and thereafter on a quarterly basis.
- 2.DIRECT STAFF to identify in the written report all expert sources used to support the guidelines presented to the Board. For example, if Staff adopts a recommendation from the Haas Business Institute of the University of California, Berkeley, this source should be identified in full.

DOCUMENTS ATTACHED:

Richmond Rent Ordinance, Section 11.100.060, Section (I) Financing, 2nd sentence.

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(k) **Dockets.** The Board shall maintain and keep in its office all hearing dockets.

(l) **Financing.** The Board shall finance its reasonable and necessary expenses by charging Landlords annual registration fees in amounts deemed reasonable by the Board. The Board is also empowered to request and receive funding when and if necessary from any available source for its reasonable and necessary expenses.

(1) **Residential Rental Housing Fee.** All Landlords shall pay a business license fee if required by Richmond Municipal Code plus a Residential Rental Housing Fee. The City shall charge the Residential Rental Housing Fee at the same time as the business license fee. The amount will be determined by the City Council after a recommendation by the Board is provided to the City Council. The City Council will vote on the recommendation at the next regularly scheduled meeting. The budget shall be funded by the Rental Housing Fee.

(2) This fee shall become due within thirty (30) days of inception of new tenancy if no fee was paid the prior year. Ongoing tenancies shall have fees collected at the same time as the City business license each year.

(m) **Integrity and Autonomy of Board.** The Board shall be an integral part of the government of the City, but shall exercise its powers and duties under this Chapter independent from the City Council, City Manager, and City Attorney, except by request of the Board. The City shall provide infrastructural support on an ongoing basis as it would with any other department. During the transition period before the Board Members are appointed and an Executive Director is hired, the City shall take whatever steps necessary to perform the duties of the Board and implement the purpose of this Chapter.

(n) **Budget.** The Board shall, prior to July 1 of each year, hold a public hearing on a proposed budget and adopt an annual budget for the ensuing fiscal year. At least thirty-five days prior to the beginning of each fiscal year, the Board's Executive Director shall submit to the Board the proposed budget as prepared by the Executive Director. After reviewing the same and making such revisions as it may deem advisable, the Board shall determine the time for the holding of a public hearing thereon and shall cause to be published a notice thereof not less than ten days prior to said hearing, by at least one insertion in the official newspaper. Copies of the proposed budget shall be available for inspection by the public in the office of the Board at least ten days prior to said hearing. The City Council and the City Manager shall have no authority to oversee, supervise, or approve this budget. Upon final adoption, the budget shall be in effect for the ensuing fiscal year and the amounts stated therein shall be and become appropriated by the Board for the respective objects and purposes therein specified. At any meeting after the adoption of the budget the Board may amend or supplement the budget by the affirmative votes of at least three members. Copies of the adopted budget and any amendments or supplements shall be filed with the City Clerk, and City Manager. Necessary adjustments to city administrative procedures shall be made.

(o) **Personnel.** The Board shall review and assess yearly that sufficient number of staff are employed, including an Executive Director, hearing examiners, housing counselors and legal staff, as may be necessary to perform its function efficiently in order to fulfill the purpose of this Chapter. The Executive Director shall be hired by the Board. All employees of

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