



DRAFT RENT
PROGRAM
FISCAL YEAR
2025-26 BUDGET
OPTIONS

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ITEM I-1



STATEMENT OF THE ISSUE

In compliance with Section 11.100.060(I) of the Richmond Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, the Residential Rental Housing Fee must be recommended by the Rent Board and approved by the City Council. Before July 1, the Board must hold a public hearing and adopt a budget for the upcoming fiscal year. This budget is funded by the Residential Rental Housing Fee. Staff has prepared a high-level draft “Status Quo” (Baseline) budget, along with options for the Board’s initial review and feedback. The goal is to gather input and direction before scheduling a public hearing and finalizing the FY 2025–26 budget



Fiscal Impact

Status Quo Budget: Estimated at \$3,660,764, with proposed fees of \$272 for fully covered rental units and \$153 for partially covered units (rounded to the nearest dollar).

OPTION 1: Staff Promotions/Landlord Survey/Security: Adds \$35,796 to status quo budget. Adds \$3 to fully covered Status Quo Fee. Adds \$2 to partially covered Status Quo Fee.

OPTION 2: Compliance Focused: Rent Program Service Analyst Option: Adds \$116,500 beginning in the second quarter to the Status Quo budget (over \$155,000 annually in future years). Adds \$9 to fully covered Status Quo Fees and \$5 to partially covered Status Quo Fees.

OPTION 3: Hearings Focused Option: Adds \$200,000 to the Status Quo budget. Adds \$15 for fully covered Status Quo Fees and \$8 to the partially covered Status Quo Fee.



Status Quo Budget

The Status Quo or baseline budget is based on fiscal year 2024-25's budget. The projected Status Quo budget is **\$3,660,764**, reflecting a \$371,753 increase from FY 2024-25. This increase is primarily due to salary/benefit increases and a decrease in total rental unit count.

Anticipated Status Quo Rental Housing Fees:

- Partially Covered Units: **\$153/unit** (increasing from \$135)
- Fully Covered Units: **\$272/unit** (increasing from \$238)

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- Salaries and wages (including MOU increases based on prior contracts, merit and step increases)
 - Professional services and IT
 - Advertising, dues, subscriptions
 - Office operations and supplies
 - Insurance
 - Cost Pool Charges, net \$0
 - Nicolas Traylor Retirement March 2026 (with estimated leave payouts)
 - Fringe Benefits estimated at 62% of Total Salaries (average % from past 7 years)

Status Quo Budget



OPTION 1: Staff Promotions/Landlord Survey/Security

Adds \$35,796 for:

- Staff Promotions (\$22,796)
- Security for public meetings/events (\$3,000)
- Landlord Survey (\$10,000)



Position Change	Reason	Budget Impact
RPSA I → RPSA II	Increased skills	\$7,594
Admin. Asst. → Admin. Analyst	Expanded duties across units	\$4,951
Senior Admin Analyst (step increase)	Added supervisory duties	\$10,251
		Total \$22,796

OPTION 1: PROPOSED PROMOTIONS



OPTION 1: Security Services

Funds \$3,000 for a security guard at 20 in-person events/meetings (\$50/hr x 3 hrs x 20 events). Needed to ensure safety to address disruptive public behavior at Board meetings and Rent Program events. This would be budgeted in line item 400201 Professional Services.



OPTION 1: Landlord Survey

\$10,000 to hire a vendor to help the Rent Program conduct a survey to improve services for Richmond landlords.

OPTION 1's Impact on Fees

Adds \$3 to fully covered Status Quo Fee (\$275/unit)

Adds \$2 to partially covered Status Quo Fee (\$155/unit)



OPTION 2: Increasing Compliance Resources

- Second Quarter Hire Adds \$116,000 to Status Quo Budget (over \$155,000 in future years)
- A compliance focused Rent Program Services Analyst could increase revenue through two key efforts:
- *Increasing the rental unit count*
- *Increasing revenue collection from delinquent Rental Housing Fees.*

To increase revenue and Rental Housing Fee increases, staff propose hiring a compliance-focused Rent Program Services Analyst who would:

1. Focus on collection of fees for approximately 4,850 units.
2. Search rental listings to find unregistered units
3. Conduct outreach to suspected rentals (SFHs, condos, ADUs)
4. Develop/enhance database tools for registration/payment
5. Use mapping tools to locate unpermitted units
6. Investigate suspected rentals and prepare for enforcement
7. Collaborate with Legal and Finance for liens/legal action.



Revenue Generation by Increasing Unit Count

On average staff become aware of about 60 newly discovered or previously unbilled rental units annually- through passive complaints. This equates to about \$8-\$10K per year.



New Rental Unit Discovery Project

Launched: FY 2020–21

- Purpose:** Identify unregistered rental units by searching online listings
- Staff Time:** 1 hour/day dedicated to searches

Key Outcomes (2020–2022):

- 100+ listings reviewed** in first 5 months; over half were new discoveries
- 2021:** 200+ listings reviewed → 40+ new units found
- 2021–22:** 200+ listings reviewed → 50+ new units + 100 misclassified units identified
- Many found units** owed fees but were incorrectly marked exempt/inapplicable (usually as homeowner occupied).



Increasing Rental Unit Count through Targeted Outreach to Single-Family Homes / Condos

- Focused outreach to **SFRs and condos** helps identify unregistered rental units

- **2018 mass mailing** to SFHs/Condos resulted in:

- **500 newly registered units**
- **~\$75,000 in additional revenue**

Future Revenue Potential

- **New Rental Unit discovery estimate:** ~250 partially covered units for initial years

- **Estimated revenue:** ~\$37,500 (at ~\$150/unit)
- Outreach impact likely to **decrease over time** as more landlords comply



Collecting Delinquent Rental Housing Fees

- ~4,850 units currently have unpaid fees
- Collection agency recovers ~\$50,000 annually
- Staff-led collection efforts/projects in prior years added ~ \$100,000

Proposed Solution to Increase Collections: A Staff Person Dedicated to Delinquent Fees Collection Efforts

- Could generate an **additional \$50,000/year** through internal collections
- Supports **steady revenue**, reduces **year-end pressure**, and improves **budget planning**

Key Activities:

- Ramped up outreach to delinquent landlords
- Coordinate property liens with the City
- Legal action against non-compliant owners
- Rent Withholding petition support



Summary Of Estimated Annual Revenue Generation

A compliance focused RPSA is anticipated to pay for approximately 75%-100% of itself. However, over time, costs may outpace revenue generated- due to increases in salaries, benefits and other costs

Activity	Revenue
Online Rental Research/Investigation	~\$30,000
Collections	~\$50,000
Outreach to SFHs/Condos (250 units)	~\$37,500
Total	~\$117,500

OPTION 2's Impact on Fees

Adds \$9 to fully covered Status Quo Fee (\$281/unit)

Adds \$5 to partially covered Status Quo Fee (\$158/unit)

OPTION 3: Increasing Hearings Resources

- Adds \$200,000 to Status Quo Budget (1.0 FTE)
- Addresses 28% increase in Hearings activity in the last two fiscal years
- Increasing activity has led to:
- *Hearings now scheduled 6-8 weeks out (vs. 4 weeks)*
- delayed decisions and appeals (appeals delayed 6-12 months)
- Increased stress for parties, reduced confidence in process, and backlogs impacting all petitioners

Hearings Activity- 2017-2025

Fiscal Year	Petitions Filed	Hearings Held	Decisions Rendered	Settlement Reached	Total Hearings Activity
2017-18	10	9	0	2	19
2018-19	59	46	10	29	115
2019-20	63	40	11	22	114
2020-21	20	19	9	4	53
2021-22	57	33	7	31	119
2022-23	35	33	12	13	92
2023-24	67	45	18	41	160
2024-25 (to date)	58 thru-4/4/25	43 thru 4/8/25	7	31	140
Total	369	268	74	170	

OPTION 3's Impact on Fees

Adds \$15 to fully covered Status Quo Fee (\$287/unit)

Adds \$8 to partially covered Status Quo Fee (\$161/unit)



Next Steps

Staff request the Board's feedback on these options. Based on feedback and direction from the Board, a draft budget will be presented for consideration and potential adoption at the May 21, 2025, Rent Board meeting.



RECOMMENDED ACTION

RECEIVE and review the proposed high-level Status Quo operating budget for FY 2025–26. CONSIDER additional budget options that address resource needs for the Public Information and Enrollment and Hearings Units. PROVIDE DIRECTION to staff on which components to include in the draft FY 2025–26 Rent Program budget, to be brought back to the Board for possible adoption.