
JUNE 18, 2025, MEETING OF THE RICHMOND RENT BOARD | ITEM H-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 24/25 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 \$3,289,011)	\$592,022
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:\$112,896
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:\$112,896 ⁴

STATUS OF EXISTING FUND BALANCES

CATEGORY	AMOUNT
Current Revenues (FY 2024-25 Actual as of end of May 2025)	\$2,863,226
Current Expenditures (FY 2024-25 Actual as of end of May 2025)	\$2,764,182
Starting Fund Balance (Beginning FY 2024-25)	\$865,604
Projected Revenues (FY 2024-25 Projected through Q4)	\$2,898,226
Projected Expenditures (FY 2024-25 Projected through Q4)	\$3,098,147
Projected Net Deficit (Ending FY 2024-25)	(\$199,921)
Proposed FY 2024-25 Contribution to Reserves:	\$51,176
<i>Operating and Stability Reserve</i>	\$51,176
<i>Catastrophic Legal Event Reserves</i>	\$0
<i>Catastrophic Reserves</i>	\$0
Starting Fund Balance (Beginning FY 2025-26)	\$614,507

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>	<i>\$592,022</i>
<i>Catastrophic Legal Event Reserve balance after proposed funding:</i>	<i>\$105,164</i>
<i>Catastrophic Reserve balance after proposed funding:</i>	<i>\$105,164</i>
<i>Total Reserve Balance</i>	<i>\$802,350</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 \$51,176
- Proposed Contribution to Catastrophic Legal Event Reserves \$0
- Proposed Contribution to Catastrophic Reserves \$0

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Proposed Fiscal Year 2025-26 Budget and Fee Study



ITEM I-1

Nicolas Traylor, Executive Director

City of Richmond-Rent Program

June 18, 2025

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 proposed Fiscal Year 2025-26 Budget and Fee Study and provided the Rent Board with a prior draft 10-year financial projection for its consideration and comment. The purpose of this item is to adopt the proposed Fiscal Year 2026-26 Rent Program Budget 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 2025-26 of \$267 for Fully Covered Rental Units and \$151 for Partially Covered Rental Units.

Fiscal Impact

The proposed budget and Rental Housing Fee study for the 2025-26 Fiscal Year would authorize \$3,594,258 in expenses and \$3,694,258 in revenues. The Rental Housing Fee for the 2025-26 fiscal year is proposed: \$267 for Fully Covered Rental Units and \$151 for Partially Covered Rental Units.

Proposed Fiscal Year 2025-26 Goals

- Program Development
- Outreach and Education
- Program Sustainability and Compliance.

These three main goals are aligned with the mission of the Rent Program:

Promoting 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.

Program Development

- Continue to Invest in Staff Training
- Continue to Develop Online Services
- Continue to Enhance Legal Services for Richmond Rental Property Owners and Tenants

Outreach and Education

- Increase Awareness of the Rent Ordinance
- Expand Education Efforts through Targeted Outreach
- Develop Systems to Produce MAR notices and Conduct Tenancy Registration Outreach
- Conduct a Landlord Survey (10K budgeted)

Program Sustainability and Compliance

- Sufficiently Collect Residential Rental Housing Fees to Support Program Operations
- Improve and Focus on Sustainability of Agency
- Continue to Work Collaboratively with the City of Richmond and Incentivize Cooperation with Cost Pool Cooperation Agreement
- Continue to Develop and Refine Rent Program's Database

Approved Hiring of Rent Program Services Analyst in FY 2025-26

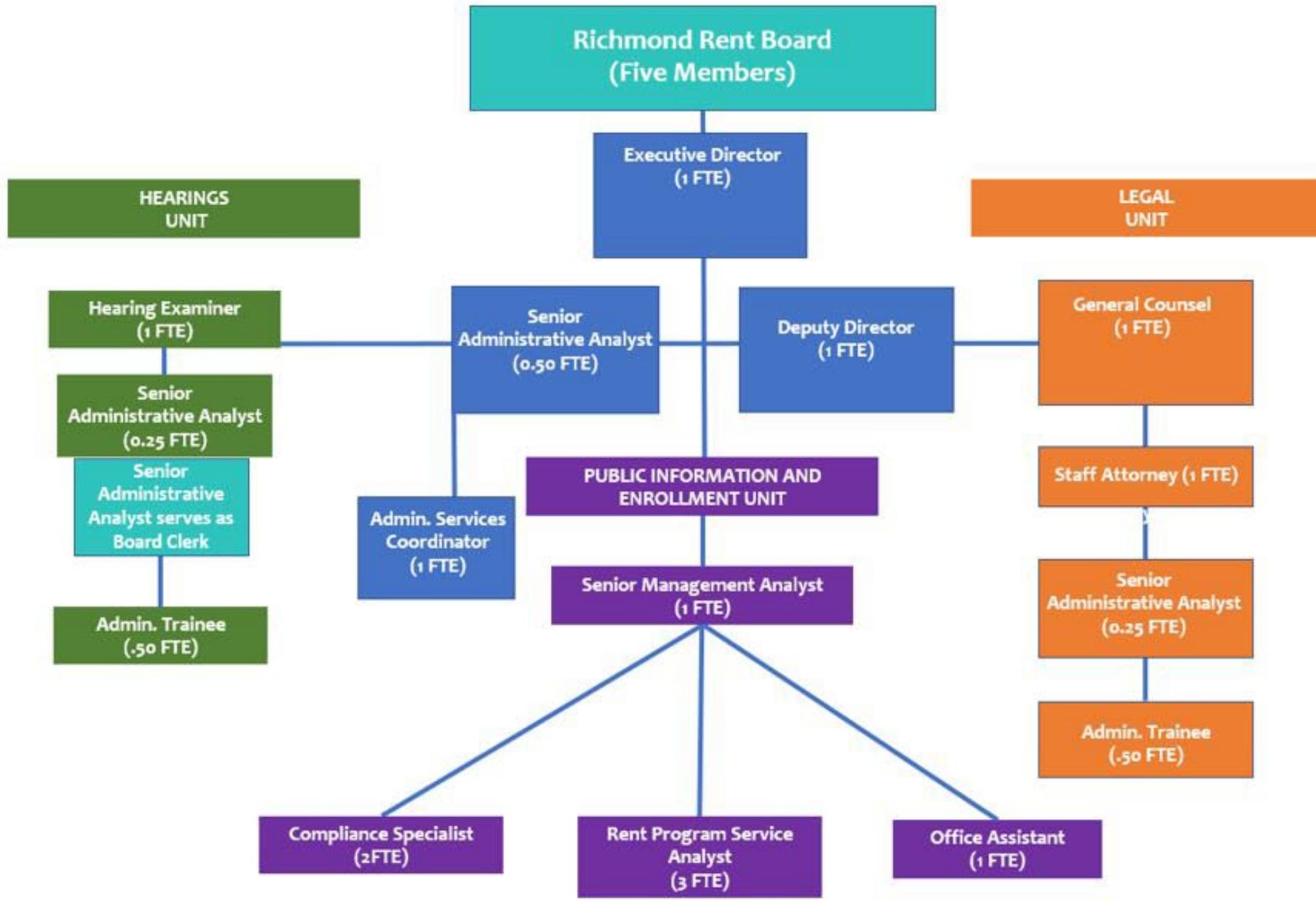
- The Rent Board approved an additional hire for a Rent Program Services Analyst during the May 28, 2025, meeting to support improved collection efforts by:
 - Identifying, investigating and billing previously unreported rental units
 - Increasing internal efforts to collect outstanding fees
 - Leading billing, registration and compliance related outreach projects
 - Providing counseling, outreach, and education services
 - Potentially assisting with new housing-related City ordinances that enhance compliance.
 - This position will help effectuate increased revenue collection and fees, sustain higher long-term fee collection rates and support the program's core services.
 - The recruitment will begin is estimated to begin the first quarter of FY 2025-26 for hiring in quarter of one (1) FTE.

Staff Promotions in FY 2025-26

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

Budgeting for Salaries Per Updated Class/Comp Salaries and Union Agreements

- Class and Compensation Study adjusts salaries to bring them closer to market (increasing salaries overall since 2023)
- Unions still negotiating salary adjustments with City, however typically the discussions on new MOUs begin with similar terms as the existing, with additional negotiations to finalize an agreement.
- Salary increases commonly will be retroactive to the beginning of the agreements (effective July 1, 2025).
- To budget for the fiscal year 2025-26 salaries, staff utilized the same annual Step increases for SEIU Local 1021 and IFPTE Local 21 Mid-Management and 1% to 5% merit increases for IFPTE Local 21 Executive Managers. Staff also budgeted a cost-of-living increase of 4% effective January 1, 2026, for all three bargaining units.



Proposed Fiscal Year 2025-26 Budget Summary

Category	Proposed FY 2025-26 Budget
Salaries and Wages	\$2,092,841
Fringe Benefits with Workers' Comp- \$1,109,206	\$1,023,511
Professional and Administrative Services	\$390,606
Cost Pool (Admin. Charges, Space at 440 Civic Center Plaza, General Liability, Workers' Comp. \$85,695 and Operating Transfer In)	\$0
Other Operating Expenses	\$77,300
Supplemental Liability Insurance Policy (SLIP)	\$9,500
Utilities	\$500
TOTAL	\$3,594,258

Budget and Fee Study

- **Legal Authority:**

- **Rent Ordinance (§11.100.060(l)(1)):** Requires all Landlords to pay a Residential Rental Housing Fee.
- **Gov. Code §50076:** Fees must not exceed the reasonable cost of service.

- **Purpose of Fee Study:**

- Ensure the Fee reflects the **cost** of Rent Program services.
- Support **full cost recovery** for budgeted operations.

- **Fee Supports:**

- **Personnel** – Staff salaries, benefits, overtime
- **Risk Management** – SLIP (insurance) costs
- **City Cost Pool** – Admin support from Council, Finance, HR, etc.
- **IT Systems** – Rent-tracking database, hardware/software
- **Outreach & Education** – Workshops, printed materials
- **Professional Services** – Translation, interpretation, etc.

Applicable Unit Counts

STATUS	2024 TOTAL	CHANGE BETWEEN 2024 AND 2025	2025 TOTAL
Fully Covered Units	7,857	-223	7,612
Partially Covered Units (EXCLUDING GOV SUBSIDIZED RENTAL UNITS)	6,046	-103	5,943
Governmentally Subsidized Units	4,439	-10	4,429
Total Applicable Units	18,342	-358	17,984

Proposed Budget and Corresponding Rental Housing Fees

		Proposed for FY 2025-26	Change from FY 2024-25
TOTAL EXPENSES:		\$3,594,258	\$305,247 9.3%
Fully Covered Units	7,612	\$267	\$29 12.1%
Partially Covered Units (including subsidized units)	10,372	\$151	\$16 11.6%
TOTAL REVENUES:		\$3,694,258	\$305,247 9.0%

Proposed FY 2025-26 Rental Housing Fees Compared 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	\$218	\$123
2022-23	\$226	\$127
2023-24	\$220	\$125
2024-25	\$238	\$135
2025-26	\$267	\$151

Update on City Cost Pool Charges and Cooperation Agreement

- At the May 18, 2025, Regular Rent Board Meeting:
 - Andrea Miller, Director of Finance, reported that Cost Pool charges were to be resolved through a Cooperation Agreement between the Rent Board/Program and the City of Richmond
 - The Rent Board approved the Cost Pool Cooperation Agreement
 - The Agreement was scheduled for City Council approve on June 4, 2025, but was continued to the June 17, City Council Meeting/
 - The City Council approved the Cost Pool Cooperation Agreement at the June 17, 2025, City Council Meeting

Recommended Action

(1) ADOPT Revised Fiscal Year 2025-26 Rent Program Budget; (2) RECEIVE and APPROVE Fiscal Year 2025-26 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 2025-26 of \$267 for Fully Covered Rental Units and \$151 for Partially Covered Rental Units