



# Rent Board-Specific Lien Ordinance



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Richmond Rent Program  
Nicolas Traylor, Executive Director

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ITEM G-1

# Statement of the Issue

- In accordance with the Rent Ordinance, the Richmond Rent Program's budget is funded by the Residential Rental Housing Fee paid by Richmond Landlords. The Residential Rental Housing Fee is designed to allow the Rent Program to recover program costs of all budgeted operations.
- Adopting a lien policy as an additional tool would strengthen collection efforts by establishing a legal claim on the property with unpaid fees. Staff recommend the Richmond Rent Board consider adopting similar Rent Program procedures that align with the City of Richmond's current policy administered through the Finance Department.
- In accordance with the Cooperation Agreement reached in 2025 between the Rent Board and City of Richmond, an adoption of a Rent Board-specific Lien Ordinance would increase the Rent Program's financial stability and mandate to remain independent from, yet integral to the City of Richmond.

# Goals of a Rent Board-Specific Lien Ordinance

- 1. Streamline Enforcement:** Rent Program will embed lien authority within the City's existing lien process, reducing administrative lag and dependency on broader City processes.
- 2. Boost Compliance:** Liens deliver a strong incentive for property owners to pay fees and a mechanism for collection if outstanding fees exist. The outstanding fees would attach to property taxes.
- 3. Protect Revenue Stream:** Ensures more timely collection of fees needed to fund Rent Board operations, providing more fiscal stability annually.
- 4. Leverage Cooperative Agreement Benefits:** Enables implementation of the division of recovered lien revenue (90% Board, 10% City) already negotiated in Cooperation Agreement with the City of Richmond.
- 5. Clarify Roles and Authority:** Defines the Rent Board's direct powers and responsibilities around enforcement, giving the Rent Board authority to assess liens on properties, issue decisions/determinations and adjudicate claims therein through an appeals process.
- 6. Provide for Due Process:** An appeals process provides for fair treatment of parties and ability to object to unwarranted or incorrect charges.

# Recommended Features of a Rent Board Lien Policy

1. **Rent Board Statutory Authority & Council Coordination:** Upon adopting its preferred Lien Ordinance, the Rent Board would recommend the City Council to consider adoption of the necessary ordinance amendments to include liens for validated and unpaid Residential Rental Housing Fees.
2. **Penalties, Interest, and Administrative costs:** Continue to permit assessment of a reasonable late penalty. The lien amount should expressly include outstanding Residential Rental Housing Fees, and statutory late penalties.
3. **Notice & Cure Procedures (providing due process)**
  - Send initial delinquency notice (30-45 days after final 90-day penalty due date) including statement of amounts owed, penalty schedule, and how to pay.
  - Send a final notice at least **30 days** before lien recordation that explains impending lien, and rights to administrative appeal/hearing.
  - Provide an **administrative appeal** process, leading to a hearing that temporarily stays lien recording while appeal is pending if an appeal is filed timely.

# Recommended Features of a Rent Board Lien Policy

## 4. **Coordination with County Recorder & Lien Release Procedures**

- Specify the process for preparing and recording a lien (legal description, parcel ID, amount owed), including staff authority to record after notices and appeal windows expire.
- Provide for prompt lien release upon full payment and for a partial release if partial payment resolves secured portion.

## 5. **Cost Recovery & Collection Prioritization:** Ensure policies allow recovery of Rent Program and City of Richmond staff time and recording costs as part of the lien amount to avoid subsidizing collection costs for compliant payers.

## 6. **Reporting & Oversight:** Require staff to provide periodic reports to the Rent Board summarizing liens recorded, amounts recovered, pending appeals, and estimated uncollected unpaid fee balances.

## 7. **Confidentiality & Tenant protections:** Liens attach to the property/owner's interest, not to tenants. Ensure communications do not imply tenant liability and do not interfere with tenant protections under local/state law.

# How the Current City of Richmond Lien Process Works

- 1. Assessment & Debt Creation:** Under RMC RMC §§7.04.410–7.04.680, after internal collection efforts are exhausted, the City may assess a debt to delinquent business owner in the form of a lien against the property/business.
- 2. Notice of Hearing on Lien:** Pursuant and consistent with “due process of law” and RMC §7.04.415 the City of Richmond Municipal Code requires providing the debtor with notice of their right to appeal a lien and seek an administrative hearing on the matter.
- 3. Public Hearing and Council Approval:** The City Manager prepares list of lien candidates and sets a hearing date and place for the City Council to adjudicate those liens. Under RMC §7.04.415, a notice is mailed out to the debtor/property owner at least 10 days prior to a hearing (with Proof of Service at mailing). At the scheduled public hearing, the City Council considers the staff report/Agenda Report and any objections associated with the appeal.
- 4. Collection Through County Tax Assessment:** If the City Council confirms/approves the proposed liens, the unpaid charges become a special assessment. When a lien becomes a special assessment, the debt must be paid through the owner’s property tax bill. To collect the lien through a County tax assessment, RMC §7.04.420 requires that the City Manager transmit unpaid amounts (may include tax, penalties, 1% per month interest, administrative charges, lien release fee) to County Assessor.

# How the Current City of Richmond Lien Process Works

5. **Recording of Lien:** After the County receives the approved lien list, RMC §7.04.425 requires the lien to be recorded with the Contra Costa County Recorder. Until the debt is fully collected a special assessment on the property tax bill remains as a lien.
6. **Audit, Determination and Deficiency Notices:** To ensure compliance and accurate reporting/lien decisions, RMC §§7.04.430–7.04.450 authorizes the City to examine books, records, returns or declarations to verify that the declared amount(s) are true and to limit underpayments or miscalculations of fees or taxes due.
7. **Redetermination Process:** The City is authorized through an audit process to reclassify/redetermine (and in some cases retroactively reclassify) the status of what is owed to the City and Rent Board (e.g. the debtor has under reported income or improperly registered a property resulting in lower or higher fees/taxes).
8. **Appeal to a Hearing Officer after Audit, Determination, Deficiency Notice or Redetermination:** Pursuant due process, any reclassification or reassessment provides for proper notification by the City of Richmond of any determination issues, with Proof of Service by mail becoming final in 20 days unless the taxpayer files a petition for redetermination under RMC §7.04.500. Redeterminations of assessments are reviewed by the City Manager, with an oral hearing available upon request. After the matter is reviewed and approved by the City Manager or designated staff, a final decision is issued 20 days after service, unless appealed.
9. **Collection and Enforcement:** Upon final determination of the debt owed to the City, if unpaid, the property/business is subject to lien recorded with the County and placed on the property tax bill as a special assessment. Collection of the lien cannot be stopped with an injunction, or court order, since due process was provided to both parties through the administrative lien process.

# Proposed Outline of Rent Board/Rent Program Lien Process

1. **STANDARD COLLECTION PERIOD MUST EXPIRE:** Staff would attempt standard collection outreach (30, 60, 90-day) prior to listing the account as lien list worthy delinquent
2. **PRE-LIEN NOTICE SENT OUT:** For accounts meeting lien threshold, Staff would send a final 30-day pre-lien notice including payment and appeal instructions.
3. **THESHHOLD DEFINING DELINQUENT ACCOUNTS E:** An account would be deemed delinquent once it is considered “unpaid” and therefore a debt to the City/Rent Program. Depending on the designated policy, accounts would be considered unpaid/delinquent after a specified period (usually 30 to 45 days after standard collection period of 30-90 days) has expired. The Rent Program would issue and serve the required notice of a right to a hearing and the right to object to a determined lien.
4. **LIEN LIST GENERATION:** The Executive Director of the Rent Program (instead of the City Manager) would generate a delinquency list to coincide with the City of Richmond’s annual list of proposed liens.
5. **LIEN LEGAL REVIEW:** If no payment, appeal, or accepted payment plan, staff prepares lien documentation and forwards to the Rent Program’s General Counsel for legal review.

# Proposed Outline of Rent Board/Rent Program Lien Process

6. LIEN DECISION ISSUED AND APPEALS PROCESS: After receiving the legal recommendation, the Rent Program's Executive Director will issue a lien decision. If the decision is appealed, the appeals process begins (decision is appealed to a Hearing Officer/Examiner) with reasonable legally defensible due process deadlines to submit arguments, evidence and objections.
7. RECOMMENDED FINAL LIENS LIST APPROVED BY BOARD: After appeals process is exhausted, staff provide the Board with a list of recommended liens for potential approval and seek direction from the Board to include proposed liens in the City of Richmond's annual list of proposed liens seeking City Council approval.
8. FINAL LIENS LIST TO CITY MANAGER/FINANCE: Board approved liens list would go to the City Manager and Finance Director for review and inclusion in the overall lien list.
9. LIENS RECORDED WITH COUNTY AFTER COUNCIL APPROVAL: If approved by the City Council, liens would be recorded with County Recorder; the City/County may charge administrative recording fees according to established amount and add that to lien amount.
10. OWNER NOTIFIED-LIENS RELEASED UPON PAYMENT: Notify owner and provide instructions for lien release upon payment. If owner requests a reasonable payment plan within 30 days of recording, staff may negotiate a plan with conditions (e.g., partial payment up front).

# Conclusion

- Adopting a lien ordinance protects Rent Program funding.
- Provides a defensible administrative process for collecting unpaid fees.
- Ensures equitable treatment of compliant property owners.
- Staff recommend collaboration with the City to develop a Lien Ordinance for Board and Council approval.

# Implementation Roadmap (Next Steps)

- Step 1: Rent Board approves policy framework and directs staff collaboration.
- Step 2: Legal review by City Attorney and Rent Program General Counsel.
- Step 3: Council consideration of proposed ordinance.
- Step 4: Operational preparation — forms, workflows, training.
- Step 5: Implementation and monitoring with annual reporting to Board.

# Recommended Action

- **DIRECT** staff to collaborate with the City Attorney's Office and City of Richmond Staff to draft ordinance language consistent with existing City lien policy and procedures.
- **DIRECT** staff to return to the Rent Board with a draft proposed ordinance for possible approval and recommendation to the City Council.