

# AGENDA ITEM REQUEST FORM

Department: Rent Program

Department Head: Nicolas Traylor

Phone: 620-6564

Meeting Date: April 18, 2018

Final Decision Date Deadline: April 18, 2018

**STATEMENT OF THE ISSUE:** On March 21, 2018, the Rent Board received draft Fiscal Year 2018-19 Rent Program budget options and a draft Fiscal Year 2018-19 Rental Housing Fee Study. Consistent with direction received from the Rent Board on March 21, 2018, staff members have prepared revised budget options and a revised draft fee study for the Rent Board's consideration.

## INDICATE APPROPRIATE BODY

- |   |   |  |  |   |
|---|---|--|--|---|
| <input type="checkbox"/> City Council               | <input type="checkbox"/> Redevelopment Agency                             | <input type="checkbox"/> Housing Authority     | <input type="checkbox"/> Surplus Property Authority          | <input type="checkbox"/> Joint Powers Financing Authority |
| <input type="checkbox"/> Finance Standing Committee | <input type="checkbox"/> Public Safety Public Services Standing Committee | <input type="checkbox"/> Local Reuse Authority | <input checked="" type="checkbox"/> Other: <u>Rent Board</u> |   |

## ITEM

- 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:** RECEIVE revised Fiscal Year 2018-19 Rent Program budget options and corresponding Rental Housing Fee Study and PROVIDE direction to staff – Rent Program (Nicolas Traylor/Paige Roosa 620-6564).

AGENDA ITEM NO:

**I-3.**



# AGENDA REPORT

**DATE:** April 18, 2018

**TO:** Chair Gray and Members of the Rent Board

**FROM:** Nicolas Traylor, Executive Director  
Paige Roosa, Deputy Director

**SUBJECT:** REVISED FISCAL YEAR 2018-19 BUDGET AND FEE STUDY

## STATEMENT OF THE ISSUE:

On March 21, 2018, the Rent Board received draft Fiscal Year 2018-19 Rent Program budget options and a draft Fiscal Year 2018-19 Rental Housing Fee Study. Consistent with direction received from the Rent Board on March 21, 2018, staff members have prepared revised budget options and a revised draft fee study for the Rent Board's consideration.

## RECOMMENDED ACTION:

RECEIVE revised Fiscal Year 2018-19 Rent Program budget options and corresponding Rental Housing Fee Study and PROVIDE direction to staff.

## FISCAL IMPACT:

The fiscal impact of the proposed budget options are as follows:

Budget Option A would result in a total budget of \$2,556,693 and corresponding fees of \$188.00 for fully-covered Rental Units, \$91.00 for partially covered Rental Units, and \$46.00 for Governmentally-Subsidized Rental Units.

Budget Option B would result in a total budget of \$2,683,050 and corresponding fees of \$198.00 for fully-covered Rental Units, \$96.00 for partially covered Rental Units, and \$48.00 for Governmentally-Subsidized Rental Units.

Budget Option C would result in a total budget of \$2,804,925 and corresponding fees of \$207.00 for fully-covered Rental Units, \$100.00 for partially covered Rental Units, and \$50.00 for Governmentally-Subsidized Rental Units.

**DISCUSSION:**Background

The Rent Program Department is designed to function as a cost-recovery department that operates without financial assistance from the City's General Fund.<sup>1</sup> Instead, the Department is funded by a Residential Rental Housing Fee, paid by all Landlords of Rental Units in the City of Richmond in accordance with Section 11.100.060(l)(1) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. The amount of the Rental Housing Fee is determined annually by the City Council following a recommendation from the Rent Board.

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. Therefore, 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.

At the March 21, 2018, Rent Board meeting, Boardmembers received a draft Fiscal Year 2018-19 Budget and Rental Housing Fee Study and provided the following direction to staff members:

1. Hold a Special Meeting in April to adopt the Fiscal Year 2018-19 Budget and approve the Fiscal Year 2018-19 Rental Housing Fee Study; and,
2. Revise the fee study to include a third "tier" of the fee for affordable housing units.

In addition, Boardmembers requested information about year-to-date expenditures for each of the budget line items in Fiscal Year 2017-18.

The revised Fiscal Year 2018-19 Budget and Rental Housing Fee Study reflect the feedback received by the Board.

Proposed Fiscal Year 2018-19 Budget Options

In Fiscal Year 2018-19, the Rent Program department is poised to create a strong, actively enforced Rent Program that results in higher compliance than complaint-driven rent agencies. The proposed budget should therefore reflect the need to allocate appropriate funds to administer rent tracking, rent registration and registration outreach, in addition to physical improvements to the office.

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<sup>1</sup> At their meeting on December 20, 2017, Rent Boardmembers approved a [Reimbursement Agreement](#) between the Rent Board and City of Richmond to repay funds advanced by the City for program startup.

To perform effective registration outreach via rent tracking, two crucial components must be in place. The first is the development of a robust rent tracking database through vacancy rent registration. The second is adequate clerical resources to maintain, update and track Maximum Allowable Rent (MAR) levels. Although a good database can automatically perform most rent ceiling calculations, and although a strong online registration component further eases administrative processes, all rent registration databases require both manual inputs by staff (due to MAR changes resulting from rent adjustment petitions) and regular database maintenance and updates, as the status of Rental Units may change periodically (e.g. from “fully exempt,” to “partially covered,” or “fully covered,” to “partially covered.”) Particularly in the context of a tiered fee, the status of each Rental Unit in the City is a critical piece of information that must be closely tracked.

### *Proposed Budget Priorities and Alternatives*

Staff members recommend the Board consider adding the following line items to the Fiscal Year 2018-19 budget to support department operations:

- Maximize utility of the counseling area by allocating funds to reconfigure the existing office space to accommodate three counseling stations and improve the comfort of clients and counselors.
- Install permanent signage on doors and walls in 440 Civic Center Plaza to ensure community members can locate and navigate within the office.
- Employ an additional Administrative Aide (1 FTE) to implement and administer rent registration consistent with regulations adopted by the Board.
  - *Accurate rent registration and rent tracking includes the creation and maintenance of a complete database of tenancies, rents, and exempt statuses as well as an annual mailing of Maximum Allowable Rent certifications and close monitoring of exempt status, which improves billing accuracy. An Administrative Aide is the job classification best suited to this role due to this individual's need to perform difficult paraprofessional work, ability to interpret rules and regulations, and ability to train and provide direction to other staff members.*
- Employ a contractor to perform compliance-related tasks, such as investigations, issuing correspondence for noncompliance, and, with support from the Staff Attorney, pursue legal action for noncompliance with the Ordinance, registration, and fee payment requirements.
  - *As of March 16, 2018, over \$1.3 million in Rental Housing Fees have been assessed, but are unpaid. The estimated cost of hiring a contractor to focus on compliance (\$97,500) is a small fraction (7.2%) of the potential revenue (\$1,361,258). A contractor would be able to issue*

## ITEM I-3

*formal correspondence, properly cite and enforce applicable codes and regulations, and proactively prompt Board-initiated hearings and investigations with support from the Staff Attorney.*

The table on the following page presents three possible budget alternatives as well as the associated costs and impacts on the Rental Housing Fee. It is important to note that budget alternatives A, B, and C are progressive, with each alternative including the components of the prior option. Staff members recommend the Board adopt Budget Option C, which includes all line items identified above, and are necessary to implement a fully-functional rent registration system as well as bolster compliance with program requirements.

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### Proposed Budget Options and Corresponding Estimated Rental Housing Fee

PROPOSED OPTION	DESCRIPTION OF SIGNIFICANT CHANGES <sup>2</sup>	ESTIMATED COST (\$)	TOTAL BUDGET (INCLUDING OPERATING AND RISK RESERVES EQUAL TO 25% OF EXPENSES)	CORRESPONDING APPROXIMATE PROPOSED RENTAL HOUSING FEE (ROUNDED UP TO NEAREST DOLLAR)	PROPOSED PORTION OF FEES PAID BY RENT-CONTROLLED TENANT (50% OF TOTAL FEE) <sup>3</sup>
<b>A – BASELINE BUDGET WITH PHYSICAL IMPROVEMENTS</b>	Add funds to furniture and construction costs for counseling area redesign and permanent signage	<b>\$15,000</b>	\$2,556,693	Fully Covered Units: \$188/unit  Partially Covered Units: \$91/unit  Governmentally-Subsidized Units: \$46/unit	\$94.00 (\$7.80 per month)
<b>B – OPTION A PLUS ADDITIONAL RESOURCES FOR RENT REGISTRATION</b>	Add funds to hire an additional Administrative Aide to administer rent registration	\$15,000 (Option A) + \$60,550 (salary) + \$33,303 (benefits) + \$6,233 (liability) + \$1,000 (IT account)= <b>\$116,086</b>	\$2,683,050	Fully Covered Units: \$198/unit  Partially Covered Units: \$96/unit  Governmentally-Subsidized Units: \$48/unit	\$99.00 (\$8.25 per month)
<b>C – OPTION B PLUS ADDITIONAL RESOURCES FOR COMPLIANCE-RELATED WORK</b>	Add funds to hire an additional Administrative Aide to administer rent registration and add a contractor to assist with compliance-related work	\$116,086 (Option B)+ \$97,500 contract for legal services (assumes contractor would work 10-15 hours per week at a rate of \$150/hour) = <b>\$213,586</b>	\$2,804,925	Fully Covered Units: \$207/unit  Partially Covered Units: \$100/unit  Governmentally-Subsidized Units: \$50/unit	\$103.50 (\$8.60 per month)

<sup>2</sup> Identified changes do not include regular, anticipated cost increases, such as step (salary) increases for employees, changes in indirect costs, and an increase in funds for computer equipment.

<sup>3</sup> If approved by the Rent Board, it is proposed Landlords would have an option to pass through up to 50% of the Rental Housing Fee to be paid by the Tenant over the course of a year. For example, if the adopted Rental Housing Fee were \$207 for fully-covered units, up to \$103.50 could be passed on to the Tenant, who would be responsible for paying approximately an additional \$9 per month.

### Fiscal Year 2018-19 Rental Housing Fee Study

The fee study is designed to allow the Rent Program Department to recover costs of all budgeted operations, including:

- Personnel costs of staff, benefits, and overtime;
- Risk management and supplemental liability insurance plan (SLIP);
- Charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.);
- Information Technology (IT) expenses associated with the creation of a rent-tracking database and maintenance of computer hardware and software;
- Legal costs to support enforcement and defense of legal challenges to the Rent Ordinance;
- Costs of education and outreach, including the printing and distribution of print materials and hosting of community workshops and seminars;
- Contracts for translation and other professional services;
- Mileage and attendance at conferences and trainings; and,
- Operating and risk reserves to fund unanticipated costs and variations in collection of the Rental Housing Fee.

Staff members recommend the Board and City Council consider a tiered-fee approach to the Fiscal Year 2018-19 Rental Housing Fee to ensure the requirements of Section 50076 of the California Government Code are met. For example, owners of partially covered units should not be required to pay for petition and hearings process services, as tenants in these units do not have the same remedies as those afforded to fully covered units.

With much of the Rent Program Department now fully developed, Rent Program staff members propose a tiered fee, much like that contemplated in the [2017 Fee Study](#) prepared by Management Partners. Under this approach, costs of program administration are allocated among three components or layers: a general “program” layer (typically 40% of total costs), a “just cause” layer (typically 25% of total costs), and a “rent control” layer (typically 35% of costs).<sup>4</sup> Such allocations correspond with the amount of time spent administering each component of the program.

#### *Consideration of a lesser fee for Rental Units in Governmentally Subsidized Housing*

At their meeting on March 21, 2018, members of the Rent Board directed staff to explore the possibility of adding a “third tier” to the Rental Housing Fee applicable to Rental Units located within governmentally-subsidized housing developments.

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<sup>4</sup> Line items allocated differently include the contractor to focus on compliance, contract hearing examiner services, and community legal services contracts (all three items are allocated 50% to just cause and 50% to rent control layers)

Consistent with Regulation 17-01, adopted by the Rent Board on November 15, 2017, governmentally-subsidized Rental Units include:

- Rental Units in which a Tenant holds a Section 8 Housing Choice Voucher and where the Rent does not exceed the Payment Standard as published by the U.S. Department of Housing and Urban Development.
- Rental Units for which the rent is subsidized by the Project-Based Section 8 Program.
- Rental Units that are “rent restricted” in a Low Income Housing Tax Credit Program project. “Rent restricted” means the rent charged for the unit is affordable for a qualifying Tenant pursuant to the Regulatory Agreement.
- Rental Units for which the rent is subsidized by the Section 202 Supportive Housing for the Elderly Program (assuming the property is not considered a “nonprofit home for the aged” as identified in Section 11.100.030(d)(2) of the Rent Ordinance).
- Rental Units that are “rent restricted” under a regulatory agreement between a governmental agency and a property owner. “Rent restricted” means the rent charged for the unit is affordable for a qualifying Tenant pursuant to the Regulatory Agreement.
- Rental units owned or managed by the Richmond Housing Authority.

Current estimates indicate there are approximately 4,211<sup>5</sup> governmentally-subsidized rental units that meet the above criteria.

A separate “tier” for Rental Units located in governmentally-subsidized housing developments is supported by the following facts:

- (1) Rent-restricted units are exempt from the rent control provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (see [Regulation 17-01](#)). Except in cases of noncompliance with regulatory agreements or those in which the rent charged exceeds the Payment Standard established by HUD, Tenants in these units do not have the ability to submit Rent Adjustment Petitions due to decreases in space, services, or in response to habitability concerns, or file excess rent complaints.

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<sup>5</sup> At their November 15, 2017, meeting, Boardmembers received a report including an inventory and estimate of the total number of subsidized housing units in the City of Richmond. This report indicated there were 4,283 subsidized housing units in the City. Since that time, staff discovered there are 24 deed-restricted subsidized housing units at VUE at Hilltop Apartments, not 96. The current estimated number of units therefore reflects this 72 unit reduction in the estimated number of subsidized housing units in the City.



- (2) Rent-restricted units were already subject to a form of just cause for eviction requirements prior to the effective date of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. While it is necessary to inform property managers and owners of affordable housing developments of the specific just cause for eviction requirements per the Richmond Rent Ordinance, managers of these units have already been operating within the confines of “good” or “just cause” for eviction requirements, so typically less education is required.
- (3) While staff members recommend the Board consider adoption of a regulation permitting an optional, partial pass-through of the Rental Housing Fee to be paid by Tenants, owners of subsidized housing developments may be restricted in the amount of the fee that may be passed-through to tenants as a result of the requirements of regulatory agreements governing the amount of rent that may be charged.
- (4) The stated purpose of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance is to promote neighborhood and community stability, healthy housing, and affordability for renters in the City by controlling excessive rent increases and arbitrary evictions to the greatest extent allowable under California law. Landlords of subsidized housing developments may be subject to stricter guidelines with respect to pass-through of the Rental Housing Fee and other surcharges. Subsidized housing provider stakeholders expressed the concern that imposing a substantial fee on affordable housing units creates a unique financial hardship for owners of governmentally-subsidized housing, who may struggle to continue to provide affordable housing and the supportive services required of these developments (such as after school programming, counseling, etc.) to residents. As such, a lesser fee for these units is consistent with the stated purpose of the Ordinance.

Based on these facts, staff members recommend the Board adopt a fee structure whereby governmentally-subsidized Rental Units are responsible for approximately half of the “Program” layer, half of the “Just Cause for Eviction” layer, and none of the “Rent Control” layer of the Rental Housing Fee.

*Rental Housing Fees Associated with each Budget Option*

The table on the following page presents the estimated tiered fees associated with each proposed budget option.

**Fiscal Year 2018-19 Proposed Budget Options and Rental Housing Fees**

Unit Counts	Budget Option A Fees (per unit)	Budget Option B Fees (per unit)	Budget Option C Fees (per unit)
<b>TOTAL EXPENDITURES:<sup>6</sup></b>	\$2,556,693	\$2,683,050	\$2,804,925
<b>Fully Covered Units</b> 9,558	\$188	\$198	\$207
<b>Partially Covered Units (Excluding subsidized units)</b> 6,249	\$91	\$96	\$100
<b>GOVERNMENTALLY-SUBSIDIZED UNITS</b> 4,211	\$46	\$48	\$50
<b>TOTAL REVENUE:</b>	\$2,559,269	\$2,694,516	\$2,813,956

Partial Pass-Through of the Rental Housing Fee

It is common among rent control jurisdictions in California to permit an optional, temporary pass-through of a portion of the Rental Housing Fee to be paid by rent-controlled Tenants in monthly installments over the course of the year. Indeed, the cities of Berkeley, Santa Monica, East Palo Alto, Los Angeles, Oakland, West Hollywood, and San Francisco allow the Landlord to recover 50% of the Rental Housing Fee divided over each month's rent. In Berkeley, the Rent Board is authorized to reimburse low-income tenants. In West Hollywood, the pass-through may not be applied to Section 8 tenants.

It is important to note that the pass-through of the fee does not increase the Rent or Maximum Allowable Rent as defined in the Rent Ordinance; rather, the pass-through is a line item surcharge in excess of the Maximum Allowable Rent. For example, if the Rent Board adopts Budget Option C, for a rent-controlled Tenant, the associated monthly pass-through would be approximately \$9.00 per month. Such a policy would allow a Landlord of a rent-controlled unit to recover \$103.50 of the Rental Housing Fee if the Board elects to adopt Budget Option C.

Rent Program staff members recommend the Board adopt such a policy following the City Council's adoption of the Fiscal Year 2018-19 Rental Housing Fee.

Timeline and Next Steps

At the February 28, 2018, Special Meeting, Boardmembers received a proposed timeline for adoption of the Fiscal Year 2018-19 Rent Program Budget, recommendation of approval of the Fiscal Year 2018-19 Rental Housing Fee to the City Council, and billing of the Fiscal Year 2018-19 Residential Rental Housing Fee.

<sup>6</sup> Total expenditures include 17% operating and 8% risk reserves.

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Consistent with the direction provided by the Board on March 21, 2018, Rent Program staff members scheduled a Special Meeting on April 23, 2018, for the Board to hold a public hearing on a final proposed budget and corresponding fee study.

In accordance with Section 11.100.060(n) of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance, a notice of public hearing will appear in the West County Times on April 13, 2018, and April 21, 2018, and copies of the proposed budget options are available for inspection at the Rent Program office, located on the second floor of the Community Services Building, 440 Civic Center Plaza, Richmond, CA 94804.

A proposed timeline for additional actions is contained within the table below.

<b>Task</b>	<b>Proposed Timeline</b>
Rent Board considers adoption of Fiscal Year 2018-19 Rent Program Budget (includes public hearing)	April 23, 2018, Special Meeting
Rent Board approves Fiscal Year 2018-19 Fee Study, recommends to the City Council approval of the Fiscal Year 2018-19 Rental Housing Fee, and directs staff to study and prepare a regulation permitting a 50% pass-through of the Rental Housing Fee for rent-controlled Tenants	April 23, 2018, Special Meeting
City Council receives Fiscal Year 2018-19 Fee Study	May 22, 2018, Regular Meeting (study session)
City Council adopts Fiscal Year 2018-19 Rental Housing Fee	June 19, 2018, Regular Meeting
Rental Housing Fee bills generated	July 2018
Rental Housing Fee bills mailed	August 2018
Rental Housing Fee due	September 2018

### **DOCUMENTS ATTACHED:**

Attachment 1 – Revised Fiscal Year 2018-19 Budget and Fee Study

# REVISED FISCAL YEAR 2018-19 BUDGET AND RENTAL HOUSING FEE STUDY

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CITY OF RICHMOND RENT PROGRAM

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## ACKNOWLEDGMENTS

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### Rent Program Department Team

Paige Roosa  
*Deputy Director*

Vickie Medina  
*Services Analyst*

Magaly Chavez  
*Services Analyst*

Michael Roush  
*Legal Counsel*

Andrea Zuniga  
*Administrative Intern*

Brenda Ogutu  
*Graduate Student Fellow*

Paul Cohen  
*Hearing Examiner*

Cynthia Shaw  
*Administrative Analyst*

Ramona Howell  
*Administrative Aide*

Moises Serano  
*Administrative Intern*

Philip Verma  
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### IT Department Team

Sue Hartman  
*Director*

Randall Narron  
*Senior Programmer Analyst*

Steve Furtado  
*Business Systems Manager*

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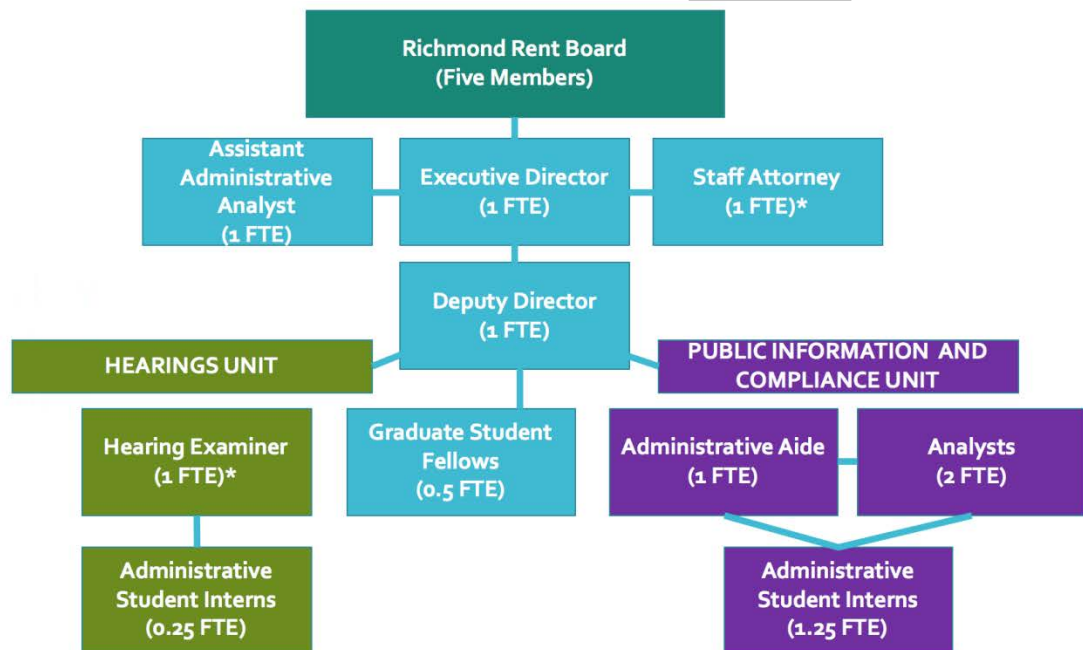
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## DEPARTMENT ORGANIZATION AND GOALS

### Organizational Chart

The Rent Program Department consists of 10 full time employees in three units: a management unit, hearings unit, and public information and compliance unit. The Rent Program Department is led by an Executive Director appointed by a five-member Rent Board comprised of Richmond residents. No more than two members of the Rent Board may own or manage rental property or act as realtors. Each departmental unit is described in greater detail below.



*\*These staff members are anticipated to be hired by April 2018*

### Management Unit

The Management Unit is responsible for policy research, which includes conducting surveys and studies to help guide administrative improvements and the formation of sound public policy. The Management Unit also monitors and works with other rent control jurisdictions to prepare for and inform legislation and the promulgation of regulations. The Management Unit oversees all personnel related issues (hiring, training, discipline in conformance with MOU's, etc.). Other duties include: Board support; coordination and assurance with compliance with Brown Act requirements; coordination of agendas, minutes and documents for all Rent Board meetings. Additionally, the Management Unit conducts payroll, purchasing, finance and accounting and administrative workflow processes. Central to the Management Unit's duties are preparation, adoption, monitoring and reporting of the annual Rent Program budget. The Management Unit also works with the City Council and other City departments to develop and implement the annual Rent Program report, and coordinate housing policy consistent with the Richmond Fair Rent, Just Cause for Eviction and Homeowner Protection Program.

### Legal Duties Associated with Management Unit

The general duties of the Staff Attorney include representing the Board in litigation, advising the Director and the Rent Board on legal matters, reviewing and opining on decisions on appeal, coordinating responses to public record act requests, training Rent Program Services Analysts, providing counseling support and quality control, supervising investigations and lawsuits for non-compliance, reviewing contracts, and responding to legal challenges to the Ordinance and applicable regulations. The Staff Attorney is also responsible for drafting rent regulations.

### Public Information and Compliance Unit

The Public Information and Compliance Unit is responsible for conducting outreach to tenants and landlords, which includes counseling landlords and tenants on rights and responsibilities under the Richmond Rent Ordinance and California law. Outreach also includes conducting monthly community educational workshops, developing and updating the “Guide to Rent Control in Richmond” and other informational handouts. The Unit is responsible for assisting landlords and tenants with the rent adjustment petition process, facilitating mediation sessions, billing and collecting registration fees and conducting registration/billing outreach. The Unit is also responsible for processing and tracking new tenancies, changes in rental status (new tenancy registration, claims of exemption, etc.)

### Hearings Unit

The general duties of the Hearing Unit is to: conduct hearings and write decisions, including conducting settlement conferences, act as back-up resource on interpretation of Ordinance and Regulations, assist with drafting public information documents including acting as the primary author of the “Guide to Rent Control” and the “Petition Process”, review other documents to the public that pertain to the rent adjustment petition process, develop and revise petition forms, along with other senior staff, conduct mediations and conduct hearings for other City departments (on loan) if time permits. The Hearing Unit is also responsible for working on special projects as assigned by the Executive Director such as working with City staff to develop rent registration/tracking software to better administer adjustment of rent levels in the Maximum Allowable Rent Tracking database.

### **Mission Statement**

The mission of the Rent Program is to strengthen the community by providing housing stability for Richmond residents. The Rent Program strives to ensure housing stability for Richmond residents by limiting rent increases and protecting Tenants in good standing from unwarranted, arbitrary, discriminatory, or retaliatory evictions while ensuring a fair return on investment for rental property owners.

The primary objectives of the Rent Program are (1) to provide housing stability for Tenants similar to the housing stability and financial predictability that homeowners on a fixed-term mortgage enjoy, and (2) encourage and maintain the social, cultural, and economic diversity the City of Richmond proudly represents.



### Fiscal Year 2018-19 Goals

- Establish a robust rent registration/rent tracking database/program.
- Establish a fully operational hearings unit (i.e. clear the backlog of petitions already filed). This includes developing all petition forms and getting them online.
- Train Rent Program Services Analyst and other senior staff on conducting mediations.
- Get the Mediation Program fully up and running.
- Publish the “Guide to Rent Control in Richmond.”
- Expand the use of innovative outreach tools: create informational/info-graphic educational videos, create social media presence, and conduct “targeted” outreach to problem properties.
- Work collaboratively with other City departments to improve housing inspection options and strengthen affordable housing policy.
- Improve website and develop online registration of new tenancies, and other administrative forms.

DRAFT

## EXPENSE AND REVENUE SUMMARY

The Rent Program Department is designed to function as a cost-recovery department that operates without financial assistance from the City’s General Fund.<sup>1</sup> Instead, the Department is funded by a Residential Rental Housing Fee, paid by all Landlords of Rental Units in the City of Richmond.

In November 2017, Rent Program staff members embarked on the first billing cycle of the Rental Housing Fee. Invoices were mailed to approximately 23,500 Rental Units identified in the City’s database of total Rental Units. In many respects, the first billing cycle functioned as an additional public education and exemption verification project; approximately 3,300 suspected Rental Units mailed invoices for the Rental Housing Fee have been removed from the database following verification of exemption.

Table 1, below, contains a summary of funds expended and collected for departmental operations in Fiscal Years 2016-17 and 2017-18. The discrepancy in funds expended versus those budgeted, particularly in Fiscal Year 2017-18, is due to the absence of a Hearing Examiner and Staff Attorney, two of the highest budgeted positions in the department.

The projected expenditures for Fiscal Year 2017-18 indicate the Department will have a negative fund balance by the close of the 2017-18 Fiscal Year, unless robust compliance efforts are undertaken to collect unpaid Rental Housing Fee revenue. Additionally, given the litigious nature of Rent Programs, it is important the Department establish adequate reserves for unanticipated expenses.

**Table 1: Expense and Revenue Summary**

FISCAL YEAR	BUDGETED AMOUNT (EXCLUDING RESERVES)	FUNDS EXPENDED	REVENUE COLLECTED (AS OF 4/12/18)
2016-17	\$920,347	\$789,592	\$789,592
2017-18	\$1,940,271	\$1,148,897 <sup>2</sup>	\$949,317
TOTAL	\$2,860,618	\$1,938,489	\$1,738,909

Source: City of Richmond Rent Program, 2018 (reports generated using TrakIT and MUNIS software systems.)

<sup>1</sup> At their meeting on December 20, 2017, Rent Boardmembers approved a [Reimbursement Agreement](#) between the Rent Board and City of Richmond to repay funds advanced by the City for program startup.

<sup>2</sup> Represents YTD and projected expenditures for the entire fiscal year.

## PROPOSED BUDGET OPTIONS

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### FY 18-19 Budget Must Focus on Rent Registration, Compliance, and Education

In Fiscal Year 2018-19, the Rent Program department is poised to create a strong, actively enforced Rent Program that results in higher compliance than complaint-driven rent agencies. The proposed budget should therefore reflect the need to allocate appropriate funds to administer rent tracking, rent registration and registration outreach, in addition to physical improvements to the office.

To perform effective registration outreach via rent tracking, two crucial components must be in place. The first is the development of a robust rent tracking database through vacancy rent registration. The second is adequate clerical resources to maintain, update and track Maximum Allowable Rent (MAR) levels. Although a good database can automatically perform most rent ceiling calculations, and although a strong online registration component further eases administrative processes, all rent registration databases require both manual inputs by staff (due to MAR changes resulting from rent adjustment petitions) and regular database maintenance and updates, as the status of Rental Units may change periodically (e.g. from “fully exempt,” to “partially covered,” or “fully covered,” to “partially covered.”) Particularly in the context of a tiered fee, the status of each Rental Unit in the City is a critical piece of information that must be closely tracked.

### Proposed Budget Priorities and Alternatives

Staff members recommend the Board consider adding the following line items to the Fiscal Year 2018-19 budget to support department operations:

- Maximize utility of the counseling area by allocating funds to reconfigure reconfiguring the existing office space to accommodate three counseling stations and improve the comfort of clients and counselors.
- Install permanent signage on doors and walls in 440 Civic Center Plaza to ensure community members can locate and navigate within the office.
- Employ an additional Administrative Aide (1 FTE) to implement and administer rent registration consistent with regulations adopted by the Board.
  - *Accurate rent registration and rent tracking includes the creation and maintenance of a complete database of tenancies, rents, and exempt statuses as well as an annual mailing of Maximum Allowable Rent certifications and close monitoring of exempt status, which improves billing accuracy. An Administrative Aide is the job classification best suited to this role due to this individual's need to perform difficult paraprofessional work, ability to interpret rules and regulations, and ability to train and provide direction to other staff members.*

- Employ a contractor to perform compliance-related tasks, such as investigations, issuing correspondence for noncompliance, and, with support from the Staff Attorney, pursue legal action for noncompliance with the Ordinance, registration, and fee payment requirements.
  - *As of March 16, 2018, over \$1.3 million in Rental Housing Fees have been assessed, but are unpaid. The estimated cost of hiring a contractor to focus on compliance (\$97,500) is a small fraction (7.2%) of the potential revenue (\$1,361,258). A contractor would be able to issue formal correspondence, properly cite and enforce applicable codes and regulations, and proactively prompt Board-initiated hearings and investigations with support from the Staff Attorney.*

The table on the following page presents three possible budget alternatives as well as the associated costs and impacts on the Rental Housing Fee. It is important to note that budget alternatives A, B, and C are progressive, with each alternative including the components of the prior option. Staff members recommend the Board adopt Budget Option C, which includes all line items identified above, and are necessary to implement a fully-functional rent registration system as well as bolster compliance with program requirements.

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**Table 2: Proposed Budget Options and Corresponding Estimated Rental Housing Fee**

PROPOSED OPTION	DESCRIPTION OF SIGNIFICANT CHANGES <sup>3</sup>	ESTIMATED COST (\$)	TOTAL BUDGET (INCLUDING OPERATING AND RISK RESERVES EQUAL TO 25% OF EXPENSES)	CORRESPONDING APPROXIMATE PROPOSED RENTAL HOUSING FEE (ROUNDED UP TO NEAREST DOLLAR)	PROPOSED PORTION OF FEES PAID BY RENT-CONTROLLED TENANTS (50% OF TOTAL FEE) <sup>4</sup>
A – BASELINE BUDGET WITH PHYSICAL IMPROVEMENTS	Add funds to furniture and construction costs for counseling area redesign and permanent signage	\$15,000	\$2,556,693	Fully Covered Units: \$188/unit Partially Covered Units: \$91/unit Governmentally-Subsidized Units: \$46/unit	\$94.00 (\$7.80 per month)
B – OPTION A PLUS ADDITIONAL RESOURCES FOR RENT REGISTRATION	Add funds to hire an additional Administrative Aide to administer rent registration	\$15,000 (Option A) + \$60,550 (salary) + \$33,303 (benefits) + \$6,233 (liability) + \$1,000 (IT account)= <b>\$116,086</b>	\$2,683,050	Fully Covered Units: \$198/unit Partially Covered Units: \$96/unit Governmentally-Subsidized Units: \$48/unit	\$99.00 (\$8.25 per month)
C – OPTION B PLUS ADDITIONAL RESOURCES FOR COMPLIANCE-RELATED WORK	Add funds to hire an additional Administrative Aide to administer rent registration and add a contractor to assist with compliance-related work	\$116,086 (Option B)+ \$97,500 contract for legal services (assumes contractor would work 10-15 hours per week at a rate of \$150/hour) = <b>\$213,586</b>	\$2,804,925	Fully Covered Units: \$207/unit Partially Covered Units: \$100/unit Governmentally-Subsidized Units: \$50/unit	\$103.50 (\$8.60 per month)

<sup>3</sup> Identified changes do not include regular, anticipated cost increases, such as step (salary) increases for employees, changes in indirect costs, and an increase in funds for computer equipment.

<sup>4</sup> If approved by the Rent Board, it is proposed Landlords would have an option to pass through up to 50% of the Rental Housing Fee to be paid by the Tenant over the course of a year. For example, if the adopted Rental Housing Fee were \$207 for fully-covered units, up to \$103.50 could be passed on to a rent-controlled Tenant, who would be responsible for paying approximately an additional \$8.60 per month.

## **FISCAL YEAR 2018-19 RENTAL HOUSING FEE STUDY**

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### **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 budget. The amount of the Rental Housing Fee is determined annually by the City Council following a recommendation from the Rent Board.

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. Therefore, 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.

The fee study is designed to allow the Rent Program Department to recover costs of all budgeted operations, including:

- Personnel costs of staff, benefits, and overtime;
- Risk management and supplemental liability insurance plan (SLIP);
- Charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.);
- Information Technology (IT) expenses associated with the creation of a rent-tracking database and maintenance of computer hardware and software;
- Legal costs to support enforcement and defense of legal challenges to the Rent Ordinance;
- Costs of education and outreach, including the printing and distribution of print materials and hosting of community workshops and seminars;
- Contracts for translation and other professional services;
- Mileage and attendance at conferences and trainings; and,
- Operating and risk reserves to fund unanticipated costs and variations in collection of the Rental Housing Fee.

### **Structure of the Rental Housing Fee**

Consistent with direction from the Rent Board in 2017, the FY 2016-17 and FY 2017-18 Rental Housing Fees were established as “flat fees,” applicable to all units regardless of partial or full applicability under the Rent Ordinance. This approach was justified during the first 1.5 years of program startup since the tasks and associated benefits of Departmental startup are reasonably shared among rental units regardless of status.

With much of the Rent Program Department now fully developed, Rent Program staff members propose a tiered fee, much like that contemplated in the [2017 Fee Study](#)

prepared by Management Partners. Under this approach, costs of program administration are allocated among three components or layers: a general “program” layer (typically 40% of total costs), a “just cause” layer (typically 25% of total costs), and a “rent control” layer (typically 35% of costs).<sup>5</sup> Such allocations correspond with the amount of time spent administering each component of the program.

Staff members recommend the Board and City Council consider a tiered-fee approach to the Fiscal Year 2018-19 Rental Housing Fee to ensure the requirements of Section 50076 of the California Government Code are met. For example, owners of partially covered units should not be required to pay for petition and hearings process services, as tenants in these units do not have the same remedies as those afforded to fully covered units. The figure below illustrates this concept and identifies key tasks associated with each program component.

**Figure 1: Fee Layers and Associated Tasks**

<b>Program Layer (40%)</b>
<ul style="list-style-type: none"><li>• Departmental administration and management</li><li>• Legal defense of the Rent Ordinance and Departmental policies</li><li>• Preparing studies, regulations, and reports as directed by the Rent Board</li><li>• Enrollment and registration</li><li>• Billing and collections</li><li>• Website maintenance</li></ul>
<b>Just Cause for Eviction Layer (25%)</b>
<ul style="list-style-type: none"><li>• Public education and outreach (includes counseling)</li><li>• Legal services referrals to community services agencies</li><li>• Administration of Relocation Ordinance</li><li>• Administration of eviction-related complaints</li><li>• Development and processing of termination of tenancy forms and notices</li></ul>
<b>Rent Control Layer (35%)</b>
<ul style="list-style-type: none"><li>• Public education and outreach (includes counseling)</li><li>• Legal services referrals to community services agencies</li><li>• Administration of petition and hearings to adjudicate Rent Adjustment Petitions and Excess Rent Complaints</li><li>• Rent Registration and tracking of the Maximum Allowable Rent</li><li>• Development and processing of rent increase forms and notices</li></ul>

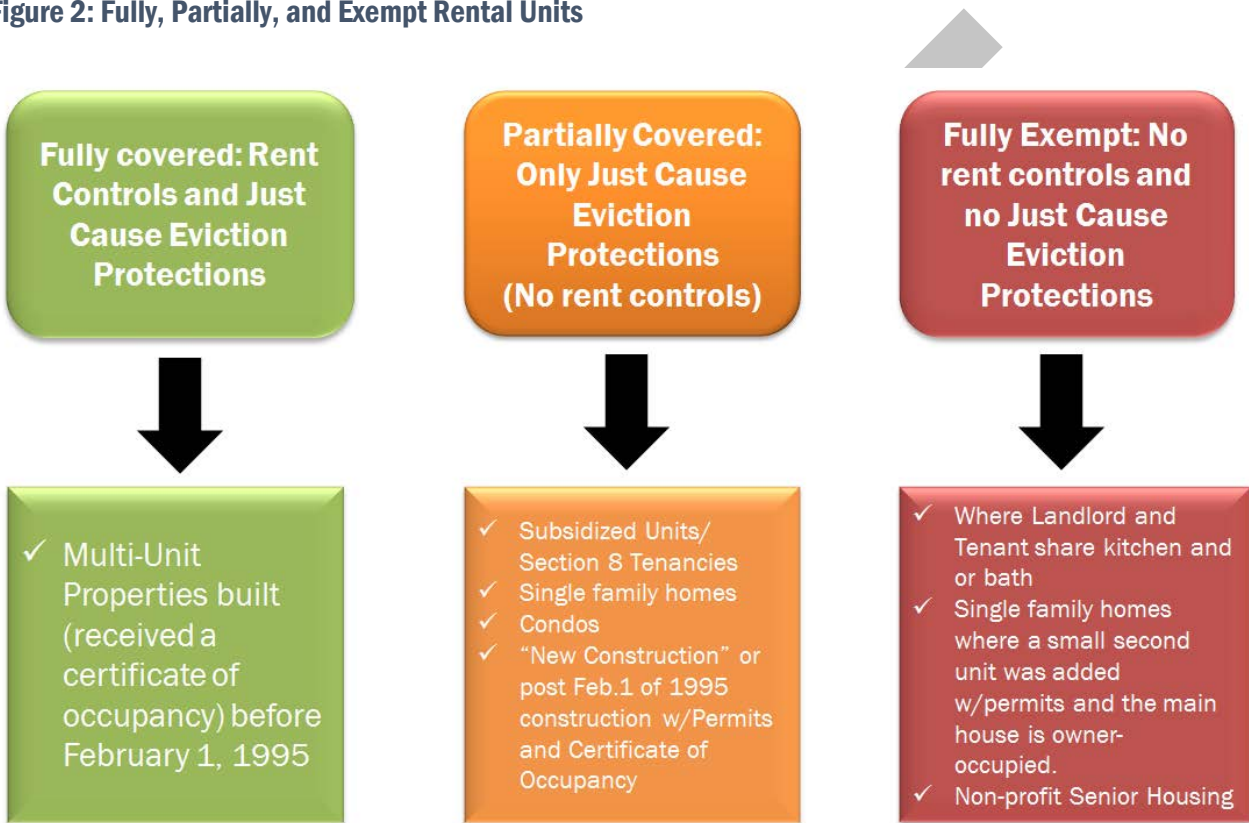
The amount of the Rental Housing Fee applicable to a particular Rental Unit depends on its status. Units applicable to the Just Cause for Eviction requirements, but exempt from the

<sup>5</sup> Line items allocated differently include the contractor to focus on compliance, contract hearing examiner services, and community legal services contracts (all three items are allocated 50% to just cause and 50% to rent control layers)



Rent Control provisions of the Ordinance (such as single family homes, governmentally-subsidized units, condominiums, and recently constructed units), are responsible for payment of Program and Just Cause for Eviction layers. Units subject to the Just Cause for Eviction and Rent Control provisions of the Rent Ordinance would be responsible for payment of all three layers. Units that are fully exempt from the Rent Ordinance are not responsible for payment of the Rental Housing Fee. Figure 2, below, identifies the types of units within each of these categories.

**Figure 2: Fully, Partially, and Exempt Rental Units**



**Lesser Fees for Rental Units in Governmentally Subsidized Housing**

At their meeting on March 21, 2018, members of the Rent Board directed staff to explore the possibility of adding a “third tier” to the Rental Housing Fee applicable to Rental Units located within governmentally-subsidized housing developments. Consistent with Regulation 17-01, adopted by the Rent Board on November 15, 2017, governmentally-subsidized Rental Units include:

- Rental Units in which a Tenant holds a Section 8 Housing Choice Voucher and where the Rent does not exceed the Payment Standard as published by the U.S. Department of Housing and Urban Development.
- Rental Units for which the rent is subsidized by the Project-Based Section 8 Program.



- Rental Units that are “rent restricted” in a Low Income Housing Tax Credit Program project. “Rent restricted” means the rent charged for the unit is affordable for a qualifying Tenant pursuant to the Regulatory Agreement.
- Rental Units for which the rent is subsidized by the Section 202 Supportive Housing for the Elderly Program (assuming the property is not considered a “nonprofit home for the aged” as identified in Section 11.100.030(d)(2) of the Rent Ordinance).
- Rental Units that are “rent restricted” under a regulatory agreement between a governmental agency and a property owner. “Rent restricted” means the rent charged for the unit is affordable for a qualifying Tenant pursuant to the Regulatory Agreement.
- Rental units owned or managed by the Richmond Housing Authority.

Current estimates indicate there are approximately 4,211<sup>6</sup> governmentally-subsidized rental units that meet the above criteria.

A separate “tier” for Rental Units located in governmentally-subsidized housing developments is supported by the following facts:

- (1) Rent-restricted units are exempt from the rent control provisions of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance (see [Regulation 17-01](#)). Except in cases of noncompliance with regulatory agreements or those in which the rent charged exceeds the Payment Standard established by HUD, Tenants in these units do not have the ability to submit Rent Adjustment Petitions due to decreases in space, services, or in response to habitability concerns, or file excess rent complaints.
- (2) Rent-restricted units were already subject to a form of just cause for eviction requirements prior to the effective date of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. While it is necessary to inform property managers and owners of affordable housing developments of the specific just cause for eviction requirements per the Richmond Rent Ordinance, managers of these units have already been operating within the confines of “good” or “just cause” for eviction requirements, so typically less education is required.
- (3) While staff members recommend the Board consider adoption of a regulation permitting an optional, partial pass-through of the Rental Housing Fee to be paid by Tenants, owners of subsidized housing developments may be restricted in the amount of the fee that may passed-through to tenants as a result of the

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<sup>6</sup> At their November 15, 2017, meeting, Boardmembers received a report including an inventory and estimate of the total number of subsidized housing units in the City of Richmond. This report indicated there were 4,283 subsidized housing units in the City. Since that time, staff discovered there are 24 deed-restricted subsidized housing units at VUE at Hilltop Apartments, not 96. The current estimated number of units therefore reflects this 72 unit reduction in the estimated number of subsidized housing units in the City.

requirements of regulatory agreements governing the amount of rent that may be charged.

- (4) The stated purpose of the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance is to promote neighborhood and community stability, healthy housing, and affordability for renters in the City by controlling excessive rent increases and arbitrary evictions to the greatest extent allowable under California law. Landlords of subsidized housing developments may be subject to stricter guidelines with respect to pass-through of the Rental Housing Fee and other surcharges. Subsidized housing provider stakeholders expressed the concern that imposing a full fee on affordable housing units creates a unique financial hardship for owners of governmentally-subsidized housing, who may struggle to continue to provide affordable housing and the supportive services required of these developments (such as after school programming, counseling, etc.) to residents. As such, a lesser fee for these units is consistent with the stated purpose of the Ordinance.

Based on these facts, staff members recommend the Board adopt a fee structure whereby governmentally-subsidized Rental Units are responsible for approximately half of the “Program” layer, half of the “Just Cause for Eviction” layer, and none of the “Rent Control” layer of the Rental Housing Fee.

### **Applicable Unit Counts and Database Development**

The number of applicable Rental Units within each category is a critical input in the calculation of the Rental Housing Fees for partially and fully covered units. The Fiscal Year 2016-17 and Fiscal Year 2017-18 Fee Study utilized data provided by the Contra Costa County Assessor’s Office to identify suspected Rental Units. While County Assessor data may be used to arrive at an estimated number of total rental units, it cannot produce an exact figure. Nevertheless, County Assessor data was the best and most readily available data at the time of the Fiscal Year 2016-17 and Fiscal Year 2017-18 Fee Study.

Over the past six months, Rent Program staff members, with assistance from the IT Department, have refined the database of Rental Units in the City of Richmond, most notably through the completion of an exemption verification project of single family homes in the City to accurately identify units that are truly rented. This project involved mailing an introductory letter and policy information to all single family homes and condominiums possessing one of the following characteristics in the County Assessor database:

- (1) No Homeowner’s Tax Exemption was claimed
- (2) The site address of the property did not match the owner on record’s mailing address

Approximately 15,500 properties met the above criteria. To confirm applicability to the Rent Ordinance, Rent Program staff members mailed information about the requirements of the Rent Ordinance. Owners of properties in the City of Richmond not containing Rental Units were required to complete and submit a Declaration of Owner Occupation/and or Exemption form and submit documentation to allow staff members to approve the exemption.

Rent Program staff members received and processed a total of 1,295 valid declarations proving exemption. An additional 507 declarations were received but have yet to be processed due to missing or incomplete information.

Additional sources of data, including the identification of rental units not identified in the previous fee study, include:

- Rental Units enrolled in the Rent Program online at [www.richmondrent.org/enroll](http://www.richmondrent.org/enroll)
- Rental Units identified by the Rental Inspection Program
- Rental Units participating in the Section 8 Housing Choice Voucher Program
- Rental Units with an active business license
- Rental Units in subsidized housing developments, such as those built with Low Income Housing Tax Credits (LIHTC), based on the [inventory of deed-restricted affordable housing](#) prepared by Rent Program staff members in 2017
- Unknown Rental Units identified through Tenant inquiries to the Rent Program Department

### Rental Housing Fees Associated with each Budget Option

The table below presents the estimated tiered fees associated with each proposed budget option:

**Table 3: Fiscal Year 2018-19 Proposed Budget Options and Rental Housing Fees**

UNIT COUNTS		BUDGET OPTION A FEES (PER UNIT)	BUDGET OPTION B FEES (PER UNIT)	BUDGET OPTION C FEES (PER UNIT)
<b>TOTAL EXPENDITURES:<sup>7</sup></b>		\$2,556,693	\$2,683,050	\$2,804,925
<b>FULLY COVERED UNITS</b>	9,558	\$188	\$198	\$207
<b>PARTIALLY COVERED UNITS (EXCLUDING SUBSIDIZED UNITS)</b>	6,249	\$91	\$96	\$100
<b>GOVERNMENTALLY-SUBSIDIZED UNITS</b>	4,211	\$46	\$48	\$50
<b>TOTAL REVENUE:</b>		\$2,559,269	\$2,694,516	\$2,813,956

<sup>7</sup> Total expenditures include 17% operating and 8% risk reserves.

## Comparison to Previously Adopted Rental Housing Fee and Peer Jurisdictions

On July 25, 2017, the Richmond City Council adopted [Resolution 99-17](#), establishing the Fiscal Year 2016-17 and Fiscal Year 2017-18 Residential Rental Housing Fees in the City's master fee schedule for a total per-unit fee of \$145.00.

The proposed budget options and fee study approach result in a reduction in the Rental Housing Fee for partially covered units and an increase in the fee for fully-covered units. The difference is particularly pronounced when one considers the \$145.00 fee spanned one and a half fiscal years. The increase in the fee can be explained by increases in operating expenses necessary to establish an actively-enforced Rent Program (namely, the employment of 10-11 full time employees), as well as decreases in the estimated total number of Rental Units in the City.

Table 4 on the follow page compares the proposed Rental Housing Fee to fees in other jurisdictions with rent programs in the state of California. While Richmond's proposed fees are lower than those charged in peer jurisdictions, it is important to consider that Richmond's median rental rates are also less than those in peer rent control jurisdictions.

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**Table 4: Comparison of Program Budgets, Unit Counts, Fees, and Median Rents in Case Study Cities**

<b>JURISDICTION</b>	<b>PROGRAM BUDGET (FY 17-18)</b>	<b>APPLICABLE RENTAL UNITS<sup>8</sup></b>	<b>FY 2017-18 FEES (PER UNIT)</b>	<b>MEDIAN GROSS RENT<sup>9</sup></b>	<b>PORCION OF FEE PASSED THROUGH TO TENANTS</b>
<b>ACTIVELY ENFORCED RENT PROGRAMS</b>					
<b>BERKELEY</b>	\$5,125,740	19,093	\$270.00	\$1,434	50%; City may reimburse low-income tenants
<b>SANTA MONICA</b>	\$5,181,693	27,542	\$198.00	\$1,626	50%
<b>EAST PALO ALTO</b>	\$427,415	2,325	\$222.00	\$1,510	50%
<b>RICHMOND</b>	\$2,804,925 (proposed Option C for FY 18-19)	9,558 fully covered units; 10,460 partially covered units	\$207.00 for fully covered units; \$100 for partially covered units; \$50 for governmentally-subsidized units	\$1,242	50% (proposed – pending policy direction of the Board)
<b>COMPLAINT-DRIVEN RENT PROGRAMS</b>					
<b>LOS ANGELES</b>	\$25,256,173	631,000	\$24.51	\$1,241	50%
<b>OAKLAND</b>	\$817,903	65,000	\$68.00	\$1,189	50%
<b>WEST HOLLYWOOD</b>	\$4,015,021	16,805	\$144.00 <sup>10</sup>	\$1,446	50% (excludes Section 8 tenants)
<b>ALAMEDA</b>	\$1,782,000	14,899	\$120	\$1,478	Not yet established
<b>SAN FRANCISCO</b>	\$8,227,649	173,000	\$45.00 for apartments; \$22.50 for residential hotel rooms	\$1,632	50%

Sources: Management Partners, 2017; City of Richmond Rent Program, 2018

<sup>8</sup> “Applicable rental units” refers to the number of units subject to the Rental Housing Fee in each case study jurisdiction.

<sup>9</sup> The American Community Survey is an estimate; numbers denote estimates. Margins of error are not shown. Data source: 2012-2016 ACS 5-Year Estimates Table B25064

<sup>10</sup> West Hollywood’s Rent Program receives support from the City’s General Fund, and the \$144 fee allows the program to recover 65% of total costs. The program would need to collect \$221 per unit to achieve 100% cost recovery.

## Partial Pass-Through of the Rental Housing Fee

It is common among rent control jurisdictions in California to permit an optional, temporary pass-through of a portion of the Rental Housing Fee to be paid by rent-controlled Tenants in monthly installments over the course of the year. Indeed, the cities of Berkeley, Santa Monica, East Palo Alto, Los Angeles, Oakland, West Hollywood, and San Francisco allow the Landlord to recover 50% of the Rental Housing Fee divided over each month's rent. In Berkeley, the Rent Board is authorized to reimburse low-income tenants. In West Hollywood, the pass-through may not be applied to Section 8 tenants.

It is important to note that the pass-through of the fee does not increase the Rent or Maximum Allowable Rent as defined in the Rent Ordinance; rather, the pass-through is a line item surcharge in excess of the Maximum Allowable Rent. For example, if the Rent Board adopts Budget Option C, for a rent-controlled Tenant, the associated monthly pass-through would be approximately \$9.00 per month. Such a policy would allow a Landlord of a rent-controlled unit to recover \$103.50 of the Rental Housing Fee if the Board elects to adopt Budget Option C. Staff members recommend any pass-through policy of the Rental Housing Fee exclude a pass-through to Tenants of governmentally-subsidized Rental Units, as this may violate regulatory agreements, federal, or state laws.

Rent Program staff members recommend the Board adopt such a policy following the City Council's adoption of the Fiscal Year 2018-19 Rental Housing Fee.

## Conclusion

The Fiscal Year 2018-19 Budget must reflect the goals and mission of the Rent Program Department; that is, to create an actively enforced Department to serve empowered and knowledgeable community members. To achieve this, staff members recommend the Rent Board take the following actions:

- Adopt Fiscal Year 2018-19 Budget Option C
- Approve the Revised Fiscal Year 2018-19 Rental Housing Fee Study
- Recommend to the City Council adoption of a fee of \$207 per Rental Unit for fully covered Rental Units, \$100 for partially covered Rental Units, and \$50 for governmentally-subsidized Rental Units to support continued program development
- Direct staff to prepare a regulation permitting a 50% pass-through of the Rental Housing Fee divided over each month's rent for rent-controlled tenancies

## **APPENDICES**

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Appendix A: Fiscal Year 2018-19 Proposed Budget Options

Appendix B: Budget Option A Fee Study Calculations

Appendix C: Budget Option B Fee Study Calculations

Appendix D: Budget Option C Fee Study Calculations

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REVISED PROPOSED FISCAL YEAR 2018-19 RENT PROGRAM BUDGET OPTIONS														
						TOTAL ALLOCATED FY 17-18	YTD ACTUALS	% of allocated	ESTIMATED PROJECTED ACTUALS	% of allocated	OPTION A	OPTION B	OPTION C	Comments
Obj. Code		FY 18-19 Salary	Benefits (at 55% of Salary)	FY 18-19 Salary & Benefits	TOTAL (1 employee)									
	Title		0.55											Salary Assumptions (includes Step Increase)
400001	<b>EXECUTIVE STAFF</b>	\$ 530,552	\$ 291,804	\$ 822,356	\$ 822,356	\$ 582,834	\$ 184,873	32%			\$ 822,356	\$ 822,356	\$ 822,356	
	Executive Director*	\$ 148,000	\$ 81,400	\$ 229,400	\$ 229,400	\$ 214,908					\$ 229,400	\$ 229,400	\$ 229,400	\$9,024 - \$14,364
	Deputy Director*	\$ 101,896	\$ 56,043	\$ 157,939	\$ 157,939	\$ 150,418					\$ 157,939	\$ 157,939	\$ 157,939	\$8,087 - \$12,873
	Staff Attorney	\$ 140,328	\$ 77,180	\$ 217,508	\$ 217,508	\$ 108,754					\$ 217,508	\$ 217,508	\$ 217,508	\$9,024 - \$14,364
	Hearing Examiner	\$ 140,328	\$ 77,180	\$ 217,508	\$ 217,508	\$ 108,754					\$ 217,508	\$ 217,508	\$ 217,508	\$9,024 - \$14,364
400002	<b>MANAGEMENT STAFF - 1021</b>	\$ 242,235	\$ 133,229	\$ 375,464	\$ 375,464	\$ 252,632	\$ 125,512	50%			\$ 375,464	\$ 375,464	\$ 375,464	
	Rent Program Services Analyst	\$ 85,891	\$ 47,240	\$ 133,131	\$ 133,131	\$ 80,963					\$ 133,131	\$ 133,131	\$ 133,131	\$6,357 \$6,674 \$6,977 \$7,315 \$7,684
	Rent Program Services Analyst	\$ 82,102	\$ 45,156	\$ 127,258	\$ 127,258	\$ 80,963					\$ 127,258	\$ 127,258	\$ 127,258	\$6,357 \$6,674 \$6,977 \$7,315 \$7,684
	Administrative Analyst	\$ 74,242	\$ 40,833	\$ 115,075	\$ 115,075	\$ 90,706					\$ 115,075	\$ 115,075	\$ 115,075	\$6,357 \$6,674 \$6,977 \$7,315 \$7,684
400003	<b>LOCAL 1021 STAFF</b>	\$ 121,100	\$ 66,605	\$ 187,705	\$ 187,705	\$ 69,465	\$ 36,512	53%			\$ 93,853	\$ 187,705	\$ 187,705	
	Administrative Aide	\$ 60,550	\$ 33,303	\$ 93,853	\$ 93,853	\$ 69,465					\$ 93,853	\$ 93,853	\$ 93,853	\$4,910 \$5,115 \$5,360 \$5,602 \$5,873
	Administrative Aide	\$ 60,550	\$ 33,303	\$ 93,853	\$ 93,853	\$ -					\$ -	\$ 93,853	\$ 93,853	\$4,910 \$5,115 \$5,360 \$5,602 \$5,873
400006	<b>PART TIME/TEMP STAFF</b>	\$ 66,740	\$ -	\$ -	\$ -	\$ 62,024	\$ 35,081	57%			\$ 66,740	\$ 66,740	\$ 66,740	
	Administrative Student Intern	\$ 16,685				\$ 15,506					\$ 16,685	\$ 16,685	\$ 16,685	\$15.54 \$17.20 \$18.81 \$20.51 \$22.07
	Administrative Student Intern	\$ 16,685				\$ 15,506					\$ 16,685	\$ 16,685	\$ 16,685	\$15.54 \$17.20 \$18.81 \$20.51 \$22.07
	Administrative Student Intern	\$ 16,685				\$ 15,506					\$ 16,685	\$ 16,685	\$ 16,685	\$15.54 \$17.20 \$18.81 \$20.51 \$22.07
	Administrative Student Intern	\$ 16,685				\$ 15,506					\$ 16,685	\$ 16,685	\$ 16,685	\$15.54 \$17.20 \$18.81 \$20.51 \$22.07
400031	<b>Overtime/Comp Time</b>					\$ 12,000	\$ 2,132	18%	\$ 2,982	25%	\$ 5,000	\$ 5,000	\$ 5,000	
*Salary increases for Executive Staff are discretionary in nature. Figures shown represent maximums and are subject to Board or Director approval.														
<b>TOTAL SALARIES AND BENEFITS</b>						\$ 978,953	\$ 384,109	39%	\$ 704,292	72%	\$ 1,363,413	\$ 1,457,265	\$ 1,457,265	
<b>Cost Pool and Risk Management:</b>														
400574	General Liability and Worker's Comp					\$ 52,981	\$ 17,426	33%	\$ 23,235	44%	\$ 62,330	\$ 68,563	\$ 68,563	Workers Compensation - \$2,748 per employee, General Liability - \$3,485 per employee (combined total \$6,233 per employee.) 10 FTEs FY 18-19
400591	Space at 440 Civic Center Plaza					\$ 52,275	\$ 34,851	67%	\$ 46,468	89%	\$ 52,275	\$ 52,275	\$ 52,275	Space at 440 CCP is based on the percentage of total square footage occupied. This percentage is then applied to the total annual debt service. Rent Program is presumed to occupy 0.9% of Civic Center's total square footage. The percentage was applied to the total annual debt service for FY 2016-17 to determine the cost.
400586	Indirect Cost					\$ 51,454	\$ 34,302	67%	\$ 45,736	89%	\$ 51,454	\$ 51,454	\$ 51,454	Indirect Costs are charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.) Allocations are determined in the City's cost allocation plan completed by an external consultant. Since the Rent Program dept. is new, it was not included in the current cost allocation plan. Staff recommended using the allocation of a department similar in size. In this case, the City Manager's Office was used as the basis.
400552	Supplemental Liability Insurance Policy (SLIP)					\$ 25,000	\$ -	0%	\$ -	0%	\$ 25,000	\$ 25,000	\$ 25,000	General liability policy for the Rent Control program.
<b>Sub-Total Cost Pool + Risk Management</b>						\$ 181,710	\$ 86,579	48%	\$ 129,867	71%	\$ 191,059	\$ 197,292	\$ 197,292	
<b>IT Costs</b>														



		TOTAL ALLOCATED FY 17-18	YTD ACTUALS	% of allocated	ESTIMATED PROJECTED ACTUALS	% of allocated	OPTION A	OPTION B	OPTION C	Comments
400220	IT Professional Services and Startup Costs	\$ 29,500	\$ 4,372	15%	\$ 4,372	15%	\$ 3,000	\$ 3,000	\$ 3,000	IT Services - Contract with DataTree for property verification data (\$250 per month); Contract with Superior for database development
400601	Annual IT Costs (Including replacement funding)	\$ 18,683	\$ 14,211	76%	\$ 18,948	101%	\$20,683	\$21,683	\$21,683	General PC software and costs.
<b>Sub-Total IT Expenses</b>		<b>\$ 48,183</b>	<b>\$ 18,582</b>	<b>39%</b>	<b>\$ 23,320</b>	<b>48%</b>	<b>\$ 23,683</b>	<b>\$ 24,683</b>	<b>\$ 24,683</b>	
<b>Legal Costs</b>										
400206	Outside Legal Counsel (Litigation)	\$ 120,000	\$ -	0%	\$ -	0%	\$ 120,000	\$ 120,000	\$ 120,000	Outside legal counsel to respond to litigation pertaining to the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. Previous litigation was dismissed without prejudice on Saturday, May 6, 2017. The budgeted amount reflects estimate for anticipated future litigation.
400206	Rent Program Legal Counsel (Contract)	\$ 160,000	\$ 94,225	59%	\$ 125,633	79%	\$ -	\$ -	\$ -	Contract legal services to support the Rent Program Department.
400206	Community Services Agency Contracts	\$ 150,000	\$ 12,500	8%	\$ 50,000	33%	\$ 150,000	\$ 150,000	\$ 150,000	Legal services to provide assistance to Tenants that have paid the Maximum Allowable Rent, are being evicted (Unlawful Detainer), and are able to provide evidence that their Landlord is not in compliance with the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance.
<b>Sub-Total Legal Expenses</b>		<b>\$ 430,000</b>	<b>\$ 106,725</b>	<b>25%</b>	<b>\$ 175,633</b>	<b>41%</b>	<b>\$ 270,000</b>	<b>\$ 270,000</b>	<b>\$ 270,000</b>	
<b>Professional and Admin Services</b>										
400201	Contractor to focus on Compliance	N/A	N/A	N/A	N/A	N/A	\$ -	\$ -	\$ 97,500	Mass-mailing and exemption verification project; issuing correspondence; taking legal action. Assumes \$150/hour for 10-15 hours per week.
400201	Management Partners	\$ 20,000	\$ 11,790	59%	\$ 11,790	59%	\$ -	\$ -	\$ -	Professional services and technical assistance to assist with startup program design, processes, and administration. Services are likely to conclude by the end of FY 2017-18.
400201	Additional Subject Matter Experts	\$ 30,000	\$ 17,874	60%	\$ 40,000	133%	\$ -	\$ -	\$ -	Contracts with subject matter experts to assist with drafting and reviewing regulations and other Rent Board policies
400201	Contract Hearing Examiner Services	\$ 6,025	\$ -	0%	\$ -	0%	\$ 57,000	\$ 57,000	\$ 57,000	Contract attorney to act as a backup hearing examiner in the event there is (1) a conflict of interest between either party and the Staff Hearing Examiner or (2) backup services are needed to adequately handle the volume of petitions submitted in the first operational year of the Hearings Unit. Assumes 6 petitions per fiscal year, 38 hours per petition, at a rate of \$250 per hour.
400201	Mediation Services	\$ 30,000	\$ -	0%	\$ -	0%	\$ -	\$ -	\$ -	Contract with mediation service provider
400201	Translation Services	\$ 30,000	\$ 7,477	25%	\$ 9,970	33%	\$ 15,000	\$ 15,000	\$ 15,000	Translation services to ensure that all forms and notices are available in both English and Spanish, at a minimum, and for oral translation, as it may be advantageous for administration. Assumes 4,500 words per month @ \$0.14/word and 10 hours of verbal translation per month @ \$50.00/hour.
<b>Sub-Total Professional &amp; Admin</b>		<b>\$ 116,025</b>	<b>\$ 37,141</b>	<b>32%</b>	<b>\$ 61,760</b>	<b>53%</b>	<b>\$ 72,000</b>	<b>\$ 72,000</b>	<b>\$ 169,500</b>	
<b>Other Operating Expenses</b>										

	TOTAL ALLOCATED FY 17-18	YTD ACTUALS	% of allocated	ESTIMATED PROJECTED ACTUALS	% of allocated	OPTION A	OPTION B	OPTION C	Comments
400231 Postage & Mailing	\$ 75,000	\$ 22,725	30%	\$ 30,300	40%	\$ 50,000	\$ 50,000	\$ 50,000	Costs of mailing include production, printing, proofing, and postage
400233 Copying & Duplicating	\$ 50,000	\$ 1,079	2%	\$ 1,439	3%	\$ 5,000	\$ 5,000	\$ 5,000	Bulk printing of materials for public outreach and information.
400304 Copy Machine Rental	\$ 5,000	\$ 1,562	31%	\$ 2,083	42%	\$ 5,000	\$ 5,000	\$ 5,000	Cost of rental and maintenance of Xerox machines in 440 Civic Center Plaza.
400322 Miscellaneous Expenses	\$ 10,000	\$ 3,224	32%	\$ 4,299	43%	\$ 10,000	\$ 10,000	\$ 10,000	Miscellaneous expenses associated with program development and operations.
400341 Office Supplies and Furniture	\$ 6,000	\$ 5,345	89%	\$ 7,127	119%	\$ 21,000	\$ 21,000	\$ 21,000	Cost of general office supplies, timestamp, and office furniture (e.g. desk chairs.)
400344 Computer/Phone Supplies	N/A - New Line Item (previously included in misc expenses)	\$ 2,561	100%	\$ 4,637	100%	\$ 6,300	\$ 6,300	\$ 6,300	10 computer monitors @ \$300.00; 8 headsets @ \$379.95; 1 phone setup @ \$200
400272 Community Education	\$ 20,000	\$ 2,547	13%	\$ 3,396	17%	\$ 10,000	\$ 10,000	\$ 10,000	Materials for community workshops and other outreach events.
400242 Mileage	\$ 1,000	\$ -	0%	\$ -	0%	\$ 1,000	\$ 1,000	\$ 1,000	Use of City pool car.
400243 Training / Conferences	\$ 15,000	\$ -	0%	\$ -	0%	\$ 10,500	\$ 10,500	\$ 10,500	Cost of attending Mediation Training for 7 staff members (\$1,500 per person)
400401 Phone	\$ 1,200	\$ -	0%	\$ -	0%	\$ 1,200	\$ 1,200	\$ 1,200	Cell phone for Executive Director.
400262 Books and Educational Materials	\$ 200	\$ -	0%	\$ -	0%	\$ 200	\$ 200	\$ 200	Educational and reference materials.
UC Berkeley Public Service Internship Program Interns	N/A	N/A	N/A	N/A	N/A	\$ 3,000	\$ 3,000	\$ 3,000	The Rent Program has partnered with the UC Berkeley Public Service Center to host two interns at the Rent Program Office. The requested financial contribution for the Public Service Internship Program is a \$1,500 stipend per intern for the academic year.
400271 Ad & Promotional materials	\$ 2,000	\$ 559	28%	\$ 745	37%	\$ 2,000	\$ 2,000	\$ 2,000	Posting of community events and other information in publications; use of Canva graphics; Adobe InDesign subscription (\$240 annually)
<b>Sub-Total Other Operating</b>	<b>\$ 185,400</b>	<b>\$ 39,604</b>	<b>21%</b>	<b>\$ 54,025</b>	<b>29%</b>	<b>\$ 125,200</b>	<b>\$ 125,200</b>	<b>\$ 125,200</b>	
<b>TOTAL OPERATING EXPENSES</b>	<b>\$ 961,318</b>	<b>\$ 288,632</b>	<b>30%</b>	<b>\$ 444,605</b>	<b>46%</b>	<b>\$ 681,942</b>	<b>\$ 689,175</b>	<b>\$ 786,675</b>	
<b>Reserves:</b>									
Operating Reserve (17%)	\$ 329,846					\$ 347,710	\$ 364,895	\$ 381,470	As recommended by the Government Finance Officers Association (GFOA.)
Risk Reserve (8%)	\$ 155,222					\$ 163,628	\$ 171,715	\$ 179,515	Risk Management reserve fund.
<b>Sub-Total Reserves</b>	<b>\$ 485,068</b>					<b>\$ 511,339</b>	<b>\$ 536,610</b>	<b>\$ 560,985</b>	
<b>GRAND TOTAL</b>	<b>\$ 2,425,339</b>	<b>\$ 672,741</b>	<b>35%</b>	<b>\$ 1,148,897</b>	<b>59%</b>	<b>\$ 2,556,693</b>	<b>\$ 2,683,050</b>	<b>\$ 2,804,925</b>	

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**REVISED FISCAL YEAR 2018-19 RENT PROGRAM FEE STUDY: OPTION A**

REVENUE												FEE COMPONENTS				
				Charged Units	Proposed Fees FY 2018-2019	Costs Recovered		Program Fee Part	Just Cause Fee Part	Rent Control Fee Part						
	Fully Covered Units			9,558	\$ 188.00	\$ 1,796,904		\$ 52.47	\$ 38.57	\$ 96.87						
	Partially Covered Units (Excluding Subsidized Units)			6,249	\$ 91.00	\$ 568,659										
	Governmentally Subsidized Units			4,211	\$ 46.00	\$ 193,706										
			Total Units	20,018		\$ 2,559,269										
EXPENDITURES												COST ALLOCATION				
Personnel - Salary & Benefits												FY 2018-19				
	Possible Positions, Titles, & Expenses	Annual Salary	Benefits (at 55% of Salary)	Annual Salary & Benefits	# of employees (FTE)	COMPENSATION	COMMENTS	Alloc %	Program	Alloc %	Terminations	Alloc %	Rent			
	Executive Director*	\$ 148,000	\$ 81,400	\$ 229,400	1	\$ 229,400		40.0%	\$ 91,760	25.0%	\$ 57,350	35.0%	\$ 80,290			
	Deputy Director*	\$ 101,896	\$ 56,043	\$ 157,939	1	\$ 157,939		40.0%	\$ 63,176	25.0%	\$ 39,485	35.0%	\$ 55,279			
	Staff Attorney	\$ 140,328	\$ 77,180	\$ 217,508	1	\$ 217,508		40.0%	\$ 87,003	25.0%	\$ 54,377	35.0%	\$ 76,128			
	Hearing Examiner	\$ 140,328	\$ 77,180	\$ 217,508	1	\$ 217,508		40.0%	\$ 87,003	25.0%	\$ 54,377	35.0%	\$ 76,128			
	Analyst (Housing Counselor)	\$ 85,891	\$ 47,240	\$ 133,131	1	\$ 133,131		40.0%	\$ 53,252	25.0%	\$ 33,283	35.0%	\$ 46,596			
	Analyst (Housing Counselor)	\$ 82,102	\$ 45,156	\$ 127,258	1	\$ 127,258		40.0%	\$ 50,903	25.0%	\$ 31,815	35.0%	\$ 44,540			
	Administrative Analyst (Rent Board Clerk)	\$ 74,242	\$ 40,833	\$ 115,075	1	\$ 115,075		40.0%	\$ 46,030	25.0%	\$ 28,769	35.0%	\$ 40,276			
	Administrative Aide	\$ 60,550	\$ 33,303	\$ 93,853	1	\$ 93,853		40.0%	\$ 37,541	25.0%	\$ 23,463	35.0%	\$ 32,848			
	Administrative Student Intern	\$ 16,685		\$ 16,685	0.5	\$ 16,685		40.0%	\$ 6,674	25.0%	\$ 4,171	35.0%	\$ 5,840			
	Administrative Student Intern	\$ 16,685		\$ 16,685	0.5	\$ 16,685		40.0%	\$ 6,674	25.0%	\$ 4,171	35.0%	\$ 5,840			
	Administrative Student Intern	\$ 16,685		\$ 16,685	0.5	\$ 16,685		40.0%	\$ 6,674	25.0%	\$ 4,171	35.0%	\$ 5,840			
	Administrative Student Intern	\$ 16,685		\$ 16,685	0.5	\$ 16,685		40.0%	\$ 6,674	25.0%	\$ 4,171	35.0%	\$ 5,840			
	Overtime/Comp Time					\$ 5,000		40.0%	\$ 2,000	25.0%	\$ 1,250	35.0%	\$ 1,750			
	<i>*Salary increases for Executive Staff are discretionary in nature. Figures shown represent maximums and are subject to Board or Director approval.</i>															
	<b>TOTAL PERSONNEL EXPENSES</b>				10	\$ 1,363,412			\$ 545,365		\$ 340,853		\$ 477,194			
COSTS												COMMENTS				
Cost Pool and Risk Management																
400574	General Liability and Worker's Comp					\$ 62,330	Workers Compensation - \$2,748 per employee, General Liability - \$3,485 per employee (combined total \$6,233 per employee.)	40.0%	\$ 24,932	25.0%	\$ 15,583	35.0%	\$ 21,816			
400591	Space at 440 Civic Center Plaza					\$ 52,275	Space at 440 CCP is based on the percentage of total square footage occupied. This percentage is then applied to the total annual debt service. Rent Program is presumed to occupy 0.9% of Civic Center's total square footage. The percentage was applied to the total annual debt service for FY 2016-17 to determine the cost.	40.0%	\$ 20,910	25.0%	\$ 13,069	35.0%	\$ 18,296			
400586	Indirect Cost					\$ 51,454	Indirect Costs are charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.) Allocations are determined in the City's cost allocation plan completed by an external consultant. Since the Rent Program dept. is new, it was not included in the current cost allocation plan. Staff recommended using the allocation of a department similar in size. In this case, the City Manager's Office was used as the basis.	40.0%	\$ 20,582	25.0%	\$ 12,864	35.0%	\$ 18,009			
400522	SLIP Policy					\$ 25,000	General liability policy for the Rent Control program	40.0%	\$ 10,000	25.0%	\$ 6,250	35.0%	\$ 8,750			
	<b>Subtotal Cost Pool + Risk Management</b>					\$ 191,059			\$ 76,424		\$ 47,765		\$ 66,871			
Information Technology Expenses																
400220	IT Professional Services and Startup Costs					\$ 3,000	IT Services - Contract with DataTree for property verification data (\$250 per month); Contract with Superior for database development.	40.0%	\$ 1,200	25.0%	\$ 750	35.0%	\$ 1,050			
400601	Annual IT Costs (Including replacement funding)					\$ 20,683	General PC software and costs	40.0%	\$ 8,273	25.0%	\$ 5,171	35.0%	\$ 7,239			
	<b>Subtotal Information Technology Expenses</b>					\$ 23,683			\$ 9,473		\$ 5,921		\$ 8,289			



Legal Costs										
400206	Outside Legal Counsel (to assist with anticipated litigation)		\$ 120,000	Outside legal counsel to respond to litigation pertaining to the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. Previous litigation was dismissed without prejudice on Saturday, May 6, 2017. Reflects estimate for anticipated future litigation.	40.0%	\$ 48,000	25.0%	\$ 30,000	35.0%	\$ 42,000
400206	Community Legal Services (Contract) (Eviction Defense Center & Centro Legal de la Raza)		\$ 150,000	Legal services to provide assistance to Tenants that have paid the Maximum Allowable Rent, are being evicted (Unlawful Detainer), and are able to provide evidence that their Landlord is not in compliance with the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance	0.0%	\$ -	50.0%	\$ 75,000	50.0%	\$ 75,000
	<b>Subtotal Legal Costs</b>		<b>\$ 270,000</b>			<b>\$ 48,000</b>		<b>\$ 105,000</b>		<b>\$ 117,000</b>
400201 Professional and Admin Services										
400201	Contract Hearing Examiner Services		\$ 57,000	Contract attorney to act as a backup hearing examiner in the event there is (1) a conflict of interest between either party and the Staff Hearing Examiner or (2) backup hearing examiner services are needed to adequately handle the volume of petitions submitted in the first operational year of the Hearings Unit. Assumes 6 petitions per fiscal year, 38 hours per petition, at a rate of \$250 per hour.	0.0%	\$ 50	50.0%	\$ 28,500	50.0%	\$ 28,500
400201	Translation Services		\$ 15,000	Translation services to ensure that all forms and notices are available in both English and Spanish, at a minimum, and for oral translation, as it may be advantageous for administration. Assumes 4,500 words per month @ \$0.14/word and 10 hours of verbal translation @ \$50.00/hour.	40.0%	\$ 6,000	25.0%	\$ 3,750	35.0%	\$ 5,250
	<b>Subtotal Professional and Admin Services</b>		<b>\$ 72,000</b>			<b>\$ 6,050</b>		<b>\$ 32,250</b>		<b>\$ 33,750</b>
Other Operating Expenses										
400231	Postage & Mailing		\$ 50,000	Costs of mailing include production, printing, proofing, and postage.	40.0%	\$ 20,000	25.0%	\$ 12,500	35.0%	\$ 17,500
400233	Copying & Duplicating		\$ 5,000	Bulk printing of materials for public outreach and information	40.0%	\$ 2,000	25.0%	\$ 1,250	35.0%	\$ 1,750
400304	Rental Exp - XEROX		\$ 5,000	Cost of rental and maintenance of Xerox machines in 440 Civic Center Plaza.	40.0%	\$ 2,000	25.0%	\$ 1,250	35.0%	\$ 1,750
400322	Misc. Exp		\$ 10,000	Miscellaneous expenses associated with program development and operations	40.0%	\$ 4,000	25.0%	\$ 2,500	35.0%	\$ 3,500
400341	Office Supplies and Furniture		\$ 21,000	Cost of general office supplies and anticipated counseling area redesign	40.0%	\$ 8,400	25.0%	\$ 5,250	35.0%	\$ 7,350
400344	Computer/Phone Supplies		\$ 6,300	10 computer monitors @ \$300.00; 8 headsets @ \$379.95; 1 phone setup @ \$200	40.0%	\$ 2,520	25.0%	\$ 1,575	35.0%	\$ 2,205
400272	Community Education		\$ 10,000	Materials for community workshops and other outreach events.	40.0%	\$ 4,000	25.0%	\$ 2,500	35.0%	\$ 3,500
400242	Mileage		\$ 1,000	Use of City pool car.	40.0%	\$ 400	25.0%	\$ 250	35.0%	\$ 350
400243	Training / Conferences		\$ 10,500	Legal and professional trainings (e.g. dispute resolution, handling of sensitive information) for staff, attendance at conferences.	40.0%	\$ 4,200	25.0%	\$ 2,625	35.0%	\$ 3,675
400244	Cell Phone		\$ 1,200	Cell phone for Executive Director	40.0%	\$ 480	25.0%	\$ 300	35.0%	\$ 420
400262	Books & Educational Materials		\$ 200	Educational and reference materials	40.0%	\$ 80	25.0%	\$ 50	35.0%	\$ 70
	UC Berkeley Public Service Internship Program Interns		\$ 3,000	The Rent Program has partnered with the UC Berkeley Public Service Center to host two interns at the Rent Program Office. The requested financial contribution for the Public Service Internship Program is a \$1,500 stipend per intern for the academic year.	40.0%	\$ 1,200	25.0%	\$ 750	35.0%	\$ 1,050
400271	Ad & Promotional materials		\$ 2,000	Posting of community events and other information in publications; use of Canva graphics; Adobe InDesign subscription (\$240 annually)	40.0%	\$ 800	25.0%	\$ 500	35.0%	\$ 700
	<b>Subtotal Other Operating Expenses</b>		<b>\$ 125,200</b>			<b>\$ 50,080</b>		<b>\$ 31,300</b>		<b>\$ 43,820</b>
	<b>TOTAL OPERATING EXPENSES</b>		<b>\$ 681,942</b>			<b>\$ 190,027</b>		<b>\$ 222,236</b>		<b>\$ 269,730</b>
Reserves										
	Operating Reserve (17%)		\$ 347,710	As recommended by the Government Finance Officers Association (GFOA.)	40.0%	\$ 139,084	25.0%	\$ 86,928	35.0%	\$ 121,699
	Risk Reserve (8%)		\$ 163,628	Risk Management reserve fund.	40.0%	\$ 65,451	25.0%	\$ 40,907	35.0%	\$ 57,270
	<b>Subtotal Reserves</b>		<b>\$ 511,339</b>			<b>\$ 204,535</b>		<b>\$ 127,835</b>		<b>\$ 178,969</b>
	<b>TOTAL</b>		<b>\$ 2,556,693</b>			<b>\$ 939,927</b>		<b>\$ 690,923</b>		<b>\$ 925,893</b>
						Effective allocation rate	36.76%	27.02%		36.21%

**REVISED FISCAL YEAR 2018-19 RENT PROGRAM FEE STUDY: OPTION B**

REVENUE										FEE COMPONENTS				
				Charged Units	Proposed Fees FY 2018-2019	Costs Recovered		Program Fee Part	Just Cause Fee Part	Rent Control Fee Part				
	Fully Covered Units			9,558	\$ 198.00	\$ 1,892,484		\$ 55.29	\$ 40.34	\$ 101.50				
	Partially Covered Units (Excluding Subsidized Units)			6,249	\$ 96.00	\$ 599,904								
	Governmentally Subsidized Units			4,211	\$ 48.00	\$ 202,128								
			Total Units	20,018		\$ 2,694,516								
EXPENDITURES										COST ALLOCATION				
Personnel - Salary & Benefits										FY 2018-19				
		Annual Salary	Benefits (at 55% of Salary)	Annual Salary & Benefits	# of employees (FTE)	COMPENSATION	COMMENTS	Alloc %	Program	Alloc %	Terminations	Alloc %	Rent	
	<b>Possible Positions, Titles, &amp; Expenses</b>	12	0.55											
	Executive Director*	\$ 148,000	\$ 81,400	\$ 229,400	1	\$ 229,400		40.0%	\$ 91,760	25.0%	\$ 57,350	35.0%	\$ 80,290	
	Deputy Director*	\$ 101,896	\$ 56,043	\$ 157,939	1	\$ 157,939		40.0%	\$ 63,176	25.0%	\$ 39,485	35.0%	\$ 55,279	
	Staff Attorney	\$ 140,328	\$ 77,180	\$ 217,508	1	\$ 217,508		40.0%	\$ 87,003	25.0%	\$ 54,377	35.0%	\$ 76,128	
	Hearing Examiner	\$ 140,328	\$ 77,180	\$ 217,508	1	\$ 217,508		40.0%	\$ 87,003	25.0%	\$ 54,377	35.0%	\$ 76,128	
	Analyst (Housing Counselor)	\$ 85,891	\$ 47,240	\$ 133,131	1	\$ 133,131		40.0%	\$ 53,252	25.0%	\$ 33,283	35.0%	\$ 46,596	
	Analyst (Housing Counselor)	\$ 82,102	\$ 45,156	\$ 127,258	1	\$ 127,258		40.0%	\$ 50,903	25.0%	\$ 31,815	35.0%	\$ 44,540	
	Administrative Analyst (Rent Board Clerk)	\$ 74,242	\$ 40,833	\$ 115,075	1	\$ 115,075		40.0%	\$ 46,030	25.0%	\$ 28,769	35.0%	\$ 40,276	
	Administrative Aide	\$ 60,550	\$ 33,303	\$ 93,853	1	\$ 93,853		40.0%	\$ 37,541	25.0%	\$ 23,463	35.0%	\$ 32,848	
	Administrative Aide	\$ 60,550	\$ 33,303	\$ 93,853	1	\$ 93,853		40.0%	\$ 37,541	25.0%	\$ 23,463	35.0%	\$ 32,848	
	Administrative Student Intern	\$ 16,685		\$ 16,685	0.5	\$ 16,685		40.0%	\$ 6,674	25.0%	\$ 4,171	35.0%	\$ 5,840	
	Administrative Student Intern	\$ 16,685		\$ 16,685	0.5	\$ 16,685		40.0%	\$ 6,674	25.0%	\$ 4,171	35.0%	\$ 5,840	
	Administrative Student Intern	\$ 16,685		\$ 16,685	0.5	\$ 16,685		40.0%	\$ 6,674	25.0%	\$ 4,171	35.0%	\$ 5,840	
	Administrative Student Intern	\$ 16,685		\$ 16,685	0.5	\$ 16,685		40.0%	\$ 6,674	25.0%	\$ 4,171	35.0%	\$ 5,840	
	Overtime/Comp Time					\$ 5,000		40.0%	\$ 2,000	25.0%	\$ 1,250	35.0%	\$ 1,750	
	<i>*Salary increases for Executive Staff are discretionary in nature. Figures shown represent maximums and are subject to Board or Director approval.</i>													
	<b>TOTAL PERSONNEL EXPENSES</b>				11	\$ 1,457,265			\$ 582,906		\$ 364,316		\$ 510,043	
						<b>COSTS</b>	<b>COMMENTS</b>							
<b>Cost Pool and Risk Management</b>														
400574	General Liability and Worker's Comp					\$ 68,563	Workers Compensation - \$2,748 per employee, General Liability - \$3,485 per employee (combined total \$6,233 per employee.)	40.0%	\$ 27,425	25.0%	\$ 17,141	35.0%	\$ 23,997	
400591	Space at 440 Civic Center Plaza					\$ 52,275	Space at 440 CCP is based on the percentage of total square footage occupied. This percentage is then applied to the total annual debt service. Rent Program is presumed to occupy 0.9% of Civic Center's total square footage. The percentage was applied to the total annual debt service for FY 2016-17 to determine the cost.	40.0%	\$ 20,910	25.0%	\$ 13,069	35.0%	\$ 18,296	
400586	Indirect Cost					\$ 51,454	Indirect Costs are charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.) Allocations are determined in the City's cost allocation plan completed by an external consultant. Since the Rent Program dept. is new, it was not included in the current cost allocation plan. Staff recommended using the allocation of a department similar in size. In this case, the City Manager's Office was used as the basis.	40.0%	\$ 20,582	25.0%	\$ 12,864	35.0%	\$ 18,009	
400522	SLIP Policy					\$ 25,000	General liability policy for the Rent Control program	40.0%	\$ 10,000	25.0%	\$ 6,250	35.0%	\$ 8,750	
	<b>Subtotal Cost Pool + Risk Management</b>					\$ 197,292			\$ 78,917		\$ 49,323		\$ 69,052	
<b>Information Technology Expenses</b>														
400220	IT Professional Services and Startup Costs					\$ 3,000	IT Services - Contract with DataTree for property verification data (\$250 per month); Contract with Superior for database development.	40.0%	\$ 1,200	25.0%	\$ 750	35.0%	\$ 1,050	
400601	Annual IT Costs (Including replacement funding)					\$ 21,683	General PC software and costs	40.0%	\$ 8,673	25.0%	\$ 5,421	35.0%	\$ 7,589	
	<b>Subtotal Information Technology Expenses</b>					\$ 24,683	51,471.50		\$ 9,873		\$ 6,171		\$ 8,639	
<b>Legal Costs</b>														

400206	Outside Legal Counsel (to assist with anticipated litigation)		\$ 120,000	Outside legal counsel to respond to litigation pertaining to the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. Previous litigation was dismissed without prejudice on Saturday, May 6, 2017. Reflects estimate for anticipated future litigation.	40.0%	\$ 48,000	25.0%	\$ 30,000	35.0%	\$ 42,000
400206	Community Legal Services (Contract) (Eviction Defense Center & Centro Legal de la Raza)		\$ 150,000	Legal services to provide assistance to Tenants that have paid the Maximum Allowable Rent, are being evicted (Unlawful Detainer), and are able to provide evidence that their Landlord is not in compliance with the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance	0.0%	\$ -	50.0%	\$ 75,000	50.0%	\$ 75,000
<b>Subtotal Legal Costs</b>			<b>\$ 270,000</b>	<b>\$ -</b>		<b>\$ 48,000</b>		<b>\$ 105,000</b>		<b>\$ 117,000</b>
<b>Professional and Admin Services</b>										
400201	Contract Hearing Examiner Services		\$ 57,000	Contract attorney to act as a backup hearing examiner in the event there is (1) a conflict of interest between either party and the Staff Hearing Examiner or (2) backup hearing examiner services are needed to adequately handle the volume of petitions submitted in the first operational year of the Hearings Unit. Assumes 6 petitions per fiscal year, 38 hours per petition, at a rate of \$250 per hour.	0.0%	\$ -	50.0%	\$ 28,500	50.0%	\$ 28,500
400201	Translation Services		\$ 15,000	Translation services to ensure that all forms and notices are available in both English and Spanish, at a minimum, and for oral translation, as it may be advantageous for administration. Assumes 4,500 words per month @ \$0.14/word and 10 hours of verbal translation @ \$50.00/hour.	40.0%	\$ 6,000	25.0%	\$ 3,750	35.0%	\$ 5,250
<b>Subtotal Professional and Admin Services</b>			<b>\$ 72,000</b>	<b>\$ -</b>		<b>\$ 6,000</b>		<b>\$ 32,250</b>		<b>\$ 33,750</b>
<b>Other Operating Expenses</b>										
400231	Postage & Mailing		\$ 50,000	Costs of mailing include production, printing, proofing, and postage.	40.0%	\$ 20,000	25.0%	\$ 12,500	35.0%	\$ 17,500
400233	Copying & Duplicating		\$ 5,000	Bulk printing of materials for public outreach and information	40.0%	\$ 2,000	25.0%	\$ 1,250	35.0%	\$ 1,750
400304	Rental Exp - XEROX		\$ 5,000	Cost of rental and maintenance of Xerox machines in 440 Civic Center Plaza.	40.0%	\$ 2,000	25.0%	\$ 1,250	35.0%	\$ 1,750
400322	Misc. Exp		\$ 10,000	Miscellaneous expenses associated with program development and operations	40.0%	\$ 4,000	25.0%	\$ 2,500	35.0%	\$ 3,500
400341	Office Supplies and Furniture		\$ 21,000	Cost of general office supplies and anticipated counseling area redesign	40.0%	\$ 8,400	25.0%	\$ 5,250	35.0%	\$ 7,350
400344	Computer/Phone Supplies		\$ 6,300	10 computer monitors @ \$300.00; 8 headsets @ \$379.95; 1 phone setup @ \$200	40.0%	\$ 2,520	25.0%	\$ 1,575	35.0%	\$ 2,205
400272	Community Education		\$ 10,000	Materials for community workshops and other outreach events.	40.0%	\$ 4,000	25.0%	\$ 2,500	35.0%	\$ 3,500
400242	Mileage		\$ 1,000	Use of City pool car.	40.0%	\$ 400	25.0%	\$ 250	35.0%	\$ 350
400243	Training / Conferences		\$ 10,500	Cost of attending Mediation Training for 7 staff members (\$1,500 per person)	40.0%	\$ 4,200	25.0%	\$ 2,625	35.0%	\$ 3,675
400244	Cell Phone		\$ 1,200	Cell phone for Executive Director	40.0%	\$ 480	25.0%	\$ 300	35.0%	\$ 420
400262	Books & Educational Materials		\$ 200	Educational and reference materials	40.0%	\$ 80	25.0%	\$ 50	35.0%	\$ 70
	UC Berkeley Public Service Internship Program Interns		\$ 3,000	The Rent Program has partnered with the UC Berkeley Public Service Center to host two interns at the Rent Program Office. The requested financial contribution for the Public Service Internship Program is a \$1,500 stipend per intern for the academic year.	40.0%	\$ 1,200	25.0%	\$ 750	35.0%	\$ 1,050
400271	Ad & Promotional materials		\$ 2,000	Posting of community events and other information in publications; use of Canva graphics; Adobe InDesign subscription (\$240 annually)	40.0%	\$ 800	25.0%	\$ 500	35.0%	\$ 700
<b>Subtotal Other Operating Expenses</b>			<b>\$ 125,200</b>			<b>\$ 50,080</b>		<b>\$ 31,300</b>		<b>\$ 43,820</b>
<b>TOTAL OPERATING EXPENSES</b>			<b>\$ 689,175</b>			<b>\$ 192,870</b>		<b>\$ 224,044</b>		<b>\$ 272,261</b>
<b>Reserves</b>										
	Operating Reserve (17%)		\$ 364,895	As recommended by the Government Finance Officers Association (GFOA.)	40.0%	\$ 145,958	25.0%	\$ 91,224	35.0%	\$ 127,713
	Risk Reserve (8%)		\$ 171,715	Risk Management reserve fund.	40.0%	\$ 68,686	25.0%	\$ 42,929	35.0%	\$ 60,100
<b>Subtotal Reserves</b>			<b>\$ 536,610</b>			<b>\$ 214,644</b>		<b>\$ 134,152</b>		<b>\$ 187,813</b>
<b>TOTAL</b>			<b>\$ 2,683,050</b>			<b>\$ 990,420</b>		<b>\$ 722,512</b>		<b>\$ 970,117</b>
						Effective allocation rate	36.91%	26.93%		36.16%



**REVISED FISCAL YEAR 2018-19 RENT PROGRAM FEE STUDY: OPTION C**

REVENUE													FEE COMPONENTS				
			Charged Units	Proposed Fees FY 2018-2019	Costs Recovered				Program Fee Part	Just Cause Fee Part	Rent Control Fee Part						
Fully Covered Units			9,558	\$ 207.00	\$ 1,978,506				\$ 55.77	\$ 43.36	\$ 107.38						
Partially Covered Units (Excluding Subsidized Units)			6,249	\$ 100.00	\$ 624,900												
Governmentally Subsidized Units			4,211	\$ 50.00	\$ 210,550												
Total Units			20,018		\$ 2,813,956												
EXPENDITURES													COST ALLOCATION				
Personnel - Salary & Benefits													FY 2018-19				
Possible Positions, Titles, & Expenses			Annual Salary	Benefits (at 55% of Salary)	Annual Salary & Benefits	# of employees (FTE)	COMPENSATION	COMMENTS	Alloc %	Program	Alloc %	Terminations	Alloc %	Rent			
Executive Director*			\$ 148,000	\$ 81,400	\$ 229,400	1	\$ 229,400		40.0%	\$ 91,760	25.0%	\$ 57,350	35.0%	\$ 80,290			
Deputy Director*			\$ 101,896	\$ 56,043	\$ 157,939	1	\$ 157,939		40.0%	\$ 63,176	25.0%	\$ 39,485	35.0%	\$ 55,279			
Staff Attorney			\$ 140,328	\$ 77,180	\$ 217,508	1	\$ 217,508		40.0%	\$ 87,003	25.0%	\$ 54,377	35.0%	\$ 76,128			
Hearing Examiner			\$ 140,328	\$ 77,180	\$ 217,508	1	\$ 217,508		40.0%	\$ 87,003	25.0%	\$ 54,377	35.0%	\$ 76,128			
Analyst (Housing Counselor)			\$ 85,891	\$ 47,240	\$ 133,131	1	\$ 133,131		40.0%	\$ 53,252	25.0%	\$ 33,283	35.0%	\$ 46,596			
Analyst (Housing Counselor)			\$ 82,102	\$ 45,156	\$ 127,258	1	\$ 127,258		40.0%	\$ 50,903	25.0%	\$ 31,815	35.0%	\$ 44,540			
Administrative Analyst (Rent Board Clerk)			\$ 74,242	\$ 40,833	\$ 115,075	1	\$ 115,075		40.0%	\$ 46,030	25.0%	\$ 28,769	35.0%	\$ 40,276			
Administrative Aide			\$ 60,550	\$ 33,303	\$ 93,853	1	\$ 93,853		40.0%	\$ 37,541	25.0%	\$ 23,463	35.0%	\$ 32,848			
Administrative Aide			\$ 60,550	\$ 33,303	\$ 93,853	1	\$ 93,853		40.0%	\$ 37,541	25.0%	\$ 23,463	35.0%	\$ 32,848			
Administrative Student Intern			\$ 16,685		\$ 16,685	0.5	\$ 16,685		40.0%	\$ 6,674	25.0%	\$ 4,171	35.0%	\$ 5,840			
Administrative Student Intern			\$ 16,685		\$ 16,685	0.5	\$ 16,685		40.0%	\$ 6,674	25.0%	\$ 4,171	35.0%	\$ 5,840			
Administrative Student Intern			\$ 16,685		\$ 16,685	0.5	\$ 16,685		40.0%	\$ 6,674	25.0%	\$ 4,171	35.0%	\$ 5,840			
Administrative Student Intern			\$ 16,685		\$ 16,685	0.5	\$ 16,685		40.0%	\$ 6,674	25.0%	\$ 4,171	35.0%	\$ 5,840			
Overtime/Comp Time					\$ 5,000		\$ 5,000		40.0%	\$ 2,000	25.0%	\$ 1,250	35.0%	\$ 1,750			
*Salary increases for Executive Staff are discretionary in nature. Figures shown represent maximums and are subject to Board or Director approval.																	
TOTAL PERSONNEL EXPENSES						11	\$ 1,457,265		\$ 582,906		\$ 364,316		\$ 510,043				
COSTS													COMMENTS				
Cost Pool and Risk Management																	
400574	General Liability and Worker's Comp						\$ 68,563	Workers Compensation - \$2,748 per employee, General Liability - \$3,485 per employee (combined total \$6,233 per employee.)	40.0%	\$ 27,425	25.0%	\$ 17,141	35.0%	\$ 23,997			
500591	Space at 440 Civic Center Plaza						\$ 52,275	Space at 440 CCP is based on the percentage of total square footage occupied. This percentage is then applied to the total annual debt service. Rent Program is presumed to occupy 0.9% of Civic Center's total square footage. The percentage was applied to the total annual debt service for FY 2016-17 to determine the cost.	40.0%	\$ 20,910	25.0%	\$ 13,069	35.0%	\$ 18,296			
400586	Indirect Cost						\$ 51,454	Indirect Costs are charges allocated to City Departments to reimburse the General Fund for administrative services by central service departments (i.e. City Council, City Manager, City Attorney, City Clerk, Finance, HR, etc.) Allocations are determined in the City's cost allocation plan completed by an external consultant. Since the Rent Program dept. is new, it was not included in the current cost allocation plan. Staff recommended using the allocation of a department similar in size. In this case, the City Manager's Office was used as the basis.	40.0%	\$ 20,582	25.0%	\$ 12,864	35.0%	\$ 18,009			
400552	SLIP Policy						\$ 25,000	General liability policy for the Rent Control program	40.0%	\$ 10,000	25.0%	\$ 6,250	35.0%	\$ 8,750			
Subtotal Cost Pool + Risk Management							\$ 197,292		\$ 78,917		\$ 49,323		\$ 69,052				
Information Technology Expenses																	
400220	IT Professional Services and Startup Costs						\$ 3,000	IT Services - Contract with DataTree for property verification data (\$250 per month); Contract with Superior for database development	40.0%	\$ 1,200	25.0%	\$ 750	35.0%	\$ 1,050			
400601	Annual IT Costs (Including replacement funding)						\$ 21,683	General PC software and costs	40.0%	\$ 8,673	25.0%	\$ 5,421	35.0%	\$ 7,589			
Subtotal Information Technology Expenses							\$ 24,683		\$ 9,873		\$ 6,171		\$ 8,639				



Legal Costs										
400206	Outside Legal Counsel (to assist with anticipated litigation)		\$ 120,000	Outside legal counsel to respond to litigation pertaining to the Fair Rent, Just Cause for Eviction, and Homeowner Protection Ordinance. Previous litigation was dismissed without prejudice on Saturday, May 6, 2017. Reflects estimate for anticipated future litigation.	40.0%	\$ 48,000	25.0%	\$ 30,000	35.0%	\$ 42,000
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<b>Subtotal Legal Costs</b>			<b>\$ 270,000</b>			<b>\$ 48,000</b>		<b>\$ 105,000</b>		<b>\$ 117,000</b>
Professional and Admin Services										
400201	Contractor to focus on Compliance		\$ 97,500	Mass-mailing and exemption verification project; issuing correspondence; taking legal action. Assumes \$150/hour for 10-15 hours per week.	0.0%	\$ -	50.0%	\$ 48,750	50.0%	\$ 48,750
400201	Contract Hearing Examiner Services		\$ 57,000	Contract attorney to act as a backup hearing examiner in the event there is (1) a conflict of interest between either party and the Staff Hearing Examiner or (2) backup hearing examiner services are needed to adequately handle the volume of petitions submitted in the first operational year of the Hearings Unit. Assumes 6 petitions per fiscal year, 38 hours per petition, at a rate of \$250 per hour.	0.0%	\$ -	50.0%	\$ 28,500	50.0%	\$ 28,500
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<b>Subtotal Professional and Admin Services</b>			<b>\$ 169,500</b>			<b>\$ 6,000</b>		<b>\$ 81,000</b>		<b>\$ 82,500</b>
Other Operating Expenses										
400231	Postage & Mailing		\$ 50,000	Costs of mailing include production, printing, proofing, and postage.	40.0%	\$ 20,000	25.0%	\$ 12,500	35.0%	\$ 17,500
400233	Copying & Duplicating		\$ 5,000	Bulk printing of materials for public outreach and information	40.0%	\$ 2,000	25.0%	\$ 1,250	35.0%	\$ 1,750
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400243	Training / Conferences		\$ 10,500	Cost of attending Mediation Training for 7 staff members (\$1,500 per person)	40.0%	\$ 4,200	25.0%	\$ 2,625	35.0%	\$ 3,675
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400271	Ad & Promotional materials		\$ 2,000	Posting of community events and other information in publications; use of Canva graphics; Adobe InDesign subscription (\$240 annually)	40.0%	\$ 800	25.0%	\$ 500	35.0%	\$ 700
<b>Subtotal Other Operating Expenses</b>			<b>\$ 125,200</b>			<b>\$ 48,880</b>		<b>\$ 30,550</b>		<b>\$ 42,770</b>
<b>TOTAL OPERATING EXPENSES</b>			<b>\$ 786,675</b>		<b>\$ 51,472</b>	<b>\$ 191,670</b>		<b>\$ 272,044</b>		<b>\$ 319,961</b>
Reserves										
	Operating Reserve (17%)		\$ 381,470	As recommended by the Government Finance Officers Association (GFOA.)	40.0%	\$ 152,588	25.0%	\$ 95,367	35.0%	\$ 133,514
	Risk Reserve (8%)		\$ 179,515	Risk Management reserve fund.	40.0%	\$ 71,806	25.0%	\$ 44,879	35.0%	\$ 62,830
<b>Subtotal Reserves</b>			<b>\$ 560,985</b>			<b>\$ 224,394</b>		<b>\$ 140,246</b>		<b>\$ 196,345</b>
<b>TOTAL</b>			<b>\$ 2,804,925</b>		<b>\$ 51,472</b>	<b>\$ 998,970</b>		<b>\$ 776,606</b>		<b>\$ 1,026,349</b>
						Effective allocation rate	35.61%	27.69%		36.59%