

# Item H-3: Rental Housing Fee Billing Methodology

June 20, 2018 | Regular Meeting of the Richmond Rent Board

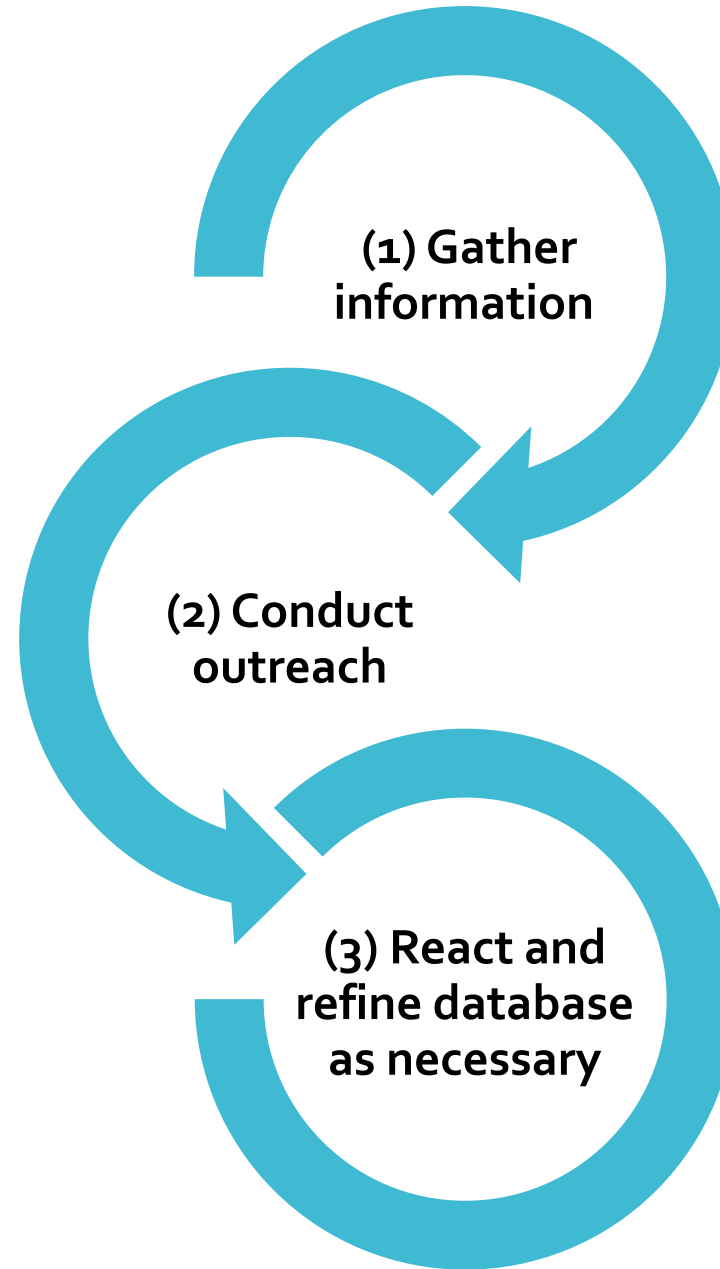
# Item H-3: Background

- The Rent Program Department is funded solely by the Residential Rental Housing Fee, which is approved by the City Council on an annual basis following the Rent Board's adoption of the annual Rent Program budget.
- In accordance with Section 11.100.060(l)(1) of the Rent Ordinance, the Residential Rental Housing Fee is paid by all Landlords of Rental Units in the City of Richmond.
- In fall 2017, staff members embarked on the first billing cycle of the Rental Housing Fee, utilizing a proactive approach to solicit the greatest possible compliance.
- Invoices were mailed to approximately 23,500 Rental Units identified in the City's database of total Rental Units.

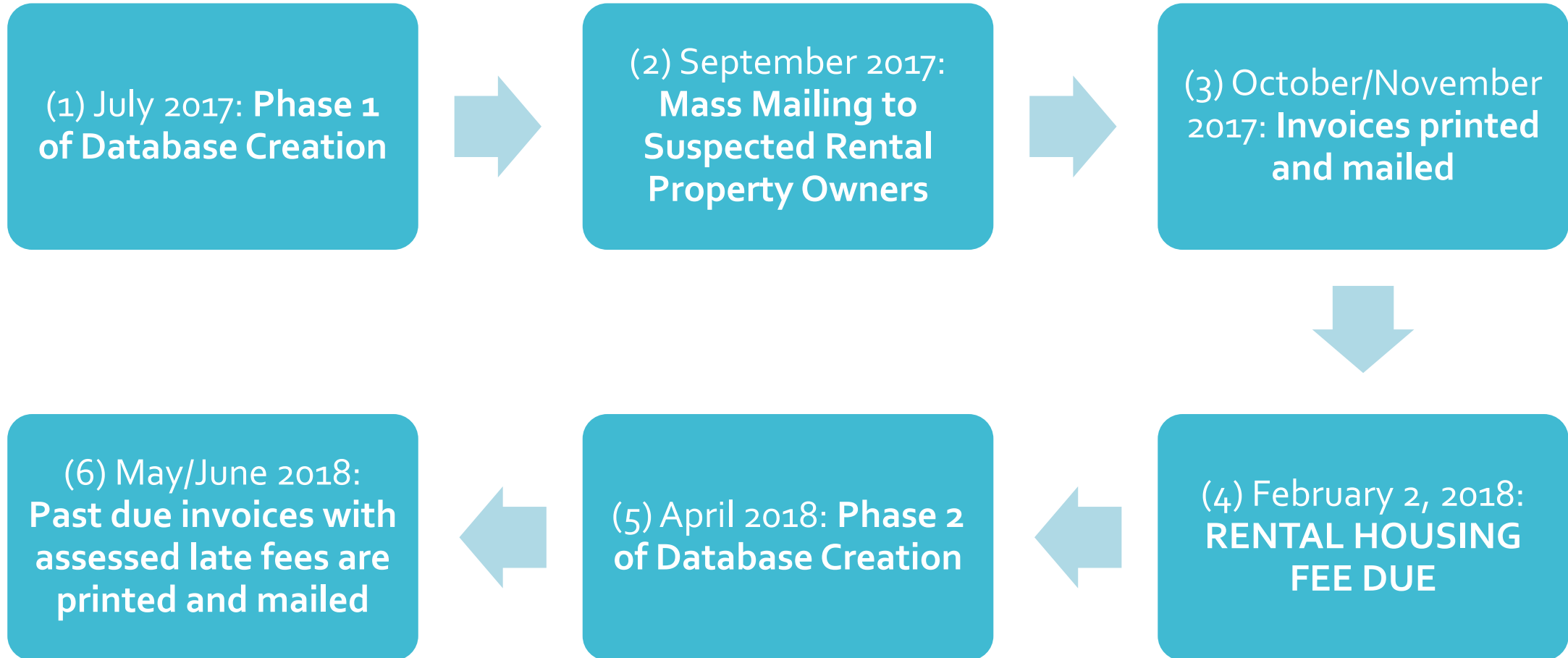
## Item H-3: Background (continued)

- The first billing cycle functioned as an additional public education and exemption verification project; approximately 4,087 suspected Rental Units mailed invoices for the Rental Housing Fee have been removed from the database following verification of exemption. This represents a correction rate of approximately 17 percent.
- As of June 8, 2018, approximately 64% of Rental Housing Fee revenue, amounting to about \$1.8 million, has been collected.
- Aggressive compliance efforts are necessary to increase collection rates.
- At the request of the Rent Board Chair, staff members have prepared a presentation describing the methodology used for billing of the Rental Housing Fee to educate the Board and members of the public on the process and sources of correction.

# Item H-3: Basic Approach



# Overview of Rental Housing Fee Billing Process



# Item H-3: Task 1: Database Development

## PROCESS

1. Individual Rental Unit records are created in TrakIt, the City's shared property information and case management system.
  - Data sources:
    - Residential Rental Inspection Program data
    - Rent Program enrollment form
    - Inventory of affordable housing developments prepared by Rent Program staff members
2. Rental Housing Fee is assessed on each Rental Unit record

## UNANTICIPATED OUTCOMES

- The Residential Rental Inspection Program operates on a three-year inspection cycle; therefore, some data received was "stale" – e.g. there were ownership and rental status changes that were not captured in the database.
- Validation of submission data is not possible using CivicPlus online forms. As such, information in the enrollment form could not be verified prior to submission.

# Item H-3: Task 2: Mass Mailing to Suspected Rental Property Owners

## PROCESS

1. Rent Program staff mail a packet of information to all owners of suspected rental units, using the following criteria:
  - No Homeowners Tax Exemption was filed with the County; or
  - Site address of the property and owner's mailing address were different
2. Owners are asked to either enroll their Rental Units or complete the Declaration of Owner Occupation and/or Exemption if the property is not rented.
3. Completed owner declaration forms are processed as they are received.

## UNANTICIPATED OUTCOMES

- Many property owners who live in their homes may not know about the Homeowner's Tax Exemption; therefore, this is not always a reliable indicator of rental status.
- Some property owners prefer to have their address on file with the County as a PO box. In this case, the site address and mailing address would not match; however, this may not always indicate rented status.

# Item H-3: Task 3: Invoices are Printed and Mailed

## PROCESS

1. TrakIt generates invoices for all properties for which a Rental Housing Fee has been applied.
2. Staff members print and mail invoices to the owner on record according to the Contra Costa County Assessor's Office.

## UNANTICIPATED OUTCOMES

- Owner mailing addresses on file with the County are not always accurate; hundreds of invoices were returned to sender or came back as undeliverable due to incomplete or incorrect address.
- Staff members are verifying mailing addresses on file with the Contra Costa County Assessor's Office with other data sources (e.g. DataTree) and are conducting research to determine how to best reach owners with undeliverable mail.



# Item H-3: Task 4: Rental Housing Fee is Due

## PROCESS

1. Rental Housing fee was originally due January 2, 2018; staff members extended the deadline to February 2, 2018 in recognition of the holiday closure and backlog of inquiries.
2. Due date is posted on the Rent Program website calendar and the City's Community Calendar
3. Fee payment instructions are posted on the Rent Program website and online payment announcements are published in the City Manager's Weekly Report.

### RENTAL HOUSING FEE GRACE PERIOD

The Rental Housing Fee may be  
paid without penalty until:

**FEBRUARY 2, 2018**

After February 2, 2018, the following late payment penalties apply:

1-30 days late: 10%  
31-60 day late: 25%  
61+ days late: 50%

Visit [www.richmondrent.org/billing](http://www.richmondrent.org/billing) for payment instructions

(510) 620-6576 | [www.richmondrent.org](http://www.richmondrent.org) | [rent@ci.richmond.ca.us](mailto:rent@ci.richmond.ca.us)



# Item H-3: Task 5: Database Development (continued)

## PROCESS

1. Additional unit records are created in Trakt; fees are assessed on each record
  - Data sources:
    - Rental Units participating in the Section 8 Housing Choice Voucher Program
    - Properties with a “Rental” Business License
2. Late fees are assessed on each record with an outstanding Rental Housing Fee in accordance with the late fees adopted by the City Council.

## UNANTICIPATED OUTCOMES

- Many commercial properties have been issued a Rental Business License that is not necessarily a residential business license. On the Business License application form, APN was not consistently recorded; therefore, staff members were unable to verify residential land use as recorded with the County.
  - Unintended benefits: staff members identified multiple Rental Units housed on the same parcel with commercial uses

# Item H-3: Task 6: New and “Past Due” Invoices Printed and Mailed

## PROCESS

1. Invoices associated with the additional unit records created in TrakIt (see task 5) are printed and mailed to the owner on record.
2. “Past Due” invoices are printed and mailed, along with a letter from the Director explaining the fee and a Declaration of Owner Occupation and/or Exemption (to be completed by the owner if the property is not a Rental Unit.)

## UNANTICIPATED OUTCOMES

- Original invoices mailed to an outdated address may have never made it to the owner.
- Owner Declarations for owner occupied properties may have never been completed and returned to the Rent Program for processing.
- Over 500 returned Declarations were submitted incomplete or incorrectly and were unable to be processed. In this case, owners would have received the Past Due invoice despite having returned the form to the Rent Program office.

## Item H-3: Next Steps

- Staff members are continuing to process completed Declaration of Owner Occupation and/or Exemption forms.
- In the coming weeks, staff members will mail an additional 1,000+ Rental Housing Fee invoices for past due payment to property owners.
- Unpaid fees will be referred to the Staff Attorney and Compliance Officer for investigation and possible legal action.
- Future Rental Property Enrollment and Tenancy Registration Processes will further refine the database used to generate invoices; this is anticipated to lessen the need for corrections associated with the billing cycle.

## Item H-3: Recommended Action

- **RECEIVE** a presentation regarding the methodology employed for the first billing cycle of the Rental Housing Fee – Rent Program (Nicolas Traylor 620-6564.)