CITY OF ALAMEDA RESOLUTION NO. _____

ADOPTING A PROGRAM FEE FOR THE CITY'S RENT REVIEW, RENT STABILIZATION AND LIMITATIONS ON EVICTIONS ORDINANCE AND IMPLEMENTING POLICIES

WHEREAS, on February 16, 2016, the Alameda City Council introduced a Rent Review, Rent Stabilization and Limitations on Evictions Ordinance to protect local tenants from the rapidly increasing cost of rental housing that is the result of rising rents and a tight rental market; and

WHEREAS, the Alameda City Council adopted the Ordinance (Ordinance 3148) on March 1, 2016 and Ordinance 3148 went into effect March 31, 2016; and

WHEREAS, the Alameda City Council had adopted and will adopt various Policies, such as the Capital Improvement Plan Policy, that implements Ordinance 3148; and

WHEREAS, also on February 16, 2016, the Alameda City Council appropriated (through June 30, 2016) $300,000 to administer the various programs made necessary by Ordinance 3148 and its implementing Policies (the Ordinance/Policies") and to fund a fee study ("the Fee Study") to determine (a) the amount of money that will be necessary to fund for fiscal year 2016/2017 the various programs made necessary by the Ordinance/Policies and (b) the amount of the fee ("the Program Fee") that would need to be imposed on rental property owners in order to fund the various programs; and

WHEREAS, the City contracted with SCI Consulting Group (SCI) to prepare the Fee Study; and

WHEREAS, as part of the Fee Study, SCI worked closely with the Alameda Housing Authority and the City's Finance, Law and Community Development Departments' staff to understand all of the administrative and enforcement procedures necessary to administer the Ordinance/Policies; and

WHEREAS, the Fee Study demonstrates that the amount of the fee to be imposed on rental property owners is a function of:

- The number of applicable rental units covered by the Ordinance/Policies
- The amount of staffing to administer the programs (e.g. receiving and tracking rent increase notices, scheduling and staffing hearings before the Rent Review Advisory Committee, reviewing Capital Improvement Plans, providing legal advice and support, billing and collection, enforcement activities, etc.)
- Contracted services (e.g. hearing officers, translators, court reporters, etc.)

● Materials and supplies to support the administration of the Program (including office space and utilities, program software, printing, postage, office equipment, etc.); and

WHEREAS, SCI, by conducting a rigorous analysis of March 2016 Assessor's lien roll data provided by the Alameda County Assessor's office, determined that 14,899 rental units in the City would be subject to the Ordinance/Policies (and hence, subject to a Program Fee); and

WHEREAS, the costs associated with the administration and regulation of the Ordinance/Policies include direct and indirect labor costs, contracted services, and supplies cost and the Fee Study confirms that the tasks and estimated associated labor hours, as originally developed by the City and the Housing Authoring staff, are reasonable and accurate; and

WHEREAS, the Fee Study determined the costs attributable to the Ordinance/Policies are estimated to be $1.95 million; and

WHEREAS, because Fiscal Year 2016/2017 will be the first fiscal year when the Ordinance/Policies will be in effect, and additional $93,000 (5%) was included in the $1.95 million as a contingency and to create a working capital reserve as necessary in order to cover unanticipated costs associated with ramping up and/or changes to the Ordinance/Policies; and

WHEREAS, based on the Fee Study and the 5% contingency, City staff has recommend that the City Council establish the Program Fee of $131 per rental unit; and

WHEREAS, the Program Fee would be charged annually to rental property owners on a per rental unit basis and would be paid with the business license fee (for those rental property owners required to pay such fee) and billed July 1 for those rental property owners, for example owners of single family homes that are rented, who currently do not pay a business license fee; and

WHEREAS, City staff also recommends that fifty percent (50%) of the Program Fee be passed on to the tenant in equal installments over the course of twelve (12) months (or $5.46 per month), which amount would not be included as rent when calculating the percentage rent increase, as this would be consistent with many other rent control jurisdictions that impose a Program Fee on rental property owners; and

WHEREAS, under the Ordinance/Policies, if the Rent Review Advisory Commission makes a decision on a rent increase above five percent (5%) and the rental unit is a multi-family unit occupied before February 1, 1995, either the landlord or the tenant who is dissatisfied with the decision may initiate a process to have a neutral hearing officer hear and issue a binding decision as to the rent increase; and

WHEREAS, because the hearing process before a neutral hearing officer is only available to property owners who own and tenants who rent a multi-family unit occupied

before February 1995, the cost of which is estimated to be $4,705, City staff also recommends an additional Program Fee of $471, rounded, for property owners and $235, rounded, for tenants be charged to a property owner or tenant who initiates that hearing process in order to discourage property owners and tenants from initiating that process at no cost; and

WHEREAS, if this Program Fee were not imposed on rental property owners and their tenants, the City's General Fund would absorb the cost to administer the various programs which would be an unfair burden on taxpayers of the community who neither own rental property nor are renters; and

WHEREAS, for the reasons stated in the agenda report of June 21, 2016, adoption of this resolution is not subject to review under the California Environmental Quality Act.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF ALAMEDA RESOLVES AS FOLLOWS:

Section 1. A Program Fee of $131 is imposed on every rental property owner in the City of Alameda for each rental unit owned, which Program Fee will be billed to each rental property owner who is required to pay a business license fee by reason of the owner's rental property business and, for those rental property owners who are not required to pay a business license fee by reason of the owner's rental property business, the City shall bill those owners separately.

Section 2. As to the Program Fee of $131, a landlord may pass on to a tenant one half of the Program Fee over a twelve month period ($5.46/month), which amount shall not be considered rent in the calculation of any rent increase during that twelve month period.

Section 3. A property owner or tenant who has the right under the Ordinance/Policies to initiate a hearing process before a neutral hearing officer following a decision of the Rent Review Advisory Committee and exercises that right shall pay an additional Program Fee of $471 (rounded for property owners) and $235 (rounded for tenants) to help defray the cost of this process, which Fee shall be paid at the time the property owner or tenant files a petition as provided in Ordinance 3148.

Section 4. This Program Fee, including the additional Program Fee set forth in Section 2, shall be evaluated from time to time and at least once every fiscal year to ensure that the Program Fee reflects the cost to administer the various programs under the Ordinance/Policies.

Section 5. This Resolution is effective immediately upon its adoption but it will not be operative until July 1, 2016.

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I, the undersigned, hereby certify that the foregoing Resolution was duly and regularly adopted and passed by the Council of the City of Alameda in a regular meeting assembled on the 21st day of June, by the following vote to wit:

AYES:

NOES:

ABSENT:

ABSTENTIONS:

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Alameda on the 22nd day of June, 2016.

_____
Lara Weisiger, City Clerk
City of Alameda

Approved as to form:

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Janet C. Kern, City Attorney
City of Alameda

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