

RENTER PROGRAM REGULATORY FEE STUDY

ALAMEDA CITY COUNCIL – JUNE 21, 2016



BACKGROUND

February 16, 2016

- Rent Review, Rent Stabilization and Limitations on Evictions Ordinance introduced—effective March 31, 2016
 - Creates new program and policies to protect tenants
 - Needs to be fully funded and staffed to be successful
- \$300,000 appropriated to implement the program through June 30, 2016 and to fund a Fee Study to determine:
 - The cost of the program for FY 2016/17
 - The amount of a Program Fee to replace General Fund monies that would be required to fund the program after June 30, 2016

BACKGROUND

April 5, 2016

- Council appropriated an additional \$493,000 in General Fund monies to fund the program through December 31, 2016, if a fee is not adopted
- Council also approved a \$713,000 agreement with the Housing Authority to serve as the Program Administrator through December 31, 2016

FEE STUDY

- SCI Consulting Group prepared the Fee Study
 - Public finance consulting firm with over 30 years experience
 - Worked closely with Alameda Housing Authority, Finance Department, Community Development Department

TONIGHT'S PROPOSED ACTIONS

- Present the findings of the Fee Study
- Discuss funding options
- Adopt a Fee Program

CALCULATING A PROGRAM FEE

- Number of applicable rental units
- Required City staffing
- Contracted services (e.g. Housing Authority staff, hearing officers, translators, court reporters, etc.)
- Materials and supplies

- 14,899 rental units may be covered
- This includes:
 - “exempt” units—units where rents cannot be controlled under Costa Hawkins Rental Housing Act (e.g., single family homes and multi-family units built after February, 1995)
 - “non-exempt” units (or “Costa Hawkins” units)—units where rents can be controlled under state law (e.g., multi-family units built before February, 1995)
- This does not include rental units regulated by state or federal programs, such as units that have Section 8 Housing Choice Vouchers or rental units owned by the Housing Authority

- Program Administration
 - Schedule and conduct RRAC hearings
 - Coordinate public education
 - Answer public inquiries
 - Coordinate when RRAC decision is appealed
 - Verify eviction process is followed
 - Analyze and approve CIP
 - Collect data
 - 6 FTEs
- Binding Hearing Process
 - Contract with hearing officers

- Legal Support
 - Legal advice
 - Represent the City in legal actions
 - Assist with enforcement
 - 3 FTEs
- Finance
 - Billing and collection
 - Bill and collect program fee
 - Manage database
 - Answer public inquiries
 - 1 FTE
- Total = 10 FTEs

PROGRAM COSTS

- \$1.95 million annually
- Includes a 5% (\$93,000) contingency and working capital reserve

PROGRAM FEE

- Annual \$131/unit fee ($\$1.95 \text{ million} \div 14,899 = \131)
- 50% of the fee may be passed on to the tenant in equal installments over the course of 12 months (or \$5.46 per month), and not calculated as part of rent increase

		Cost / Fee per Unit		
City	Units per FTE	Annually	Monthly	Program Model
Berkeley	905	\$234.00	\$19.50	Landlord Registration of Rents
Santa Monica	1,084	\$174.96	\$14.58	Landlord Registration of Rents
East Palo Alto	1,250	\$234.00	\$19.50	Landlord Registration of Rents
Alameda	1,475	\$131	\$10.92	Hybrid (mediation of rent increases above 5%)
West Hollywood	1,988	\$120.00	\$10.00	Landlord Registration of Rents
Oakland	3,234	\$30.00	\$2.50	Tenant Complaint-Based
Los Angeles	5,714	\$24.48	\$2.04	Tenant Complaint-Based
San Francisco	5,490	\$36.00	\$3.00	Landlord Registration of Rents
San Jose	29,533	\$12.72	\$1.06	Tenant Complaint-Based

Source: City of San Jose Department of Housing; SCI Consulting Group; City of Alameda.

HEARING OFFICER PROCESS

- RRAC decision on a rent increase above 5% can be appealed if the rental unit is a *non-exempt rental unit*
- Neutral hearing officer hears appeal and issues a binding decision

FEE ASSOCIATED WITH THE HEARING OFFICER PROCESS

- Cost of hearing process is \$4,705
- To discourage frivolous petitions, staff recommends an initial 10% payment (\$471) by a landlord and a 5% (\$235) payment by a tenant
- The remaining costs will be apportioned the following year when the program fee is recalculated

- The Program Fee—a portion paid by both the landlord and the tenant—is fairly and reasonably allocated based on the payer's connection to the Program
- If the Program Fee is not imposed:
 - The General Fund would absorb the cost of the Program, which would be an unfair burden on taxpayers who neither own rental property nor are renters
 - \$1,206,000 allocated from the General Fund would pay for the program from July 1, 2016, through December 31, 2016
 - The City will need to allocate an additional \$679,559 from the General Fund to pay for the program through June 30, 2017, or identify an alternative funding source

RECOMMENDATION

Adopt a Resolution Adopting a Fee Program for the City's Rent Review, Rent Stabilization and Limitations on Evictions Ordinance and Implementing Policies