

**DATE:** September 19, 2022

**TO:** Rental Housing Committee

**FROM:** Anky van Deursen, Program Manager  
Jesse Takahashi, Finance and Administrative Services Director

**SUBJECT:** **MHRSO Fund Results for the Fiscal Year Ending June 30, 2022**

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**RECOMMENDATION**

To review and acknowledge the year-end results for the Mobile Home Rent Stabilization Ordinance Fund for the fiscal year ending June 30, 2022.

**INTRODUCTION AND BACKGROUND**

On September 28, 2021, the City Council adopted an Ordinance of the City of Mountain View Enacting Mobile Home Rent Stabilization (MHRSO). This Ordinance went into effect on October 28, 2021. The MHRSO creates a second rent stabilization program in the City of Mountain View that is comparable to the Community Stabilization and Fair Rent Act (CSFRA). The implementation of the MHRSO program benefits from the existing framework of the CSFRA program, using built-up experience, expertise, and streamlined processes, such as the management of a petition and hearing process, the development of forms, and the use of best practices, as well as a trusted relationship with Hearing Officers, and an established database that can be expanded upon. However, the MHRSO program still requires staffing and dedicated resources for its development, implementation, and administration.

The MHRSO, in Section 46.9(8), assigns the Rental Housing Committee (RHC) powers and duties to implement and administer the MHRSO, including to: “Establish a budget for the reasonable and necessary implementation of the provisions of the MHRSO, including, without limitation, the hiring of necessary staff, and charge fees as set forth herein in an amount sufficient to support that budget.”

On April 25, 2022, the RHC adopted the first Fiscal Year 2021-22 Budget and Rental Space Fee. This memo provides an annual summary of the completed Fiscal Year 2021-22 comparing actual expenditures to the Adopted Budget. The program continues to adopt efficient and effective administrative procedures based on best practices.

**ANALYSIS**

Fiscal Year 2021-22 is the first partial fiscal year of operations for the MHRSO program. The RHC and staff will continue to closely monitor, evaluate, and gather information to assess the appropriate level and most effective and efficient methods to implement the MHRSO going forward.

**Fiscal Year 2021-22 Budget**

The Fiscal Year 2021-22 budget totals \$399,000 and consists of the following key expenditures:

1. Staffing—\$135,000
2. General Operating Costs—\$60,200
3. Database IT System—\$30,000
4. Third-Party Professional Services—\$130,000
5. City Resources/Administrative Support—\$43,800

**Table 1: Comparison of Fiscal Year Adopted, Estimated, and Unaudited Numbers**

	<b>2021-22 Budget</b>	<b>2021-22 Unaudited Actual</b>	<b>Variance Actual to Budget</b>
Revenues:			
Interest Earnings	\$ -0-	\$ 2,666	\$ (2,666)
Rental Space Fees	-0-	291,992	(291,992)
Transfer from General Non-Operating Fund	399,000	107,000	292,000
<b>Total Revenues</b>	399,000	401,658	(2,658)
Operating Expenditures	355,200	111,582	(243,618)
General Fund Administration	43,800	43,800	-0-
<b>Total Expenditures</b>	399,000	155,382	(243,618)
Excess (Deficiency) of Revenues	-0-	246,276	246,276
Beginning Balance	-0-	-0-	-0-
<b>Ending Balance</b>	<b>\$ -0-</b>	<b>\$246,276</b>	<b>\$246,276</b>

For Fiscal Year 2021-22, total revenues were \$401,658. Interest earnings came in \$2,666 higher than budget and Fiscal Year 2021-22 Rental Space Fee revenues came in earlier than expected. Therefore, less transfer was needed from the City's General Fund. Total operating expenditures were \$111,582, \$243,618 lower than budgeted. For Fiscal Year 2021-22, expenditure variances were positive, and the ending balance was \$246,276.

### Staffing

The Fiscal Year 2021-22 Budget included 1.0 FTE Analyst. Until this position was filled at the end of June 2022, CSFRA staff provided services, which were charged against the MHRSO budget.

### General Operating

General Operating expenses include costs for program expenditures related to office operations and administration, communications, and outreach efforts.

### Third-Party Professional/Technical Services

Professional/technical services budgeted included outside legal services, which were crucial to draft the MHRSO Regulations within a short time frame.

### IT System

The IT System Budget for Fiscal Year 2021-22 included a post for services to develop an addition to the Rent Stabilization Database of the Mobile Home Parks and to maintain and service this database throughout the year. The addition was performed within a couple of months, making it possible for the mobile home park owners to access the database and register their properties.

### City Resources/Administrative Support

City resources/administrative support represent the indirect costs provided by the City in support of the rent stabilization program. These are budgeted at 15% of operating expenses.

### Reserve

Since the MHRSO is a brand-new program, the budget currently does not yet have a reserve established in its budget. A reserve balance provides a funding source to be used for certain unanticipated expenditures that may come up during the year that were not appropriated during the annual budget process and/or to cover expenditures if revenues fall short of budget. The reserve would provide funding for these expenditures until the budget and fee can be adjusted in the following fiscal year. The RHC previously approved a reserve balance of 20% for the CSFRA in past years and may want to consider this for future MHRSO budgets as well.

**FISCAL IMPACT**

The Fiscal Year 2021-22 unaudited actual results show total revenues of \$402,000 and total expenditures about \$155,000, resulting in a balance of \$246,000. (See Attachment 1.)

**PUBLIC NOTICING**—Agenda posting.

AvD-JT/JS/8/CDD/RHC

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Attachment: 1. MHRSO Fund: Statement of Revenues, Expenditures, and Balances