**From:** van Deursen, Anky
**To:** Susyn Almond; Nicole Haines-Livesay; Emily Ramos; Guadalupe Rosas; Julian Pardo de Zela; Matt Grunewald
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**Subject:** Q&A"s for tonight"s RHC meeting March 28, 2022
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To RHC Members,
Please find below Q&A's submitted in advance of the RHC meeting tonight, March 28, 2022:

1. I thought the consent calendar motion was Ramos/Rosas, but the minutes say otherwise. Can we double-check that?

A. That is correct. The consent calendar vote was supposed to be Ramos/Rosas. Staff will make the necessary corrections.

2. For the West Hollywood enforcement mechanism of having the new landlord assume the fees that the old landlord owed, how does that work? Is it a lien on the property title? Could a lien be put on the title of any property that has past due fees, which would effectively block the sale of the property until the lien is paid off?

A. It could be a lien, but that is not necessarily what staff envisions. Rather, the new landlord in its due diligence would be able to find in the CSFRA registry any noncompliance issues existing under the previous landlord. This allows the new owner to update the files and address any outstanding issues. Staff does get inquiries from potential buyers of CSFRA properties to fully understand the requirements of landlords under the CSFRA and informs them of any noncompliance issues.

3. If we did something similar to Berkeley's non-compliance rent withholding petition, how hard would it be to set up and administer the escrow account? I could see that potentially getting expensive unless the City already has the banking relationships necessary to make it easy to establish, administer, & audit an escrow account.

A. Yes, Berkeley and Richmond have set up regulations with city held escrow funds. We have an outstanding inquiry to them on the ease of use of this process. Alternatively, the tenant can be required to hold available the amount of the withheld rent.

4. If we did the administrative citation, do we expect people to actually pay it? It seems if our issue is folks not complying with paying fees, then issuing more fees/penalties with no mechanism to guarantee compliance & payment is just a circle.

A. An administrative citation is not only for monetary non-compliance such as nonpayment of fees, but also for other requirements such as non-registration of the property. As noted in the staff report, there is actually high compliance with the payment of fees, and Staff has experienced that the City's 1% penalty per month for past due annual fees has induced greater compliance for the annual fee invoice payments. As such, associating a monetary penalty with non-compliance with other requirement might induce greater compliance with other requirements, such as registration or filing of required notices.

5. Do we know why the landlords aren't registering the units and aren't filing required forms? Have we done any outreach to determine the why?

A. The percentage of CSFRA properties not registered is due in great part to the unwillingness

of the landlords to divulge the information requested and more in general to their dislike of any rent stabilization program. Extensive outreach has been and still is being provided to familiarize the landlords with the registration requirements. In addition to written guidelines published on our website (step by step process on how to fill out the online registration), we have held bi-weekly webinars explaining in detail the registration process, sent repeated postcards and email outreach to landlords to remind them of the registration requirements, and provided in-person assistance in filling out the online form.

6. Can you help me understand the 15% recommendation for administrative costs - is this a number that the City mandated because they based their loaned funds on it? Or is this based on some calculation from current CSFRA expenses? I'm having a hard time with this section of the budget as it is reading like the City is mandating we add a 15% charge on top of the rest of our budget to account for administrative costs, but that seems like the wrong way to estimate planned administrative costs (reads like the City said "oh yea, just pop another 15% on whatever you come up with so we can make sure all the administrative costs get covered"). There has to be more to this calculation, right? Is the 15% to administrative costs a mandate within our budget to get the City money? Could we choose to do less? What is the actual for the CSFRA right now (is it the interfund expenditures number)?

A. To truly identify and calculate the cost of indirect services, the City has proposed to include the CSFRA and now the MHRSO in its next cost allocation plan update. However, until that time, the City is proposing a 15 percent allocation of the budget to cover all the indirect costs identified. This is similar to what has been done in the CSFRA budget to date. This is a standard allocation percentage the City charges for the administration of contracts and some other programs that are generally less intensive than the CSFRA/MHRSO and it is possible that once a cost allocation plan can be performed, the costs could be higher. Indirect costs include, but are not limited to, the following:

Finance and Administrative Services:

— Budget—the development of an annual budget and fee.

— Accounts Receivable—for the annual billing and collection of the rental housing fee.

— Accounts payable—the staff time and equipment necessary to make payments for the obligations of the CSFRA. Examples would be the payment of consultants, legal services, mediator services, tenant relocation services, etc.

— Payroll/HR—the current two positions and recommended four staff personnel would be paid through the City's payroll system on a biweekly basis. This would also include the processing and payment of benefits.

— Document Processing—the processing of documents, including agendas, agenda reports, and minutes for the RHC.

— Purchasing/Contracts—for the purchase of certain goods and services, as well as the processing of contracts for services.

- Human Resources—provides for the administration of benefits and recruitment of personnel.
- Information Technology—provides for cost and maintenance of the telephone system, computers, printers, website, etc.

- Administration and Management—provides for administration and management of the staff and the program from the Community Development Department, Finance and Administrative Services Department, Information Technology Department, City Attorney's Office, City Clerk's Office, and City Manager's Office.

- Other costs typically included in administrative overhead would be facilities for the allocation of office space and maintenance, telephone services, copier services, etc. Currently, staff administering the CSFRA and staffing the RHC are functioning in facilities provided by the City. At some point, if the program is housed off-site, this would be accounted for separately

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