



MEMORANDUM

Community Development Department

DATE: February 14, 2017

TO: Mayor and City Council

FROM: Wayne Chen, Housing and Neighborhood Services Manager
Randal Tsuda, Community Development Director

VIA: Daniel H. Rich, City Manager

SUBJECT: Fiscal Year 2016-17 Midyear Budget Request to Implement CSFRA

RECOMMENDATION

The Community Development Department is requesting \$362,000 from the General Fund Reserve for expenses related to the implementation of the Community Stabilization and Fair Rent Act (CSFRA). Two new positions are included in this request—1.0 regular Associate Planner and 1.0 regular Office Assistant II—to be added as Community Development Department Neighborhoods staffing.

BACKGROUND

On November 8, 2016, the residents of the City of Mountain View passed Measure V, also known as the CSFRA, regulating rent increases and requiring just cause for evictions. The CSFRA was scheduled to become effective on December 23, 2016.

On December 21, 2016, the California Apartment Association (CAA) served the City with a lawsuit challenging the CSFRA and the City's Just Cause Eviction Urgency Ordinance. The plaintiff also filed a request for a Temporary Restraining Order (TRO) to prevent the CSFRA from taking effect on December 23, 2016. On December 22, 2016, the court issued an order, staying the effective date of the CSFRA, meaning the CSFRA did not go into effect on December 23, 2016. CAA filed a motion for a preliminary injunction and the hearing will be held March 14, 2017. As directed by the City Council, the City will be opposing the request for a preliminary injunction. While the litigation is pending, City staff will continue its work to prepare for implementation of the CSFRA if and when it goes into effect.

ANALYSIS

The CSFRA creates an entirely new program in the City of Mountain View, and will require dedicated resources for its development and implementation. In the short-term, the preparation and implementation of the CSFRA requires a significant amount of up-front start-up costs and resources. The CSFRA specifically requires the City to take whatever steps are necessary to perform the duties of the Rental Housing Committee (RHC) prior to the appointment of the Committee members and to implement the CSFRA. The key components of the start-up work includes, but is not limited to: facilitating the development of the CSFRA rules and regulations; selecting and onboarding the RHC members; staffing the RHC; analyzing staffing needs; determining potential fee levels; assessing and implementing infrastructure needs, such as a registry and a fee billing process; and communications, education, and outreach. The CSFRA identifies the development of a fee, set by the RHC, in order to fund the program.

However, until a fee program has been established by the RHC, development and implementation of the CSFRA will require City funding to support the work. The CSFRA requires the City to advance all necessary funds for the initial implementation of the CSFRA. Once the RHC establishes and collects Rental Housing fees, the City may seek reimbursement of such funds advanced by the City from the RHC. The Fiscal Year 2016-17 budget was adopted by the City Council prior to the placement of the CSFRA on the November 2016 ballot. Therefore, the current budget does not have resources allocated for the preparation and implementation of the CSFRA. The following midyear budget requests are related to costs associated with: (1) the development, implementation, and staffing and administration of the CSFRA; (2) related contract services; (3) software and IT infrastructure for a database/registry of units covered by the CSFRA and to facilitate monitoring, compliance, and implementation of CSFRA requirements; and (4) general office costs related to producing RHC meeting materials, as well as costs associated with education, outreach, and communications. These requests, totaling \$362,000, are necessary to resource the CSFRA implementation work through June 30, 2017. A separate budget request has been submitted for Fiscal Year 2017-18 to fund the work until a fee is established should the CSFRA become effective. It is expected that the City will request the RHC to collect funds to reimburse the City for these costs.

Staffing	540XX	217018	\$102,000
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Description:

This midyear budget request for \$102,000 is for 1.0 FTE for an Associate Planner position and 1.0 FTE for an Office Assistant (OA) II to support the Associate Planner

position in order to facilitate the implementation of the CSFRA. The Associate Planner position has a total compensation of approximately \$163,000 for the full fiscal year. The OA II has a total compensation of approximately \$108,700 for the full fiscal year. If the City Council approves this request, approximately 4.5 months will remain in Fiscal Year 2016-17, which is approximately \$61,000 to fund the Associate Planner and \$41,000 to fund the OA II position for the remainder of the fiscal year.

The responsibilities of the Associate Planner position would include, but are not limited to, the following:

- Lead the overall implementation of the CSFRA, including facilitating development of the rules and regulations.
- Facilitate the Council process to appoint the RHC. Staff the RHC and facilitate all associated meetings, agendas, public notices, and production of materials.
- Coordinate with staff across the City as needed, including the City Attorney's Office, Finance and Administrative Services, Information Technology, Community Development, Fire, Document Processing, etc.
- Develop, administer, and oversee professional service contracts to implement the CSFRA, including, but not limited to, work performed for petition hearings, outreach and education, legal services, updates for rules and regulations, and other staffing needs as appropriate.
- Be the primary contact for both internal and external customers related to the CSFRA. This will include the ability to respond to inquiries and issues through e-mail, phone, and in-person interactions in an effective and timely manner.
- Administer, update, and analyze data in the database/registry. While the details of the IT infrastructure will ultimately be determined by the RHC, at minimum the database should include information regarding units covered by the CSFRA. If desired, a more robust registry may track additional information that will greatly facilitate the effective implementation of CSFRA, such as the banking provision; vacancy and turnover rates; rents levels and compliance with rent limits; petition/hearing information, including fair returns; etc. At the request of the RHC, staff will run reports and provide data to assist the RHC in making informed decisions, adjustments to the CSFRA rules and regulations, etc.

The responsibilities of the OA II position would include, but are not limited to, the following:

- If and when the RHC has been appointed, support all administrative aspects to facilitate the RHC, including items related to meetings, agendas, public notices, and production of materials, as well as onboarding the Committee members.
- Support the Associate Planner in scheduling and coordinating with staff across City departments as needed, including the City Attorney's Office, Finance and Administrative Services, Information Technology, Community Development, Fire, Document Processing, etc.
- Perform intake of all necessary documents, forms, and tenant and landlord petitions; scheduling mediations, hearings, and appeals as needed; contacting tenants, landlords, hearing officers, and the RHC as needed; and tracking the outcomes of petitions.
- Support communications and outreach efforts, including scheduling and staffing meetings and workshops (as needed), development/printing of collateral, and assisting in website updates.
- Initial intake of customer inquiries, including phone calls, e-mail, and walk-in.
- Support the administrative work necessary to oversee professional service contracts, as needed, to implement the CSFRA.

This staffing level is based on analysis of staffing models of other California cities with rent stabilization programs, which range from 0.2 FTE to 1.0 FTE per 1,000 rent-stabilized units. These staffing levels typically address needs for administrative, intake, hearing process, database/registry operations, data analysis, compliance, code enforcement, and legal functions. Staffing levels depend on the robustness of the various program functions. This budget request of 2.0 FTE leads to a staffing ratio of 0.13 FTE per 1,000 units (it is estimated that the City has approximately 15,000 rentals under CSFRA). It is possible additional staffing needs may be required for other program functions using the expertise of other City departments. The ultimate staffing level will be determined by the RHC if and when it is established and considers a corresponding fee level, but it is anticipated that, at a minimum, these two requested positions will be required on an ongoing basis.

Outside Professional Services	54490	217018	\$155,000
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Description:

This midyear budget request is for \$155,000 for outside professional services for the following work:

- (\$75,000) Assist in the implementation of the CSFRA, including: drafting and reviewing the rules and regulations; drafting and reviewing materials related to the CSFRA, including forms, petitions, brochures, and other collateral; providing professional and legal advice for the development, implementation, and overall administration of the CSFRA, including staffing models, fee levels, and database/IT infrastructure models; compliance and enforcement mechanisms; the RHC; and researching and analyzing Best Practices in other California cities and utilizing the findings to inform the development and implementation of an effective CSFRA.
- (\$50,000) Provision of services by Project Sentinel as “first point of contact” for both tenants and landlords for inquiries regarding the CSFRA and Urgency Ordinance through a dedicated phone line/e-mail/online access as well as walk-in office hours with services in English and Spanish. Project Sentinel provides counseling and education regarding rights and responsibilities under the CSFRA and the Urgency Ordinance, provides intake and case management, and engages landlords and tenants in conciliatory efforts. This funding request includes activities already undertaken by Project Sentinel since November 2016 and activities to be undertaken through June 30, 2017. Since November 2016, Project Sentinel has participated in 4 tenant and landlord workshops, held 14 drop-in “office hours” at City Hall, were available for 2 additional days during the holiday closure period to respond to tenant and landlord inquiries, and responded to 110 calls regarding the CSFRA.
- (\$20,000) Professional facilitation of multiple workshops to provide education and outreach for landlords and tenants. This request includes funding for four tenant and landlord workshops already held in December 2016, and for additional services to be undertaken through June 30, 2017.
- (\$10,000) Associated Right of Way will provide services for the Tenant Relocation Assistance Ordinance due to the just cause provisions as contained in the CSFRA.

Computer Equipment and Software	55110	217018	\$75,000
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Description:

This midyear budget request is for an up-to-amount of \$75,000 for the identification, development, and implementation of a database/registry. A robust, easy-to-use IT infrastructure will be needed to provide, at minimum, an accurate, comprehensive, and up-to-date list of units, addresses, and contact information for those properties covered under the CSFRA. The database/registry may also include other capabilities in order to facilitate effective implementation of the requirements of the CSFRA, such as tracking rents, the amount of "banked" rent increases, vacancies, petitions/hearing information, etc. The system should be able to generate reports in order to assess program efficacy and to provide information as requested by the RHC. The system may be an off-the-shelf system, or it may require customized software that suits the particular requirements of the CSFRA, which may require services and technical assistance to implement. The RHC, if and when it is operational, will determine the system's full set of capabilities and will set fees sufficient to cover the system's costs, including up-front start-up costs and ongoing operating and maintenance costs.

General Office, Materials, and Notices	55100	217018	\$30,000
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Description:

This midyear budget request is for \$30,000 to cover the cost of materials for the RHC and any education, communications, and outreach efforts as part of the CSFRA implementation. Examples of cost items include: RHC agenda packets and materials, onboarding resources and documents for RHC members; noticing for meetings; development and printing of collateral such as flyers and resource guides such as FAQs; and costs associated with education and outreach meetings.

FISCAL IMPACT

As mentioned in the Analysis section of this memorandum, the CSFRA charges the RHC with the responsibility to set fees at the appropriate level in order to pay for the program. However, fees cannot be determined and established at this time because the pending litigation against the CSFRA currently prevents the RHC from being established and setting a fee. Until such time that the RHC becomes effective, the City assumes the initial cost of preparing for and implementing the CSFRA. If and when the CSFRA becomes operational, the RHC may determine that the fees should be set at a level to include reimbursing the City for covering the initial program costs. It is

expected that the City will request the RHC to collect funds to reimburse the City for these costs.

WC-RT/7/CDD

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