

**Rental Housing Committee Questions  
May 22, 2023, Rental Housing Committee Meeting**

**Item 7.1 Amendment Regulations CSFRA Chapter 4/MHRSO Chapter 5 Petition Process.**

Q: What is the background of the changes to the petition process? Was there an event(s) that triggered the need for these adjustments?

A: Staff received inquiries from both landlords and tenants as to any time limits for filing petitions. The proposed amendments clarify the time limit for former tenants/mobile home residents to file petitions and bring them into alignment with the requirements already in place for concessions-based petitions.

**Item 7.1 Amendment Regulations CSFRA Chapter 7/MHRSO Chapter 8 Procedures for Annual General Adjustments.**

Q: When there is a return to prior rent, and one or more AGA's have not been taken, what options does the landlord have? How can the ordinance or related forms make this clear? Should prior rent be defined? Could the ordinance refer to return to prior rent or AGA escalated prior rent, giving the landlord a choice between the two?

A: Where there is a voluntary agreement between the landlord and tenant to temporarily reduce the rent, the landlord may choose to not to impose the AGA during the time during which the reduced rent is applicable. Upon providing the tenant with a Notice of Return to Prior Rent (as proposed in the new regulations), the landlord could also impose any allowed banked AGAs. Sections 1707(d) and (e) of the CSFRA, allow a Landlord, who refrained from imposing an AGA increase in the year in which it would be otherwise applicable, instead imposes said AGA increase in a future year along with the AGA of that future year, so long as the total rent increase does not exceed 10 percent. For example, a landlord who did not impose the 5% AGA from 2021-2022 may impose that rent increase this year along with the 5% AGA from 2022-23, bringing the total rent to 10%. The CSFRA itself cannot be changed by the RHC, since it is a charter amendment requiring voter approval for any changes. However, the RHC may clarify "prior rent" in the regulations if they believe it would be helpful to do so.

Q: Is there a plan on how to transition the COVID agreements with the new requirements (especially the filing requirements)?

A: Staff expect the majority of COVID agreements to have expired at this time. If COVID related agreements are still in effect, tenants and landlords can contact staff to get help with the transition.

Q: Does the proposed language moot Section E?

A: No, Section E regarding Voluntary Agreements to Reduce Rent for Major Construction and Capital Improvements would remain in effect if the RHC adopts the proposed amendments to Section D.

- Q: What is the expected term of such Voluntary Agreements?
- If there was an agreement that lasted past two cycles of new AGAs, would the reversion to prior rent neither take into account these AGAs nor accrue banking?

A: As proposed, the regulations would not impose any limit on the term of such Voluntary Agreements; the landlord and tenant would be free to negotiate the length of the Voluntary Agreement and to extend it as they see fit based on the specific circumstances of their situation. For a summary of the applicability of the AGAs and the accrued rent increases during the effective term of a Voluntary Agreement, see answer to the first Question under this header above.

Q: Would amendments to a Voluntary Agreement (e.g. new roommates, term extension) also be required to be filed with the RHC? And would extensions keep the original "prior rent"?

A: A Voluntary Agreement is only intended to be used where the rent is to be reduced for a limited period of time due to tenant hardship or similar circumstances, not to make other material changes to the terms of the lease agreement.

#### **Item 7.2 Quarterly Financial Expenditures FY 2022-23 through March 31, 2023**

Q: In the quarterly report, what is included in the interfund amount for MHRSO that makes it larger than the interfund amount for CSFRA?

A: The MHRSO interfund expenditures in FY 2022-23 include a one-time re-payment to the City of previously borrowed money of \$292,000.

Q: Why are "LEGAL SERVICES" in the CSFRA budget at 132%?

A: The Financial Report shows the percentage spent as 135%, which includes the Encumbrances. Encumbrances include the annual contractual agreement with Goldfarb, which provides a maximum amount for legal services in this fiscal year. Actual legal costs are being expended depending on actual hours spent per month.

Q: With the amount in "IFE TRSF-GENERAL NON-OP FUND", has the RHC returned all money lent from the City Council/General Fund?

A: For the CSFRA the RHC has returned all money lent from the City a few years back. For the MHRSO an amount is included in this fiscal year to return the borrowed money to the City.

#### **Item 7.3 CSFRA and MHRSO Fiscal Year 2023-24 Recommended Budget**

Q: What are a few examples of other areas where the City of Mountain View uses reserve funds?

A: City Council Policy A-11, Section 4, lists all of the City's reserve policies. The City's largest reserve is the General Fund Reserve, which is to be funded at a level between 20-25% of General Operating Fund budget expenditures, net of budget savings, and shall be used for the

following: City Council-approved expenditures not appropriated during the annual budget process; to cover unanticipated revenue shortfalls; in situations of extreme physical or financial emergency (with City Council approval); to generate ongoing investment earnings; and as a funding source for interfund loans and other loans or advances from the General Fund as approved by City Council.

Q: Hypothetical question - what would happen if for either CSFRA or MHRSO, expenditures exceeded the budget and used up the reserve?

A: Due to system budget controls, CSFRA and MHRSO are not able to exceed their budgeted expenditures. However, a deficit is possible if revenues come in below budget, in which case any deficiencies would be rolled over to the next year and included in the calculations of the annual fee. Any temporary deficits would be covered by reserves.

Q: It seems the CSA expenditure is allocated only to CSFRA. Could it be split between CSFRA and MHRSO?

A: The reason for including the cost of CSA services to the Housing and Eviction Help Center in the CSFRA budget and not in the MHRSO budget, is that 99.99% of clients being helped in the HEHC are from CSFRA covered rental units. The HEHC does get minimal requests for aide from residents of MHRSO covered properties. The RHC has the authority to make determinations as to what could or should not be included in either budget.

Q: Is the RHC expected to have a closed session anytime soon over ongoing litigation(s)?

A: Yes, as soon as there is an update on the ongoing litigation, the RHC will be informed in a closed session.

Q: What is the rough likelihood of the MHRSO costs going over budget? What would happen if it went over budget?

A: Staff do not expect the MHRSO costs to go over budget. For an answer as to what happens if it does go over budget, see the answer to the second question under this header.