



MEMORANDUM

Rent Stabilization Program,
Community Development Department

DATE: April 19, 2021

TO: Rental Housing Committee

FROM: Andrea Kennedy, Analyst I
Anky van Deursen, CSFRA Program Manager

SUBJECT: Update on Invoicing for CSFRA Annual Rental Housing Fees and CSFRA Annual Property Registration Progress

RECOMMENDATION

To receive an update on invoicing for the CSFRA Annual Rental Housing Fees and CSFRA annual property registration progress.

BACKGROUND

On November 8, 2016, Measure V, otherwise known as the Community Stabilization and Fair Rent Act (“CSFRA”), was passed by the voters. The stated purpose of the CSFRA is “to promote neighborhood and community stability, healthy housing, and affordability for renters in the City of Mountain View by controlling excessive rent increases and arbitrary evictions to the greatest extent allowable under California law, while ensuring landlords a fair and reasonable return on their investment and guaranteeing fair protections for renters, homeowners, and businesses” (Section 1700).

The CSFRA requires dedicated resources for its development, implementation, and administration. Section 1709(d) of the CSFRA empowers the Rental Housing Committee (RHC) to establish a budget for the reasonable and necessary implementation of the provisions of the CSFRA, and Section 1709(j) requires the RHC to finance its reasonable and necessary expenses as necessary to ensure implementation of the CSFRA by charging landlords an annual Rental Housing Fee.

During January of each year, starting in 2018, invoices are being sent out to all CSFRA covered properties, including the CSFRA annual rental housing fees and the multi-family apartment inspection fee. Invoices are due in 30 days with a late fee of 1% per month, as per the Finance and Administrative Services Department standard. Table 1 provides an

overview of fees per unit over the years as well as the number of properties being invoiced.

Table 1: Invoices Issued for CSFRA Annual Rental Housing Fees

Date	Fiscal Year	Fee per Unit	# Invoices
January 2, 2018	2017-18	\$155	701
January 2, 2019	2018-19	\$124	701
January 2, 2020	2019-20	\$101	682
January 1, 2021	2020-21	\$85	696*

**Staff was able to identify additional CSFRA covered properties.*

On June 29, 2020, the RHC passed a resolution and regulations to mandate annual registration of all CSFRA covered rental units in the CSFRA online database. This database provides economical and efficient communications with landlords, provides online tools and resources for efficient, accurate, and reliable functioning of the CSFRA program, and allows for efficient and timely collection and prompt processing and analyzing of rental property data. Mandatory registration is due February 1 of each year, starting in 2021, and a one time “start-up” grace period extending to March 1, 2021 was allowed for the first year of mandatory registration.

ANALYSIS

CSFRA Rental Housing Fee

CSFRA staff, together with the Finance and Administrative Services Department and the Multi-Family Inspection Program, charge both the CSFRA Annual Rental Housing Fee and the Multi-Family Inspection Fee in one combined invoice to properties subject to the CSFRA. As mandatory registration is a new requirement and online registration has not yet been completed by many landlords, staff continues to manually update owner contact information and eliminate discrepancies to create the most accurate CSFRA property list for invoicing. As landlords continue to register their properties online, the manual preparation work of invoicing should be greatly reduced.

After the yearly invoices are mailed in the first week of January, staff receives numerous calls of property owners who sold their rental properties. Staff also receives “returned to

sender” letters indicating that property owners’ contact information is no longer up to date. Staff addresses these issues by:

- Researching current property ownership information.
- Updating and resending the invoice to the correct contact information.
- Updating the database to reflect the changes.
- Informing landlords of the mandatory registration requirements.

These steps ensure all current property owners receive a copy of their invoice as well as to maintain an up-to-date CSFRA property database for future invoicing and other outreach purposes.

**Table 2: Overview of Delinquent Invoices
per Fiscal Year per April 8, 2021**

Fiscal Year	Delinquent	Unpaid Fees
FY 2017-18	35 properties	\$46,747
FY 2018-19	26 properties	\$23,007
FY 2019-20	46 properties	\$120,282
FY 2020-21	77 properties	\$165,577

In previous years, staff put in extra efforts to contact each delinquent landlord to better understand the reasons for nonpayment. This resulted in increased reduction of delinquency. Staff intends to do the same efforts this year. In addition, while reviewing the delinquent invoices, staff noticed that previously updated property contact information had not been saved in the invoicing system and invoices were being sent to out-of-date addresses. Staff is currently collaborating with both the Finance and Administrative Services Department and Multi-Family Housing Division to update the system and mail the invoices to the correct owners. For the remaining unpaid invoices, staff is searching in various databases for correct or updated contact information to send follow-up notices.

In early May, a courtesy compliance letter will be sent, including the formal CSFRA Noncompliance Packet, as well as an explanatory CSFRA rental housing fee insert, and a copy of the previously sent and now delinquent invoice (see Attachment 1). This packet will also include information on mandatory property registration. In previous years, this method of sending out “reminder packages” resulted in collecting about \$150,000 in unpaid fees.

In Fiscal Year 2020-21, there are currently 77 noncompliant properties, 29 of which did not pay the rental housing fee for Fiscal Years 2019-20 and 2020-21. Five (5) of these 29 properties consist of more than 20 units, and 24 properties consist of fewer than 20 units.

From Fiscal Year 2017-18 through Fiscal Year 2020-21, 40 properties are delinquent on more than one rental housing fee invoice.

Table 3: Properties with More than One Delinquent Invoice per April 8, 2021

Properties with More than One Delinquent Invoice	Number of Properties
4 Delinquent Invoices	6
3 Delinquent Invoices	7
2 Delinquent Invoices	27
Total	40

Staff will continue to follow up with these properties to collect delinquent payment of the Rental Housing Fees.

Below please find a complete overview of rental housing fee statistics per fiscal year, including number of delinquent invoices both for properties with more than 20 units and properties with less than 20 units.

Table 4: Rental Housing Fee Invoice Statistics

No. of Properties/Units	FY 2017-18	FY 2018-19	FY 2019-20	FY 2020-21 to Date
Total No. of Properties Billed	701	701	682	696
Total No. of Units Billed	16,341	16,341	15,009	14,749
Collected Invoices	93%	96%	93%	88%
Delinquent Invoices:				
No. of Properties with More than 20 Units	4	1	10	22
No. Units	205	80	1,007	1,938
Unpaid Amount	\$25,053*	\$9,920*	\$99,274*	\$141,765*
No. of Properties with Less than 20 Units	31	25	36	55
No. Units	179	135	212	284
Unpaid Amount	\$21,694*	\$13,087*	\$21,008*	\$23,812*
Total No. of Properties	35	26	46	77
Total Unpaid Amount	\$46,747*	\$23,007*	\$120,282*	\$165,577*

** Totals include properties with partially paid invoices.*

Annual Property Registration

In September 2020, the yearly registration cycle for property registration opened up. Postcards were sent to all CSFRA properties explaining the new mandatory property registration requirements and dates of upcoming property registration workshops as well as open office hours. Communications were sent to all CSFRA rental properties, including the rental housing fee information sheet, an overview of webinar dates, and a specific newsletter for landlords regarding property registration and resources, sent in March 2021. In the last eight months, 10 educational webinars were held, providing registration tutorials. One-on-one assistance has been made available on an as-needed basis and during open office hours every Friday.

To date, 258 properties, including 18 exempt properties, have registered in our online database system. Table 6 provides a complete overview of the number of registered properties to date.

Table 5: Overview of Registered Properties per April 10, 2021

	No. of Properties
Total Properties	721
Total Registered	240
Total Exempt	18
% Registered	33%
Properties with More than 20 units	77
Properties with Less than 20 units	163

Staff will continue to follow up with unregistered properties to encourage and assist with online property registration. Staff is also planning an outreach campaign to directly target small landlords to provide one-on-one assistance for navigating the website and completing property registration. Hard-copy registration forms have been made available for those who do not have computer access.

Completed property registration has been proven helpful in the rental housing fee invoice process by providing updated and correct contact information.

FISCAL IMPACT

Delinquent invoices for annual Rental Housing Fees result in diminished funding of the CSFRA program. It is anticipated that total revenues will be sufficient to fund all expenditures for the current fiscal year. However, it is imperative that all properties comply with the annual Rental housing Fee requirement in order for the CSFRA program to remain effective and efficient.

Incomplete property registration is not anticipated to affect the budget of the RHC, although it does increase the workload for staff and lessens the efficiency of the program.

PUBLIC NOTICING – Agenda posting.

AK-AvD/JS/8/CDD/HRC
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Attachment: Copy of the Courtesy Compliance Packet