



CITY OF MOUNTAIN VIEW

MEMORANDUM

Finance and Administrative Services and
Community Development Departments

DATE: June 18, 2018

TO: Rental Housing Committee

FROM: Patty J. Kong, Finance and Administrative Services Director
Helen Ansted, Principal Financial Analyst
Anky van Deursen, Program Manager (Acting)

SUBJECT: **Rental Housing Committee Fiscal Year 2018-19 Budget and Rental Housing Fee**

RECOMMENDATION

Adopt a Resolution of the Rental Housing Committee of Mountain View Adopting the Fiscal Year 2018-19 Budget and Establishing a Rental Housing Fee Sufficient to Support the Fiscal Year 2018-19 Budget (Attachment 1), to be read in title only, further reading waived.

INTRODUCTION AND 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 purposes of the CSFRA are "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 created an entirely new program in the City of Mountain View and 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.

On May 21, 2018, the RHC reviewed a proposed budget for Fiscal Year 2018-19. The purpose of the budget is to provide the funds necessary to implement and administer the CSFRA. The budget will also be used to calculate the annual Rental Housing Fee. Fiscal Year 2017-18 is the first full fiscal year of operations, and staff and the RHC continue to evaluate and gather information to assess the appropriate level and most effective method to implement the CSFRA. The Proposed Budget includes cost projections for the recurring annual program costs, one-time costs for litigation, and the rebudget of certain items. The RHC requested two changes to be made to the Proposed Budget presented by staff as follows:

1. Increase the public outreach budget with a corresponding reduction in Hearing Officer services.
2. The 20 percent reserve to be implemented over a two-year period.

These recommendations are included in the Proposed Budget below. The Proposed Budget: (a) does not include a reimbursable nominal petition fee in the budget for Fiscal Year 2018-19; and (b) charges the same Rental Housing Fee for both fully covered units as well as partially covered units as accepted by the RHC.

ANALYSIS

Fiscal Year 2018-19 Budget

The Fiscal Year 2018-19 budget totals \$2.3 million and consists of the following key expenditures (see Exhibit A to the Resolution):

- Staffing — **\$661,300**;
- General operating costs — **\$288,200** (\$17,400 rebudget)

Change: Reflects request by the RHC; to increase the budget for outreach services by \$50,000;
- Third-party professional services — **\$817,800** (\$170,000 one-time litigation costs)

Change: Reflects request by the RHC, to decrease the budget for Hearing Officers by \$50,000
- Information Technology system and maintenance — **\$240,000** (\$175,000 rebudget);

- City resources/administrative support—**\$303,000**; and
- Reserve: **\$195,000**

Change: Reflects request by the RHC for the 20 percent reserve amount to be implemented over a two-year period, resulting in the Fiscal Year 2018-19 reserve of \$195,000.

CSFRA Rental Housing Fee

An estimated total of 15,300 fully and partially covered rental units are located in the City of Mountain View. To ensure full funding of the CSFRA program, the Rental Housing Fee is calculated by dividing the total amount of the Fiscal Year 2018-19 budget as approved by the RHC by the total amount of rental units covered by the CSFRA (15,300). The revenues required for Fiscal Year 2018-19 are reduced by the estimated balance remaining from Fiscal Year 2017-18. Incorporating the balance with the Proposed Budget, the fee is proposed to be \$124 per unit per year. The Rental Housing Fees will be billed in January 2019.

FISCAL IMPACT

Adoption of the Fiscal Year 2018-19 Proposed Budget for the RHC in the amount of \$2,310,251 will provide appropriations for the implementation and operations of the CSFRA program for Fiscal Year 2018-19. The recommended action will also authorize the fee to be billed and collected to provide for the financial resources to recover the costs of the program.

PUBLIC NOTICING – Agenda posting.

PJK-HA-AvD/4/CDD/RHC
546-06-18-18M-E

- Attachments:
1. Resolution Adopting the Fiscal Year 2018-19 Budget and Establishing a Rental Housing Fee
 - Exhibit A: Fiscal Year 2018-19 CSFRA/RHC Proposed Budget
 - Exhibit B: Fiscal Year 2018-19 CSFRA/RHC Fund Schedule
 - Exhibit C: CSFRA/RHC Rental Housing Fee
 2. RHC Memo – Fiscal Year 2018-19 Proposed Budget of May 21, 2018