



MEMORANDUM

CSFRA, Community Development Department

DATE: February 10, 2021

TO: Rental Housing Committee

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

SUBJECT: Update on Invoicing for CSFRA Annual Rental Housing Fees

RECOMMENDATION

Receive an update on invoicing for the Community Stabilization and Fair Rent Act annual rental housing fees.

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 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 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 percent per month, as per the Finance and Administrative Services Department standard.

Table 1: Invoices Issued for CSFRA Annual Rental Housing Fees

Date	Fiscal Year	Fee per Unit	No. of Invoices
January 2, 2018	2017-18	\$155	701
January 2, 2019	2018-19	\$124	701
January 2, 2020	2019-20	\$101	682

On October 7, 2019, the RHC discussed options for policies to promote compliance with the CSFRA. The RHC approved a policy providing courtesy compliance letters to rental property owners to better understand their responsibilities with regard to payment of the annual rental housing fees. In the following month, staff mailed a courtesy compliance letter to properties that were not in compliance with this requirement.

ANALYSIS

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 fees in one combined invoice to properties subject to the CSFRA. Because landlord registration is not currently required, staff continues to manually work through the database each year to update owner contact information and eliminate discrepancies to create the most accurate CSFRA property list for invoicing.

Each year, after invoices are mailed in the first week of January, staff receives numerous calls of property owners who sold their properties. Staff also receives “returned to sender” letters indicating that ownership has changed or property owners’ contact information is no longer up to date. Staff addresses these issues by:

1. Researching current property ownership information;
2. Updating and resending the invoice to the correct contact information;
3. Updating the database to reflect the changes; and
4. Requesting landlords to register their property using the online database.

These steps are taken annually to 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.

As of October 7, 2019, the following number of invoices were delinquent:

Table 2: Overview Delinquent Invoices per Fiscal Year per October 7, 2019

Fiscal Year	Delinquent	Unpaid Fees
2017-18	38 properties	\$102,184.27
2018-19	43 properties	\$117,381.00

CSFRA staff checked the mailing address of each property against the contact information listed in the Santa Clara County database and found that the majority of the properties had either been sold or had different owner contact information than the City had on file. On November 27, 2019, each of the delinquent properties received a courtesy compliance letter that included the formal CSFRA noncompliance letter, an explanatory CSFRA rental housing fee insert, and a copy of the delinquent invoice (see Attachment 1).

Since the end of November, a total of 18 properties paid their delinquent invoices. For Fiscal Year 2017-18, two properties paid the fee, totaling \$3,315.81. The remaining 36 noncompliant properties amount to a total of \$98,868.46 in unpaid fees.

For Fiscal Year 2018-19, 16 properties paid their fees, totaling \$53,454. The remaining 27 noncompliant properties amount to a total of \$63,927 in unpaid fees.

Of the 63 remaining noncompliant properties, 14 properties did not pay the rental housing fee for both Fiscal Year 2017-18 and Fiscal Year 2018-19. Two of these 14 properties consist of more than 20 units, and 12 properties consist of fewer than 20 units.

Staff will continue to follow up with the remaining properties to collect payment of the rental housing fee.

The below table shows data regarding delinquent properties.

Table 3: Rental Housing Fee Invoice Statistics

Number of Properties/Units	FY 2017-18	FY 2018-19	FY 2019-20 to Date
Total No. of Properties Billed	701	701	682
Total No. of Units Billed	16,341	16,341	15,009
Collected Invoices	95%	96%	66%
Uncollected Invoices:			
No. of Properties with More than 20 Units	5	2	TBD
No. of Units	535	410	TBD
Unpaid Amount	\$77,174.46*	\$50,840*	TBD
No. of Properties with fewer than 20 Units	31	25	TBD
No. of Units	179	135	TBD
Unpaid Amount	\$21,694*	\$13,087*	TBD
Total Number of Properties	36	27	TBD
Total Unpaid Amount	\$98,868.46*	\$63,927*	TBD

* Totals include properties with partially paid invoices.

FISCAL IMPACT

Failure to collect all annual rental housing fees will result in a less than 100 percent funding of the CSFRA program. Although it is anticipated that total revenues will be sufficient to fund all expenditures for the current fiscal year without having to use any reserves, it is imperative that all properties comply with the annual rental housing fee requirement, so that the CSFRA program may remain effective and efficient.

PUBLIC NOTICING – Agenda posting.

AK-AVD/TG/6/CDD/RHC
 812-02-10-21M

Attachment: 1. Copy of the Courtesy Compliance Letter