

**DATE:** May 23, 2024

**TO:** Rental Housing Committee

**FROM:** Patricia Black, Senior Management Analyst  
Wayne Chen, Housing Director

**SUBJECT:** **Fiscal Year 2024-25 Recommended Budgets for Community Stabilization and Fair Rent Act and Mobile Home Rent Stabilization Ordinance**

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**RECOMMENDATION**

Review and provide feedback on the Fiscal Year 2024-25 Recommended Budgets for the administration of the Community Stabilization and Fair Rent Act and the Mobile Home Rent Stabilization Ordinance.

**BACKGROUND**

The Rental Housing Committee (RHC) implements the Community Stabilization and Fair Rent Act (CSFRA) and the Mobile Home Rent Stabilization Ordinance (MHRSO) (collectively termed “rent stabilization programs”). Key powers and duties of the RHC related to the budget include the following:

- “Establish a budget for the reasonable and necessary implementation of the provisions of the CSFRA/MHRSO, including, without limitation, the hiring of necessary staff, and charge fees as set forth herein in an amount sufficient to support that budget.” (CSFRA Section 1709(d) and the MHRSO Section 46.9(a))
- “...finance the Committee’s reasonable and necessary expenses, including, without limitation, engaging any staff as necessary to ensure implementation of the MHRSO, by charging Park Owners an annual space rental fee, in amounts deemed reasonable by the Committee in accordance with applicable law. The Committee is also empowered to request and receive funding, when and if necessary, from any available source, including the City, for the Committee’s reasonable and necessary expenses.” (CSFRA Section 1709(j) and the MHRSO Section 46.9(b))

This memorandum details the draft budget for Fiscal Year 2024-25, as well as recommendations for setting the annual CSFRA Rental Housing Fee (a per-unit fee) and MHRSO Space Rental Fee (a per-space fee) for the continued implementation and administration of the CSFRA and MHRSO.

Both rent stabilization programs are 100% cost recovery programs and are fully funded by the fees. The Fiscal Year 2024-25 budget for both programs, including the CSFRA/MHRSO fees, is scheduled for adoption at the RHC's next meeting on June 13, 2024.

## **INTRODUCTION**

Fiscal Year 2024-25 will be the eighth fiscal year of RHC operations. Over this period of time, the RHC has established policies, regulations, and procedures for effective implementation of the rent stabilization programs. Highlights of recent and ongoing efforts include:

- Implementation of the Housing Help Center.
- Robust, ongoing staff outreach and education to help more landlords and tenants know their rights and responsibilities under the law.
- *Fiscal Year 2022-23 and Fiscal Year 2023-24*—The RHC adopted regulations to increase compliance with CSFRA/MHRSO requirements, including establishing late fees for nonpayment of annual fees, failure to timely register rent stabilized properties, etc.
- *December 18, 2023*—The RHC adopted regulations clarifying the definition of rent in relation to utilities. As part of these regulations, a One-Time Utility Adjustment Petition process was outlined with the expectation that staff would implement the process in Q1/Q2 of Fiscal Year 2024-25.

These actions have significantly increased compliance with, and efficacy of, the rent stabilization programs as well as the utilization of the programs by both landlords and tenants, including:

- Compliance with registration and fee payments increased significantly in Fiscal Year 2023-24 due to these requirements and outreach efforts. It is projected that the trend will continue in Fiscal Year 2024-25.
- Increase in petitions filed by tenants over the past two years, with Fiscal Year 2023-24 petition volume already surpassing the volume of petitions filed in Fiscal Year 2022-23; this trend is projected to continue into Fiscal Year 2024-25 and will be in addition to the workload anticipated with the One-Time Utility Adjustment Petition that will be implemented as discussed above.
- Increase in requests for assistance and support overall; the Division received, on average, 290 requests for assistance per month in Fiscal Year 2023-24, an 18% increase from Fiscal Year 2022-23. Staff strives to provide clear, consistent, and exceptional customer service and to develop trust with landlords, tenants, and the overall community.

Implementation of RHC-adopted policies, regulations, and procedures comprises a key component of staff workload. This has included developing and updating the online portal for property registration, fee payment, filing of petitions and uploading of required notices; establishing new protocols for monitoring and compliance efforts such as issuing and processing invoices; developing enforcement processes, including mailing compliance notices and processing late fees; coordinating with the City's Finance and Administrative Services Department; and educating the community. As noted by staff during prior RHC meetings, adopting these program requirements (such as compliance measures and the One-Time Utility Adjustment process) would require additional staff capacity, including temporary, hourly, and/or permanent staff.

In developing prior and the recommended Fiscal Year 2024-25 budgets, staff continuously evaluates and recommends effective and efficient methods to administer the rent stabilization programs. This has included:

- Partnering with outside organizations like the Community Services Agency of Mountain View and Los Altos (CSA), Community Legal Services in East Palo Alto (CLSEPA), and Project Sentinel to assist with program implementation and support landlords and tenants. This increases capacity to serve the community in a way that is low to no cost to the Division and free to the community.
- Utilizing salary savings due to underfilled positions and vacancies have helped to offset operating costs and keep annual fees as low as possible.

### **ANALYSIS OF CSFRA BUDGET**

The key expenditures of CSFRA include:

1. Staffing for the administration of CSFRA;
2. General operating costs, including education, outreach, and communications as well as costs associated with RHC meetings and office expenses;
3. Third-party professional services;
4. Information Technology to facilitate monitoring, compliance, and implementation of CSFRA requirements;
5. Capital Outlay for the development of the online portal;

6. City Administration (General Fund Administration) overhead cost to pay for services and infrastructure that the City provides to operate the rent stabilization program; and
7. Self-Insurance, Compensated Absences Reserve, and Equipment Replacement Reserve Funding.

The RHC adopts a budget annually, and the Fiscal Year 2024-25 Recommended Budget is staff's best estimate of the costs for the program, taking into consideration results of prior fiscal years and forward-looking estimates.

Table 1 below provides a comparison of the current Fiscal Year Adopted Budget, the current Fiscal Year Estimated Actuals, and the upcoming Fiscal Year Recommended Budget (dollars are in thousands):

**Table 1: Comparison of Fiscal Year 2023-24 Adopted Budget, Fiscal Year 2023-24 Estimated Actuals, and Fiscal Year 2024-25 Recommended Budget**

	Adopted Budget FY 2023-24	Estimated Actuals FY 2023-24	Recommended Budget FY 2024-25	FY 2023-24 Adopted Budget versus FY 2024-25 Recommended Budget
<b>Revenues:</b>				
<b>Interest Earnings</b>	\$ 27,100	\$ 28,000	\$ 33,000	\$ 5,900
<b>Rental Housing Fee</b>	1,614,600	1,426,100	1,696,900	82,300
<b>Total Revenue</b>	1,641,700	1,454,100	1,729,900	88,200
<b>Operating Expenses</b>	1,850,456	1,480,885	2,131,974	281,518
<b>Operating Balance</b>	(208,756)	(26,785)	(402,074)	(188,318)
<b>City Administration</b>	155,380	155,380	164,770	9,390
<b>Self-Insurance</b>	45,180	45,180	49,020	3,840
<b>Comp Absence Reserve</b>	5,000	5,000	3,000	(2,000)
<b>Equipment Replacement Reserve</b>	5,820	5,820	1,900	(3,920)
<b>Excess (Def.) of Revenue</b>	(420,136)	(238,165)	(620,764)	(200,628)
<b>Beginning Balance</b>	1,564,167	1,564,167	1,326,002	(238,165)
<b>Reserves</b>	(412,367)	(338,453)	(470,133)	(57,766)
<b>Ending Balance</b>	\$731,664	\$987,549	\$235,105	(\$496,559)

### **Fiscal Year 2023-24 Estimated Actuals**

For Fiscal Year 2023-24, revenues are estimated to be \$1.5 million, about \$190,000 less than the Adopted Budget. However, this is offset by total operating expenditures that are estimated to be \$1.5 million, or about \$370,000 less than the Adopted Budget. Lower expenditures are a result of an underfilled position, staff time charged to other funding sources for other Rent Stabilization Division programs such as the Tenant Relocation Assistance Ordinance (TRAO), lower than anticipated legal services and litigation expenditures, and online portal costs not completely spent. Therefore, the estimated ending balance for this fiscal year is estimated to be higher than originally anticipated (approximately \$988,000 instead of \$732,000).

### **Fiscal Year 2024-25 Recommended Budget**

The recommended Fiscal Year 2024-25 budget proposes additional funding for staffing, both permanent (discussed further below) and temporary, necessary to implement RHC-adopted requirements. The recommended Fiscal Year 2024-25 budget proposes a reduction in expenditures related to general operating costs and professional services, which will offset a portion of the increased costs. Increased efficiencies with administering the rent stabilization program (such as through the online portal, which lowers time and costs through extensive data tracking capabilities) also helps reduce operating costs.

Note that in prior budgets, salary savings due to underfilled positions and vacancies have helped actual expenditures come in below the adopted amounts which, in turn, helped keep annual fees lower. However, as the Rent Stabilization Division is currently fully staffed, it is anticipated that salary savings will not be available to the same extent to offset operating costs and provide a moderating effect on annual fee levels going forward.

The components of the expenditures in the Fiscal Year 2024-25 Recommended Budget are as follows:

#### **Operating Expenses—\$2.13 Million**

##### *Staffing—\$1,500,000*

The Fiscal Year 2024-25 Recommended Budget includes 7.0 full-time equivalent staff positions as follows:

- 1.0 Division Manager (This is the reclassification of an existing position formerly with the “Project Manager” title. The reclassification was approved as part of the City’s Fiscal Year 2023-24 Midyear budget process and at the March 2024 RHC meeting).

- 2.0 Senior Management Analysts (one existing position; one new position requested as part of the Fiscal Year 2024-25 Recommended Budget, see below).
- 2.0 Analyst I/II.
- 1.0 Senior Administrative Assistant.
- 1.0 Outreach Specialist.
- Temporary/hourly personnel to assist with the processing of One-Time Utility Adjustment Petitions.
- Funding for interpretation/translation staff from the City's Multicultural Engagement Program.

The estimated cost for staffing represents a \$321,000 increase over the Fiscal Year 2023-24 budget.

#### New Position Request—Senior Management Analyst

The Rental Housing Committee has adopted several key policies in Fiscal Year 2022-23 and Fiscal Year 2023-24 for CSFRA and MHRSO covered rental units that will require a new work unit (regulations, compliance, and enforcement) to handle the workload, which has and will increase significantly both in volume and complexity. This new work unit needs to be managed by a higher-level staff at the Senior Management Analyst (SMA) level. The SMA is a working manager position that will supervise staff as well as take on significant workload, as follows:

- Design, develop, implement, and manage complex policies and procedures related to the Registration, Compliance, and Enforcement Program. Design and conduct comprehensive data analysis services and establish qualitative and quantitative performance measures to assess feasibility, effectiveness, and other aspects of program policies and procedures.
- Support RHC meetings through "City Clerk"-like duties.
- Provide cross-departmental assistance for special projects and programs, such as the local and statewide Tenant Relocation Assistance laws.
- Initiate recommendations to develop, improve, or ensure legislation compliance for program processes and procedures and write and present comprehensive fiscal, administrative, and management memos and reports.

- Represent the City as department liaison in teams, meetings, and events as required in cross-departmental activities, community groups, and outside agencies.
- Administration of contracts, invoicing, and monitoring compliance with applicable rules and regulations.
- Supervise, train, and evaluate assigned staff (Analyst I/II and administrative staff).

If approved, the Senior Management Analyst will report to the Division Manager and will be paid for through annual fee revenues from the CSFRA program. This position requires approval from both the RHC and the City Council. The City Council will review and adopt the City budget in June 2024.

*General Operating—\$117,000*

General Operating expenses include program expenditures related to office operations, cost of materials, communications, outreach, and education efforts, and preparation for and staffing of RHC meetings. Examples of these items include development, printing, mailing, and postage of outreach materials, such as newsletters, postcards, flyers, and resource guides; RHC agenda packets and materials; office equipment and office supplies; noticing for meetings; education and workshops; and training costs. The recommended General Operating expenses are \$57,500 less than the amount in the Fiscal Year 2023-24 budget.

*Third-Party Professional Services—\$424,000*

The recommended Third-Party Professional Services expenses for Fiscal Year 2024-25 are \$200,000 less than the amount in the Fiscal Year 2023-24 budget and include the following:

- Legal Services (\$150,000). The RHC retains outside legal counsel to provide legal services, including: drafting and reviewing agendas and staff memos for the RHC meetings; drafting and updating rules and regulations to implement CSFRA; regular presentations to the RHC regarding agenda items; reviewing materials related to CSFRA, including forms and petitions; providing legal advice; advising on compliance and enforcement; Hearing Officer training; drafting RHC decisions on appeal petitions; researching and analyzing best practices in other California rent-stabilized cities; and utilizing the findings to inform the development and implementation of effective programs. The recommended amount is \$25,000 less than the amount in the Fiscal Year 2023-24 budget.
- Litigation (\$50,000). The Recommended Budget includes \$50,000 for litigation and would be used to pay legal expenses related to lawsuits. CSFRA is the subject of one remaining lawsuit regarding the application of CSFRA. This lawsuit is currently on hold and resulted from a petition decision affecting two parties, who are in mediation. The recommended

amount maintains the same level of funding as the amount in the Fiscal Year 2023-24 budget.

- Project Sentinel (\$10,000). Project Sentinel manages the administration of Hearing Officers and facilitators. The recommended amount maintains the same level of funding as the amount in the Fiscal Year 2023-24 budget.
- Prehearing Settlement Conference/Facilitator Services (\$10,000). Facilitators continue to provide petition settlement conference services potentially reducing demands for formal hearings. The recommended amount maintains the same level of funding as the amount in the Fiscal Year 2023-24 budget.
- Hearing Officer Services (\$160,000). Hearing Officers continue to provide petition hearing services in accordance with adopted rules and regulations. The recommended amount is \$20,000 less than the amount in the Fiscal Year 2023-24 budget.
- Tenant Relocation Services (\$5,000). This service provides counseling and process support as well as neutral third-party income eligibility determination for tenant relocation assistance under the Tenant Relocation Assistance Ordinance (TRAO) and SB 330 related to a landlord action of a withdrawal of units (i.e., displacement due to owner move-in, repairs taking longer than 30-days, and the withdrawal of a unit from the market (CSFRA Section 1709)). The recommended amount is \$2,500 less than the amount in the Fiscal Year 2023-24 budget.
- Community Services Coordination (\$34,000). This line item funds Community Services Agency (CSA) case management services for landlords and tenants to stabilize the community by preventing evictions (CSFRA Section 1701 (q)). CSA staff provide access to all CSA services to prevent homelessness, including financial relief and other needed resources. The recommended amount is \$990 greater than the amount in the Fiscal Year 2023-24 budget to account for a cost-of-living adjustment (COLA).
- Translation Services (\$500). Translation services are primarily captured under Personnel, Line-item Wages, due to the utilization of the City's Multicultural Engagement Program (MEP) personnel for Spanish, Chinese, or Russian translations of outreach materials, webpages, educational videos, stakeholder meetings, and workshops. However, the additional translation services may be needed in other languages. The recommended amount is \$500 greater than the amount in the Fiscal Year 2023-24 budget to ensure the Division is able to provide assistance to community members with translation needs beyond the languages supported by the MEP team.
- MVCT (previously KMVT) (\$4,500). MVCT broadcasts RHC meetings, which can be accessed online on the City's website through Legistar. The recommended amount is



\$500 greater than the amount in the Fiscal Year 2023-24 budget to accommodate costs associated with additional and/or Special Meetings.

*Information Technology—\$46,000*

The recommended budget for Information Technology covers the annual software license for the online portal and other software licenses, including CoStar Database and Adobe Acrobat. The recommended amount is \$7,000 greater than the amount in the Fiscal Year 2023-24 budget to accommodate annual increases in software licensing fees.

*Capital Outlay—\$48,850*

The recommended budget for Capital Outlay consists of a rebudget of the estimated remainder of the Fiscal Year 2023-24 budget for the online portal amounting to \$48,850. The implementation of the online portal is progressing with several phases launched, but subsequent phases will not be completed prior to the end of the current fiscal year. Therefore, the remainder is recommended to be rebudgeted for Fiscal Year 2024-25 and will not impact the fee calculated for Fiscal Year 2024-25.

City Administration (General Fund Administration) and Interfund Transfers Expenses—\$219,000

*City Administration (General Fund Administration)—\$165,000*

City Administration represents the overhead cost to pay for services and infrastructure that the City provides to operate the rent stabilization programs and is based on a 15% standard allocation percentage. This cost covers various services by different City departments/offices, including:

- Finance and Administrative Services Department: Supports invoice processing, payroll, document processing, purchasing and contracts processing.
- Human Resources Department: Provides for the administration of benefits and recruitment of personnel.
- Information Technology Department: Provides for cost and maintenance of the telephone system, computers, website, and other technology.
- Facilities: Provides office space, maintenance and repairs, copier services, and other facility costs.

This amount increased by \$9,000 compared to the Fiscal Year 2023-24 budget.

*Self-Insurance, Compensated Absences Reserve, and Equipment Replacement Reserve—\$54,000*

Other City costs include self-insurance (general liability), compensated absences reserves, and equipment replacement reserves. This amount decreased by \$2,100 compared to the Fiscal Year 2023-24 budget.

Reserves—\$470,133

Starting in Fiscal Year 2018-19, the RHC established a reserve balance of approximately 20% of operating expenditures. The purpose of the reserve is to cover unanticipated costs that may arise during a fiscal year. If additional costs are incurred or unanticipated expenditures are required midyear, the reserve would provide funding for these expenditures until the budget and fee can be established in the following fiscal year. To date, the CSFRA program has not used any reserves.

The recommended reserve amount is \$470,133, which maintains the 20% requirement.

**Annual Rental Housing Fee**

As noted, the CSFRA is a 100% cost-recovery program fully paid for by the Rental Housing Fee. The fee is calculated by dividing the total amount of the RHC-adopted Fiscal Year Budget, less the prior fiscal year ending balance (i.e., the unused portion of the prior year's revenue) and the limited-period funding for the online portal, by the total number of rental units covered by CSFRA, including both fully and partially covered units. The number of covered rental units for Fiscal Year 2024-25 has been adjusted from the Fiscal Year 2023-24 unit count of 14,950 to 14,429. Staff compared properties in the online portal with previous databases and determined potential issues, including duplicative properties, demolished units, incorrect addresses, and unit counts. Once verified, these units were removed from the total unit count.

Based on the above calculation, the fee would be \$120 per unit for Fiscal Year 2024-25 and would be invoiced in January. Table 2 below provides a summary of the fees since the beginning of the CSFRA.

**Table 2: Annual Rental Housing Fee by Fiscal Year**

	FY 2017- 18	FY 2018- 19	FY 2019- 20	FY 2020- 21	FY 2021- 22	FY 2022- 23	FY 2023- 24	Proposed FY 2024- 25
<b>Annual Rental Housing Fee</b>	\$155	\$124	\$101	\$85	\$102	\$96	\$108	\$120

**ANALYSIS OF MOBILE HOME RENT STABILIZATION ORDINANCE BUDGET**

Fiscal Year 2024-25 will be the third full fiscal year of MHRSO operations, and the RHC and staff continue to evaluate and assess the appropriate level and most effective and efficient methods to administer the MHRSO.

The key expenditures of the MHRSO include:

1. Staffing for the implementation and administration of the MHRSO;
2. General operating costs, including education, outreach, and communications as well as costs associated with RHC meetings and office expenses;
3. Third-party professional services;
4. Information Technology to facilitate monitoring, compliance, and implementation of MHRSO requirements;
5. City Administration (General Fund Administration) overhead cost to pay for services and infrastructure that the City provides to operate the rent stabilization program; and
6. Self-Insurance and Equipment Replacement Reserve Funding.

As with CSFRA, the RHC adopts an MHRSO budget annually, and the Fiscal Year 2024-25 Recommended Budget is staff’s best estimate of the costs for the program, taking into consideration results of prior fiscal years and forward-looking estimates. Most costs are ongoing program expenses.

Table 3 below provides a comparison of the current fiscal year adopted budget, the current fiscal year estimated actuals, and the upcoming fiscal year Recommended Budget (dollars are in thousands):

**Table 3: Comparison of Fiscal Year 2023-24 Adopted Budget,  
Fiscal Year 2023-24 Estimated Actuals,  
and Fiscal Year 2024-25 Recommended Budget**

	Adopted Budget FY 2023-24	Estimated Actuals FY 2023-24	Recommended Budget FY 2024-25	FY 2023-24 Adopted Budget versus FY 2024-25 Recommended Budget
<b>Revenues:</b>				
Interest Earnings	\$ 11,200	\$ 7,000	\$ 8,000	(\$ 3,200)
Rental Space Fee	339,000	339,000	315,600	(23,400)
<b>Total Revenue</b>	<b>350,200</b>	<b>346,000</b>	<b>323,600</b>	<b>(26,600)</b>
<b>Operating Expenses</b>	<b>346,911</b>	<b>257,532</b>	<b>283,570</b>	<b>(63,341)</b>
<b>Operating Balance</b>	<b>3,289</b>	<b>88,468</b>	<b>4,100</b>	<b>811</b>
City Administration	26,900	26,900	27,460	560
Self-Insurance	7,530	7,530	8,170	640
Equipment Replacement Reserve	1,030	1,030	300	(730)
<b>Excess (Def.) of Revenue</b>	<b>3,289</b>	<b>88,468</b>	<b>4,100</b>	<b>811</b>
Beginning Balance	335,848	335,848	424,316	(88,468)
Reserve	(13,876)	(10,301)	(63,900)	(50,024)
<b>Ending Balance</b>	<b>\$325,261</b>	<b>\$414,015</b>	<b>\$364,516</b>	<b>(\$39,255)</b>

**Fiscal Year 2023-24 Estimated Actuals**

For Fiscal Year 2023-24, revenues are estimated to be \$346,000, about \$4,200 lower than the Fiscal Year 2023-24 Adopted Budget of \$350,200. Total operating expenditures are estimated to be approximately \$257,500, about \$89,000 less than the budgeted amount.

### **Fiscal Year 2024-25 Recommended Budget**

Revenues are recommended lower compared to the Fiscal Year 2023-24 Adopted Budget by about \$27,000, due to lower estimated rental space fees. In total, recommended expenditures for Fiscal Year 2024-25 are approximately \$27,000 less than the amount in the Fiscal Year 2023-24 budget.

It is expected that the implementation and administration of the MHRSO by the RHC and staff will provide efficiency and efficacies due to the experience gained with CSFRA. The following estimates are deemed necessary to fund the MHRSO implementation work through Fiscal Year 2024-25.

#### **Operating Expenses - \$284,000**

##### *Staffing—\$178,000*

Includes one permanent full-time Analyst I/II position as well as some limited funding for hourly staff as needed for translation and other tasks for the administration of MHRSO. The recommended staffing expenses are \$1,600 greater than this year's budget.

##### *General Operating—\$18,000*

General Operating expenses include program expenditures related to office operations, cost of materials, communications, outreach and education efforts, and preparation for and staffing of RHC meetings. Examples of these items include development, printing, mailing, and postage of outreach materials, such as newsletters, postcards, flyers, and resource guides; RHC agenda packets and materials; office equipment and office supplies; noticing for meetings; education and workshops. The recommended General Operating expenses are \$2,500 less than the amount in the Fiscal Year 2023-24 budget.

##### *Third-Party Professional Services—\$83,000*

Staff recommends contracting third-party consultants for services such as legal support and Hearing Officer services. Staff will be able to make use of existing CSFRA consultants in certain circumstances but needs to separately budget and invoice services provided for the MHRSO program. The recommended Third-Party Professional Services expenses are \$27,000 less than the amount in the Fiscal Year 2023-24 budget. The following third-party professional services and cost projections are included in these recommendations:

- Legal Services and Litigation (\$65,000). As with CSFRA, the RHC retains outside legal counsel to provide Legal Services, including drafting and reviewing agendas and staff

memos for RHC meetings; drafting and updating rules and regulations to implement the MHRSO; regular presentations to the RHC regarding agenda items; reviewing materials related to the MHRSO, including forms and petitions; providing legal advice; advising on compliance and enforcement; Hearing Officer training; drafting RHC decisions on appeal petitions; researching and analyzing best practices in other California rent-stabilized cities; and utilizing the findings to inform the development and implementation of an effective MHRSO. Also, like CSFRA, a yearly amount is recommended to be incorporated for potential MHRSO litigation. There are no current lawsuits pending regarding Mobile Home Parks. The Fiscal Year 2024-25 Recommended Budget combines the Litigation line item with legal services into one line item and would be used to pay all legal expenses. The recommended amount is \$25,000 less than the amount in the Fiscal Year 2023-24 budget.

- Project Sentinel (\$1,000). Project Sentinel manages the administration of Hearing Officers and facilitators, similar to CSFRA. The recommended amount maintains the same level of funding as the amount in the Fiscal Year 2023-24 budget.
- Prehearing Settlement Conference/Facilitator Services (\$2,000). Facilitators continue to provide petition settlement conference services potentially reducing demands for formal hearings. The recommended amount is \$2,000 less than the amount in the Fiscal Year 2023-24 budget.
- Hearing Officer Services (\$15,000). Hearing Officers continue to provide petition hearing services in accordance with adopted rules and regulations. No petitions have been filed to date for Fiscal Year 2023-24 for Mobile Homes. The recommended amount is \$10,000 less than the amount in the Fiscal Year 2023-24 budget.
- Translation Services (\$0). Translation services are now captured under Personnel, Line-Item Wages, due to the utilization of the City's MEP personnel for Spanish, Chinese, or Russian translations of outreach materials, webpages, educational videos, stakeholder meetings, and workshops. The recommended amount maintains the same level of funding as the amount in the Fiscal Year 2023-24 budget.

#### *Information Technology—\$5,000*

The recommended budget for Information Technology covers the annual software license for the online portal. The recommended amount maintains the same level of funding as the amount in the Fiscal Year 2023-24 budget.

**City Administration (General Fund Administration) and Interfund Transfers Expenses—\$36,000**

*City Administration (General Fund Administration)—\$27,000*

As with CSFRA, City Administration represents the overhead cost to pay for services and infrastructure that the City provides to operate the rent stabilization programs and is based on a 15% standard allocation percentage. This cost covers various services by different City departments/offices, including the Finance and Administrative Services Department, Human Resources Department, Information Technology Department, and Facilities Division. This amount increased by \$560 compared to the Fiscal Year 2023-24 budget.

*Self-Insurance and Equipment Replacement Reserves—\$8,500*

Other City costs include self-insurance (general liability) and equipment replacement reserves. This amount increased by \$90 compared to the Fiscal Year 2023-24 budget.

**Reserves—\$64,000**

Staff recommends the RHC establish a reserve of 20% of operating expenditures. This would be similar to the level of other City fund reserves that are generally between 20% and 25% and the same as the 20% reserve balance established by the RHC for the CSFRA.

The recommended reserve amount is \$63,900, which establishes the 20% reserve.

**Fiscal Year 2024-25 Annual Space Rental Fees**

As noted, the MHRSO is a 100% cost recovery program fully paid for by the Space Rental Fee. This is similar to the cost recovery mechanism for the CSFRA. The fee is calculated by dividing the total amount of the RHC-adopted Fiscal Year Budget, less the prior year ending balance (i.e., the unused portion of the prior year's revenue), by the total number of mobile home spaces covered by the MHRSO (1,130).

Based on the above calculation, the fee would be \$285 per space for Fiscal Year 2024-25 and would be invoiced in January 2025. Table 4 below provides a summary of the fees since the beginning of the MHRSO.

**Table 4: Annual Rental Space Fee per Fiscal Year**

	FY 2021-22	FY 2022-23	FY 2023-24	Proposed FY 2024-25
<b>Annual Rental Space Fee</b>	\$258	\$307	\$300	\$285

**FISCAL IMPACT**

There is no fiscal impact to the review and discussion of the budget. The Fiscal Year 2024-25 budget for both programs, including CSFRA/MHRISO fees, is scheduled for adoption at the RHC's next meeting on June 13, 2024. Both rent stabilization programs are 100% cost recovery programs and are fully funded by the fees.

**PUBLIC NOTICING**—Agenda posting.

PB-WC/KG/4/HSN/RHC  
847-05-23-24M-1

- Attachments:
1. CSFRA Fiscal Year 2024-25 Statement of Revenues, Expenditures, and Balances
  2. MHRISO Fiscal year 2024-25 Statement of Revenues, Expenditures and Balances