

**DATE:** November 20, 2025

**TO:** Rental Housing Committee

**FROM:** Anky van Deursen, Rent Stabilization Manager

**SUBJECT:** **Community Stabilization and Fair Rent Act and Mobile Home Rent Stabilization Ordinance Financial Expenditures for Quarter 1 of Fiscal Year 2025-26.**

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**RECOMMENDATION**

Receive an overview of Financial Expenditures for Quarter 1 of Fiscal Year 2025-26, for the Community Stabilization and Fair Rent Act (Attachment 1) and the Mobile Home Rent Stabilization Ordinance (Attachment 2).

**BACKGROUND**

As part of the administration of the Rent Stabilization Division, including the Community Stabilization and Fair Rent Act (CSFRA) and the Mobile Home Rent Stabilization Ordinance (MHRSO), the Rental Housing Committee (RHC) requested to review program expenditures on a quarterly basis.

The Fiscal Year 2025-26 Budget was adopted by the RHC on May 22, 2025, with a total budget of \$2,590,356 for the CSFRA and \$299,743 for the MHRSO. After adjustments for updated salary and benefit calculations, the adjusted budget is \$2,672,108.88 for the CSFRA and \$355,983.50 for the MHRSO.

**ANALYSIS**

This report is for the three-month period between July 1, 2025, and September 30, 2025. Therefore, actual expenditures are benchmarked against 25% of the budget.

Overall, both the CSFRA and MHRSO actual expenditures were lower than budgeted, partly because of the delay in the interfund transfer 6 months into the Fiscal Year. CSFRA expenditures totaled about 16% of the budget, and MHRSO expenditures accounted for approximately 13% of the budget. CSFRA budget underspending mainly resulted from salary savings due to unexpected vacancies, which delayed work on projects such as implementing the landlord MNOI petition

process in the online registration and database portal. Savings in the MHRSO budget were primarily attributed to a lower-than-expected petition rate, resulting in reduced legal and professional service costs. Below, please find the CSFRA and MHRSO expenditure summaries benchmarked against the budget.

### **CSFRA Summary of Expenditures**

Table 1 below gives an overview of CSFRA expenditures per category for Fiscal Year 2024-25. Overall, actual expenditures are lower than budgeted.

**Table 1: CSFRA Summary of Expenditures Quarter 1 FY 2025-26**

| Budget Category                                                                                                                                              | Amount/<br>Percentage of<br>Annual<br>Budget | Three-Month<br>Budget Level | Expenditure<br>Amount/<br>Percentage of<br>Category | Notes                                                                                                                        |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------|-----------------------------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------|
| <b>Operating Expenditures</b>                                                                                                                                |                                              |                             |                                                     |                                                                                                                              |
| <b>Personnel Services</b><br>(i.e., expenditures related to City staff, including full-time and hourly positions)                                            | \$1,612,069<br>60%                           | 25%                         | \$350,713<br>21.8%                                  | Below budget, due to unanticipated staff vacancies.                                                                          |
| <b>Nonpersonnel Services</b><br>(i.e., expenditures related to general operations, Professional Services, and Legal Services)                                | \$735,669<br>28%                             | 25%                         | \$79,010<br>10.7%                                   | Below budget, due to work performed by consultants in the last quarter, but not yet invoiced.                                |
| <b>Capital Outlay</b><br>(i.e., expenditures related to the development of the online portal as defined in the RFQ)                                          | \$46,650<br>2%                               | 25%                         | \$0<br>0%                                           | Below budget, due to unanticipated staff vacancies resulting in lack of capacity to undertake the online portal development. |
| <b>Interfund Expenditures and Transfers</b><br>(i.e., City Administration, Self-Insurance, Compensated Absences Reserve, and Equipment Replacement Reserves) | \$259,7200<br>10%                            | 25%                         | \$0<br>0%                                           | Customarily, the City charges 100% of these overhead costs midway through each fiscal year.                                  |
| <b>TOTAL BUDGET</b>                                                                                                                                          | \$2,672,108.88<br>100%                       | 25%                         | \$429,724<br>16.1%                                  |                                                                                                                              |

### **MHRSO Summary of Expenditures**

Table 2 below gives an overview of MHRSO expenditures per category for Fiscal Year 2024-25. Overall actual expenditures are lower than budgeted.

**Table 2: MHRSO Summary of Expenditures for Quarter 1 of FY 2025-26**

| <b>Budget Category</b>                                                                                                               | <b>Amount/<br/>Percentage of<br/>Annual Budget</b> | <b>Three-Month<br/>Budget Level</b> | <b>Expenditure<br/>Amount/<br/>Percentage of<br/>Category</b> | <b>Notes</b>                                                                               |
|--------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------|-------------------------------------|---------------------------------------------------------------|--------------------------------------------------------------------------------------------|
| <b>Operating Expenditures</b>                                                                                                        |                                                    |                                     |                                                               |                                                                                            |
| <b><i>Personnel Services</i></b><br>(i.e., City staff, including full-time and hourly positions)                                     | \$200,013<br>56%                                   | 25%                                 | \$39,861<br>20%                                               | Below budget, due to unanticipated staff vacancies.                                        |
| <b><i>Nonpersonnel Services</i></b><br>(i.e., general operations, Professional Services, and Legal Services)                         | \$118,240<br>33%                                   | 25%                                 | \$5,871<br>5%                                                 | Below budget, due to lower-than-anticipated rate of petitions.                             |
| <b><i>Interfund Expenditures and Transfers</i></b><br>(i.e., City Administration, Self-Insurance and Equipment Replacement Reserves) | \$37,730<br>11%                                    | 25%                                 | \$0<br>0%                                                     | Customarily, the City charges 100% of these overhead costs midway through the fiscal year. |
| <b>TOTAL BUDGET</b>                                                                                                                  | \$355,983.50<br>100%                               | 25%                                 | \$45,73313%<br>13%                                            |                                                                                            |

### **Report Frequency**

As mentioned previously, the RHC requested a periodic review of program expenditures on a 3-month basis. Staff recommend conducting this review on a six-month basis due to the workload involved in preparing these reports and the minimal changes in trends that occur within a three-month period. Additionally, interfund transfers only take place six months into the fiscal year, so a report at that time provides a more accurate financial picture.

**FISCAL IMPACT**—None.

**PUBLIC NOTICING**—Agenda posting, posting on the City’s website, and email to RHC distribution list.

**Attachments:**

1. CSFRA Financial Expenditures for Quarter 1 of Fiscal Year 2025-26
2. MHRSO Financial Expenditures for Quarter 1 of Fiscal Year 2025-26