



DATE: June 12, 2023

TO: Members of the Rental Housing Committee

FROM: Derek Lampone, Finance and Administrative Services Director
Anky van Deursen, Program Manager

SUBJECT: **CSFRA and MHRSO Fiscal Year 2023-24 Budget and Annual Fees**

RECOMMENDATION

To adopt a resolution of the Rental Housing Committee of Mountain View adopting the Fiscal Year 2023-24 budgets for the Community Stabilization and Fair Rent Act and the Mobile Home Rent Stabilization Ordinance and establishing a Rental Housing Fee and Rental Space Fee sufficient to support the Fiscal Year 2023-24 budgets, to be read in title only, further reading waived (Attachment 1 to the memorandum).

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 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 September 28, 2021, the City Council adopted an Ordinance of the City of Mountain View enacting the Mobile Home Rent Stabilization Ordinance (MHRSO). The MHRSO went into effect on October 28, 2021. The stated purpose of the MHRSO in Section 46.1 is to “protect mobile home residents from unreasonable rent increases, while at the same time protecting the rights of park owners and mobile home landlords to receive a fair return on their property and rental income sufficient to cover increases in the costs of repairs, maintenance, insurance, employee services, additional amenities and other costs of operation.”

The MHRSO created a second rent stabilization program in the City of Mountain View, comparable to the Community Stabilization and Fair Rent Act (CSFRA). The implementation of the MHRSO program benefitted from the existing framework of the CSFRA program, using built up experience, expertise, and streamlined processes, such as the management of a petition and hearing process, the development of forms, and the use of best practices, as well as a trusted relationship with Hearing Officers, and an established database that can be expanded upon. However, the MHRSO program still requires ongoing staffing and dedicated resources for its implementation and administration. CSFRA funds, consisting of fees collected from CSFRA-covered multi-family apartments, can solely be used for the CSFRA program and are not available for the MHRSO program.

On May 22, 2023, the RHC reviewed the recommended budget for the CSFRA and MHRSO for Fiscal Year 2023-24. The RHC reviewed the Recommended Budgets, and no changes were recommended except to add a reserve to the MHRSO budget of 20%, phased in over a period of 5 years.

ANALYSIS

On an annual basis, the RHC and staff continue to evaluate and gather information to assess the appropriate level and most effective and efficient methods to implement the CSFRA and the MHRSO. The RHC in its discussions on May 22, 2023, deemed the Recommended Budgets for the CSFRA and MHRSO for Fiscal Year 2023-24 appropriate in order to ensure critical services to aid in the stability of our community. The RHC made one recommendation to add a reserve to the MHRSO budget of 20% of the budget, phased in over a five-year period. The 20% reserve based on this year’s budget would be \$69,380 and included in this year’s budget would be one-fifth of this amount, which amounts to \$13,876. This modification increases the recommended annual Rental Space Fee in FY 2023-24 from \$228 to \$300 per space.

CSFRA Fiscal Year 2023-24 Budget

The CSFRA Fiscal Year 2023-24 budget as presented totals \$2,061,836 and consists of the following key expenditures (see Exhibit A to the Resolution):

- Staffing: \$1,175,456
- Third-party professional services: \$389,500
- General operating costs (including training and outreach): \$174,500
- City resources/administrative support: \$155,380
- Information Technology: \$111,000 (\$72,000 rebudget)

CSFRA Annual Rental Housing Fee

An estimated total of 14,950 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 2023-24 budget as approved by the RHC, less the prior fiscal year ending balance and the limited-period funding for the database system, by the total amount of rental units covered by the CSFRA. Incorporating the balance with the recommended budget, the recommended Annual Housing Fee for FY2023-24 is \$108 per unit. The Rental Housing Fees will be billed in January 2024.

MHRSO Fiscal Year 2023-24 Budget

The MHRSO Fiscal Year 2023-24 budget now totals \$ 346,911 and consists of the following key expenditures (see Exhibit B to the Resolution):

- Staffing: \$175,951
- Third-party professional services: \$110,000
- General operating costs: \$20,500
- City resources/administrative support: \$26,900
- Information Technology: \$5,000

MHRSO Annual Rental Space Fee

The total number of mobile home spaces covered by the MHRSO amounts to 1,130. To ensure full funding of the MHRSO program, the Rental Space Fee is calculated by dividing the total

amount of the Fiscal Year 2023-24 budget as approved by the RHC, less the prior fiscal year ending balance, by the total amount of mobile home spaces covered by the MHRSO. Incorporating the balance with the recommended budget, the recommended Annual Space Fee for FY2023-24 is \$300 per unit. The Rental Space Fees will be billed in January 2024.

FISCAL IMPACT

Adoption of the Fiscal Year 2023-24 recommended budgets for the CSFRA and the MHRSO will provide appropriations for the operation of the CSFRA and MHRSO programs for Fiscal Year 2023-24. The recommended action will also authorize the fees to be billed and collected to provide for the financial resources to recover the costs of the programs.

PUBLIC NOTICING—Agenda posting.

ATTACHMENTS

1. Resolution Adopting the CSFRA and MHRSO Budgets and Establishing a Rental Housing Fee and Rental Space Fee for Fiscal Year 2023-24
 - Exhibit A: Fiscal Year 2023-24 CSFRA Statement of Revenues, Expenditures and Balances
 - Exhibit B: Fiscal Year 2023-24 MHRSO Statement of Revenues, Expenditures and Balances
 - Exhibit C: Fiscal Year 2023-24 CSFRA Rental Housing Fee and MHRSO Rental Space Fee
2. May 22, 2023, RHC Staff Report - Fiscal Year 2023-24 Recommended Budgets