The budget was developed based on the following assumptions:

- It must be sufficient to satisfactorily support the new program.
- It is sufficient to provide high quality customer service.
- The fee program will be structured to achieve full cost recovery.
- Expenditures are limited while remaining consistent with the above goals.
- The budget should support the integration of this new function with related City services.
### DRAFT RENT PROGRAM BUDGETS

<table>
<thead>
<tr>
<th>Expenditures</th>
<th>2017-2018</th>
<th>2016-2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Personnel Compensation</td>
<td>$949,497</td>
<td>$392,876</td>
</tr>
<tr>
<td>Professional Services and Administration</td>
<td>$584,894</td>
<td>$298,500</td>
</tr>
<tr>
<td>IT Expenses</td>
<td>$48,183</td>
<td>$58,851</td>
</tr>
<tr>
<td>Other Operating Expenses</td>
<td>$146,000</td>
<td>$64,500</td>
</tr>
<tr>
<td>Cost Pool + Risk Management</td>
<td>$181,710</td>
<td>$105,620</td>
</tr>
<tr>
<td>Reserves</td>
<td>$485,071</td>
<td>$230,087</td>
</tr>
<tr>
<td><strong>TOTALS</strong></td>
<td><strong>$2,425,355</strong></td>
<td><strong>$1,150,433</strong></td>
</tr>
</tbody>
</table>

- Costs will increase in 2017-18 as the program is fully phased in.
- Reserves are necessary so that the program has a contingency and unanticipated expenditures will not impact general fund.
- Cost allocation and payment for liability insurance are necessary for full cost recovery.
Fee Structure and Basis

• Fees tie back to the budget and anticipated work load/participating units.
• Fees are structured to comply with state statutes that specify a nexus must be established between fees assessed and services rendered.
• Program is structured to be equitable to units based on programs applicable to the unit.
• Fee exemptions result from
  ▪ Ordinance
  ▪ Policy decisions as adopted by the Board
Fee Structure Based on Program Elements
Applicable to Units

Program Administration Layer
Base costs of the program operations, legislative process support, landlord and tenant outreach, general publications

Terminations Layer
Cost of tracking and handling terminations, termination related petitions, and other non rent controlling petitions

Rent Stabilization Layer
Cost of monitoring rents and general adjustment, adjudicating excessive rent claims, approving increases for increased operating or capital costs, historically low rents, fair returns, etc.

All three fee components are paid by Rent Stabilized Rental Units

Fee components paid by Non-Rent Stabilized Rental Units
Proposed Fees and Considerations

- Fees will be paid by landlords
- Some pass-through of fees to tenants is allowed
- There is a fee differential for stabilized and non-stabilized units

<table>
<thead>
<tr>
<th></th>
<th>Applicable Units</th>
<th>Exempt</th>
<th>Units Charged</th>
<th>Proposed Fees</th>
<th>Total Fee Paid</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rent Stabilized Units</td>
<td>10,469</td>
<td>2,101</td>
<td>8,368</td>
<td>$142.82</td>
<td>$192.84</td>
</tr>
<tr>
<td>Non-Stabilized Units</td>
<td>24,797</td>
<td>250</td>
<td>24,547</td>
<td>$50.12</td>
<td>$50.12</td>
</tr>
</tbody>
</table>
## Comparisons

<table>
<thead>
<tr>
<th></th>
<th>Berkeley</th>
<th>Santa Monica</th>
<th>East Palo Alto</th>
<th>Los Angeles</th>
<th>Oakland</th>
<th>West Hollywood</th>
<th>San Francisco</th>
<th>Richmond</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Program Budget</strong></td>
<td>$4,863,500</td>
<td>$5,026,553</td>
<td>$637,370</td>
<td>$22,347,942</td>
<td>$2,950,000</td>
<td>$1,900,000</td>
<td>$6,942,409</td>
<td>$2,425,355</td>
</tr>
<tr>
<td><strong>Rent Stabilized Units</strong></td>
<td>19,093</td>
<td>27,542</td>
<td>2,325</td>
<td>631,000</td>
<td>65,000</td>
<td>16,805</td>
<td>173,000</td>
<td>10,469</td>
</tr>
<tr>
<td><strong>Rental Housing Fees (per unit)</strong></td>
<td>$234/year</td>
<td>$175/year</td>
<td>$234/year</td>
<td>$25/year</td>
<td>$68/year</td>
<td>$120/yr</td>
<td>$40 apartment; $20 residential hotel room</td>
<td>$50.12 General rental; $192.94 Rent Stabilized</td>
</tr>
<tr>
<td><strong>Who pays the fees?</strong></td>
<td>Landlord</td>
<td>Landlord</td>
<td>Landlord</td>
<td>Landlord</td>
<td>Landlord</td>
<td>Landlord</td>
<td>Landlord</td>
<td>Landlord</td>
</tr>
<tr>
<td><strong>Portion Passed-Through to Tenants</strong></td>
<td>50%; City may reimburse low-income tenants</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50%</td>
<td>50% (No pass through for Section 8 tenants)</td>
<td>50%</td>
<td></td>
</tr>
<tr>
<td><strong>Exemptions from Fees</strong></td>
<td>Government subsidized housing, non-profit housing</td>
<td>Government subsidized housing</td>
<td>All Section 8 housing</td>
<td>Certain government and non-profit subsidized, Project Based Section 8</td>
<td>Government subsidized housing</td>
<td>Some government subsidized housing</td>
<td>Government subsidized housing</td>
<td></td>
</tr>
</tbody>
</table>
Next Steps

• Pending Board approval, adding fees to the City’s Master Fee Schedule by the City Council on June 6, 2017.

• Billing of fees October 2017 by City of Richmond Finance Department with Business License renewals per Measure L.
Questions

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David Jensen, djensen@managementpartners.com