

CITY OF ALAMEDA RESOLUTION NO. 15771

ADOPTING A TIER-STRUCTURED ANNUAL RENT PROGRAM FEE
FOR THE CITY'S RENT CONTROL ORDINANCE AND
IMPLEMENTING REGULATIONS

WHEREAS, in September 2019, the Alameda City Council adopted an amended and restated Rent Control, Limitations on Evictions and Relocation Payment to Certain Tenants Ordinance (Ordinance No. 3250) to protect tenants from the rapidly increasing cost of rental housing that is the result of rising rents and a tight rental market; and

WHEREAS, adoption of Ordinance No. 3250 resulted in significant changes to the Rent Program services provided by the Housing Authority of the City of Alameda (that serves as the City's Rent Program Administrator) and by City staff including requiring a rent registry, establishing an Annual General Adjustment of rent based on 70% of the percentage change of the Consumers Price Index, revising how relocation payments are calculated, eliminating no cause terminations of tenancies, and extending protection to tenants with Section 8 vouchers; and

WHEREAS, because of these enhanced services, the City contracted with SCI Consulting Group (SCI) to prepare a Rent Program Regulatory Fee Study (Fee Study) to determine (a) the program costs for Fiscal Year 2020-2021 (and beyond) and (b) the per rental unit fee amount ("the Program Fee") that would need to be imposed on rental property owners in order to fund the various services and programs; and

WHEREAS, as part of the Fee Study, SCI worked closely with the Housing Authority of the City of Alameda (Housing Authority), the City's Finance and the Community Development Departments, and the City Attorney's Office to understand all of the direct and indirect costs necessary to administer the Ordinance and implement Regulations to carry out the Ordinance; and

WHEREAS, the Fee Study demonstrates that the amount of the fee to be imposed on rental property owners is a function of:

- The number of applicable rental units;
- The amount of necessary staffing to administer the programs;
- Contracted services (e.g. Housing Authority staff, hearing officers, etc.); and
- Materials and supplies to support the administration of the programs (including office space and utilities, program software, printing, postage, office equipment, etc.); and

WHEREAS, SCI, by conducting a rigorous analysis of data collected by the Housing Authority and the Finance Department, determined that there are an (a) estimated 11,195 Fully Regulated Units, i.e., multi-unit properties for which a certificate of occupancy was issued prior to February 1995, which units are subject to all provisions, (e.g. rent control,

just cause for eviction, etc.) of Ordinance No. 3250 and (b) estimated 2,697 Partially Regulated Units, e.g., single family homes, condominiums, certain privately owned rent-subsidized rental units, which units are subject to all provisions of Ordinance No. 3250 except rent control; and

WHEREAS, the costs associated with the administration of Ordinance No. 3250 include direct and indirect labor costs, contracted services, and supply cost and the Fee Study confirms that the tasks and estimated associated labor hours, as developed by the City and the Housing Authoring staff, are reasonable and accurate; and

WHEREAS, the Fee Study determined the overall costs attributable to Ordinance No. 3250 (rent control, just cause/relocation payments) are estimated to be \$2.02 million but costs associated with administering the rent control provisions of Ordinance No. 3250 should be allocated solely to the Fully Regulated Units, resulting in a Program Fee for landlords of those units higher than for landlords of Partially Regulated Units; and

WHEREAS, based on the Fee Study, SCI opined that a Program Fee of \$153 for Fully Regulated Units and a Program Fee of \$105 for Partially Regulated Units, in addition to an annual adjustment based on a portion of the Consumer Price Index, could be justified; and

WHEREAS, while there is projected to be a Rent Program fund balance, for various reasons including the program not being fully staffed and, certain expenses not having fully accrued, these reasons will not continue into the future, thus staff recommends against applying that fund balance to the costs of the Program going forward; and

WHEREAS, the Program Fee would be charged annually to rental property owners on a per rental unit basis and billed July 1; and

WHEREAS, Ordinance No. 3250 provides that fifty percent (50%) of the Program Fee may be passed on to the tenant in equal installments over the course of twelve (12) months, which amount is not to be included as rent when calculating the percentage rent increase; and

WHEREAS, if this Program Fee were not imposed on rental property owners and their tenants, the City would be required to absorb the cost to administer the various programs and services using the General Fund, which would be an unfair burden on taxpayers of the community who neither own rental property nor are renters; and

WHEREAS, for the reasons stated in the agenda report of April 6, 2021, adoption of this resolution is exempt under the California Environmental Quality Act (CEQA) for two independent reasons. First, adoption of a Rent Program Fee is not a project as defined in Public Resources Code section 21065. Second, under CEQA Guidelines section 15378(b)(4) it is exempt, as it constitutes the creation of a government funding mechanism or other governmental fiscal activity that does not involve any commitment to

any specific project that could result in a potentially significant physical impact on the environment.

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Alameda as follows:

Section 1. A Program Fee of \$148 is imposed on every rental property owner in the City of Alameda for each Fully Regulated Unit owned.

Section 2. A Program Fee of \$100 is imposed on every rental property owner in the City of Alameda for each Partially Regulated Unit owned.

Section 3. Notwithstanding Section 2 of this Resolution, landlords of a privately owned rent-subsidized rental unit as determined by the Program Administrator shall not be responsible for paying a Rent Program Fee; rather, these fees will be paid by the City's General Fund.

Section 4. For Fiscal Year 2021-2022, landlords paying the Program Fee after September 30, 2021 for units that require registration as of July 1, 2021, shall pay, in addition to the Program Fee, a late charge of 10% for each month (including any partial month) up to a maximum of 60%.

Section 5. For the fiscal years following Fiscal Year 2021-2022, and landlords paying the Program Fee after July 31 for units that require registration as of July 1 in the same year shall pay, in addition to the Program Fee, a late charge of 10% of each month (including any partial month) up to a maximum of 60%.

Section 6. Beginning July 1, 2022 and annually thereafter, the Program Fees established in Sections 1 and 2 above shall be administratively revised by a factor equal to the difference in the San Francisco-Oakland-Hayward Region Consumer Price Index for All Urban Consumers (CPI-U) for the twelve month period April through April of the prior fiscal year.. In no event shall be the adjustment be negative.

Section 7. This Resolution is effective July 1, 2021.

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I, the undersigned, hereby certify that the foregoing Resolution was adopted by the City Council of the City of Alameda at a regular meeting on the 4th day of May 2021 by the following vote:

AYES: Councilmembers Knox White, Vella and Mayor Ezzy Ashcraft – 3.

NOES: Councilmembers Daysog and Herrera Spencer – 2.

ABSENT: None.

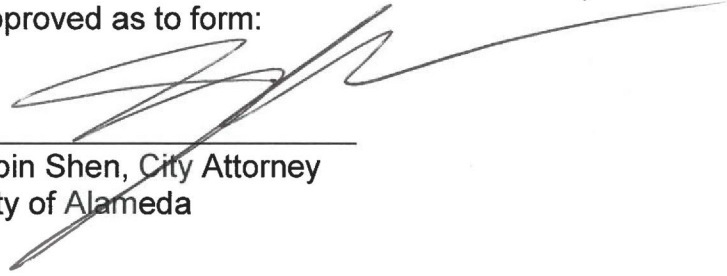
ABSTENTIONS: None.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of the City of Alameda on the 5th day of May 2021.



Lara Weisiger, City Clerk
City of Alameda

Approved as to form:



Yibin Shen, City Attorney
City of Alameda