

CITY OF OAKLAND

FILED
OFFICE OF THE CITY CLERK
OAKLAND

2019 MAR 28 PM 12: 23

AGENDA REPORT

TO: Sabrina B. Landreth
City Administrator

FROM: Michele Byrd
Director, HCD

SUBJECT: SUPPLEMENTAL – RAP Fee
Increase

DATE: March 25, 2019

City Administrator Approval

Date:

[Signature]
3/27/19

RECOMMENDATION

Staff Recommends That City Council Adopt An Ordinance Amending Ordinance No. 13497 C.M.S. (The 2018-19 Master Fee Schedule) To Increase The Rent Adjustment Program Service Fee From \$68.00 Per Unit To \$101.00 Per Unit.

REASON FOR SUPPLEMENTAL

This proposed ordinance was heard at the March 19, 2019 Finance and Management Committee. The Committee approved moving this ordinance to the City Council meeting of April 2, 2019, with additional information, as follows:

1. *Description of the costs attributed to the Rent Adjustment Program (RAP) fee that are incurred by departments other than Housing and Community Development (HCD).*

The costs attributable to non-HCD departments are all personnel costs and fall within the following departments:

- City Administrator's Office: \$38,053
- Finance Department: \$495,369
- City Attorney's Office: \$1,249,429

The total of these non-HCD costs is \$1,782,851. **Attachment A** presents a position-by-position description of Full-Time Equivalents (FTEs) attributable to the RAP fee, as well as a brief description of the duties these positions perform on behalf of the Program.

2. *Comparison of the fees in other rent control jurisdictions.*

Attachment B presents the fees for six rent control jurisdictions in the State of California: Berkeley, Richmond, San Francisco, City of Alameda, Santa Monica, and West Hollywood. With the exception of San Francisco, all have fees in the range of \$106 to \$250 per unit. The number of covered units in these jurisdictions differs from Oakland; ranging from 7,803 in Richmond to approximately 28,000 in Santa Monica, as compared to Oakland's approximately 80,000 covered units. San Francisco, a city/county that passively enforces its rent control ordinance is

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an outlier, with a \$45 per unit fee based on a greater number of covered units, 173,000. The number of covered units in San Francisco is 54% greater than Oakland, and its fee is 55% lower than the \$101 fee proposed for Oakland.

Staff was also directed to provide language for the City Council to consider at the April 2, 2019 meeting that would require landlords to spread out the pass-through of the RAP fee over six months. Staff has determined that to the extent this became a modification to the ordinance, it could not be taken up through this item since the item title would not reflect this change and thus, noticing requirements will not have been met.

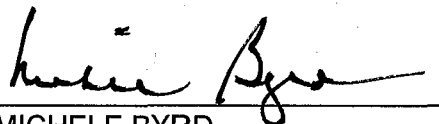
In addition, at the March 19, 2019 Finance and Management Committee meeting, it was noted that there were two typos in the ordinance reflecting an incorrect fee amount (\$104 as opposed to the requested \$101). This error is corrected in the proposed ordinance.

ACTION REQUESTED OF THE CITY COUNCIL

Staff Recommends That City Council Adopt An Ordinance Amending Ordinance No. 13497 C.M.S. (The 2018-19 Master Fee Schedule) To Increase The Rent Adjustment Program Service Fee From \$68.00 Per Unit To \$101.00 Per Unit.

For questions regarding this report, please contact Maryann Leshin, Deputy Director, Housing and Community Development Department at (510) 238-6225 or Chanee Franklin Minor, Manager, Rent Adjustment Program at (510) 238-3262.

Respectfully submitted,



MICHELE BYRD
Director, Housing and Community Development
Department

Attachments (2):

A: RAP Budget Breakdown of Non-HCD Costs

B: Comparison of Rent Fees in California Rent Control Jurisdictions

Attachment A: RAP Budget Breakdown of Non-HCD Costs

CITY DEPARTMENT/POSITION	FTE	DESCRIPTION OF DUTIES
City Administrator's Office		
Public Information Officer II	0.25	Supports public outreach, social media, and response to media and other public inquiries.
Finance Department		
Director of Finance	0.23	Senior management oversight of RAP budget and fee collection.
Revenue & Tax Administrator	0.10	Management oversight of fee collection.
Tax Enforcement Officer II	1.00	These positions carry out the following work: sending fee notices, preparing/updating fee forms, collecting fees & updating database, sending out delinquent notices, responding to inquiries, updating procedures pursuant to ordinance and regulation changes.
Revenue Assistant	1.00	
Revenue Assistant	1.00	
City Attorney's Office		
Deputy City Attorney III	1.00	These positions carry out the following work: staff Board & Appeal panels, prepare/review case summaries for Board, prepare memoranda for the Board on legal issues, draft resolutions, draft proposed regulations and amendments to existing regulations as needed, train Board and staff, support Program Analysts when questions arise, support Hearings unit as needed, support Program Manager on special projects, create/review materials for landlords and tenants on new ordinances and regulations, draft responses and coordinate all work produce associated with Public Records Act requests.
Deputy City Attorney III	1.00	
Deputy City Attorney II	1.00	
Deputy City Attorney V	0.90	
Paralegal	1.00	These positions support the work of the 3,9 Deputy City Attorneys
Legal Admin. Assistant	1.00	

ATTACHMENT B

Comparison of Rent Control Fees

	Fee (per unit)	# Number of Covered Units	Type of Enforcement
Berkeley	\$250	19,093	Active
San Francisco	\$ 45	173,000	Passive
Richmond	\$207	7,802	Active
City of Alameda	\$106	14,899	Passive
Mountain View	\$124	15,300	Active
West Hollywood	\$144	16,805	Active
Santa Monica	\$198	27,542	Active

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APPROVED AS TO FORM AND LEGALITY
REVISED


CITY ATTORNEY'S OFFICE

OAKLAND CITY COUNCIL

ORDINANCE NO. _____ C.M.S.

ORDINANCE AMENDING ORDINANCE NO. 13497 C.M.S. (THE 2018-19 MASTER FEE SCHEDULE) TO INCREASE THE RENT ADJUSTMENT PROGRAM SERVICE FEE FROM \$68.00 PER UNIT TO \$101.00 PER UNIT.

WHEREAS, the City of Oakland periodically amends its Master Fee Schedule to account for the cost increases relating to municipal programs, services, and activities; and

WHEREAS, in the Fiscal Year (FY) 2001-2002, the City Council established the Rent Adjustment Service Fee (the Fee) to fund the Rent Adjustment Program (RAP); and

WHEREAS, City staff undertook an analysis and evaluation of the revenue requirements to fund RAP's ongoing services, programs, and activities as well as ensure that the program is operating efficiently, accurately, and in a proactive manner regarding compliance and data, and the fee structure necessary to proportionately allocate the costs of providing these government services and program; and

WHEREAS, the agenda report provided by staff in support of the amendment of this Ordinance was prepared and includes the proposed fee and documentation supporting the estimated and reasonable costs to provide the services in a manner that ensures full compliance with the laws governing RAP; and

WHEREAS, the investigations conducted by staff reflected in the agenda report show that existing revenues are and will be insufficient to cover the current and projected costs of operating and maintaining identified City government programs, services, and activities; and

WHEREAS, the fee modifications and additions proposed by RAP, and the facts and analysis in support thereof, are identified in the agenda report; and

WHEREAS, the agenda report shows that revenues derived from the proposed fees will not exceed the funds required to provide the related government programs, services, and activities; and

WHEREAS, the agenda report shows that the amounts of the proposed fees and charges will not exceed the proportional cost of service provided or benefit attributable to each fee payer; and

WHEREAS, the agenda report shows that the proposed fees for a product, benefit or service are imposed for a specific government service, benefit or product provided directly to the payer that is not provided to those not charged and does not exceed the reasonable costs to the City of providing the services, benefit, or product; and

WHEREAS, the City Council finds that based on the significant increase in petitions and the new laws and regulations recently adopted there is good cause for raising the RAP service fee from \$68 to \$101 per unit, thereby enabling RAP to meet its responsibilities; and

WHEREAS, this action is exempt under the California Environmental Quality Act ("CEQA") pursuant to, but not limited to the following CEQA guidelines: Section 15378 (regulatory actions), Section 15061(b)(3) (no significant environmental impact), and Section 15183 (actions consistent with the general plan and zoning; and

WHEREAS, based upon all written reports and presentations to the City Council, including the agenda report and each of the Attachments thereto, the City Council finds and determines that the proposed modification to the RAP fee set forth herein is necessary to reimburse the City for the costs of performing various municipal and regulatory functions, and that this fee does not exceed the proportional cost of the service or benefit attributable to the fee payer); and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF OAKLAND DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council finds and determines that the foregoing recitals are true and correct and are hereby incorporated herein as findings and determinations of the City Council.

SECTION 2. The Master Fee Schedule for the Housing and Community Development Department: Residential Rent Adjustment Section at (B), as set forth in Ordinance Number 13497 C.M.S., is hereby amended as follows to increase the Rent Program Service Fee from \$68 to \$101 per unit (additional are shown as double underline and deletions are shown as ~~strikethrough~~):

**RESIDENTIAL RENT ADJUSTMENT
B. RENT PROGRAM SERVICE FEE**

	CURRENT FEE (FY 2018-2019)	PROPOSED FEE (FY 2019-2020) and thereafter
1 Annual Service Fee per Unit (Fees are due January 1 and delinquent March 1)	\$68.00	<u>\$101.00</u>
2 If paid within 30 days late, add 10% late fee. In addition, add simple interest of 1% of the balance owed (Fee + late charges) per month or fraction of a month late	\$68.00 + 10% Unit	<u>\$101.00</u> + 10% Unit
3 If paid within 60 days late, add 25%	\$68.00 + 25% Unit	<u>\$101.00</u> + 25% Unit
4 If paid after 60 days late, add 50%	\$68.00 + 50% Unit	<u>\$101.00</u> + 50% Unit

In addition, add simple interest of 1% of
the balance owed (Fee + late charges)
per month or fraction of a month late

5 Petition Fee per Unit \$68.00

SECTION 3. Severability. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of the Chapter. The City Council hereby declares that it would have passed this Ordinance and each section, subsection, clause, or phrase thereof irrespective of the fact that one or more other sections, subsections, clauses or phrases may be declared invalid or unconstitutional.

SECTION 4. Effective Date. This Ordinance take effect seven (7) days after final adoption, unless it has been passed with six (6) votes, in which case it takes effect immediately upon adoption. The amended Fee amount will apply to those fees first due July 1, 2019 and thereafter.

SECTION 5. This action is exempt from the California Environmental Quality Act ("CEQA") pursuant to, but not limited to, the following CEQA Guidelines: § 15378 (regulatory actions), § 15061(b)(3) (no significant environmental impact), and § 15183 (consistent with the general plan and zoning).

IN COUNCIL, OAKLAND, CALIFORNIA,

PASSED BY THE FOLLOWING VOTE:

AYES - FORTUNATO BAS, GALLO, GIBSON MCELHANEY, KALB, REID, TAYLOR, THAO AND
PRESIDENT KAPLAN

NOES -

ABSENT -

ABSTENTION -

ATTEST: _____

LATONDA SIMMONS
City Clerk and Clerk of the Council of the City of
Oakland, California

Date of Attestation: _____

NOTICE AND DIGEST

ORDINANCE AMENDING ORDINANCE NO. 13497 C.M.S. (THE 2017-18 MASTER FEE SCHEDULE) TO INCREASE THE RENT ADJUSTMENT PROGRAM SERVICE FEE FROM \$68.00 PER UNIT TO \$101.00 PER UNIT.

This Ordinance amends the City of Oakland's Master Fee Schedule to increase the Rent Program Service Fee from \$68 per unit to \$101 per unit.