



**Rent Stabilization Board**

RENT STABILIZATION BOARD

DATE: June 16, 2025

TO: Honorable Members of the Rent Stabilization Board

FROM: Honorable Members of the Budget & Personnel Committee  
By: DéSeana Williams, Executive Director  
Shamika Cole, Finance Director

SUBJECT: Recommendation to Board on FY 2025/26 Line-Item Budget, Staffing Model & Expenditure Level

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**Recommendation:**

The Budget & Personnel Committee recommends that the Board adopt resolution 25-15 approving the FY 2025-26 line-item budget, which includes a staffing model of 29.0 full-time equivalent (FTE) career positions. The proposed budget authorizes total expenditures of \$9,017,005, including \$290,000 earmarked for Special Projects and Outside Legal Counsel.

The Committee further recommends a \$500,000 transfer from the Board's uncommitted reserve to the Capital Reserve. This allocation is intended to provide funding for potential one-time capital improvements and to ensure the agency is prepared to respond to unanticipated operational or technology-related needs.

**Background and Need for Rent Board Action**

In accordance with legal requirements, the Board must adopt a staffing model and a maximum expenditure authorization for FY 2025–26 no later than June 30. The Budget & Personnel Committee is tasked with reviewing budgetary matters and making recommendations to the full Board regarding the adoption of the annual budget.

To date, the Committee has convened four times in calendar year 2025 to review the agency's budget status, assess the staffing model, and evaluate projected revenues and expenditures for the upcoming fiscal year.

At its meeting on March 20, 2025, the Board received the FY 2024–25 mid-year budget update as part of the Committee's recommendation to maintain current registration fee levels for FY 2025–26. Following a review of the agency's financial position and anticipated funding needs, the Board voted to retain the existing fee structure for the upcoming fiscal year.

Under this structure, the fully covered unit fee remains at \$344 per unit, the partially covered unit fee remains at \$212 per unit, and the Summer Fraternity and Sorority Housing fee remains at \$96 per unit. This structure continues to apply to all registered units, including those newly subject to Measure BB.

The Committee, consistent with staff's recommendation, determined that maintaining the current fee levels would provide sufficient revenue to fund agency operations in FY 2025–26. This approach reflects a shared commitment to fiscal stability and the intent to avoid an increase in registration fees, while continuing to meet the agency's operational needs.

### **Update on Measure MM Registration**

Total partially covered unit revenue is estimated at around \$1,062,025 for FY 2025. The total number of partially covered rental units subject to registration is expected to grow as new buildings are constructed and leased for the first time. Additionally, with the implementation of Measure BB, we anticipate an increase in the number of units subject to registration, which will result in additional revenue in FY 2025/26. Staff and the Budget & Personnel Committee will continue to monitor and report on changes to the number of partially covered units registered each fiscal year.

### **FY 2023/24 Year-end Fund Balance**

The Board's year-end FY 2023/24 revenue was reported at \$6,951,712, and total expenditures were reported at \$6,543,837.

The Rent Board wrapped up FY 2023–24 with a year-end fund balance of \$1,937,448 (on an accrual basis), ending the year in better financial shape than expected. Spending came in lower than planned, mainly because of savings from a few unexpected staff vacancies. On the revenue side, collections were mostly on target and even came in a bit higher than projected, thanks to strong registration fee compliance and more penalty revenue than anticipated. Altogether, these factors helped close the gap in the budget and led to a more solid year-end position.

At the end of the fiscal year, the Board's capital reserve expenditures stood at \$13,563, which left the Board's uncommitted reserve at \$1,923,885. The uncommitted reserve balance amounted to 30% of the projected recurring expenditure level, above the Board's 16% reserve target level. However, please note that these figures are preliminary and have not yet been audited. The City of Berkeley hires an external auditor to review its financial statements. The audit of the Board's financial statements for the fiscal year 2023/24 is scheduled for the 3<sup>rd</sup> quarter of 2025.

### **3rd Quarter Update on FY 2024/25 Budget Status and Year-End Projections**

At the end of the 3rd quarter of FY 2024/25 (as of March 31, 2025), the agency's total revenue was \$7,715,315, and its total expenditures were \$4,356,949.

Staff now estimate total expenditures for FY 2024–25 to be around \$7.25 million, with projected revenue just over \$8.33 million. This results in an expected surplus of approximately \$1.08 million for the fiscal year. The more favorable outlook is largely driven by lower personnel costs due to unfilled positions, stronger revenue from registration payments, and a notable increase in penalty collections, reflecting improved overall compliance with agency requirements.

The Board now projects to end the fiscal year with an uncommitted fund balance of just over \$2,485,166, over 29% of projected FY 2024/25 expenditures. The Board will also have spent \$256,313 of its capital reserve, \$76,313 of which was earmarked towards the continued development of the 3Di Rent Registry system.

### **Increased Registration Penalty Collection**

Over the span of a decade, from FY 09/10 to FY 18/19, registration penalty revenues averaged \$158,000 annually. During this period, this revenue typically accounted for approximately 3.6% of the total annual registration fee revenue. In FY 2010/11, the agency collected \$196,000 in penalty revenue, but this figure declined to an average of around \$79,000 (equivalent to 1.6% of registration fee revenue) in FY 2019/20 and FY 2020/21, coinciding with the onset of the COVID-19 pandemic.

In FY 2024/25, registration penalty revenue has reached an unprecedented high of approximately \$599,000, representing 7.2% of the total projected registration revenue. While this increase may be partly due to units that were partially covered registering for the first time, it also reflects the impact of recent improvements made by staff to the collections process. Although there is still room for growth, these early results are encouraging. Staff remain committed to refining these efforts, exploring additional strategies to strengthen compliance, and will continue to provide regular updates to the Budget and Personnel Committee and the Board regarding this ongoing work.

### **Administration of the Empty Homes Tax Ordinance**

The Board has agreed to continue supporting the City of Berkeley in the implementation and administration of the voter-approved Empty Homes Tax (B.M.C. Chapter 7.54), which took effect on January 1, 2024. For FY 2024/25, the City Council has allocated \$332,920 in Measure U1 funds to the Rent Board to carry out this work.

These funds help cover personnel costs for staff responsible for implementing the Empty Homes Tax, conducting outreach, and developing the systems and reports needed to identify potentially vacant units.

Looking ahead to FY 2025–26, the program is expected to support the funding of a Senior Planner, an Associate Planner, and potentially a Planning Technician to assist with continued implementation and operations.

Because the Empty Homes Tax (EHT) is funded through the City's Measure U1 revenue, staffing costs associated with the program have minimal impact on the Rent Board's core budget. This dedicated funding helps offset personnel expenses by covering portions of salaries for staff whose work directly supports the EHT program, thereby contributing to overall personnel cost savings for the agency.

Staff anticipate receiving a similar level of Measure U1 funding in FY 2025/26 to continue supporting the program's implementation and administration.

### **Office Relocation**

The agency entered into its current lease agreement with 2000 Center Street LLC during the third quarter of FY 2023/24. In preparation for the relocation, the Board authorized a one-time allocation of \$450,000 to the agency's unallocated account to cover various transition-related expenses. While these funds were not initially earmarked for specific items, they were ultimately used for costs such as early rent payments, a security deposit, moving services, office furniture, and improvements to the new space.

The Board benefited from favorable lease terms, including seven months of rent-free occupancy, which helped offset some of the relocation costs. With the move now fully completed and the agency having successfully hosted an Open House on May 21, these one-time expenditures are behind us, and no additional relocation-related costs are anticipated.

The agency anticipates an increase of up to \$138,302 in rent expenses for FY 2025–26, bringing the total annual rent—including property-related costs as specified in the lease agreement—to approximately \$512,000. Rent obligations are expected to rise incrementally over the 10-year lease term, potentially reaching \$750,000 annually by the final year.

Given this long-term upward trajectory, the Board may need to reassess registration fee levels in future years to ensure sufficient revenue to sustain operational needs.

### **Highlights of the FY 2025/26 Proposed Budget**

The proposed FY 2025/26 Budget (Attachment 1) includes a total spending authorization request of \$9,017,005. Of this amount, \$8,727,005 is allocated for the agency's recurring operational expenses, while \$290,000 is designated for specific strategic initiatives. These initiatives include consultant support for the annual evaluations of the Executive Director and General Counsel, enhanced compliance efforts, and outside legal services.

As part of the Board's recent budget approval, updates to the agency's staffing model have been incorporated to enhance organizational capacity and improve service delivery. These changes represent a strategic investment in personnel to ensure the agency is better equipped to meet operational needs and public expectations.

## **Staffing Model**

During FY 2024/25, the agency implemented several modifications to its staffing model, increasing the number of full-time equivalents (FTEs) to 29.0.

In alignment with the Board's long-standing interest in expanding the agency's digital outreach, the new Digital Education and Social Media Coordinator position was successfully filled during the fiscal year. This role is tasked with enhancing the agency's presence on platforms such as Twitter and LinkedIn, increasing digital education efforts, and keeping the public informed on affordable housing matters, legislation, and available resources.

The Board also previously approved the creation of a Policy Director position focused on housing and land use planning. While this position has been budgeted for several years, it has not yet been filled. A Principal Program Manager role was created in its place, with plans to fill the position in FY 2025/26.

Several other staffing enhancements were approved by the Board at its February 15, 2024, meeting, including the addition of an Administrative Staff Assistant to the Executive Office. This position was successfully filled in the second quarter of FY 2024/25.

The staffing model changes for the Public Information Unit (PIU) were fully implemented during FY 2024/25. The agency filled three key positions: a Community Development Program Coordinator (CDPC), a Community Services Specialist II (CSS II), and a Community Services Specialist I (CSS I). These roles were created through the reclassification of previously vacant CSS II positions, with one CSS II classification retained to maintain operational flexibility. The PIU Manager position remains vacant.

In the Finance Unit, hiring is in progress for an Assistant Management Analyst, and recruitment for an Accounting Office Specialist (AOS) is currently underway to strengthen the unit's operational capacity.

These changes reflect significant work conducted throughout FY 2024/25 to reshape and strengthen the agency's staffing model. The effort has focused on improving service delivery, advancing policy goals, and aligning agency capacity with current operational demands and future strategic priorities.

## **Overview of Planned Spending and Priorities: FY 2025/26 Budget**

**\$250,000 – Legal Costs** - The upcoming fiscal year will carry forward significant legal work stemming from a recently filed class action lawsuit challenging the Measure MM registration fee adopted in November 2020. This lawsuit, which is the first of its kind against the Board, raises complex legal issues related to the Board's authority to register and provide services to partially covered Berkeley rental units. To ensure the agency is well-positioned to respond, staff

anticipate allocating approximately \$250,000 for continued outside legal counsel. Engaging external expertise is a standard and prudent practice for complex litigation of this nature, and this effort is expected to continue well into FY 2025/26.

**\$40,000 – Board & Staff Trainings** - The proposed budget recommends allocating \$30,000 annually to support ongoing training and professional development opportunities for agency staff and senior leadership. An additional \$10,000 is designated specifically for training sessions tailored to the agency’s elected commissioners. These investments reflect the Board’s continued commitment to building organizational capacity and informed decision-making at all levels.

**\$15,000 – Digital Education** – Investing in digital education has been an ongoing Board priority. This expenditure is proposed to pay for the creation of new digital video content, as well as other forms of digital outreach.

**\$45,000 – Printing and Binding** - Our agency has experienced a surge in demand for printed materials, such as mailings, brochures, and outreach materials, due to various factors such as expanded programs, increased outreach efforts, or regulatory requirements. This uptick in printing needs has exceeded our historical budget allocation for printing and binding expenses.

**\$40,000 – Books and Publications** – The proposed budget also underscores the Board’s continued commitment to improving public access and community engagement. Resources are strategically allocated to upgrade technology infrastructure and services, to improve the user experience, and make key information more accessible and transparent to the public.

### **Contracts Management and One-Time Allocations**

The proposed budget includes key one-time allocations within the Professional Services line item to address critical agency needs in FY 2025/26. This includes anticipated legal expenses and a contract amendment with outside counsel (Goldfarb & Lipman) to support ongoing litigation. Additionally, \$48,000 is allocated for the Berkeley Registration Fee Analysis Study, which will evaluate the agency’s current fee structure.

While contracts are generally brought to the Board for approval, staff have recently implemented a new process to conduct Requests for Proposals (RFPs) every two years in order to enhance transparency and broaden vendor engagement. Although the Board will take action on a few new contracts this year, the proposed budget also includes funding to support the second year of this biennial contracting approach.

The following table outlines the key contracts and their associated allocations included in the proposed FY 2025/26 budget:

<u>Vendor</u>	<u>Description</u>	<u>Proposed Allocation</u>
Kinnectics	Executive Management Evaluations	\$40,000
Berkeley Community Media	Broadcast Services	\$25,000
Goldfarb & Lipman	Legal Consultation	\$200,000
2000 Center St. LLC	Rental and Property Expenses	\$512,000
Quick Caption	Remote Closed Captioning	\$10,500
Eviction Defense Center*	Community Tenant Legal Services	\$160,500
East Bay Community Law Ctr*	Community Tenant Legal Services	\$148,605
Brian Augusta	Legislative Advocacy Services	\$72,000
3Di	Registration System Management	\$25,000

\* The amount shown in the table reflects solely the Rent Stabilization Board’s allocation under this contract and does not include additional funds that may be allocated by the City.

**Status of the Rent Board Fund Reserve Balance and Capital Reserve Allocation**

Historically, the Board has maintained a conservative approach to managing the Rent Stabilization Fund, striving to retain one to two months of uncommitted reserves. While the Board has, at times, approved reserve levels as low as 8%, a formal policy was adopted in FY 2021–22 to establish a minimum reserve target of 16%, equivalent to two months of recurring operational expenses.

There have been exceptional circumstances where the Board intentionally allowed reserves to fall below this threshold to avoid sharp fee increases. Notably, during the peak of the COVID-19 pandemic, the Board authorized a temporary reserve level of 5% to mitigate financial impacts on property owners. Despite these challenges, the agency has successfully maintained a reserve balance exceeding 16% since the close of FY 2017–18.

Finance staff project that by the end of the current fiscal year, the agency will maintain an uncommitted reserve at approximately 29%. Based on projected revenue of \$8,961,575 for FY 2025–26, the proposed expenditure plan would result in an uncommitted fund balance of approximately \$2.4 million.

To ensure continued fiscal flexibility, staff recommend allocating \$500,000 to the Capital Reserve to prepare for potential one-time capital needs or technology enhancements. This proposed allocation maintains alignment with the Board’s 16% reserve policy while providing a prudent buffer to address unforeseen needs in the upcoming fiscal year.

### **Sustainability of FUND 801/440 Reserve Balance**

In FY 2024/25, the adopted budget initially projected the Board's uncommitted reserve to be at the 16% target level, with an anticipated shortfall of \$39,343. However, due to personnel cost savings from staff turnover and vacancies, along with higher-than-expected registration revenue from both fully covered and Measure MM units, the reserve balance remained above the target throughout the year.

For FY 2025–26, staff anticipate reaching the reserve target of 29%, aligning with fiscal best practices and helping to ensure the agency's long-term financial stability.

Assuming continued strong compliance with registration fee collection, the Board's reserves are expected to remain at or above the minimum 16% threshold throughout the fiscal year.

#### Attachments:

1. Proposed FY 2026 Line-Item Budget and FY 2025 Preliminary Year-end Actuals
2. Proposed FY 2025/26 Proposed Organizational Chart
3. Proposed FY 2025/26 Position Detail Summary Table

## **RESOLUTION 25-15**

### **ADOPTING THE FISCAL YEAR 2025-2026 BUDGET, STAFFING MODEL POSITION DETAIL, AND THE MAXIMUM EXPENDITURE LEVEL**

**BE IT RESOLVED** by the Rent Stabilization Board of the City of Berkeley as follows:

**WHEREAS** the Rent Stabilization Board operates based on a fiscal year and each year adopts an operational budget after public review and input; and

**WHEREAS**, Section 123 of Article XVII of the Charter of the City of Berkeley provides that the Rent Stabilization Board shall finance its reasonable expenses by charging landlords annual registration fees in amounts deemed reasonable by the Board; and

**WHEREAS**, the Budget and Personnel Committee met five times during this calendar year to monitor the budget and the Program's progress in meeting the goals established by the Board; and

**WHEREAS**, on March 20, 2025, after reviewing the available reserves and considering revenue needs for FY 2026, the Board voted to maintain the annual registration fee for fully-covered units at \$344 per unit, the partially-covered unit fee at \$212 per unit; and the Summer Fraternity and Sorority Registration Fee at \$96; and,

**WHEREAS**, the Budget and Personnel Committee has met with the Finance Director and the Executive Director several times this year to discuss a line-item operating budget and staffing model for FY 2025-2026 for the Board's consideration; and,

**WHEREAS**, the proposed operating budget (including contracts) for FY 2025-2026 authorizes new expenditures totaling \$9,017,005, which includes both recurring operational, capital needs and expenditures related to operations, staffing, and digital education enhancements; and

## **RESOLUTION 25-15**

**ADOPTING THE FISCAL YEAR 2025-2026 BUDGET, STAFFING MODEL POSITION  
DETAIL, AND THE MAXIMUM EXPENDITURE LEVEL (Page 2)**

**WHEREAS**, the proposed budget for FY 2025-2026 includes \$290,000 in expenditures earmarked from the Capital Reserve Expenditure line item for anticipated outside legal counsel and Executive Management evaluations and moving \$500,000 from the Board’s uncommitted reserve to replenish the Board’s Capital Reserve that could be allocated later for larger, one-time capital projects; and

**WHEREAS**, after reviewing the current workload and filled positions along with the goals and objectives for FY 2025-2026 articulated by the Board, the Finance Director, the Executive Director, and the Budget and Personnel Committee, the Board believes that it is necessary to maintain a staffing level of at least 29.0 career Full-Time Equivalents (FTE’s).

**NOW, BE IT RESOLVED** that an overall spending level totaling \$9,017,005 (which includes \$290,00 in expenditures earmarked from the Capital Reserve Expenditure line item and moving \$500,000 from the Board’s uncommitted reserve to replenish the Board’s Capital Reserve that could be allocated later for larger, one-time capital projects) and a staffing level of 29.0 FTE’s is hereby adopted for the Fiscal Year 2025-2026.

Dated: June 16, 2025

Adopted by the Rent Stabilization Board of the City of Berkeley by the following vote:

YES:

NO:

ABSTAIN:

ABSENT:

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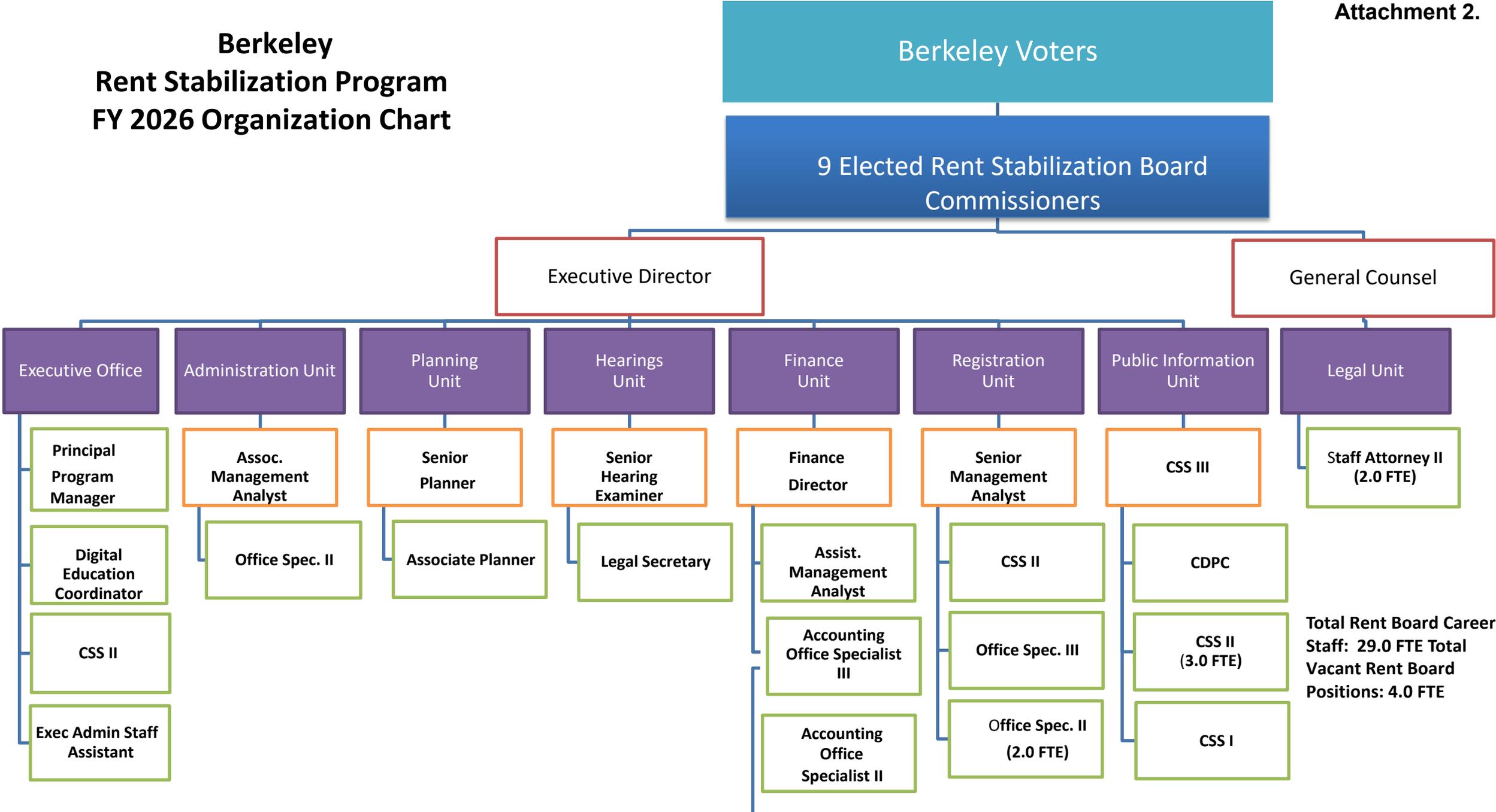
Soli Alpert, Chair  
Rent Stabilization Board

Attest: \_\_\_\_\_  
DéSeana Williams, Executive Director

Rent Stabilization Program FUND 801 FY 2025 Year End and FY 2026 Proposed Budget				
Account Code	Description	Adopted FY 2025	Preliminary Year End FY 2025	Proposed FY 2026
511110	Monthly Employees	3,820,000	3,035,000	4,260,000
513110	Overtime	10,000	1,000	10,000
520110	Benefits	2,640,000	1,975,000	2,800,000
514110	Stipends	169,000	152,000	174,100
612110	Professional Services - Legal Outside	0	70,000	7,500
612190	Misc. Legal Expenses	90,000	19,000	30,000
612250	Temp. Agency Employees	10,000	0	10,000
612990	Misc. Professional Services	393,000	475,000	400,000
613120	Office Equip. Mtc. Svcs. / Furniture	25,000	13,000	25,000
613130	Office Software	0	1,000	1,000
624110	Property Repairs/ Mtc Svcs	500	500	500
625110	Rental of Land / Buildings	374,000	401,980	512,000
632110	Telephones	9,000	10,135	13,000
633110	Advertising/public access	80,000	43,500	70,000
634110	Training and Conference - Training	78,000	1,200	40,000
634120	Training and Conference - Registration	0	0	10,000
634210	Transportation & Commercial Travel	4,000	802	4,000
634220	Travel Lodging	0	0	4,000
634240	Travel Meals	5,000	55	1,000
635110	Printing and Binding	45,000	55,000	65,000
639110	Bank Fees	20,000	25,000	25,000
639120	Professional Dues & Intern Fees	4,200	2,300	3,500
639130	Messenger / Delivery	500	500	500
641110	Office Supplies	13,500	15,500	15,000
641120	Postage	42,000	53,000	50,000
643110	Books & Publications	55,000	24,500	40,000
644110	Supplies - Food	5,000	3,500	3,500
645110	Supplies - Clothing	1,500	3,300	1,500
651110	Non Cap Computers and Software	0	51,000	30,000
651120	Non Cap Office Furniture	0	30,000	5,000
664130	Cap Office Equipment and Furniture	50,000	17,400	0
664140	CAP -Computers	20,000	3,600	3,300
664150	Leashold - Tenant Improvements	0	2037	12,200
670140	PC Replacement/City Software Licenses	74,305	74,305	74,305
670150	Mail Services	3,600	3,600	3,600
670190	City Vehicle / Fuel & Maint./Prkg	15,000	15,000	15,000
670200	Internal Service/Pkg	4,500	4,500	4,500
720003	Unallocated			
9001/514110	Stipends - Elected Officials	15,000	2,568	3,000
	<b>Recurring Expenditure Subtotal</b>	<b>8,076,605</b>	<b>6,585,782</b>	<b>8,727,005</b>
	Outside Legal Counsel/Services		256,200	250,000
	Special Projects (Executive Evaluations/Contracts, 3DI)	256,313	406,313	40,000
	<b>Total Authorized Fund Expenditures*</b>	<b>8,332,918</b>	<b>7,248,295</b>	<b>9,017,005</b>
		<b>Adopted FY 2025</b>	<b>Preliminary Year End FY 2025</b>	<b>Proposed FY 2026</b>
	Fully-covered Unit Revenue	6,880,000	6,630,610	7,396,000
	Measure MM Revenue	1,120,000	1,062,025	1,272,000
	Registration Penalties	250,000	599,146	250,000
	Fair Chance Ord. Administration	41,575	41,575	41,575
	Misc. Fees (Admin)	2,000	2,000	2,000
	<b>Total Authorized Fund Revenue*</b>	<b>8,293,575</b>	<b>8,335,356</b>	<b>8,961,575</b>
	Annual Surplus/Shortfall	(39,343)	1,087,061	(55,430)
	<b>TOTAL UNCOMMITTED FUND BALANCE</b>	<b>1,398,105</b>	<b>2,485,166</b>	<b>2,429,736</b>
	<b>TOTAL CAPITAL RESERVE FUND BALANCE</b>	<b>500,000</b>	<b>500,000</b>	<b>500,000</b>

\* Note: this report only reflects charges & revenues against the Rent Board Fund (Fund 440 and Fund 801) and does not include services charged to or received from other funds

# Berkeley Rent Stabilization Program FY 2026 Organization Chart



**Rent Board Position Detail**  
Sorted by Classification

<b>Classification Title</b>	<b>FY 2026 Proposed</b>
Accounting Office Specialist II	1.00
Accounting Office Specialist III	1.00
Administrative and Fiscal Services Manager	1.00
Assistant Management Analyst	1.00
Administrative Staff Assistant	1.00
Associate Management Analyst	1.00
Associate Planner	1.00
Digital Communications Coordinator	1.00
Community Development Program Coordinator	1.00
Community Service Specialist II	6.00
Community Service Specialist III	1.00
Executive Director	1.00
General Counsel	1.00
Office Specialist II	3.00
Office Specialist III	1.00
Legal Secretary	1.00
Principal Program Manager	1.0
Senior Hearing Examiner	1.00
Senior Management Analyst	1.00
Senior Planner	1.00
Staff Attorney II	2.00
<b>TOTAL FTE:</b>	<b>29.00</b>

**Changes as follows:**

- Created 1.0 FTE Digital Communication Coordinator
- Created 1.0 FTE Administrative Staff Assistant
- Converted 1.0 Community Services Specialist II to 1.0 FTE Community Development Program Coordin
- Rellocated OSII to AOSII