

RENT STABILIZATION BOARD
BUDGET & PERSONNEL COMMITTEE MEETING

Tuesday, March 11, 2025 – 5:30 p.m.

Rent Stabilization Board Conference Room A – 2000 Center Street, Ste. 400- 4th floor, Berkeley

PUBLIC ADVISORY: THIS MEETING WILL BE CONDUCTED IN A HYBRID MODEL WITH BOTH IN-PERSON ATTENDANCE AND VIRTUAL PARTICIPATION.

For in-person attendees, face coverings or masks that cover both the nose and the mouth are encouraged. If you are feeling sick, please do not attend the meeting in person.

To access this meeting remotely: Join from a PC, Mac, iPad, iPhone, or Android device by clicking on this URL: <https://us06web.zoom.us/j/86075991717?pwd=Ungn85z4Gj2ybdjs95bnerZzjBbhEv.1>. If you do not wish your name to appear on the screen, then use the drop-down menu and click on "Rename" to rename yourself as anonymous. To request to speak, use the "Raise Hand" icon by rolling over the bottom of the screen.

To join by phone: Dial 1-669-900-6833 and enter Webinar ID: 860 7599 1717 and Passcode: 496349. If you wish to comment during the public comment portion of the agenda, Press *9 and wait to be recognized by the Committee Chair.

To submit an email comment for the Committee's consideration and inclusion in the public record, email DeWilliams@berkeleyca.gov with the Subject line in this format: "PUBLIC COMMENT ITEM FOR BUDGET & PERSONNEL COMMITTEE." Please observe a 150-word limit. Time limits on public comments will apply. Written comments will be entered into the public record. **Email comments must be submitted to the email address above by 3:30 p.m. on the day of the Committee meeting in order to be included.**

Please be mindful that this will be a public meeting and all rules of procedure and decorum apply for both in-person attendees and those participating by teleconference or videoconference.

This meeting will be conducted in accordance with Government Code Section 54953 and all current state and local requirements allowing public participation in meetings of legislative bodies. Any member of the public may attend this meeting at the posted location(s). Questions regarding this matter may be addressed to DéSeana Williams, Executive Director of the Rent Board, at 510-981-7368 (981-RENT). The Committee may take action related to any subject listed on the Agenda.



COMMUNICATION ACCESS INFORMATION:

This meeting is being held in a wheelchair accessible location. To request disability-related accommodation(s) to participate in the meeting, including auxiliary aids or services, please contact the Disability Services Specialist at (510) 981-6418 (voice) or (510) 981-6347 (TDD) at least three (3) business days before the meeting date.

Attendees at public meetings are reminded that other attendees may be sensitive to various scents, whether natural or manufactured, in products and materials. Please help the City respect these needs.

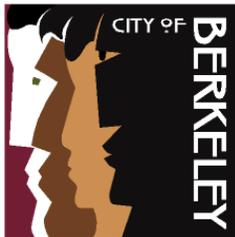


RENT STABILIZATION BOARD
BUDGET & PERSONNEL COMMITTEE MEETING
Tuesday, March 11, 2025 – 5:30 p.m.
Rent Stabilization Board Conference Room A – 2000 Center Street, Ste. 400- 4th floor, Berkeley

AGENDA

1. Roll Call
2. Land Acknowledgment Statement: *The Berkeley Rent Stabilization Board recognizes that the rental housing units we regulate are built on the territory of xučyun (Huchiun-(Hooch-yoon)), the ancestral and unceded land of the Chochenyo (Cho-Chen-yo)-speaking Ohlone (Oh-low-nee) people, the ancestors, and descendants of the sovereign Verona Band of Alameda County. This land was and continues to be of great importance to all of the Ohlone Tribes and descendants of the Verona Band. As we begin our meeting tonight, we acknowledge and honor the original inhabitants of Berkeley, the documented 5,000-year history of a vibrant community at the West Berkeley Shellmound, and the Ohlone people who continue to reside in the East Bay. We recognize that Berkeley’s landlords and tenants have and continue to benefit from the use and occupation of this unceded stolen land since the City of Berkeley’s incorporation in 1878 and since the Rent Stabilization Board’s creation in 1980. As stewards of the laws regulating rental housing, it is not only vital that we recognize the history of this land but also recognize that the Ohlone people are present members of Berkeley and other East Bay communities today.*
3. Approval of agenda
4. Public Comment
5. Approval of February 18, 2025, meeting minutes (attached to agenda)
6. Introduction of New Staff - Desireé Oliver
7. Discussion and Possible Action regarding the End of the Pass-through program funding (Report Attached)
8. Discussion and Possible Action on the Recommendation to Adopt the Fiscal Year 2025/26 Registration Fee for Fully Covered and Measure MM Units (report and staff presentation attached)
9. Future agenda items
10. Discussion and possible action to set the next meeting
11. Adjournment

STAFF CONTACT: DéSeana Williams, Executive Director (510) 981-7368
COMMITTEE: Soli Alpert, Andy Kelley, Nathan Mizell, Chair, Dominique Walker



Rent Stabilization Board

RENT STABILIZATION BOARD
BUDGET & PERSONNEL COMMITTEE MEETING

Tuesday, February 18, 2025 – 5:30 p.m.

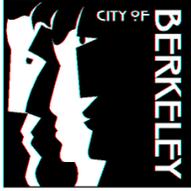
Rent Stabilization Board Conference Room A – 2000 Center Street, Ste. 400, Berkeley
Minutes – To Be Approved

1. Roll Call: Staffer DeSeana Williams called Roll at 5:34 p.m.
 Members Present: Alpert, Kelley, Mizell, Walker.
 Staff Present: D. Williams, S. Cole, and M. Brown
2. Land Acknowledgment Statement: The Recording of the Land Acknowledgment Statement was played.
3. Approval of the Agenda: Motion by Alpert to move Agenda item #10 to proceed Agenda item #6 and to approve the February 18, 2025, committee meeting agenda. M/S/C (Alpert/Kelley). Motion to approve the agenda. YES: 4; NO: None; ABSTAIN: None; ABSENT: None. Motion Carried: 4-0-0-0.
4. Election of Budget and Personnel Committee Chair: Motion by Alpert to re-elect committee member Commissioner Walker as the new Chairperson. M/S/C (Alpert/Kelley) Motion to approve Commission Walker as new Chairperson. YES: 4; NO: None; ABSTAIN: None; ABSENT: None. Motion Carried: 4-0-0-0.
5. Public Comment: No public comment.
6. Approval of the October 3 and November 12, 2024, meeting minutes (attached to agenda): Motion by Alpert to approve the October 3 and November 12, 2024, Committee meeting minutes. M/S/C (Alpert/Mizell). Motion to approve the agenda. YES: 3; NO: None; ABSTAIN: 1; ABSENT: None. Motion Carried: 3-0-1-0.
7. Discussion and possible action regarding the End of the Pass-through reimbursement funding (Staff presentation): Finance Director Shamika Cole presented a PowerPoint to the committee detailing the reduced amount of the reimbursement funding for the Pass-through program and General Counsel Brown presented on the policy implications of continuing or not continuing the landlord action of pass-through. NO ACTION TAKEN
8. Discussion and Possible Action on the Rent Board Staffing Model Modification (Report attached): The Executive Director discussed the recommendation and report to adjust the staffing model to replace the Policy Director's position and recruit for an additional AOSII position. Motion to approve the Recommendation to modify the staffing model. M/S/C (Alpert/Walker) YES: 4; NO: None; ABSTAIN: None; ABSENT: None. Motion Carried: 4-0-0-0.

9. Discussion and Possible Action on the process to adopt the Fiscal Year 2024/25 Mid-Year Budget Update (Report attached): Finance Director Shamika Cole presented a PowerPoint to the committee with the mid-year year-end budget update. NO ACTION
10. Discussion and Possible Action on the process to adopt the Fiscal Year 2025/26 Registration Fee for Fully Covered and Measure MM Units Year-end Budget Review (Staff presentation): Finance Director Shamika Cole presented a PowerPoint to the committee with the year-end budget. This presentation was discussion only. NO ACTION TAKEN
11. Future agenda items: None provided
12. Discussion and possible action to set the next meeting: The next meeting is scheduled for Tuesday, March 11, 2025, at 5:30 p.m.
13. Adjournment: M/S/C (Walker/Alpert) Motion to Adjourn. YES: 4; NO: None; ABSTAIN: None; ABSENT: None. Carried: 4-0-0-0. The meeting adjourned at 7:12 p.m.

STAFF CONTACT: DéSeana Williams, Executive Director (510) 981-7368

COMMITTEE: Soli Alpert, Nathan Mizell, Andrew Kelley, Dominique Walker (Chair)



Rent Stabilization Board

DATE: March 11, 2025

TO: Honorable Members of the Budget & Personnel Committee

FROM: DéSeana Williams, Executive Director
Shamika Cole, Finance Director

SUBJECT: Recommendation to end the Pass-through Reimbursement Program for Fiscal Year 2025-2026 Registration Fee for Fully-controlled Units to Certain Tenants.

Recommendation

That the Budget & Personnel Committee recommend that the Board adopt Resolution 25-XX authorizing a pass-through of registration fees of up to \$14.00 per month to tenancies that began prior to January 1, 1999 without further extension. Funding for reimbursements authorized in years past is limited and projected to be exhausted by the end of the current calendar year.

Background and Need for Rent Stabilization Board Action

In 2003, the Berkeley Property Owners Association (BPOA) proposed changing the way the Annual General Adjustment (AGA) was calculated, shifting from a pass-through of actual cost increases to a flat formula based on a percentage of the CPI. The Board approved this formula, and in 2004, the voters approved of this change in how the AGA was calculated. Prior to the change in the AGA methodology, all increases in the registration fee between 1980 and 2005 were taken into consideration and incorporated in the Annual General Adjustment of rents.

Since the adoption of statewide vacancy decontrol in the late 1990s, rent levels have been set using two different standards. Under vacancy decontrol, owners are expected to consider past and anticipated future operating cost increases when setting the initial rent for a new tenancy. Therefore, increases to the registration fee presumably have been factored into the rent charged a new tenant. Over 90% of the units have experienced at least one decontrol event since 1999. The Board has been extremely careful to guarantee that owners of units that have never decontrolled continue to receive compensation for actual increased costs, such as adjustments to the registration fee. Since 2004, the Board has found that it would be fair and equitable, in view of the purposes of the Ordinance, to pass along to tenants a part or all of the increase in fees as a temporary adjustment of rent ceilings. The Rent Stabilization Ordinance states that registration fees shall not be passed on to tenants in the form of rent increases except with express prior approval from the Board (see subsections 13.76.060.N and 13.76.080.L).

For several years, the Board approved a pass-through of up to \$4.00 per month to tenants where the tenancy began prior to January 1, 1999. In 2015, with the \$19-per-year increase in the registration fee, the amount of the pass-through was increased by \$2.00 per month for a new total pass-through of \$6.00 per month. In 2016, when the fee was raised by \$18, an additional \$2.00 per month was added, raising the monthly pass-through to \$8.00 per unit. In 2017, when the registration fee increased by \$36, the pass-through amount was raised by \$3.00 per unit, bringing the total monthly pass-through to \$11 per unit. This amount remained unchanged until 2023, when the fee increased to \$13 per month. In 2024, the pass-through amount rose to \$14 per month, reflecting the fully covered registration fee of \$344 per unit.

For the FY 2025/26 fiscal year, staff recommends maintaining the fully covered registration fee at \$344 per unit, which would keep the pass-through amount at \$14 per month. The proposed pass-through may be applied for 12 consecutive months but cannot begin before July 1, 2024, and must end no later than December 31, 2025, unless extended by Board action. Under no circumstances may the pass-through exceed \$14.00 per month per tenant.

Once the allocated funds for the passthrough reimbursement program are fully expended, no additional funds will be available for reimbursements to tenants unless directed by the Board.

Pass-through Reimbursement Fund History

The following table lists the passthrough reimbursement fund totals from each of the past several years:

Fiscal Year	2018	2019	2020	2021	2022	2023	2024	2025
Registration Fee Charged (amount of pass-through)	\$270 (\$11 per month)	\$250 (\$10 per month)	\$290 (\$13 per month)	\$344 (\$14 per month)				
Number of Notices Property Owners Sent to Tenants	595	601	680	565	547	546	450	432 (YTD)
Number of Qualified Tenants Requesting Reimbursement	101	110	126	104	103	126	102	76 (YTD)

The reimbursement program has spent nearly \$14,300 on reimbursements so far in FY 2024/25. The Board authorized an \$17,764 funding allocation for the passthrough program in the current fiscal year. At the time this report was written, remaining funds would reimburse around 20 more applicants.

In 2010, the Board also discussed the appropriate income level to qualify for the reimbursement program. Under federal guidelines, 50% of area median income (AMI) is considered “Very Low Income.” Previously, 30% of AMI was considered “Extremely Low Income,” but that definition has since been changed to be greater than 30/50ths (60 percent) of Section 8 very low-income limit. There is no unique designation for 40% of the AMI that staff is aware of. The household income by size of household for 30%, 40%, and 50% of the AMI for Alameda County is listed below.

According to HUD guidelines, the 2024 area median income for a household in Alameda County is \$155,700. The table below lists income standards for 1-8 person households calculated at 30%, 40%, and 50% of the AMI, rounded per HUD’s practice. HUD income limits have not yet been updated for 2025.

Income Category	1 Person	2 Person	3 Person	4 Person	5 Person	6 Person	7 Person	8 Person
30% AMI	\$32,700	\$37,400	\$42,050	\$46,700	\$50,450	\$54,200	\$57,950	\$61,650
40% AMI	\$43,600	\$49,850	\$56,050	\$62,250	\$67,250	\$72,300	\$77,300	\$82,300
50% AMI	\$54,500	\$62,300	\$70,100	\$77,850	\$84,100	\$90,350	\$96,550	\$102,800

In previous years, the Board established a standard that allows low-income tenants with a household income of 40% or less of the AMI to be reimbursed for the pass-through; it was not until FY 2018/19 the Board set the qualifying income at the higher 50% AMI level. In FY 2019/20, Staff and the Budget and Personnel Committee recommended that the mitigation pass-through for low-income tenants be adopted to match the HUD’s 50% AMI or “Very Low Income” limit, which included a “High Housing Cost Adjustment” and to continue to allow individuals to demonstrate proof of qualification for reimbursement if they already have been determined eligible for another similar state or federal program, including but not limited to CalWorks, CalFresh, Medi-Cal, WIC or another program approved by the Executive Director. Staff presented a passthrough program update to the Budget & Personnel Committee at its February 18 meeting. Staff are recommending that remaining funds allocated for pass-through reimbursement for low-income tenants with this same standard until funds are fully expended.

Recommendation to Terminate Pass-through Reimbursement Program

As the pass-through fees have increased over time, the Board has done its best to accommodate tenants on a fixed income. Consequently, the Board adopted a resolution directing staff to develop a mechanism that allows low-income tenants with a household income of 40% or less of the Area Median Income (AMI) to be reimbursed for the pass-through beginning in 2010. Funds for the reimbursement came from the settlement of the AEPHI case. Pursuant to Board Regulation 1271(B), in the event of overcharges from a case in which a tenant has not claimed reimbursement within a year, the Board may designate a program of the City of Berkeley that benefits low and/or moderate-income tenants. Because the AEPHI settlement was comprised entirely from overcharges to tenants and did not include any registration fee revenue, the Board elected to use this as a source to fund the pass-through reimbursements to qualifying tenant households. Since 2010, the Board has issued around 900 payments to low-income individuals through this reimbursement program. Currently, the Board has utilized nearly all of the original

\$197,000 in the AEPHI settlement account. There is only enough money to reimburse a few more households.

The Board is fully funded by its annual Registration Fees – the agency receives no money from the City’s general fund except to perform discreet tasks associated with monitoring various other tenant protection measures.¹ The Board cannot fund the reimbursement of the passthrough program by way of the Registration Fees the agency annually collects. Registration Fees must be collected for the sole purpose of operating the program itself.²

Given that the funds from the AEPHI settlement account have almost completely depleted, staff recommends that the Board no longer allow for reimbursement of the passthrough. It is important to put this in context. Landlords are only able to pass through \$14 a month to tenancies which began prior to January 1, 1999. There are very few remaining very long-term tenancies, and each year the number decreases. Since the Board has raised the fee significantly since 2004 when the formula for determining AGAs changed, so landlords who have any existing pre-99 tenancies have not been able to raise rents nearly to the level that post-99 tenancies have adjusted. While the Board was able to provide much-needed relief to tenants for 15 years through the passthrough reimbursement program, there is no feasible way to continue to fund this.

Staff and the Budget and Personnel Committee further recommend that reimbursement for the pass-through be limited to the current year until the AEPHI fund is fully depleted. If the Board chooses this path, no action need be taken given that Resolution 24-11 adopted on April 18, 2024, already authorizes the passthrough and accounts for the reimbursement fund perhaps running out during this fiscal year.

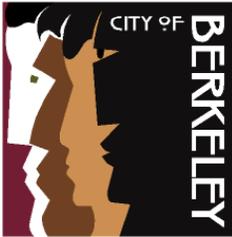
Please note that the registration fee pass-through for low-income tenant reimbursement is only applicable to fully controlled rental units and does not apply to Measure MM units.

Name and Telephone Number of Contact Person

DéSeana Williams, Executive Director (510) 981-4949

1 For example, the City pays the Board for work performed to administer the Fair Chance Ordinance and the Empty Homes Tax. The Board does not use Registration Fees to fund this work as these ordinances are not a part of the voter-adopted Rent Ordinance which authorizes collection of the fee to run the program.

2 See B.M.C. Section 13.76.060F.18. and Berkeley City Charter Article XVII, Section 123(3).



Rent Stabilization Board
Office of the Executive Director

DATE: March 11, 2025

TO: Honorable Members of Budget & Personnel Committee

FROM: DéSeana Williams, Executive Director
Shamika Cole, Finance Director

SUBJECT: FY 2026 Fee Recommendation Report

Recommendation

That the Budget & Personnel Committee review this report and provide recommendations to the full Board regarding the process for setting the FY 2026 registration fee structure.

Background

On June 20, 2024, the Board adopted a staffing model and budget for Fiscal Year (FY) 2025, establishing a total expenditure level of \$8,332,918. As part of this process, the Board approved increases to the annual registration fees, setting the fully covered unit fee at \$344 per unit and the Measure MM unit fee at \$212 per unit. Additionally, the Board adjusted the reduced registration fee for Summer Fraternity and Sorority units to \$96 per unit and increased the Affordable Partially Covered Fee for non-profit-managed projects under the City of Berkeley's Housing Trust Fund program to \$53 per unit.

Before implementing the FY 2025 fee adjustments, the Board approved a fee increase in the previous fiscal year, raising the fully covered unit fee to \$290 per unit and the partially covered fee to \$178 per unit for FY 2024. Despite rising program costs, this marked the first fee increase since FY 2019.

The FY 2024 budget was structured to better align with projected expenditures while incorporating key operational improvements. This resulted in a more balanced financial plan, including the Board's approval of a \$500,000 allocation for unanticipated operational expenses. Additionally, the budget maintained an uncommitted reserve level of 16%.

In recent years, the Board's uncommitted reserve balance has exceeded expectations, primarily due to staff turnover and vacancies in budgeted positions. Under its current policy, the Board requires an uncommitted reserve sufficient to cover two months of expenditures or 16% of recurring costs. While the Board has, at times, reduced the reserve below 8% to minimize fee increases, it has consistently maintained at least a two-month (16%) reserve since FY 2018. This practice aligns with

the Government Finance Officers Association's recommendation of a minimum fund reserve of 16-17%.

Fiscal Year 2024 Year-End Fund Balance

The Board's year-end FY 2024 revenue was reported at \$7,361,448, and total expenditures were reported at \$6,790,832. The Revenue includes \$1,477,473 of FY 2024 registration payments that were paid early and credited to owners' accounts during FY 2023.

In summary, the Board spent \$715,628 less than anticipated by its adopted FY 2024 budget. This underspent amount was primarily due to personnel savings from several unanticipated vacancies. The Board's increased revenue also includes \$245,413, more than initially anticipated due to higher-than-expected revenue from the collection of registration penalties. This left the Board with a total year-end fund balance of \$1,515,441 (on an accrual basis) on June 30, 2024, which is the last day of the fiscal year.

The uncommitted reserve amounted to 22% of projected recurring expenditures, exceeding the Board's 16% reserve target. However, these figures are preliminary and have not yet been audited. The City of Berkeley engages an external auditor to review its financial statements, with the audit of the Board's FY 2024 financial statements expected to be completed during FY 2025.

Fiscal Year 2025 Revenue Collection

The Board's FY 2025 adopted budget anticipates the agency collecting \$8,293,575 in revenue. As of December 31, 2024, the agency has collected \$7,715,345. Assuming the agency collects fees owed during the remainder of this fiscal year, the agency projects to collect the majority of its projected revenue for FY 2025.

Fiscal Year 2025 Mid-Year Expenditures & Updated Projections

As of December 31, 2024, the Board has expended a total of \$4,356,949, which is slightly above the projected midpoint of the fiscal year budget. This indicates that actual spending has exceeded the anticipated half-year allocation established in the Board's adopted budget. The variance is primarily due to the timing of large operational expenses, including unanticipated outside legal costs and increased programmatic expenditures incurred earlier in the fiscal year.

However, personnel expenditures have been lower than anticipated in the first half of the year due to vacancies in key positions, including a Community Services Specialist I, an Accounting Office Specialist II, an Assistant Management Analyst, and a Community Services Specialist III. Considering these personnel savings, staff project that total expenditures for FY 2025 will stay within the authorized budget.

A mid-year budget update attached to this report details actual expenditures by budget line item. Staff also included a comparison of the previous fiscal year-end projections, including personnel savings.

Current Staffing Model

The agency's current staffing model has 30.0 Full-time Equivalent (FTE) career positions. There are currently four (4) vacancies. Staff is actively recruiting and anticipates filling these vacancies by the Fall of 2025. Other recent staff model changes include:

Public Information Unit

The Executive Director has prioritized initiatives to enhance the agency's efficiency, effectiveness, and overall performance. As a key component of this effort, the Public Information Unit (PIU) plays a vital role in supporting the agency's mission and delivering high-quality services to the public.

The PIU is now nearly fully staffed following the recent hiring of a Community Services Specialist I (CSS I) and a Community Development Program Coordinator (CDPC). Recruitment is currently underway for the Community Services Specialist III (CSS III) Manager position. The updated staffing structure for the unit is as follows:

- Community Development Program Coordinator (CDPC) – 1
- Community Services Specialist III (CSS III) – 1 (Manager) [Recruitment in Progress]
- Community Services Specialist II (CSS II) – 3 (Housing Counselors, SEIU 1021 CSU)
- Community Services Specialist I (CSS I) – 1 (Housing Counselor, SEIU 1021 CSU)

These staffing adjustments, including the addition of the CSS I and CDPC positions, align with the Rent Board's strategic goals to enhance service delivery and operational performance. The updated structure provides a more balanced team composition, strengthens the unit's capacity, and introduces an entry-level pathway for housing counseling roles, further improving public service outcomes.

Office of the Executive Director

The Executive Director has operated without dedicated administrative support for the past two years. The Rent Board has recently filled the Administrative Staff Assistant position. This role provides critical support to the Executive Director by managing schedules, organizing meetings, handling correspondence, and coordinating logistics to track key project milestones. With this additional support, executive staff can better focus on strategic decision-making and programmatic priorities, ultimately improving overall efficiency.

Administration of the Empty Homes Tax Ordinance

At the request of the City Council, the Board agreed to assist the City of Berkeley with the implementation and administration of the voter-adopted Empty Homes Tax (B.M.C. Chapter 7.54), which went into effect on January 1, 2024. The Council allocated a total of \$332,920 in Measure U1 funds to the Rent Board for its work on the Empty Homes Tax in FY 2025. These funds are being used to pay for staff to administer the Empty Homes Tax program in partnership with Berkeley's Finance Department.

Rent Board staff have created an Empty Homes Tax website, drafted forms and guidelines for the processing of exemptions, and implemented an outreach plan. All property owners with vacant units were given an April 1, 2025, deadline to submit exemption and vacancy exclusion claims for the 2024 tax year. Staff will provide the Finance Department with a list of tax-eligible properties early in the 2nd quarter of 2025.

Since funding for the Empty Homes Tax comes from the City's Measure U1 fund, Rent Board's staff work on the Empty Homes Tax program will have little impact on the Board's budget aside from a small amount of salary savings from employee salaries being partially paid from Empty Homes Tax funding. Staff anticipates requesting a similar level of funding to continue assisting the Empty Homes Tax Program's implementation and administration in FY 2026.

FY 2026 Fee Level

In FY 2025, the Board approved an increase in the fee schedule to strengthen organizational capacity and address rising expenditures. The adopted fully covered fee was set at \$344 per unit, while the partially covered fee was established at \$212 per unit and the Summer Fraternity and Sorority Fee was set at \$96. Based on these rates, the FY 2025 budget projected \$8,293,575 in total revenue.

As of December 31, 2024, the agency has collected \$7,715,345, with additional revenue anticipated before the fiscal year concludes.

Following a comprehensive review of the agency's budget status and projected revenue needs for the upcoming fiscal year, Staff recommends maintaining the current fee structure to avoid a fee increase for a third consecutive year. Specifically, Staff proposes the following fee levels for the next fiscal year:

- Fully Covered Fee: \$344 per unit
- Partially Covered Fee: \$212 per unit
- Summer Fraternity and Sorority Fee: \$96 per unit

To sustain this fee structure while accommodating increases in operational costs, Staff further recommends that the Board maintain its \$16% reserve level—an increase from the 8% reserve level maintained during the COVID-19 pandemic. This adjustment will ensure financial stability while maintaining the agency's ability to provide essential services.

Next Steps

The Budget & Personnel Committee will need to discuss a recommendation for how the Board should proceed with the current fee schedule, the current reserve level at 16% and the projected budget deficit. Based on this review, the Committee will make a recommendation to the Board on whether to maintain the existing fee levels or consider alternative adjustments.

The Board will also need to provide input on additional programs or initiatives to be considered for inclusion in the FY 206 budget; understanding any additional proposed expenditures will also help inform the fee level recommendation. If the Board considers raising the registration fee level, a public hearing on the fee increase must be conducted. Any adoption of the FY 2026 fee level change must occur at a regularly scheduled meeting at least two weeks after the public hearing.

Once the fee level is set, the Budget & Personnel Committee can proceed with finalizing its FY 2026 budget recommendation, which the Board typically reviews and adopts at its June meeting.

Conclusion

If the Committee believes it is likely to recommend a fee increase of any amount, the Board should be informed at its March 20, 2025, meeting

Historically, the Board has set a special meeting for the public hearing for a fee increase. The Board has also adjusted its regular meeting schedule if necessary to efficiently set the registration fee at least two weeks after the public hearing. Ideally, the Board should pass the fee by its March meeting to allow the Registration Unit staff enough time to get the registration bills out well in advance of their July 1st due date.

If a fee increase is being considered, it would be ideal for the Board to agree on a process and the scheduling of the public hearing on the increase and setting of the FY 2026 registration fee levels at its March meeting.

Attachments:

1. FY 2024 Year-End and FY 2025 Mid-Year Budget Update Spreadsheet

Rent Stabilization Program FUND 801 FY 2024 Year End and FY 2025 Mid Year Budget Update				
Description	Adopted FY 2024	Year End FY 2024	Adopted FY FY 2025	Mid Year Update FY 2025
Monthly Employees	3,265,000	2,831,000	3,820,000	1,443,460
Hourly Employees	0	0	0	
Overtime	1,000	12,000	10,000	329
Benefits	2,225,000	1,800,000	2,640,000	927,000
Stipends	164,000	160,000	169,000	81,226
Technology Stipend	5,000	0	15,000	0
Professional Services - Legal Outside			0	275,000
Misc. Legal Expenses	20,000	54,000	90,000	93,500
Temp. Agency Employees	10,000	31,000	10,000	0
Misc. Professional Services	402,800	593,000	393,000	433,382
Office Equip. Mtc. Svcs. / Furniture	25,000	14,000	25,000	11,722
Property Repairs/ Mtc Svcs	500	365	500	0
Bank Credit Card Charges	20,000	14,000	20,000	19,040
Professional Dues & Intern Fees	2,000	2,040	4,200	4,200
Telephones	9,000	8,100	9,000	7,120
Printing and Binding	30,000	68,000	45,000	32,730
Meals & Lodging	7,000	1,100	5,000	0
Registration Fees/Training	13,000	7,200	78,000	30,000
Transportation & Commercial Travel	4,000	4,600	4,000	19,040
Advertising/public access	99,100	37,000	80,000	40,900
Books & Publications	13,000	19,000	55,000	24,500
Rental of Land / Buildings	528,405	335,000	374,000	128,537
Postage	35,000	3,100	42,000	3,400
Messenger / Delivery	500	600	500	0
Office Supplies	13,500	14,100	13,500	15,000
Food and Water	2,500	4,500	5,000	885
Supplies - Clothing		3,000	1,500	3,300
Cap Office Equipment and Furniture	5,000	363,300	50,000	17,300
Non Cap Office Furniture				16,000
Non Cap Computers and Software Furniture				0
Computers, Printers, Software	10,000	24,000	20,000	3,300
PC Replacement/City Software	74,305	74,305	74,305	49,500
Mail Services	3,600	3,600	3,600	2,400
City Vehicle / Fuel & Maint./Prkg	7,500	4,500	19,500	11,000
Displacement Reimbursement Offset	0	0		4,500
Unallocated	233,000	1,000	0	402,365
Recurring Expenditure Subtotal**	7,228,710	6,487,410	8,076,605	4,100,636
Capital Reserve (incl. 3Di,evaluations, training)	277,750	303,422	256,313	256,313
	Adopted FY 2024	Year End FY 2024	Adopted FY FY 2025	Mid Year Update FY 2025
Total Authorized Fund Expenditures*	7,506,460	6,790,832	8,332,918	4,356,949
Fully-covered Unit Revenue	5,725,000	4,283,524	6,880,000	6,268,833
Measure MM Revenue	946,600	1,018,000	1,120,000	1,020,507
Registration Penalties	250,000	495,413	250,000	382,430
Fair Chance Ord. Administration	41,575	41,575	41,575	41,575
Misc. (Project review, Settlements, Admin. Fees)	2,000	2,000	2,000	2,000
Total Authorized Fund Revenue*	6,965,175	5,840,512	8,293,575	7,715,345
<i>FY 24 Registration Revenue***</i>		1,477,473		
<i>Registration Year Revenue</i>		7,317,985		
Annual Surplus/Shortfall	(541,285)	527,153	(39,343)	
<i>Previous FY Carryover Expenditures</i>				
FUND BALANCE (cash basis)	988,288	1,515,441	1,476,098	1,476,098
FUND BALANCE (accrual basis)	988,288	1,515,441	1,476,098	1,476,098
TOTAL UNCOMMITTED OPERATIONAL	975,125	1,515,441	1,476,098	1,476,098
TOTAL CAPITAL RESERVE FUND BALANCE			500,000	500,000

* 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

** Note: variance in actual expenditures and total fund balance reflects remaining balance in reimbursement offset escrow

*** Note: \$1,477,473 in FY24 registration revenue was collected as FY23 revenue.



FY 2026 Registration Fee
Discussion

FY 2025 Budget

- Projected Revenues = \$8,332,918
- Projected Expenditures = \$8,293,575
- Projected FY 2024 Budget Deficit = **(\$39,343)**

FY 2025 Fee Structure & Reserve Level



1. Set Fully-Covered Fee at \$344 per unit and Partially-Covered Fee at \$212 per unit
2. Established a 16% Reserve Level
3. The Budget & Personnel Committee recommended a fee increase to further increase organizational capacity, allocations for unanticipated expenses, and technology enhancements

Additional Unit Types

- Affordable Housing MM
600 Units @ \$53 unit = \$31,800 of Revenue
- Summer Fraternity & Sorority Rental
601 Units @ \$96 unit = \$57,696 Revenue



FY 2026 Baseline Revenue Requirements

- \$8,462,000 Registration Revenue Required to cover recurring expenditures
- \$344 Fully-Covered & \$212 Measure Fee is still required to cover baseline expenditures
- Approx. 19,500 fully-covered and 6,000 partially covered units
- Staff anticipates approx. 2,000 more units from Measure BB
- Additional revenue TBD

Planning for FY 26 Status Quo Expenditures

- **Tenant Improvements**
- **Rental/Property Expenses**
- **Salary and COLA increases**
- **Staffing Model Changes**
 - **Principal Program Manager**
 - **Accounting Office Specialist II**



Planned Expenditures

Expenditure	Projected Cost	Fully-Covered	MM	Total Fully Covered	Total MM
Recurring Expenditures	\$8,441,358			\$344 per unit	\$212 per unit
Tenant Improvements	\$12,000	+0.52	+0.28	344	212
Rental/Property Expenses	\$87,414	+3.76	+2.04	348	214
Salary Adjustments	\$216,000	+9.29	+4.67	353	219
Anticipated Legal Costs	\$200,000	+8.60	+5.09	362	224
Staffing Model Changes	\$125,908	+5.34	+2.90	367	227

Planning for FY 26

One-Time Costs

- **Outside Legal Services**



Anticipated One Time Expenditures

Expenditure	Projected Cost	Fully-Covered	MM	Total Fully Covered	Total MM
Recurring Expenditures	\$8,441,358			\$344 per unit	\$212 per unit
Outside Legal Services	\$200,000	+8.60	+4.67	376	232
Total Proposed Expenditures	\$8,641,358	+28	+15		

FY 26 Budget Outlook



- Projected Revenues = \$8,462,000
- Projected Expenditures = \$8,641,358
- Projected FY 2026 Budget Deficit = **(\$179,358)**

Registration Fee as Percentage of Annual Rental Since 1998 (Range of 0.97% to 1.32%)

Registration Year	Fully-Covered Unit Fee	Mean Monthly Rent (start of year)	% of Annual Rent
1998	\$112	\$720	1.30%
2000	\$124	\$865	1.19%
2005	\$154	\$1,062	1.21%
2010	\$194	\$1,274	1.27%
2014	\$194	\$1,498	1.08%
2015	\$213	\$1,606	1.11%
2016	\$234	\$1,637	1.12%
2017	\$270 (Incl. \$20 one-time Fee)	\$1,710	1.32%
2018	\$250	\$1,816	1.15%
2019	\$250	\$1,956	1.07%
2020	\$250	\$2,039	1.02%
2021	\$250	\$2,100	0.99%
2022	\$250	\$2,138	0.97%
2023	\$290	\$2,203	1.10%
2024	\$344	\$2,282	1.26%

Fee Range Using % of Annual Rent as a Guide

- \$2,282 average (mean) 2024 rent per month
- Reg. Fee in range of 0.97% and 1.32%* since 1998
- 0.97% to 1.32% = \$6 to \$362
- Post Costa Hawkins – Base Reg. Fee in range of 0.97% to 1.27%
- Reached 1.32% with one-time \$20 fee for RTS (Base fee was 1.22% & one-time RTS fee 0.10%)
- 1.15% to 1.27% = a fee range of \$315 to \$348

Timeline for Adopting the Fee

1. Budget & Personnel Committee makes a fee recommendation to the full Board at its March 10th meeting
2. Public Hearing required for fee increase
3. Public Hearing on Fee Increase at a March Special Board Meeting



Public Notice Requirements for Fee Increase

1. Must publish staff report on fee increase 10-days before the meeting