

RESOLUTION NO. 28849

RESOLUTION OF THE COUNCIL OF THE CITY OF SANTA ROSA ADOPTING A PROGRAM FEE FOR THE CITY'S RENT STABILIZATION AND OTHER TENANT PROTECTIONS ORDINANCE AND IMPLEMENTING POLICIES; AND AMENDING THE CITY CLASSIFICATION AND SALARY PLAN BY 1) ADDING ONE (1) FTE HOUSING AND COMMUNITY SERVICES MANAGER, 2) ADDING ONE (1) FTE ADMINISTRATIVE ANALYST, AND 3) ADDING ONE (1) FTE SENIOR ADMINISTRATIVE ASSISTANT IN THE RENT STABILIZATION PROGRAM

WHEREAS, on August 16, 2016, the Santa Rosa City Council introduced a Rent Stabilization and Other Tenant Protections Ordinance (the "Ordinance") to protect local tenants from the rapidly increasing cost of rental housing that is the result of rising rents and a tight rental market; and

WHEREAS, the Santa Rosa City Council adopted the Ordinance on August 30, 2016 and the Ordinance will go into effect September 30, 2016; and

WHEREAS, the Santa Rosa City Council had adopted and will adopt various Policies, such as the Capital Improvement Plan Policy, that implements the Ordinance; and

WHEREAS, the City has contracted with Management Partners to prepare a program staffing, cost and fee estimate to determine (a) the amount of staffing required to operate the program, (b) the amount of money that will be necessary to fund for the remainder of fiscal year 2016/2017 the various programs made necessary by the Ordinance/Policies ("the Fee Study") and (c) the amount of the fee ("the Program Fee") that would need to be imposed on rental property owners in order to fund the various programs; and

WHEREAS, as part of the Fee Study, Management Partners worked closely with the City's Finance and Housing and Community Development Departments' staff to understand all of the administrative and enforcement procedures necessary to administer the Ordinance/Policies; 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 rental units subject to the Ordinance
- The amount of staffing to administer the programs (e.g. receiving and tracking rent related information, reviewing requests for rent increases above 3% and rent adjustments and capital improvement plans, scheduling hearings when petitions are filed, billing and collection)
- Contracted services (e.g. Program Administrator, hearing officers, translators, court reporters, etc.)
- Materials and supplies to support the administration of the programs (including office space and utilities, program software, printing, postage, office equipment, etc.); and

WHEREAS, Management Partners, by conducting a rigorous analysis of the existing multi-family rental units that will be subject to the Ordinance, determined that approximately 11,076 rental units in the City would be subject to the Ordinance/Policies (and hence, subject to a Program Fee); and

WHEREAS, the costs associated with the administration and regulation of the Ordinance/Policies 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 originally developed by Management Partners and the City staff, are reasonable and accurate; and

WHEREAS, the Fee Study determined the costs attributable to the Ordinance/Policies are estimated for the remainder of the fiscal year to be \$744,059; and

WHEREAS, because Fiscal Year 2016/2017 will be the first fiscal year when the Ordinance/Policies will be in effect, it is necessary to add \$74,405 (10% of the estimated cost) as a contingency to create a working capital reserve as necessary in order to cover unanticipated costs associated with ramping up and/or changes to the Ordinance/Policies; and

WHEREAS, based on the Fee Study and the 10% contingency, City staff has recommended that the City Council establish a program budget of \$818,464 for the remainder of Fiscal Year 2016/2017 of \$818,464 and a Program Fee of \$74 per rental unit; and

WHEREAS, the Program Fee would be charged annually to rental property owners on a per rental unit basis and would be billed and paid by June, 2017 for Fiscal year 2016/2017 and billed July 1 for subsequent fiscal years; and

WHEREAS, the Ordinance provides that fifty percent (50%) of the Program Fee be passed on to the tenant in equal installments over the course of twelve (12) months (or \$3.00 per month), which amount would not be included as rent when calculating the allowable annual adjustment, as this would be consistent with many other rent control jurisdictions that impose a Program Fee on rental property owners; and

WHEREAS, if this Program Fee were not imposed on rental property owners and their tenants, the City's General Fund would absorb the cost to administer the various programs 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 August 30, 2016, adoption of this resolution is not subject to review under the California Environmental Quality Act.

NOW, THEREFORE, BE IT RESOLVED that the Council of the city of Santa Rosa authorizes:

Section 1. A Program Fee of \$74 is imposed on every rental property owner in the City of Santa Rosa for each rental unit subject to the Ordinance.

Section 2. This Program Fee will be evaluated from time to time and at least once every fiscal year to ensure that the Program Fee reflects the cost to administer the various programs under the Ordinance/Policies.

Section 3. This Resolution is effective immediately upon its adoption but it will not be operative until September 30, 2016.

BE IT FURTHER RESOLVED that the Council amends the City classification plan and salary plan for budgeted positions in the Rent Stabilization Program as follows:

- Add one (1) FTE Housing and Community Services Manager.
- Add one (1) FTE Administrative Analyst.
- Add one (1) FTE Senior Administrative Assistant.

BE IT FURTHER RESOLVED that the Council authorizes the City Manager to implement these changes consistent with the orderly and continual administration of the City's classification and salary plan.

BE IT FURTHER RESOLVED that the Council authorizes the Chief Financial Officer to increase appropriations in charge key 380310 by \$818,464.

IN COUNCIL DULY PASSED this 30th day of August, 2016.

AYES: (4) Council Members Carlstrom, Combs, Coursey, Wysocky

NOES: (2) Vice Mayor Schwedhelm, Council Member Olivares

ABSENT: (0)

ABSTAIN/

RECUSED: (1) Mayor Sawyer

ATTEST: _____
City Clerk

APPROVED: _____
Mayor

APPROVED AS TO FORM:

Interim City Attorney