



PASADENA RENTAL HOUSING BOARD

**REGULAR MEETING AGENDA
PASADENA RENTAL HOUSING BOARD
April 24, 2024
6:00 P.M.**

**ROBINSON PARK RECREATION CENTER, MULTI-PURPOSE ROOM
1081 N FAIR OAKS AVE, PASADENA, CA 91103**

NOTICE IS HEREBY GIVEN that a regular meeting of the Pasadena Rental Housing Board will be held on Wednesday, April 24, 2024, at 6:00 p.m., at the Robinson Park Recreation Center, Multi-Purpose Room, 1081 N Fair Oaks Ave., Pasadena, CA.



Ryan Bell, Chair

I HEREBY CERTIFY that this notice was posted in its entirety on the Internet at <https://www.cityofpasadena.net/commissions/pasadena-rental-housing-board/> at Pasadena City Hall in the rotunda, Council Chamber Bulletin Board Room S249, City Hall, 100 North Garfield Avenue, Robinson Park Recreation Center, 1081 N Fair Oaks Avenue, and a copy was distributed to Central Library for posting this 18th day of April, 2024, at 5:30 p.m., and that copies hereof were faxed or delivered to each member of the PRHB member, and to each local newspaper of general circulation, radio or television station requesting notice in writing, all of which recipients are identified on the distribution list set forth herein below.



Desiree Acosta
Recording Secretary

In compliance with the Americans with Disabilities Act, Assistive Listening Devices are available at all Pasadena Rental Housing Board Meetings. Assistive Listening headphones and neckloops can be checked out at the staff desk. To request meeting materials in alternative formats or other disability-related modifications or accommodations necessary to facilitate meeting participation, please contact the City Clerk's Office as soon as possible at (626) 744-4124 or cityclerk@cityofpasadena.net. Providing at least 72 hours advance notice will help ensure availability.

Spanish language translation services will be available at each meeting of the Pasadena Rental Housing Board.

Los servicios de traducción en español estarán disponibles en cada reunión de la Junta de Vivienda de Alquiler de Pasadena.

Additional language translation services are available for this meeting by calling (626)744-4124 at least 24 hours in advance.

Items on the agenda may not be called in order listed. Agendas and supporting documents are available on the Internet at <https://www.cityofpasadena.net/commissions/pasadena-rental-housing-board/>

*Materials related to an item on this Agenda submitted to the Pasadena Rental Housing Board **after** distribution of the agenda packet are available for public inspection in the City Clerk's Office at 100 N. Garfield Avenue, Room S-228, Pasadena, during normal business hours.*

**PUBLIC COMMENT AT THE PASADENA RENTAL HOUSING BOARD MEETING
FOR April 24, 2024 AT 6:00 P.M. WILL BE ACCEPTED IN-PERSON AND BY
VIDEOCONFERENCE/TELECONFERENCE.**

In order to facilitate public participation at meetings the Board will accept public comment in the following manner:

1. **In-person Meeting Participation**: Members of the public may provide public comment in person by submitting a speaker card prior to the start of public comment on that item.

If a public comment speaker wishes to speak on more than one agenda item, please indicate which items on the speaker card. Public comments are limited to 3 minutes each, and the Chair and Board may limit this time if reasonable under the circumstances.

2. **Virtual Meeting Participation**: For virtual participants, you may attend by connecting to the meeting using a computer, other electronic device, or by telephone. Please review the agenda to identify the published start time for the meeting and connect to the meeting just prior to, or at the start of the meeting.

To participate in public comment for an item and to be recognized to speak, members of the public may use the “raise hand” feature in the Zoom meeting. This will allow staff to locate and promote the speaker into the meeting when it is time for their public comment. Participants’ calls to the Pasadena Rental Housing Board meeting will be recorded as part of the meeting. By staying on the line and making public comment during the meeting by phone or electronic device, you are agreeing to have your call recorded. Following is the connectivity information for virtual participation:

Computer or electronic devices, join the meeting at:

<https://us02web.zoom.us/j/89816590299>

Telephone only dial-in: 1-669-900-6833, Meeting ID: 898 165 902 99

3. Members of the public may submit correspondence of any length prior to the start of the meeting, at the following email address:

cityclerk@cityofpasadena.net

Correspondence will be forwarded to the Board prior to the start of the meeting, posted online, and made part of the legislative record for the item.

**IF YOU NEED A REASONABLE MODIFICATION OR ACCOMMODATION PURSUANT
TO THE AMERICANS WITH DISABILITIES ACT
BECAUSE YOU ARE UNABLE TO PARTICIPATE ELECTRONICALLY AS SET FORTH
ABOVE, CONTACT THE CITY CLERK'S OFFICE
AS SOON AS POSSIBLE AT (626) 744-4124 OR
CITYCLERK@CITYOFPASADENA.NET.**



PASADENA RENTAL HOUSING BOARD

**REGULAR MEETING AGENDA
PASADENA RENTAL HOUSING BOARD
APRIL 24, 2024**

PUBLIC MEETING 6:00 P.M.

BOARD MEMBERS:

Ryan Bell, Chair, District 6/Tenant
Brandon Lamar, Vice Chair, District 3/Tenant
Deborah Dunlop, District 7/Tenant
Lourdes Gonzalez, At Large
Allison Henry, At Large
Emanuel Najera, District 1/Tenant
Barbara Pitts, District 4/Tenant
Dianne Romero Chavez, District 2/Tenant
Arnold Siegel, At Large
Yaneli Soriano Santiago, District 5/Tenant
Adela Torres, At Large

Peter Dreier, Alternate At Large
Aaron Markowitz, Alternate Tenant

In compliance with the Americans with Disabilities Act, Assistive Listening Devices are available at Pasadena Rental Housing Board Meetings. Assistive Listening headphones and neckloops can be checked out at with staff at the meeting. To request meeting materials in alternative formats or other disability-related modifications or accommodations necessary to facilitate meeting participation, please contact the City Clerk's Office as soon as possible at (626) 744-4124 or cityclerk@cityofpasadena.net. Providing at least 72 hours advance notice will help ensure availability.

*Spanish language translation services will be available at each meeting of the Pasadena Rental Housing Board.
Los servicios de traducción en español estarán disponibles en cada reunión de la Junta de Vivienda de Alquiler de Pasadena.*

Additional language translation services are available for this meeting by calling (626)744-4124 at least 24 hours in advance.

Items on the agenda may not be called in order listed. Agendas and supporting documents are available on the Internet at <https://www.cityofpasadena.net/commissions/pasadena-rental-housing-board/>

*Materials related to an item on this Agenda submitted to the Pasadena Rental Housing Board **after** distribution of the agenda packet are available for public inspection in the City Clerk's Office at 100 N. Garfield Avenue, Room S-228, Pasadena, during normal business hours.*

**REGULAR MEETING
AGENDA
PASADENA RENTAL HOUSING BOARD
April 24, 2024**

Public Meeting: 6:00 P.M.
Robinson Park Recreation Center
1081 N Fair Oaks Ave, Pasadena, CA 91103, Multi-Purpose Room

**PUBLIC MEETING – 6:00 P.M.
ROLL CALL**

PUBLIC COMMENT ON MATTERS NOT ON THE AGENDA

*Public comment will be limited to a total of **30 minutes** at the beginning of the meeting and will continue at the conclusion of the meeting, if necessary. Please limit comments to **3 minutes** each.*

APPROVAL OF MINUTES

OLD BUSINESS

1. PROPOSED REGULATIONS AMENDING CHAPTER 4 OF PRHB REGULATIONS TO ADDRESS PERMITTING ISSUES RELATED TO EVICTIONS FOR SUBSTANTIAL REPAIRS AND DEMOLITION

RECOMMENDATION: That the Pasadena Rental Housing Board adopt the following resolutions:

1. Find that the proposed actions are exempt from the California Environmental Quality Act (“CEQA”) pursuant to State CEQA Guidelines Section 15061(b)(3) (common sense exemption); and
2. A Resolution of the Rental Housing Board of Pasadena adopting an amendment to Chapter 4 (Just Cause for Eviction) of the Pasadena Rental Housing Board Regulations to address issues related to permits in Sections 1806(a)(8) and 1806(a)(10) of Article XVIII of the Pasadena City Charter.

NEW BUSINESS

INFORMATION ITEM

2. PRESENTATION ABOUT REGULATIONS RE: SECTION 8 HOUSING

3. RECOMMENDED FISCAL YEAR 2025 OPERATING BUDGET OF THE RENT STABILIZATION DEPARTMENT AND RENTAL HOUSING FEE

RECOMMENDATION: It is recommended that the board receive the report and consider whether to provide direction to staff.

4. DEPARTMENT DIRECTOR REPORT

5. AD HOC COMMITTEE UPDATES

A. COMMUNITY OUTREACH

B. POLICY AND PROGRAM DEVELOPMENT

C. EXECUTIVE DIRECTOR SEARCH

PUBLIC COMMENT – CONTINUED IF NECESSARY

FUTURE AGENDA ITEMS

ADJOURN

**PASADENA RENTAL
HOUSING BOARD**

APRIL 24, 2024

ITEM 1

**MEMORANDUM
AND RESOLUTION**

M David Kroot

Lynn Hutchins

Karen M. Tiedemann

Thomas H. Webber

Dianne Jackson McLean

Robert C. Mills

Isabel L. Brown

James T. Diamond, Jr.

Margaret F. Jung

Heather J. Gould

William F. DiCamillo

Amy DeVaudrevil

Barbara E. Kautz

Rafael Yaquián

Celia W. Lee

Dolores Bastian Dalton

Joshua J. Mason

Jeffrey A. Streiffer

Elizabeth R. Klueck

Jhaila R. Brown

Gabrielle B. Janssens

Rye P. Murphy

Benjamin Funk

Aileen T. Nguyen

Katie Dahlinghaus

Brandon V. Stracener

Matthew S. Heaton

Nazanin Salehi

Erin C. Lapeyrolerie

Minda Bautista Hickey

Jocelyn A. Portales

Colleen A. Wisel

Thomas J. Levendosky

Los Angeles

213 627-6336

San Diego

619 239-6336

Goldfarb & Lipman LLP

April 24, 2024

memorandum

To

Pasadena Rental Housing Board

From

Karen M. Tiedemann, General Counsel to the Board

Nazanin Salehi, General Counsel to the Board

RE

Proposed Regulations Amending Chapter 4 of PRHB Regulations to Address Permitting Issues Related to Evictions for Substantial Repairs and Demolition

RECOMMENDATION:

That the Pasadena Rental Housing Board adopt the following resolutions:

1. Find that the proposed actions are exempt from the California Environmental Quality Act (“CEQA”) pursuant to State CEQA Guidelines Section 15061(b)(3) (common sense exemption); and
2. A Resolution of the Rental Housing Board of Pasadena adopting an amendment to Chapter 4 (Just Cause for Eviction) of the Pasadena Rental Housing Board Regulations to address issues related to permits in Sections 1806(a)(8) and 1806(a)(10) of Article XVIII of the Pasadena City Charter.

BACKGROUND

The purpose of the Pasadena Fair and Equitable Charter Amendment (“Charter Amendment”) is to promote neighborhood and community stability, healthy housing, and affordability for renters in Pasadena, in part by regulating arbitrary evictions. To achieve this purpose, Section 1806(a) of the Charter Amendment prohibits a landlord from taking action to terminate a tenancy unless one of the enumerated “just cause” conditions exist. Two of the enumerated just cause conditions are:

- **Necessary and substantial repairs (Charter § 1806(a)(8)).** A Landlord may evict a Tenant where the Landlord seeks in good faith to undertake substantial repairs that are necessary to bring the Rental Unit into compliance with health, safety and habitability laws. The Landlord must obtain all necessary permits from the City before terminating the tenancy.

- **Withdrawal of the Unit Permanently from Rental Market (Charter § 1806(a)(10)).** Subject to limitations in the Charter Amendment, a Landlord may evict a Tenant where the Landlord seeks, in good faith, to withdraw all rental units on a property from the rental market. If demolition of the rental units is the purposes of the withdrawal, the Landlord must have received all needed permits from the City of Pasadena prior to serving any notice of termination on the tenants.

ANALYSIS

The Rental Housing Board previously adopted regulations related to various aspects of just cause evictions but deferred the provisions related to obtaining permits for evictions for substantial repairs and demolition so that additional information could be obtained from the City regarding the permitting process.

As has been discussed at prior Board meetings, the provisions of the Charter Amendment related to obtaining necessary permits before issuing notices of termination are not consistent with the City's permitting processes. First, the City does not issue demolition permits for residential units until such time as the units are vacant and utilities can be shut off. Because permits cannot be issued before the property is vacated, Landlords seeking to demolish residential units cannot comply with the terms of Charter Amendment requiring permits prior to issuing termination notices. Members of the Ad Hoc Policy Committee, Rent Stabilization Department staff, and the Board's consultants have met with staff of the City's Building and Planning and Community Development Departments several times to discuss the permitting process.

With regards to permits for substantial repairs, the Charter Amendment requires that the City independently confirm that the repairs to be undertaken necessitate the Tenant to vacate the Rental Unit because the work would render the unit uninhabitable for a period of not less than 30 days. The City does not have a standard for determining habitability currently.

At its March 27, 2024 meeting, the Board received a presentation on the proposed amendments to Chapter 4 (Just Cause for Eviction) of the PRHB Regulations to address these issues related to terminations for "necessary and substantial repairs" and "withdrawal from the rental market." At that meeting, Board received public comment and provided feedback. The Ad Hoc Policy Committee, Rent Stabilization Department staff and the Board's consultants reviewed the feedback.

After the March 27th Board meeting, Department staff and the Board's consultants had additional conversations with representatives from the City's Building and Planning and Community Development Departments. As a result of these conversations, changes were made to the proposed regulations as follows:

- Because of the nature of the permits that are issued where “necessary and substantial repairs” are to be undertaken, it was determined that the In-Lieu Permit process would not be necessary. **As such, the In-Lieu Permit process is now only applicable in cases where demolition is sought.**
- Previously, the regulations provided that the City’s confirmation of whether the repairs to be undertaken necessitate the Tenant to vacate the Rental Unit for a period of not less than 30 days would be done via the Verification Statement under the In-Lieu Permit process. However, the verification must be done in all instances where Landlord seeks to evict on the basis of “necessary and substantial repairs.” **Therefore, this verification is now a standalone requirement.**
- **A “Substantial Repair Confirmation Form” requirement was added,** requiring the confirmation that the repairs are of the type that require the Tenant to vacate the Rental Unit for a period of not less than 30 days to be memorialized on a form created by the Rent Stabilization Department. As such, Landlords may demonstrate compliance with the requirements of the Charter Amendment by including a copy of this form with termination notice(s).

FISCAL IMPACT:

At this time, the adoption of these regulations is not intended to impact the budget of the Pasadena Rental Housing Board.

ATTACHMENTS:

Attachment A – A RESOLUTION OF THE PASADENA RENTAL HOUSING BOARD ADOPTING AN AMENDMENT TO CHAPTER 4 (JUST CAUSE FOR EVICTION) OF THE PASADENA RENTAL HOUSING BOARD REGULATIONS TO ADDRESS ISSUES RELATED TO PERMITS IN SECTIONS 1806(a)(8) and 1806(a)(10) OF ARTICLE XVIII OF THE PASADENA CITY CHARTER

Attachment B – Staff Report from March 27, 2024

**PASADENA
RENTAL HOUSING BOARD
RESOLUTION NO. RHB-2024-XX**

A RESOLUTION OF THE PASADENA RENTAL HOUSING BOARD ADOPTING AN AMENDMENT TO CHAPTER 4 (JUST CAUSE FOR EVICTION) OF THE PASADENA RENTAL HOUSING BOARD REGULATIONS TO ADDRESS ISSUES RELATED TO PERMITS IN SECTIONS 1806(a)(8) and 1806(a)(10) OF ARTICLE XVIII OF THE PASADENA CITY CHARTER

WHEREAS, the purpose of the Pasadena Fair and Equitable Charter Amendment (“Charter Amendment”) is to promote neighborhood and community stability, healthy housing, and affordability for renters in Pasadena by regulating arbitrary evictions to the maximum extent permitted under California law; and

WHEREAS, Section 1806(a) of the Charter Amendment prohibits a Landlord from taking action to terminate a tenancy unless the Landlord provides the Tenant with written notice of the termination and enumerates a “just cause”; and

WHEREAS, Section 1806(a)(8) permits a Landlord to evict a Tenant where the Landlord, “after obtaining all necessary permits from the City of Pasadena,” seeks in good faith to recover the Rental Unit to undertake “necessary and substantial repairs”;

WHEREAS, Section 1806(a)(10) permits a Landlord to evict a Tenant where the Landlord seeks, in good faith, to withdraw all the Rental Units on the Property from the rental market, including in the case where the Landlord, after having “received all needed permits from the City of Pasadena” seeks to demolish~~tion~~ the Rental Unit(s);

WHEREAS, Section 1811(e)(2) authorizes the Rental Housing Board (“Board”) to establish rules and regulations for the administration and enforcement of any provisions of the Charter Amendment;

WHEREAS, the Board has determined that additional clarification, guidance and procedures are required for administration and enforcement of Section 1806(a), particularly with regard to terminations of tenancy for “necessary and substantial repairs” and “withdrawal from the rental market”;

WHEREAS, the Board held a publicly noticed meeting on March 27, 2024, and discussed and solicited public feedback on proposed procedures for administration and enforcement of the just cause for eviction provisions of the Charter Amendment related to permitting requirements;

WHEREAS, the Policy Ad Hoc Committee of the Board, Rent Stabilization Department staff, and the Board’s consultants reviewed all comments provided by the public and incorporated changes to the proposed procedures for administration and

enforcement related to permitting requirements in the just cause for eviction provisions of the Charter Amendment;

WHEREAS, the Rental Housing Board held a second publicly noticed meeting on April 24, 2024 and discussed and solicited additional public comment on the updated draft of the proposed procedures for administration and enforcement related to permitting requirements in the just cause for eviction provisions of the Charter Amendment;

NOW, THEREFORE, BE IT RESOLVED by the Pasadena Rental Housing Board that the regulations set forth in Exhibit A are hereby adopted.

The foregoing Resolution was regularly introduced and adopted at a Regular Meeting of the Rental Housing Board of the City of Pasadena, duly held on 24th day of April 2024, by the following vote:

AYES:

NOES:

ABSENT:

ATTEST:

DESIREE ACOSTA
RECORDING BOARD SECRETARY

RYAN J. BELL
CHAIR, RENTAL HOUSING BOARD

Exhibits): A. Amendment to Chapter 4 (Just Cause for Eviction) of Pasadena Rental Housing Board Regulations

EXHIBIT A
PASADENA RENTAL HOUSING BOARD REGULATIONS

Chapter 4 (Just Cause for Eviction) of the Pasadena Rental Housing Board Regulations is amended to add Section C as follows:

C. No-Fault Just Causes Requiring Permits.

1. **Purpose.** Charter Amendment Section 1806(a)(8)(Necessary and Substantial Repairs Requiring Temporary Vacancy) permits the eviction of a Tenant where the Landlord, after having obtained “all necessary permits from the City of Pasadena,” seeks in good faith to undertake substantial repairs that are necessary to bring the Covered Rental Unit into compliance with all applicable healthy and safety laws and that have been independently verified by the City to require the Tenant(s) to vacate for at least thirty (30) days. Charter Amendment Section 1806(a)(10) (Withdrawal of the Unit Permanently from Rental Market) permits an owner to evict a Tenant where the Landlord seeks to withdraw all of the Rental Units in the Property from the rental market; if demolition is the purpose of the withdrawal, then the Landlord can only evict the Tenants after having received “all needed permits from the City of Pasadena.”

2. **In-Lieu Permit for Demolition.** For the purposes of Charter Amendment Section (a)(10), if the Landlord is unable to obtain “all needed permits” from the City because vacation of the building or shut off of one (1) or more utilities that require the Tenants to vacate is a prerequisite to issuance of the permit, then the Landlord shall instead submit a Request for an In-Lieu Permit to the Rent Stabilization Department, on a form provided by the Rent Stabilization Department.
 - a. **Request Requirements.** At a minimum, the Request for In-Lieu Permit shall include the following:
 - i. **Project Information.** A description of the project and the expected date by which the Property will be demolished.
 - ii. **Landlord Declaration.** A signed and notarized declaration by the Landlord, under penalty of perjury, that they have (i) submitted one (1) or more application(s) to the relevant City departments for “all needed permits” and (ii) intend to follow through with the demolition of the Property, on a form provided by the Rent Stabilization Department.
 - iii. **Verification Statement.** A signed statement from an official of the City of Pasadena’s Planning & Community Development

Department, or other responsible City department, on a form provided by the Rent Stabilization Department, verifying that (i) the Landlord has submitted the application(s) and received approval for the permits or plans indicated on the Request for In-Lieu Permit; (ii) that the Landlord has paid all of the fees due (as determined by the Planning & Community Development); and (iii) their Department is unable to issue a demolition permit to the Landlord prior to the vacation of the Property by all occupants and/or the shut off of one (1) or more utilities that require the Tenants to vacate the Property.

- Notwithstanding the foregoing, the Rent Stabilization Department may, in its sole discretion, waive the requirement that a Landlord submit a Verification Statement if it is able to directly obtain and verify the information that would be provided in the Verification Statement from the City of Pasadena's Planning & Community Development Department, or other responsible City department.

- b. **Determination and Issuance.** The Rent Stabilization Department will review the Request for In-Lieu Permit within twenty (20) business days after receipt of the request.
- i. **Complete.** If the information in the Request for In-Lieu Permit is complete, the Rent Stabilization Department, will issue an In-Lieu Permit, in a form authorized by the Rent Stabilization Department, within ten (10) business days after completing its review.
- ii. **Incomplete.** If the information in the Request for In-Lieu Permit is incomplete, the Rent Stabilization Department, will inform the Landlord of the information that is missing. Upon resubmission of the Request for In-Lieu Permit, the timeline set forth in this Section 3(b) shall restart.
- c. **Satisfaction of Charter Amendment Requirement.** The In-Lieu Permit shall be sufficient to satisfy the requirements of Charter Amendment Section 1806(a)(10) and shall allow the Landlord to issue a notice of termination of tenancy in accordance with ~~that section~~neither of these sections.
- d. **Copy of Permit(s).** Regardless of the type of permit that the Landlord obtains, the Landlord seeking to terminate a tenancy or otherwise recover possession of a Covered Rental Unit based on Charter Amendment Section 1806(a)(10) shall include a copy of the

permit(s) with the notice(s) of termination of tenancy served on all affected Tenant(s).

3. **Confirmation of Necessary and Substantial Repairs.** Where the Landlord seeks to terminate the tenancy or otherwise recover possession of a Covered Rental Unit on the basis of Charter Amendment Section 1806(a)(8) (Necessary and Substantial Repairs Requiring Temporary Vacancy), the responsible City Department shall also confirm that the repairs to be undertaken by the Landlord are (i) necessary to bring the Rental Unit into compliance with applicable health and safety codes and/or laws and (ii) of the type that require the Tenant to vacate the Covered Rental Unit for a period of thirty (30) days or more.
 - a. **Substantial Repair Confirmation Form.** The required confirmation shall be memorialized on a form created and provided by the Rent Stabilization Department.
 - b. **Copy of Permits and Confirmation.** A Landlord seeking to terminate a tenancy or otherwise recover possession of a Covered Rental Unit based on Charter Amendment Section 1806(a)(8) shall include a copy of all necessary permit(s) and a copy of the Substantial Repair Confirmation Form with the notice(s) of termination of tenancy served on all affected Tenant(s).
4. **Deadlines Directory.** All deadlines in this Section are directory, not mandatory. Any failure by the Rental Housing Board, Rent Stabilization Department, or their designees, to act in accordance with this Section C and the deadlines set forth herein shall not result in automatic issuance of an In-Lieu Petition and shall not authorize a Landlord to terminate a tenancy without receipt of all necessary or needed permits.

**PASADENA RENTAL
HOUSING BOARD**

APRIL 24, 2024

ITEM 3

MEMORANDUM



RENT STABILIZATION DEPARTMENT

April 24, 2024

TO: Pasadena Rental Housing Board

FROM: Phillip Leclair, Interim Executive Director 
Rent Stabilization Department

SUBJECT: RECOMMENDED FISCAL YEAR 2025 OPERATING BUDGET OF THE RENT STABILIZATION DEPARTMENT AND RENTAL HOUSING FEE

RECOMMENDATION: It is recommended that the Board receive the report and consider whether to provide direction to staff.

BACKGROUND:

The Rent Stabilization Department (RSD) was created in December 2023 to support the Pasadena Rental Housing Board (PRHB) duties to regulate rent increases on certain rental properties in the city, provide eviction protections, and carry out the other duties set forth in the Pasadena Fair & Equitable Housing Charter Amendment (Charter Amendment) approved by Pasadena voters in November 2022.

Section 1811 (e)(10) of the Charter Amendment empowers the PRHB to establish a budget for the reasonable and necessary implementation of the provisions of the Article and charge fees in an amount sufficient to support the budget.

The remainder of the report outlines the proposed operating budget for the RSD and the Rental Housing Fee for Fiscal Year 2025 (FY2025), July 1, 2024 through June 30, 2025, to implement the provisions of the Charter Amendment. The report also highlights the RSD's responsibilities, recent accomplishments, anticipated expenditures, staffing needs, and future outlook.

Budget Approval Process

Staff plans to present the final recommended operating budget and Rental Housing fee to the Board for approval at a future meeting in May 2024. Upon approval by the Board, the budget will be submitted to the City Council for adoption alongside other budgets in June. Additionally, RSD staff will present the operating budget to the Economic Development & Technology Committee of the City Council, scheduled for May 21, 2024.

Department Responsibilities

RSD is responsible for:

- Enforcing rent stabilization laws: Implementing policies and procedures to prevent unfair rent increases, eviction, and other habitability violations while ensuring rental-property owners receive a fair return on investment in accordance with the Charter Amendment.
- Assisting tenants and landlords: Provide counseling and guidance to empower tenants and landlords to understand their rights and responsibilities and navigate PRHB processes for petitions, hearings and accessing other city services.
- Collecting and analyzing data: Comprehensive data on rents, housing availability, and other data to inform policy decisions, and enforce regulations.
- Engaging in community outreach and education: Collaborative initiatives with community organizations will educate tenants and landlords about their rights and responsibilities under Pasadena's rent stabilization law (Charter Article XVIII).
- Support the PRHB to fulfill its policy development functions, processes and facilitate public meetings.

Fiscal Year 2024 (FY2024) Accomplishments

RSD accomplishments anticipated before the end of FY2024:

- Established the Rent Stabilization Department in December 2023 to support the Pasadena Rental Housing Board and implement the Pasadena Fair and Equitable Housing Charter Amendment.
- Launched the RSD website to provide information and resources to the community.
- Hired initial support staff to assist with setting up RSD operations.
- Aided in the recruitment of a permanent Department Director to lead the team.
- Initiated the implementation of the Rental Registry Database to collect residential rental property information.
- Held multiple community workshops aimed at tenants and landlords.
- Participated in multiple community events to provide information and resources directly to the community.
- Expanded communication and outreach efforts, growing the department's mailing list to keep the community informed.
- Completed an average of over 150 monthly housing counselor interactions, providing support to both tenants and landlords.
- Supported the Pasadena Rental Housing Board in developing and implementing adopted regulations.
- Secured office space and began build-out of office and technology infrastructure to support RSD operations.

Fiscal Year 2025 Recommended Operating Budget

To effectively fulfill its mission, the RSD recommends an operating budget of \$4,696,732 and authorization to add eight new full-time equivalent employees (8.0 FTE), that will increase the number of FTE in the department to 17.0 FTE total. Funding for the department will be provided by revenues collected from the Rental Housing Fee of \$214.71 on all rental units subject to the Charter Amendment. The budget allocation breaks down as follows:

Summary of Appropriations by Expense Category & FTEs

Category	FY 2025 Recommended
Personnel	\$ 2,249,582
Services & Supplies	\$ 1,596,327
Internal Service Charges	\$ 760,823
Capital Outlay	\$ 90,000
Grand Total	\$ 4,696,732

FTE

17.0

Summary of Revenues

	FY 2025 Recommended
Rental Housing Fee (31,316 units x \$214.71) ⁽¹⁾	\$ 6,723,880
Grand Total	\$ 6,723,880

⁽¹⁾ The recommended Rental Housing Fee includes \$1.8M in estimated expenses that are anticipated to occur in the current fiscal year (FY2024). All revenues to support the start-up of the new Department in FY2024 as well as the operating expenses for FY2025 year are incorporated into the FY2025 Rental Housing Fee.

Budget Discussion

The initial budget for RSD in FY2024 year was developed with limited information due to the department's newness. The budget anticipated expenditures for establishing the Rental Registry database, hiring staff, supporting communication and outreach needs, securing office space, and implementing other startup infrastructure. Staff estimates that approximately 63% of these anticipated expenditures will be made by the end of FY2024.

The positive variance (higher-than-expected unspent funds) is due to several factors:

- Delays in onboarding new staff
- A slower buildout of office and technology infrastructure
- Delayed expenses related to the implementation of the Rental Registry database

Most of these expenditures are still necessary and are included in the recommended budget for FY2025.

The table below shows the FY2024 adopted budget and projected expenses through June 30, 2024:

Expenses	FY24 Budget	FY24 Actuals as of 4/1/24	FY24 Projected Expenses	Estimated Percentage Spent
Personnel	\$1,005,426	\$312,894	\$640,823	64%
Services & Supplies	\$1,431,500	\$571,486	\$830,000	58%
Capital Outlay	\$90,000	\$0	\$0	0%
Internal Services	\$349,306	\$62,374	\$349,306	100%
Total Budget	\$2,876,232	\$1,097,243	\$1,820,129	63%

In developing the next fiscal year budget, staff considered several factors:

- Actual expenditure data from the current fiscal year.
- Expenditures that were not made in the current fiscal year (unspent funds).
- Anticipated costs for materials and supplies.
- A revised staffing projection based on expected service levels.

New services requested by the PRHB and recommended by staff are incorporated into the budget:

- Legal Services Program (\$100,000): This program will involve hiring outside counsel to represent low-income tenants and support their right to legal counsel. If the program is successful, the recommended funding for these services could be increased to approximately \$250,000 in future years.
- Relocation Assistance Services (\$20,000): This service will provide referrals and resources to tenants and landlords facing no-fault evictions.
- Hearing Officer Services (\$200,000): Additional support for the timely processing of petitions, hearings, and appeals. These on-call services would serve two purposes:
 - Fine-tuning departmental processes: The early use of on-call Hearing Officers would allow the department to refine its internal procedures for handling hearings and petitions.
 - Addressing high levels of demand: The on-call service would provide a flexible solution to manage potential surges in requests.

The cost of the on-call Hearing Officer contract is expected to be offset by delaying the hiring of one permanent Hearing Officer, which is reflected in the budget.

In the long-term, as the department gains a clearer understanding of its sustained workload, the use of on-call services may be more effective than hiring additional

Hearing Officers. Studying this need will be part of a future evaluation triggered by workload increases.

- **Cost of Service Study (\$10,000):** The study will ensure the long-term financial sustainability of the RSD by accurately quantifying the resources needed to fulfill the Charter Amendment's requirements. To conduct this study, staff proposes engaging an experienced firm to perform a comprehensive Cost of Service Study. The study will leverage all relevant data collected to date, along with future projections, to provide a data-driven and transparent assessment of the RSD's financial needs. This data-driven approach will ensure the department operates efficiently, effectively fulfills its duties, and remains financially sustainable in the long term.

Personnel

RSD has begun hiring new staff and expects to fill approximately nine full-time positions by the end of FY2024. To launch operations, support ongoing activities, open the process for petitions and hearings, and complete the workplan outlined in this budget, the department will need to hire an additional 8.0 FTE in FY2025.

The table below shows those positions currently authorized and new positions recommended for FY2025.

POSITION	FTE
Department Director	1.0
Executive Assistant	1.0
Program Coordinator III	2.0
Housing Counselor (Program Coordinator I)	3.0
Senior Hearing Officer	1.0
Senior Customer Service Representative	1.0
Management Analyst IV	1.0 - New
Management Analyst III	1.0 - New
Housing Counselor (Program Coordinator I)	1.0 - New
Public Information Specialist	1.0 - New
Hearing Officer	2.0 - New
Legal Assistant	1.0 - New
Customer Service Representative	1.0 - New
Deputy City Attorney ⁽²⁾	
Board Members (13)	
FTE Total	17.0

⁽²⁾ The Deputy City Attorney position is budgeted in the City Attorney's Office and dedicated 100% to RSD. Funding for the Deputy City Attorney are supported by Rental Housing Fees.

Two technology related positions were authorized in FY2024 to support the technology needs of the department. These positions are budgeted in the Department of Information Technology. Services and costs provided by these positions are included in the Internal Service Charges.

Services & Supplies

The recommended FY2025 budget includes the continuation of technology infrastructure and software implementation efforts that were not completed in FY2024. Ongoing costs are also included to cover technology costs and operational needs, such as office rent, consultant services and supplies.

The table below outlines the major categories of services included in the department budget:

Services & Supplies	FY 25 Recommended
Consultant/Professional Services	
Outside Legal Counsel	\$ 225,000
Language Translation services	\$ 75,000
Cost of Service Study	\$ 10,000
Hearing Officer Services	\$ 200,000
Legal Services Program	\$ 100,000
Relocation Assistance Services	\$ 20,000
Software Subscriptions & Maintenance	
Rental Registry Software & Implementation	\$ 150,000
Other Software	\$ 25,000
Outreach Activities	
Communications, Marketing, Advertising	\$ 120,000
Printing	\$ 20,000
Postage	\$ 15,000
Materials & Supplies	\$ 30,000
Dues, Memberships, Professional Subscriptions	\$ 5,000
Training Costs	\$ 15,000
Conference & Meetings	\$ 7,000
Lease (Office Rent)	\$ 280,000
Insurance	\$ 24,327
Office Technology Infrastructure	\$ 275,000
Subtotal	\$ 1,596,327

Internal Service Charges

Internal service charges are the annual costs to integrate RSD into the City's existing infrastructure and systems for revenue collection, procurement, human resources, general legal support, and IT services. The Finance Department and Department of Information Technology have calculated RSD's estimated share – its "pro-rata" cost – for all the shared services. This approach ensures all City departments contribute fairly to the maintenance and operation of these shared services.

Internal Services	
Cost Allocation Plan (CAP) - Human Resources, Finance, General Legal	\$ 342,657
Department of Information Technology Services	\$ 418,166
Subtotal	\$ 760,823

Revenues

The Charter Amendment specifies the Rental Housing Board will fund its operations through an annual fee levied on each rental unit.

Fee collection is anticipated to begin around August 1, 2024, coinciding with the forecasted launch date of the Rental Registry database. This timing ensures the most effective collection method by aligning it with the annual registration process (assuming no unforeseen issues arise).

FY2025 Rental Housing Fee Calculation

The Rental Housing Fee for FY2025 encompasses three expenses:

1. FY2025 Recommended Operating Budget: This refers to the recommended operating budget outlined in this report.
2. Uncollected FY2024 Operating Expenses: These are FY2024 costs that were part of the initial startup of the department and were not collected due to the delayed launch of the Rental Registry database.
3. Revenue for Specific Budgeted Positions: This includes funding for positions outside the RSD department, with the Deputy City Attorney position serving as the only example for this fiscal year.

Simplifying Fee Collection

To streamline the process, staff proposes deferring the collection of the separate FY2024 Rental Housing Fee of \$91.85. Instead, the combined expenses for both FY2024 and FY2025 will be used to calculate the new, single FY2025 Rental Housing Fee.

Revenues	FY 25 Recommended
Rental Housing Fee (Estimated 31,316 Rental Units @ \$214.71)	\$ 6,723,880
FY2025 Operating Expenses – RSD	\$ 4,696,732
FY2024 Prior Year Operating Expenses - RSD	\$ 1,820,129
Other Budgeted Positions ⁽³⁾	\$ 207,019
Grand Total	\$ 6,723,880

⁽³⁾ The Deputy City Attorney position is budgeted in the City Attorney’s Office and dedicated 100% to RSD. Funding for the Deputy City Attorney are supported by Rental Housing Fees.

Future Outlook

The FY2025 key initiatives for RSD as the department builds up operations and services:

- **Maturing RSD Operations**
 - Complete build-out of RSD office space and technology infrastructure.
 - Continue hiring and onboarding staff.
 - Implement petition and hearing processes.
 - Develop internal processes and policies.
 - Contracting for Hearing Officer Services.
 - Conduct a Cost of Service study.
 - Ensure multi-language and accessibility are incorporated into all services.
- **Implement the Rental Registry Database.**
 - Develop the Rental Registry outreach plan and conduct workshops throughout the year to assist landlords with registering rental units.
- **Tenant & Landlord Counseling and Support**
 - Expand counseling and support services to include in-person appointments.
 - Offer ongoing educational workshops on tenant rights and landlord responsibilities.
 - Create robust communication channels for receiving and processing inquiries.
 - Contract for basic legal services to be provided to tenants in need.
 - Contract for relocation assistance services to be offered to both landlords and tenants during a no-fault eviction.
- **Outreach and Education**
 - Expand existing efforts to develop communication materials and public awareness campaigns. These efforts will inform landlords and tenants about the Charter Amendment and the role of RSD.
 - Support community meetings and workshops on tenant rights and landlord responsibilities.

- Partner with housing advocacy organizations to provide referrals to support services.
- Supporting the PRHB with Policy Development
 - Review existing rent stabilization laws and regulations.
 - Implement policies and procedures for handling hearings and petitions.
 - Develop and implement data collection and management systems.
 - Complete the implementation of all adopted regulations.

RSD anticipates a future marked by growth and service to Pasadena. As the department refines processes and expand outreach, support for additional strategic investments will be needed to ensure efficiency.

- **Workload Increase:** Public awareness of the department and the Charter Amendment will lead to more inquiries from tenants and landlords. Streamlining internal processes and launching new initiatives may require additional staffing.
- **Data-Driven Decisions:** Strengthening data collection practices will provide valuable insights on rent trends and service utilization. Investing in data analysis tools will translate raw data into actionable information for policy and resource allocation decisions.
- **Fiscal Responsibility:** Being committed to ensuring the financial sustainability and value of RSD programs and services to the community. Regular performance reports will detail activities, expenditures, and performance metrics to the Pasadena Rental Housing Board (PRHB) and City Council.

These investments will enable the RSD to:

- Manage caseloads effectively and provide timely services.
- Develop a comprehensive database for informed decision-making.
- Support the PRHB in achieving the Charter Amendment's goals.
- Foster a stable and equitable rental housing market in Pasadena.

By investing strategically, the RSD is committed to building a sustainable and responsive department that serves the community well into the future.