



Rent Stabilization Department

# Rent Stabilization Department Operating Budget FY2025

April 24, 2024





# Background

Rent Stabilization Department

- Charter Amendment authorizes the Board to:
  - > Establish a budget for the reasonable and necessary expenses for implementation of the provisions of the Charter Amendment (Measure H)
  - > Charge fees to landlords in an amount sufficient to support the Board's adopted budget (Rental Housing Fee)



# Background

## Rent Stabilization Department

- Current FY 2024 Operating Budget
  - > Period covers July 1, 2023 – June 30, 2024
  - > Initial budget developed with limited historical information
  - > Anticipated expenditures for building the foundations of the department:
    - Establishing the Rental Registry database
    - Hiring initial staff
    - Supporting communication and outreach needs
    - Securing office space
    - Implementing other startup infrastructure



# Background

## Rent Stabilization Department

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%
<b>Total Budget</b>	<b>\$2,876,232</b>	<b>\$1,097,243</b>	<b>\$1,820,129</b>	<b>63%</b>

- Expecting to underspend FY 2024 budget
  - > Delays in onboarding new staff
  - > A slower buildout of office and technology infrastructure
  - > Delayed expenses related to the implementation of the Rental Registry database



# Background

Rent Stabilization Department

- FY2025 Operating Budget Strategy
  - > Budget development considered:
    - Actual expenditures 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
  - > Includes Board requested programs and services
  - > Includes additional staff recommendations



# New Programs & Services

## Rent Stabilization Department

1. Legal Services Program (\$100,000): Outside counsel to represent low-income tenants.
2. Relocation Assistance Services (\$20,000): Provide relocation assistance services to tenants and landlords during no-fault evictions.
3. Hearing Officer Services (\$200,000): Support timely processing of petitions, hearings, and appeals. Costs off-set by delayed hiring of permanent Hearing Officer staff
4. Cost of Service Study (\$10,000): Ensure long-term financial sustainability of the RSD by accurately quantifying the resources needed to fulfill the Charter Amendment's requirements.



# FY2025 Operating Expenses

Rent Stabilization Department

Category	FY 2025	
	Recommended	
Personnel*	\$	\$2,249,582
Services & Supplies	\$	\$1,596,327
Internal Service Charges	\$	\$760,823
<b>Grand Total</b>	<b>\$</b>	<b>\$4,696,732</b>

Full-time Equivalents  
(FTE)

17.0

\* Excludes Deputy City Attorney that 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.



# Expense Cost Drivers

## Rent Stabilization Department

<b>Category</b>	<b>Notes</b>	<b>FY2025 Recommended</b>	<b>Percent</b>
<b>Personnel</b>		\$2,249,582	48%
17.0 FTE		\$2,099,632	93%
Board Compensation		\$149,950	7%
<b>Services &amp; Supplies</b>		\$1,596,327	34%
Consultant/Professional Services		\$630,000	39%
Computer Related Supplies		\$275,000	17%
Software - Rental Registry		\$175,000	11%
Outreach Activities		\$155,000	10%
Office Rent		\$280,000	18%
Other O&M		\$81,327	5%
<b>Internal Service Charges</b>		\$760,823	16%
CAP (Finance, HR, General Legal)		\$342,657	45%
IT Services		\$418,166	55%
<b>Capital Outlay</b>		\$90,000	2%
Office Equipment		\$90,000	100%
	<b>Grand Total<sup>8</sup></b>	<b>\$4,696,732</b>	<b>100%</b>





# FY2025 Revenue Projection

Rent Stabilization Department

<b>Revenues</b>	<b>FY 25 Recommended</b>
FY2025 Operating Expenses – RSD	\$ 4,696,732
FY2024 Prior Year Operating Expenses - RSD	\$ 1,820,129
Other Budgeted Positions*	\$ 207,019
<b>Grand Total</b>	<b>\$ 6,723,880</b>

\* Deputy City Attorney 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.



# FY2025 Rental Housing Fee

Rent Stabilization Department

Total Revenues	Total Number of Rental Units	Rental Housing Fee Per Unit
\$ 6,723,880	31,316	\$ 214.71

- Simplify Fee Collection:

- > Recommend deferring collection of FY 2024 Rental Housing Fee of \$91.85 and combine FY2024 and FY2025 operating expenses to calculate new single FY2025 Rental Housing Fee of \$214.71



# FY2025 Workplan

## Rent Stabilization Department

- Complete build-out of RSD office space and technology infrastructure.
- Continue hiring and onboarding staff.
- Implement core processes for petitions, hearings, and internal operations.
- Contract for essential services including Hearing Officers and legal aid.
- Conduct a Cost of Service study to determine fair rental housing fees.
- Ensure all services are accessible in multiple languages.



# FY2025 Workplan

## Rent Stabilization Department

- Implement the Rental Registry Database and conduct outreach programs.
- Expand counseling services to include in-person appointments.
- Offer ongoing educational workshops on tenant rights and landlord responsibilities.
- Establish robust communication channels for inquiries and support.
- Offer relocation assistance services for no-fault evictions.
- Develop partnerships with housing advocacy organizations.



# Next Steps

## Rent Stabilization Department

- Staff will return to Board in May 2024 for approval of FY 2025 Operating Budget and Rental Housing Fee incorporating any Board feedback
- Staff will present adopted budget to EdTech Committee of City Council on May 21<sup>st</sup>
- City Council expected to adopt RSD budget by June 17 along with entire City Budget



# Questions

Rent Stabilization Department

## Questions ?