Acevedo, Gloria

Subject: RE: Finance Comittee meeting 2/24 - General public comment

From: Adam Bray-Ali
Sent: Sunday, February 23, 2025 10:35 PM
To: cityclerk <cityclerk@cityofpasadena.net>
Cc: Hawkesworth, Matthew <mhawkesworth@cityofpasadena.net>
Subject: Finance Comittee meeting 2/24 - General public comment

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Good evening Finance committee members.

I am writing to remind you that the Pasadena Rental Housing Board has an obligation to repay $500,000 to the city funds received from the COVID-Era ARPA funds that should be requested from the appointed Rental Housing Board and their Rental Stabilization Department by the City Council

In May 2023 your committee and the City Council advanced $500,000 to the Pasadena Rental Housing Board for their start up costs. The Board has completed a number of steps towards their budget and revenue process and announced that they collected $3.1M as of early January with an additional incoming revenue of approximately 27% more, (it is not clear if this reflects individual dwellings or properties that may have more than one dwelling). Their February 6, 2025 meeting report had a note in the Director's report about the percentages and the February 20th Agenda did have more details on the revenue received as well as spending estimates but that agenda/report was removed from their webpage when they cancelled the meeting last week.

Here is the link to the Feb 6th report (page 38 onward)
https://www.cityofpasadena.net/commissions/wp-content/uploads/sites/31/2025-02-06-PRHB-AGENDA-PACKET.pdf?v=1740378413760

Charter Amendment 18 includes definitive statements about the city providing start-up funds and for the city to recover those funds once the Rental Housing Board has funds for their operations. I've highlighted this in bold below.

The City should be requesting these funds to be properly accounted for and repaid. The proponents of Measure H promised the residents of Pasadena that the entire cost of implementing this charter amendment would be paid by property owners who rent out legal dwellings in Pasadena.

Sincerely,
Adam Bray-Ali

Measure H, now Chapter 18 of the City includes the following paragraphs:

(l)

Financing. The Rental Board shall finance its reasonable and necessary expenses, including without limitation engaging any staff as necessary to ensure implementation of this Article, by charging Landlords an annual Rental Housing Fee as set forth herein, in amounts deemed reasonable by the Rental Board in accordance with applicable law. The Rental Board is also empowered to request and receive funding when and if necessary from any available source, including the City of Pasadena, for its reasonable and necessary expenses.

(1)

Rental Housing Fee. All Landlords shall pay a Rental Housing Fee on an annual basis. The first Rental Board convened after the effective date of this Article shall determine the amount of the Rental Housing Fee. The amount of the Rental Housing Fee may differ between Rental Units subject to the entirety of this Article and those that are partially exempt. The Rental Board may adjust the amount of the Rental Housing Fee at its discretion to ensure full funding of its reasonable and necessary expenses, in accordance with all applicable law.

(A)

Pass-Through to Tenants. No portion of the Rental Housing Fee may be passed through to Tenants. The Rental Housing Fee may be claimed as an operating expense for the purpose of a Petition for Individual Rent Adjustment.

(2)

City to Advance Initial Funds. During the initial implementation of this Article, the City shall advance all necessary funds to ensure the effective implementation of this Article, until the Rental Board has collected Rental Housing Fees sufficient to support the implementation of this Article. The City may seek reimbursement of any advanced funds from the Rental Board after the Rental Housing Fee has been collected. Reimbursement of the City shall not take precedent over the normal and reasonable operating costs of the Rental Board.

Agenda Report

May 8, 2023

TO: Honorable Mayor and City Council

FROM: Department of Finance

SUBJECT: **ADVANCEMENT OF FUNDS FOR THE INITIATION OF THE PASADENA RENTAL HOUSING BOARD**

RECOMMENDATION:

It is recommended that the City Council:

1. Find that the proposed action is not a project subject to the California Environmental Quality Act (CEQA) pursuant to Section 21065 of CEQA and Sections 15060(c)(2), 15060(c)(3), and 15378 of the State CEQA Guidelines and, as such, no environmental document pursuant to CEQA is required; and

2. Approve the advancement of funds from the General Fund, up to an initial amount of $500,000 for start-up costs related to the initiation of the Pasadena Rental Housing Board.

BACKGROUND:

Pasadena City Charter Article XVIII requires the creation of a Rental Housing Board (Board). Per Charter Section 1811(a) and (j), the Board is comprised of eleven members and two alternates that are to be compensated per hour for meetings attended. Additionally, Section 1811(l)(2), requires the City to advance the necessary funds to ensure the effective implementation until the Board has collected enough fees to support implementation.

Since the City is required to advance funds to ensure implementation, which would include paying Board members and providing legal and administrative support until the Board gets up and running, the recommended action includes approving the advance of up to $500,000 in initial funding. Accounting for the Board's operations will be managed in its own fund within the City's accounting structure and the advance from the City's General Fund will be done as needed based on expenditures. The Board is required to establish a budget for the reasonable and necessary implementation of the Charter provisions and City staff will return to the Finance Committee with regular updates on the status of the advance. The City Attorney's impartial analysis that was provided with the ballot

MEETING OF 05/08/2023 AGENDA ITEM NO. 18

Measure, establishing the Charter amendment, provided an estimate of $310,000 for startup costs and $5,453,460 in annual costs. If additional funds are required to be advanced, City staff will return to the City Council for authorization.

Additionally, it is anticipated that these funds are an advance, and a loan repayment agreement will be approved, once the Board is operational.

COUNCIL POLICY CONSIDERATION:

The City Council's strategic planning goal of maintaining fiscal responsibility and

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Adam Bray-Ali
Coldwell Banker Residential Brokerage