



# CITY OF HAYWARD

Hayward City Hall  
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## Cover Memo

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**File #:** PH 23-015, **Version:** 1

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**DATE:** March 28, 2023

**TO:** Mayor and City Council

**FROM:** Assistant City Manager

### **SUBJECT**

Fiscal Year 2024 Master Fee Schedule: Adopt a Resolution Amending the Fiscal Year 2024 Master Fee Schedule to Update the Fees Associated with Administration of the Residential Rent Stabilization and Tenant Protection Ordinance, and Finding that the Action is Exempt from CEQA Review

### **RECOMMENDATION**

That the City Council adopts a resolution (Attachment II) authorizing the amendment to the resolution adopted March 21, 2023, for the City of Hayward Fiscal Year 2024 Master Fee Schedule associated with the administration of the Residential Rent Stabilization and Tenant Protection Ordinance.

### **SUMMARY**

Hayward City Council adopted the Residential Rent Stabilization and Tenant Protection Ordinance (RRSO) in July 2019. The RRSO includes Section 12-1.17, which establishes that the costs of administering the RRSO shall be reimbursed in full through the imposition of a rent stabilization fee, paid annually with an amount recommended to Council by the City Manager and Housing Division. When the RRSO was adopted, Council authorized fees of \$40 per Covered Rental Unit and \$19 per Rental Unit. Covered Rental Units have a higher per unit fee because they are covered under the rent increase threshold and rent dispute resolution provisions of the RRSO, which requires additional staff and consultant work to administer. Owners of Covered Rental Units may pass through half the cost of the fee to the tenants. Owners of Rental Units are not restricted by the City's RRSO on increases that may cover the cost of the fee, though they may be subject to a State rent increase threshold.

The annual fee has not been increased since it was established in July 2019. The fee was developed based on best estimates for the number of Covered Rental Units and Rental Units in the City and the anticipated costs of implementing the RRSO. Since then, City Council adopted the Tenant Relocation Assistance Ordinance (TRAO) without an increase in fees to cover administrative costs. In recent years, administrative expenses have exceeded collected revenues. Staff has not recommended fee increases since FY 2020 due to increased economic constraints experienced by tenants and property owners during the peak of the COVID-19 pandemic. Other non-restricted housing funds were used to offset the RRSO and TRAO administration costs; however, it is no longer feasible to use other revenue funds to offset expenses.

Staff proposes increases to both the Covered Rental Unit and Rental Unit fees to account for the following administration expenses, which have substantially increased since the RRSO was adopted:

- **Adjust staffing allocation to reflect actual time:** City staff are currently allocating hours to the Rent Stabilization Fund that significantly exceed the planned allocation due to the substantial demand on staff time for implementing the RRSO and TRAO. By increasing staffing from 2.78 FTE to 4.0 FTE, the City will be able to meet the full administrative obligation of the RRSO and TRAO.
- **Increase consultant capacity:** The City contracts with the non-profit Project Sentinel to manage the rent dispute resolution process, develop implementation resources and tools, and provide outreach and education support to Hayward community members. They have not increased their rates in several years and the City has seen an increase in petitions of nearly 50% from the first year of implementation to the most recent fiscal year. Increasing the contract with Project Sentinel will account for inflation and increased petition volume.
- **Increase marketing efforts:** Through participation in the national 18-month Eviction Prevention Learning Lab, staff identified several opportunities for improving information accessibility, particularly for Hayward community members who are most challenging to reach by traditional means. By increasing the budget for marketing efforts, the City will better meet the obligation to advise tenants and landlords of their rights and responsibilities under the RRSO and TRAO.

Staff is not requesting an increase to the Mobile Home Space Rent Ordinance fee because the level of services is relatively unchanged. Based on analysis of the above expenses and current budget projections, staff recommends the following increases:

	Proposed Fee Increase		
	MH	RU	CRU
FEE PER UNIT	\$5	\$32	\$66
INCREASE FROM FY 19 FEE	\$0	\$13	\$26
PERCENT TOTAL INCREASE	0%	68%	65%
<b>TOTAL PROJECTED REVENUE</b>	<b>\$1,034,823</b>		
Legend: MH = Mobile Home Unit; RU = Rental Unit; CRU = Covered Rental Unit			

The Homelessness-Housing Task Force heard an informational report on this item on March 2, 2023, and requested staff bring this item to Council with additional information regarding the implementation of the RRSO, which is included in the Discussion section of this report. As demonstrated by the accomplishments described in the Discussion, implementation of the RRSO requires active enforcement by the City to ensure landlords and tenants understand their rights and responsibilities under the RRSO. Such active enforcement increases awareness, ensuring landlords have the support they need to comply and tenants have the resources they need to advocate for themselves.

**ATTACHMENTS**

Attachment I	Staff Report
Attachment II	Resolution
Attachment III	Benchmarking Research