CITY OF HAYWARD
AGENDA REPORT

AGENDA DATE 07/08/03
AGENDA ITEM 5
WORK SESSION ITEM _____

TO: Mayor and City Council

FROM: City Attorney

SUBJECT: Approval of Fees to be Charged for Costs Incurred in 2002 for Administering the Residential and Mobilehome Rent Stabilization Ordinances

RECOMMENDATION

It is recommended that the City Council approve the following:

1. A fee of $ .85 per residential dwelling unit to recover costs incurred in 2002 for administering the Hayward Residential Rent Stabilization Ordinance.

2. A fee of $1.88 per mobilehome space to recover costs incurred in 2002 for administering the Hayward Mobilehome Rent Stabilization Ordinance.

3. Adopt the attached resolution amending the Master Fee Resolution to reflect the revised fees.

BACKGROUND

This agenda report provides information on the calculation of fees to recover calendar year 2002 costs of administering the City's rent stabilization ordinances (jointly "Rent Ordinances"). The Residential Rent Stabilization Ordinance's annual program fee ("rental unit fee") is imposed annually on each residential rental unit which is subject to the Residential Rent Stabilization Ordinance ("Residential Ordinance"). The Mobilehome Space Rent Stabilization Ordinance's annual program fee ("mobilehome space fee") is imposed on mobilehome spaces which are subject to the Mobilehome Space Rent Stabilization Ordinance ("Mobilehome Ordinance").

Both fees are based on rent stabilization program administration costs incurred during the previous calendar year and are service fees which are not subject to the voter or property owner approval procedures contained in Proposition 218, which the voters adopted at the November 1996 election. Costs which can be attributed exclusively to one ordinance or the other are so attributed. Costs common to the administration of both ordinances are divided proportionately based on the number of residential units or mobilehome spaces in the City which are subject to the ordinances. The majority of the rent program costs are recovered through the imposition of these fees.

DISCUSSION

A. The Rental Unit Fee.

There are an estimated 45,000 residential units in Hayward, of which approximately 9,400 are subject to the rental unit fee. These include rental units currently subject to rent controls as well as those which are no longer subject to rent limitations because they have gone through the decontrol procedures set forth in the Residential Ordinance ("decontrolled rental units") or partially decontrolled pursuant to state law when certain vacancies occur. Decontrolled rental units remain subject to the Residential Ordinance's good cause for eviction standards.

The proposed rental unit fee is $.85 per unit. This fee was calculated by allocating the costs of administering the Residential Ordinance among the 9,400 rental units assumed to be subject to the rental unit fee. The data used to calculate this fee are summarized in Attachments A and B of this report.

The rental unit fees imposed in prior years were as follows: the 1994 fee was $8.58, the 1995 fee was $8.13, the 1996 fee was $5.84, the 1997 fee was $3.79, the 1998 fee was $2.87, the 1999 fee was $1.97, the 2000 fee was $.77, and the 2001 fee was $ 1.45. The decrease from last year's fee appears to be due to fewer costs being attributable directly to administering the Residential Ordinance as well as less overall activity in the Rent Review Office.

Over the course of one year, the rental unit fee results in a monthly cost of approximately $0.07 per unit. This figure is down from approximately $0.13 per month per rental unit last year. The Residential Ordinance allows the landlord to pass through up to fifty percent (50%) of the rental unit fee to tenants, which amounts to approximately $0.43 per month for each rental unit.

B. The Mobilehome Space Fee.

It has historically been assumed that there are approximately 2,270 mobilehome spaces in the City of Hayward which are subject to the Mobilehome Ordinance.

The proposed mobilehome space fee is $1.88 per mobilehome space. This fee was calculated allocating costs of administering the Mobilehome Ordinance among the 2,270 mobilehome spaces subject to the mobilehome space fee. The data used to calculate this fee are summarized in Attachments A and B of this report.

The mobilehome space fees imposed in prior years were as follows. The 1994 fee was $8.84, due in part to the costs of defending the USA case. The 1995 fee was $9.19, the 1996 fee was $7.90, the 1997 fee was $3.20, the 1998 fee was $2.26, the 1999 fee was $3.14, the 2000 fee was $1.68, the 2001 fee was $1.14. The increase in the mobilehome fee this year is due in part to increased mediation and arbitration activity.

Over the course of one year, the mobilehome space fee results in a monthly costs of approximately $0.16 per space. This figure is up slightly from approximately $0.06 per mobilehome space last year. As with the rental unit fee, a mobilehome park owner may pass through up to fifty percent (50%) of the mobilehome space fee to mobilehome park resident-tenants, which amounts to approximately $.94 per month, per mobilehome space.

Recommended by:

Michael J. O'Toole, City Attorney

Approved by:

Jesús Armas, City Manager

Attachments: Attachment A--Calculation of Fees
Attachment B--Administration Fees
Draft Resolution

CALCULATION OF FEES TO RECOVER CALENDAR YEAR 2002 COSTS OF ADMINISTERING THE RESIDENTIAL AND MOBILEHOME RENT STABILIZATION ORDINANCES

The proposed residential rental unit and mobilehome space fee this year is based on costs incurred during calendar year 2002. These fees are calculated as follows:

STEP 1. DETERMINE TOTAL COSTS OF ADMINISTERING BOTH RENT ORDINANCES.

The City spent a total of $11,596.09 administering both ordinances during calendar year 2002. An additional $703.00 is charged pursuant to the City's cost allocation plan for overhead costs, for a total program expenditure of $12,299.09.

STEP 2. DEDUCT EXPENDITURES SPECIFICALLY RELATED TO EITHER ORDINANCE.

Costs specifically attributable to one ordinance or the other are identified where possible and then deducted as follows:

STEP 2A. **Mobilehome Ordinance Expenditures.** A total of $3,338.98 was attributable solely to the mobilehome ordinance in 2002, exclusive of litigation costs related to the mobilehome ordinance. The City spent $2,372.25 to compensate hearing officers for conducting arbitrations under the mobilehome ordinance in 2002. A subscription to one publication relating to mobilehome rent stabilization cost $966.73.

STEP 2B. **Residential Ordinance Expenditures.** A total of $4,255.26 was attributable solely to the residential ordinance in 2002 to compensate hearing officers for conducting arbitrations or mediations under the residential ordinance.

STEP 2C. **Subtract Step 2A and Step 2B Costs.** Subtracting the sum of the costs directly attributable to one ordinance or another ($7,594.24) from the total amount spent on administering both ordinances ($12,299.09), leaves $4,704.85 in common costs. The largest single component of this figure relates to employee services.

STEP 3. DIVIDE COMMON COSTS.

The common costs of both rent ordinances are allocated by determining the total number of units subject to each ordinance and then establishing a ratio of the number of residential units to mobilehome spaces. Based upon records of the City and the Alameda County Assessor, there are approximately 11,670 dwellings covered by one ordinance or another. There are 2,270 mobilehome spaces which amount to approximately twenty percent (20%) of this total. The remaining eighty percent (80%) is comprised of 9,400 rental units, both controlled and decontrolled, covered by the residential ordinance. Dividing the common costs ($4,704.85) in accordance with this ratio results in $940.97 or twenty percent (20%) being attributable to the mobilehome ordinance and $3,763.88 or eighty percent (80%) being attributable to the residential ordinance.

STEP 4. TOTAL AMOUNT ALLOCATED TO EACH ORDINANCE.

STEP 4A. **Costs Allocated to the Mobilehome Ordinance.** Mobilehome spaces subject to the mobilehome ordinance will be responsible for $4,279.95 ($940.97 plus $3,338.98) in expenditures.

STEP 4B. **Costs Allocated to the Residential Ordinance.** Residential units subject to the residential ordinance will be responsible for $8,019.14 ($3,763.88 plus $4,255.26) in expenditures.

STEP 5. DIVIDE THE AMOUNT ATTRIBUTABLE TO EACH ORDINANCE BY THE NUMBER OF SUBJECT RESIDENTIAL UNITS OR MOBILEHOME SPACES.

STEP 5A. To determine the fee for each mobilehome space, $4,279.95 is divided by the number of mobilehome spaces subject to the ordinance (2,270), to yield a fee of $1.88 per mobilehome space. Mobilehome park owners may pass along up to one-half of the fee to mobilehome park tenants.

STEP 5B. To determine the fee for each residential unit, $8,019.14 is divided by the number of residential units subject to the ordinance (9,400), to yield a fee of $.85 per residential unit. Landlords are permitted to pass along up to one-half of the fee to tenants.

ADMINISTRATION FEES
Mobilehome Rent Stabilization Ordinance

1993 Mobilehome Space Fee - $ 37.91
1994 Mobilehome Space Fee - $ 8.84
1995 Mobilehome Space Fee - $ 9.19
1996 Mobilehome Space Fee - $ 7.40
1997 Mobilehome Space Fee - $ 3.20
1998 Mobilehome Space Fee - $ 2.26
1999 Mobilehome Space Fee - $ 3.14
2000 Mobilehome Space Fee - $ 1.68
2001 Mobilehome Space Fee - $ 1.14

Breakdown of 2002 Administration Fees

Total Cost of Administration ..... $ 11,596.09
(Residential and Mobilehome)

Costs Attributable to Both Ordinances (Common Costs)

Residential	$ 8,019.14
Mobilehome	$ 4,279.95

Total ..... $ 12,299.09

Costs Attributable to Mobilehome Ordinance (Direct Costs)

Hearing Officers	$ 2,372.25
Publications	$ 966.73

Total ..... $ 3,338.98

Total Costs Attributable to Mobilehome Ordinance

Common Costs	$ 940.97
Direct Costs	$ 3,338.98

Total ..... $ 4,279.95

Total Costs Divided by Number of Mobilehome Spaces (2,270) ..... $ 1.88

ADMINISTRATION FEES
Residential Rent Stabilization Ordinance

1993 Rental Unit Fee - $7.82
1994 Rental Unit Fee - $8.58
1995 Rental Unit Fee - $8.13
1996 Rental Unit Fee - $5.84
1997 Rental Unit Fee - $3.79
1998 Rental Unit Fee - $2.87
1999 Rental Unit Fee - $1.97
2000 Rental Unit Fee - $ .77
2001 Rental Unit Fee - $1.45

Breakdown of 2002 Administration Fees

Total Cost of Administration ..... $ 11,596.09
(Residential and Mobilehome)

Costs Attributable to Both Ordinances (Common Costs)

Residential	$ 8,019.14	
Mobilehome	$ 4,279.95	
Total		$ 12,299.09

Costs Attributable to Residential Ordinance (Direct Costs)

Hearing Officers	$ 4,255.26	
Total		$ 4,255.26

Total Costs Attributable to Residential Ordinance

Common Costs	$ 3,763.88	
Direct Costs	$ 4,255.26	
Total		$ 8,019.14

Total Costs Divided by Number of Residential Units (9,400) ..... $ .85

Employee Services	$0
Supplies & Services	
Office Supplies	$1,159.63
Advertising	$0
Printing	$2,744.17
MH→ Dues, Publications, Books	$966.73
Office Maintenance	$0
Special Services	$
Outside Attorney	$0
Res. Special Svcs.	$4,255.26
MH → MH Special Svcs.	$2,372.25
Litigation Expenses	$0
Travel Meetings & Meals	$ 98.05
Expense Transfer	$0
Overhead	$703.00

Total Costs:	$11,596.09
Overhead:	$ 703.00
Total Expenditure:	$12,299.09

MH-Notes

Original	$7,558.25
Deducted	$4,771.00 Mediation Svcs fee $574.00, Reporter's transcripts $4,197.00
	$ 415.00 COH Copies of Administrative Record (tapes included)
Total Deductions	$5,186.00
Bal. for '02 MH Fees	**$2,372.25**

DRAFT

HAYWARD CITY COUNCIL

RESOLUTION NO. _____

Introduced by Council Member _____

RESOLUTION AMENDING RESOLUTION NO. 01-096, THE MASTER FEE RESOLUTION FOR FISCAL YEAR 2002-2003, RELATING TO THE CITY ATTORNEY DEPARTMENT, ESTABLISHING TIME FOR PAYMENT OF RENT STABILIZATION FEES

BE IT RESOLVED by the City Council of the City of Hayward that Section II of Resolution No. 01-096, the Master Fees Resolution for fiscal year 2002-2003, is hereby amended to read as follows:

"II. CITY ATTORNEY

"Rent Stabilization Administration

"1.	Annual Fee per Residential Dwelling Unit	$ .85
"2.	Annual Fee per Mobilehome Space	$1.88

"The fees set forth herein shall be payable immediately and shall be delinquent if not received by the Rent Review Office on or before 5 p.m., August 30, 2003.

IN COUNCIL, HAYWARD, CA _____, 2003

ADOPTED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST:_____
City Clerk of the City of Hayward

APPROVED AS TO FORM:

_____
City Attorney of the City of Hayward