

By Hand Delivery

November 10, 2017

The Honorable Ken S. Rosenberg, Mayor
and City Council Members
City of Mountain View
500 Castro Street
Mountain View, CA 94041

Re: Pass Through of the Rental Housing Fee to Tenants

Dear Mayor Rosenberg and City Council Members:

As you know, a majority of Mountain View residents (*note, per the League of Women Voters 58% of City residents are renters*) voted on November 8, 2016 to adopt Measure V, also known as the Community Stabilization and Fair Rent Act (“the CSFRA”). The majority of voters who represent our community agreed that rent stabilization is an important citywide priority.

On October 23, 2017, City staff presented a recommended Fiscal Year 2017-18 Budget and annual 2018 Rental Housing Fee (“the Fee”) to the Rental Housing Committee (“the RHC”) which was adopted as follows:

- The total Fiscal Year 2017-2018 Budget as approved is \$2,590,915 and consists of \$686,600 for staffing, \$161,500 for general operating costs, \$774,800 for third-party professional services, \$250,000 for an Information Technology system (which may also be utilized by the City), \$286,420 for City resources and administrative support and a one-time \$431,595 reimbursement to the City for funds advanced.
- It should be noted that the City advanced a total of \$1,051,677 for the implementation of the CSFRA and of that amount \$431,595 has been expended, and the City is requesting the unexpended balance of \$620,082 be returned to the City as well.
- The total Fee to be billed in January 2018 is \$155 per Covered Rental Unit.

At the October 23, 2017 RHC meeting, a majority of the RHC asked that an item be placed on the next RHC meeting agenda to consider whether the CSFRA allows landlords to pass through a portion of the annual Fee to their tenants, in addition to the Annual General Adjustment of Rent (“the AGA”), the percentage adjustment by which the Rent for existing tenancies in Covered Rental Units may be increased each year. *Note, effective September 1, 2017, the percentage rent adjustment is 3.4%. The Fee would reduce the AGA from 3.4% to less than 2.6%, depending on the number of applicable Covered Rental Units.*

The RHC met on Monday, November 6, 2017 to consider City staff's analysis and recommendations and to provide direction to City staff to draft regulations that clarify whether the Fee is eligible to be passed through to tenants. The following considerations were reviewed by the RHC:

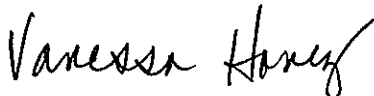
- The memo provided by City staff analyzing the provisions of the CSFRA as applied to a pass through of the Fee and recommendations for consideration.
- Public comments provided by both tenants and landlords.
- Passthrough sharing allowed by other jurisdictions, such as: Berkeley 49%, Los Angeles 50%, Oakland 50%, San Francisco 50%, Santa Monica 50% and West Hollywood 50%. *Note, the CSFRA specifically excludes passthrough sharing and only allows the AGA.*
- The fairness and burden of the landlord to pay the entire Fee which would significantly reduce the AGA.
- Provisions of the CSFRA as applied to the RHC's empowerment to request and receive funding when and if necessary from any available source including the City for its reasonable and necessary expenses.

Note, the RHC is only required to finance its "reasonable and necessary expenses." Many of the expenses incurred were without approval of the RHC or were, in some cases, incurred as a result of City Council actions and considered unreasonable by some members of the RHC, as well as the public. Additionally, the CSFRA is silent as to the RHC's obligations to reimburse the City for any funds advanced.

The RHC spent a considerable amount of time discussing fairness and the fact that a majority of residents supported rent control and want to see it funded in a fair way. Given the City Council's actions to make expenditures on behalf of the RHC and the public's support of the CSFRA, the RHC believes that the City's General Fund should bear some liability for implementation of the CSFRA as it is for the benefit of the entire community.

It was agreed by a majority of the RHC that pursuant to Section 1709(j) of the CSFRA, it would be fair to ask the City of Mountain View to help fund implementation of Measure V for the benefit of the community. The RHC's Fiscal Year 2017-2018 Budget is \$2,590,915 and the RHC is requesting funding assistance from the City's General Fund in the amount of \$83,333 per month, or \$1,000,000 per year. Members of the RHC are available to discuss this in further detail.

Sincerely yours,



Vanessa Oldenkamp Honey, Chairperson
Mountain View Rental Housing Committee

cc: Ms. Anky van Deursen, Associate Planner