

RESOLUTION NO. 23169 (N.C.S.)

A RESOLUTION ESTABLISHING THE PROGRAM FEE FOR THE CITY'S RENT STABILIZATION ORDINANCE FOR FISCAL YEAR 2024-2025

WHEREAS, on September 24, 2024, the Salinas City Council adopted a Rent Stabilization Ordinance (Ordinance No. 2681) to protect local tenants from the rapidly increasing cost of rental housing that is the result of rising rents and a tight rental market; and

WHEREAS, Ordinance No. 2681 went into effect October 25, 2024, and becomes operative on January 1, 2025; and

WHEREAS, Section 17-02.13 of the Ordinance provides that for the sole purpose of reimbursing the City for the costs of administering the Ordinance, a Rent Stabilization Program Fee is imposed on each Controlled Rental Unit subject to the Ordinance to cover the costs of the City to provide and administer the programs created by the Ordinance in such amount as the City Council may establish by resolution from time-to-time; and

WHEREAS, the City retained Economic Planning Systems, Inc. ("EPS") to prepare an analysis of the City's costs to provide and administer the programs created by the Ordinance ("Fee Study") which Fee Study is attached to this Resolution as Attachment A; and

WHEREAS, in preparing the Fee Study, EPS worked closely with the City's Community Development and Finance Departments to understand all the administrative and enforcement procedures and other program activities necessary to administer the Ordinance; and

WHEREAS, the Fee Study demonstrates that the amount of the Rent Stabilization Program Fee to be imposed on rental property owners is a function of:

1. The number of applicable rental units covered by the Ordinance;
2. The amount of staff necessary to administer the programs created by the Ordinance (including, but not limited to, receiving and tracking rent increase notices, preparing notices and educational materials, providing support services for property owners and tenants in implementation of the Ordinance, scheduling and staffing hearings before the Hearing Officer, providing legal advice and support, billing and collection, and enforcement activities);
3. Contracted services (hearing officers, translators, etc.); and
4. Materials and supplies to support the administration of the program (including office space, program software, printing, postage, office equipment, etc.); and

WHEREAS, EPS and the City determined that 8,330 rental units in the City would be subject to the Ordinance and therefore subject to the Rent Stabilization Program Fee; and

WHEREAS, the costs associated with the administration and regulation of the Ordinance include direct and indirect labor costs, contracted services, and supplies costs and the Fee Study confirms that the tasks and estimated associated labor hours, as developed by the City are reasonable and accurate; and

WHEREAS, the Fee Study further recommended that the Rental Registration Program approved by the Salinas City Council on April 04, 2023 (Ordinance 2663 and Resolution No. 22622) be merged with the Rent Stabilization Program and that fees be established and amended; and

WHEREAS, the Fee Study determined the costs attributable to the combined Residential Rental Registration and Rent Stabilization Program are estimated to be approximately \$1 million dollars; and

WHEREAS, Fiscal Year 2024-25 (1/2 year) costs are estimated to be \$655,250; and

WHEREAS, based on the Fee Study, City staff has recommended that the City Council establish for Fiscal Year 2024-25 a Rent Stabilization Program Fee of \$170.00 per rental unit; and

WHEREAS, the Rent Stabilization Program Fees will be charged annually to rental property owners on a per rental unit basis and will be billed by the Salinas Community Development Department; and

WHEREAS, if the Rent Stabilization Program Fees were not imposed on rental property owners, the City's General Fund would absorb the cost to administer the various programs created by the Ordinance which would be an unfair burden on taxpayers of the city who neither own rental property nor are renters; and

WHEREAS, adoption of this Resolution is not a project under the California Environmental Quality Act (CEQA Guidelines Section 15061(b)(3)) because it would not have a significant effect on the environment. Additionally, the City's approval of this Resolution is exempt because it does not meet the definition of a "project" under CEQA, pursuant to CEQA Guidelines sections 15060(c)(1) and 15378(a), because it has no potential to result in a direct or reasonably foreseeable physical change in the environment; and

WHEREAS, pursuant to Article XI, §7 of the California Constitution, the City of Salinas intends to exercise its police power by adopting a regulatory fee, which does not exceed the reasonable cost of providing services necessary to carry out the purposes and provisions of Ordinance No. 2681 and any related policies related thereto hereinafter established by the City.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF SALINAS AS FOLLOWS:

1. A Rent Stabilization Program Fee of \$170.00 is imposed on every Controlled Rental Unit owned and offered for rent in the city of Salinas subject to Ordinance No. 2681, which Rent Program Fee will be billed by the Salinas Community Development Department.

2. The Rent Stabilization Program Fee shall be deemed delinquent if it is unpaid thirty (30) days from the date of annual registration invoice. Is this Jan 1st?
3. A ten percent (10%) late fee will be assessed on unpaid and delinquent fees.
4. This Rent Stabilization Program Fee shall be periodically evaluated at the discretion of the Community Development Department to ensure that it reflects the reasonable costs incurred by the City to administer the various programs and services established under the Ordinance and any policies related thereto hereinafter established by the City.
5. The Rental Registration Program and associated Program Fees approved by the Salinas City Council on April 04, 2023 (Ordinance No 2663; Resolution 22622) be merged with the Rent Stabilization Program.
6. Revenues collected from the merged Residential Rental Registration Program and Rent Stabilization Program will be appropriated to Fund 2530.
7. This Resolution is effective immediately upon its approval.

PASSED AND APPROVED this 19th day of November 2024, by the following vote:

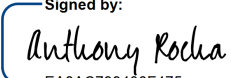
AYES: Councilmembers Barrera, Gonzalez, Osornio, Rocha, and Sandoval

NOES: None

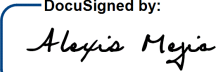
ABSENT: Councilmember Valenzuela and Mayor Craig

ABSTAIN: None

APPROVED:

Signed by:

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Anthony Rocha, Mayor Pro Tempore

ATTEST:

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Alexis Mejia, Assistant City Clerk