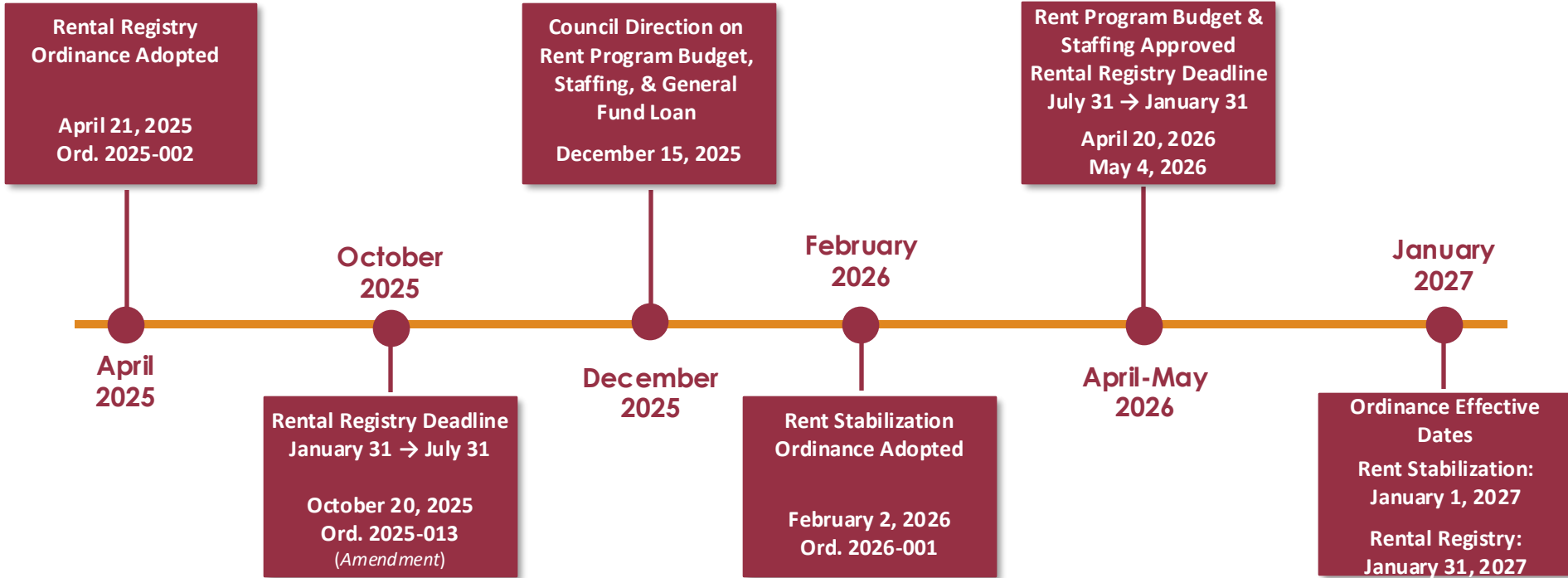




Rent Program

General Fund Loan Interest Rate, Rent Program Fee Adoption & Prohibition of Fee Pass-Through to Tenants

Rental Registry & Rent Stabilization Timeline



1. ADOPTED A RESOLUTION TO IMPLEMENT RENT PROGRAM

- ✓ Established Rent Program Special Revenue Fund
- ✓ Appropriated \$2,230,433 for FY2026-27
- ✓ Authorized Six (6) Rent Program FTEs

2. INTRODUCED AN ORDINANCE ALIGNING RENT PROGRAM LAUNCH

- ✓ Amended SLMC §4-45-120(a) to revise the Rental Registry annual filing deadline from July 31, 2026 to January 31, 2027

May 4, 2026: Ordinance adopted at 2nd Reading

Council directed staff to return with three items:

1

Updated General Fund Loan Interest Rate

Based on U.S. Treasury return rates rather than City investment portfolio return.

→ Proposed interest rate of 4.03% based on April 2026 average of daily 5-year and 7-year U.S. Treasury par yield curve rates

2

Updated FY 2027 Rent Program Fees

Elimination of petition processing fees and updated penalty tiers.

→ Petition costs redistributed into base program fees; each base fee increased \$1/unit

3

Eliminate Fee Pass-Through to Tenants

Amend SLMC §4-46-175(C) to prohibit property owners from passing through the Rent Stabilization fee to tenants.

→ Draft ordinance prepared for Council consideration

General Fund Loan

\$2,230,500

4.03%¹

3-6 Years

Proposed General Fund Loan Interest Rate

Based on U.S. Treasury return rates rather than City investment portfolio return

Data source: U.S. Treasury daily par yield curve rates (April 2026)

Maturities used: 5-year CMT (avg. 4.04%) and 7-year CMT (avg. 4.02%)

Blended rate: Simple average of the two maturity averages = 4.03%

Previous proposed rate: 3.76% (City investment portfolio return, Dec. 2025)

¹ Based on April 2026 average of daily 5-year & 7-year U.S. Treasury par yield curve rates

FY 2027 interest accrual at 4.03%: \$89,889 | Estimated total interest over loan life: \$280,000 – \$487,000

Rent Program Fees (updated)

Proposed FY2026-FY2027 Rent Program Fees

Annual Fee	Fee Per Unit ¹	Estimated Units	Estimated Annual Revenue
Base Rent Program Fee – Rental Registry (All Units) per SLMC Chapter 4-45	\$149	9,500	\$1,415,092
Additional Rent Stabilization Program Fee – Rent Stabilized Units Only per SLMC Chapter 4-46	\$109	6,500	\$708,198
Combined Fee – Rent Stabilized Units	\$258	6,500	--
TOTAL			\$2,123,290

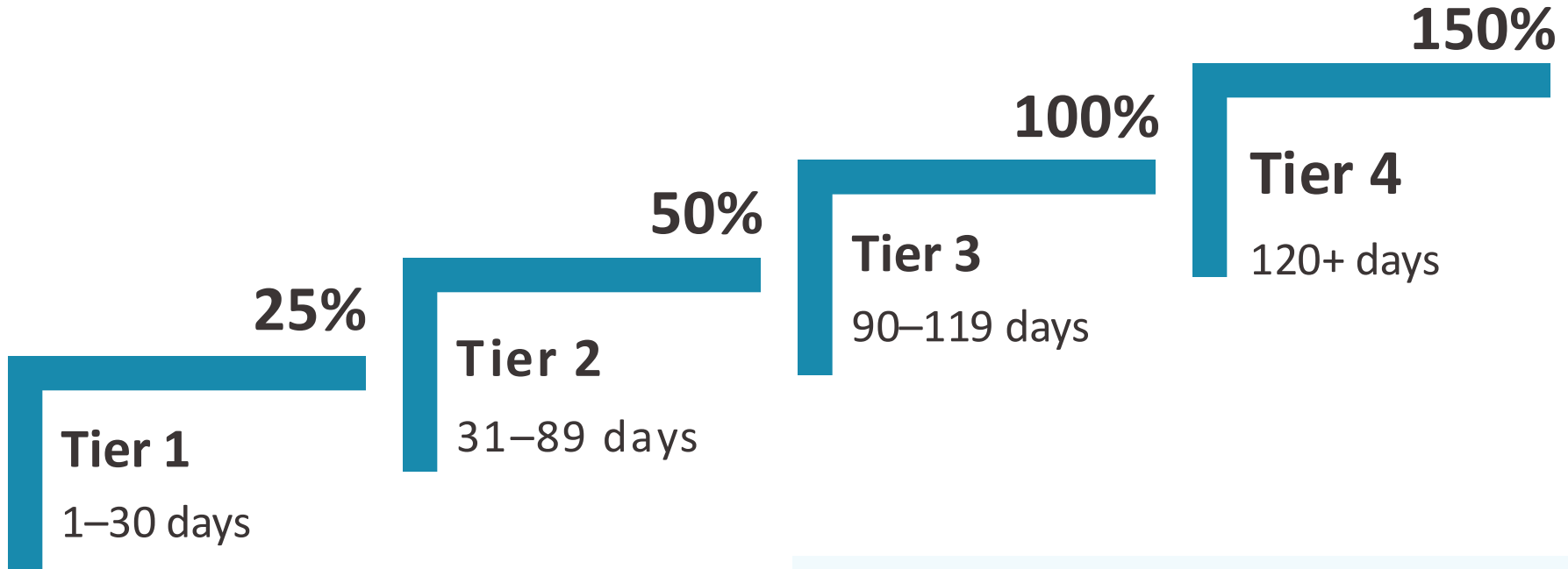
¹Maximum permissible FY27 fees at 100% cost recovery per NBS Fee Study

Program Staffing & Budget Development

Meeting	Action	Rental Registry		Rent Stabilization		Combined Rent Program	
		Staffing	Budget	Staffing	Budget	Staffing	Budget
1/22/2025 Rules Comm.	Draft Rent Registry Ordinance referred to Council	~2 FTE	~\$650K	N/A	N/A	N/A	N/A
3/17/2025 City Council	Rental Registry Ord. 2025-002 adopted	2 FTE Approved	\$650K Approved	N/A	N/A	N/A	N/A
10/13/2025 City Council	Draft Rent Stabilization Ordinance and prelim cost options for comb program	2 FTE Existing	\$650K Existing	<i>Benchmark</i> ~2 FTE <i>Enhanced</i> ~3FTE	<i>Benchmark</i> ~\$740K <i>Enhanced</i> ~\$956K	<i>Benchmark</i> ~4FTE <i>Enhanced</i> ~5 FTE	<i>Benchmark</i> ~\$1.4M <i>Enhanced</i> ~\$1.6M
12/15/2025 City Council	Council direction on combined Rent Program budget, staffing & GF Loan	N/A	N/A	<i>Passive Enf.</i> ~0-2 FTE	<i>Passive Enf.</i> ~\$500 - \$750K	<i>Basic Enf.</i> ~4 FTE <i>Enhanced Enf.</i> ~6 FTE	<i>Basic Enf.</i> ~\$1M-\$1.5M <i>Enhanced Enf.</i> ~\$1.3M-\$2.2M
4/20/2026 City Council	Combined Rent Program Budget, Staffing, GF loan	N/A	~\$1.4M Revenue	N/A	~\$702K Revenue	6 FTE Approved	\$2,230,433 Approved

Updated budget / revenue projections reflect refined cost calculations based on 6 FTEs & updated cost data (i.e., salaries/benefits, software, indirect costs) informed by comparable program operations to administer an integrated & fully enforceable Rent Program

Proposed Tiered Late Penalties (updated)



First Cycle Waiver: Program Administrator may waive or reduce penalties

Elimination of Fee Pass-through

CURRENT POLICY - §4-46-175(C)

- ✓ Up to 50% of the Rent Stabilization Program Fee may be passed through to tenants
- ✓ Charged in two equal installments, six months apart
- ✓ Cannot be included in Maximum Allowable Rent calculation

PROPOSED AMENDMENT

- ✓ Prohibit fee pass-through option
- ✓ Property owners responsible for 100% of Rent Stabilization Program Fee
- ✓ Any lease provision purporting to charge tenants the fee is void and unenforceable

First reading: June 1, 2026 | Second reading: June 15, 2026 | Effective: July 15, 2026

Recommendation

Adopt a Resolution:

- ✓ Approve a \$2,230,500 General Fund loan with a maximum term of six years
 - ✓ 4.03% interest (updated)
- ✓ Establish FY27 Rent Program fees & late penalties & amend Master Fee Schedule (updated)
 - ✓ Approve NBS Rent Program Fee Study (updated)

Introduce an Ordinance:

- ✓ Prohibiting the Rent Stabilization Program Fee Pass Through to Tenants (**new**)