



# City of San Leandro

City Hall  
835 East 14th Street  
San Leandro, California

## Staff Report

---

**File #:** 26-126

---

Hearing to (1) Adopt a Resolution Establishing Rent Program Fees and Amending the Master Fee Schedule for the Rental Registry and Rent Stabilization Programs (Rent Program), Establishing a Rent Program Special Revenue Fund, Approving a General Fund Loan of \$2,230,500 at 3.76% Interest and a Maximum Term of Six years, Authorizing Six Full-Time Equivalent Positions and Appropriating \$2,230,433 for the Fiscal Year 2026-27 Rent Program Budget; and (2) Introduce an Ordinance Amending San Leandro Municipal Code Section 4-45-120 to Revise the Rental Registration Filing Deadline from July 31, 2026 to January 31, 2027

### **COUNCIL PRIORITY**

- Housing and Homelessness
- Fiscal Sustainability

### **SUMMARY**

On April 21, 2025, the City Council adopted Ordinance No. 2025-002 establishing Chapter 4-45 (Rental Registry) of the San Leandro Municipal Code, with an initial registration deadline of January 31, 2026. On October 20, 2025, the City Council adopted Ordinance No. 2025-013, amending the filing deadline to July 31, 2026, to accommodate additional time for software development and program readiness. On February 2, 2026, the City Council adopted Ordinance No. 2026-001 establishing Chapter 4-46 (Residential Rent Stabilization), with an effective date of January 1, 2027. Staff is now recommending a further amendment to the Rental Registry filing deadline – from July 31, 2026 to January 31, 2027 – to align the launch of the Rental Registry and Residential Rent Stabilization Program Ordinances (Rent Program), improve data relevance and consistency, and reduce administrative burden for housing providers and staff by aligning with the City's existing January Business License renewal cycle.

Both ordinances authorize the City Council to establish program fees by Resolution to recover the City's costs of administering each program. The City retained NBS Government Finance Group (NBS) to conduct a fee analysis to calculate the maximum permissible fees at full cost recovery. The NBS Fee Analysis for the Rental Registry and Rent Stabilization Programs, dated March 30, 2026 (the "Fee Study"), identifies an estimated \$2,123,290 in recoverable program costs and calculates maximum per-unit fees at 100% full cost recovery for Fiscal Year 2027 (FY 2027). The proposed FY 2027 Rent Program budget is \$2,230,433. The Fee Study recoverable program costs and proposed budget vary by \$107,143 due to amortized capital expenses.

Because the Rent Program is a new program with no existing fee revenue stream, startup funding is required before fee payments are received. On December 15, 2025, the City Council received a presentation on Rent Program service level options and associated costs, staffing, and startup funding requirements. At that meeting, the City Council provided clear direction to proceed with the full-service Rent Program model with enhanced outreach and enforcement, a six-FTE staffing plan, and a General Fund loan to capitalize the program in advance of fee revenue. Staff recommends tonight that the City Council approve a General Fund loan of \$2,230,500, which is approximately

equal to the FY 2027 Rent Program budget of \$2,230,433, to capitalize a new Rent Program Special Revenue Fund. The loan would be repaid with interest at 3.76%, equivalent to the City's current investment portfolio return as of December 31, 2025. With the first registration deadline proposed as January 31, 2027, Year 1 fee revenues are projected to be received in early 2027. The loan would have a maximum term of six years.

## RECOMMENDATIONS

Staff recommend that the City Council:

- Adopt a Resolution: (1) approving the NBS Fee Analysis for the Rental Registry and Rent Stabilization Programs, dated March 30, 2026; (2) establishing Year 1 Rent Program fees based on the actual FY 2027 budget; (3) amending the City's Master Fee Schedule to include the new Rent Program fees and penalties; (4) authorizing six full-time equivalent positions for the Rent Program; (5) establishing a Rent Program Special Revenue Fund; (6) approving a General Fund loan of \$2,230,500 at 3.76% interest; and (7) appropriating \$2,230,433 to the Rent Program Special Revenue Fund for FY 2027; and
- Introduce an Ordinance amending San Leandro Municipal Code Section 4-45-120 to revise the Rental Registry annual registration filing deadline from July 31, 2026 to January 31, 2027, to align the program launch with the Rent Stabilization Ordinance effective date.

## BACKGROUND

### ***Rental Registry (Ordinance No. 2025-002 / Chapter 4-45)***

The Rental Registry Ordinance, adopted on April 21, 2025, requires residential housing providers in San Leandro to file an annual registration statement for eligible rental units. The ordinance applies to all rental units in the City, within limited exceptions. The initial filing deadline was January 31, 2026. On October 20, 2025, the City Council adopted Ordinance No. 2025-013, amending the deadline to July 31, 2026, to allow additional time for software development. Staff now recommends a further amendment to January 31, 2027, as described below. The ordinance authorizes a program fee, established by City Council Resolution, to recover the City's costs of administering the registry. This Ordinance is estimated to apply to a range of 9,000-10,000 eligible rental units.

### ***Rent Stabilization (Ordinance No. 2026-001 / Chapter 4-46)***

The Rent Stabilization Ordinance, adopted on February 2, 2026, established limits on annual rent increases for eligible residential rental units consistent with the Costa-Hawkins Rental Housing Act and the California Tenant Protection Act of 2019 (AB 1482). Beginning January 1, 2027, annual rent increases for covered units are capped at the lesser of 65% of the annual change in the regional Consumer Price Index (CPI) or 3%. The ordinance exempts certain housing types, including single-family homes, condominiums, accessory dwelling units, and units issued a certificate of occupancy after February 1, 1995. The Rent Stabilization Ordinance is estimated to apply to a range of 6,500-7,500 eligible rental units, which is less than the number of units subject to the Rental Registry due to more rental unit exemptions under State law. The ordinance authorizes a program fee to recover the City's costs of administering the Rent Stabilization program. Property owners of units subject to the Rent Stabilization Ordinance are responsible for paying both the base Rental Registry fee and the additional Rent Stabilization fee.

### ***Prior City Council Direction***

On December 15, 2025, the City Council received a presentation on Rent Program service level options and associated costs, staffing, and startup funding requirements. At that meeting, the City Council provided clear direction to proceed with the full-service Rent Program model with enhanced outreach and enforcement, a six-FTE staffing plan, and a General Fund loan to capitalize the program in advance of fee revenue. Adoption of the budget, staffing plan, and General Fund loan implement Council's direction. The specific interest rate of 3.76% and the proposed filing deadline amendment from July 31, 2026 to January 31, 2027 are new items presented for Council action tonight.

### ***Fee Study***

The City retained NBS to conduct a cost-of-service analysis and fee study for the Rent Program. The Fee Study, dated March 30, 2026, compiles the full cost of providing Rent Program services for FY 2027, including direct and indirect labor, recurring non-labor costs, department and Citywide overhead, and allocated program administration costs. The Fee Study reflects pro-rated costs for legal enforcement and mediation based on the Rent Stabilization Ordinance's January 1, 2027 effective date. The study determines the maximum permissible fee at 100% cost recovery based on the City's FY 2027 Rent Program budget and estimated volume of regulated units. The City Council may adopt fees at or below the full cost recovery amount.

### **ANALYSIS**

#### ***Proposed Rent Program Fees***

NBS calculates the following annual program fees to fully recover the costs of the Rent Program in FY 2027. The fees shown below are the maximum permissible per-unit fees at 100% cost recovery.

<b>Fee Name</b>	<b>Unit / Type</b>	<b>Fee Per Unit (FY 2027)</b>	<b>Est. Volume of Units</b>	<b>Est. Annual Revenue</b>
<b>Base Rent Program Fee – Rental Registry (All Units) per SLMC Chapter 4-45</b>	Per unit; per year	<b>\$148</b>	9,500	\$1,406,000
<b>Additional Rent Stabilization Program Fee – Rent Stabilized Units Only per SLMC Chapter 4-46</b>	Per unit; per year	<b>\$108</b>	6,500	\$702,000
<b>Combined Fee – Rent Stabilized Units</b>	Per unit; per year	<b>\$256</b>	6,500	--
<b>Fair Return Rent Increase Petition – per SLMC 4-46-130</b>	Per request	<b>\$472</b>	20	<b>\$9,440</b>
<b>Petition for Rent Decrease – per SLMC 4-46-135</b>	Per request	<b>\$236</b>	24	<b>\$5,664</b>
<b>TOTAL</b>				<b>\$2,123,104</b>

Both proposed fees would be charged annually per unit and would be payable by housing providers at the time of annual Rent Program registration submission. Per Section 4-46-175(C) of the Rent Stabilization Ordinance, up to fifty percent (50%) of the Rent Stabilization Program Fee may be allocated to tenants, to be paid in two equal installments six months apart. Such payments may not be included in the calculation of the Maximum Allowable Rent.

In addition to the annual per-unit Rent Program fees, the NBS Fee Study includes administrative processing fees for rent increase and decrease petitions filed pursuant to Chapter 4-46. The proposed processing fees are: \$472 per petition for a landlord-initiated rent increase petition, and \$236 per petition for a tenant-initiated rent decrease petition. Both fees are payable at the time of petition filing and are non-refundable.

The Fee Study recommends annual fee adjustments, at minimum by CPI, and a comprehensive fee review 1 to 2 years after program operations stabilize, which has been included in the program budget.

### ***Late Registration Penalties***

The Rental Registry Ordinance (Chapter 4-45) and the Rent Stabilization Ordinance (Chapter 4-46) authorize the City to impose penalties on housing providers who fail to timely submit annual registration statements and fee payments.

Staff recommend the City Council adopt a tiered late penalty schedule that escalates based on the duration of non-compliance:

- Tier 1 (1–30 days late): 25% of the applicable annual per-unit fee
- Tier 2 (31–89 days late): 50% of the applicable annual per-unit fee
- Tier 3 (90 or more days late): 100% of the applicable annual per-unit fee and authority to file a lien activates pursuant to SLMC Section 1-12-600

The Tier 3 penalty represents a significant penalty for multi-unit property owners while remaining proportionate to the administrative burden imposed on the City by non-compliance.

For the first registration cycle (due January 31, 2027), Staff recommend including a provision authorizing the Program Administrator to waive or reduce penalties upon a showing of good cause, such as demonstrated lack of notice. This administrative waiver authority is limited to the first registration cycle and is intended to support program launch without establishing a permanent precedent.

### ***FY 2027 Program Budget and Position Authorization***

Implementation of the Rent Program requires creation of a new division or administrative unit within the Community Development Department. Staff recommend the City Council authorize six full-time equivalent (FTE) positions for the rent program. The staffing plan shows proposed positions with staggered start dates reflecting program implementation sequencing (Exhibit A to the draft Resolution). There would be five FTEs in FY 2027 and six FTEs in FY 2028.

Staff recommend an appropriation of \$2,230,433 for the FY 2027 Rent Program budget, to be funded from the Rent Program Special Revenue Fund as capitalized by the General Fund loan described

below. The proposed FY 2027 Rent Program budget appropriation of \$2,230,433 would be allocated as shown in Exhibit B to the draft Resolution.

### ***Rent Program Special Revenue Fund and General Fund Loan***

Rent Program operations are scheduled to commence in FY 2027, but fee revenues will not be received until housing providers submit their annual registration statements and fee payments in the first registration cycle. A startup funding source is required to cover program expenditures in the initial year before fee revenue is collected. Staff proposes a General Fund loan of \$2,230,500 (approximately equal to the FY 2027 Rent Program budget of \$2,230,433) be used to establish a Rent Program Special Revenue Fund. The loan would accrue interest at 3.76% per year, equivalent to the City's investment portfolio return as of December 31, 2025, ensuring the General Fund is made whole for the cost of capital. The Rent Program would repay the loan from program fee revenues collected in subsequent fiscal years. Repayment may be made as a lump sum of outstanding principal and accrued interest at any time, or in installments, at the discretion of the Finance Director based on program revenue performance. The anticipated payback period is three to six years (and may not exceed six years).

The Rent Program Special Revenue Fund would ensure transparent and accurate accounting of Rent Program revenues and expenditures. The fund would initially be capitalized by the General Fund loan and would receive all Rent Program fee revenues as they are collected. All Rent Program expenditures would be charged to this fund. Loan repayment transfers to the General Fund would also be processed through this fund. This accounting structure is consistent with best practices for regulatory fee programs and would facilitate annual reporting.

### ***Rental Registration Deadline Amendment (Proposed Ordinance)***

Staff recommend amending Section 4-45-120 of the San Leandro Municipal Code to change the annual Rental Registry filing deadline from July 31 to January 31, beginning with the first registration cycle on January 31, 2027. The original deadline of January 31, 2026 was amended to July 31, 2026 to allow adequate time for software development. A January 31, 2027 deadline is now recommended for the following reasons:

- Rent Stabilization Ordinance Data Relevance and Consistency – July 2026 registration data would predate the Rent Stabilization Ordinance effective date (January 1, 2027) by five months, limiting its usefulness for Rent Stabilization Ordinance administration. A January 2027 start ensures that the first registration captures data concurrent with the Rent Stabilization Ordinance taking effect. The proposed amendment would also update the registration statement to require landlords to report the rent in effect as of January 1, ensuring the data collected reflects current rents at the time of the annual filing.
- Business License Alignment – A January 31 deadline aligns with the City's existing annual Business License renewal cycle (January–December), consolidating payment touchpoints for housing providers who are also required to hold business licenses and reducing administrative inefficiencies for staff.
- Program Readiness – Moving the first deadline to January 2027 allows additional time to conduct robust landlord outreach and training and ensure higher compliance rates at program launch.

## APPLICABLE GENERAL PLAN POLICIES

- **Housing Element P.4.1 Minimize Displacement of Vulnerable Residents.** The City shall make all neighborhoods places of opportunity while minimizing the involuntary displacement of vulnerable populations, such as low-income households, seniors on fixed incomes, and people with disabilities, due to increased housing costs.
- **Housing Element P.4.2 Strengthen Tenant Protections.** The City shall explore options to strengthen measures for eviction prevention, limits on sudden or annual rent increases, and tenant relocation assistance

## ENVIRONMENTAL REVIEW

Adoption of this Resolution is exempt from CEQA under the general rule in CEQA Guidelines Section 15061(b)(3), as adoption of a regulatory fee schedule does not authorize any development project or change any rules regarding development, and it can be seen with certainty that there is no possibility that the action will have a significant effect on the environment. Additionally, the action qualifies for the statutory exemption under CEQA Guidelines Section 15273(a)(1), which applies to the establishment of charges by public agencies to fund ongoing operations.

## SUMMARY OF PUBLIC OUTREACH EFFORTS

Since Fall 2025, Staff has undertaken wide public outreach through City Council meetings, including for tonight's City Council meeting, involving presentations and discussions on rental registry and rent stabilization costs and fees. Outreach methods by City staff included emailed notices/flyers in English, Chinese and Spanish to its extensive Housing Protections stakeholders database containing housing providers, tenants and related advocacy organizations, posted noticing on the City website and posted information on social media.

## FINANCIAL IMPACTS

Of the \$2,230,433 appropriated for the FY 2027 Rent Program, approximately \$549,958 (24.7% of the total budget) represents charges that reimburse. Of this amount, the General Fund will be reimbursed \$324,552, with the remaining reimbursement totaling \$225,406 to Internal Service Funds for costs incurred in support of the Rent Program. These amounts would be transferred as follows:

- **Indirect Service Cost (\$240,685)** - Reimburses the General Fund for Citywide administrative overhead.
- **Internal Service Fund Charges (\$225,406)** - Covers internal City services provided to the Rent Program through interdepartmental billing, itemized as: Computer Services (8316) \$135,774; Buildings, Repair & Maintenance (8320) \$16,619; and Insurance Services (8330) \$73,013.
- **Debt Service (\$83,867)** - The General Fund loan of \$2,230,500 at 3.76% interest over a three to six-year repayment period (whether as a lump sum or in installments) would result in total interest paid to the General Fund of approximately \$250,000 - \$500,000.

At full cost recovery, Rent Program fees are projected to generate sufficient revenue to fully recover Rent Program operating costs. Actual fee revenues in FY 2027 will depend on registration compliance rates, which are expected to ramp up over time. The three to six year General Fund loan structure is designed to absorb this startup risk.

**ATTACHMENTS**

A: Draft Resolution Establishing Rent Program Fees, Authorizing Positions, Establishing a Rent Program Special Revenue Fund, Appropriating FY 2027 Budget, and Approving a General Fund Loan

Att A Exh A: Rent Program Staffing Plan

Att A Exh B: Rent Program Budget Appropriation

B: Draft Ordinance Amending San Leandro Municipal Code Section 4-45-120 to Revise the Rental Registry Filing Deadline to January 31, 2027

C: NBS Fee Analysis for the Rental Registry and Rent Stabilization Programs (March 30, 2026)

**PREPARED BY:** Avalon Schultz, Assistant Community Development Director, Community Development Department