

IN THE CITY COUNCIL OF THE CITY OF SAN LEANDRO

RESOLUTION NO. 2026-XXX

RESOLUTION ESTABLISHING RENT PROGRAM FEES FOR THE RENTAL REGISTRY AND RENT STABILIZATION PROGRAMS AND APPROVING A GENERAL FUND LOAN OF \$2,230,500 AT 4.03% INTEREST FOR A MAXIMUM TERM OF SIX YEARS

WHEREAS, the City Council adopted Ordinance No. 2025-002 on April 21, 2025, establishing Chapter 4-45 of the San Leandro Municipal Code, requiring all residential landlords to annually register rental units with the City and authorizing the City Council to establish a program fee by Resolution to recover the City's costs of administering the Rental Registry; and

WHEREAS, the City Council adopted Ordinance No. 2025-013 on October 20, 2025, amending Section 4-45-120(a) to revise the Rental Registry filing deadline from January 31 to July 31, 2026; and

WHEREAS, the City Council adopted Ordinance No. 2026-001 on February 2, 2026, establishing Chapter 4-46 of the San Leandro Municipal Code, creating the Residential Rent Stabilization program effective January 1, 2027, and authorizing the City Council to establish a program fee by Resolution to recover the City's costs of administering the Rent Stabilization program; and

WHEREAS, the City Council adopted Resolution No. 2026-045 on April 20, 2026, establishing a Rent Program Special Revenue Fund, authorizing six full-time equivalent positions for the Rent Program, and appropriating \$2,230,433 for the Fiscal Year 2026-27 Rent Program budget; and

WHEREAS, the City Council adopted Ordinance No. 2026-002 on May 4, 2026, amending Section 4-45-120(a) to revise the Rental Registry annual filing deadline from July 31 to January 31, with the first annual registration statement due no later than January 31, 2027; and

WHEREAS, the City retained NBS Government Finance Group ("NBS") to prepare a Fee Analysis for the Rental Registry and Rent Stabilization Programs, dated May 12, 2026 (the "Fee Study") a true and correct copy of which is on file with the City Clerk and presented to the City Council at this meeting; and

WHEREAS, the Fee Study calculates eligible program costs and determines that the maximum permissible fees at 100% full cost recovery are: (i) \$149 per unit, per year for the Rental Registry (Base Rent Program Fee), applicable to all rentable units subject to Chapter 4-45; and (ii) \$109 per unit, per year for the Rent Stabilization program (Additional Rent Stabilization Program Fee), applicable to units subject to Chapter 4-46. The Fee Study reflects pro-rated costs based on the Rent Stabilization Ordinance's January 1, 2027 effective date; and

WHEREAS, the City Council finds that the fees established by this Resolution, including the Fiscal Year 2026-2027 (FY 2027) fees set forth herein, do not exceed the reasonable cost of providing the regulatory services for which the fees are imposed, as required by California Constitution Article XIII C, Section 1(e); and

WHEREAS, the Rent Program is a new program with no existing fee revenue base, and startup funding is required to cover program expenditures in advance of the collection of program fee revenues in the first registration cycle; and

WHEREAS, the City Council finds it appropriate for the General Fund to loan \$2,230,500 to the Rent Program Special Revenue Fund at an annual interest rate of 4.03%, established by averaging the daily U.S. Treasury par yield curve rates for the 5-year and 7-year constant maturity securities for each business day in April 2026, and that the interest rate represents a fair and auditable market rate for the General Fund loan, consistent with the City's obligation to ensure that interfund loans reflect an appropriate cost of funds; and

WHEREAS, the City Council finds that establishing Rent Program fees and approving the General Fund loan are necessary to operationalize the Rent Program and fulfill the City's obligations under Chapters 4-45 and 4-46 of the San Leandro Municipal Code; and

WHEREAS, Chapters 4-45 and 4-46 authorize the City to impose penalties on landlords who fail to timely submit annual registration statements and fee payments; the City Council finds it appropriate to establish a tiered late registration penalty schedule that escalates based on the duration of non-compliance, designed to incentivize timely compliance while providing meaningful enforcement consequences for persistent non-compliance.

NOW, THEREFORE, the City Council of the City of San Leandro does **RESOLVE** as follows:

1. **Recitals.** The above recitals are true, correct, and incorporated into this Resolution.
2. **Fee Study Approved.** After considering the Fee Study dated May 12, 2026, the testimony received at the public hearing, related documents, and all correspondence received (collectively, the "Record"), the City Council approves and adopts the Fee Study and incorporates such Fee Study by reference herein.
3. **Findings.** The City Council finds that the Fee Study and the Record establish:
 - a. The purpose of the Rent Program fees established by this Resolution is to reimburse the City for the reasonable costs of administering the Rental Registry (Chapter 4-45) and the Residential Rent Stabilization program (Chapter 4-46).
 - b. The full cost recovery fee amounts of \$149 and \$109 per unit per year do not exceed the estimated reasonable cost of providing the corresponding regulatory services, as documented in the Fee Study.
 - c. The fees do not exceed the estimated reasonable cost of providing the corresponding regulatory services based on the actual FY 2027 program budget.
 - d. There is a reasonable relationship between the fees imposed and the regulatory activities performed for, or required as a result of the actions of, the persons upon whom the fees are imposed.

- e. The fees established herein are not imposed as an incident of property ownership and are not “property-related fees” subject to Article XIII D of the California Constitution, as they are imposed on landlords by virtue of their operation of a rental housing business, not merely by virtue of property ownership.
4. **Rental Registry Fee Established.** An annual Rental Registry fee of \$149 per rental unit per year is hereby established for all rental units subject to Chapter 4-45 of the San Leandro Municipal Code. The fee shall be due and payable no later than January 31 of each year, beginning January 31, 2027, consistent with the annual registration statement filing deadline established by Ordinance No. 2026-002.
5. **Rent Stabilization Fee Established.** An annual Rent Stabilization fee of \$109 per rental unit per year is hereby established for all rental units subject to Chapter 4-46 of the San Leandro Municipal Code. The fee shall be due and payable no later than January 31 of each year, beginning January 31, 2027, together with the Rental Registry fee established in Section 2 of this Resolution.
6. **Annual Fee Adjustments.** Commencing July 1, 2028 and annually thereafter, the City Manager or designee shall adjust the Rent Program fees based on the annual percentage change in the Consumer Price Index for All Urban Consumers (CPI-U) for the San Francisco-Oakland-Hayward, CA Region, published by the U.S. Bureau of Labor Statistics, for the twelve-month period ending in April of each year. No adjustment shall result in a fee exceeding the then-applicable full cost recovery amount as documented in the most recently adopted Fee Study.
7. **Late Registration Penalties.** The following tiered late registration penalty schedule is hereby established, applicable to any landlord who fails to timely submit the annual Rent Program registration statement and fee payment required by Section 4-45-120 of the San Leandro Municipal Code:
- a. Tier 1 (1–30 days late): A penalty equal to 25% of the applicable annual per-unit fee shall be assessed on each unit for which registration is delinquent.
 - b. Tier 2 (31–89 days late): A cumulative penalty equal to 50% of the applicable annual per-unit fee shall be assessed on each delinquent unit.
 - c. Tier 3 (90–119 days late): A cumulative penalty equal to 100% of the applicable annual per-unit fee shall be assessed on each delinquent unit.
 - d. Tier 4 (120 or more days late): A cumulative penalty equal to 150% of the applicable annual per-unit fee shall be assessed on each delinquent unit.
 - e. Penalties shall be assessed per unit for each registration cycle in which a landlord is delinquent. Penalties are in addition to, and not in lieu of, the applicable annual program fee.

f. **First Cycle Waiver Authority:** For the first registration cycle, the Program Administrator is authorized to waive or reduce penalties at their discretion.

8. **Master Fee Schedule Amended.** The City’s Master Fee Schedule is hereby amended to include the Rent Program fees established in Section 4 of this Resolution and the late registration penalties established by Section 6. The City Manager is authorized to incorporate the FY 2027 fees into the Master Fee Schedule.

9. **General Fund Loan Approved.** The City Council hereby approves a General Fund loan to the Rent Program Special Revenue Fund in the amount of \$2,230,500, on the following terms:

- a. **Loan Amount:** \$2,230,500, approximately equal to the FY 2027 Rent Program budget of \$2,230,433.
- b. **Interest Rate:** 4.03% per annum.
- c. **Repayment:** The loan shall be repaid from Rent Program fee revenues. The City may repay the loan as a lump sum of all outstanding principal and accrued interest at any time without penalty, or in installments at such times and in such amounts as determined by the Finance Director based on program revenue performance. The repayment period shall not exceed six (6) years from the date of initial loan disbursement.
- d. **Disbursement:** The Finance Director is authorized to transfer loan proceeds from the General Fund to the Rent Program Special Revenue Fund at the commencement of FY 2027 or at such earlier time as needed to fund program startup costs authorized in this Resolution.
- e. **Annual Reporting:** The Finance Director shall include the outstanding General Fund loan balance, accrued interest, and repayment progress in the City’s annual comprehensive financial report.

10. **Effective Date.** This Resolution shall take effect immediately upon adoption. The fees established in Sections 4 and 5 shall apply to the first Rent Program registration cycle, with the first fee payment due January 31, 2027.

Introduced by Councilmember _____ and passed and adopted this 1st day of June 2026 by the following vote:

AYES: _____ ()

NOES: _____ ()

ABSENT: _____ ()

ATTEST:

Sarah K. Bunting
City Clerk