

Rent Stabilization Estimated Start-Up & Ongoing Cost of Program					
Operating Expenditures			First Year	Second Year	
Department Responsible	Action	Staff Time Involved	Start-Up Costs	Legacy Costs	Comments
CED	Hiring Housing Manager		\$0	\$125,000	The Housing Manager position was budgeted in the FY24 budget out of ARPA funds. The position was budgeted for \$85,000 before benefits. With benefits the total budgetary cost for this position will be \$116,788. The Rent Stabilization Study recommended \$110K to \$115K for the Housing Manager. To be competitive, the Takoma Park Housing Manager recommended offering a higher salary cap. To be competitive, it is recommended the salary for this position start at \$115,000 plus benefits - additionally the two housing positions will be responsible for managing the Affordable Housing program
CED	Hiring Housing Specialist/or second Housing Manager		\$104,328	\$104,328	The salary base is \$75K w/full benefits - Due to the demand the rent stabilization & affordable housing program will put on these position, there will be a need to have a second staff person help with the management of the program. Takoma Park has 1600 units and they have a staff of three (3) FTE's
CED	Affordable Housing staff		\$0	\$92,330	The salary is \$65K w/full benefits -this position would provide staff support to both the Rent Stabilization and Affordable Housing program, maintain documents, help with monitoring compliance and record keeping; there may be a need in the second year of the program for this position
DPW & Permitting	Hire Code Compliance staff	Approximately 20% of Code & Licensing Divisions time is used to obtain compliance for rental licensing fees (includes compliance for single family rentals, multi-family rentals & businesses)			
CED	Contracting a Rent Analysis Consultant		\$30,000	\$30,000	The Rent Analysis Consultant would be responsible for reviewing & determining petitions for a Right to a Fair Return request from Property Managers/Landlords requesting an increase higher than CPI
CED	Purchasing Program database/software		\$30,000	\$30,000	The database is used for both permitting and as a platform for landlords to submit their annual report and data

Communications	Communication & Messaging Campaign		\$45,000	\$25,000	The estimated costs to launch & maintain the communications outreach is based on other campaigns with similar outreach needs
Communications staff resources & time		150 hours to roll-out and 115 hours annually	\$7,000	\$5,380	Estimated 150 hours of Communication staff time to roll-out the program and 115 hours of legacy costs. The hours are calculated using the hours of staff time for other campaigns with similar outreach needs.
City Attorney	Administrative functions, i.e. preparing for court & court appearances to prosecute violations		\$30,000	\$25,000	The City Attorney anticipates the City will incur higher legal cost the first few years.
Total Estimated Costs			\$246,328	\$437,038	With the HM salary & the Housing Administrative Assistant positions added in year two, expenses would increase by \$190,710
Revenue Analysis			First Year	Second Year	
Aggregate revenue & expense projections w/existing rental license fee					
Aggregate Revenues for multi and single family renewal licensing permit fee			\$343,240	\$343,240	This is revenue projected for the FY24 budget year based on a five year history of rental fee revenues for two sources, the annual multi-family renewal license fee and the bi-annual multi-family renewal license fee
Total Projected Expenses			\$246,328	\$437,038	
Total Net for program w/existing revenues/expenses			\$96,912	(\$93,798)	Second year legacy costs will amount to a \$93,788 cost to the City if the current \$120 bi-annual per unit rental application fee remains the same
Projected Aggregate start-up & legacy revenues (with increased rental license fees)			\$343,240	\$726,425	Multi-family rental license renewal @ \$250 bi-annually; single family license renewal @ \$300 annually; the increases would be implemented in the second year of the program (calendar year 2025);the \$726,425 aggregate projected revenue is based on a five year history of rental revenues (this includes a reduction factor of 2%)
Total Projected start-up & legacy expenses			\$246,328	\$437,038	The second year expenses includes the Housing Manager & Housing Administrative Assistant salary w/benefits
Total Net for program with increased fees			\$96,912	\$289,387	

Total annual multi-family revenue w/full compliance			\$258,240	\$591,250	This is the projected revenue if the City charged a bi-annual renewal licensing fee of \$250 per multi-family unit and full compliance & on-time rental fee payments (the aggregate revenue would result in a minimum increase projected to be \$116K to \$121K)
Total annual single family revenue with full compliance			\$85,000	\$150,000	This is the projected revenue if the City charged an annual renewal licensing fee of \$300 per single-family unit and full compliance & on-time rental fee payments
Aggregate Revenues for an annual licensing renewal permit fee w/full compliance			\$343,240	\$741,250	The total revenue with full compliance and on-time payments
Right to Fair Return application fee				\$5,000	Right to Fair Return application fee - \$500 x 10 = \$5,000 in additional revenue on a bi-annual basis (\$2,500 annually); this is based on the assumption there may be 10 petitions requesting a rent increase above the CPI

Facts

The \$246,368 in first year expenses does not include the pre-approved Housing Manager salary or the Affordable Housing support position position

The staff responsible for the Rent Stabilization program will also be responsible for managing the Affordable Housing program

Single family rental licensing fee has remained the same (\$225) annually for 18 years

Assumptions

The projected revenue assumes all 4730 multi-family units renewal fees are paid on time & are in compliance

Multi-family revenue projections formulas

Current Multi-family rental bi-annual renewal fee - $\$120 \times 4730 = \$567,600$ (note: distributed over two years, total revenue would = \$283,800 annually)

Multi-family rentals annual renewal fee with increase- $4730 \times \$250 = \$1,182,500$ bi-annually; \$579,425 annually with the City Treasurers 2% reduction

Single family revenue projection formulas

Single family rentals currently - $\$225 \times 500 = \$112,500$

Single family rentals - $\$300 \times 500 = \$150,000$

Single family rentals w/annual estimates = \$147,000 w/City Treasures 2% reduction

Annual Aggregate Revenues

Annual Aggregate Multi-family & Single family rental revenues with City Treasurer 2% reductions = \$726,425

Note: There are 4730 multi-family units in the City and currently 519 single family rentals