Economic and Fiscal Analysis of Redwood City Fair and Affordable Housing Ordinance

Supplemental Report prepared under Section 9212 of California Elections Code

July 7, 2026

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The Economics of Land Use

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SCOPE OF WORK

Evaluate additional fiscal and economic implications of Proposed Ordinance not fully addressed in initial 9212 Report, based on:

More analysis of tenant protection provisions beyond rent control
(Just cause, relocation assistance, tenant safety plans, utility recovery, and right-to-return)

Consideration of cumulative impacts on property owners
(Combined effects of new fees, external cost pressures and other regulatory requirements)

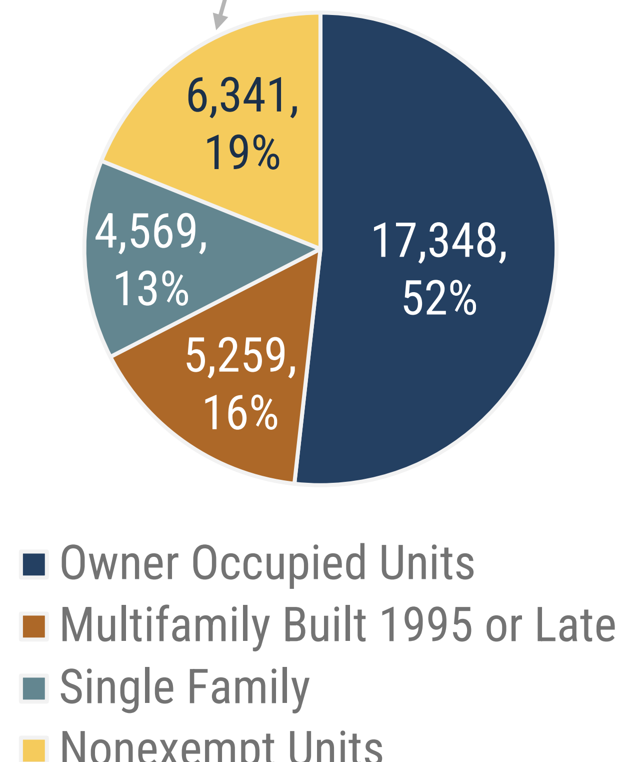
Unique impacts on affordable housing sector
(Interaction with financing, operational and affordability requirements)

Additional analysis of impact on City finances
(Start-up costs, reserve funding, and legal services)

OVERVIEW OF CITY'S HOUSING STOCK

- About **48%** of City's housing units are renter-occupied ~16,200 units
- About **19%** of total units will be subject to rent control because they are both multi-family and built before 1995.
- All rental units would still need to comply with other ordinance requirements (e.g., just cause eviction, right of return).

Most Impacted:
Subject to rent control + tenant protections



KEY FINDINGS

1. **The Proposed Ordinance's non-rent control provisions would create material costs and risk to property owners / investors**
   Just cause eviction, relocation, right-to-return, and tenant safety plans apply beyond Costa-Hawkins limits and will affect the City's rental market more broadly.

2. **Greatest impacts to pre-1995 rental stock, the buildings currently provide bulk of City's "naturally occurring" affordable housing**
   Older, smaller properties have lower rents, more repair /maintenance needs, and less ability to absorb new costs and compliance burdens

3. **Cumulative external pressures amplify impacts**
   Increases in utility costs, insurance rates, interest rates, and a variety of other regulatory changes could also compound effects of the Proposed Ordinance on City's rental market.

KEY FINDINGS -- *CONTINUED*

4. **Pre-1995 affordable housing also faces disproportionate risk**
   Operators face unique financing challenges and operational requirements that make them more vulnerable.

5. **Fees in Proposed Ordinance are substantially below expected Program costs**
   Annual costs estimated at $5M–$11.1M (or $318 - $ 699/unit); stated fees of $84–$120/unit will likely fall far short

Tenant Protections

JUST CAUSE EVICTION - *WHAT WOULD CHANGE?*

The City's Tenant Protection Ordinance (TPO) and State law already require just cause eviction and State law determines time-frame, evidence, and legal proceedings for enforcement

Proposed Ordinance would:

- Add "no fault" protections for elderly, disabled, terminally ill, and during school year for students or educators
- Broaden coverage to include single family, condos, and affordable housing
- Apply protections without waiting period (currently 12 months after occupancy)
- Provide for "right to return" if units returned to rental market after owner move-in, withdrawal, substantial renovation or demolition
  - Right to return would never expire

JUST CAUSE EVICTION - *WHAT ARE POTENTIAL IMPACTS?*

May impose additional financial burdens on landlords, but incremental impacts relative to existing conditions are unclear:

- **Post-1995 market rate multi-family**: Impacts can be mitigated over time with rent increase
- **Pre-1995 market rate multi-family**: More difficult to address issues with limits on rent increases
- **Single-family, condos, ADUs**: May incentivize some owners to remove units from the rental market
- **Affordable housing**: May conflict with or complicate existing affordability covenants
- **Regional Housing Needs Allocation (RHNA)***: Perceived increase in costs /risks may affect City's investment climate for housing

**Redwood City's RHNA is based on State mandated process that requires jurisdictions to plan for enough housing to accommodate growth.*

RELOCATION ASSISTANCE - *WHAT WOULD CHANGE?*

Would substantially increase tenant relocation assistance for no fault evictions, in most cases

Illustrative ***calculation assuming one-bedroom = Contract Rent @ $3,000 / month:***

	Existing TPO	Proposed Ordinance (Greater of 4 months FMR* or $12,000)	Additional Costs / Unit
Base Relocation	$3,000 *(1 Month Contract Rent)*	$12,000	$9,000
Special Circumstances	$8,931 - $11,908 *(3-4 Months FMR*)*	$18,000**	$6,092 - $9,069

Fair Market Rate (FMR) for one-bedroom is $2,977
****Proposed Ordinance adds $6,000 for elderly, disabled, or terminally ill tenants.***

RELOCATION ASSISTANCE - *WHAT ARE POTENTIAL IMPACTS?*

Increase in costs may discourage rehabilitation of occupied units for some building types:

- **Post-1995 market rate multi-family**: Rehabilitation cost increases can be mitigated over time with rent increase
- **Pre-1995 market rate multi-family**: More difficult to off-set with limits on rent increases. Will disproportionately hurt 'mom & pop' owners with limited reserves and buildings with more repair issues
- **Single-family, condos, ADUs**: Cost increases can be mitigated over time with rent increase
- **Affordable housing**: Most operators already provide tenant relocation expenses, but Proposed Ordinance may increase cost in some circumstances
- **RHNA**: Minimal impact since rehabilitation projects rarely count toward RHNA

TENANT SAFETY PLANS - *WHAT WOULD CHANGE?*

Requires landlords to prepare a "Tenant Safety Plan" before making repairs / renovations that require building permit.

- **Landlord / property managers expressed concern about project implementation and administration, including:**
  - **Level of detail required**
  - **Preparation costs and City fees**
  - **Approval and appeal process**
  - **Impact on project timelines**
- **Minimal precedent for "Tenant Safety Plans" increases uncertainty about implementation**

TENANT SAFETY PLANS - *WHAT ARE POTENTIAL IMPACTS?*

May increase repair timelines and costs but impacts unclear since the rules and regulations haven't been established:

- **Post-1995 market rate multi-family**: Impacts can likely be mitigated over time with rent increases
- **Pre-1995 multi-family (market rate and affordable)**: Disproportionate impact because buildings often need more repairs and harder to pass on costs with limits on rent increases (absent a successful upward adjustment petition)
- **Single-family, condos, ADUs**: May be more difficult for "mom and pop" owners / investors to absorb (e.g., fewer resources, less economies of scale), but rent increases can mitigate impacts
- **RHNA**: Minimal impact because new construction likely covered by insurance and Program administration likely to becomes clearer over time

TENANT RIGHT TO RETURN - *WHAT WOULD CHANGE?*

Strengthens City's TPO by increasing circumstances when displaced tenants can move back to original rental units if / when it's returned to market

- Right to return applies after owner move-in, unit withdrawal, demolition, or substantial renovation, and right ***does not expire***
  - SB 330 already has similar requirements for demolition
  - City TPO already has right to return for substantial renovation
- Adds new timelines and rights for tenants evicted when unit is withdrawn from market and later offered for rent:
  - **After 2-years:** Landlord liable for punitive damages
  - **After 5-years:** Rent capped at prior level + allowable increases
  - **After 10-years:** Must offer unit to displaced tenant upon request

TENANT RIGHT TO RETURN - *WHAT ARE POTENTIAL IMPACTS?*

Long-term obligations and costs may deter projects that require tenant relocation and / or incentivize permanent removal of rental units from market (e.g., condo-conversion)

- **Post-1995 market rate multi-family**: May reduce financial incentives for rehab/remodel projects. Impacts can be mitigated over time with rent increase
- **Pre-1995 market rate multi-family**: More difficult to address issues with limits on rent increases, absent successful petition for upward rent adjustment
- **Single-family, condos, ADUs**: May incentivize some owners to permanently remove units from the rental market
- **Affordable housing**: Less impact because already required to comply with similar requirements under TPO and State law
- **RHNA**: Could decrease feasibility of new development. But historically, most development in City does not displace existing residential.

UTILITY COST PASS-THROUGH – WHAT WOULD CHANGE?

Prohibits landlords of rent controlled buildings from passing on utility costs using Ratio Utility Billing Systems (RUBS) or other methods

- **Most older buildings currently use RUBS because sub-metering is cost prohibitive (or nearly impossible for sewer & trash)**
- **May remove incentives for tenants to conserve covered utilities :** San Jose data showed 11%–12% water use increase after RUBS prohibition

RUBS typically
~10%
of building revenue

($200 – $330 / unit / month)

RUBS typically includes:
- Water
- Sewer
- Trash
- Hot water heating

UTILITY COST PASS-THROUGH - *WHAT ARE POTENTIAL IMPACTS?*

Will likely impose significant financial burdens on most landlords of pre-1995 buildings:

- **Post-1995 market rate housing (including single-family, condos and ADUs)**: No impact unless Costa Hawkins is amended or repealed
- **Pre-1995 market rate multi-family**: Potential long-term impact because landlords can only increase rents to off-set costs when units are vacated (absent a successful upward adjustment petition)
  - And Proposed Ordinance rolls back rents to 2025 levels
- **Affordable housing**: Minimal impact because RUBS is not typically used
- **RHNA**: No impact unless Costa Hawkins is amended or repealed
- **Other**: Sustained increases in water demand and wastewater flows can increase operations and long-term capital costs – putting pressure on rates for a customers.

Cumulative Impacts

LOCAL GOVERNMENT FEES & CHARGES

Local housing operators have experienced recent increases in a variety of government fees and charges

- Eliminating RUBS would potentially increase usage and make it more difficult for pre-1995 building to re-coup costs.

Fee / Charge	Cost Increase (FY 2023-24 to 2026-27)	
	Annual	Total (10-unit Bldg.)
Ordinance Admin	$471	$4,710
Business License Tax	$11	$110
Sewer / Wastewater	$84	$840
Water Fixed	$2.80	$28
Total	**$569**	**$5,688**

The original report contained calculation errors in this table. The values presented here have been reviewed and corrected and represent the accurate fee increases.

OTHER MARKET BASED PRESSURES

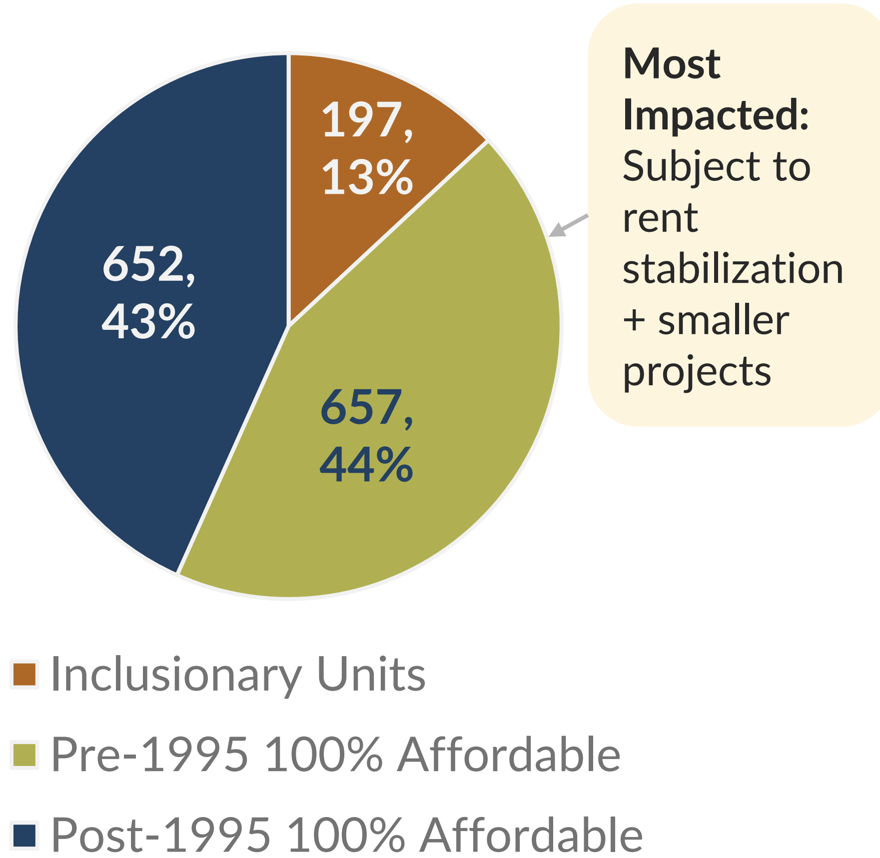
- **Other financial pressures faced by building owners potentially compounded by Proposed Ordinance, include:**
  - **Insurance:** Federal Reserve estimates multifamily property insurance costs increased by more than 75% from 2019 to 2024 in real terms
  - **Financing**: Rising interest rates make it increasingly hard to finance large repairs and rehabilitation projects (commercial loans rates have increased 200 - 250 basis points since 2020)
  - **Decline in "real" rents**: Inflation adjusted rents in Redwood City have declined over last 10-years (see prior 9212 Report)
- **Under Proposed Ordinance, pre-1995 owners have limited ability to recover costs with rent increases capped at 60% of percent change in CPI (and rolled back to 2025 levels)**

Affordable Housing

EXISTING AFFORDABLE HOUSING STOCK

- With over 1,500 units, affordable housing accounts for about 10% of the City's rental stock
- Pre-1995 buildings house about 45% of the City's affordable units (and would be subject to rent control)
- Pre-1995 buildings are also smaller (avg. = 27 units), making it more difficult to absorb costs

Composition of Redwood City Affordable Housing
(Total ~1,506 units)



AFFORDABLE HOUSING'S UNIQUE FINANCING STRUCTURE

Increasing Financial Burden

1 **Soft Loans to City / County Not Repaid**
Payments to the public lenders are the first to be missed or delayed. — $

2 **Critical Maintenance Deferred**
Roof, plumbing, electrical, HVAC, and structural repairs get pushed back. — $$

3 **Resident Services Cut**
After-school programs, on-site staff, transportation, and community events are reduced. — $$$

4 **Other Debt & Reserves Impacted**
Other obligations go unpaid and replacement reserves are depleted — less cushion for emergencies. — $$$$

5 **PROJECT FINANCIALLY AT RISK**
Operating deficits grow and affordability is jeopardized. — $$$$$

ILLUSTRATIVE PRO FORMA

CASH-FLOW ANALYSIS ASSUMPTIONS

Analysis simulates financial performance of a hypothetical affordable housing project over time*

- **101 units (**100 affordable units + 1 manager unit)
- **100% affordable** Low-Income Housing Tax Credit (**LIHTC**) project
- Tests impacts of **new fees** and **constrained rent growth** on project cash flow

Project assumptions based on real Redwood City development and input from affordable housing operators

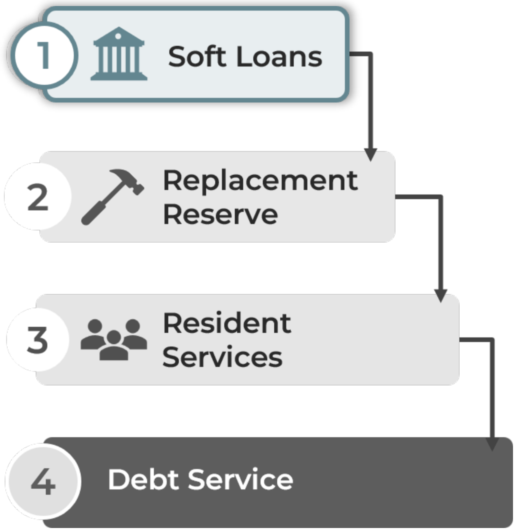
PROPOSED SCENARIOS

ILLUSTRATIVE CASH-FLOW SCENARIOS

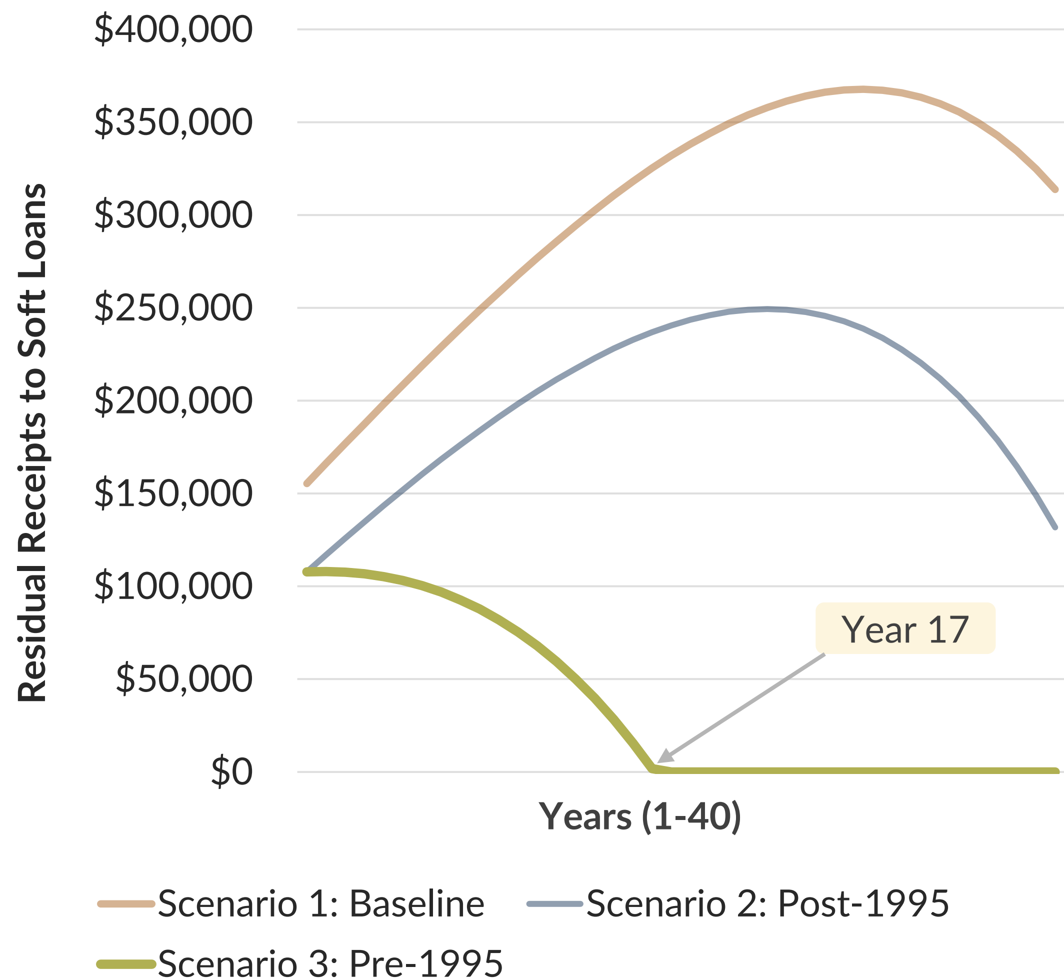
Proposed Ordinance Applicability	Scenario 1 *Baseline*	Scenario 2 *Post 1995 Affordable Housing*	Scenario 3 *Pre 1995 Affordable Housing*
Number of Impacted Units	-	*652 +*	*657*
Rent Stabilization	No	No	Yes
Fees	No	Yes	Yes
Other Tenant Protections*	No	Applicable (not modeled)	Applicable (not modeled)

*Other tenant protection impacts are **not quantifiable in the pro formas**, so the scenarios likely **understate the Ordinance's full financial impact** on affordable housing projects

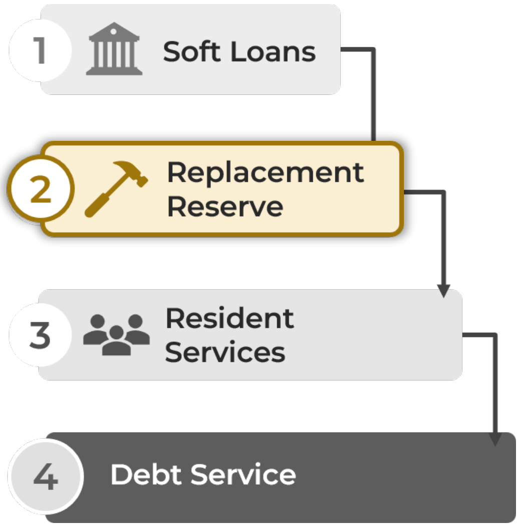
SOFT LOANS TO CITY/PUBLIC LENDERS

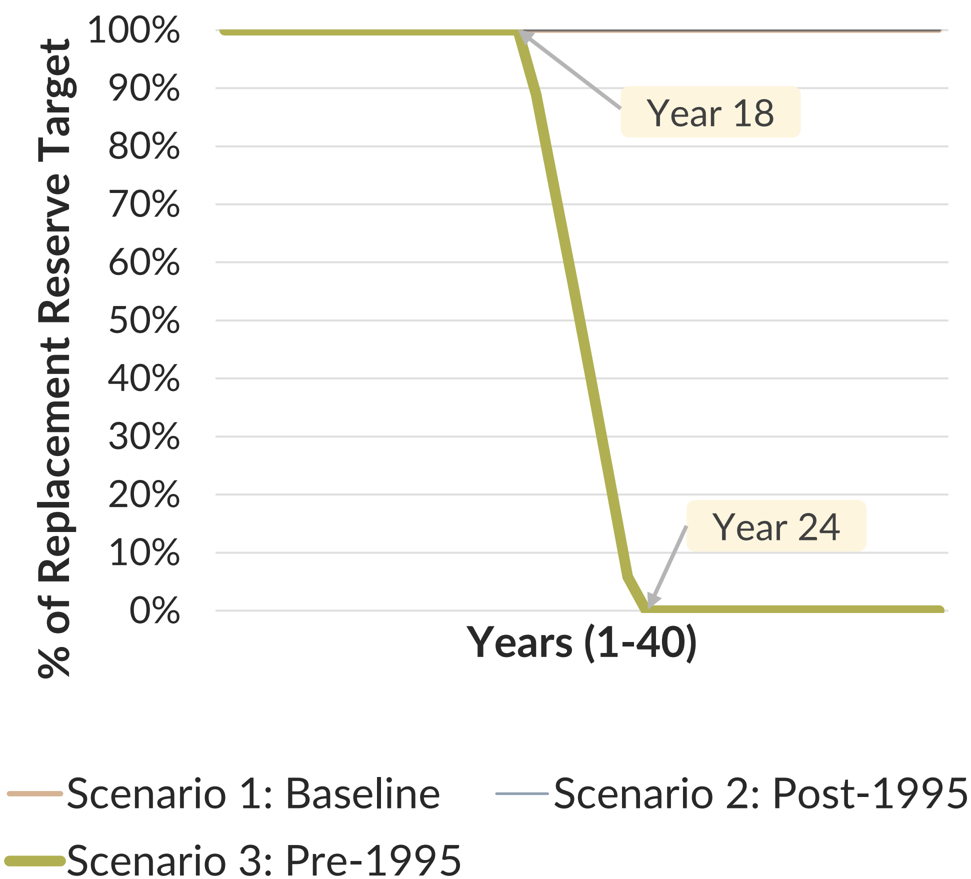


- Soft loan repayment to city/public lenders are the first to get cut when financial stress
- Scenario 3 stops making payments by year 17



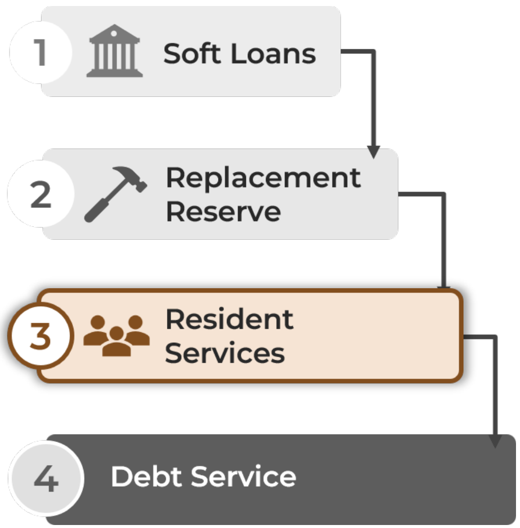
REPLACEMENT RESERVE FUNDING



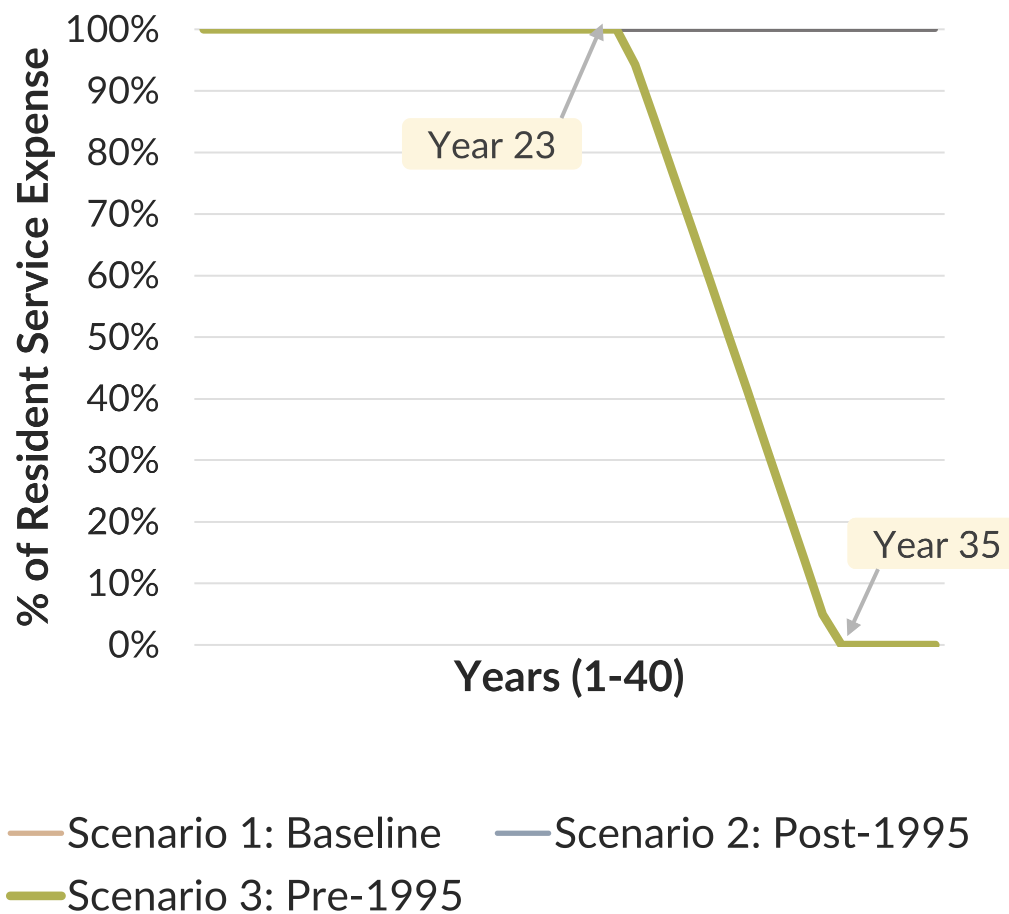


- Cuts to replacement reserves means deferring critical maintenance and the property suffers
- Scenario 3 stops making replacement reserve contributions by year 24

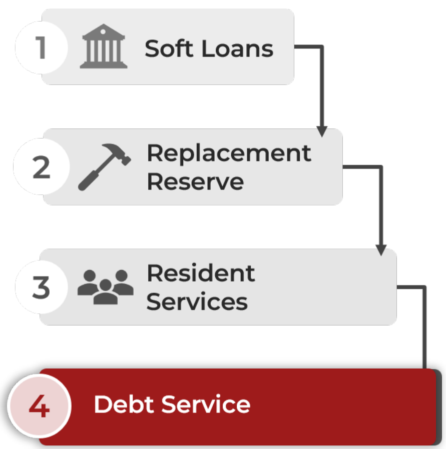
RESIDENT SERVICES FUNDING



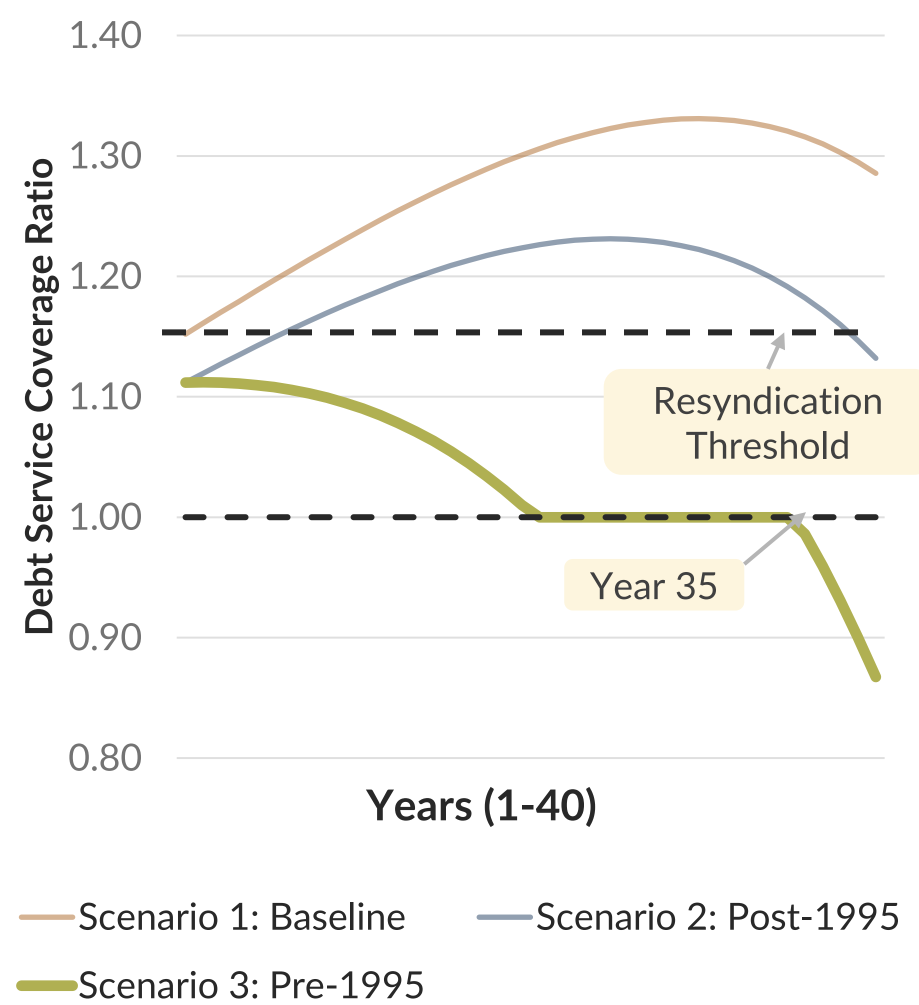
- Cuts to resident services means low-income residents may lose access to critical services like food pantries, etc.
- Scenario 3 stops any non-mandatory resident services by year 35



DEBT SERVICE COVERAGE RATIO (DSCR)



- DSCR below 1.0x indicates the project cannot fully cover debt service without subsidy or restructuring.
- Below ~1.15x DSCR, refinancing or recapitalization becomes more difficult and may require gap subsidy.
- Under Scenario 3, DSCR falls below 1.0x after Year 35, indicating a long-term sustainability issue.



IMPACTS ON AFFORDABLE HOUSING PIPELINE

- The Proposed Ordinance is not expected to directly prevent Redwood City from meeting RHNA, but it could make affordable housing production and preservation more difficult over time.
- Higher fees, compliance costs, and operating uncertainty may weaken project cash flow.
- Weaker cash flow can reduce lender and investor confidence, making financing harder to secure.
- Projects may need more gap subsidy before they can close and begin construction.
- Preservation and rehabilitation projects may face added relocation and tenant safety plan costs

Impact on City Finances

PROGRAM ADMINISTRATION IS COSTLY

THREE COST CATEGORIES DRIVE THE PROGRAM BUDGET

1
Ongoing Administration

Recurring staff, monitoring, and operations needed to run the program year after year.

2
Startup Costs

One-time implementation, recruiting, onboarding, and classification studies before launch.

3
Reserve Funding

A financial cushion to absorb fee shortfalls and cover unexpected or emergency costs.

These costs must ultimately be covered by Program fees

Proposed Ordinance bars General Fund contribution.

TENANT LEGAL SERVICES

AN ON-GOING PROGRAM COST

- **Initial 9212 Report:** estimated core program administration costs but didn't include legal services for low-income tenants, as required by Proposed Ordinance.

Item	Without Tenant Legal Services	With Tenant Legal Services	Increment from Legal Services
Staffing	7–18 FTE	7–18 FTE	–
Annual program cost	**~$3.9M–$10.0M**	**$5.0M–$11.1M**	**~$1.06M/year**
Cost per unit	**~$243–$619/unit**	**$309–$685/unit**	**~$66/unit**

STARTUP COSTS

RECRUITMENT ADDS NEW COST

- **Initial-9212 Report:** included startup costs such as tenant improvements and equipment but omitted HR / recruitment costs, needed because program would require creation and hiring of new City positions.

- **Funding structure:** General Fund may front startup costs but must be repaid through landlord fees via a 5-year interfund loan

Item	Prior Startup Cost Estimate	Updated Cost Estimate	Increment from HR & Interfund Loan Cost Estimate
Total startup costs	**$319K–$687K**	**$683K–$1.05M**	**+$364K**
Annual loan repayment	~$71K–$153K/year	**$153K–$235K/year**	**+$82K/year**
Cost per unit	~$4–$9/unit	**$9–$15/unit**	**+$5/unit**

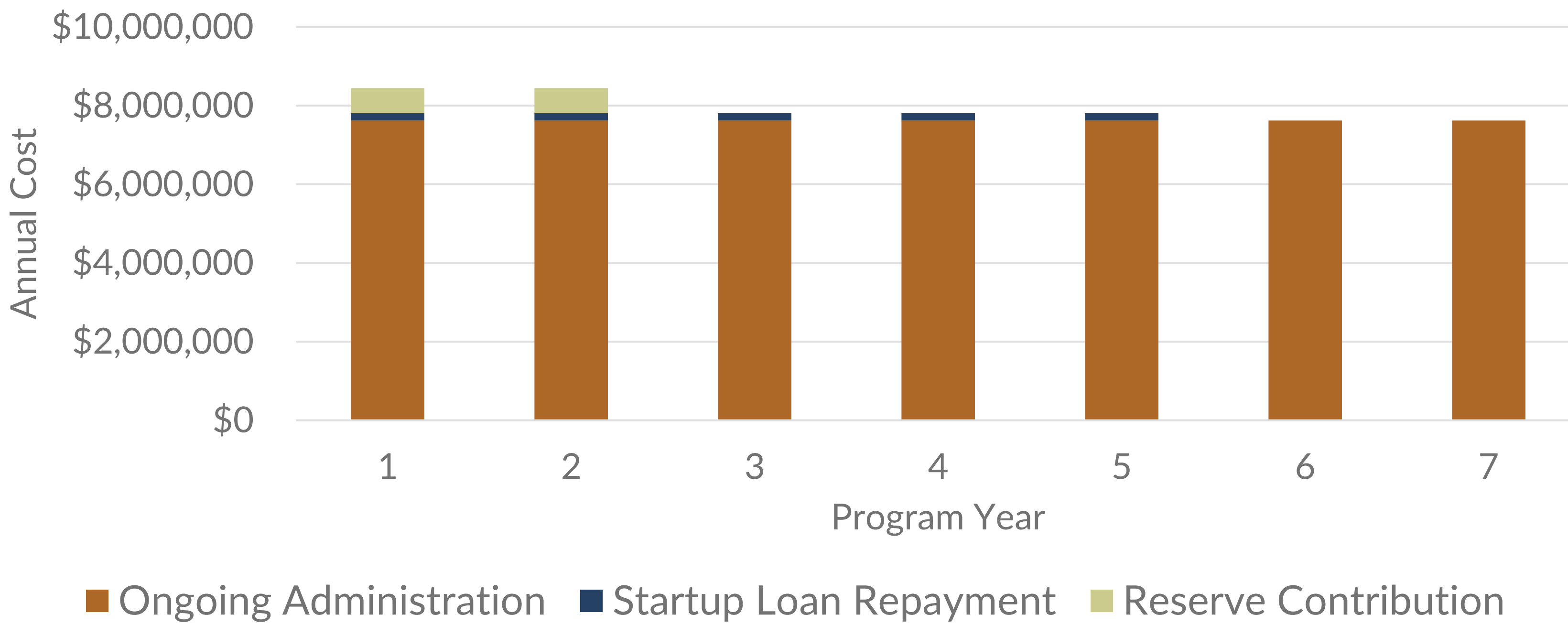
RESERVE FUNDING

MITIGATES RISK TO GENERAL FUND

- **Initial 9212 Report:** did not include a dedicated operating reserve, which would be needed due to uncertain nature of the Program.
- Supplemental analysis adds a 2-month operating reserve funded over 2 years

Item	Prior Cost Estimate	Updated Cost Estimate	Increment from Reserve Funding
Total reserve target	Not included	**~$833K–$1.85M**	**+$833K–$1.85M**
Annual reserve contribution	Not included	**~$416K–$923K/year**	**+$416K–$923K/year**
Cost per unit	Not included	**~$26–$57/unit/year**	**+$26–$57/unit/year**

AVERAGE ANNUAL FEES INCLUDE STARTUP AND RESERVE FUNDING



Per-Unit Fee Range:

Year 1–2	Year 3-5	Year 6
$344 - $756	$318 - $699	$309 - $685

The bars show the average enforcement scenario. Fee ranges reflect minimum to maximum enforcement scenarios and include startup loan repayment and reserve contributions where applicable.

Appendix

ANNUAL UTILITY RATE INCREASES

	FY 2023-2024	FY 2024-2025	FY 2025-2026	FY 2026-2027
Sewer				
Single Family Residential (Monthly per dwelling unit)	$89.28	$97.74	$104.58	$111.90
Multi Family (1-9 dwelling units)(Monthly per dwelling unit)	$89.28	$76.31	$81.65	$87.37
Multi-Family (10+ dwelling units)(Monthly per dwelling unit)	$80.36	$76.31	$81.65	$87.37
Solid Waste				
20-gallon (Monthly)	$23.87	$30.87	$38.37	$44.87
32-gallon (Monthly)	$38.86	$45.86	$52.86	$58.86
64-gallon (Monthly)	$67.20	$74.20	$80.20	$86.20
96-gallon (Monthly)	$95.31	$102.31	$107.31	$113.31
Yard Bins (for multi-family)				
Subscription level (yards per week)				
1-10	$150.06	$150.06	$150.06	$150.06
11-20	$154.55	$154.55	$154.55	$154.55
21-30	$159.19	$159.19	$159.19	$159.19
31-50	$163.99	$163.99	$163.99	$163.99
51+	$168.89	$168.89	$168.89	$168.89

ANNUAL UTILITY RATE INCREASES
CONT.

	FY 2023-2024	FY 2024-2025	FY 2025-2026	FY 2026-2027
Water [1]				
Single Family Residential (bi-montly per dwelling unit)				
	$76.72	$82.09	$82.09	$92.38
Multi-Family Residential *(bi-monthly per meter)*				
5/8'' Meters	$76.72	$82.09	$82.09	$92.38
3/4'' Meters	$105.30	$112.67	$112.67	$119.58
1'' Meters	$162.46	$173.83	$173.83	$173.98
1.5'' Meters	$305.38	$326.76	$326.76	$310.00
2'' Meters	$476.88	$510.26	$510.26	$473.24
3'' Meters	$1,262.32	$1,351.35	$1,351.35	$1,221.36
4'' Meters	$2,163.32	$2,314.75	$2,314.75	$2,078.28
6'' Meters	$4,592.92	$4,914.42	$4,914.42	$4,390.64
8'' Meters	$8,022.96	$8,584.57	$8,584.57	$7,655.16
10'' Meters	$12,024.68	$12,866.41	$12,866.41	$11,463.74

[1] Water rates decreased slightly in 2026, reflecting a reallocation of costs informed by the City’s most recent water rate study, which was prepared by an outside consultant.

PERMANENT SOURCES CAPITAL STACK

Permanent Sources	Amount	% of Capital Stack
Permanent Loan	**$18,197,125**	21.7%
City of Redwood City	**$8,402,625**	10.0%
Other Public Funding (e.g. State or County)	**$16,805,250**	20.0%
Contributed Developer Fee	**$4,900,833**	5.8%
Deferred Developer Fee	**$2,450,417**	2.9%
Land Contribution	**$6,000,000**	7.1%
Tax Credit Investor Equity [1]	**$27,270,000**	32.5%
Total Sources	**$84,026,250**	**100.0%**

[1]Tax Credit Investor Equity calculation detailed in table 5, assumes Project Outside QCT/DDA

DEVELOPMENT COSTS

Uses	Total	Per Unit
Acquisition Costs	$6,000,000	$59,406
Hard Costs[1]	$54,540,000	$540,000
Soft Costs[2]	$13,635,000	$135,000
Developer Fee[3]	$9,851,250	$97,537
	$84,026,250	**$734,406**

[1] Assumes hard costs of $600 per gross square foot, an average unit size of 720 square feet, and 80 percent efficiency

[2] Assumes soft costs equal 25 percent of hard costs.

[3] Developer fee calculation is detailed in Table 6.

ANNUAL OPERATING EXPENSES

Operating Budget Category	Total	Per Unit
Property Operations, Utilities & Required Services[3]	$828,200	$8,200
Other Public Lender Monitoring Fees[1]	$10,000	$100
TCAC Asset Management Fee[2]	$8,540	$85
Operating Expenses (Less Services)	**$846,885**	**$8,385**
Resident Services[4]	$100,000	$1,000
Total	**$927,685**	**$9,185**

[1] Includes core property operations, utilities, management, compliance, and service-related activities required by regulatory agreements.
[2] Modeled after San Mateo County Fee
[3] TCAC monitoring is $7,500 plus $40 for every unit over 75 units
[4] Represents resident services and engagement costs above mandatory operating and compliance requirements.

PERMANENT LOAN FINANCING ASSUMPTIONS

Permanent Loan	$18,197,125
Interest rate	5.85%
Term Yrs	40

TAX CREDIT CALCULATION

Tax Credit Calculation	In QCT/ DDA	Outside QCT/DDA
Hard Costs	$54,540,000	$54,540,000
Soft Costs	$13,635,000	$13,635,000
Eligible Basis	$68,175,000	$68,175,000
QCT/ DDA Boost[1]	130%	0%
Adjusted Eligible Basis	$88,627,500	$68,175,000
Applicable Fraction[2]	100%	100%
Qualified Basis	$88,627,500	$68,175,000
Tax Credit Rate	4%	4%
Annual Tax Credit	$3,545,100	$2,727,000
x 10 years	10	10
Total Tax Credit	$35,451,000	$27,270,000
Tax Credit Pricing[3]	$0.90	$0.90
Investor Equity	**$31,728,645**	**$24,406,650**

[1] Model assumes the project is not located in a Qualified Census Tract (QCT) or Difficult Development Area (DDA). Projects located in a QCT or DDA may be eligible for up to a 30 percent basis boost, which increases the eligible basis used to calculate Low-Income Housing Tax Credits and can increase available tax credit equity.
[2] Applicable fraction reflects the share of the project treated as income-restricted affordable housing for tax credit purposes. The model assumes a 100 percent applicable fraction, meaning all residential units are assumed to be rent-restricted and occupied by income-qualified households, so the full eligible residential basis is included in the tax credit calculation.
[3] Estimated based on Q4 2025 tax credit pricing

DEVELOPER FEE CALCULATION

Developer Fee	In QCT/ DDA	Outside QCT/DDA
Unadjusted eligible basis	$65,675,000	$65,675,000
Maximum Percent [1]	15%	15%
Maximum Developer Fee	$9,851,250	$9,851,250
Take Home Developer Fee [2]	$2,500,000	$2,500,000
Contributed/ Deferred Developer Fee	$7,351,250	$7,351,250

[1] Reflects the assumed 4% LIHTC developer fee limit, calculated as 15 percent of unadjusted eligible basis.
[2] Take-home developer fee is capped at $2.5 million. Any developer fee above this amount is assumed to be deferred or contributed back to the project as equity.

UNIT MIX AND RENTAL SUBSIDY

Unit Mix						
Area Median Income	Bedroom Size	# Units for each BR size	Max Tenant Rent-Monthly	Rent Methodology	Utility Allowance	Net Tenant Rent
20%	1	25	$774	TCAC	$196	$578
50%	1	60	$1,835	TCAC	$196	$1,639
60%	1	0	$2,332	TCAC	$196	$2,136
70%	1	15	$3,134	TCAC	$196	$2,938
Manager	1	1	$0		$0	$0
Total		**101**				

Rental Subsidy						
Area Median Income	Bedroom Size	# Units for each BR size	Total Annual Rent	Contract Rent	Subsidy Over Net Rent	Total Annual Subsidy
20%	1	25	$173,400	$2,500	$1,922	$576,600
50%	1	60	$1,180,080	$0	$0	$0
60%	1	0	$0	$0	$0	$0
70%	1	15	$528,840	$0	$0	$0
Manager	1	1	$0	$0	$0	$0
Total		**101**	**$1,882,320**			**$576,600**

UTILITY ALLOWANCES

Property	Allowance Amount per County: Studio	1-bed	2-bed	3-bed	4-bed	Allowance for this Property: Studio	1-bed	2-bed	3-bed	4-bed
HEATING										
a. Natural Gas	$30	$37	$41	$46	$51					
c. Electric	$24	$29	$37	$45	$53	$24	$29	$37	$45	$53
COOKING										
a. Natural Gas	$7	$7	$12	$14	$19					
c. Electric	$10	$12	$17	$22	$28	$10	$12	$17	$22	$28
OTHER ELECTRIC/AC										
Other Electric	$32	$39	$58	$80	$102	$32	$39	$58	$80	$102
Air Conditioning*	$5	$6	$8	$11	$12	$5	$6	$8	$10	$12
WATER HEATING										
a. Gas	$14	$16	$23	$33	$40					
b. Electric	$24	$28	$35	$43	$51	$24	$28	$35	$43	$51
WATER USAGE										
	$80	$82	$108	$139	$174	$80	$82	$108	$139	$174
SEWER [1]										
	$82	$82	$82	$82	$82	$0	$0	$0	$0	$0
TRASH [1]										
	$39	$39	$39	$39	$39	$0	$0	$0	$0	$0
TOTAL UTILITIES AND FEES										
					Total:	**$175**	**$196**	**$263**	**$339**	**$420**

[1] Assumes landlord pays for sewer and trash so no utility allowance is allocated.

EAST PALO ALTO LEGAL SERVICES BENCHMARK

Item	East Palo Alto	Redwood City Equivalent
Total households	8,267	33,516
Owner-occupied households	4,056	17,348
Renter-occupied households / rental units	4,211	16,168
Renter unit scale factor	-	3.84
Legal services intakes	$240,000	$921,600
Administrative costs	15%	15%
Total Legal Cost	**$276,000**	**$1,059,840**
Per Unit Cost	**$66**	**$66**

ANNUAL PROGRAM ADMINISTRATION COST

Cost	Assumption	Level of Enforcement Minimum	Level of Enforcement Average	Level of Enforcement Maximum
Annual Administration Cost				
Number of Staff	See 9212 Report	7	11	18
Fully-Burdened Cost of Staff	$535,397 per FTE [1]	$3,549,116	$6,124,390	$9,522,020
Office Space Required	200 sq. ft./employee [2]	1,326	2,288	3,557
Cost of Office Space	$48.00 per sq. ft./year [3]	$63,638	$109,814	$170,736
Rent Registry Software	Annual Subscription	$90,000	$90,000	$90,000
Hearing Officer	Consultant	$100,000	$100,000	$100,000
Outreach + Education	Consultant	$135,000	$135,000	$135,000
Legal Services for low-income tenants	Consultant	$1,059,840	$1,059,840	$1,059,840
Total Annual Administration Cost		**$4,997,594**	**$7,619,044**	**$11,077,596**
Ongoing Program Cost Per Unit	16,168 Units	*$309*	*$471*	*$685*

[1] Estimate provided by City of Redwood City staff
[2] Office employment estimate assumes 200 square feet per employee, based on CBRE office planning benchmarks
[2] Costar Office lease rates based on an average of current offices leased by the City

HUMAN RESOURCES COST ESTIMATES SUMMARY

Consultant Costs	# of positions	Cost/Position	Total Estimated Cost
Position Study (Existing Position)	1	$3,200	$3,200
New Classification Development	3	$6,000	$18,000
Executive / Senior Management Recruitment	1	$34,500	$34,500
Mid-Management / Supervisory Recruitment	1	$33,325	$33,325
HR Staffing Costs			
1.0 FTE Contract Senior Human Resources Analyst			$275,158
Total Estimated Cost			**$364,183**

STARTUP COSTS AND INTERFUND LOAN REPAYMENT

Cost	Assumption	Level of Enforcement *Minimum*	*Average*	*Maximum*
One-Time Startup Costs				
Tenant Improvements	$165 per sq. ft. [1]	$218,755	$377,486	$586,904
Equipment	$100,000 per office [2]	$100,000	$100,000	$100,000
Human Resources Costs	Table 17	$364,183	$364,183	$364,183
One-Time Startup Costs		**$682,938**	**$841,669**	**$1,051,087**
Interfund Loan Repayment	5 years at 3.81%	**$152,589**	**$188,054**	**$234,844**
Intrafund loan payment per unit	16,168 Units	*$9*	*$12*	*$15*

[1] Tenant improvement costs based on Cushman and Wakefield Office Tenant Improvement Cost Guide
[2] Equipment cost based on Burbank rent control 9212 report

OPERATING RESERVE

Cost	Assumption	Level of Enforcement *Minimum*	*Average*	*Maximum*
Operating Reserve				
Ongoing Annual Program Cost		$4,997,594	$7,619,044	$11,077,596
Operating Reserve	Two Month Reserve	**$832,932**	**$1,269,841**	**$1,846,266**
Annual Reserve Contribution	Funded Over Two Years	**$416,466**	**$634,920**	**$923,133**
Annual Reserve Contribution per Unit	16,168 Units	*$26*	*$39*	*$57*

PROGRAM COST SCHEDULE BY YEAR

Cost	Level of Enforcement		
	Minimum	*Average*	*Maximum*
Years 1-2			
Interfund loan repayment	$152,589	$188,054	$234,844
Reserve contribution	$416,466	$634,920	$923,133
Ongoing administration costs	$4,997,594	$7,619,044	$11,077,596
Total Cost Year 1-2	**$5,566,649**	**$8,442,018**	**$12,235,572**
Cost Per Unit Years 1-2	*$344*	*$522*	*$757*
Years 3-5			
Interfund loan repayment	$152,589	$188,054	$234,844
Ongoing administration costs	$4,997,594	$7,619,044	$11,077,596
Total Cost Year 3-5	**$5,150,183**	**$7,807,098**	**$11,312,439**
Cost Per Unit Years 3-5	*$319*	*$483*	*$700*
Years 6 and Beyond			
Ongoing administration costs	$4,997,594	$7,619,044	$11,077,596
Total Cost Year 6 and Beyond	**$4,997,594**	**$7,619,044**	**$11,077,596**
Cost Per Unit Years 6 and Beyond	*$309*	*$471*	*$685*

CALIFORNIA CITIES WITH LOCAL RENT CONTROL

City Name	Allowable Rent Growth
Based on % change in Consumper Price Index (CPI)	
Bell Gardens	**50%**
Antioch, Oakland, Richmond, San Francisco	**60%**
Berkeley	**65%**
Alameda, Los Gatos	**70%**
Fairfax, Palm Springs, Pasadena, Santa Monica, West Hollywood	**75%**
East Palo Alto, Santa Ana	**80%**
Baldwin Park, Beverly Hills, Cudahy, Culver City, Inglewood, Los Angeles, Pomona	**100%**
Average	**79%**
Based on Total Allowable Increase Per year	
Sacramento	**10%**
Larkspur	**7%**
Gardena, Hayward, San Jose, Concord	**5%**
Oxnard	**4%**
Mountain View	**2%–5%**
Average	**6%**

30+ California cities have local rent control

- 22% of California's population

Rent cap in proposed ordinance is **stricter than average**

- 4 Bay Area cities use similar CPI-based caps
- Bell Gardens is the only listed city with lower CPI cap

SUMMARY OF EXISTING AND PROPOSED REQUIREMENTS

Provision	Tenant Protection Act (TPA) (State law)	City's Tenant Protection Ordinance	Proposed Ordinance
Rent Stabilization	5% + change in Consumer Price Index (CPI) or 10%, whichever is lower	N/A (TPA applies)	• 60% of the change in the CPI, max 5%; no banking; fair return petition allowed
Vacancy Decontrol	Costa-Hawkins applies. Initial rent set at market; caps apply thereafter	N/A (Costa-Hawkins and TPA applies)	• Costa-Hawkins applies. Initial rent set at market; caps apply thereafter
Applicability	Applies broadly with certain exemptions	Same as TPA	• Broader applicability; fully covered units include deed-restricted low-income units and mobile homes and single-family homes are subject to just cause requirements
Single Family Homes & Condos	Exempt from all requirements, if not corporate owned and notice provided	Exempt from all requirements, if not corporate owned	• Exempt from rent stabilization under Costa-Hawkins. If Costa-Hawkins is repealed or amended; exempt if constructed within previous 10 years. • Subject to all other requirements.
Deed-Restricted Affordable Housing	Exempt from all requirements	Exempt from all requirements	• Exempt from rent stabilization for units constructed after 1995 under Costa-Hawkins. If Costa-Hawkins is repealed or amended; exempt if constructed within previous 10 years. All other deed restricted affordable units are fully covered by proposed Ordinance. • Units owned and managed by a San Mateo County government unit, agency, or authority are exempt from rent stabilization
New Construction	Exempt from all requirements for 15 years (rolling)	Same as TPA	• Exempt from rent stabilization for units constructed after 1995 under Costa-Hawkins. If Costa-Hawkins is amended or repealed, exempt for 10 years (rolling)

CONT.

SUMMARY OF EXISTING AND PROPOSED REQUIREMENTS

Provision	Tenant Protection Act (TPA) (State law)	City's Tenant Protection Ordinance	Proposed Ordinance
Mobile Homes	**Exempts mobile home spaces, not owned by corporate entities, from all requirements**	**Same as TPA**	• **Subject to all requirements**
Just Cause for Eviction	Required after 12 months of occupancy with some exceptions	Same as TPA	• Required for most units without a waiting period; expands protections
No-Fault Evictions	Allowed - Owner move in (OMI), comply with government order, withdraw from market, substantial remodel, demolition	Same as TPA	• Allowed (similar to TPA) including additional restrictions for protected tenants (elderly, disabled, students, educators) in certain circumstances
Minimum Lease Terms	Not addressed	Requires minimum 1-year lease is offered	• Not addressed
Relocation Assistance	1 month rent	Up to 4 months Fair Market Rents (FMR) for qualifying tenants	• 4 months FMR or $12,000 minimum; + $6,000 for protected tenants
Right to Return	Limited (only if owner or relative fails to occupy, remodel or demolition is not commenced or completed)	Same as TPA plus required for substantial remodel; same rent + TPA increases; landlord may appeal required rent upon return for fair return	• Broad; applied to OMI, substantial remodel, demolition, withdrawal; same rent; does not expire
Anti-Harassment	TPA does not cover but other State and federal laws provide some protections	N/A - Defers to several State and Federal anti-harassment laws	• Provides anti-harassment protections for tenants
Program Administration	Minimal; State enforcement	Limited City role; receiving copies of notices of termination for no-fault just causes, processing relocation assistance applications and fair rate of return appeals	• Requires full program administration: includes rent registry, rent increase/decrease petitions, free legal counselling, data tracking, fee-funded system. Costs cannot be covered by General Fund

[1] The Costa-Hawkins Rental Housing Act is a 1995 California State law (Costa-Hawkins) that limits local rent control ordinances. It mandates "vacancy decontrol," allowing landlords to raise rents to market rates when a unit becomes vacant, and exempts single-family homes, condominiums, and housing built after February 1, 1995, from local rent control.

Source: Redwood City.

STAFF LEVEL VARIATION

Staffing Level	Staff per 1,000 Units [1]	RWC Staff [2]
Minimum	0.41	7
Average	0.71	11
Maximum	1.1	18
Redwood City Rental Units	16,168	

[1] Based on varying fee levels for rent control jurisdictions

[2] Staffing levels shown in this table are rounded to the nearest whole number. Subsequent calculations use the underlying unrounded staffing estimates.

COMPARABLES JURISDICTION STAFFING RATIOS

Jurisdiction	Staff per 1,000 Units [1]
Berkeley	1.1
Santa Monica	0.93
Oakland	0.81
East Palo Alto	0.8
Concord	0.56
Richmond	0.55
West Hollywood	0.5
San Jose	0.41
Mountain View [2]	0.33
San Francisco [3]	0.18
Los Angeles [3]	0.17
Average	**0.71**

[1] Based on the 2021 Mountain View study and interviews with cities.

[2] Excluded from the average. Mountain View reflects a leaner program scope, including a more basic rent registry than contemplated under the proposed Redwood City Ordinance.

[3] Excluded from the average because San Francisco and Los Angeles are much larger jurisdictions and are not directly comparable to Redwood City.