

SANTA MONICA RENT CONTROL BOARD-MEMO

To: Board Commissioners

From: Staff

Board Meeting of: June 10, 2004

Re: Proposed Amendments to Regulation 11200(j) –
Registration Fee Waivers

DISCUSSION

Regulation 11200 is the Board regulation which assesses annual registration fees to finance the Board's expenses. The fees are paid annually by landlords, who are then authorized to charge tenants for their units' fees in monthly payments, if the landlords paid the registration fees on time. Subparagraph (j) authorizes a registration fee waiver for units with tenants who are very low-income seniors or very low-income disabled persons.

Recently, staff has received applications for fee waivers where the applicants may technically qualify for the waiver but do not appear to meet the spirit of the waiver regulation. Such circumstances include when the senior or disabled person lives in a unit owned by a close relative such as a child, or when the applicant has considerable assets but relatively little income. In the former situation, the fee waiver is inappropriate because the tenant's close relative is providing or subsidizing the housing and the relative could also provide the registration fees. In the latter situation, the value of the tenant's assets should be considered in determining whether the tenant is very low-income for purposes of the fee waiver provisions.

To address the situation in which an applicant lives in a unit at a close relative's property, staff recommends amending regulation 11200(j)(1) to provide an exception to the right to a fee waiver for those who live in a property partially or wholly owned by their child, parent, grandparent, brother, sister, or specified in-laws. The exception applies whether the close relative owns the property directly or the owner is a partnership, limited liability company, or closely held corporation of which the close relative is a partner, member, or shareholder, respectively.

To address the situation of an applicant with assets, staff recommends an amendment to subparagraph (j)(2) to include in the income calculation a

percentage of the value of the tenant's assets: 5% of the portion of total assets valued from \$100,000 to \$200,000; and 10% of the assets valued from \$200,000 to \$300,000. This is similar to the income calculation in the Incentive Housing Program, in which a percentage of asset value is included in annual income to determine eligibility as a dedicated tenant.¹ See regulation 17304. It further provides that households with assets of \$300,000 or more are ineligible for the fee waiver.

In order to determine asset value, proposed amendments to this subparagraph also require applicants to provide documentation of assets owned by them and members of their household, in addition to documentation of income. Finally, recommended amendments mandate the inclusion in income of amounts withdrawn from an investment during the relevant year, since monies withdrawn are available as income to the applicant.

Recommended amendments to regulation 11200(j) are attached, with the proposed additional provisions shown in bold and italicized.

RECOMMENDATION

Staff recommends that the Board set attached, proposed amendments to regulation 11200(j) for public hearing on June 24, 2004 and that the Board adopt the regulation on that date.

¹ In the Incentive Housing Program, a much higher percentage is used: 10% of the value of the household's assets under \$100,000 and 15% of the value of assets at or over \$100,000.