



Direction on Rent Stabilization Ordinance and Adoption of an Urgency Rent Moratorium Ordinance

City Council Meeting
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Summary

- Sept. 1, 2015 – Study Session: Council reviewed rent stabilization market and housing data; considered other cities rental housing programs and policies
- Oct. 20, 2015 – Council awarded Management Partners a contract to oversee the research and analyze policy options for Rent Stabilization, Mediation/Arbitration, and Just Cause for Eviction
- Jan. 26, 2016 – Management Partners presented findings to Council
- March 31, 2016 – Rent Stabilization subcommittee met to consider tenant protection options recommendations

Options

1. Rent Mediation Arbitration/Just Cause for Eviction
2. Limited Rent Stabilization
3. Rent Stabilization
4. Rental Unit Inspection Program
5. Tenant/Landlord Education Program
6. Tenant Incentive Programs
7. Moratorium on Rent Increases

Subcommittee Outcome

The subcommittee reviewed all seven options:

Voted 2-1 to recommend:

- Option 2 – Limited Rent Stabilization/Just Cause for Eviction
- Option 7 – Moratorium on Rent Increases

Considered but does not recommend:

- Option 1 – Rent Mediation
- Option 3 – Rent Stabilization

Voted 3-0 to recommend further review:

- Option 4 – Rental Unit Inspection Program
- Option 5 - Tenant/Landlord Education Program
- Option 6 – Tenant Incentive Programs

Subcommittee Outcome cont'd.

- Subcommittee recommends (2-1) to adopt a limited rent stabilization ordinance with an urgency rent moratorium to prevent rental increases while ordinance prepared
- **Limited Rent Stabilization –**
 - Does not exceed a fixed percentage
 - Only applies to properties built prior to Feb. 1995
 - Does not apply to single family/condos
 - Typically administered by City staff and non-profits

Ordinance

Implementation/Direction

A. Just Cause for Eviction ordinance – should the ordinance:

1. create a private right of action to be enforced by the tenant in court, as a defense to an eviction action?
2. should the ordinance be enforced by City staff and regulatory board action?

B. Rent Increases – number permitted; variable percentage, like the CPI or a fixed percentage?

C. Exemptions of Unit Types – should duplexes, triplexes and/or fourplexes or other unit types, be exempt? Single family homes and condominiums and regulated affordable units are already exempt under state law.

Ordinance

Implementation/Direction

D. Annual Review/Sunset Provision – should the ordinance have a specific sunset if the vacancy rate increases to a specific percent and/or should the Council annually review if there is a continued need for rent control?

E. Use of a Rent Board –The law requires that a landlord have a due process right to seek a higher rent increase if the landlord can document a legitimate basis to do so, such a major capital improvement.

- Should the rent board be a new City Council-appointed board, use the existing Housing Authority or be the City Council?

F. Other?

Ordinance

Implementation/Direction

Rent Moratorium Urgency Ordinance –

- Subcommittee recommends (2-1) to adopt
- Requires five votes of Council to pass

Recommendation

The Rent Stabilization Subcommittee recommends (2-1 vote), that Council direct staff to prepare a “limited” rent stabilization ordinance with a “just cause for eviction” provision.

If a majority of the Council directs staff to prepare such an ordinance, the Subcommittee (2-1 vote) further recommends:

- The Council adopt a rent moratorium as an urgency ordinance
- An urgency ordinance would require five (5) votes of the Council in accordance with the City Charter

Recommendation

- In order to protect against a “taking” of private property, a moratorium is required to provide a fair return to the landlord. Options for this amount over a cumulative 12-month period are:
 - Consumer Price Index (CPI) – 2.6%
 - 3% - City of Richmond
 - 8% - City of Alameda
 - Other reasonable amount as determined by Council

If a majority of the Council votes not to move forward with a rent stabilization ordinance, there would be no need or legal basis to adopt a moratorium.