



MEMORANDUM

Date: April 28, 2016
To: City Council Members, Sean McGlynn, Gloria Hurtado, Stephanie Williams
From: Chuck Regalia
Subject: Rent Stabilization Information from the City of Alameda

Attached you will find information from the City of Alameda's Rent Stabilization and Tenant Protection Ordinance, estimated budget, noticing and their presentation.

The major features of their agreement are listed on the first few pages.

Alameda staff's preliminary estimate is that the proposed rent stabilization and eviction protection program will cost approximately \$1.9 million annually. This cost translated into a \$129/unit fee.

While staff provided a comprehensive analysis of the cost to administer the Ordinance, the City of Alameda is hiring a firm to conduct a fee study to determine the appropriate program fee. Under state law, the fee charged must be directly tied to the cost of implementing the program. Staff requested the Alameda City Council appropriate \$50,000 from General Fund available fund balance to undertake this fee study.

In addition, staff requested the Alameda City Council appropriate \$250,000 of General Fund available fund balance to administer any new rent review/rent stabilization program through June 30, 2016.

Ordinance 3148 - Effective 3/31/16

*IF YOU RECEIVED A RENT INCREASE OF TERMINATION OF TENANCY BEFORE MARCH 31, 2016, [CLICK HERE](#).

Overview:

Restrictions on Rent Increases

- There can only be one rent increase every 12 months
- There is no cap on rent increases
- *Mandatory:* For rent increases above 5%

Landlords must file a notice with the Program Administrator

- Rent increases above 5% are subject to review by the Rent Review Advisory Committee.
- If a Landlord or Tenant disagrees with the Rent Review Advisory Committee decision, and the rental unit is a multi-family rental unit built before February 1995, either party may file a petition to have the rent increase determined by a neutral hearing officer whose decision is legally binding on the parties. For all other rental units, the Rent Review Advisory Committee's decision is non-binding.
- For rent increases at or below 5%

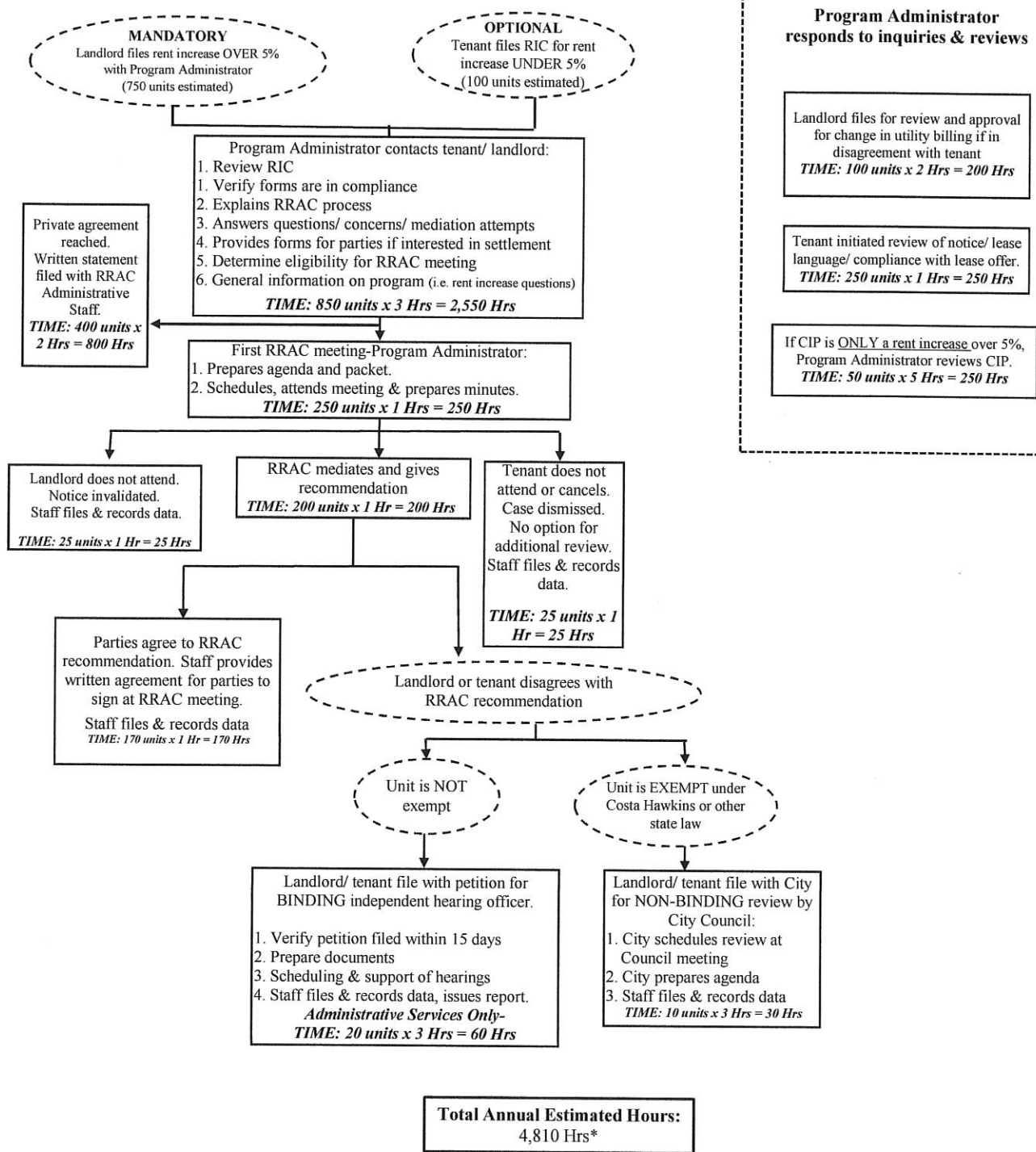
Tenants may request mediation by the Rent Review Advisory Committee. The Committee's decision is non-binding.

Limitations on Evictions

- For Cause Evictions
 - Evictions are permitted for certain causes, such as failure to pay rent, breach of the lease
 - No relocation fees are required for such eviction and there is no limitation on the rent for a new tenant
- No Fault Evictions
 - Evictions are permitted for no fault of the tenant, such as an owner move-in
 - Relocation fees are required
- No Cause Evictions
 - Evictions are permitted
 - Relocation fees are required and the rent offered to the new tenant cannot be more than 5% greater than the prior tenant's rent
 - Only a limited number of "no cause" evictions are permitted each year

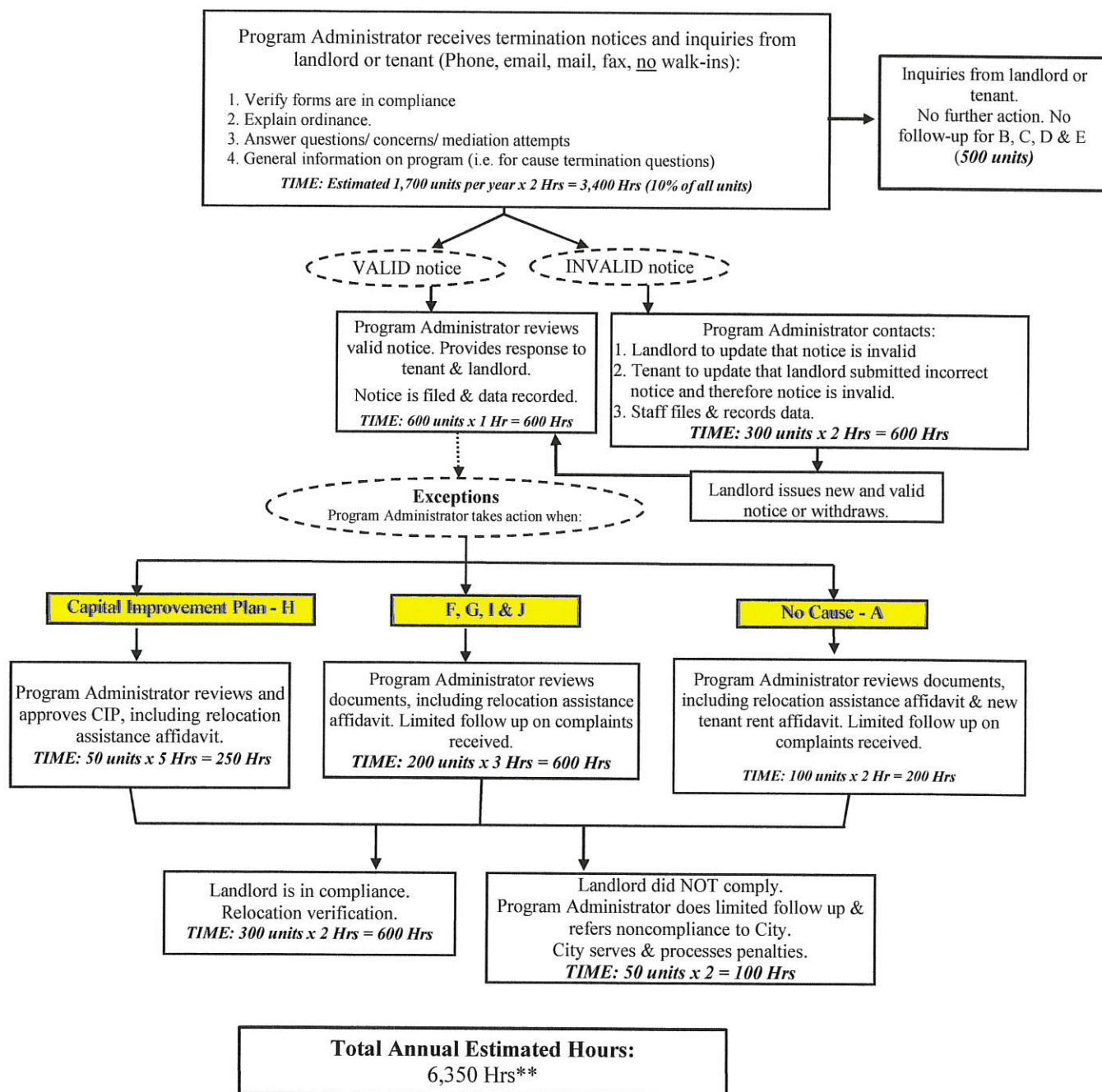
Rent Increase Noticing

RRAC Review



Assumptions:
 * Only rent increases greater than 5% must be filed with RRAC.
 * Data entry and annual reporting are included in estimated hours.
 * Does not include unit registration, fee collection, issuance of penalties or hearing officers hours.
 * Does not include program setup and outreach to public.
 * Does not include staff training, supervision or vacation/sick.

Termination Notice Process



Assumptions:

- ** Assumes no "for cause" notices are required to be filed with Program Administrator for exceptions B, C, D or E.
- ** All penalties and all enforcement is done by City Attorney's Office.
- ** Data entry and annual reporting are included in estimated hours.
- ** Does not include unit registration, fee collection or hearing officers hours.
- ** Does not include program setup or community outreach on ordinance.
- ** Assumes inclusion of single family homes.
- ** Does not include staff training, supervision or vacation/sick.

Exhibit 2: Estimated Program Budget

Estimated Number of Rental Units		
Costa Hawkins Exempt Units (e.g., single family homes and multifamily units built after 2/1/1995)	4,000	27%
Costa Hawkins Units (Multi-family units built before February 1, 1995)	11,000	73%

	Staff	Hours	C-H Units	Exempt Units	Total Cost
Percent of Rental Units			73%	27%	
Program Fee Administration/Data Collection					
Finance Dept. (Administering Fees/Registration) - Accounting Tech.	1.0 FTE*		\$ 78,467	\$ 28,533	\$ 107,000
Community Development Dept. - Community Development Director	0.1 FTE		\$ 18,581	\$ 6,757	\$ 25,338
Total FTEs	1.1				
RRAC Hearing Process					
RRAC pre-hearing staff contacts, public inquiries		2,550	\$ 123,420	\$ 44,880	\$ 168,300
Private agreements & first RRAC mtg.		1,050	\$ 50,820	\$ 18,480	\$ 69,300
Notices invalidated, RRAC mediates, cases dismissed		250	\$ 12,100	\$ 4,400	\$ 16,500
RRAC written agreements		170	\$ 8,228	\$ 2,992	\$ 11,220
Prepare file for non-binding CC review		30		\$ 1,980	\$ 1,980
Prepare file for hearing officer		60	\$ 3,960		\$ 3,960
Total FTEs	2.5				
Program Administrator Responds to Inquiries and Reviews					
Changes in utility billing		200	\$ 9,680	\$ 3,520	\$ 13,200
Lease language		250	\$ 12,100	\$ 4,400	\$ 16,500
CIP over 5% rent increase		250	\$ 15,485	\$ 1,015	\$ 16,500
Total FTEs	0.42				
Termination Notice Administration					
Receive public inquiries		3,400	\$ 164,560	\$ 59,840	\$ 224,400
Termination notices received, reviewed, recorded, & responded to		1,200	\$ 58,080	\$ 21,120	\$ 79,200
Review and approve CIP termination notices		250	\$ 15,485		\$ 16,500
Review owner move in, demolition, withdraw from the rental market, & compliance with gov. order		600	\$ 29,040	\$ 10,560	\$ 39,600
No cause notice to vacate		200	\$ 9,680	\$ 3,520	\$ 13,200
Landlord in compliance, relocation verification		600	\$ 29,040	\$ 10,560	\$ 39,600
Landlord not in compliance		100	\$ 4,840	\$ 1,760	\$ 6,600
Total FTEs	3.83				
Appeal Process					
Hearing Officer (15hrs/hearing)		20 hearings	\$ 90,000		\$ 90,000
Legal Support for Program & Enforcement					
Legal advice, represent city, pursue enforcement (2 Assistant City Attorneys, 1 paralegal)	3.0		\$ 342,045	\$ 124,380	\$ 466,425

*FTE = Full Time Equivalent Staff Position

Estimated Program Budget

	C-H Units	Exempt Units	Total Cost
	73%	27%	
Education and Outreach			
Brochures, outreach materials, translation	\$ 36,667	\$ 13,333	\$ 50,000
Services and Supplies			
Finance Dept.			
Software	\$ 4,033	\$ 1,467	\$ 5,500
Forms printing	\$ 7,333	\$ 2,667	\$ 10,000
Postage	\$ 14,667	\$ 5,333	\$ 20,000
Office equip.	\$ 4,400	\$ 1,600	\$ 6,000
Equip. maint.	\$ 1,100	\$ 400	\$ 1,500
Bank charges	\$ 14,667	\$ 5,333	\$ 20,000
Cost allocations (intra and inter-dept.)	\$ 20,533	\$ 7,467	\$ 28,000
Program Administrator			
Rent	\$ 11,733	\$ 4,267	\$ 16,000
Printing & postage	\$ 24,933	\$ 9,067	\$ 34,000
Training	\$ 4,400	\$ 1,600	\$ 6,000
Prepare written program policies & procedures	\$ 36,667	\$ 13,333	\$ 50,000
Office supplies, cell phones, etc.	\$ 4,693	\$ 1,707	\$ 6,400
Software/website	\$ 73,333	\$ 26,667	\$ 100,000
Translation	\$ 2,933	\$ 1,067	\$ 4,000
Cost allocation (intra and inter-dept.)	\$ 114,785	\$ 41,740	\$ 156,525
Total =	\$ 1,422,115	\$ 517,133	\$ 1,939,248
Cost Per Unit =	\$ 129	\$ 129	

RENT STABILIZATION AND LIMITATIONS ON EVICTIONS ORDINANCE ORDINANCE 3148

INFORMATIONAL PACKET



City of Alameda



Housing
Authority of the City of Alameda

THE HOUSING AUTHORITY DOES NOT PROVIDE LEGAL ADVICE. EACH LANDLORD AND TENANT IS RESPONSIBLE FOR SEEKING THE ADVICE OF LEGAL COUNSEL ON ANY MATTERS OR DOCUMENTS RELATED TO THE SPECIFIC CIRCUMSTANCES.

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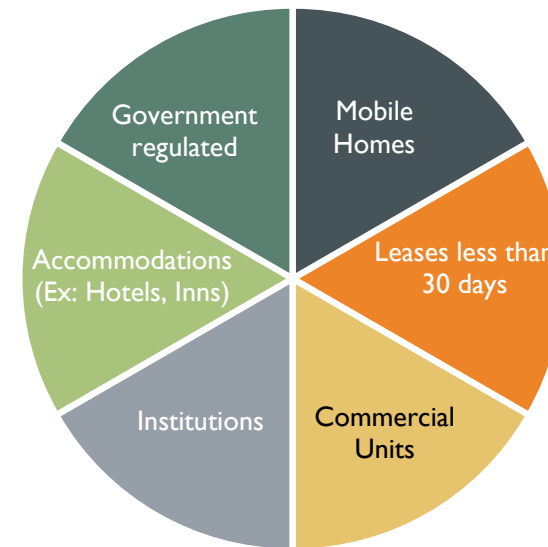
KEY LEGISLATION AND DATES

Dates	Legislation	Subject
November 1979	City Council motion	Rent Review Advisory Committee created
October 1, 2015	Ordinance 3131	Noticing requirements when giving a rent increase
November 5, 2015	Ordinance 3140	Temporary moratorium on rent increases of 8% or more and restricted evictions except for “just cause”
December 1, 2015	Ordinance 3143	Amended Ordinance 3140, removed certain grounds for just cause evictions
January 5, 2016	Ordinance 3144	60 day moratorium extension
March 1, 2016	Ordinance 3149	22 day moratorium extension
March 1, 2016	Ordinance 3148	<p style="text-align: center;">RENT REVIEW, RENT STABILIZATION AND LIMITATIONS ON EVICTIONS ORDINANCE Effective March 31st, 2016</p>

APPLICABILITY

UNITS NOT REGULATED BY ORDINANCE 3148

- Housing Units regulated by federal law or by regulatory agreements with the City, Housing Authority, State or Federal Government
 - Ex: Section 8
- Rentals and leases of less than 30 days
- Accommodations
 - Ex: hotels, short term vacation rentals
- Commercial units
 - Ex: storage units, office condominiums
- Housing accommodations in institutions
 - Ex: a hospital, extended care facility, convalescent home, homes for the aged or dormitory operated by an education institution
- Mobile homes



ROLES UNDER THE NEW LEGISLATION

POLICY MAKERS

City Council



LEGAL ADVISORS

City Attorney



PUBLIC INFORMATION AND SERVICES

Program Administrator



RENT INCREASE MEDIATION

Rent Review
Advisory
Committee
(RRAC)

RENT INCREASES

WHAT IS THE RENT REVIEW ADVISORY COMMITTEE (RRAC)?

- Volunteers, Alameda residents
- Nominated by the Mayor; confirmed by the City Council
- Committee: 2 Tenants, 2 Landlords, 1 Homeowner (neither a landlord nor a tenant)
- RRAC meetings are held monthly on the first Monday of each month at 6.30 pm



RENT INCREASES

WHAT IS THE RENT REVIEW ADVISORY COMMITTEE (RRAC)?

IS

- Neutral third-party
- Facilitates mediation
- Non-binding recommendations
 - Some exceptions apply
- Meetings are public

IS NOT

- Advocate for either party
- Resolve maintenance issues
- Binding decision-maker
 - Some exceptions apply
- Policy makers
- Confidential or private

RENT INCREASES

6-58.70

6-58.75

6-58.40

- There is no fixed cap on rent increases
- If rent is **equal to or under 5%** - Similar as existing review process.
- If rent is **above 5%** - **NEW PROCESS!**
 - The effective date of a rent increase for a non-exempt unit may be delayed
- Only one rent increase may be given within a 12 month period

*Rent definition, may include utilities

RENT INCREASES

INCREASES EQUAL TO OR LESS THAN 5%

- The rent increase notice must have the specific text from the ordinance that states a tenant's right to request a review of their rent increase. The notice must also have contact information of the Landlord such as phone number, email, and address. Form RP-02
- The rent increase becomes effective on the date stated in the rent increase notice, regardless of the date of meetings and/ or appeals.
- The tenant has the option to have the rent increase reviewed by the Rent Review Advisory Committee. This is not mandatory, only optional.
- If the rent increase is reviewed, the decision by the Rent Review Advisory Committee and any potential appeal will be non-binding on both parties.
- If the rent goes to the Rent Review Advisory Committee, an authorized person who can make decisions about the amount of the rent must attend the meeting. Failure to appear voids the notice and prohibits another rent increase for one year.

Equal to or Less than 5%
OPTIONAL: **Tenant** files rent review request.

*Rent increase is effective on the date stated in the rent increase notice

Rent Review Advisory Committee

✓ Agreement.

✗ Disagreement. RRAC NON-BINDING recommendation.

Appeal filed

City Council
NON-BINDING decision

RENT INCREASES

INCREASES ABOVE 5%

- The rent increase notice must have the specific text from the ordinance that explains the rent review process. The notice must also have contact information of the Landlord such as phone number, email, and address. Form RP-03.
- The notice must be filed with the Program Administrator, which initiates the process for rent review before the Rent Review Advisory Committee. Form RP-04
- It is required that a person with an ownership interest in the property attend the Rent Review Advisory Committee meeting. Failure to appear voids the notice and prohibits another rent increase for one year.
- There are different outcomes if the unit is classified as exempt vs. non-exempt.
 - If the unit is exempt: the rent increase becomes effective on the date stated in the rent increase notice, regardless of the date of meetings and/ or appeals.
 - **If the unit is non-exempt: the rent increase may be delayed, regardless of the date stated in the notice.**

RENT INCREASES INCREASES ABOVE 5%

EXEMPT UNITS

***Rent increase effective on date of notice**

- Single-family homes
- Condominiums
- Multi-family Units built **AFTER** February 1995

NON- EXEMPT UNITS

*** Rent increase may be delayed**

- Multi-family units (includes duplexes) built **BEFORE** February 1995

MANDATORY: ABOVE 5%
Landlord files rent increase notice for review.

Rent Review Advisory Committee
Owner interest must attend

✓ Agreement.

✗ Disagreement. RRAC recommendation.

NON - EXEMPT UNIT

EXEMPT UNIT

Petition filed within 15 days.
If not filed, RRAC
recommendation is BINDING

Appeal filed within 7 days.
If not filed, RRAC recommendation
is NON-BINDING

Rent Dispute Hearing Officer
BINDING decision
Delayed rent increase

City Council
NON-BINDING decision

RENT INCREASES INCREASES ABOVE 5%

6-58.100

6-58.105

6-58.110

6-58.115

NON- EXEMPT UNITS Petition Guidelines

- The petitioning party is required to send a written notice that a petition has been filed to the other party
- Petitions must be filed on a form prescribed by the Program Administrator
- The party who files the petition has the burden of proof
- The hearing will be held within 30 days of filing a petition, or later if both parties agree
- The Hearing Officer decision will be made within 30 days of the close of the hearing
- **The rent increase becomes effective 60 days after a decision of the Hearing Officer**

OFFER OF A ONE YEAR LEASE

6-58.35

		On a Lease	On Month-to-Month
Current Tenant	*ONE TIME RULE* Lease requirements: <ul style="list-style-type: none">- 12 months- “materially” same terms	when the first <u>notice of rent increase</u> is given after March 31	

Prospective Tenant	Always offer Lease requirement: <ul style="list-style-type: none">- 12 months
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✓ **THIS IS ONLY AN OFFER**

TERMINATION OF TENANCY

GROUND FOR TERMINATION

- A. Notice to Vacate (No cause)
- B. Failure to pay rent
- C. Breach of lease
- D. Nuisance
- E. Failure to give access
- F. Owner move-in
- G. Demolition
- H. Capital Improvement Plan
- I. Withdrawal from the rental market
- J. Compliance with a government order

TERMINATION OF TENANCY NOTICE REQUIREMENTS

The Landlord must:

1. State in the notice the cause for the termination, including “no cause”
2. If applicable, the notice must state what relocation fees have been offered.
3. File with the Program Administration certification that the proper notice has been served on the tenant.

*If for Failure to pay rent, Breach of lease, Nuisance & Failure to give access:

- Notice does NOT need to be filed with the Program Administrator
- Notice must conform with the requirements of State Law

TERMINATION OF TENANCY REQUIREMENTS

A. Notice to Vacate (No Cause):

Landlord must:

- Not impose rent on the new tenant that exceeds more than 5% of the rent of the prior tenant
- Inform the new tenant in writing of the amount of the rent that was in effect at the time the prior tenant was served with a Notice to Vacate and that the rent imposed on the new tenant does not exceed the prior rent by more than 5%
- A Landlord may use no cause for no more than 10% of all rental units in any month and no more than 25% of all rental units in any twelve month period
- As to any building or buildings with no more than four rental units a landlord may use no cause for only one rental unit in any consecutive twelve month period.
- Pay a relocation fee to the tenant

TERMINATION OF TENANCY REQUIREMENTS

F. Owner Move-in:

Who can move-in under this condition:

- Owner and/or Owner's:
 - Spouse
 - Domestic Partner
 - Children
 - Parents
 - Grandparents
 - Grandchildren
- Brother
- Sister
- Father-in-law
- Mother-in-law
- Son-in-law
- Daughter-in-law

TERMINATION OF TENANCY REQUIREMENTS

F. Owner Move-in:

- Owner must be a natural person who has at least a 50% ownership interest in the property (A “natural person” means a human being but may also include a living family or similar trust where the natural person is identified in the title of the trust.)
- Owner must provide to the Program Administrator documentation that the owner is a natural person.
- There cannot be a vacant rental unit comparable in size and amenities to the rental unit
- Notice must state the name and relationship to the owner of the person intended to occupy the rental unit.
- Owner or family member must move in within 60 days after the tenant vacates.
- Owner or family member must occupy the rental unit for at least one year
- Payment of relocation fees to the tenant

TERMINATION OF TENANCY REQUIREMENTS

G. Demolition:

- Landlord cannot take any action to terminate tenancy until the landlord has obtained all necessary and proper demolition and related permits from the City.
- Payment of relocation fees to the tenant

TERMINATION OF TENANCY REQUIREMENTS

6-58.140 H

H. Capital Improvement Plan:

The policy for Capital Improvement Plans will be discussed by the City Council on April 5th.

TERMINATION OF TENANCY REQUIREMENTS

I. **Withdrawal From the Rental Market:**

- File with the Program Administrator the required documents to initiate the process to withdraw the rental unit from rent or lease under Government Code section 7060 with the intent of completing the withdrawal process and going out of the residential rental business permanently.
- Payment of relocation fees to the tenant

TERMINATION OF TENANCY REQUIREMENTS

J. Compliance with a Governmental Order:

- The Landlord must offer the rental unit to the tenant who had to vacate when the Landlord has satisfied the conditions of the governmental agency that caused the rental unit to be vacated and at the same rent as before
- The landlord must pay to the tenant all reasonable expenses incurred in vacating and returning to the rental unit

TERMINATION OF TENANCY RELOCATION FEE

Fee IS required for:

- A. Notice to Vacate (No cause)
- F. Owner move-in
- G. Demolition
- H. Capital Improvement Plan
- I. Withdrawal from the rental market
- J. Compliance with a government order

Fee is NOT required for:

- B. Failure to pay rent
- C. Breach of lease
- D. Nuisance
- E. Failure to give access

TERMINATION OF TENANCY RELOCATION FEE

\$1,500

For moving expenses

AND

**One month's rent for
each year of tenancy
(4 month MAX)**

- 1st Half paid when landlord receives tenant's confirmation to vacate
- 2nd Half paid after the tenant has vacated

**\$ can be
traded for
time**

- A. Notice to Vacate (No Cause)
- G. Demolition
- I. Withdrawal from the rental market

- \$1,500 (Adjusted January 1 of each year based on previous year CPI) for moving expenses
- Fee must be split between those who are on the lease or have financial responsibility to pay the rent
- One month's rent (as averaged over the previous 12 months) for each year, or portion thereof, the tenant has lived in the rental unit

TERMINATION OF TENANCY RELOCATION FEE

Trading relocation fees for additional time in the unit:

Tenants can elect to trade the relocation fees (not the moving expenses) into additional time in the unit if the grounds for the termination is for:

- A. Notice to Vacate (No Cause)
 - G. Demolition
 - I. Withdrawal from the rental market
-
- Starts from the termination date in the notice to vacate
 - That portion of the relocation fees that is tied to the rent will be reduced by each month, or portion thereof, the tenant remains in the rental unit.
 - Tenant must pay rent for time they still occupy the unit.

The City may issue an administrative citation and monetary penalty to any landlord for a violation.

Initially the City will be more interested in educating landlords and tenants about the ordinance rather than issuing citations



The ordinance will terminate on December 31, 2019,
unless action is taken by City Council.

WHERE TO GET INFORMATION ONLINE RESOURCES

www.alamedarentprogram.org

- [Housing Authority Home](http://www.alamedahsg.org/)
<http://www.alamedahsg.org/>
- [City of Alameda Home](http://alamedaca.gov/)
<http://alamedaca.gov/>

SERVICES

- Program Administrator Hours:
Monday through Thursday 8.30-4.30pm
No walk-ins for questions. Forms may be submitted at the front desk.
- Calls & emails returned within 3 business days
Phone: 510-747-4346
Email: rrac@alamedahsg.org
- Workshops are available for Landlords and Tenants. Register at www.alamedarentprogram.org
- Where to file documents
 - Email: rrac@alamedahsg.org
 - Fax: 510-522-7848
 - Mail: 701 Atlantic Avenue
Alameda, CA 94501