

ORDINANCE NO. 4063

AN INTERIM ORDINANCE OF THE COUNCIL OF THE CITY OF SANTA ROSA
IMPOSING A TEMPORARY (45 DAY) MORATORIUM ON CERTAIN RESIDENTIAL
RENT INCREASES IN THE CITY OF SANTA ROSA

WHEREAS, on May 3, 2016, the City Council directed City staff to present to the Council just cause requirements for evictions and a rent stabilization ordinance limiting annual rent increases; and

WHEREAS, since December 2015, community members have reported that the City Council's discussion and direction to study just cause eviction policy and rent stabilization has created market uncertainty and concern among some landlords that if they do not increase rents now, they could face income and property value losses; and

WHEREAS, according to the U.S. Census Bureau, 2009-2013 American Community Survey, 9% of families in Santa Rosa live below the poverty level, and the number of persons living below the poverty rate in Santa Rosa has increased since 2000; and

WHEREAS, according to the U.S. Census Bureau, 2009-2013 American Community Survey, 47.1% of Santa Rosa renter households are "overpaying households," meaning a household which pays 30% or more of its household income on housing costs; and

WHEREAS, according to Co-STAR (2015 Q-2), the monthly rent and occupancy rates of market rate units of apartment buildings of fifty or more units in the City of Santa Rosa have increased in the past year 9% and in the past 2.5 years more than 20%; and

WHEREAS, the City of Santa Rosa has a 46.6% share of renters; and

WHEREAS, there are potentially 13,386 units subject to rent stabilization; and

WHEREAS, the vacancy rate in the City of Santa Rosa is approximately only one percent and therefore not enough supply to offer tenants a meaningful choice in the rental market; and

WHEREAS, increasing poverty in Santa Rosa, decreasing area median income, and increasing rents, have created a growing "affordability gap" between incomes and rents demonstrated by the increase in "overpaying renter households"; and

WHEREAS, given this increased housing cost burden and poverty faced by many Santa Rosa residents, excessive rental increases threaten the public health, safety, and welfare of Santa Rosa residents, including seniors, those on fixed incomes, those with low and moderate income levels, and those with other special needs to the extent that such persons may be forced to choose between paying rent and providing food, clothing, and medical care for themselves and their families; and

WHEREAS, excessive rental increases could result in homelessness and the displacement of low income families; and

WHEREAS, the City of Santa Rosa currently does not restrict rental increases; and

WHEREAS, certain aspects of public health, safety and welfare are not adequately protected by the lack of rent control in the City of Santa Rosa, and it is in the interest of the City, of owners and residents of rental units, and of the community as a whole that City staff undertake a comprehensive study to consider regulations to protect affordable housing within the City, including but not limited to, rent stabilization regulations; and

WHEREAS, in light of the numerous concerns noted herein, including but not limited to the current and immediate threat to the health, safety, and welfare of the City's residents and the adverse impacts that would result from a substantial decrease of affordable housing within the City, the City Council determines it is in the interest of immediately preserving the public health, safety and general welfare to adopt this interim ordinance in order to allow staff to, among other related tasks, proceed with just cause and rent stabilization; and

WHEREAS, the City Council finds and determines that, if a temporary moratorium on residential rental increases were not imposed now, the public health, safety and welfare will be immediately threatened because landlords would have an immediate incentive to increase rents to even higher levels before the City of Santa Rosa could implement rent stabilization or other such related regulations; and such increases would defeat the intent and purpose of any potential future regulation and substantially impair its effective implementation; and

WHEREAS, it is the intent of the City Council to consider and possibly to adopt just cause for eviction policies, residential rent mediation or arbitration, rent stabilization, or a rent review board, within a reasonable period; and

WHEREAS, for reasons set forth above, this ordinance is declared by the City Council to be necessary for preserving the public welfare, health, or safety and to avoid a current, immediate and direct threat to the health, safety, or welfare of the community, and the recitals above taken together constitute the City Council's statements of the reasons constituting such necessity and urgency; and

WHEREAS, adoption of this ordinance is not a project under the California Environmental Quality Act, title 14, section 15378 of the California Code of Regulations; and

WHEREAS, by the Staff Report, testimony, and documentary evidence presented at the September 1, 2015 City Council meeting, the City Council has been provided with additional information upon which the findings and actions set forth in this resolution are based; and

WHEREAS, this ordinance allows up to a 3% annual increase in rent during the moratorium period, and such figure, which is based upon the percent change in the Consumer Price Index for the Bay Area of California, is found and determined to provide a just and reasonable return, and has been calculated to encourage good management, reward efficiency, and discourage the flight of capital, to be commensurate with returns on comparable investments, but not so high as to defeat the purpose of preventing excessive rents.

THE PEOPLE OF THE CITY OF SANTA ROSA DO ENACT AS FOLLOWS:

Section 1. The City Council finds and determines the foregoing recitals to be true and correct and hereby incorporates them into this ordinance.

Section 2. From the effective date of this interim ordinance and continuing for a period of forty-five (45) days, unless extended, or until such time as the City adopts regulations relating to just cause for eviction, residential rent mediation or arbitration, a rent review board, or rent stabilization, whichever occurs first, no landlord shall increase rent by more than 3% in a cumulative twelve month period.

Section 3. Exceptions and Exemptions. The following are exempt from the moratorium established under this ordinance: 1) government-owned housing units; 2) housing units whose rents are controlled, regulated (other than by this ordinance), or subsidized by any governmental unit, agency or authority; 3) accommodations in motels, hotels, inns, tourist houses, rooming houses, and boarding houses, provided that such accommodations are not occupied by the same tenant for thirty (30) or more days; 4) units constructed after February 1, 1995; 5) units that are separately alienable from the title of any other dwelling (single-family homes and condominiums); 6) commercial units; 7) housing accommodation in any hospital, convent, monastery, extended care facility, convalescent home, nonprofit home for the aged, or dormitory operated by an educational institution; 8) duplexes; 9) triplexes, where at least one unit is owner occupied; and 10) any other units exempt pursuant to the Costa-Hawkins Act (California Civil Code Section 1954.52) or any other applicable state or federal law.

This moratorium does not regulate the initial rent at which a unit is offered.

Section 4. Enforcement. In any action by a landlord to recover possession of a rental unit, the tenant may raise as an affirmative defense any violation or noncompliance with the provisions of this ordinance.

Section 5. Petition for Relief from Moratorium. This moratorium, unless extended, is only effective for a period of forty-five (45) days. Given that a Consumer-Price-Index-based 3% annual increase is allowed, the City Council finds that this moratorium does not deny any owner a fair and reasonable return.

Section 6. This ordinance is enacted pursuant to the City of Santa Rosa's general police powers, Article XI of the California Constitution, and Section 8 of the Charter of the City of Santa Rosa.

Section 7. Environmental Determination. The Council finds that the adoption and implementation of this ordinance are exempt from the provisions of the California Environmental Quality Act under section 15061(b)(3) in that the Council finds there is no possibility that the implementation of this ordinance may have significant effects on the environment.

Section 8. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance is for any reason held to be invalid and/or unconstitutional by a court of competent

jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

Section 9. Effective Date. This ordinance shall take effect 30 days following its adoption.

This ordinance was introduced by the Council of the City of Santa Rosa on May 10, 2016.

IN COUNCIL DULY PASSED AND ADOPTED this 17th day of May, 2016.

AYES: (4) Council Members Carlstrom, Combs, Coursey, Wysocky

NOES: (3) Mayor Sawyer, Vice Mayor Schwedhelm, Council Member Olivares

ABSENT: (0)

ABSTAIN: (0)

ATTEST: _____ APPROVED: _____
Interim City Clerk Vice Mayor

APPROVED AS TO FORM:

City Attorney