

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL

FROM: DAVID GOUIN, DIRECTOR HOUSING AND COMMUNITY SERVICES

SUBJECT: CITY OF SANTA ROSA RENT STABILIZATION AND OTHER TENANT PROTECTIONS ORDINANCE PROGRAM STAFFING, COST, AND FEE ESTIMATE

AGENDA ACTION: RESOLUTION

RECOMMENDATION

It is recommended by the Housing and Community Services Department that the Council, by resolution, adopt the proposed Rent Stabilization and Other Tenant Protections Ordinance program staffing, cost, and fee estimate, and appropriate \$818,464 of General Fund unassigned fund balance subject to fee reimbursement, to operate the Program through June 30, 2017.

EXECUTIVE SUMMARY

Given the increased housing cost burden faced by many City of Santa Rosa residents, in which rental increases threaten the public health, safety, and welfare of the City's residents, the Council has initiated a program to implement Rent Stabilization and Just Cause for Eviction policies in Santa Rosa. This direction followed an extensive review of rent stabilization programs in California, including options for the implementation of Mediation/Arbitration, Just Cause for Eviction, and Rent Stabilization in Santa Rosa.

On May 3, 2016, the Council provided direction for a rent stabilization/just cause for eviction ordinance and directed staff to proceed with the ordinance. Per the direction of the Council, staff has prepared a Rent Stabilization/Just Cause for Eviction Ordinance for Council consideration.

On August 16, 2016, the Council voted to adopt an ordinance of the City of Santa Rosa adding Chapter 6-90 to the Santa Rosa Municipal Code regarding: 1) Residential Rent Stabilization and Other Tenant Protections for certain rental units within the City of Santa Rosa; 2) A resolution adopting a policy concerning Capital Improvement Plans for

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certain Rental Units within the City of Santa Rosa; And, 3) Review of preliminary cost estimates to administer the rent stabilization program through June 30, 2017.

Per the direction of the Council, staff has prepared detailed cost estimates to administer the rent stabilization program through June 30, 2017 for Council consideration.

This work effort is included within Council Goal #1: Create a Strong, Sustainable Economic Base; Strategic Objective #2: Evaluate Housing Initiatives.

BACKGROUND

On May 3, 2016, following several meetings of a Council committee that considered a number of tenant protection options, the City Council directed City staff to present to the Council legislation that would limit annual rent increases and limit termination of tenancies for "just cause."

On May 17, 2016, in light of numerous concerns about rising rents and other adverse impacts resulting from a substantial decrease of affordable rental housing within the City, the City Council determined that it was in the interest to preserve immediately the public health, safety and general welfare to adopt interim Ordinance No. 4063, imposing a 45 day moratorium on rent increases within the City of Santa Rosa, and directed staff to draft a comprehensive rent stabilization program.

On July 7, 2016, the City Council adopted Ordinance No. 4067, an urgency ordinance enacting a further 90 day moratorium on certain residential rent increases within the City of Santa Rosa, that superseded Ordinance No. 4063, and on July 19, 2016, the City Council adopted Ordinance No. 4069, an urgency ordinance correcting certain clerical errors in Ordinance No. 4067.

On July 19, 2016, the City Council found and determined that the lack of a just cause eviction requirement put some tenants at risk of evictions by landlords seeking to increase rents in the face of the recently adopted moratorium on rent increases and Council determined that it was in the interest to preserve the public health, safety and general welfare to introduce an ordinance to prohibit landlords from terminating the tenancies of certain tenants without just cause to do so.

On the August 2, 2016, the City Council voted to continue the Just Cause Eviction Ordinance second reading to the August 16, 2016 Council session.

On August 16, 2016, the City Council voted to adopt an ordinance of the City of Santa Rosa adding Chapter 6-90 to the Santa Rosa Municipal Code regarding: 1) Residential Rent Stabilization and Other Tenant Protections for certain rental units within the City of Santa Rosa; 2) A resolution adopting a policy concerning Capital Improvement Plans for certain Rental Units within the City of Santa Rosa; And, 3) Review of preliminary cost estimates to administer the rent stabilization program through June 30, 2017.

PRIOR CITY COUNCIL REVIEW

See Background

ANALYSIS

See Attachment – Program Staffing, Cost, and Fee Estimate

FISCAL IMPACT

As part of meeting initial year program costs, prior to the Ordinance's effective date, staff recommends the City Council appropriate undesignated General Fund fund balance in the amount of \$818,500 to cover 100% of the estimated cost of administering the ordinance from its effective date until June 30 2017.

Staff will be billing the prorated fee for the portion of FY 2016-17 where the program will be operational. The prorated fee collections are expected to refund the General Fund unassigned fund balance. The program is expected to be self-sustaining where the fees will cover the cost of the program going forward. This initial investment is needed in order to get the program started. Since this is a new program and the fee is set using a series of assumptions, going forward, the program budget and the amount of the program fee will be analyzed and set annually by City Council resolution during the budget process.

Final program cost and fee information will be based on obtaining 100% program cost recovery. Fees would be collected once annually and would be assessed on all units subject to the rent stabilization program.

ENVIRONMENTAL IMPACT

Introduction and (adoption) of the Ordinance and associated program costs is not a project under the California Environmental Quality Act, title 14, Section 15078 (b) of the California Code of Regulations (CEQA Guidelines). If it were a project, no further CEQA review is required because there is no possibility that introduction (and adoption) of the Ordinance will have a significant effect on the environment. CEQA Guidelines, section 15061 (b) (3).

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

N/A

NOTIFICATION

N/A

ATTACHMENTS

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- Program Staffing, Cost and Fee Estimate
- Resolution

CONTACT

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