

Capital Improvement Plans - Policy Update

Background

The City of Alameda has had a Capital Improvement Plan (CIP) Policy in effect since 2016, allowing landlords to submit proof of qualifying improvements and pass the costs through to tenants. The policy predates the current Rent Ordinance and has seen only a few applications approved since its adoption.

See comparison below between the current regulations and staff's proposed updates:

	Existing CIP Regulations	Proposed Option A
CAP ON CIP AMOUNT	None	<ul style="list-style-type: none"> Initial Calculation of monthly CIP Pass through capped at 5% of current rent Combination of annual rent increase (AGA + banking) + CIP pass through capped at 8%
LOW INCOME HARDSHIP EXEMPTION	None	Yes, available if a tenant either: <ul style="list-style-type: none"> Is a recipient of means-tested public assistance (such as SSI, GA, TANF, or CalWORKS), or Has gross income less than 80% of Area Median Income
COST RECOVERY % BASED ON # OF RENTAL UNITS	All properties = 100%	<ul style="list-style-type: none"> 2-4 Units = 100% 5-15 Units = 100% for seismic improvements, 75% for all others 16-24 Units = 100% for seismic improvements, 50% for all others 25+ Units = Not eligible
QUALIFYING IMPROVEMENTS	<ul style="list-style-type: none"> New roof Upgraded foundation, including seismic retrofits. New plumbing, electrical or HVAC for entire building Addressing a wood-destroying pest report Water-conservation devices Meeting or exceeding disability/accessibility standards 	Expand qualifying improvements to include: <ul style="list-style-type: none"> Energy-saving improvements Fire suppression systems Stair/railing improvements Plumbing, electrical or HVAC for less than entire building
COST THRESHOLD	Formula based on average rents, resulting in very large thresholds: A 5-unit building with average rent of \$2,500 would require at least \$100,000 of improvements to qualify	Reduced to \$10,000 overall or \$1,000 per unit, whichever is greater
CIP INCREASE TREATED AS PASS THROUGH?	Yes, per Rent Control Regulation 23-01	Yes, codified in new ordinance