EXHIBIT 3

RENT CONTROL ORDINANCE REGULATION 22-xx
IMPLEMENTING REGULATIONS CONCERNING CAPITAL IMPROVEMENT PLANS FOR RENTAL UNITS IN THE CITY OF ALAMEDA

WHEREAS, on September 17, 2019, the City Council of the City of Alameda adopted Ordinance No. 3250 (beginning at Section 6-58.10 and following of the Alameda Municipal Code), as may be amended from time to time, restating and revising previous Ordinances concerning rent control, limitations on evictions and relocation payments to certain tenants (the Rent Ordinance"); and

WHEREAS, in April 2016, the City Council of the City of Alameda adopted Resolution No. 15138, a Policy concerning Capital Improvement Plans (the "2016 Policy"); and

WHEREAS, on _____, 2022, the City Council of the City of Alameda adopted Ordinance No. ___revising the 2016 Policy and embodying provisions concerning Capital Improvement Plans into the Rent Ordinance; and

WHEREAS, Section 6-58.155, Alameda Municipal Code (all further Section references are to the Alameda Municipal Code unless stated otherwise) provides the City Manager or the Manager's designee has the authority to promulgate regulations to implement the requirements and fulfill the purpose of the Rent Ordinance.

NOW, THEREFORE, pursuant to Section 6-58.155, the Interim Community Development Director, as the City Manager's designee, adopts the following regulations concerning Capital Improvement Plans for Rental Units in the City of Alameda.

1. Purpose. The purpose of this Regulation is to encourage Landlords to improve the quality of the City's rental housing stock, to ensure Landlords receive a fair return on their Capital Improvement expenditures, to protect Tenants from significant increases for renting their Rental Units, and to protect Tenants from being unreasonably displaced as a result of Capital Improvements to their Rental Units.

2. Definitions. Unless otherwise indicated, terms that are capitalized have the same meaning as those terms in the Rent Ordinance.

3. Capital Improvement. A Capital Improvement, for purposes of this Capital Improvement Plan Regulation, shall be any improvement to a Rental Unit or real property that contains one or more Rental Units that (a) materially adds to the value of the property, (b) appreciably prolongs the useful life or adapts the property to new use, (c) becomes part of the real property or is permanently affixed to the real property such that its removal would result in material damage to the real property or to the improvement itself, (d) is identified in Section 6 of this Regulation and (e) shall be amortized over 15 years. In addition, as a threshold matter, for each

application for a Capital Improvement Plan for which the Landlord is requesting a Pass Through, there must be both a documented and direct cost for all Capital Improvements referenced in the application that is not less than $7500 and a documented and direct cost for each Rental Unit affected that is not less than $7500. The Program Administrator shall approve an application for a Capital Improvement Plan for only those Capital Improvements set forth in Section 6 of this Regulation. The Program Administrator shall not approve an application for a Capital Improvement Plan that includes a Pass Through, and, absent unusual circumstances, no Landlord shall relocate a Tenant temporarily, for routine repairs, replacement or maintenance including, but not limited to, interior painting of a Rental Unit, plastering, replacing broken windows, replacing carpets or drapes, cleaning, fumigating (unless tented), routine landscaping, standard repairing of electrical and plumbing services, and repairing or replacing furnished appliances.

4. When an Application for a Capital Improvement Plan Must be Filed; Frequency of Applications.

A. A Landlord must file with the Program Administrator a Capital Improvement Plan, in an application form as may be approved by the Program Administrator, when the Landlord is requesting a Pass Through in connection with Capital Improvements and/or is requesting to relocate temporarily a Tenant because the Landlord in good faith believes the work associated with the Capital Improvements cannot be accomplished safely with the Tenant remaining in the Rental Unit.

B. For any Rental Unit or real property containing Rental Units, no Landlord may file an application for a Capital Improvement Plan more frequently than once every 24 months from the date a prior application for a Capital Improvement Plan has been unconditionally approved except for Capital Improvements made necessary by (i) a fire, flood, earthquake or other natural disaster, (ii) an event beyond the control of the Landlord and the Landlord did not cause or contribute to the condition that requires a Capital Improvement, or (iii) a Health or Safety condition that did not exist at the time the Landlord filed the prior application for a Capital Improvement Plan and that condition has caused or resulted in an order to vacate from a governmental agency or a court of competent jurisdiction.

5. Calculation of the Amount of the Pass Through for Capital Improvements. If a Landlord demonstrates an improvement qualifies as a Capital Improvement under the Rent Ordinance, the Program Administrator shall determine the amount of the Pass Through by amortizing the cost of the improvement, including an assumed interest rate of the Wall Street Journal's prime rate (Western Addition) during the week the application if filed, plus one percent, for the financing that the Landlord secures for the Capital Improvements, over the useful life of the improvement (deemed to be 15 years, unless otherwise provided in the Rent Ordinance), and dividing that cost by each Rental Unit and any other Dwelling Unit on the property that benefits from the improvement, other than a manager's unit. If the Landlord demonstrates to the Program Administrator that the Landlord does not need to secure financing for the Capital Improvements, e.g., the Landlord is using the

Landlord's own funds, there will be an implied interest rate for the cost of the improvements tied to the applicable two year interest rate for the Bank of America's Certificates of Deposit during the week the application is filed, plus one percent.

6. Improvements or Repairs.

   A. A Landlord's expenditures for only those improvements or repairs listed in subsection B of Section 6-58.77 shall qualify for a Pass Through, provided the documented cost of the Capital Improvements in the application is not less than $7500 for all Capital Improvements referenced in the application and for which a Pass Through is requested and provided further the documented and direct cost of the Capital Improvements referenced in the application is not less than $750 per Rental Unit affected.

   B. In determining such cost that may be included in the calculation of the Pass Through, the Program Administrator shall give no consideration (a) to any additional cost the Landlord incurs for property damage and/or deterioration due to an unreasonable delay in the undertaking or completing of any improvement or repair, or (b) for improvements or repairs for which the Landlord has already received reimbursement proceeds. For purposes of this Regulation, there is a rebuttable presumption that "unreasonable delay" shall mean that the Capital Improvement to be replaced or repaired had not been replaced or repaired for more than25 years from its installation.

7. Information to Accompany Applications and Notices to Tenants. A Landlord who has filed with the Program Administrator an application for a Capital Improvement Plan shall (1) provide to the Program Administrator supporting documentation of the cost of the Capital Improvements, as set forth in Section 8 below, and the names and addresses of the Tenants affected by the application, including whether the Landlord believes in good faith that due to Capital Improvement work, a Tenant must be temporarily relocated, and (2) notify each Tenant in writing, with a copy of such notice to the Program Administrator, that the Landlord has filed an application for a Capital Improvement Plan and whether, as part of that application, the Landlord is requesting the Tenant be temporarily relocated in connection with the Capital Improvement work.

8. Supporting Documentation. The Landlord must provide supporting documentation for the cost and completion of the Capital Improvement work including, but not limited to, copies of invoices, signed contracts, performance and labor and material bonds, material and labor receipts, self-labor logs, cancelled checks, spread sheets or any other items of documentation accepted and used in the normal course of business; provided, however, if the supporting documentation is based on estimates, the Landlord must subsequently provide to the Program Administrator, prior to the Program Administrator's unconditional approval of the Capital Improvement Plan, supporting documentation proving up the estimates, as set forth in this sentence. The Landlord must also substantiate the applicable Certificate of Deposit interest rate if the Capital Improvement work is self-funded.

For purposes of self-labor logs, the Program Administrator may take into consideration the hourly rate for that work, or work of a similar nature, as such hourly rate is established by the State Department of Industrial Relations.

9. Rent Program Determinations and Notice to and By Landlords and Tenants.

A. The Program Administrator shall review the application and supporting documentation and determine whether the documentation is adequate and sufficient to approve the application and, if so, the amount of the Pass Through. The Program Administrator shall determine the amount of the Pass Through based on the cost of the authorized Capital Improvements at the time the Program Administrator approves the application using the best available information provided by the Landlord along with any other relevant information. The Program Administrator may use the services of a consultant retained by the City to assist in making these determinations. Regardless of whether the Landlord, as part of the application, has requested a Tenant be temporarily relocated due to the Capital Improvement work, a consultant retained by the City shall determine whether, due to the Capital Improvement work, one or more Tenants must be temporarily relocated. In addition, at any time during the pendency of the Capital Improvement work, a consultant retained by the City may determine that the Capital Improvement work being undertaken requires a Tenant to be temporarily relocated.

B. If the Program Administrator makes a determination that approves the application for a Capital Improvement Plan that includes a Pass Through (and its amount), and/or a determination is made that due to the Capital Improvement work one or more Tenants must be temporarily relocated, the Program Administrator shall notify in writing the Landlord and the affected Tenant(s) of such determination(s), along with a notice to the Tenants concerning procedures for filing a tenant hardship application concerning the Pass Through. Determination(s) concerning the Pass Through and temporary relocation before Improvement work has started shall not be final for 15 calendar days from the date of the written notice to the Landlord and the Tenant(s). Determinations concerning temporary relocation once Capital Improvement work has started shall not be final for three calendar days from the date of the written notice to the Landlord and the Tenant(s).

C. Once the Program Administrator's decision as to the amount of the Pass Through is final or, if there has been a timely appeal filed concerning the amount of the Pass Through, the Hearing Officer's decision is final, the amount of the Pass Through shall not be subject to further revision, including revisions based on actual construction costs.

D. Once there is a final determination of the amount of the Pass Through as provided in subsections B and C above, the Landlord shall provide written notice to the Tenants of the amount of the Pass Through. Upon receiving such notice, any affected Tenant shall have 15 calendar days to provide a written notice to the Landlord that the Landlord must choose to forego irrevocably the applicable Pass

Through (as to that Tenant), terminate the Tenancy and make a Permanent Relocation Payment to the Tenant, or withdrawing in its entirety the application for a Capital Improvement Plan. If a Landlord chooses to withdraw the application for a Capital Improvement Plan, the Landlord is prohibited for 24 months from submitting the same or substantially the same application for a Capital Improvement except as provided in subsection A of Section 6-58.77.

E. Once there is a final determination whether one or more Tenants must be temporarily relocated before Improvement work has started as provided in subsection B above, the Landlord shall in writing notify the affected Tenant(s) at least 60 calendar days before the date when the Tenant must vacate the Rental Unit temporarily and inform the Tenant(s) of the right to Temporary Relocation Payments. Once there is a final determination whether one or more Tenants must be temporarily relocated after the Improvement work has started as provided in subsection B above, the Landlord shall in writing notify the affected Tenant(s) at least three calendar days before the date when the Tenant must vacate the Rental Unit temporarily and inform the Tenant(s) of the right to Temporary Relocation Payments. The Landlord shall file a copy of any such notice with the Program Administrator.

F. If the Program Administrator does not approve the application or any portion thereof, the Program Administrator shall inform the Landlord in what respects the application was not approved.

10. Limitations on Pass Throughs. The Program Administrator shall not approve an application for a Capital Improvement Plan that includes:

A. A Pass Through for Capital Improvements completed more than 12 months prior to the Landlord's filing an application.

B. A Pass Through that exceeds more than 5% of a Tenant's Maximum Allowable Rent at the time the application is filed; provided, however, the Program Administrator shall provide for the full recovery of the cost of the Capital Improvement by extending beyond 15 years, but for no more than 30 years, the amortization period of the Capital Improvement so that the annual Pass Through to any Tenant does not exceed 5% of a Tenant's Maximum Allowable Rent.

C. A Pass Through that, in combination with any allowable Rent Increase that a Landlord imposes, exceeds 8% of a Tenant's Maximum Allowable Rent.

11. Tenant Financial Hardships. A Tenant may file a hardship application at any time on grounds of financial hardship with respect to a Pass Through. If the Pass Through has been approved, payment of such Pass Through shall be stayed from the date of filing the application until a final decision is made on the application.

A. Standards for Establishing Financial Hardship. A Tenant will qualify for relief of payment of a Pass Through if the Tenant demonstrates that one of the following financial hardship situation exists.

1. Tenant is a recipient of means-tested public assistance, such as Social Security Supplemental Security Income (SSI), General Assistance (GA), Temporary Assistance for Needy Families (TANF), or California Work Opportunity and Responsibility for Kids (CalWORKS); or

2. Gross household income is less than 80% of the current Area Median Income (AMI) as published by the U.S. Department of Housing and Urban Development (HUD) for the Oakland-Fremont Metro Fair Market Area (that includes Alameda) and rent charged is greater than 33% of gross household income; and assets, excluding non-liquid assets and retirement accounts, do not exceed asset amounts permitted by the City's Community Development Department when determining eligibility for below market rate (BMR) home ownership; or

3. Exceptional circumstances exist, such as excessive medical bills.

B. Procedures for Filing. A Financial Hardship Application must be filed:

1. By each occupant in the Rental Unit who is 18 years of age or older, except not by any subtenant who pays Rent to the master Tenant (the gross income of the master Tenant must include the amount of the subtenant's rent payment);

2. Under penalty of perjury, stating that the Tenant qualifies under one of the standards in subsection A of this Section 11;

3. With documentation demonstrating the Tenant's qualifications; and

4. With an acknowledgement that the Program Administrator will provide a copy of the application to the Landlord.

C. Stay of Payment. If the Pass Through has been approved at the time the application is filed, payment of the Pass Through shall be stayed from the date the application is filed until a final decision is made on the application.

D. Hearing Options; Decision

1. The Program Administrator will issue the decision unless the Landlord requests a hearing within 15 days of the date the application has been mailed to the Landlord or unless the Program Administrator otherwise determines that a hearing is needed.

2. Landlord Request for Hearing; Procedures

a. A Hearing Officer will review any Landlord request for a hearing to determine whether a hearing is necessary to resolve disputed facts.

b. If the Landlord's request for a hearing is granted, it will be the Landlord's burden to demonstrate the Tenant's eligibility as stated in the application has not been established.

c. If the Hearing Officer determines that a hearing is not needed to determine the facts, the Hearing Officer will issue a decision without a hearing.

E. Term of Relief. Relief from payment of the Pass Through may be for an indefinite period of time, or for a limited period of time, all subject to the Landlord's request to reopen the case if the Landlord has information that the Tenant is no longer eligible.

F. Change in Tenant Eligibility Status. If a Tenant is granted relief from payment of the Pass Through, and subsequently the Tenant is no longer eligible for such relief:

1. The Tenant shall notify the Program Administrator of this changed eligibility status in writing within 60 days, with a copy to the Landlord.

2. Whether or not the Tenant notifies the Program Administrator and the Landlord, the Landlord may notify the Program Administrator if the Landlord has information that the Tenant is no longer eligible, with a copy to the Tenant.

3. Upon receipt of a notice under this subsection F, a Hearing Officer shall decide whether to grant or deny the previously granted relief. The decision may be made by the Hearing Officer without a hearing unless the Hearing Officer determines that a hearing is needed or unless a Landlord requests a hearing. Any such hearing shall be promptly scheduled.

G. Review of Hearing Officer's Decision. Any decision granting or denying the Tenant Financial Hardship Application or any subsequent decision on a previously granted application is subject only to judicial review by writ of administrative mandamus in Superior Court of Alameda County.

H. Notice to Tenants Regarding Financial Hardship Applications. The Program Administrator shall provide written notice of the Tenant financial hardship application procedures to Tenants in each Rental Unit, with a copy of the Landlord's application for a Capital Improvement Plan Pass Through.

12. Impact of Vacancy Decontrol on Pass Throughs.

A. If a Rental Unit is vacant at the time of the filing of an application for a Capital Improvement Plan or becomes vacant following the filing of an application for a Capital Improvement Plan but before there is a final determination as to the amount of the Pass Through, the Program Administrator shall not approve a Pass Through for that Rental Unit. Notwithstanding the prior sentence, the Program Administrator shall include such Rental Unit for purposes of spreading the amortized cost of the Capital Improvements.

B. If the Tenancy for any Rental Unit that has a Pass Through is terminated, the Pass Through shall terminate as to that Rental Unit.

13. Relocation Payments.

A. If a Landlord has received a notice from the Tenant as provided in subsection D of Section 9 and has chosen to terminate the Tenant's tenancy, the Landlord shall make Permanent Relocation Payments to the Tenant as provided in City Council resolution establishing a relocation fee schedule.

B. When a Tenant temporarily vacates a Rental Unit in compliance with an approved Capital Improvement Plan, the Landlord shall make Temporary Relocation Payments to the Tenant(s) as provided in subsection B of Section 6-58.85 and City Council resolution establishing a relocation fee schedule.

C. If the approved application for a Capital Improvement Plan requires a Tenant to temporarily relocate from the Rental Unit and, at the time the Tenant must relocate temporarily, there is a Comparable and available Rental Unit satisfactory to the Tenant, the Landlord must (a) relocate the Tenant into such Comparable and available Rental Unit if such Rental Unit is on real property owned by the Landlord and is satisfactory to the Tenant, (b) offer the Tenant the Rental Unit that the Tenant vacated, or the Comparable Rental Unit satisfactory to the Tenant, on a first right of refusal basis (subject to any applicable Pass Through) when the Capital Improvement is completed, (c) provide the Tenant with reasonable and documented costs of relocating the Tenant to and from the Comparable Rental Unit, and (d) until the Tenant re-occupies the Rental Unit or continues to occupy the Comparable Rental Unit after the Capital Improvement is completed, impose on the Tenant the Rent the Tenant was paying at the time of the relocation. For purposes of this subsection C, a Comparable Unit does not need to be owned by the Landlord but all other provisions of this subsection apply; provided, however, if a Comparable Unit is not owned by the Landlord, a Landlord may choose to make Temporary Relocation Payments to the Tenant, even if the Tenant identifies a Comparable Unit not owned by the Landlord.

D. As to any Tenant who has been temporarily relocated or who has been informed that the Tenant will be temporarily relocated, at any time during such relocation or prior to such relocation, a Tenant may elect to find alternative permanent housing. If a Tenant secures such housing, a Landlord shall make Permanent Relocation Payments to the Tenant as provided in City Council resolution establishing a relocation fee schedule, in addition to any applicable temporary relocation payments to which the Tenant is entitled.

E. Tenant's Right to Refuse Temporary Relocation and Retrieve Personal Belongings; Tenant Interference.

1. Notwithstanding a final determination that a Tenant must be temporarily relocated due to Capital Improvement work, any

Tenant has the right to refuse temporary relocation and its associated Temporary Relocation Payments.

2. The Tenant's right to Temporary Relocation Payments shall not be affected by the Tenant's limited access to the Rental Unit to retrieve personal belongings

3. If a temporarily displaced Tenant interferes, obstructs or delays a Landlord's ability to conduct necessary Capital Improvement work, the Program Administrator shall inform the Tenant and Landlord that the Landlord's obligation to provide Temporary Relocation payments is suspended to that Tenant during the period of interference, obstruction or delay.

4. This subsection E shall not be construed to permit any Tenant to reside or remain in any Rental Unit in violation of a governmental order to vacate, including but not limited to an order from the Building Official.

14. Landlord's Failure to Undertake or Complete the Capital Improvement Work.

A. If a Landlord fails to begin the Capital Improvement work within 12 months of the unconditional approval of the application, or fails to complete the Capital Improvement work within six months (unless the Program Administrator, with assistance and advice from a third party consultant retained by the City, has determined that the work may be completed in a longer period of time), the application is null and void, and will be deemed withdrawn within the meaning of Section 9 herein.

B. If a Tenant has been temporarily relocated as a result of the Capital Improvement work and the Landlord fails to render the Rental Unit habitable within 60 days of the application being null and void, the Tenant may elect to continue to receive temporary relocation payments or to find alternative permanent housing. If the Tenant elects to find alternative permanent housing, the Landlord shall (1) make Permanent Relocation Payments to the Tenant as provided in the City Council resolution establishing a relocation fee schedule and (2) when the Rental Unit from which the Tenant was displaced is habitable and re-rented, for 12 consecutive months impose Rent on any new Tenant no higher than what the displaced Tenant was paying at the time of the displacement. After 12 months, the Landlord may increase Rent only by the Annual General Adjustment.

C. If a Tenant has found alternative permanent housing as provided in subsection B of this Section 14, and the Landlord has rendered the Rental Unit from which the Tenant was displaced habitable, the Landlord shall first offer the Rental Unit to such Tenant. If the Tenant accepts the offer, the Landlord shall impose on the Tenant for 12 consecutive months, the same Rent that the Tenant was

paying at the time the Tenant was displaced. The Landlord shall also pay for documented relocation expense incurred by the Tenant in relocating to the Rental Unit. If the Tenant does not accept the offer, the Landlord shall not for 12 consecutive months impose Rent on any subsequent Tenant higher than the Rent imposed on the Tenant who was displaced. After the 12 months, the Landlord may increase the Rent either to the Tenant who accepted the offer to relocate to the Rental Unit or to the subsequent Tenant by only the Annual General Adjustment.

15. Appeals.

A Hearing Officer shall hear appeals under this Regulation. An appeal shall not stay the Landlord's obligation to make a Temporary Relocation Payment; provided, however, the Hearing Officer on appeal may grant a Landlord's written request to stay any Relocation Payment. The Hearing Officer shall consider any such request to stay a Relocation Payment as soon as practicable. In considering such request, the Hearing Officer may make any preliminary inquiries necessary, including holding a preliminary in-person or telephonic hearing, to receive preliminary facts.

Date: Community Development Director