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December 30, 2015

Via Electronic Mail Only

Hon. Trish Herrera Spencer
Mayor
City of Alameda
2263 Santa Clara Avenue
Alameda, CA 94501

RE: Rental Housing Policy Options, January 5, 2016 City Council Agenda

Dear Mayor Spencer & Councilmembers:

The California Apartment Association (CAA) which represents owners, managers, and developers of residential rental properties throughout California applauds the city for exploring ways to promote ethical housing management practices and address the rising cost of rental housing in Alameda. Over the past several years, the association and its members have partnered in various ways with the city to develop meaningful solutions to these issues

Robust growth in our local, state, and national economy, has positioned the Bay Area in a situation where we have more jobs than homes for people to live. In order to sustain a vibrant economy, we need to ensure that we have an adequate supply of housing that is available and affordable throughout our region. Unfortunately, we won't have affordable housing unless we have enough housing for everyone.

Our housing crisis is further compounded by the dissolution of redevelopment agencies, the perceived challenges of the Section 8 Program, significant lack of new housing construction, and court decisions that have limited a city's ability to require affordable housing units in new developments. In addition, tighter standards to qualify for a mortgage, individuals delaying home purchase, and a lack of homes available have further driven the demand for rental housing which has resulted in higher housing prices.

CAA applauds the efforts of certain advocacy groups, elected officials and others to push to find "the solution" to this crisis. As Alameda considers its response, we would ask the City Council to take care to avoid making a bad situation even worse. "Just cause" evictions, while well-intentioned, are extremely difficult and costly to secure. Following the examples of rent control ordinances in cities like San Francisco, where the crisis is clearly more

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acute, will not solve the problems in Alameda. Rent control remains highly constrained by the operation of State law and can have very little impact relieving renters from high market rents. Rent control and eviction for cause ordinances will not solve our housing crisis and may only benefit individuals based on how long they've lived in a housing unit not their need for subsidized housing; for these reasons, CAA opposes these policies.

Before CAA can formally endorse a specific ordinance, the Association respectfully requests the City Council refrain from adopting any new laws on January 5 and continue the existing "Urgency Ordinance" for 30-60 days.

Although the staff report was released on December 23, the Christmas and New Year's holidays only allowed approximately five (5) business days to review three extremely complex draft ordinances and little to no detail provided on their cost, implementation, or time for the rental industry to fully understand how to implement them as business practices. During the next 30-60 days, we aim to work with the City to fully understand, refine, and address any potential unintended consequences of the option the City Council seeks to pursue.

To achieve the City Council's stated goals of preventing displacement, protecting renters from unreasonable rent increases, and promote community stability, CAA recommends the City Council enhance the current RRAC process with additional renter protections as outlined below.

1. Prevent/Discourage Unreasonable Rent Increases

CAA is committed to encouraging its members to maintain reasonable rent increases. While CAA has opined that a rent increase in excess of 10% is not reasonable absent certain circumstances, we support the elements of proposed Ordinance #1 which would require enhanced notification and possible review of rent increases in excess of 8%.

The proposed revisions to the city's rent review process should also include professional mediators to help review and address disputes on increases above the threshold amount. By engaging with professional, third-party mediators, all parties (landlord, tenant, and city) should have greater comfort in knowing that the process yielded an outcome that is impartial and fair.

CAA believes that enhancing the current mediation program to require that owners must notify the city anytime they seek to issue an increase in the base rent in excess of 8% will provide the city with a mechanism for tracking large increases and holding owners accountable to the city and their residents in the event of an "unreasonable" increase.

2. Expanding Mediation to Tenancy Terminations

Currently, the city's mediation program only applies to rent increases. To address the issues surrounding "no cause" or voluntary tenancy terminations, landlords could be required to extend an offer to the RRAC process/ mediation, if they serve tenants, residing in a unit for one year or longer, a "no cause" notice to vacate. In addition to this offer for mediation, the landlord would have to file this notice with the city so the city is able to track and monitor tenancy terminations in the city. This would hopefully help

discourage so-called “financially motivated” terminations where one may seek to circumvent a rent review process but provide a venue for a tenant to work with their landlord on a mutually agreeable schedule to move, especially in a tight rental market. Finally, in these instances, CAA would not oppose a requirement where all notices to terminate must be filed with the City and an owner must stipulate that they are not terminating the tenancy in order to raise the rent.

3. Require an Option for a 12-Month Lease

CAA supports the proposed requirement for rental owners to *offer* residents the option a 12-month lease at the inception of the tenancy. Contractual relationships between a landlord and tenant offer some assurance of stability under the terms of a written lease so as to minimize displacement of tenants into a housing market which may afford them few options.

With the option of a 12-month lease, residents who rent will have the ability to seek a guarantee of the rent to be paid for one full year without fear of an increase and the residents can be assured that for the duration of this contract, they will not be evicted or asked to move unless there is a breach of the rental agreement.

Modeling this requirement after the cities of Mountain View and Palo Alto would eliminate the need for a costly and time consuming rent control program and so-called “just cause” ordinance. As a result of choosing to exercise their right to a fixed-term lease, a tenant is afforded stability for at least 12-months without fear of a rent increase or notice to move unless there is cause (e.g., violation of the rental agreement).

4. Relocation Assistance for Renovations

A tenant relocation assistance ordinance would require landlords to provide relocation assistance to eligible tenants displaced from rental units because of renovations, redevelopment, and similar activities. This ordinance is intended to help residents with moving costs, deposits, and securing replacement housing.

This program would apply when the landlord seeks to recover possession to demolish or otherwise remove a residential rental housing unit from residential rental housing use to make repairs or renovations after having obtained all proper permits from the city, if any such permits are required.

In addition, should the landlord seek to recover possession of the unit to remodel, renovate or rehabilitate the unit(s) resulting in permanent displacement of tenants and the project requires discretionary or ministerial permits from the city

This program would NOT apply when an owner needs to recover possession of the unit to repair the damage or destruction of the unit which is caused by a fire or natural disaster or where tenants have been provided with alternative housing on site or nearby.

Rather than tie the relocation assistance benefit for the purpose of displacement caused by renovation to any formula based on tenancy or economic indicator, it should be a standard formula as follows:

- Landlord must provide 90 days' notice to the tenant
- Landlord must provide a full refund of the tenant's security deposit
- Landlord must pay the cash equivalent of two months' rent
- Landlord pays a one-time payment of \$1,500

5. **Landlord-Tenant Education**

Often local renters are unaware of their rights and responsibilities. Through better education and outreach we can ensure that renters understand the resources available to them. CAA is committed to working with the City of Alameda to develop a multi-lingual, multi-media program to provide information to renters on local laws, their rights, and available resources to help residents resolve their housing issues, available funding sources for assistance, and prevent and defend evictions. We already publish several educational tools to help renters with this information and look forward to identifying ways to further promote this program in the city of Alameda.

We look forward to working closely with you, your staff, and the community to further refine and develop mutually agreeable solutions to promote attainable and diversified housing options in Alameda.

Sincerely,



Joshua Howard
Senior Vice President, Local Public Affairs
California Apartment Association

LARA WEISIGER

From: Robert Schrader <rjschrader@yahoo.com>
Sent: Sunday, January 03, 2016 12:16 PM
To: Tony Daysog; Trish Spencer; Frank Matarrese; Marilyn Ezzy Ashcraft; Jim Oddie; Janet Kern; LARA WEISIGER; DEBBIE POTTER
Cc: Penelope Schrader
Subject: Rent Stabilization Ordinances

Re: The Rent / Eviction Control Policy Issue:

I have spent the last few weeks reviewing the source BAE report information, the text of the 65 day moratorium and its revised version, the three versions of proposed ordinances, and collateral information on the Alameda City Council Meeting websites. After an extensive and detailed review, I am struck by the complexity of the issues, as well as the severity of the proposed regulations that have been proposed.

This leads me to write directly to you to express my concerns.

First, the very premise on which the actions taken since early September, 2014 as a result of the BAE report is questionable – that there is a ‘rent crisis’ in Alameda. Public comments to the contrary, the BAE report itself does not indicate that there is a general rent crisis here.

The header on Page 25 says that ‘Alameda has relatively high rents’ – but this is based on the median rent of total mix of properties, and Alameda has a proportionately large ratio of single family homes, duplexes, triplexes, etc. compared to large complexes – so a somewhat higher median rent is to be expected. Regardless, the median rent is only 3.6% above that of Alameda County in general, and 5.3% below that of the Bay Area.

In addition, Page 27 shows Alameda 50+ complex rents are 6th out of the 13 cities reviewed, and it is interesting to note that Alameda rents are 20 to 25% lower than that of the two cities which have rent control (number 1&2 on the list) – Berkeley and Oakland. So – I ask “Just where is the crisis?” Is rent stabilization justified, and does it even yield the expected benefits?

Pages 25 and 26 seek to compare rent increases between all and 50+ housing complexes, but the analysis is over-simplified and greatly flawed. In the first case, census data is used, while in the second, private sector data is used – and both sets cover the time during which the Great Recession occurred – but at different time scales. Since 2000 to 2013, overall rents have increased 3.9% annually, and since 2007 to 2015, 50+ unit complex rents have increased 5.4%. This difference can be totally accounted for by the time-scale differences – as the Great Recession began in 2008 and is just coming to a close.

I caution you not to be bullied into perilous action, but to use your own judgement here. There is an eminent danger of negative unintended consequences that can irreparably damage the single largest business in Alameda (280 Million Dollar annual revenues) and one that has direct impact on the quality of life here. I strongly suggest that great care be taken here to prevent a rush to open Pandora’s box. I think we should lift the lid and peek in first, make sure we have our facts straight, and deal with the complexities before promulgating such strict legislation.

We just revised the RRAC rent review methodology last September, and I suggest we give it a chance to work while we gather more detailed information on the status of rent increases and eviction notices. I agree there are exceptional cases of egregious landlord actions, but they should rightly be dealt with as the exceptions they are, rather than burdening all housing providers. Additionally, this can be a very costly process to administer. Note that the cost to do so in Oakland and Berkeley runs in the several millions of dollars – and

that is just the direct city administration costs. The costs to the housing providers are not indicated, but are probably higher, and will be passed on to the renters as an additional business expense – regardless of (largely unenforceable) legislation to the contrary.

You are the guardians of the character and quality of life in this unique island community – and I suggest you take a moment to consider these issues. Do you feel you are prepared to make such a substantial change to such a core entity here? Wouldn't it be wiser to take a few months to better assess the underlying issues here - to hold town hall meetings to gather more information so that all sides of the issue can be heard, understood, and evaluated.

It is a privilege to live in Alameda, not an entitlement. Not everyone can meet the challenges to do so, but those of us who have taken it as a priority to be able to live here will strongly protect the character of this charming city.

I expect you to do so as well.

Best Regards,

Robert Schrader

LARA WEISIGER

From: Angela Pallatto Hockabout <grenadinegirl@gmail.com>
Sent: Sunday, January 03, 2016 9:35 PM
To: Trish Spencer; Frank Matarrese; Jim Oddie; Tony Daysog; Marilyn Ezzy Ashcraft; DEBBIE POTTER; City Clerk
Subject: Rental Ordinances for January 5th

Dear Mayor, Vice Mayor and Members of the City Council,

I would like to applaud you for the clear effort you are making to address the rental housing crisis in Alameda. It is relieving that the concerns of hard working Alamedans are being considered as people are at risk of being pushed out of their homes. It is wonderful that many renters were able to get through the holidays without worrying about immediately being pushed out of their homes in the new year. It is because the majority of you on the council had the bravery to vote for a moratorium.

The opportunity has come again for you to provide the only possible relief to renters in this ongoing housing crisis.

We know that our region is politically and logistically unable to build the housing that our economy requires. Yet there remains a hunger to continue growing jobs region-wide in an area that cannot house the people it employs. Continuing to grow jobs without robustly growing homes is irresponsible and at the heart of our current crisis. It is the true cause of increased traffic and air pollution.

If we built the homes we need near where the jobs are, folks could ride bicycles or walk to their jobs. No new offices should be built in the bay area unless prospective employers are given the ok to build housing alongside or on top of those offices so as to prevent those new employees from adversely impacting our fragile housing inventory. I digress, however it's unlikely that such a revolutionary housing policy could come to pass in the bay area and thus it's likely that regular hardworking middle class families will always be subject to housing instability.

Without the ability to create more of the workforce housing our middle classes desperately need there is only one way to ensure that the housing they already occupy remains in the hands of working families: to enact rent control measures that require adherence, that have teeth, that landlords cannot weasel their ways around, like the landlord at 470 Central tried to do with our moratorium. This makes Ordinance A a no-go from the start. Creating an ordinance that is unenforceable changes nothing and only allows the problem of displaced renters to continue.

No-fault evictions should no longer continue in Alameda. Landlords will only continue to displace renters, but will just pay for the privilege. The fact that so many unscrupulous landlords have brought us to the point of having to enact these measures proves that they are unable to regulate themselves and require tight restrictions that mandate providing proof of the need to raise rents or displace tenants.

While I am pleased with many of the provisions offered in the three ordinances I remain concerned about the percentages. 8% seems rather high when you realize that average rents are currently very high and that 8% would allow landlords to raise rents as high as \$200 a year without the bat of an eye. The data you received from the census and the bae report clearly shows that renters incomes have not gone up and cannot possibly keep up with these rent increases, even if regulated. I hope that since this is a crisis that the percentage could be started lower at 5%, and re-evaluated when the ordinance sunsets, which I hope won't happen until 2025.

Should the percentage remain at 8%, I would prefer to see no sunset of the ordinance. The conditions that created this housing crisis will not disappear permanently and renters should not have to re-fight this battle.

Much has been said from landlords about how they are not the problem and that they keep rents low. If that is the case, then these ordinances should not affect them, especially since the ordinances contain provisions to address the problems that they are concerned with, being able to get rid of problem tenants. We are not having a crisis of landlords being unable to make money from their units. We are having a crisis of keeping our community economically diverse.

I look forward to watching the debate on Tuesday and hope that a resolution that truly protects tenants comes to pass.

Thank you for your hard work for our city.

Sincerely,

Angela Pallatto Hockabout

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Angela P Hockabout

Editor, KnitLuck

KnitLuck News: Everything new in knitting on the web, news for the everyday knitter

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