

STAFF PRESENTATION

ALAMEDA CITY COUNCIL – JANUARY 5, 2016



OVERVIEW OF TONIGHT'S PRESENTATION

- Moratorium
- Council direction to staff on November 5, 2015 next steps
- Discussion with stakeholders
- Policy options and financial impacts

MORATORIUM

- 65-day moratorium on residential rent increases at or above 8% and evictions without just cause
- Effective November 5 and expires January 9 unless extended, or until it is replaced by permanent legislation
- Amended on December 1, to remove substantial rehab as grounds for eviction
- Gives time for staff to prepare legislation for Council to consider

COUNCIL DIRECTION ON NEXT STEPS

- Option 1: Amend Rent Review Process
 - Require landlords to initiate non-binding mediation process for rent increases above a certain percent
 - Current burden is on tenants
 - Would apply to all rental properties

COUNCIL DIRECTION ON NEXT STEPS

- Option 2: Rent Stabilization
 - Restrict annual rent increase to no more than a certain percentage
 - Landlords must file a petition for an increase above the threshold, limited to fair return and/or capital improvements
 - Applies to units covered by Costa-Hawkins (multi-family units built before February 1, 1995)
 - Single-family homes exempt (29% of rental stock)

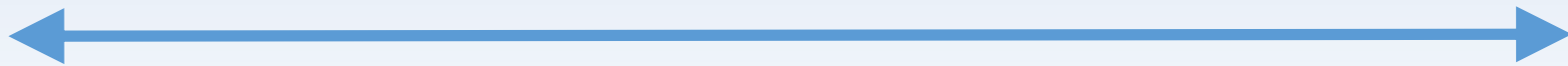
COUNCIL DIRECTION ON NEXT STEPS

In addition to protections from excessive rent increases

- Eviction protection measures
- Relocation assistance for certain evictions

RENT PROGRAM CRITERIA

- Amount of government regulation of tenant-landlord relations
- City resources dedicated to implementation
- Protections applies to most or all rental units



Non-binding Mediation

Applies to all Units

Requires Fewer Resources

Rent Control

Limited by Costa-Hawkins

Requires More Resources

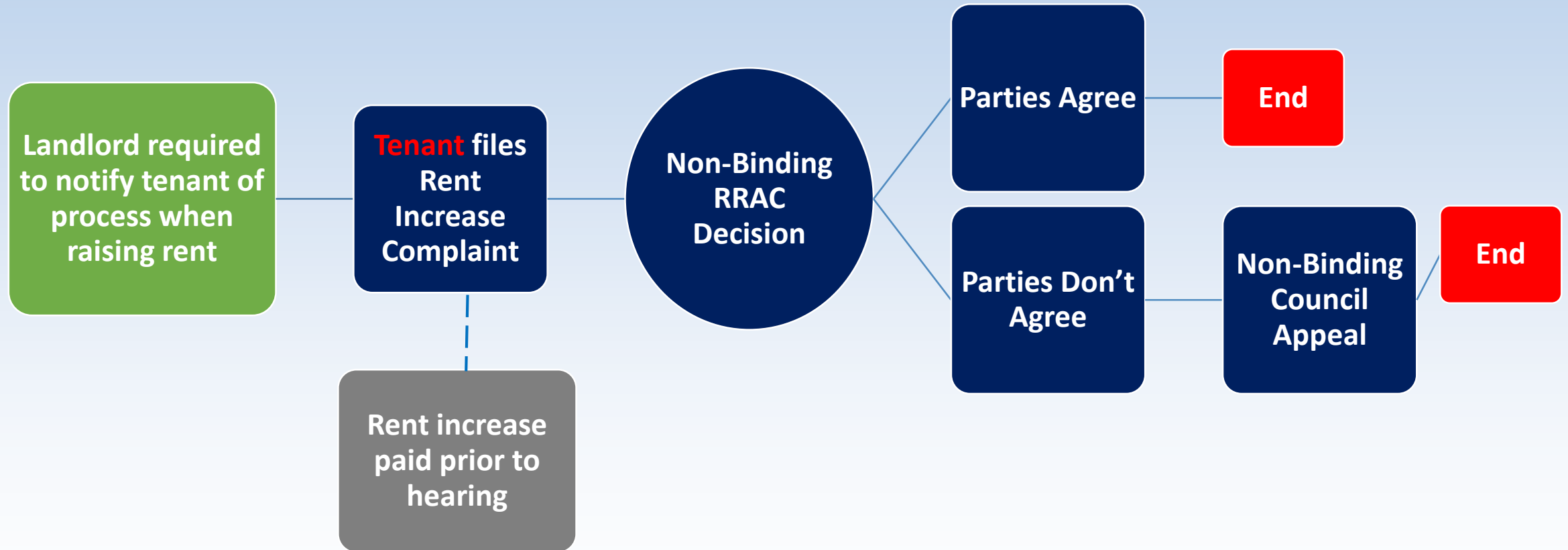
DISCUSSIONS WITH STAKEHOLDERS

- Alamedans for Fair Rents/California Apartment Association
- Alameda Renters Coalition
- Other stakeholders

CURRENT RRAC PROCESS

- Landlords required to notice tenants of RRAC process and participate in hearings
- Relies on tenant initiative to file complaint
- Rent increase must be paid before hearing

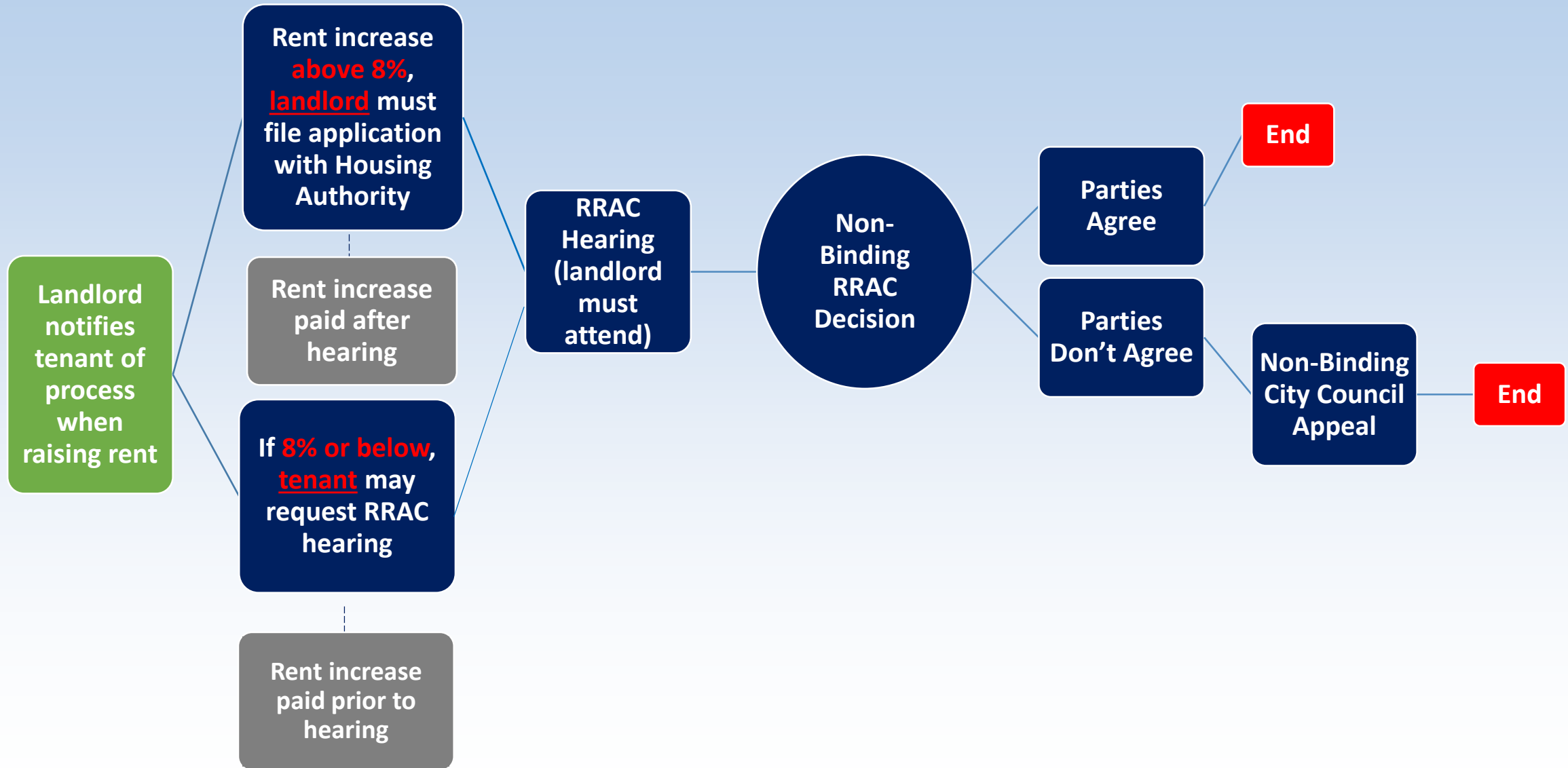
CURRENT RENT REVIEW PROCESS



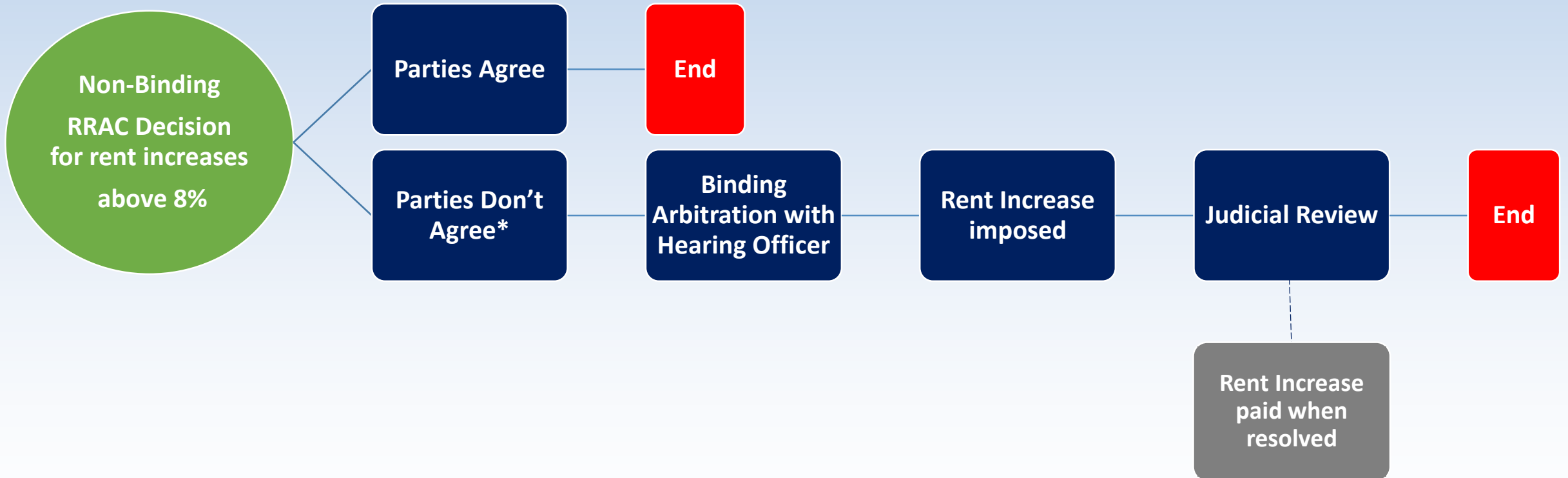
ORDINANCE #1 – AMEND RENT REVIEW PROCESS

- Shifts responsibility to landlord to initiate rent review for rent increase above 8%
- When landlord notices tenant of rent increase, must also file a rent increase application with the Housing Authority
- Rent increase not effective until after hearing
- Rent increase void if landlord fails to comply with process

ORDINANCE #1: AMENDED RENT REVIEW PROCESS



ALTERNATE RENT REVIEW PROCESS WITH BINDING ARBITRATION (ELIGIBLE UNITS)



* The party who does not agree with the RRAC decision pays for all costs associated with the binding arbitration

ORDINANCE #1 – ADDITIONAL REQUIREMENTS

- Requires landlord to offer tenants one-year lease (one time)
- Prohibits landlords from increasing rents more than once per year
- Limits grounds for eviction
- Requires relocation assistance
- Monetary penalties and enforcement
- Sunset provision, December 31, 2019

EVICTION LIMITATIONS

- Allows for “for cause” and “no cause/no fault” evictions
- Discourages “no cause” evictions solely to raise rents
 - With “no cause” eviction, landlord can’t raise rent to new tenant more than 8% above prior tenant’s rent
 - If found that new tenant is paying more than 8% rent increase:
 - Rent rolls back to previous amount
 - Penalty
 - Relocation paid
- Protects against mass evictions from a building
 - Limits how often landlord can evict for “no cause” (e.g., 10% of units per month/50% of units per year for 15+ unit buildings)

RELOCATION BENEFITS (ORDINANCE #1)

- Required for “no cause” and “no fault” evictions
- 1 month rent for each year of tenancy, capped at 4 months rent
- \$1,500 moving expense
- Option to stay in unit up to 4 months tied to length of tenancy past initial 60/30 days
- Relocation reduced (one month rent for each month’s stay tied to tenancy)

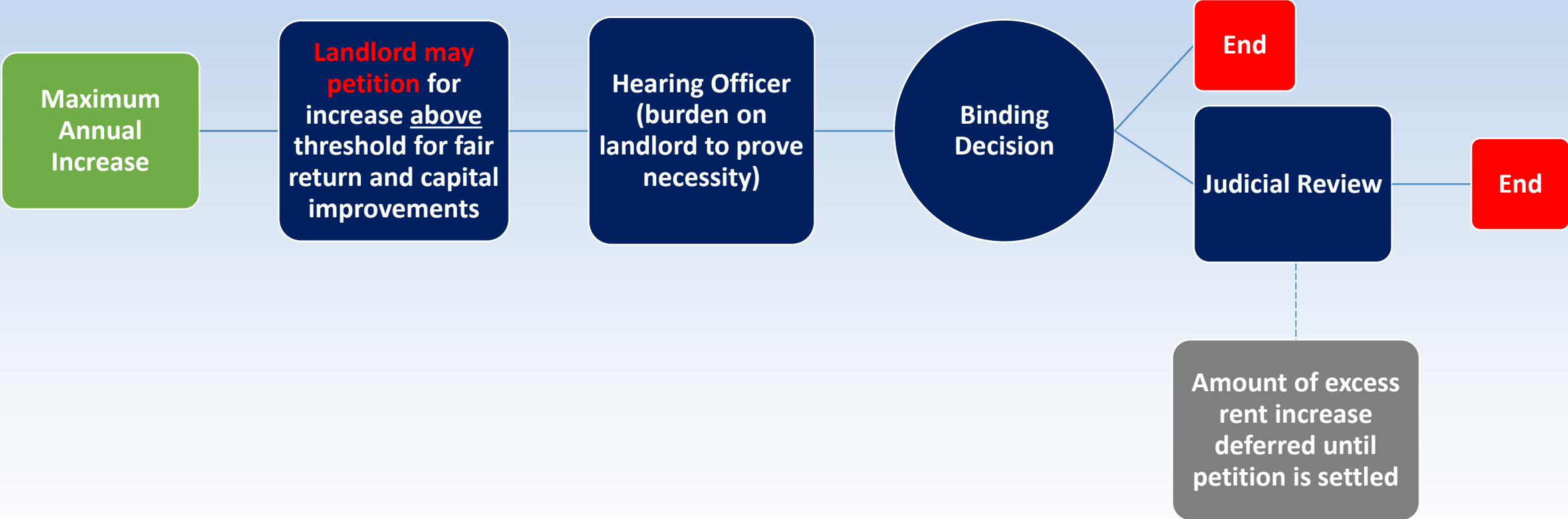
SUBSTANTIAL REHABILITATION

- Requires Capital Improvement Plan prior to evicting tenants
- Plan requirements to be drafted and adopted by Resolution
- Return to Council in 45 days
- No eviction for substantial rehabilitation until Plan requirements adopted

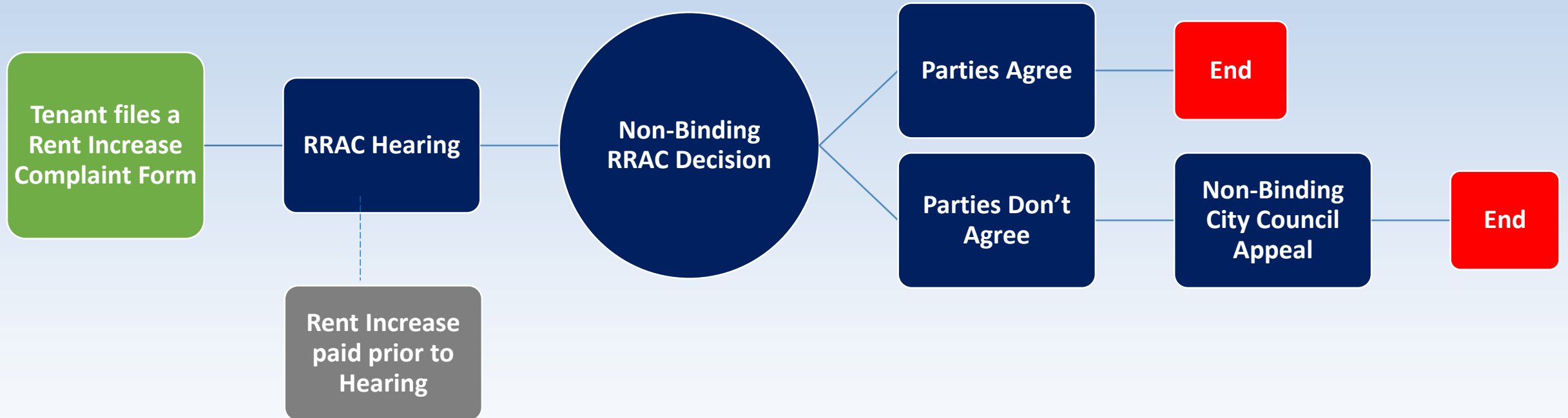
ORDINANCE #2 - RENT STABILIZATION

- Establishes maximum annual increase of 8%
- Creates binding hearing process, subject to judicial review, for rent increases above 8% for fair return and capital improvements
- Retains non-binding RRAC mediation process for:
 - Rent increases for units exempt by Costa Hawkins
 - Rent increases below threshold for all other units

ORDINANCE #2 – RENT STABILIZATION PROCESS



ORDINANCE #2 – RRAC PROCESS



ORDINANCE #2

- Landlord to offer tenants one-year leases (on-going)
- One rent increase per year
- Limits grounds for eviction
- Requires relocation assistance
- Monetary penalties and enforcement
- Sunset provision, December 31, 2019

EVICTION LIMITATIONS

- Allows for “for cause” and “no cause/no fault” evictions
- Discourages “no cause” evictions solely to raise rents
 - With “no cause” eviction, landlord can’t raise rent to new tenant more than 8% above prior tenant’s rent
 - If found that new tenant is paying more than 8% rent increase:
 - Rent rolls back to previous amount
 - Penalty
 - Relocation paid
- Protects against mass evictions from a building
 - Limits number of units landlord can evict for “no cause” (e.g., 10% of units per month/50% of units per year for 15+ unit buildings)

RELOCATION BENEFITS (ORDINANCE #2)

- Required for “no cause” and “no fault” evictions
- 1 month rent for each year of tenancy, capped at 4 months rent
- \$1,500 moving expense
- Option to stay in unit up to 4 months tied to length of tenancy past initial 60/30 days
- Relocation reduced (one month rent for each month’s stay tied to tenancy)

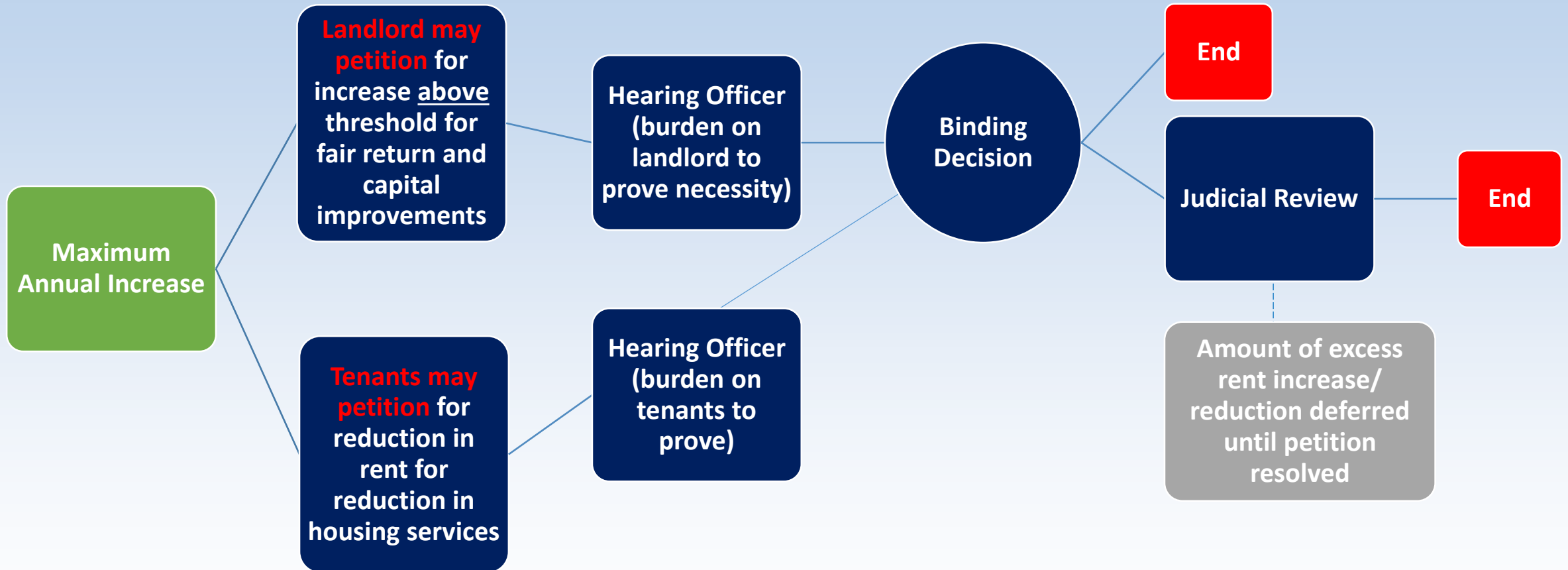
SUBSTANTIAL REHABILITATION

- Requires Capital Improvement Plan prior to evicting tenants
- Plan requirements to be drafted and adopted by Resolution
- Return to Council in 45 days
- No eviction for substantial rehabilitation until Plan requirements adopted

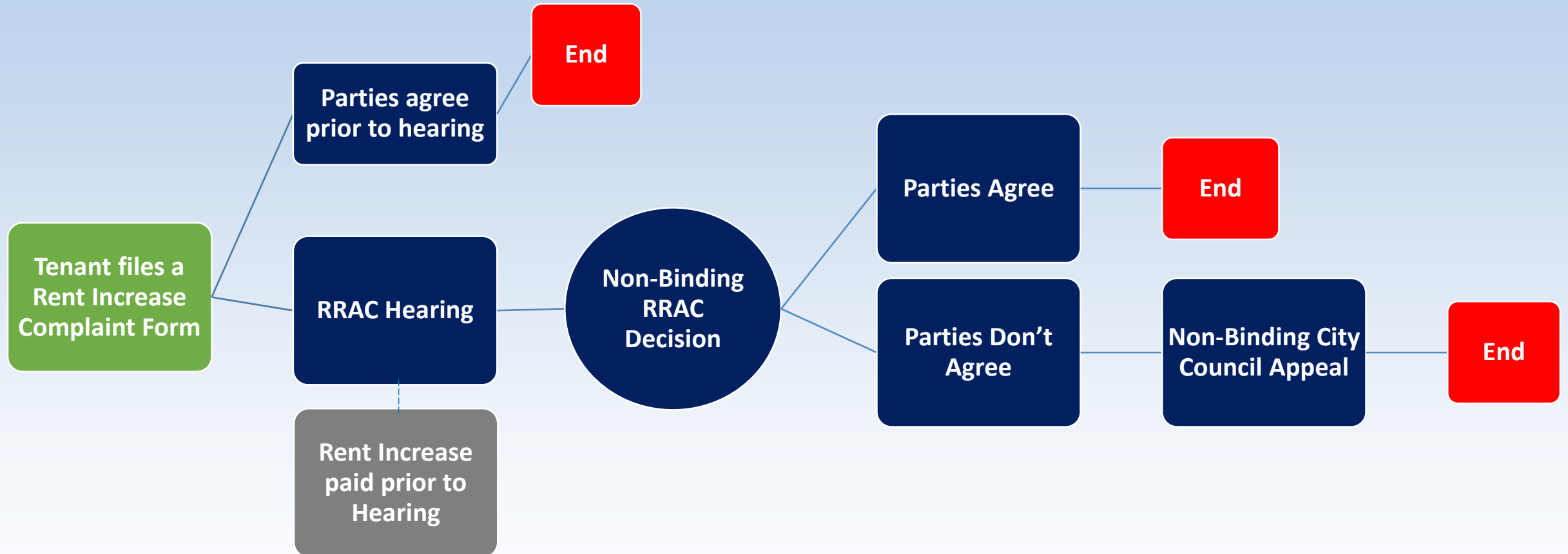
ORDINANCE #3 - RENT STABILIZATION

- Establishes maximum annual increase of 8%
- Creates binding hearing process, subject to judicial review, for rent increases above 8% for fair return and capital improvements
- Tenants can petition for rent reduction for reduction in housing services:
 - Majority of tenants must petition
 - Limited to one petition per year
- Retains non-binding RRAC mediation process for:
 - Rent increases for units exempt by Costa Hawkins
 - Rent increases below threshold for all other units

ORDINANCE #3 – RENT STABILIZATION PROCESS



ORDINANCE #3 – RRAC PROCESS



EVICTIION PROTECTIONS

- Prohibits “no cause” evictions
- “No fault” evictions permitted
 - Relocation benefits
 - Capital Improvement Plan required for substantial rehabilitation

RELOCATION BENEFITS (ORDINANCE #3)

- Required for “no cause” and “no fault” evictions
- 1 month rent for each year of tenancy, capped at 4 months rent
- \$1,500 moving expense
- Option to stay in unit up to 4 months tied to length of tenancy past initial 60/30 days
- Relocation reduced (one month rent for each month’s stay tied to tenancy)

ORDINANCE #3

- Landlord to offer tenants one-year leases (on-going)
- One rent increase per year
- Limits grounds for eviction
- Requires relocation assistance
- Monetary penalties and enforcement
- Sunset provision, December 31, 2019

PROGRAM REGISTRATION AND FEE – ALL ORDINANCES

- Program fee will be imposed on all rental units and paid annually
- A fee study to determine cost of administering program
- Data collection as part of process
- Annual report to Council

EXTENDING CURRENT MORATORIUM OR ADOPTING ORDINANCE

- Moratorium expires January 9
- Any ordinance approved tonight, second reading January 19, effective February 18
 - Extend current moratorium for 60 days, and
 - Introduce preferred ordinance on a non-urgency basis

or

- Extend moratorium 60 days and provide direction staff to return proposed ordinance within the next 60 days

FINANCIAL IMPACTS

- Each ordinance requires annual program fee
- Paid by the property owner, ½ fee can be passed through to tenants
- Fee to be determined by a study
- Amount of fee will depend upon:
 - Verified number of units
 - Amount of staffing required to administer the program (City Attorney's Office, Housing Authority, etc.)
 - Contracted services (e.g., hearing officers, translators, court reporters, etc.)
 - Materials and supplies to support the program
- Fee will be set annually by City Council resolution

FINANCIAL IMPACTS (CONTINUED)

- Staff requests City Council appropriate from the General Fund:
 - \$50,000 to undertake the fee study
 - An additional \$250,000 to administer any new program through June 30, 2016
- Staff will return with a proposed fee – to be effective July 1, 2016- to replace General Fund monies going forward

RECOMMENDATIONS

- Extend the moratorium for 60 days
- Approve a preferred ordinance and introduce on first reading
- Appropriate \$300,000 in General Fund monies to conduct fee study and fund the adopted program through June 30, 2016