

## Exhibit 1

### SUMMARY OF MAJOR PROVISIONS OF THE RENT REVIEW, RENT STABILIZATION, AND LIMITATIONS ON EVICTIONS ORDINANCE (Ordinance 3148)

1. *No Cap on a Rent Increase.* There is no “cap” on the percentage of a rent increase above which a landlord must request an administrative hearing in order to receive such a rent increase. Not having a cap is different than a “traditional” rent stabilization ordinance that establishes a “maximum allowable rent increase” as a matter of right. However, because the Ordinance (for certain rental units) does provide for a hearing process that imposes a binding decision regarding a rent increase, the Ordinance is a “rent control” ordinance.

2. *Rent Increases Subject to the Rent Review Advisory Committee Process.* Even though there is no cap on rent increases, if a landlord seeks a rent increase above 5%, the landlord must initiate a rent increase review process using the City’s Rent Review Advisory Committee (RRAC). If the rent increase is 5% or less, a tenant may initiate the RRAC process. If the rent increase is resolved prior to the RRAC hearing, the parties must inform staff of the terms of the resolution of the rent increase. This last step ensures transparency once a City process has been initiated and allows tracking of the agreed upon rent increases.

3. *The RRAC Process.* At the Committee meeting, the RRAC offers the landlord (defined as a person with an ownership interest in the rental property (or a person from the ownership entity who can legally bind the entity)) and the tenant an opportunity to explain their respective positions. In determining a fair resolution regarding the proposed rent increase amount, the Committee may consider numerous factors including:

- the financial hardship to the tenant,
- the frequency and amount of prior rental increases,
- the landlord’s costs of operation,
- any increases or decreases in housing services (since the last rent increase), and
- the landlord’s interest in earning a just and reasonable rate of return on the property.

If the parties agree with the RRAC decision, they acknowledge such agreement in writing.

4. *Further Review of the RRAC Decision Concerning a Rent Increase.* If the RRAC makes a decision on a rent increase above 5% and the parties do not agree, and if the rental unit is a multi-family unit built before February 1, 1995 (eligible to be regulated

regarding allowable rent increases pursuant to State law (the Costa Hawkins Rental Act [Costa Hawkins]), either the landlord or the tenant who is dissatisfied with the decision may initiate a process to have a neutral hearing officer hear and issue a binding decision as to the rent increase. The hearing officer will apply specific factors in arriving at a decision which will be binding on the parties, but subject to a judicial challenge. If neither party initiates this hearing process, then the RRAC decision is binding on the parties.

If the RRAC makes a decision but the parties do not agree, and if the rental unit is a single-family residence or a multi-family unit built after February 1, 1995 (exempt from Costa Hawkins), or the rent increase request is 5% or less, the RRAC decision is non-binding and the landlord may impose the proposed rent increase. The RRAC decision in these cases may be appealed to the City Council, but the Council's determination is also non-binding.

5. *Limitations on Evictions—Applicable to All Rental Units*

- A. *“No cause” evictions.* A landlord may evict for “no cause” subject to the following:
- The landlord must pay relocation assistance as described below.
  - The landlord shall not impose on the new tenant an increase in rent more than 5% of the rent in effect for the tenant whose tenancy was terminated and provide documentation to that effect to the Program Administrator.
  - To prevent mass evictions, for buildings with five or more units, “no cause” evictions are permitted for no more than 10% of all rental units in any month, or 25% of all rental units in any consecutive twelve-month period; for buildings with less than five units, no cause evictions are permitted for no more than one unit in any twelve-month period.
- B. *For cause evictions.* A landlord may evict “for cause”, for example a tenant’s failure to pay rent, breach of the lease, creating a nuisance, or failure to give reasonable access to the unit to the housing provider. In the case of for cause evictions, the landlord is not required to provide relocation assistance nor is there any limitation on the amount of the rent the landlord may impose on a new tenant. In addition, landlords are not required to provide notice of for cause terminations to the Program Administrator.
- C. *No fault evictions.* A landlord may evict for “no fault” (of the tenant), for example an owner move in, demolition of a building or unit, substantial rehabilitation subject to an approved Capital Improvement Plan, withdrawal from the rental market, or compliance with a governmental order to vacate the building. All of the no fault evictions are subject to the landlord’s paying relocation assistance as set forth below.

#### *6. Relocation Assistance—Applicable to All Rental Units*

In the event a landlord evicts a tenant without cause or for no fault of the tenant, the landlord must pay relocation fees. The Ordinance requires the landlord to pay one month's rent for each year (or portion thereof) that the tenant rented the rental unit, up to four months' rent, plus \$1,553 (post-January 1, 2017).

In addition, except for an owner move in or a government order that the unit is deemed uninhabitable, a tenant may choose to remain in the unit an additional month for every year (or portion thereof)—up to a maximum of four months—beyond the date that the tenancy was otherwise terminated. However, the landlord's obligation to pay relocation assistance is reduced by one month's rent for each additional month the tenant remains in the unit.

The Ordinance requires the landlord pay one-half of the relocation fee when the tenant notifies the landlord in writing that the tenant will vacate on the date in vacate notice. The landlord pays the remaining half upon certification that the tenant has vacated the unit on the agreed upon date.

#### *7. Annual Review/Sunset Provision*

The Ordinance requires an annual report to the City Council regarding the effectiveness of the program and recommending changes as appropriate. The Ordinance will terminate on December 31, 2019, unless the Council affirmatively acts to retain some, or all, of its provisions.