

Summary of Council Direction and Staff's Recommended Amendments to the Rent Review, Rent Stabilization and Limitations on Evictions Ordinance

<u>RECOMMENDED CHANGE</u>	<u>COUNCIL DIRECTION</u>	<u>PROPOSED SOLUTIONS</u>
A. <u>Fixed-Term Leases</u>		
1. Add definition of Primary Residence and Temporary Tenancy (<i>Subsections U and EE, Section 6-58.15</i>).	OK	N/A
2. Allow a landlord to offer a Temporary Tenancy for which no relocation fees would be required at the end of the tenancy (<i>Section 6-58.37; and subsection E, section 6-58-150</i>).	OK with limitations and carve out for military	Temporary tenancies limited to no more than one year except for a landlord who is in the military and has a military assignment, or a tenant who is in the military with a military assignment; in those situations temporary tenancy may be up to five years
3. Allow a landlord to offer a fixed-term lease of less than one year (including a Temporary Tenancy) but any subsequent lease must be at least one year in duration (except if the subsequent lease is a Temporary Tenancy which could be less than one year) [<i>Section 6-58.38</i>].	OK but landlord must pay relocation fees if tenancy is extended beyond the initial term of the lease	Subsection F has been added to Section 6-58.150 to require payment of relocation fees at the end of the tenancy if tenancy is extended
B. <u>The Offer of a One-Year Lease</u>		

<u>RECOMMENDED CHANGE</u>	<u>COUNCIL DIRECTION</u>	<u>PROPOSED SOLUTIONS</u>
1. Prohibit a landlord from offering a tenant on a month-to-month tenancy a fixed-term lease unless the tenant originally had a fixed-term lease and now requests such lease (<i>paragraph 3, subsection A, Section 6-58.35</i>).	Landlord may not offer a fixed-term lease to tenant who, as of 3/31/16, was on a month to month tenancy, which was Council's original intent.	Paragraph 3 of subsection A of section 6-58.35 revised; added a section at the end of the Ordinance that provides this revision is "declaratory of existing law".
2. Require offers of the one-year lease to be in writing (<i>Subsection A, section 6-58.35</i>).	OK	N/A
3. Require offers of the one-year lease to be kept "open" for at least five calendar days (<i>Subsection B, section 6-58.35</i>).	OK but discuss w/ stakeholders how long offer should be open	After discussion, offer must be open for at least 30 days.
C. <u>Tenancy Terminations for No Cause</u>		
1. Revise the formula for the percentage of rental units for which a "no cause" termination of tenancy could be utilized. (<i>Paragraphs 4, 5 and 6, Subsection A, Section 6-58.140</i>).	OK	N/A
D. <u>Notices to Vacate Due to a Governmental Order; Exceptions to the Payment of Relocation Fees; Timing of Payment of Relocation Fees</u>		

<u>RECOMMENDED CHANGE</u>	<u>COUNCIL DIRECTION</u>	<u>PROPOSED SOLUTIONS</u>
1. Clarify that a landlord is not required to pay relocation fees (1) when a governmental order causes a rental unit to be vacated if the reasons are due to (a) a natural disaster or a fire not caused by the landlord (b) willful acts of the tenants render the unit uninhabitable or (c) eminent domain proceedings or (2) at the end of a temporary tenancy (<i>Subsections A and E, Section 6-58.150 and subsection C, section 6-58.155</i>).	Delete (a) [insurance may cover] and (b) [problematic as to who decides]	(a) and (b) have been deleted as the proposed language was not in Ordinance No. 3148, but both issues require further analysis due to state law provisions that may bear on the issues; staff will address when additional relocation issues, such as the amount thereof, are returned to City Council for further consideration
2. Provide that a tenant's vacating a unit pursuant to a governmental order to do so will (subject to the exceptions discussed above) trigger the payment of relocation fees, even if the landlord has not served a separate notice to terminate the tenancy immediately (<i>subsection J, Section 6-58.140</i>).	OK	N/A
3. Clarify that a landlord is not required to offer a tenant the unit nor to offer the tenant the unit at the same rent as before, once the unit is habitable, under certain conditions, e.g., where the tenant's willful acts rendered the unit uninhabitable or where the unit was rendered uninhabitable through no fault of the landlord, e.g. earthquake, natural disaster (<i>paragraph a, subsection J, Section 6-58.140</i>).	Delete consistent with D 1 above	Deleted as the proposed language was not in Ordinance No. 3148, but issue will be further analyzed as mentioned above.
4. Require the landlord to pay to a tenant who must vacate due to a governmental order the full amount of any applicable relocation fees within three days of the date of the governmental order (<i>paragraph 3, subsection B, section 6-58.150</i>).	OK but discuss the number of days with stakeholders	After discussion, staff continues to recommend three business days

<u>RECOMMENDED CHANGE</u>	<u>COUNCIL DIRECTION</u>	<u>PROPOSED SOLUTIONS</u>
5. Require a landlord to pay the relocation fees under the Ordinance or the relocation fees under the Health and Safety Code, whichever are higher, where there is a governmental order to vacate not due to the fault of the landlord, e.g., natural disaster, etc. (<i>Paragraph b, subsection J, Section 6-58.140</i>).	OK	N/A
E. <u>Non-binding Effect of RRAC Decisions when the Rent Increase is 5% or Less</u>		
Affirm staff's interpretation that RRAC decisions for rent increases of 5% or less, even for multi-unit residences built before February 1995, are non-binding and only rent increases above 5% for multi-unit residences built before February 1995, are subject to binding decisions. (<i>Subsection A, section 6-58.95; subsection A, Section 6-58.100; subsections A and E, Section 6-58.105</i>).	Affirmed	N/A
F. <u>Amount, Notice, Timing and Payment of Relocation Fees</u>		
1. Revise language such that it is clear that relocation fees are paid when tenancies are terminated for either no cause or no fault (<i>subsections A and C, Section 6-58.150</i>).	OK	N/A

<u>RECOMMENDED CHANGE</u>	<u>COUNCIL DIRECTION</u>	<u>PROPOSED SOLUTIONS</u>
2. Revise the flat fee portion of the relocation fees to \$1553 to reflect 2017 change in the CPI and provide that the change in the November CPI will be used to determine the change in the fee as of January 1 (<i>paragraph 1, subsection A, section 6-58.150</i>).	OK	N/A
3. Require that the landlord inform the tenant in writing of the amount of the relocation fees to which the tenant is entitled when the landlord serves the notice to vacate and the failure of the landlord to so inform the tenant renders the action to terminate the tenancy void (<i>paragraph 2, subsection A, Section 6-58.150</i>).	OK	N/A
4. Clarify when the relocation fees are to be paid to the tenant, i.e., first half within three business days after tenant confirms vacate date and second half within three business days after tenant vacates as confirmed (<i>paragraph 2, subsection B, Section 6-58.150</i>).	OK but discuss w/stakeholders the number of days	After discussion, staff continues to recommend three business days
5. Require the landlord to notify the tenant in writing that the tenant has the option to exchange relocation fees for additional time in the rental unit when that option is available to the tenant and the failure of the landlord to do so renders the action to terminate the tenancy void (<i>subsection C, Section 6-58.150</i>).	OK	N/A
6. Clarify that when a tenant exchanges relocation fees for additional time in the rental unit the tenant remains liable for the rent while in the unit (<i>subsection C, Section 6-58.150</i>).	OK	N/A

<u>RECOMMENDED CHANGE</u>	<u>COUNCIL DIRECTION</u>	<u>PROPOSED SOLUTIONS</u>
H. <u>Service of Notice Concerning Rent Review Procedures</u>		
Require a landlord to serve the notice of the availability of the rent review procedures at the same time and in the same manner as the service of a rent increase notice under state law, with the burden of proof as to proper service on the landlord. Improper service would void the rent increase (<i>Section 6-58.55; subsection B, Section 6-58.50</i>).	OK	Staff has also added language to section 6-58.55 to provide that a landlord who intends to offer a tenant on a fixed term lease another lease must provide the notice under either Section 6-58.60 or Section 6-58.65 (rent review procedures)
I. <u>Other Clarifying or Housekeeping Revisions</u>		
1. Include new or revised definitions in the Ordinance (housing services, housing unit, single family dwelling, condominium, stock cooperative, tenancy and tenant) (<i>Section 6-58.15</i>).	OK	Staff has also revised subsection O (Housing Unit) to clarify that a “housing unit” does not include a room in an apartment
2. Create a separate section in the Ordinance to identify those housing units not subject to the Ordinance and add several types of such housing units, e.g., houseboats, accessory dwelling units, and housing units where the landlord occupies the unit but shares it with a tenant (<i>Section 6-58.18</i>).	OK but “accessory dwelling unit” should be deleted from list	Subsection J deleted

<u>RECOMMENDED CHANGE</u>	<u>COUNCIL DIRECTION</u>	<u>PROPOSED SOLUTIONS</u>
3. Clarify that landlords may satisfy the requirement of providing to a tenant a copy of the Ordinance, regulations adopted to promulgate the Ordinance and informational brochures about the rent program by offering a tenant a hard copy or referring the tenant with internet access to the rent program website, so long as the landlord documents what choice the tenant makes. (<i>Section 6-58.20</i>).	OK	N/A
4. Clarify that the Program Administrator may request from a landlord additional documents other than those expressly identified if the documents are necessary to carry out the purposes and intent of the Ordinance (<i>subsection K, Section 6-58.30</i>).	OK with clarification that the information/documentation must not unreasonably infringe on the privacy rights of the landlord	Subsection K revised
5. Clarify that the unbundling provisions of the Ordinance also apply to month-to-month tenancies, as well as to leasehold interests. (<i>Section 6-58.40</i>).	OK	N/A
6. Delete the provision that states a landlord does not need to notify a tenant about a rent increase as a result of an approved Capital Improvement Plan, in order for the Ordinance to be consistent with the CIP Policy (<i>Section 6-58.50</i> [deleting current subsection B]).	OK	N/A

<u>RECOMMENDED CHANGE</u>	<u>COUNCIL DIRECTION</u>	<u>PROPOSED SOLUTIONS</u>
7. Change the heading of Sections 6-58-60 and 6-58.65 so that “Text” is “Content”; revise content of notice to tenant to reflect other sections of the Ordinance that provide for 15, not seven, days for a landlord or tenant to file a petition for a Hearing Officer to review a RRAC decision; add language to the Notice informing non-English speaking tenants that the information in the Notice is important and providing a number for translation services (<i>Sections 6-58.60 and 6-58.65</i>).	OK	N/A
8. Require that if the landlord and tenant reach agreement regarding a rent increase before the RRAC meeting, they must notify the Program Administrator and if they fail to do so, and fail to appear at the Committee meeting it may result in a failure to appear. (<i>subsection C, Section 6-58.70 and subsection D, Section 6-58.75</i>).	OK but no consequences if parties have reached agreement but do not appear, although parties should use best efforts to notify the Program Administrator; also require landlord to have business license (if so required under the Business License Ordinance) or rent increase is void	Subsection C of Sections 6-58.70 and subsections A and C of section 6-58.75 revised
9. Add language to reflect that as part of the RRAC process the parties are encouraged to reach a voluntary agreement and that the RRAC will discuss the rent increase and deliberate before reaching a decision; change terminology concerning the Program Administrator document the landlord and tenant sign if they reach agreement to an “acknowledgement” (<i>Subsections A,C and D, Section 6-58.85</i>).	OK	N/A

<u>RECOMMENDED CHANGE</u>	<u>COUNCIL DIRECTION</u>	<u>PROPOSED SOLUTIONS</u>
<p>10. Clarify (a) that the City Attorney will advise the Program Administrator as to who from an entity has the legal authority to bind the entity and hence must attend the RRAC meeting when the rent increase exceeds 5% and (b) that at a RRAC meeting where the increase being considered is a rent increase of 5% or less, a person with the authority to bind the landlord and the tenant (or someone with the authority to bind the tenant) must appear. A failure to have a person with the authority to bind the respective parties present would constitute a failure of that party to appear. As to the landlord, that need not be a person with an ownership interest (<i>subsections D and E, section 6-58.90</i>).</p>	OK	N/A
<p>11. Provide that (a) when a landlord which is an entity has requested a rent increase above 5% and the RRAC decision is appealed to the Council, a person with lawful authority to bind the entity, and the tenant or a person with authority to bind the tenant, must appear at the meeting, or it will be a failure to appear and (b) when a landlord has requested a rent increase of 5% or less and the RRAC decision is appealed to the Council, a person with authority to bind the landlord, and the tenant, or a person with authority to bind the tenant, must appear at the Council meeting or it will be a failure to appear. As to a landlord, need not be a person with an ownership interest. (<i>Subsections A and C, Section 6-58.95</i>).</p>	OK	N/A

<u>RECOMMENDED CHANGE</u>	<u>COUNCIL DIRECTION</u>	<u>PROPOSED SOLUTIONS</u>
12. Eliminate the requirement that a landlord notify tenants when the landlord has initiated the Rent Dispute Hearing Officer process and place that requirement on the Program Administrator (who would do so in any event) (<i>Subsection A, Section 6-58.100</i>).	OK	N/A
13. Establish that the landlord always has the burden of proof in the hearing before the Rent Dispute Hearing Officer (<i>Section 6-58.110</i>).	OK	N/A
14. Clarify the Hearing Officer may proceed with the hearing even if one party fails to appear without good cause (<i>subsection D, Section 6-58.115</i>).	OK	N/A
15. Revise the definitions of what units are exempt from the rent control provisions of the Ordinance to be consistent with the State law definitions (<i>Section 6-58.135</i>).	OK	N/A
16. Clarify that if a landlord overcharges a new tenant following a no cause eviction, reimbursement to the tenant must be within 10 business days (<i>Paragraph 3, subsection A, Section 6-58.140</i>).	OK	N/A
17. Clarify who may be added to the household without the tenant being in breach (<i>Paragraph 1, subsection C, Section 6-58.140</i>).	OK with adding language to include others if fair housing laws change in the future	Paragraph 1 has been revised
18. Clarify what members of a landlord's family may be considered as part of an owner move in (<i>Subsection F, Section 6-58.140</i>).	OK	N/A
19. Eliminate an internal inconsistency by clarifying what notices of tenancy terminations need to be filed with the Program Administrator (<i>Subsection E, Section 6-58.155</i>).	OK	N/A

<u>RECOMMENDED CHANGE</u>	<u>COUNCIL DIRECTION</u>	<u>PROPOSED SOLUTIONS</u>
20. Add new section expressly stating the Council has authority to adopt policies and regulations to implement the Ordinance (<i>Section 6-58.200</i>).	OK	N/A
<u>Program Fee</u>		
Require a landlord to pay a program fee, one-half of which may be allocated to the tenant (<i>Section 6-58.170</i>).	OK	N/A