

City of Alameda

Rent Stabilization Ordinance Review

May 2018

**Management
Partners**





May 24, 2018

Ms. Debbie Potter
Community Development Director
City of Alameda
2263 Santa Clara Avenue
Alameda, CA 94501

Dear Ms. Potter:

Management Partners is pleased to transmit our report on our review of Alameda's rent stabilization ordinance, Ordinance #3148 ("Ordinance"). The purpose of our study was to review and analyze three specific elements of the rent stabilization ordinance: 1) the formula used to calculate relocation benefits for permanent and temporary tenancy terminations; 2) the provisions regarding government-ordered terminations; and 3) the role of the Rent Review Advisory Committee (RRAC) in the hearing process set forth in the Ordinance, including the possible use of professional mediators and/or hearing officers in conjunction or in lieu of the RRAC.

The City's rent stabilization ordinance appears to be mitigating significant rent increases on tenants renting residential properties in the City. There are areas where changes to either the Ordinance or the administration of the rent stabilization program could provide greater equity to tenants and landlords and make the appeal process more effective for all parties involved.

We appreciate the assistance and information we have received from Community Development staff, the Alameda Housing Authority and members of the Rent Review Advisory Committee.

Sincerely,

A handwritten signature in blue ink, appearing to read "Gerald E. Newfarmer", is positioned above the printed name.

Gerald E. Newfarmer
President and CEO

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Executive Summary

The Bay Area rental housing market has intensified over the past four years in the recovery from the Great Recession of 2008. Rental housing prices reached all-time highs in 2016, due primarily to the rapid increase in employment, particularly in Silicon Valley. Tenant displacement and issues related to the affordability and availability of rental housing continue to be a focus of residents and local government officials. The rising rents in metropolitan areas have sparked discussions regarding local government roles and responsibilities in rental housing markets as well as actions by residents.

Alameda has had a long history with rent stabilization programs and has enjoyed an experienced and active Housing Authority providing a variety of housing programs for Alameda residents and property owners. In 2016, the City Council approved Ordinance #3148, which codified rent stabilization programs in the community and created provisions for the review of rent increases.

In May 2017, the City Council directed staff to engage a third-party consultant to review the rent stabilization ordinance, focusing on three specific provisions:

1. Relocation benefits and the formula used to calculate those benefits for permanent and temporary tenancy terminations;
2. Provisions regarding government-ordered terminations; and
3. Role of the Rent Review Advisory Committee (RRAC) in the rent review hearing process set forth in the Ordinance, including possible use of professional mediators and/or hearing officers either with or in lieu of the RRAC.

This report contains the results of this review and includes three major sections:

1. Background and methodology, which briefly sets the context for the report;
2. Research on rent stabilization ordinances in California, including an overview of pertinent provisions from rent stabilization ordinances of seven other cities in California; and

3. Analysis of the three focused areas of study

The results of our study conclude that Alameda's rent stabilization ordinance appears to be having the desired effect on the rental housing market, namely to discourage relocating existing tenants to gain higher rent from new tenants, provide financial assistance to tenants whose tenancy is terminated for no cause/no fault, and provide a forum under which landlords and tenants can resolve rent increase disputes.

There are, however, opportunities that the City should take to improve the equity, fairness, and administration of the City's rent stabilization programs. The most significant recommendations follow.

- Modify relocation benefits to be based upon fair market rents as published by the U.S. Department of Housing and Urban Development, to provide a more equitable basis for tenant relocation costs in no-cause/no fault evictions.
- Explore options to provide reduced relocation benefits in situations involving landlords of smaller properties, namely single-family residences or owner-occupied properties with four units or less.
- Allow tenants to remain in a rental unit for four months without a reduction in relocation payments for all no-cause/no-fault terminations by requiring the landlord to provide four-months advance notice, with the exception of government-ordered terminations, so tenants can stay longer in their unit while they look for housing.
- Eliminate relocation benefit payments for government-ordered terminations in cases where there is no fault attributed to the landlord, particularly emergencies such as earthquakes.
- Maintain the RRAC as a quasi-judicial decision-making body for rent disputes, but enhance mediation prior to the RRAC process, through both informal processes conducted by staff and more formal mediation provided by independent mediation professionals.
- Provide clear responsibilities and guidelines for RRAC members regarding the criteria upon which decisions may be based. Also limit the sharing of private or personal information to that which is provided by landlords or tenants on their written submission to the Committee. This will likely require changes to the City's Sunshine Ordinance.
- Provide the RRAC with more comprehensive training to help them address the privacy concerns of tenants and landlords,

understand how to make decisions with limited information, and respond to a variety of individual rent increase situations.

Implementing these recommendations will provide a more equitable process that balances the interests of landlord and tenants, allowing the City to achieve its ultimate goal of stabilizing the rental housing market without unnecessarily impinging on the right of landlords to earn a fair return on their investment in residential properties in Alameda.

A complete list of recommendations is provided in Attachment A.

Background and Methodology

Rent Stabilization Ordinance #3148

The Alameda City Council adopted Ordinance #3148 (“Ordinance”) on March 1, 2016 that went into effect on March 31, 2016. The purpose of the Ordinance was to stabilize rents and limit the grounds for terminating tenancies. The Ordinance established:

- Requirement that a one-year lease be offered in conjunction with the first rent increase after March 31, 2016;
- Limitations on frequency of rent increases, such that only one rent increase is permissible in a 12-month period;
- Rent review provisions for any rent increases;
- The authority for the Rent Review Advisory Committee (RRAC) to review and, in some cases, make binding decisions on rent increases;
- Hearing processes;
- Allowable grounds by which landlords may terminate tenancies;
- Provisions for temporary relocation during capital improvements to leased property; and,
- Rental relocation benefits for tenants who are terminated for no fault of the tenant.

The City has contracted with the Alameda Housing Authority to administer the provisions of the Ordinance.

Alameda Housing Profile

Alameda’s housing inventory is made up of a combination of single and multi-family dwelling units as indicated in Table 1 below.

Table 1. City of Alameda Housing Profile

	Total Housing Units	Single Family Detached	Single Family Attached	Two-Four Unit Properties	Multi-family Five+ Units	Other
2017	32,636	13,912	3,350	5,834	9,540	41

Source: E-5 2017 Population and Housing Estimates for Cities, Counties, and the State

In most suburban cities in the Bay Area, owner-occupied dwellings outnumber rental units. In Alameda, however, most units are renter occupied. In 2010, 53% of occupied dwellings were renter occupied. This increased to 56% in 2015. Table 2 below shows the number of renter occupied units increased by 15% in this five-year period.

Table 2. Comparison of Alameda Housing Stock for 2010 and 2015

	2010	2015	Percent Change
Total Housing Units	32,351	32,042	(1%)
Total Occupied Units	28,011	30,710	10%
Owner Occupied Units	13,143	13,544	3%
Renter Occupied Units	14,868	17,166	15%
Housing with 3 or more units	12,716	12,289	(3%)

Source: American Community Survey One-Year Estimates

Alameda's vacancy rates for all housing units, both rental and owner occupied, dropped while median monthly rent increased over the period between 2011-2015 as indicated in Table 3.

Table 3. Alameda Rental and Ownership Housing Overview

Year	Total Housing Units	Occupied Housing Units	Vacant Housing Units	Percent Vacant of Total Units	Median Monthly Gross Rent	Percent Change Year over Year
2011	32,227	30,335	1,892	5.9%	\$1,353	N/A
2012	32,058	30,582	1,476	4.6%	\$1,342	(0.8%)
2013	31,765	29,846	1,919	6.0%	\$1,405	4.7%
2014	32,061	30,574	1,487	4.6%	\$1,451	3.3%
2015	32,042	30,710	1,332	4.2%	\$1,515	4.4%

Source: American Community Survey One-Year Estimates

The primary driver for creating rent stabilization programs is the desire to manage displacement of renters during dramatic upward swings in rents. A key indicator of potential displacement is "rent burden." A household is considered to be rent burdened if its percentage of personal income spent on rent exceeds 30%. For many years, the number of rent burdened households in the U.S. has been steadily increasing to a current high of 51.8%.

In Alameda County, 52.3% of households are currently rent burdened, according to five-year estimates provided in the 2015 American Community Survey produced by the U.S. Census Bureau. The City of Alameda has bucked that trend. Table 4 below shows a decline in the

percentage of households with rent burdens between 25% and 29% of personal income and at 30% or more of personal income between 2011 and 2015.

Table 4. Alameda Gross Rent as a Percentage of Household Income for 2011 to 2015

Rent Share of Income	2011	2012	2013	2014	2015	Change from 2011 to 2015
Less than 15%	8.4%	11.6%	18.1%	16.6%	12.6%	4.2%
15 to 19.9%	10.7%	14.1%	11.6%	9.6%	13.4%	2.7%
20 to 24.9%	15.5%	18.6%	8.5%	16.1%	21.2%	5.7%
25 to 29.9%	12.5%	10.9%	11.4%	11.9%	7.6%	(4.9%)
30% or more	52.9%	44.8%	50.4%	45.9%	45.2%	(7.7%)

Source: American Community Survey One-Year Estimates

The reason for such a decline in rent burdened households is typically difficult to determine because of the complexity of the causes. Table 5 provides an overview of income trends for the City. It shows a 31% increase in median household income between 2011 and 2015, the major factor in reducing the rent burden in Alameda.

Table 5. Alameda Income Trends for 2011 to 2015

	2011	2012	2013	2014	2015	Percent Increase for 2011 to 2015
Nonfamily Median Income	\$54,152	\$54,275	\$50,681	\$52,082	\$61,980	14%
Per Capita Income	\$38,722	\$44,160	\$45,356	\$44,044	\$47,554	23%
Mean Household Income	\$91,540	\$105,557	\$112,513	\$109,304	\$117,879	29%
Median Household Income	\$70,567	\$76,934	\$75,717	\$86,888	\$92,225	31%

Source: American Community Survey One-Year Estimates

Pinpointing the drivers behind such a change in median income requires complicated analysis beyond the scope of this report. Local recovery from the Great Recession has been strong, resulting in a general increase in incomes. However, local recovery is unlikely to be the sole cause. Alameda is a desirable city, attractive to many skilled and professional people. It is likely a shift in population has occurred during this period, and that some lower income households have been replaced with higher income households (so-called “gentrification”).

In addition to a rise in income within the City’s population, there has been a significant reduction in unemployment as indicated in Table 6.

Table 6. Unemployment Rate in Alameda for 2011 to 2015

Year	Unemployment Rate (Age 16 or Over)
2011	7.2%
2012	6.1%
2013	5.0%
2014	4.2%
2015	2.8%
Total Percentage Change	(4.4%)

Source: American Community Survey One-Year Estimates

Purpose of this Study

At its May 16, 2017 meeting, the City Council directed City staff to retain a third-party consultant to review three key provisions of the Ordinance:

1. Relocation benefits and the formula used to calculate those benefits for permanent and temporary tenancy terminations;
2. Provisions regarding government-ordered terminations; and
3. Role of the RRAC in the rent review hearing process set forth in the Ordinance, including possible use of professional mediators and/or hearing officers either in conjunction with or in lieu of the RRAC.

Management Partners was selected to conduct this review on behalf of the City.

Approach

Management Partners gathered and analyzed information using a variety of means. While reviewing and analyzing data and documents, our project team relied on our experience in working with other jurisdictions in California and our knowledge of practices used by other California cities in implementing rent stabilization ordinances. We used the following techniques to gather information:

- Conducted interviews with City and Housing Authority staff, RRAC members and stakeholders for tenants and landlords;
- Reviewed and analyzed a variety of data and documents provided by the City and the Housing Authority; and
- Conducted research on seven cities in California that have implemented and have a track record in administering rent stabilization ordinances. The following are the seven cities researched for this project.
 - Berkeley

- East Palo Alto
- Los Angeles
- Oakland
- San Francisco
- Santa Monica
- West Hollywood

These techniques are described in more detail below.

Review and Analysis of Data and Documents

Management Partners' team members reviewed a variety of documents and data to inform our observations and recommendations. We reviewed Ordinance #3148 and its various provisions, focusing on the three areas within the scope of this study. We reviewed Resolution #15138, approved by the City Council in April 2016, which covers capital improvements. We also reviewed organization charts for the City and the Housing Authority to understand the nature and extent of positions used in administering the Ordinance.

To better understand how the City and Housing Authority have been administering the Ordinance since it went into effect, we reviewed the following additional information.

- Administrative policies, procedures and application forms related to:
 - RRAC review processes,
 - Terminations, and
 - Relocation assistance benefits.
- Alameda rental housing data, including:
 - Rental properties subject to the Ordinance,
 - Total residential units in the City, and
 - Rent review applications submitted on behalf of tenants or landlords since implementation of the Ordinance.
- Publicly available information, forms, and descriptions of processes on the Alameda Rent Program website (www.alamedarentprogram.org).

Interviews

An important component of this study was obtaining input about the rent stabilization program from a variety of constituencies. We conducted eleven interviews with the following:

- City Community Development Department staff;

- Housing Authority staff, including the Executive Director, Rent and Community Programs Director and Management Analyst;
- City Attorney's Office staff;
- Rent Review Advisory Committee members;
- Stakeholders representing the landlord community; and
- Stakeholders representing the tenant community.

Research on Rent Stabilization Ordinances in Other Cities

Peer comparisons provide a perspective to help understand how rent stabilization ordinances have been implemented in other jurisdictions. The methods used to select peer cities for research are included in the following section. Once selected, Management Partners reviewed publicly available information on each city's rent stabilization program, including information about allowable rent increases, relocation benefits, just-cause and government-ordered eviction provisions, and review processes for resolving rent disputes. As necessary, we reached out to staff from peer cities to learn more about their programs.

Over the past two years Management Partners has conducted rent stabilization program reviews for several other agencies. We were able to update and utilize the information received for those other studies in conjunction with that gathered for this particular project to help inform observations and recommendations for improving Alameda's rent stabilization provisions.

Research on Rent Stabilization Ordinances in California

Rent Stabilization and Tenant Protection Provisions in California

This report uses the term “rent stabilization” rather than “rent control” to refer to local rent regulations that can be enacted in California under limits imposed by state law. Rent control refers to a form of rent increase limitation used in several large east coast cities in the 1940s through 1970s, where rent increases on a limited number of rental units were essentially frozen for years. This resulted in many problems for both property owners and the cities that enacted the controls.

The key difference between rent control and rent stabilization is the use of “vacancy de-control” in rent stabilization programs, which allows rents to float to market rates for new tenants following a voluntary vacancy by an existing tenant. Under this approach, rent controls are in place for continuing tenants but normal turnover allows rents to more closely follow the direction of the rental market. Vacancy de-control is a key feature of the California statute that limits rent stabilization ordinances, known as the “Costa-Hawkins Rental Housing Act” (California Civil Code §1954.50 et seq.). In addition to vacancy de-control, the Costa-Hawkins Act provides several other restrictions on local ordinances including:

- Prohibiting restrictions on rents for single family homes and condominiums; and
- Prohibiting regulation of rents on buildings constructed after February 1, 1995 or earlier dates defined in ordinances that were in place at the passage of the Act.

Rent stabilization ordinances are frequently part of a larger package of tenant protections that have been enacted within a handful of California cities. These tenant protections outwardly share some common characteristics including the following:

- Limits rent increases for continuing tenants to either a flat percentage or, more commonly, to all or a portion of the regional Urban Consumer Price Index (CPI-U)

- Limits the reasons a landlord may evict a tenant so standard Civil Code procedures cannot be used to create a vacancy that allows the landlord to increase rent to market rates, thereby subverting the rent increase limits
- Requirements that landlords pay relocation assistance for the no-fault eviction of a tenant
- Protections against retaliatory behavior by the landlord when a tenant invokes their rights under the tenant protection ordinances
- Habitability requirements for rental properties
- Mechanisms to ensure continued profitability for property owners in the face of rent regulations and the need to maintain the rental properties

Despite these broad commonalities, each set of ordinances and associated regulations reflect the specific needs and political will of each city, resulting in widely different tenant protection programs. For example, the cities of Berkeley and Santa Monica started their rent regulation programs before the limits imposed by Costa-Hawkins. These cities evolved from more traditional full rent control models and now have fairly prescriptive ordinances and regulations enacted by elected rent boards. Frequent reporting of rents being charged and other terms of tenancy is required from landlords and the staff supporting each rent board calculate maximum allowable rents on a unit by unit basis.

The City of San Francisco has moderately prescriptive regulations but provides almost no oversight or tracking of actual rents beyond publishing the increases allowed each year. Enforcement of the rent limits is done on a complaint basis only.

Research Cities

For this study, Management Partners provides comparisons between Alameda and other cities with mature rent stabilization programs. While the rent stabilization programs carry many common characteristics, no two are exactly alike. Instead, each is tailored to reflect particular community needs and interests. Key housing statistics for the research cities is provided in Table 7.

Table 7. Summary of Occupied Units and Vacancy Rates in Rent Stabilization Cities for 2017

City	Population	Total Units	Occupied Units	Vacancy Rate
Alameda	79,338	32,763	31,312	4.40%
Berkeley	119,997	50,180	47,312	5.70%
East Palo Alto	30,225	7,836	7,089	9.50%
Los Angeles	3,999,237	1,453,271	1,363,687	6.20%

City	Population	Total Units	Occupied Units	Vacancy Rate
Oakland	423,191	171,192	161,372	5.70%
San Francisco	864,816	392,823	358,793	8.66%
Santa Monica	93,282	52,082	47,930	8.00%
West Hollywood	35,770	25,127	22,991	8.50%

Source: E-5 2017 Population and Housing Estimates for Cities, Counties, and the State

Cities with similar rent stabilization programs may have vastly different local rental and housing markets. Median rents and rent burden levels for 2015, the most currently available comprehensive study performed in the Census Bureau's American Community Survey, are presented in Table 8. It shows Alameda's renter annual household income and monthly gross rent are slightly above average, however, the rent burden percentage is lower than all but San Francisco. Alameda's rental vacancy rate in 2015 was the lowest of the comparison cities at 1.2%. This low vacancy rate suggests that tenants who are relocated may face difficulty finding replacement rental housing in Alameda.

Table 8. Summary of Median Income and Median Rent in Peer Rent Stabilization Cities for 2015

Cities	Renter Annual Household Income	Monthly Gross Rent	Rental Vacancy Rate	Percent of Renters Spending at Least 30% of Income on Rent
Alameda	\$55,311	\$1,407	1.2%	47%
Berkeley	\$40,074	\$1,362	3.8%	56%
East Palo Alto	\$43,527	\$1,433	4.0%	66%
Los Angeles	\$36,489	\$1,209	3.8%	61%
Oakland	\$38,222	\$1,144	4.1%	55%
San Francisco	\$62,532	\$1,558	2.6%	44%
Santa Monica	\$63,476	\$1,593	2.2%	49%
West Hollywood	\$50,722	\$1,399	2.6%	53%
AVERAGES	\$48,586	\$1,390	3.0%	54%

Source: American Community Survey Five-Year Estimates

Table 9 indicates the general profile of peer city housing inventories and distribution of units across housing structures for 2017.

Table 9. Summary of Housing Units in Peer Cities for 2017

City	Single Detached	Single Attached	Two to Four	Five Plus	Other
Alameda	13,912	3,350	5,834	9,540	41
Berkeley	20,955	2,066	10,013	16,928	18
East Palo Alto	4,230	326	267	2,865	148

City	Single Detached	Single Attached	Two to Four	Five Plus	Other
Los Angeles	556,927	87,030	129,067	670,166	10,081
Oakland	74,169	6,921	32,650	56,897	555
San Francisco	74,359	47,855	81,993	178,569	595
Santa Monica	9,720	1,825	5,296	35,037	204
West Hollywood	2,295	703	2,367	19,717	45

Source: E-5 2017 Population and Housing Estimates for Cities, Counties, and the State

Table 10 summarizes the rent stabilization regulations currently in place in the peer cities. The cities with longer-term programs can have complicated rent adjustment histories as ordinances or regulations were adjusted in response to court decisions or changes in legislation, including the enactment of the Costa-Hawkins Act. All research cities allow rent adjustments based on changes in the Urban Consumer Price Index (CPI-U). CPI-U throughout California has averaged just under 3% over the past five years, and for 2016 averaged approximately 2.3%.

Alameda is unusual compared to the comparison cities in that it does not set an annual allowable increase. Instead, for all rent increases above 5%, landlords must file a notice with the Housing Authority and all rent increases above 5% are subject to review by the RRAC. In addition, tenants may request RRAC review of rent increases 5% or less.

Table 10. Rent Regulations in Peer Cities

Agency	Annual Allowable Increase	Maximum Allowable Increase
Alameda	Rent increases above 5% are subject to RRAC review	None
Berkeley	65% of CPI-U	None
East Palo Alto	80% of CPI-U	10%
Los Angeles	100% of CPI-U	8%
Oakland	100% of CPI-U	10%
San Francisco	60% of CPI-U	7%
Santa Monica	75% of CPI-U with a number of special surcharges possible in certain school areas and other municipal service related issues	None
West Hollywood	75% of CPI-U	10%

Attachment B provides a more detailed overview of the rent stabilization programs for each of the peer cities.

Individual Rent Increases

An important element found in each of the peer agency programs is a fair return on investment regulation, or the ability to make individual rent adjustments based on costs that are beyond the control of the landlord or are otherwise needed to ensure a fair return on property. Most programs have provisions to help landlords who have been charging very low rents for extended periods of time.

Pass-throughs for the costs of major property repairs when needed are defined in the program regulations for each of the research cities. All programs have slightly different capital improvement pass-through policies intended to support ongoing habitability of rental units or to encourage safety improvements to properties. For example, the cities of Santa Monica and San Francisco have specific incentives built into their capital improvement policies for making earthquake safety improvements.

What constitutes a capital improvement varies among the peer cities. Alameda's policies on capital improvements are contained in Resolution #15138 which was approved in April 2016. Some cities allow replacement costs for specific housing amenities, such as laundry equipment, to be passed through. In such cases, a standard lifespan is assigned, over which the cost of new appliances may be pro-rated. In other cases, they may include costs for standard elements of the buildings such as roofs and parking lot pavement that are passed through to tenants, while others assume they are core business costs associated with providing rental housing that must be reflected in the base rent. Those latter cities may allow the cost of new tenant amenities and improvements the city wishes to incentivize to be passed through, but not basic features of the rental property.

Other pass-through cost allowances include increases in property taxes due to the passage of bond measures or special taxes. Utility cost increases are frequently allowed where there are no separate meters. All of the research cities' programs, with the exception of East Palo Alto and lower income households in Berkeley, allow 50% of the fees for the rent stabilization program to be passed on to the tenants on a monthly basis.

Just-Cause for Eviction

State law allows a landlord to terminate a tenancy without cause at the end of a lease or other tenancy term by giving the tenant a 30- or 60-day notice. A just-cause for eviction ordinance retains the State's noticing timelines, but also requires a landlord to provide written cause for the termination and evidence supporting the termination action. Typically,

“just-cause” ordinances provide a limited range of allowable causes for eviction. One of the primary impacts of these programs is a shift in the burden of proof for an eviction from the tenant to the landlord, because failure to prove one of the allowable causes is an affirmative defense a tenant may use to contest the eviction.

Just-cause for eviction rules are often part of a strong rent regulation ordinance designed to protect tenants from a landlord’s ability to evict without cause under civil procedures in order to create vacancies to gain potentially significant rent increases pursuant to the Costa-Hawkins Act. However, just-cause ordinances can also become problematic for a landlord seeking to evict a tenant for reasons other than to increase the rent. Because legitimately evicted tenants may use the appeals processes to delay the eviction, many landlords believe just-cause ordinances make it more difficult to evict bad tenants.

While typically paired with rent control or stabilization, a just-cause ordinance can also be a stand-alone ordinance designed to protect tenants from unilateral landlord eviction decisions. They can apply to most tenants as well as to specific tenants, such as to tenants of rent stabilized units only. For example, the just-cause sections of ordinances for Berkeley apply to the rent-controlled units as well as almost all other rental units.

Analysis

At the City's request, Management Partners' analysis of the Ordinance focused on the three following areas:

1. Relocation benefits,
2. Government-ordered terminations, and
3. Role of the RRAC.

The results of our analysis are presented in detail below.

Relocation Benefits

Background

Section 6-58.150 of the Ordinance requires landlords to provide relocation assistance to tenants when a tenancy is terminated for no fault of the tenant. No fault terminations of tenancies are listed below.

- Notice to vacate for "no cause"
- Owner move-in
- Demolition
- Capital Improvement Plan
- Withdrawal of the rental unit from the rental market
- Compliance with a governmental order

Under the Ordinance, a tenant is entitled to \$1,500 for moving expenses, plus payment of one month's rent for each year of tenancy up to a maximum of four months of rent. The \$1,500 for moving expenses is adjusted each year based on the Consumer Price Index. Moving expense reimbursements for 2017 were increased by 3.5%, and in 2018 were increased by 2.7% for a current total of \$1,595 based on the CPI adjustments.

The City has included an extended stay option in Section 6-58.150(c) of the Ordinance that entitles those tenants whose units are being demolished, withdrawn from the rental market, or whose tenancy is being terminated for "no cause," to request additional time beyond the 60 days in the original notice to vacate in exchange for a reduction in

relocation assistance. The landlord does not have the option of denying the request so long as it is submitted in writing by the tenant.

The relocation programs of the peer cities have different structures than Alameda in that the other programs do not provide an option to extend tenancy in exchange for a reduction in relocation assistance. Instead, these programs recognize the additional challenges facing certain tenants in relocation. Such tenants are generally referred to as “Qualified Tenants” and have one or more of the following situations:

- Senior (62+) tenant,
- Disabled tenant,
- Tenants with school age children, and/or
- Low income tenants (in certain cities).

Qualified tenants are entitled to remain in place for longer periods of time at the request of the qualified tenant. Seniors and disabled individuals can remain in place up to a year. Tenants with children in school can remain through the end of the current school year plus two months thereafter. There is no reduction in relocation assistance for these extended tenancies in peer cities.

Peer city relocation benefits are typically based on the number of bedrooms in the unit to be vacated with extra provisions for Qualified Tenants due to the challenges faced in locating appropriate housing and moving their households. The methodologies used by the peer cities in calculating their reimbursement rates are not easily transparent. Typical consideration is given to the following elements in developing the relocation assistance benefits:

- Increased rent that might be expected,
- Moving costs,
- Cost of new security deposits,
- Cost of credit checks, and
- Relocation service costs.

Table 11 compares the relocation benefits offered by Alameda with those of peer agencies.

Table 11. Peer City Relocation Fees

Agency	Base Assistance	Additional Assistance to Qualified Tenant ¹	Moving Costs
Alameda	One month rent per year of tenancy up to four months	None	\$1,595 ²
Berkeley	\$15,000	\$5,000	Included

Agency	Base Assistance	Additional Assistance to Qualified Tenant ¹	Moving Costs
Santa Monica	\$9,050 to \$18,850	\$2,800	None
East Palo Alto	\$7,912 to \$10,549 per adult	\$2,550 per category	\$2,637
Los Angeles	\$7,900 to \$10,400	\$9,300	None
West Hollywood	\$6,785 to \$17,030	Varies ³	None
Oakland	\$6,500 to \$9,875	\$2,500	None
San Francisco	\$5,895 per tenant up to \$17,670	\$3,930	None

¹ Qualified Tenant Categories: Senior (62+), Disabled, and Tenant with Minor Children in School. Oakland, Los Angeles, and West Hollywood also have additional provisions for certain low-income tenants.

² Alameda's moving costs are adjusted annually based on changes in the Consumer Price Index for the San Francisco-Oakland-San Jose area.

³ West Hollywood's Qualified Tenant category includes: Senior (62+), Disabled, Terminally ill, Tenant with Minor Children in School, as well as Moderate Income Tenants (yearly income of \$50,501 to \$75,752). Such households are entitled to assistance of \$17,960 if any of the tenants in the household fall into that category. In addition, West Hollywood's policy describes a category of Lower-income Tenant (yearly income less than \$50,500). Any lower-income tenant in the household qualifies the household for assistance of \$22,616.

Attachment C provides a more detailed overview of the relocation benefits provisions for each of the peer cities.

Basis of Relocation Benefit Calculation

As indicated above, Alameda's relocation benefit for no fault terminations is based on the monthly rent paid by the tenant being terminated. Both tenants and landlords interviewed during our study questioned this basis. Calculating relocation benefits based on the average rent is a problem for low-income and long-term tenants. Because their current rent is often relatively low compared to market rents, these tenants will receive a small relocation payment. For example, a long-term tenant with more than four years of tenancy at a rent of \$1,000 would receive relocation benefits totaling \$5,595 (\$1,000 per year for four years, plus \$1,595 for moving expenses). This amount is not enough to relocate to new housing in the area where market rents for equivalent units may be in excess of \$2,500 per month.

The current formula represents a policy paradox. Relocation benefits are intended to provide assistance to tenants terminated for no fault who would most suffer economic challenges in meeting market rate rents. However, Alameda's formula provides the highest payment to high-rent tenants who are used to higher rents and are most likely able to afford relocation.

Landlord stakeholders noted that the current calculation benefits more affluent tenants at the expense of less affluent landlords. They commented that relocation should be based on financial need (i.e., “means testing”), noting that low income tenants need relocation assistance and should receive appropriate relocation benefits. Landlord stakeholders expressed concern that under the current system they are giving more money to wealthier people who are able to pay higher rents. However, tenant stakeholders stated they do not want assistance to be based on means testing, which requires tenants to divulge personal income levels and/or financial assets to receive relocation benefits.

The relocation benefits under Alameda’s Ordinance are lower than what most other communities provide. Table 11 above indicates the average base assistance amount provided by research cities is estimated at \$9,000. The average actual relocation assistance paid to displaced Alameda tenants in the period from April 2016 to December 2017 was \$8,288, 8% below the average of the comparison cities.

While lower, Alameda’s relocation assistance average is fairly close to the peer average because relocation payments are based on the current rent. As a result, high-rent tenants get relocation payments above the relocation payments in peer cities. For example, a tenant in a \$3,000 a month rental unit who had lived there for four years would receive \$13,595 in relocation benefits (\$3,000 per year for four years plus \$1,595 for moving expenses). As described above, a tenant in a \$1,000 a month rental unit would only receive relocation benefits totaling \$5,595.

Other communities prioritize easing the transition for long-term and low-income tenants. In addition, some communities provide additional relocation payments for seniors, the disabled and people with minor children (see Table 11 above). In Alameda, a concern was expressed that increasing relocation assistance for seniors, the disabled and people with minor children would discourage landlords from renting to these groups.

Some interviewees supported a flat rate or fair market rent (“FMR”) based relocation payment. One of the most widely used measures in housing policy in determining fair market rents is the U.S. Department of Housing and Urban Development’s (HUD) Fair Market Rent (FMR) annual survey. Relocation payments based on the HUD FMR for the Oakland-Fremont, CA HUD Metro FMR Area would provide an objective basis upon which to provide relocation benefits. This change would be advantageous to low income and long-term tenants, provide more equity between tenants paying higher and lower rents, and be more consistent with other cities having relocation assistance requirements. The impact of

this policy change would make it more financially difficult on landlords who have kept rents below market.

Recommendation 1. Change the basis of the relocation benefits formula to the annual HUD Fair Market Rent survey for the Oakland-Fremont, CA Metro FMR Area.
Update the amount each year when the HUD Fair Market Rent survey is released.

The moving allowance portion of the relocation benefits formula appears reasonable and fair, and the CPI adjustment each year allows for increased costs of moving expenses associated with inflation. We do not recommend any changes to this portion of the relocation benefits formula.

Table 12 summarizes what the relocation benefits payments would be under the new HUD FMR-based formula if it were implemented in 2018.

Table 12. Relocation Benefit Payments Based on 2018 HUD Fair Market Rents

	Efficiency Units	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
HUD FMR Rent¹	\$1,540	\$1,855	\$2,329	\$3,219	\$3,946
FMR Rent (4 Month)	\$6,160	\$7,420	\$9,316	\$12,876	\$15,784
Moving Allowance	\$1,595	\$1,595	\$1,595	\$1,595	\$1,595
Total Relocation Payment	\$7,755	\$9,015	\$10,911	\$14,471	\$17,379

¹ HUDUSER.GOV 2018 Fair Market Rent Documentation System for the Oakland-Fremont, CA FMR Area

Impact on Terminations

Management Partners evaluated the terminations reported to the Housing Authority between April 2016 through December 2017. Table 13 is a summary of the 137 terminations found to be in compliance with the City's Ordinance during that period.

Table 13. Termination Summary in Alameda from April 2016 through December 2017

Reason for Termination	Number of Terminations	Average Tenure of Tenant (Years)
No Cause	58	4.4
Withdrawal from Rental Market	21	5.9
Owner Move-In	56	5.9
Government Order	2	1.5
Capital Improvement Plan	0	Not applicable
TOTAL	137	5.6

Alameda's relocation benefits have provided more stability for tenants. Requiring the payment of relocation benefits helps deter tenant termination purely for economic gain by the landlords, which had been a problem. Both tenant and landlord stakeholder interviewees stated that the cost of relocation now discourages landlords from terminating tenants to raise rents significantly.

Impact on Rental Property Stock/Availability and Owners of Smaller Properties

Alameda's rental housing stock consists of a significant number of smaller properties. Approximately 50% of the total rental housing stock consists of properties with five units or less. Out of a total of 17,000 rental units, close to 10,000 are leased to tenants by individual owners.

During interviews, landlords and apartment manager representatives reported that they previously gave relocation benefits, waived rental fees and gave lengthy notices to relocate voluntarily. They believe that the relocation provisions were developed to address one specific landlord who was abusing the relocation benefits of tenants. They commented that the City should have dealt with that landlord individually rather than penalizing all landlords.

Landlord stakeholders also believe that relocation costs are pushing some landlords to go out of the rental business. Some owners would prefer to sell a unit rather than continue to rent it. Others may choose to eliminate a partially rented unit (e.g., a basement apartment) and convert a whole building to an owner occupied single-family house.

One alternative suggested is the creation of a fund that landlords could pay into and the City would manage to provide relocation benefits to tenants based on their financial need. Tenants would then apply for relocation benefits from that fund. Based on our research, this is not a typical practice and would have the impact of requiring all landlords to pay into a fund that does not directly correlate to the tenants they actually displace.

Small landlord stakeholders commented that there should be a distinction between large commercial properties and small ones because the burden on smaller property landlords is proportionally greater. Some people rent units to defray their own housing costs rather than seeking to make a profit.

Under the current relocation benefits formula, a long-term tenant (more than four years) paying \$2,000 in rent would qualify for \$9,595 in relocation benefits (\$2,000 per year of tenancy, plus \$1,595 in moving

expenses). Landlords of smaller properties indicate they likely would not have earned that amount of profit during the time of tenancy. Furthermore, single-family homeowners who want to move back into their homes find the relocation benefits burdensome.

Landlord stakeholders indicated during interviews that exemptions and/or reductions to relocation benefits should be included in the Ordinance such as:

- Landlords going out of business,
- Smaller properties (four units or less), especially single-family homes,
- Owner move ins,
- Victorian homes, because of the higher costs to maintain, or
- End of a lease term.

Establishing policies to ease the burden of relocation on small property owners could create a balance between requiring payment of relocation benefits and incentivizing the availability of rental properties within the City. For example, Los Angeles has a provision for reduced relocation benefit amounts for so-called “mom and pop” landlords who own no more than four units plus an additional single-family home in the city. These provisions result in a relocation cost that is approximately 15% less than that for larger properties. Although Los Angeles is a much larger jurisdiction, the composition of landlords with smaller properties is similar to that of Alameda. The disadvantage of discounted relocation benefits for small landlords is that the tenant being displaced will have less money to relocate.

Recommendation 2. Review options to create a discounted relocation benefit requirement for landlords of single-family residences or owner-occupied properties of four living units or less. Relocation discounts of 15% to 25% should be considered as part of the analysis.

Timing of Relocation Benefit Payments

Landlords are currently required to pay 50% of the required relocation benefits to the tenant upon notice of termination when the tenant responds in writing to confirm the date they will vacate the unit. In interviews, landlords reported that tenants may not move out promptly or may exercise their rights and fight the lease termination, making landlords feel that they are paying relocation benefits earlier than when they are really needed by the tenant. They believe that the procedure

should be changed to pay relocation benefits only after tenants have a signed lease or contract with a successor landlord.

Management Partners believes that the timing of relocation benefits is appropriate because it provides tenants with the necessary cash flow to secure alternative housing arrangements. Therefore, we do not recommend any changes to this provision.

Relocation Benefits for Capital Improvements

Ordinance 3148, Section 6-58.150 requires relocation benefits to be paid to tenants permanently displaced due to capital improvements made to residential units as part of an approved Capital Improvement Plan (CIP). Capital improvements are defined as long-term improvements having a documented cost that not less than eight times the monthly rental amount multiplied by the number of rental units to be improved. When a tenant must be relocated due to an approved CIP, Ordinance 3148 has no provisions for temporary relocation benefits resulting from capital improvements.

Most of the City's requirements relating to capital improvements, including requirements for temporary relocations are contained in Resolution 15138. The Resolution presumes that if the capital improvement work can be completed within six months, the relocation will be temporary. Resolution 15138 tasks the program administrator with determining the temporary relocation benefits on a case-by-case basis.

The issue of relocations related to capital improvements has not come up frequently. To date, there have not been any temporary or permanent tenant relocations for approved capital improvement projects.

Landlord stakeholders indicated they would prefer to pay benefits for permanent relocation versus paying six months of relocation benefits and then have the tenants move back in after major capital improvements are complete. Landlords also expressed concern that requiring temporary relocation benefits could discourage capital investment. It should be noted, however, that the Ordinance stipulates that if a tenant is permanently relocated, the rent for the next tenant will be limited to a formula based on the costs of the capital improvements. Conversely, tenant stakeholders expressed concern that tenants paying low rents could be permanently relocated for relatively small capital improvements.

Temporary relocation benefits should be codified and included in Ordinance 3148 where they will be easier for tenants and landlords to

find. These provisions should have landlords provide incremental temporary relocation benefits to displaced tenants for approved capital improvement projects expected to take less than six months to complete. Tenants would continue to cover the cost of their existing rent at the time of relocation, while landlords would pay for the incremental difference between the existing rent and relocation rent beyond that amount up to the HUD FMR rental rate for the size of the unit.

The landlord should be required to offer the tenant the rental unit that the tenant vacated or a comparable rental unit within the building/complex on a first right of refusal basis (subject to the approved rent increase). The landlord should also be required to pay moving expenses for temporary relocation resulting from short-term capital improvement. This approach would keep tenants whole during construction improvements, without requiring the landlord to pay full relocation benefits.

Recommendation 3. Amend Ordinance 3148 to include a temporary relocation benefit that includes moving expenses for tenants displaced due to short-term approved capital improvements that are expected to take less than six months to complete.

Termination Notice Period

Sufficient notice of lease terminations that provide enough time for tenants to relocate is a key to facilitating a successful relocation. Tenant stakeholders commented that additional time allows tenants to do a broad search for more affordable replacement rental housing and plan for the dislocations they will experience, such as taking their children out of school during a school year. With the low vacancy rate in Alameda, it will take time for tenants to find replacement housing.

Under the Ordinance, a termination of tenancy notice must be provided to the tenant for certain terminations. It must state the cause and the exact amount of relocation assistance. A copy of that notice must be sent to the City's Housing Authority within seven days from the date the notice is served on the tenant. The Housing Authority sends letters with information on relocation benefits for both landlord and tenant for terminations about which it is notified. In some termination cases, tenants can trade relocation payments for additional time to vacate.

It is important that tenants know their options before they agree to a relocation payment and relocation time period with their landlord. The Housing Authority has been conducting outreach to better inform landlords about the noticing requirements and reduce the likelihood that they make private relocation agreements with tenants that violate city

regulations. We noted that Section 6-58.150d of the Ordinance allows for private agreements for relocation assistance, as long as the landlord and tenant provide written proof of the alternative relocation assistance to the program administrator within 21 days of the tenant vacating the rental unit.

State law requires 60 days of notice for most tenants before they have to relocate for no fault terminations. However, 60 days is not a lot of time to find a replacement rental unit in the East Bay's currently tight rental market. Tenants often need more time to find affordable and available housing. When tenants have more time, they have more options. Time is as valuable as a relocation benefit payment to some tenants.

The Ordinance currently has an extended stay option that allows some tenants to request additional time beyond the 60 days allowed by state law. Tenants whose units are being demolished, withdrawn from the rental market, or whose tenancy is being terminated for "no cause" can choose to stay in their unit for one additional month for every year they have lived in the unit up to a maximum of four months, paying rent while they are occupying the unit. The landlord's requirement to pay relocation is reduced by one month for every additional month the tenant elects to remain in the unit. Moving expenses are always paid. Housing Authority staff do not have data on how many tenants have taken advantage of this option, since it is worked out privately between the tenant and landlord and the Housing Authority is not notified unless there is a complaint.

Tenants who are being terminated because of owner move-in, a capital improvement plan, or a government order are not eligible for this extended stay option. These three types of terminations were excluded due to concerns with delays in getting tenants to vacate the property. Government-ordered terminations, which are done to address immediate and serious health and safety issues, is a justified exclusion.

When a termination is based on an approved capital improvement plan, the tenant could know about their potential termination because the landlord must apply for and gain approval of the capital improvement plan from the Housing Authority. The landlord is required to notify the tenant for any rent increase. Staff also notify tenants when their rent will increase because of an approved CIP. Tenants believe that they are not given sufficient advance notice. Tenants may be surprised to learn that they will need to relocate because of the approved capital improvements and could benefit from additional time to find replacement rental housing.

Excluding owner move-in from extended time is a difficult issue. Owner move-ins represented 41% of the termination cases from the Ordinance's enactment through December 2017, so they are a significant cause of tenant relocations. Owners can be under time constraints to move in, such as when a relative with health issues needs to occupy the unit.

Several interviewees noted the benefits of giving more time to tenants to relocate. Some recommended that the minimum time allowed to stay in the unit should be four months. Others suggested four months in addition to the 60 days' notice currently required for most no-fault terminations by state law. It was suggested that if the landlord wanted a tenant to relocate sooner, they could pay higher relocation benefits. Extending any time to the relocation period would create a delay for landlords.

Tenant stakeholders voiced concerns that the Ordinance requires tenants to give up relocation money for extended time. They observe that trading money for additional time is especially problematic for families with school-age children. Parents have to make a difficult decision whether to give up the relocation money to keep their children in school. Allowing the trading of money for time may have the unintended consequence of increasing the financial burden on families with children by reducing the relocation payments that would help them absorb the cost of moving.

Based on our discussions with interviewees and staff and our review of the provisions allowed by peer agencies, we believe that providing four months' notice for most no-fault terminations would provide sufficient time for tenants to find alternative housing without adding excessive delay to landlords. It would also simplify the Ordinance's provisions for the relocation period, making the ordinance easier to administer and easier for tenants to understand how much time they have to relocate.

Other comparison cities do not charge tenants for extended tenancy beyond the 60 days required by state law. We recommend that this extended tenancy be offered without a reduction in relocation benefits. If landlords wish to relocate tenants sooner than four months, they could offer additional financial incentives, but those would be at the option of the tenant to accept them in exchange for an earlier relocation. We believe that government-ordered terminations should continue to be exempt from the four months' notice recommendation.

This recommendation would eliminate the possibility that some tenants currently have to extend their stay to six months by decreasing their relocation payments. This may be a loss for some tenants, especially tenants with children in school. The six-month extended stay option may

have allowed these parents to keep their children in school until the end of the school year.

Some peer cities dealt with the issue of families with school age children by allowing them an extended stay termination through the end of the school year. These communities have focused on giving qualified tenants (i.e., seniors, disabled and tenants with minor children in school) extended termination notice.

Recommendation 4. Increase the termination notice before tenants are required to relocate from 60 days to four months for all no-fault terminations (with the exception of government-ordered terminations) and do not reduce the tenant relocation payment.

The impact of this recommendation is summarized in Table 14.

Table 14. Summary of Recommended Changes to Extend Termination Notice Period

Reason for Termination	Current Ordinance: Eligible for Extended Stay Option of up to Six Months with a Decrease in Relocation Payment	Recommendation 4: Four Months' Extended Termination Notice Period Before Relocation with No Decrease in Relocation Payment
Demolition	Yes	Yes
Withdrawn from Rental Market	Yes	Yes
No Cause	Yes	Yes
Owner Move-in	No	Yes
Capital Improvement Plan	No	Yes
Government Order	No	No

Housing Authority staff members recognize the importance of public outreach and are implementing measures to increase outreach about the Ordinance. We recommend that the Housing Authority continue to focus on providing information to tenants and landlords about relocation benefits, including temporary relocation benefits, relocation payments and extended time for relocation.

The recommendations in this report to simplify and standardize relocation payments and extended time for relocation would make it easier to explain these relocation benefits to tenants and landlords on the website. Making the program's website, alamedarentprogram.org, easier to search and find information about relocation benefits would help make information about tenant options more easily available.

Recommendation 5. Improve the information on the Alameda Rent Program website to make it easier to search and find detailed information about relocation benefits, including temporary relocation benefits, relocation payments and extended time for relocation.

Tracking Owner Move-in Terminations and Withdrawals from the Rental Market

Over 56% of the terminations experienced through December 2017 were for owners moving into units or withdrawals from the rental market. Violations in these two areas have been a major issue in other cities, primarily in situations where owners do not actually move in.

Housing Authority staff members have instituted a tracking system that follows up at two different points in the first year after an owner move-in termination to ensure that the Ordinance requirements are met. Because the program is new in Alameda, it will be important to reevaluate the effectiveness of the tracking process as well as of the penalties for failure to comply with the unit restrictions after the program has been operational for a longer time period. Housing Authority staff indicate that they have instituted an annual review process during the preparation of the Annual Report to ensure the effectiveness of the tracking systems in demonstrating compliance with the Ordinance, particularly related to owner move-ins and withdrawals from the rental market. We believe this to be a best practice and encourage the Housing Authority to continue this process.

Government-Ordered Terminations

Background

The Ordinance requires landlords to pay relocation fees to a tenant when their unit must be vacated due to a governmental order (Section 6-58.140j). This requirement is intended to address situations where a tenant must move out because the landlord has failed to maintain a unit consistent with health and safety standards. Under the Ordinance, after the conditions have been corrected, the landlord must offer that same unit back to the tenant at the same rent previously charged.

A tenant is also owed relocation for termination from a health and safety code violation under state law. At present, the relocation amount is the Ordinance formula or the state law formula, whichever is higher. With a government order to vacate, the tenant must vacate immediately. However, the Ordinance does not currently address when the relocation fees must be paid.

Determining Fault/Cause Forcing Termination

Government ordered terminations can be issued when the landlord is not at fault, such as when an earthquake causes the unit to be uninhabitable. Landlord stakeholders expressed concerns about this relocation provision. They do not want to be required to pay relocation benefits if the tenant created the health and safety problem or if a natural disaster, such as an earthquake, or a man-made disaster outside of their control forces relocation. Tenant stakeholders reiterated that when the landlord has caused the issue forcing relocation, they should be liable for paying relocation benefits.

In the case of a natural or man-made disaster outside of the landlord's control, it is not practical to require relocation benefits. Such disasters result in a high cost for both landlords and tenants. Management Partners researched relocation insurance for such events and found there is currently no landlord insurance available that pays for tenant relocation after a natural disaster, and landlords would have no rental income to cover this cost.

It is now more common for landlords to require their tenants to obtain renter's insurance prior to executing a rental agreement. Some renter's insurance may cover catastrophic loss. Earthquake insurance is an add-on that tenants often do not have or cannot obtain. Tenants are sometimes asked to name the landlord as the beneficiary on the renter's insurance policy, but tenants typically will resist this.

Other cities with relocation requirements generally exempt "force majeure" damage, such as damage from an earthquake, from triggering relocation benefits. For non-emergency terminations, Housing Authority staff believe they should be handled on a case-by-case basis. For example, flooding of a below-grade basement apartment that would cause it to become temporarily uninhabitable would be a good situation for short-term relocation.

We believe the Ordinance should clarify those situations where fault is determined. If the landlord is responsible for the issue that triggered a government-ordered termination, they should be held responsible for providing relocation benefits to affected tenants. However, in the cases of "force majeure" damage or issues caused by tenants, the landlords should not be responsible for relocation benefits, as those were situations outside of their control. We recognize that determining fault in some cases will be relatively easy, while in other cases determination of fault may be a drawn-out process or otherwise unclear. Nonetheless, when fault is determined, government ordered terminations that are outside of the landlord's control should not require payment of relocation benefits.

Recommendation 6. Eliminate the requirement to pay relocation benefits when a governmental order to vacate has been issued due to an emergency that is not the fault of the owner.

Timely Payment of Relocation Benefits

Tenant stakeholders expressed concern that landlords who have neglected their units to the point where they are uninhabitable will not have the financial resources to pay relocation. They also expressed concern about how quickly they would receive eligible relocation payments when a temporary relocation is caused by a health and safety problem. In interviews, some tenant stakeholders told us that after a recent fire that resulted in displacements, the tenants scattered and did not hear from the landlord.

State of California Health and Safety Code requires payment for moving, storage and relocation compensation in these cases. Landlord stakeholders commented that they are used to providing temporary relocation after a fire, and these have been handled privately for a long time. Depending on the magnitude of the incident, owners will often relocate the tenants into a hotel while cleanup and rehabilitation of the property occurs.

We believe that relocation benefits for government-ordered terminations, both temporary and permanent, should be paid promptly by the landlord, when the landlord is responsible for the issue requiring the tenants to vacate because a hardship is imposed on tenants to vacate in a timely manner.

Recommendation 7. Require landlords to pay the full amount of relocation benefits within three business days of a governmental order to vacate that is issued due to the fault of the landlord.

Rent Review Advisory Committee

Background

The Rent Review Advisory Committee (RRAC) is comprised of five volunteer members: two landlords, two renters, and one single family homeowner. The Committee members must be residents of Alameda and are nominated by the Mayor and confirmed by the City Council. The Committee meets monthly and is responsible for reviewing rent increases and attempting to resolve rent increase disputes.

Ordinance Section 6-58.85(b) describes the factors the RRAC should take into consideration in reviewing a rent increase for fairness. These factors include, but are not limited to:

- Financial impact and potential hardship to the tenant,
- Frequency and amount of prior rent increases,
- Landlord's cost of operation,
- Changes in housing services, and
- Landlord's ability to earn a just and reasonable rate of return for their property.

Prior to the adoption of the Ordinance, all RRAC decisions were advisory only. Today, some decisions of the RRAC are still advisory and some are binding. Rent increases less than 5% are advisory for all units. RRAC decisions on rent increases above 5% for single family dwelling units, condominiums and rental units for which a certificate of occupancy was issued after February 1, 1995 are also advisory. When the RRAC decision is advisory, the tenant may request the City Council to review the RRAC's decision, but the City Council recommendation is non-binding. The RRAC decision is binding for rent increases above 5% for multi-family units built before 1995, unless the landlord or tenant petitions to have a hearing officer decide the rent increase. The hearing officer is an independent third party hired by the city who has the authority to make a binding decision. However, a hearing officer process has only been used once since the Ordinance went into effect.

Caseload History

In Alameda, tenants and landlords have several choices for resolving rent increase disputes. For example, once a valid rent increase notice is served on the tenant, landlords and tenants can negotiate a resolution on their own, use a staff member as a mediator, agree to professional mediation, or go to the RRAC. While rent increases above 5% are required to be reviewed by the RRAC, this requirement can be waived if the landlord and the tenant reach an agreement prior to the RRAC's review.

From April 2016 through December 2017, 542 rent increases above 5% were filed. Only 28 cases, representing just over 5% of all cases, were heard by the RRAC. Staff notes there are many cases where tenants choose not to attend the hearing and agree to a larger rent increase. Staff is credited with resolving other rent issues before they need to be forwarded to the RRAC.

There are disincentives for both tenants and landlords to take a rent increase to the RRAC. The City's Sunshine Ordinance requires that names and addresses are published when placed on the RRAC agenda. Tenant

stakeholders indicate this has been a significant disincentive for bringing rent increase disputes to the RRAC and an important part of why almost all cases get resolved before they get to that level.

Management Partners evaluated the history of rent increase cases presented to the RRAC and supporting staff. In the period from April 2016 to December 2017, the rent increases demanded in the presented cases average 8.5%. Thirty of the cases in that period had rent increase demands in excess of 20%. A handful of the prior increases occurred several years ago and some of the large demands appear to have been attempts to correct historically low rents.

It is impossible to accurately assess the situation without detailed knowledge of the properties and the rental history. However, the majority of the prior rent increases appear to have occurred in the two years prior to the current increase demand. The average three-year rent increase, assuming the rent increase demand was honored, was 16.3%. By way of comparison, the Urban Consumer Price Index for the San Francisco-Oakland-San Jose area was 2.9% for 2017, and 9.2% for the three years ended December 2017.

Housing Authority staff note that non-binding rent increases tend to be higher than those where the rent increase decision is binding. They observe that the RRAC generally is more successful in lowering high rent increases when its decision is binding. The reported case resolutions were as indicated in Table 15.

Table 15. Resolution of Rent Increases Noticed Above 5% from April 2016 through December 2017

Settlements	Number of Cases
RRAC Decision	28
Rent Reduction (after prior large increases)	2
0 to 5% Increase in Private Agreement	181
5.1% to 10% in Private Agreement	108
>10% in Private Agreement	60
Tenant did not attend RRAC Meeting	47
Tenant Moved	75
Withdrawn	41
TOTAL	542

Mediating Rent Increase Disputes

There is general consensus among landlords, tenants and staff that mediation prior to review by the RRAC works well and that individuals

are voluntarily choosing to participate in the process. Based on our analysis, Housing Authority staff have strong mediation skills, and this is one of the greatest strengths in Alameda's rent dispute process. Housing Authority staff either conducts the mediation or engages a professional mediation service such as the SEEDS Community Resolution Center (SEEDS). Staff is able to resolve or mediate most disputes prior to the date of the RRAC hearing.

Tenant stakeholders expressed concern that hearings before the RRAC are an intimidating, public process that deters them from participating. Instead, they prefer to resolve disputes privately.

The greatest rent dispute successes come from simply getting both parties to meet. Staff indicate they usually are able to facilitate some type of agreement that satisfies both sides. For example, landlords may not be aware of underlying issues affecting tenants' ability to afford rent increases. Tenants, on the other hand, may not understand what is leading the landlord to implement rent increases.

Both parties must agree to use professional mediation. Not many parties choose this option. Professional mediators are well trained, experienced, and able to deal with the power imbalance between landlord and tenant to effectively equalize the parties. However, professional mediation is expensive, the cost of which is borne ultimately by the program fee.

Management Partners believes that mediation should be a mandatory process before the case goes to a RRAC hearing. Successes in resolving rent disputes seen in Alameda and other communities come primarily from getting the two sides to talk during mediation. The first level of mediation should occur at the staff level, reflecting the successful outcomes that staff have been able to achieve since the Ordinance went into effect. In cases where the subject matter or nature of the dispute is too difficult or time consuming for staff to resolve, or where the parties have significant differences, the use of professional mediators such as SEEDS should be employed. We are not recommending that the owner be required to attend the mediation meetings, but it would be strongly advisable that they participate in the process should the mediation efforts not yield an agreement between the parties.

Recommendation 8. Require all parties to use a mediation process involving Housing Authority staff and, if necessary, professional mediators before a case goes to a RRAC hearing.

Recommendation 9. Maintain the use of professional mediators with training and experience resolving

landlord-tenant contractual disputes to provide ongoing training to staff and RRAC members.

Role of the Hearing Officer

In accordance with the Ordinance's provisions, the hearing officer only hears appeals for the RRAC's binding decisions. The use of a hearing officer is free to the appellants. As discussed above, the City Council hears appeals for non-binding RRAC decisions.

Since adoption of the Ordinance, only one RRAC decision has been appealed to a hearing officer. Housing Authority staff observe that parties burn out after the RRAC process and just want the dispute to be settled.

Typically, hearing officer processes are conducted similar to a trial, with evidence and documentation presented by the parties and decisions made based on rules, policies and technical information.

Increased use of hearing officers may be appropriate in cases involving complex, technical real estate finance issues that are beyond the expertise of RRAC members and the information available at RRAC meetings. General community members, such as those serving on RRAC, are not typically trained to review complex real estate finance analysis.

Tenant stakeholders indicate they would favor expanding the use of a hearing officer to resolve rent disputes. They state that a hearing officer would be more dignified and respectful of tenants than the RRAC setting is perceived to be, because the hearing officer process might be more private. Though a hearing officer review is technically open to the public, few people ever attend, so these meetings feel more private. Under Section 6-58.125 of the Ordinance, a hearing officer, as a practical matter, may require more technical, financial information from the landlord than the RRAC, given the amount of time that RRAC may allocate to each case.

Landlord stakeholders, however, were mostly critical of expanding the use and role of hearing officers. They are reluctant to use a hearing officer because of the cost which would be passed on to them as increased program fees. A professional hearing officer costs approximately \$1,800 per case (six hours at \$300 per hour). Landlords do not want to add more cost to the rent dispute resolution process, which they already pay for through rent stabilization program fees. Providing the evidence could impose a burden on small housing providers and tenants.

Management Partners believes that a hearing officer should remain as the final arbiter of binding rent disputes. Currently, only a tenant or landlord can appeal a case to a hearing officer. When binding cases involving

technical, complex issues that are beyond the training and expertise of RRAC members arise, RRAC should also have the authority to refer those cases to a hearing officer for resolution.

Recommendation 10. Allow RRAC to refer decisions to a hearing officer for highly technical and complex cases involving questions of real estate finance and other facts that are outside the role and beyond the technical expertise of RRAC members.

Philosophy, Governing Principles and Proper Role for RRAC

The RRAC is unusual in that it is currently expected to have both mediation and quasi-judicial roles. RRAC is intentionally designed to reflect different perspectives through its composition of both landlords and tenants. Its purpose is to provide a forum for people with different interests to come together and achieve agreement on rent. It is designed to create an equilibrium between tenants and landlords, where landlords get a reasonable rate of return and tenants have some stability in their rent.

During interviews, RRAC members and others observed that the RRAC has created more accountability for landlords and tenants. When a landlord is required to notify and file a rent increase with the Housing Authority and attend a RRAC hearing, the issue is made public. Landlords do not want to convey a bad image in this public forum. Landlord stakeholders and RRAC members noted that this public accountability helps resolve rent disputes, especially in the most recalcitrant cases.

However, this view is not shared by tenant stakeholders. Tenants expressed concern that they may be asked to disclose personal information about their finances and health at RRAC hearings, a public forum. To the extent that disclosure of such information is vital to the tenant's case, the City's Sunshine Ordinance¹ would require such information to be public information and disclosed in published agendas and upon request. Tenant stakeholders indicated this is one reason that tenants choose to not go to the RRAC.

RRAC members expressed concerns with the hearing process. For example, RRAC members indicated a desire for more structure. They feel

¹ The Sunshine Ordinance is codified in the Alameda Code of Ordinances, Chapter II (Administration), Article VIII – Sunshine Ordinance, Sections 2.90-2.93

the guidance they receive from the Ordinance about factors on which to base decisions lacks enough specificity and clarity. Consequently, RRAC rent increase decisions are often viewed by constituents as being inconsistent from one case to another, even though the same factors described in the Ordinance are being applied.

As indicated earlier, Ordinance Section 6-58.85B describes the factors the RRAC should take into consideration to determine whether a rent increase is fair. However, there are no established guidelines or standards to help the RRAC apply these factors. For example, the RRAC is supposed to ensure that the landlord has a reasonable return on investments, but RRAC members do not know how that is defined. They indicate that it would be helpful to get guidance on how to define a reasonable rate of return and how they should handle property owners who are not making any profit, an issue that the Housing Authority staff is currently addressing.

Furthermore, RRAC members feel they do not have solid information available when they are asked to make a decision. The information provided to them is often limited to the amount of rent the tenant is currently paying and how much the landlord paid for the building. RRAC members reported they cannot require additional documents or information to be provided as a condition of reaching a decision, but on occasion they will still request additional information. Some RRAC members would like to provide a list of information they would prefer to receive and give the landlord and tenant the chance to provide it.

RRAC members also indicated that they would like staff to provide a recommended action. However, staff does not feel it is their role to make those recommendations based on the provisions of the Ordinance. This is already a staff intensive process. Adding staff recommendations, we believe, would take too much staff time, the cost of which would be charged back to the landlords as part of the fees they pay to support the rent stabilization program.

Our analysis indicates the Alameda RRAC process is not typical among the peer rent stabilization cities. Peer city rent boards frequently have a broader role in establishing rent stabilization policies and are the ultimate authority in rendering decisions, i.e., they may hear appeals of decisions by hearing officers or internal staff. Public mediation of initial rent dispute petitions by rent boards also is not common (although mediation by commissions or mediation service providers is common in cities without rent stabilization ordinances).

During our work in Alameda and our experience working with other agencies with rent stabilization programs, we have had conversations with the executive managers in most of the peer cities. Even those with long-standing programs that process petitions through formal hearings under hearing officers are either implementing or considering having rent board staff try to mediate petitions before scheduling them for formal hearings. This change is intended to expedite the processing of the petitions, reduce the cost of managing the resolution processes, and protect the privacy of both landlords and tenants who prefer to resolve their concerns out of the public eye.

As indicated earlier, Management Partners believes that the City should mandate some form of mediation as the most successful way to resolve disputes, using staff to resolve cases whenever possible. RRAC's role, then, should be as the official hearing and dispute resolution body unless appealed to the hearing officer, which should be clearly indicated to both parties upon RRAC's rendering their decision.

It should be made explicit to the RRAC members, landlords and tenants that the level of detail of information required of landlords and tenants by the RRAC is limited to only the information those parties decide that they want to provide to make their case. Tenants may choose but should neither be asked nor required to divulge personal financial or health related information. Similarly, landlords can choose to provide whatever information they feel necessary to make the case for the actions they are proposing but should not be required to divulge private financial information. It may be possible to amend the City's Sunshine Ordinance to allow certain private information from both tenant and landlord to be excluded from public disclosure. The City Attorney and/or legal counsel should be consulted to determine how such information may be prevented from public disclosure and any amendments necessary to the Sunshine Ordinance.

Information regarding return on investment is a highly complex and technical area which most RRAC members likely do not have the background nor experience to evaluate. Such information should not be considered mandatory, but if landlords want to provide that information they should be free to do so. RRAC's decisions should, then, be based solely upon the information provided by both parties and within the context of the Ordinance.

RRAC members have a difficult role. They must respond to a variety of individual rent increase situations. The members have to render decisions on rent increases in a case-by-case basis with limited information. They need training and guidance to deal effectively with their difficult role as a

dispute resolution and decision-making body. The Housing Authority has started to address training needs with its RRAC members, and we encourage staff to continue that process.

Recommendation 11. Provide training to RRAC members with a focus on helping them effectively address the privacy concerns of tenants and landlords, make decisions with limited information, and respond to a variety of individual rent increase situations.

Recommendation 12. Consult with the City Attorney and/or legal counsel to amend the City's Sunshine Ordinance to eliminate the requirements that personal and/or confidential information submitted by tenants to landlords to RRAC be disclosed in the public record.

Mandatory Property Owner Attendance

Landlord stakeholders brought up issues with Section 6-58-90 (D) of the Ordinance that requires a person with an ownership interest in the rental property, someone who can legally bind the owner, to attend the RRAC hearing. To implement this section, staff require written documentation of the landlord representative's ownership interest. Staff will make reasonable accommodations in the case of disabilities.

Landlord stakeholders' concern is that some property owners must travel long distances to attend these hearings. If the property owners do not attend, the Ordinance provides that the requested rent increase is voided and the housing provider cannot notice another rent increase for a year. To date, property owners have been complying with this requirement and attending. No rent increase has been voided because a property owner did not attend.

Landlord stakeholders would prefer a change in this requirement so property managers could attend the RRAC on behalf of the property owner. This would be especially beneficial for property owners who need to travel to attend the RRAC.

Management Partners believes it is reasonable to require a person with an ownership interest who can make a legally binding decision to be in attendance at the RRAC to avoid the potential that agreements reached at meetings are later rejected by the property owner.

Public Information about RRAC

The website AlamedaRentProgram.org is a good resource that provides an overview of the City's requirements for both rent increases and

terminations. However, there are some gaps in the information provided. The description of the RRAC process and options available to tenants and landlords to resolve rent issues are not easy to find and use, such as options for private mediation. Enhancing the presence of the RRAC process on the website, including an emphasis on mediation as well as any revised guidelines, criteria and forms associated with a RRAC hearing, will help inform tenants and landlords about the process, their options, and how to navigate them.

Recommendation 13. Improve the presence of and information about RRAC processes and opportunities for mediation on the Alameda Rent Program's website.

Conclusion

Ordinance 3148 appears to be having the desired effect on the rental housing market: discouraging landlords from terminating existing tenants to gain higher rent from new tenants, providing financial assistance to tenants who are relocated, and providing a forum through which landlords and tenants can resolve rent increase disputes. Implementing the recommendations contained in this report will improve the fairness and effectiveness of the processes associated with relocation benefits, government-ordered terminations and the RRAC, and provide greater equity to landlords and tenants in managing the cost of living for renters in Alameda.

Attachment A – List of Recommendations

Recommendation 1. Change the basis of the relocation benefits formula to the annual HUD Fair Market Rent survey for the Oakland-Fremont, CA Metro FMR Area. Update the amount each year when the HUD Fair Market Rent survey is released.

Recommendation 2. Review options to create a discounted relocation benefit requirement for landlords of single-family residences or owner-occupied properties of four living units or less. Relocation discounts of 15% to 25% should be considered as part of the analysis.

Recommendation 3. Amend Ordinance 3148 to include a temporary relocation benefit that includes moving expenses for tenants displaced due to short-term approved capital improvements that are expected to take less than six months to complete.

Recommendation 4. Increase the termination notice before tenants are required to relocate from 60 days to four months for all no-fault terminations (with the exception of government-ordered terminations) and do not reduce the tenant relocation payment.

Recommendation 5. Improve the information on the Alameda Rent Program website to make it easier to search and find detailed information about relocation benefits, including temporary relocation benefits, relocation payments and extended time for relocation.

Recommendation 6. Eliminate the requirement to pay relocation benefits when a governmental order to vacate has been issued due to an emergency that is not the fault of the owner.

Recommendation 7. Require landlords to pay the full amount of relocation benefits within three business days of a governmental order to vacate that is issued due to the fault of the landlord.

Recommendation 8. Require all parties to use a mediation process involving Housing Authority staff and, if necessary, professional mediators before a case goes to a RRAC hearing.

Recommendation 9. Maintain the use of professional mediators with training and experience resolving landlord-tenant contractual disputes to provide ongoing training to staff and RRAC members.

Recommendation 10. Allow RRAC to refer decisions to a hearing officer for highly technical and complex cases involving questions of real estate finance and other facts that are outside the role and beyond the technical expertise of RRAC members.

Recommendation 11. Provide training to RRAC members with a focus on helping them effectively address the privacy concerns of tenants and landlords, make decisions with limited information, and respond to a variety of individual rent increase situations.

Recommendation 12. Consult with the City Attorney and/or legal counsel to amend the City's Sunshine Ordinance to eliminate the requirements that personal and/or confidential information submitted by tenants to landlords to RRAC be disclosed in the public record.

Recommendation 13. Improve the presence of and information about RRAC processes and opportunities for mediation on the Alameda Rent Program's website.

Attachment B – Comparative Research on Rent Stabilization Ordinances in California

Attachment B – Comparative Research on Rent Stabilization Ordinances in California

	City of Berkeley	City of East Palo Alto	City of Los Angeles	City of Oakland	City of San Francisco	City of Santa Monica	City of West Hollywood	City of Alameda
Population	117,384	29,198	3,900,794	408,073	840,763	92,169	35,332	76,733
Elements of Rent Stabilization Program	<ul style="list-style-type: none">• Rent Stabilization• Just Cause• Anti-Retaliation	<ul style="list-style-type: none">• Rent Stabilization• Just Cause• Anti-Retaliation	<ul style="list-style-type: none">• Rent Stabilization• Just Cause	<ul style="list-style-type: none">• Rent Stabilization• Just Cause	<ul style="list-style-type: none">• Rent Stabilization• Just Cause• Anti-Retaliation	<ul style="list-style-type: none">• Rent Stabilization• Just Cause• Anti-Retaliation	<ul style="list-style-type: none">• Rent Stabilization• Just Cause• Anti-Retaliation	<ul style="list-style-type: none">• Rent Stabilization• Just Cause• Anti-Retaliation
Annual Allowable Increase	65% of CPI-U Annual allowable increase for 2017 is 1.8%	80% of CPI Annual allowable increase starting July 1 for 2016 is 2.4%	3 to 8% tied to CPI, 100% of CPI-U Annual allowable increase starting July 1 for 2017 is 3.0%	100% of CPI Annual allowable increase starting July 1 for 2017 is 2.3%	60% of CPI-U up to 7% Annual allowable increase for March 1, 2017 through February 28, 2018 is 2.2 %	75% of CPI-U Annual allowable increase starting July 1 for 2017 is 2.0%	75% of CPI-U Annual allowable increase is 1.0% for September 1, 2016 through August 31, 2017	No cap; but landlords must file a notice with program administrator for rent increases above 5%
Maximum Allowable Increase		10%	8% for annual allowable. Landlord may increase higher through pass-throughs and petitions.	No rent increase can exceed the existing rent by more than 10% in any 12-month period.	7%		10% (with some exceptions)	
Allowable Pass-Throughs	Utilities, Capital-earthquake or other major damage to property if not based on maintenance of net operating income (MNOI), if needed for new code compliance	\$9.75 one-time registration fee, if tenancy began prior to November 8, 2016. Landlords can no longer allow pass throughs for tenancies beginning after November 8, 2016.	50% capital pass through; cannot raise rent more than \$55/month. 100% of rehab. 10% increase for major systems. "Just and reasonable" cost recovery.	50% of the rent stabilization program fee. Percent of Capital improvement costs amortized over lifetime of improvement. Other fair rate of return costs.	10% pass through of base rent for capital improvements. 50% pass through of water utilities (with specific restrictions) 100% pass through for property tax increases	Local taxes, 50% of program registration fee. Capital pass-through in many cases.	Up to \$5 for pass through of registration fee	Not specified
City-Provided Services	<ul style="list-style-type: none">• Arbitration• Mediation	<ul style="list-style-type: none">• Arbitration• Mediation	<ul style="list-style-type: none">• Arbitration	<ul style="list-style-type: none">• Arbitration• Mediation	<ul style="list-style-type: none">• Arbitration• Mediation	<ul style="list-style-type: none">• Arbitration• Mediation	<ul style="list-style-type: none">• Arbitration• Mediation	<ul style="list-style-type: none">• Arbitration• Mediation
Voluntary or Mandatory Mediation	Both	Landlord or tenant may request mediation services. Program administrator will receive request and assign the case to a mediator. If matter is unresolved, case is referred back to program administrator and assigned to a hearing officer. If case is resolved, mediator prepares an agreement which is submitted to the program administrator.	No mediation	Tenant or landlord files a petition. Voluntary mediation is an optional first step after petitions are filed if both parties opt-in.	Rent program offers mediation as an alternative after reviewing case. If parties are unable to reach agreement the case goes to an arbitration hearing within 30 days.	The Rent Control Board provides mediation services: 1. After a rent decrease petition is filed for the lack of maintenance or loss of housing services; or to recover excess rent payments. 2. When requested by a tenant or an owner, where there is a dispute under the Rent Control Law about rent or maintenance.	Voluntary mediation then formal arbitration hearings with final appeals going to Rent Commission	Voluntary mediation provided, tenant may request non-binding review by Rent Review Advisory Committee when rent increase is at or below 5%
Decision making body for dispute resolutions	Hearing Officers	Hearing Officers	Department Staff and Hearing Officers	Hearing Examiner	Administrative Law Judge	Hearing Examiner	Hearing Examiner	Hearing Officer
Decisions Appealable to?	Rent Stabilization Board	Rent Stabilization Board	Rent Adjustment Commission and City Council (for certain case types only)	Rent Board	Rent Board Commission	Rent Stabilization Board	Rent Commission	Rent Review Advisory Committee

Attachment C – Comparative Research on Tenant Relocation Benefits in California

Attachment C – Comparative Research on Tenant Relocation Benefits in California

	City of Berkeley	City of East Palo Alto	City of Los Angeles	City of Oakland	City of San Francisco	City of Santa Monica	City of West Hollywood	City of Alameda
Municipal Code and Charter References	Chapter 13.77 Requirements Concerning the Withdrawal of Rental Accommodations from Rent or Lease 13.84 – Relocation Services and Payments (Also Resolution No 65,506 – Establishment of Amounts of Relocation Assistance)	Chapter 14 Housing and Rent Stabilization Rules and Regulations	Chapter XV Rent Stabilization Ordinance	Chapter 8.22 Residential Rent Adjustments and Evictions Chapter 15.60 Code Enforcement Relocation Program	Chapter 37 of the Administrative Code: The Residential Rent Stabilization and Arbitration Ordinance	Chapter 4.36 Tenant Relocation Assistance: Section 4.36.040 Permanent Relocation 4.36.100 Temporary Relocation (See also Chapter 9.25	Title 17 Rent Stabilization 17.52 Permissible Reasons for Terminating or Refusing to Renew Tenancy: 17.52.020 Relocation Fees	6.58.150 Required Payment of a Relocation Fee If the Landlord has taken any action to terminate a tenancy on the grounds set forth in subsections A F G H I or J of Section 6 58 140
Permanent Relocation Fees	<ul style="list-style-type: none">Any tenant permanently evicted per Ellis Act or Owner Move-in will be eligible for \$15,000Owner move-in prohibited if tenant has lived in property for five years or more or tenant is at least 60 years old, disabled and the landlord has 10% or greater ownership in 4 or more residential units in BerkeleyIf tenant is elderly, disabled family with minor child, or tenant since before January 1, 1999 eligible for an additional \$5,000.Adjusted for inflation periodically	<ul style="list-style-type: none">Less than two years of tenancy \$7,912 per adultMore than two years of tenancy \$10,549.38\$2,549.88 added for each category that applies: low-income, disabled, elderly and/or terminally illUp to \$2,637.34 for moving costs with receipts, or \$1,577.76 paid to tenant prior to the move.Relocation payments adjusted annually on April 1 to account for inflation based upon the Consumer Price Index (CPI) for San Francisco-Oakland-San Jose Area.	<ul style="list-style-type: none">Less than three years of tenancy, \$7,900 (if senior (62+)/disabled/ minor \$16,650)More than three years of tenancy, \$10,400 (if senior/disabled/minor \$19,700)Incomes below 80% of Area Median Income (AMI), \$10,400 (if senior /disabled/minor \$19,700)Evictions for owner occupancy in "Mom & Pop" properties (i.e., own one single family home and four or less unit building), \$7,600 (if senior/disabled/minor \$15,300)	<ul style="list-style-type: none">One Bedroom - \$6,500Three Bedroom - \$9,875Additional payment if disabled, 62 years or older, minor children and if low income \$2,500Relocation payments divided equally among all tenants in unit.Payments shall increase annually July 1 based on CPIDemolition and reconstructionNo relocation benefits for tenants when owner move-in. <p>Owner move-in prohibited if tenant has lived in property for five years or more, tenant is 60 + years old, disabled or terminally ill unless landlord also meets the same criteria and no other unit available.</p>	<ul style="list-style-type: none">Relocation amount per tenant: \$5,894.63Maximum amount per unit: \$17,683.86Additional payment if 62 years or older or disabled: \$3,929.74Payment shall be divided equally among all occupying tenants) <p>Relocation Payments for Owner Move-in; Permanent Removal of Unit from Housing Use or Capital Improvement</p> <ul style="list-style-type: none">Relocation amount per tenant: \$5,890Maximum amount per unit: \$17,670Additional payment if 60 years or older, disabled or minor children: \$3,927.00	<ul style="list-style-type: none">Studio - \$9,050 (if senior/disabled/minor \$10,350)One bedroom - \$13,900 (if senior/disabled/minor \$16,000)Two or more bedrooms - \$18,850 (if senior/disabled/minor \$21,650) <p>If relocation is paid to more than one tenant in a unit, it is paid jointly to all tenants.</p> <ul style="list-style-type: none">Updated annually based upon the CPI on July 1 each year.Demolition permit authorized by the Rent Board.	<ul style="list-style-type: none">Studio apartment – \$6,455One bedroom - \$9,114Two bedroom - \$12,277Three or more bedrooms - \$16,202Qualified tenant - \$17,087 62 +/- disabled/ minor children/terminally illLower-income tenant - \$21,517All tenants living in the housing unit are entitled to the relocation fee.Updated annually by the change in the “rent of primary residence” component of the CPI-U Index for the Los Angeles/Riverside/Orange County area	<ul style="list-style-type: none">Fee equal to an amount of one month’s rent as averaged over the twelve months preceding or portion thereof to a maximum of four months.If the tenant has lived in the Rental Unit for four or more years an additional \$1,500 adjusted on January 1 of each year with change of the Consumer Price Index
Other Permanent Removal of Rental Unit Requirements	<ul style="list-style-type: none">120 day notice prior to withdrawing unit from the rental market.	<ul style="list-style-type: none">Relocation assistance due to the City to withdraw unit from the market prior to	<ul style="list-style-type: none">Landlords must provide at least 120 day notice to all tenants or one year if	<ul style="list-style-type: none">Tenant relocates not less than 120 days from Notice of Termination of	<ul style="list-style-type: none">Landlord provide Rent Board a 120 day notice. (Notices filed on or before	<ul style="list-style-type: none">Unit withdrawn 120 days following owner’s service of the original Notice of	<ul style="list-style-type: none">For a period 120 days prior to withdrawing the unit from the rental market the	<ul style="list-style-type: none">The Landlord must provide to the Program Administrator a copy

Attachment C – Comparative Research on Tenant Relocation Benefits in California

	City of Berkeley	City of East Palo Alto	City of Los Angeles	City of Oakland	City of San Francisco	City of Santa Monica	City of West Hollywood	City of Alameda
	<ul style="list-style-type: none"> One year notice required if tenant is disabled, 62 years or older. City will record the notice to withdraw the unit with the County Recorder. Displaced tenants may request opportunity to re-rent for the same terms as agreed to at the time of unit withdrawal, if unit re-rented within 10 years 	<p>notifying tenant 120 days before withdrawal date.</p> <ul style="list-style-type: none"> Relocation payments deposited into an escrow with the city. The city distributes the funds upon tenant request. Displacement plan required for city approval prior to landlord's issuance of the notice to terminate tenancy, or a fee for each unit withdrawn will be paid by the landlord for tenant counseling If minor children (under 18) occupy unit, the code (14.08.060 B) prohibits landlords from vacating unit during the school year. Any available accommodations owned by landlord must be offered due to withdrawal of unit and considered continuation of tenancy. Notice of withdrawal of rental unit recorded the County Recorder to document rent control applied to the unit. If units withdrawn from the rental market are re-rented within 5 years, the units must be offered 	<p>the tenants lived in the unit for at least a year and are 62 + years</p> <ul style="list-style-type: none"> Landlord provides a notice of intent in a memorandum with the county recorder's office Tenants have 60 days to request the extension to one year. Within 5 days of notifying the City of the intent to withdraw units from the market, landlord must notify all affected tenants. Landlords that re-rent withdrawn units must file a notice of intent to re-rent units. If re-rented in less than 2 years, damages may be assessed and former tenants have right of refusal. Exemption: If units are demolished and new units constructed within 5 years, the owner may establish the initial rent for the units if owner lived in the building. Also, if new units replaced include an equal number of affordable housing units. (Requires 30 year affordability covenants). Owner or relative move-in is permitted if owner is a natural person, owns at least 25% of the property 	<p>Tenancy (with Notice of Tenants rights and Entitlement to Relocation Benefit.</p> <ul style="list-style-type: none"> Disabled or elderly may request 12 months to vacate. Additional payments (\$2,500) due within 15 days of the tenant's notice of eligibility (i.e., senior, disabled, minor child or low income). Within 30 days, tenant provide notice if interested in re-renting. at the same rent on the date the Withdrawal Notice plus CPI. Within 2 years, landlord liable for tenant's actual and punitive displacement costs. Within 10 years, landlord liable for punitive damages and an amount not to exceed six months' rent. Owner prepares notice of intent to withdraw unit and files Certificate and Memorandum to be filed with the Alameda County Recorder. Owner files notice of intent and copy of recorded Memorandum plus a filing fee with the city. Owner serves copies of all with tenant. 	<p>December 31, 1999 require 60 day notice.)</p> <ul style="list-style-type: none"> Pay half of the fees at time of notice and the other at the time of relocation. Within 15 days of Notice of Intent, owner notifies tenant that the name of the tenant and rent amount paid has been provided to the Rent Board; the tenant has a right to reoccupy and to relocation assistance; and the rights of qualified tenants to extend tenancy one year Within 30 days after the effective date of withdrawal of rental units, the Rent Board will record a notice of constraints with the county recorder Owner will report the last day of the third month, sixth month following notice to the Rent Board if not demolished, it's use. The Rent Board maintains a registry of units and notifies tenants if units return to rental market. Owner cannot evict tenants for Owner Move-In, if tenant is - 60 years or older or disabled with 10 or more years of tenancy, if terminally 	<p>Intent and a copy of the recorded Memorandum Summarizing Non-Confidential Provisions of the Notice of Intention to Withdraw</p> <ul style="list-style-type: none"> Owner records the Memorandum with the county recorder Within five days of providing the notice serve the notice to terminate tenancy to all tenants. If tenant is a senior (62+) or disabled the withdrawal date will be a one year filing date, if tenancy occurred at least one year prior to notice. If withdrawn or demolished and rebuilt unit offered for rent within two years, displaced tenant will return to the rent control program and may re-rent under terms consistent with lease at the time of withdrawal. Tenant may recover damages. If owner seeks to re-rent withdrawn units more than two but less than ten years, Rent Board will notify all tenants at time of withdrawal and offer to re-rent units at the same terms and conditions. 	<p>landlord must notify the city; serve 120-day termination notices to the tenant; provide copies of check or receipt of relocation fees paid; and complete tenant relocation counseling assistance form and pay the associated fees</p> <ul style="list-style-type: none"> Record with the County Recorder a written notice with landlord's intent. If units withdrawn from the rental market are re-rented within 5 years, the units must be offered to the tenant that occupied the unit at withdrawal at the same rent. If unit re-rented after 5 years but before 10 years, tenant offered the right of first refusal. In all these cases the tenant may also file civil action and pursue punitive damages not to exceed six-months' rent. 	<p>of the Notice to Vacate</p> <ul style="list-style-type: none"> Owner/Relative Move-in. 50% ownership in property. No comparable unit exists in the property. Owner must occupy as primary residence at least 1 year. If fails to move within 60 days, displaced tenant must be offered unit at same rent and pay tenant expenses. Also may relocate for demolitions, removal from rental market, to execute an approved capital improvement plan, or comply with governmental order.

Attachment C – Comparative Research on Tenant Relocation Benefits in California

	City of Berkeley	City of East Palo Alto	City of Los Angeles	City of Oakland	City of San Francisco	City of Santa Monica	City of West Hollywood	City of Alameda
		<p>to the tenant that occupied the unit at the time of withdrawal at the Maximum Allowable Rent at the time of withdrawal. Civil penalties may apply.</p> <ul style="list-style-type: none">Annual filing of the status of a previously control rental unit on the first, fifth and tenth anniversary of tenant’s vacation of the unit. Requirement waived if application for demolition or redevelopment submitted to the city	<p>and will reside at the property within three months and comparable unit is not available. Landlord shall file a statement to confirm occupancy within three months and annual certifications on the first and second anniversary.</p> <ul style="list-style-type: none">Tenants that have resided in the unit for a least ten years and are 62 + years, disabled or terminally ill are protected from a termination of tenancy for owner or relative move in.		<p>ill with 5 or more years of tenancy, unless relative is 60 years or older or the owner owns only one unit in building.</p> <ul style="list-style-type: none">Tenants with minors cannot be asked to terminate tenancy for an Owner Move-In during the school yearOwner or relative must occupy the unit within 3 months and remain primary residence for 3 years. If less than 3, tenant at the time of notice has right of first refusal to re-rent.	<ul style="list-style-type: none">Owners that re-rent withdrawn units more than two years after the date, without offering to the displaced tenant, is subject to punitive damages.		
Temporary Relocation Assistance (i.e., fumigation, repairs or remodeling that renders unit uninhabitable and code violations with City order for tenant to leave.	<ul style="list-style-type: none">Tenants that cannot safely occupy unit or required relocation due to a disaster. Relocation assistance required for Code Enforcement activity, not for natural disaster.Landlord may provide comparable housing in lieu of relocation.Relocations of 29 days or less, the tenant is eligible for<ul style="list-style-type: none">per diem:<ul style="list-style-type: none">\$120 per single household\$135 for 2 person\$166 for 3 personPlus \$15 for each	<ul style="list-style-type: none">Landlord will provide equivalent substitute housing at no additional cost to the tenant within the city limits.Landlord shall pay:<ul style="list-style-type: none">Actual cost of the temporary rental unit up to the market average rent for San Mateo County, or hotel cost during temporary relocation;Actual costs of weather proof secure storage within 15 miles of rental unit;	<ul style="list-style-type: none">Tenant Habitability Program: Landlords that renovate, repair and alter rental properties are required to secure building permits and submission of a Tenant Habitability Plan including information about the work, the effect on tenants, and mitigation steps.Tenant has the option of temporary relocation assistance or may voluntarily terminate tenancy.The landlord will pay housing costs and any costs related to relocating even if those costs exceed rent or make a comparable housing	<ul style="list-style-type: none">None, unless code violation.The Housing Official may at their sole discretion provide relocation benefits as result of an immediate health/safety concern.The property owner will be notified and will be required to reimburse the city for the relocation costs.Permanent relocation payment is two times the current monthly HUD Fair Market Rent for a unit of comparable size, plus a set payment of \$200 for moving costs and related expenses.Temporary relocation payment shall cover	<ul style="list-style-type: none">Owner may offer comparable unit (i.e., location, size, berms quality of construction, access to services) plus actual moving expenses to tenant for displacement less than 20 days.If no comparable unit, tenant displaced 20 days or less, eligible for actual moving expenses if it necessary to move the possessions of the tenant household.If more than 20 days, tenant eligible for Relocation Assistance for Temporary Capital Improvement (substantial rehabilitation)	<ul style="list-style-type: none">Tenant relocated for less than 30 days. (If more than 30 days, tenant is entitled to alternate comparable rental housing.)Assistance due to tenant within ten days of notice to vacate or 20 days prior to the vacation date, whichever is later. And, relocation assistance is payable to tenant within 24 hours if an urgent health and safety order to vacate.Per Diem outlined in 4.36.100. Hotel/motel and laundry per diem expenses are per day/per household. Meal expenses are per day /per person	<ul style="list-style-type: none">Tenant relocated for six months or lessLandlord provides a 60 day notice to tenant, pays a relocation fee and submits an application to the city.Landlord may provide comparable housing in lieu of relocation. If comparable housing is more expensive than tenant rent, landlord will pay the increased cost.Landlord shall pay reasonable cost for temporary relocation benefits:<ul style="list-style-type: none">Motel or hotel that is safe decent and sanitary within	<p>No specific temporary relocation provisions. Relocation fees for capital improvement and government orders defined under permanent termination of tenancy sections above.</p>

Attachment C – Comparative Research on Tenant Relocation Benefits in California

	City of Berkeley	City of East Palo Alto	City of Los Angeles	City of Oakland	City of San Francisco	City of Santa Monica	City of West Hollywood	City of Alameda
	<ul style="list-style-type: none">additional person<ul style="list-style-type: none">Dislocation allowance:<ul style="list-style-type: none">\$400 per tenant household\$300 for moving costs\$200 storage\$50 dog boarding\$20 cat boardingRelocations lasting 30 days or more, tenant eligible for initial relocation payment:<ul style="list-style-type: none">Dislocation allowance \$400Storage costs \$200 or actual cost per month with receiptsRent differential based on current versus new rent, not to exceed:<ul style="list-style-type: none">\$1,437 studio\$1,842 1 bedroom\$2,598 2 bedroom\$3,488 3 bedroom	<ul style="list-style-type: none"><ul style="list-style-type: none">Daily boarding of all pets lawfully occupying the unitif relocation exceeds 30 days, landlord may opt to terminate tenancy in compliance with requirements outlined in demolition or withdrawal of unit from rental market.	<p>unit available, if the relocation lasts 30 days or more.</p> <ul style="list-style-type: none">The landlord and tenant may mutually agree upon a per diem, however the agreement must be on file with the City. Tenant retains the right to reoccupy the unit following project completion.	<p>actual and reasonable moving expenses and temporary housing accommodations.</p> <ul style="list-style-type: none">Immediate vacation payment includes all of the above tenant shall be entitled to an additional payment of \$500.Owner is not required to provide relocation assistance if the tenant has prevented access; tenant caused the nuisance; or damage is due to natural disaster, civil disturbance or accident outside owner’s control; and owner has provided comparable accommodation.	<ul style="list-style-type: none">Relocation amount per tenant: \$5,890Maximum amount per unit: \$17,670Additional payment if 60 years or older, disabled or minor children \$3,927.00 (37.9C).	<ul style="list-style-type: none">\$155 hotel\$29 meals (per person per day)\$1 laundry\$28 cat boarding\$51 dog boardingAdjusted annually on July 1 for inflation by the percentage change of the CPIIn lieu of the relocation fee, landlord may relocate displaced tenant into a comparable housing unit acceptable to the tenant. Landlord will be subject to only actual relocation costs.	<p>reasonable distance from the City’s boundaries;</p> <ul style="list-style-type: none">Compensation for meals, if temporary accommodation lacks cooking facilities;Compensation for laundry, if accommodations lack laundry facilities; andPet boarding.	
Additional Information	<ul style="list-style-type: none">If landlord fails to pay tenant, any unpaid benefits are owed to the city and the city will recover funds from the landlord.Buyout Agreement: Tenant has the right not to enter into a	<ul style="list-style-type: none">Owner deposits all relocation payments into an escrow with the City. The city distributes funds upon tenant request.	<ul style="list-style-type: none">Buyout Agreement: Tenant has the right not to enter into a buyout offer. Landlord must provide a copy of tenant's rights. The tenant has right to consult an attorney to	None	<ul style="list-style-type: none">Buyout Agreement: Prior to negotiating, landlord will provide disclosure, including: tenant rights, right to an attorney, 45 day right to rescind following signature, view other buy out	<ul style="list-style-type: none">Relocation fees deposited in escrow, as approved by the City, and prior to or within two days of the service of the eviction notice to tenant.	<ul style="list-style-type: none">Relocation fee for each unit due to the city prior to serving notice on tenancy with the notice to terminate tenancyIf landlord fails to pay tenant, any unpaid benefits are owed to	None

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	City of Berkeley	City of East Palo Alto	City of Los Angeles	City of Oakland	City of San Francisco	City of Santa Monica	City of West Hollywood	City of Alameda
	buyout offer. Landlord must provide a copy of tenant's rights. The tenant has right to consult an attorney to review the document and thirty days to rescind after signing.		review the document and thirty days to rescind after signing.		agreements on file at the City. Landlord must notify the Rent Board that tenants have signed the disclosure.	<ul style="list-style-type: none">Buyout Agreement: Tenant has the right not to enter into a buyout offer. Landlord must provide a copy of tenant's rights. The tenant has right to consult an attorney to review the document and thirty days to rescind after signing. Once signed a copy must be filed with the Santa Monica Rent Board between 31 and 60 days from execution. (See Chapter 4.56)	the city and the city will recover funds from the landlord.	
Relocation Filing Fee for City to Process the Relocation Plan	\$300 fee for first two units and \$100 for each additional to cover the cost of withdrawing units from rental market.	Condominium conversion triggers affordable housing fee and limited when rental housing vacancy rates are low. (See City of East Palo Alto Housing Element)	<ul style="list-style-type: none">No-Fault Eviction Fee (includes condominium conversion or demolition)<ul style="list-style-type: none">Standard tenant<ul style="list-style-type: none">\$447 per unit\$509 if condo conversion or demolition"Qualified Tenant"<ul style="list-style-type: none">\$718 per unit\$780 if condo conversion or demolitionDemolition Monitoring Fee: \$45 per unitRelocation Assistance Dispute Resolution Fee: \$200 per unitOwner Occupancy and Resident Manager Eviction Fee: \$75 per unit	Ellis Act Fee: \$250.00 per unit	No fee	Housing Relocation Fee: \$250 per housing unit where a tenant is displaced and payable to the City for counseling and other related costs	Relocation Counseling Fee: \$400 (qualified/lower income tenants trigger \$640 fee)	No fee