

CITY OF ALAMEDA RENT STABILIZATION PROGRAM

Special City Council Meeting

April 2, 2019

PURPOSE

- Provide direction to staff on potential amendments to Ordinance 3148
- Conduct a public hearing to consider adopting an “Ellis Act” policy

OUTREACH

Staff informed the public about this meeting by:

- Distributed meeting information in an e-newsletter to the Rent Stabilization Program list
- Shared announcement on program website
- Published press release
- Posted information on City's social media sites

HISTORY

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| Mar. 2016 | Rent Stabilization Ordinance 3148 adopted |
| June 2017 | Ordinance 3180 adopted, amending Ordinance 3148 |
| Sept. 2017 | Ordinance 3180 repealed, Ordinance 3148 remains in place |
| Oct. 2017 | Initiative petition successfully circulated to place most provisions of Ordinance 3148 into the City Charter as a ballot measure (Measure K) |
| Nov. 2018 | Voters rejected Measure K by a 55% to 45% margin |

POTENTIAL AMENDMENTS

- Just Cause (elimination of “no cause” terminations)
- Maximum Allowable Rent Increase
- Management Partners Report
- Administrative Clean-up (Ordinance 3180)
- Other Amendments
- Sunset Clause
- Ellis Act Policy

JUST CAUSE

- I. **Current regulation:** Landlords may terminate for no cause with the following stipulations:
 - Frequency limit - 10% of units per month; 25% per year
 - Relocation assistance owed
 - Restriction - Rent cannot exceed 5% increase for next tenant

- II. **Definition of just cause:** Landlord must provide valid reason outlined in the ordinance to evict a tenant (includes for fault and no-fault reasons)

- III. **Regional and state actions:**
 - Recommended as best practice in CASA Compact
 - Statewide rental housing legislation, including “just cause” measure AB1481

MAXIMUM ALLOWABLE RENT INCREASE

- I. **Current regulation:** Landlords may request any amount of rent increase
 - Increase 5% or less – Optional hearing with non-binding decision
 - Increase above 5% – Mandatory hearing with binding decision for some units

- II. **Maximum rent definition:** Limit amount of annual rent increase
 - Ranges from 65% to 100% of CPI
 - Maximum cumulative rent increase over a set # of years (rent increase banking)
 - Provide hearing process for landlords to appeal and receive fair rate of return
 - Does not apply to units exempt under Costa Hawkins Act

- III. **Regional and state actions:**
 - Recommended CPI+5% maximum rent increase in CASA Compact
 - Statewide rental housing legislation, including annual rent cap; AB1482

Management Partners Report

- Key topics addressed in report:
 - Relocation assistance formula
 - Role of the Rent Review Advisory Committee
 - Government-ordered terminations
- Reviewed by City Council in July 2018

ADMINISTRATIVE CLEAN-UP (Ordinance 3180)

- **Adopted these amendments in June 2017 (repealed in September 2017)**
- **Exhibit 2 of staff report notes Council action on amendments from 2017**

OTHER AMENDMENTS

Staff recommends that Council consider additional amendments detailed in Exhibit 3:

- Regulations on “buy-out” agreements
- Rent increases over a certain % require payment of relocation benefits
- Establish a rent registry

SUNSET CLAUSE

- **Current regulation**

The ordinance will be automatically repealed on December 31, 2019, unless Council takes affirmative action to extend it

- **Regular meeting agenda item 6-A**

Council will consider an ordinance to remove the sunset clause

ELLIS ACT POLICY

- **Current regulation:** Landlord may terminate a tenancy to permanently remove the unit from the rental market or demolish the unit
- **Issue:** Council has not adopted a policy to implement the rules and regulations for demolishing unit or removing a unit from the rental market
 - 12% of all no fault terminations are withdrawals from the rental market
 - Anticipated increase in terminations on grounds of withdrawal from the rental market if “no cause” ground is eliminated
- **Stakeholder input:** A draft policy was reviewed with landlord and tenant stakeholders in December 2018

Proposed Policy – Exhibit 1

- Penalties if a unit is rented:
 - Within **5 years** of termination
 - Offer unit to displaced tenant
 - Rent limited to no more than 5% above rent at time of termination
 - Owner must disclose at sale the unit restriction and the displaced tenant contact info
 - Within **2 years** of termination
 - Adhere to above requirements
 - Liable to displaced tenant for actual and punitive damages
 - City may file a civil action for punitive damages
- If new rental unit(s) is constructed within five years of withdrawal, subject to Ordinance 3148
- Notice requirement for termination:
 - 120 day's notice to all tenants
 - 1 year notice to tenants age 62 and older or tenants with a disability

NEXT STEPS

- **Conduct Public Hearing on Ellis Act Policy**
- **Provide direction to staff on amendments in the following categories:**
 - Just Cause
 - Maximum Allowable Rent Increase
 - Management Partners Report
 - Administrative Clean-up (Ordinance 3180)
 - Other Amendments
- **Regular meeting - consider an ordinance to eliminate the sunset clause**