

COMMUNITY INPUT ON RENT STABILIZATION (Issue Boards from May 2nd Open House)

Online Survey - 5/7 to 5/13

Just Cause

- Approximately 16% of commenters requested an exemption for “small” landlords
- Approximately 7% of commenters requested that “no cause” terminations continue to be permitted but that tenants be provided with a 90-day notice to vacate
- Landlords need option to evict to sell property

Maximum Allowable Rent Increase

- Keep 5% as it provides for fair return on the property and the voters already spoke in 2016 when M1 was defeated.
- Landlords receive tax benefits from owning property, tenants are paying a significant portion of their income to cover rents.
- Many tenants are uncomfortable confronting their landlord; the allowable rent increase should be a hard cap without the ability to “mediate” something higher
- Consider different rent increase rates for certain tenants, such as seniors and single-income households.
- Tenants should have a process to request rent decrease for reduction in housing services
- Banking is a must.
- Look at East Palo Alto for good policy.
- Rent restriction should only apply to landlords that have asked for major increases in the last five years; a blanket restriction will discourage small landlords from owning rentals
- Rent control is a short-term fix resulting in long-term negative consequences of less rentals on the market, particularly fewer single-family home rentals
- An increase above 5% should be permitted when utilities are included in the rent.
- Require landlords to demonstrate upgrades for any rent increase
- More policies will create more confusion.
- A cap is unfair to landlords that have kept rents below market for years.
- Wrong for the government to place restrictions on private property, except for safety issues.
- There must be strong enforcement mechanisms.
- Landlords should be able to pass-through 50% of the program fee.

- No costs should be passed through to tenants above the annual maximum increase amount. The landlord receives tax benefits for many rental property expenses.
- Real inflation and increases in taxes are higher than CPI-U. Also, maintenance of Victorian homes is very costly.
- <https://www.npr.org/2019/03/29/707908952/the-evidence-against-rent-control>
- The new regulations sound expensive.
- Tenants stay in units longer than in other rent-controlled cities, like Berkeley. A rent cap would put landlords in a bad financial situation.
- The current system can be abused and does not have clear standards for fair rent increases.
- Rent should only be capped only when the tenant has a financial hardship.
- Exempt properties from rent cap when the landlord owns less than 5 units.
- Single-family homes and condominiums need to have some regulation and review process.
- City should create a rent subsidy program for eligible tenants rather than spending the money on this program to restrict rents on all units.

Suggested Increase Amounts

- 65% of CPI
- 100% of CPI
- The impact of compounding increases needs to be considered;
 - 3-year cap at 5%
 - 3-year cap at 8%
 - 3-year cap at 10%
- 2.5% or similar to cost of living increase
- CPI+2.5%
- CPI+5% - CASA study
- 5% of the Fair Market Rent should be allowed, not 5% of the of current rent

Capital Improvement Plans

- Do not allow pass-through of any additional costs beyond the allowable rent increase because:
 - Landlords receive sufficient benefits already with the ability to write-off the costs in taxes and capital improvements increase the value of the property.
 - Landlords are already incentivized to upgrade properties to respond to market demand. The City doesn't need to create a separate program to allow pass-through costs.

- A maximum rent of 5% would provide landlords enough to save and budget for necessary capital improvements without needing to pass on more costs to the tenant.
- Allow pass-through of capital improvement costs in addition to allowable rent increase because:
 - Sharing capital improvement costs with the tenant is essential to maintaining quality rental housing stock. Without the ability to pass-through capital improvement costs, landlords won't make the improvements and the rental housing stock will fall into disrepair. The program must create simple and clear allowable increases when certain repairs are made to incentivize investment in rental property.
- No regulation because:
 - A review process would be too complicated and onerous. These regulations discourage landlords from investing in their properties.
 - The current policy is discouraging investment in rental properties, which is clear due to an evident downturn in work for capital improvement projects.
 - The data shows only one landlord has used this program so clearly it's not useful. End the program as it is useless bureaucracy.
- Keep the current policy with adjustments:
 - Temporary relocation costs need to be clearly identified in the policy.
 - Reduce or eliminate relocation assistance when a tenant is displaced to complete work for capital improvement projects.
- A range of suggestions on changing the definition of capital improvements:
 - Current threshold costs needed to qualify as a capital improvement are too high. Capital improvement should be any expenses that cost one month's rent x number of units improved.
 - Include routine repairs.
 - Include upgrades that make housing more energy efficient.
 - Exclude capital improvements needed due to deferred maintenance.
 - Exclude wear-and-tear costs including roof repair, exterior paint, termite damage.
 - Exclude unnecessary capital improvements that are completed to create high-end/ luxury rentals for wealthy tenants.
- Comments suggested additional services for this program, such as:

- Capital improvements should be fast-tracked and coordination should take place between the Rent Stabilization Board and the Planning Department to encourage landlords to use the process.
- Small landlords should get free legal or expert consultant services on capital improvement process.
- City should inspect any capital improvement work to ensure that landlords do not “game” the system.
- City should provide funding for major capital improvements needed to address damage from natural causes, such as flooding.
- The City must ensure tenants are being provided habitable conditions. Require annual inspections.
- Consider program to incentivize/require seismic retrofitting and gas meter shutoff.

Relocation Assistance

- Relocation assistance should be means tested and only provided to tenants with a demonstrated need.
- Current relocation fees are too high and discourage landlords from renting.
- Create legal assistance for landlords to handle terminations of tenancy. The process can be very costly if an attorney has to be involved.
- In addition to relocation assistance, landlords should be required to provide the tenant more notice before the eviction. Sixty days is not enough time.
- Relocation expenses require landlord to raise rents for new tenants in order to pay for these costs if the tenancy needs to be terminated.
- The City should pay the relocation costs.
- Using a fluctuating number for the relocation assistance creates uncertainty for the landlord.
- No relocation should be required when the tenant must vacate due to a natural disaster.
- Create protections for landlords when a tenant damages the property.
- Suggestions for exemption from relocation payments:
 - Exempt single-family homes.
 - Exempt only single-family homes rented for one year or less (and are the owner’s primary residence).
 - Exempt “in-law” units.
 - Exempt properties with less than 5 units.
 - Exempt properties with less than 10 units.
 - Exempt properties at which the landlord lives in onsite.
 - Exempt landlords who are over 65-years old.

- Exempt relocation fees when reason for termination is Owner Move-In.
- Allow landlord to apply for exemption by demonstrating financial hardship in paying the relocation assistance.
- No exemptions.
- Suggestions on relocation assistance formula:
 - No change; current formula is fair.
 - Monthly rent included in the formula should be based on the Housing Choice Voucher, Section 8 payment standards, not tenant current rent.
 - Do not use the Housing and Urban Development (HUD) Fair Market Rents for the relocation formula. This would unfairly punish landlords that have kept the rent below market.
 - Do not use the HUD Fair Market Rents because they do not distinguish between rents that include utilities and rents that exclude utilities
 - Require higher relocation assistance and/ or additional time for:
 - families with school-age children
 - senior households
 - persons with disabilities
 - Do not create higher relocation fees for certain households such as those with school-age children or persons with disabilities because it could lead to landlords refusing to rent to these households.
 - Relocation assistance should be the same regardless of the length of tenancy.
 - Create a flexible formula that allows the tenant to request additional funds if they demonstrate financial hardship.
 - Increase moving expenses by the rate the landlord increased rents, not based on the Consumer Price Index.
 - Relocation should cover two years of the difference in rent from the displaced unit to the new unit.
 - Increase the relocation payment. Remove the cap of a maximum of 4 months' rent. There shouldn't be a limit.
 - Remove the option for the tenant to trade relocation fees for more time in the unit.

Other Issues

- Create anti-harassment protections for tenants and landlords.
- Create rent registry for data and regulation purposes.
- Do not create rent registry because it's an invasion of privacy and is too expensive to maintain.
- If there is a rent registry, keep rent amount for each unit private.

- Establish minimum lease requirements.
- Impose vacancy tax on Alameda rental properties.
- Require adequate and timely repairs for health and safety conditions in rental units.
- City should subsidize housing for qualifying tenants or buy/build an apartment complex for displaced/qualifying tenants.
- Create elected rent board rather than the City Council-appointed RRAC.
- Build more housing in Alameda; lower cost of City permits, build smaller units to create denser housing, create a sales tax for an affordable housing fund.
- Cancel this program and use money to establish a rent subsidy fund.
- Look at Portland, OR regulations for incentivizing accessory dwelling units.
- Regulate the formula used in ratio utility billing systems at multi-unit properties that do not have separate meters for each unit.
- Small property owners need more protections and support from the City.
- Any new regulations must be straight-forward and simple.
- City needs to analyze sales of rental properties since the regulations were adopted in 2015.