

Exhibit 2

Issue	Existing	Proposed	Reason for Change
<ul style="list-style-type: none"> What Qualifies for a CIP 	<ul style="list-style-type: none"> Cost of CIP = 8 x the rent x the number of units. For example, a four-plex with \$2,000 rents would require \$64,000 of capital work to qualify ($\\$2,000 \times 4 \times 8 = \\$64,000$) 	<ul style="list-style-type: none"> \$25,000 <u>and</u> not less than \$2,500 per unit. For example, a four-plex where \$25,000 is spent on capital improvement work would qualify as the per unit cost would be \$6,250 (more than \$2,500/unit). The proposed capital improvement must be one of the identified items in the Ordinance, all of which are major, long term improvements or repairs 	<ul style="list-style-type: none"> Concern that the bar was set too high under the existing policy and the City was not achieving its goal of ensuring the long-term viability of its rental housing stock.
<ul style="list-style-type: none"> Treatment of amortized cost of the improvement and relocation payments 	<ul style="list-style-type: none"> Amortized cost of improvement is a “rent increase” and hence, is added to base rent to which the AGA applies Requires temporary and (in some instances) permanent relocation payments 	<ul style="list-style-type: none"> Allows for a “Pass-Through” of the cost of the capital improvement Pass through terminates when cost of improvement is fully amortized (15 years) or when current tenant vacates Provides for temporary relocation payments 	<ul style="list-style-type: none"> “Pass-Through” is not part of Base Rent and Annual General Adjustment is applied to Base Rent Requires temporary relocation payments when tenant displaced; permanent relocation payments only if tenant so chooses and landlord elects not to forgo Pass-Through/withdraw

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<ul style="list-style-type: none"> When a CIP must be filed/Frequency 	<p>CIP required:</p> <ul style="list-style-type: none"> When a rent increase requested as part of a CIP Plan When a tenant is temporarily relocated or permanently relocated (work takes longer than six months) due to CIP work 	<p>CIP required:</p> <ul style="list-style-type: none"> When a pass-through is requested When a tenant is temporarily relocated due to CIP (permanent relocation not an option) No more frequently than once every 24 months, absent unusual circumstances, e.g. natural disaster, fire etc. 	<ul style="list-style-type: none"> Amortized cost is “pass-through” not a rent increase Eliminates using CIP as a means to displace tenants permanently unless tenant so chooses Prevents piecemealing of applications
<ul style="list-style-type: none"> Calculation of the Amount of the Pass-Through 	<ul style="list-style-type: none"> Amortizes the cost of the improvement (inc. cost of financing) over 15 years Amortized cost becomes part of the base rent 	<ul style="list-style-type: none"> Amortizes the cost of the improvements over 15 years Pass through is not part of the base rent Caps the amount of the pass-through at no more than 5% of a tenant’s Maximum Allowable Rent If it takes more than 15 years to amortize the cost of the improvement work due to the 5% cap, that is permitted 	<ul style="list-style-type: none"> A 15-year amortization schedule provides ease of administration and acknowledges that the improvements are long-term and major Annual General Adjustments not based on Pass-Through Amounts A 5% cap on a pass-through ensures that costs can be recovered while at the same time not unduly burdening tenants
<ul style="list-style-type: none"> Major Improvements or Repairs 	<ul style="list-style-type: none"> Provides a list of major improvements or repairs that qualifies as capital improvements Provides that no CIP is permitted for routine work/repairs 	<ul style="list-style-type: none"> Retains the list of major improvements or repairs that qualify for capital improvements and adds additional items, such as converting gas utilities to electric No CIP for routine maintenance/repairs 	<ul style="list-style-type: none"> List of qualifying improvements reflects the major improvements/repairs necessary to maintain the City’s rental stock over the long term No CIP for routine maintenance/repair nor unreasonable delay

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<ul style="list-style-type: none"> Determinations and Notice to Landlords and Tenants 	<ul style="list-style-type: none"> Tenants notified when a CIP application filed No rent increase until CIP approved No appeal rights 	<ul style="list-style-type: none"> Pass-Through amount determined up front based on authorized capital improvements; no revision later even if costs increase Tenants notified of Pass-Through and can compel Landlord to pay permanent relocation, forgo Pass-Through to the Tenant, or withdraw CIP application City determines whether tenant must be temporarily displaced Landlord or tenant may appeal determination of the pass-through amount or whether temporary displacement is required 	<ul style="list-style-type: none"> Allows tenants to make informed decisions about whether to pay Pass-Through Provides landlords with options should tenant not be able/willing to pay Pass-Through Provides opportunity for an appeal as to the amount of pass-through and whether tenant must be displaced
<ul style="list-style-type: none"> Limitations on Pass-Throughs 	<ul style="list-style-type: none"> Amortized cost of Capital Improvements are rent increases and no limitation on the increase 	<ul style="list-style-type: none"> Pass-Through not a rent increase and limited to no more than 5% of a tenant's MAR 	<ul style="list-style-type: none"> To prevent a substantial financial burden on a tenant while allowing a landlord to recover over time the cost of the capital improvements
<ul style="list-style-type: none"> Impact of Vacancy Decontrol 	<ul style="list-style-type: none"> Not addressed 	<ul style="list-style-type: none"> Pass through is eliminated when current tenant vacates 	<ul style="list-style-type: none"> Precludes landlord from imposing pass-through to new tenants

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<ul style="list-style-type: none"> Relocation Payments 	<ul style="list-style-type: none"> Very complex as to when and how a landlord is to make relocation payments Could be used as a means of permanently terminating a tenancy 	<ul style="list-style-type: none"> Requires temporary relocation payments if City agrees tenant must be temporarily displaced Provides for permanent relocation payments at option of tenant and if landlord chooses not to forgo pass-through or withdraw the application 	<ul style="list-style-type: none"> Provides funds for a tenant's housing and related needs (e.g. meals) if temporarily displaced Provides assurances that tenants will not be unreasonably displaced from their homes