

ORDINANCE TO REVISE CAPITAL IMPROVEMENT PLAN (“CIP”) PROVISIONS

City Council
January 19, 2021

BACKGROUND

- Policy first adopted April 2016
- No changes since adoption
- Landlords rarely apply (8 applications in 5 years)
- Council directed staff in September 2019 to re-visit

MAJOR PROVISIONS

- Limited scope of “Capital Improvements”
- Amortized cost of capital improvements “passed-through” to tenants
- Proposed Threshold: \$25,000 overall and \$2500/unit
- Pass-through amount determined “up front”
- Pass-through eliminated upon a vacancy
- No impact on eviction moratorium

LIMITED SCOPE OF CAPITAL IMPROVEMENTS

- Retains list of major, long term improvements that qualify
- Adds converting gas utilities for electric
- No CIP for routine repairs

AMORTIZED COST OF CAPITAL IMPROVEMENTS PASSED THROUGH TO TENANTS

- Cost of improvements spread out over 15 years
- Pass-through amount not part of Base Rent
- Caps the pass-through to no more than 5% of the rent

THRESHOLD TO QUALIFY

- Current threshold too high—8 x rent x number of units
- \$25,000 overall and \$2500/unit

PASS-THROUGH AMOUNT DETERMINED “UP FRONT”

- Tenants will know the amount before work begins
- Pass-through amount is fixed, even if costs increase

PASS-THROUGH ELIMINATED UPON A VACANCY

- Once existing tenant vacates, pass-through goes away

NO IMPACT ON EVICTION MORATORIUM

- Landlord to pay temporary relocation payments if tenants displaced for health or safety reasons during work

STAFF RECOMMENDATION

- Introduce the Ordinance