

## California Apartment Association Response to Principles of Agreement Concerning a Proposed Rent Stabilization and Tenant Protection Ordinance

Set forth below is the response of the California Apartment Association to the Alameda city staff's understanding of the City Council's Principles of Agreement concerning a proposed Rent Stabilization and Tenant Protection Ordinance that staff will use as a roadmap for the Ordinance that will be presented to the City Council at its February 16, 2016 meeting.

### Rent Increases

1. *Offer of One-Year Leases.* Housing Provider must offer a one-year lease to any prospective tenant.

***CAA does not oppose this provision; however it should only be applied prospectively or at time of a rent adjustment for existing residents at the time the requirement goes into effect***

2. *Frequency of Rent Increases.* Housing Provider shall not increase rents more than once every 12 months.

***CAA does not oppose this proposal and suggests that a provision be made for a tenant/landlord agreement that would allow the increase to be split into installments accruing to the amount of the posted increase***

3. *No Cap on Maximum Allowable Increase.* There is no cap on an annual maximum allowable rental increase above which a housing provider may be granted a higher increase through an administrative hearing process (i.e., no "traditional" rent stabilization)

***CAA agrees***

4. *Rent Increase Process.* A housing provider may propose to raise rents to whatever amount the housing provider believes is warranted assuming the following processes are followed:

#### *Notice of the Availability of a Rent Review Process.*

- If a Housing Provider intends to increase rents by 5% or less, Housing Provider must notify the tenant of the availability of a rent review process through the RACC.

***CAA respectfully requests that the threshold be revised to 7% and that increases below 7% are not subject to RACC review.***

- The rent increase goes into effect prior to completion of the rent review process.

***CAA concurs with this item***

- If Housing Provider fails to provide proper notice to tenant, the rent increase is void but Housing Provider may re-notice.  
**CAA concurs; however the city should develop standardized language that should be included with rent increase notices**

*Housing Provider to File a Notice of Rent Increase with the Housing Authority.*

- If a Housing Provider intends to increase rents by more than 5%, the Housing Provider must (a) notify the Housing Authority who will schedule a RACC hearing and (b) notify the tenant that the rent increase will be reviewed by the RACC.

**CAA requests that the threshold be 7% and that RACC review only be scheduled at the request of the tenant who must make their request within 10 days of the receipt of the increase notice**

- Rent increase will not go into effect until rent review process has been completed.  
**The increase should go into effect as scheduled or amount held in escrow until the review process is completed.**
- If Housing Provider fails to notify the Housing Authority/tenant, rent increase is null and void and no rent increase is allowed for 12 months.  
**CAA would suggest that the “waiting period” be 90 days before they can re-issue the rent increase if it is above 7% but an increase below 7% does not require a waiting period to re-issue the increase**

#### 5. RACC Process.

- A person with an ownership interest in the property must attend the hearing (tenant- or landlord-initiated); if not, the rent increase is void and no rent increase for 12 months.  
**CAA requests that the owner be allowed to send a designated representative that is given the authority to make decisions on behalf of the property owner**
- The Committee may take into consideration such factors as the hardship to the tenant, the frequency and amount of prior rent increases, the housing provider’s costs of operation, and providing the housing provider with a fair return on the property.  
**The RRAC is not chartered to deliberate and render an opinion on what would be a fair rate of return. “Fair rate of return” is speculative and not codified or identified in the State of California.**

***The RRAC should continue to mediate an agreement between the parties to the best of its ability and allowance under its charter. In addition, clear guidelines for how the RRAC would review these cases should be developed to ensure that all hearings and cases are treated fairly and consistently***

- The Committee may recommend whatever rent increase it believes is fair.

***CAA holds that the RRAC is not a judicial oversight body and any recommendation offered would be advisory only.***

- If the housing provider does not agree with the Committee's decision, unless the rental unit is exempt under Costa Hawkins (e.g., a single-family residence) the housing provider must file a petition to have a neutral hearing officer consider the rent increase. If the housing provider does not file such petition, the rent increase is void and no rent increase is permitted for 12 months.

***CAA would point out that this is rent control and should not be part of the final ordinance. In addition if the housing provider does not file a petition over an outcome they disagree with should not deny them the opportunity to still pursue a rent increase***

- If the rental unit is exempt under Costa Hawkins, the Committee's recommendation is non-binding. There may be an appeal to the City Council but its recommendation is likewise non-binding.

***CAA concurs***

- If the tenant does not agree with the Committee's recommendation, unless the rental unit is exempt under Costa Hawkins, the tenant must file a petition to have a neutral hearing officer consider the rent increase. If the tenant does not file such a petition, the rent increase shall be as recommended by the Committee

***CAA concurs***

- If the rental unit is exempt under Costa Hawkins, the Committee's recommendation is non-binding but the tenant may appeal to the City Council but the Council's recommendation is likewise non-binding.

***CAA concurs***

6. ***Binding Arbitration.*** Any appeal of a RRAC recommendation will be subject to binding arbitration by a hearing officer for units subject to Costa Hawkins. The hearing officer will conduct an administrative hearing concerning the rent increase taking into consideration similar factors as did the Committee. The hearing officer will issue a binding decision, subject only to judicial review.

***Binding Arbitration is a form of rent control and CAA opposes the inclusion of a binding arbitration provision in the final ordinance.***

Limitations on Evictions—Applicable to All Rental Units

“No cause” evictions. A housing provider may evict for “no cause” subject to:

- payment of relocation benefits (described below)
- limitation on rent increase for new tenant
- limitation on the number of “no cause” evictions permitted per year

*For cause evictions.* A housing provider may evict “for cause”—failure to pay rent, breach of lease, nuisance, failure to give access, etc. No relocation assistance and no limitation on rent for new tenant.

***CAA believes this needs to be clarified. Does simply stating a reason on a termination notice suffice or must one go through the formal eviction process to categorize the termination as a “for cause” termination?***

*No fault evictions.* A housing provider may evict for “no fault” (of the tenant)—owner move in, demolition, substantial rehabilitation subject to approved Capital Improvement Plan, withdrawal from the rental market and compliance with governmental order to vacate the building—subject to paying relocation assistance as set forth below.

***The cost and work load to the city for this type of oversight is prohibitive and may affect the new construction, cause confusion for rental owners and residents. CAA does not oppose a formal relocation assistance program when a tenant is being asked to move as a result of Capital Improvements to the property. However, there needs to be clear guidelines to help property owners understand which terminations are “for cause” vs “no cause” and a clear process for ensuring compliance.***

Relocation Assistance—Applicable to All Rental Units

Housing provider to pay one month’s rent that the tenant was paying for each year (or portion thereof) that the tenant occupied the rental unit up to four months’ rent, plus \$1500 moving expense.

***CAA requests the City partner with CAA and the AAOR to develop a recommendation to the City Council on this item. However any form of relocation assistance for no-cause terminations should, at a minimum, be targeted for those families who need help the most and there should be a means test to qualify for relocation assistance.***

Except for owner move in evictions, tenant may choose to remain in the unit an additional month for every year (or portion thereof)—up to a maximum of four months—but the housing provider’s obligation to pay relocation assistance will be reduced by one month’s rent for each additional month the tenant remains in the unit.

**CAA requests the City partner with CAA and the AAOR to develop a recommendation to the City Council on this item. However any form of relocation assistance for no-cause terminations should, at a minimum, be targeted for those families who need help the most and there should be a means test to qualify for relocation assistance**

#### Monetary Penalties/Enforcement

- Significant fines and penalties can be imposed against a housing provider who violates the Ordinance, including misdemeanor charges for illegal behavior that is ongoing or egregious.

**CAA respectfully request that this clause be clarified in the ordinance to give the public an understanding of what this means and who has standing to bring about charges against a property owner**

- Housing providers are prohibited from retaliating against a tenant who has exercised his/her rights under the Ordinance.

**As this is currently law in the State of California, CAA agrees, in concept, with this item.**

- Tenants can recover actual and punitive damages against any housing provider who engages in an unlawful eviction process.

***As this is currently law in the State of California, CAA does not oppose this provision in concept***

- The City can enforce the Ordinance, including asking the court to assess penalties up to \$10,000 per violation.

***CAA requests that clarification be provided to the public as to the parties that will be able to petition the court, on whose behalf and who would bear the cost for this action***

#### Annual Review/Sunset Provision

Staff to provide an annual review highlighting the effectiveness of the program and data on the rental housing market (average rent increases, type and frequency of notices of termination, RRAC outcomes, number of binding arbitration cases, etc.) to the City Council. The ordinance will sunset on December 31, 2019, unless the Council affirmatively acts to retain some, or all, of the provisions.

***The collection and management of this data as a standalone program could be prohibitive. CAA would like to suggest that the city add this information request to the form for the business license renewal. Further it is requested that this not become a vehicle for a change in the business license fee.***