

BACKGROUND/CHRONOLOGICAL INFORMATION
MAY 29, 2018 TO DATE

The following provides additional background information related to the review of the vacancy decontrol process and progress over the past nine months, and includes findings from tenant focus groups, and implementation of improved access to information and data tracking related to the RRSO.

I. Review of Vacancy Decontrol Process and Decontrol Moratorium

The decontrol moratorium enacted on May 29, 2018 will be in effect for 18 months to allow staff the time to analyze the decontrol process while pausing decontrol related activities that have been displacing residents. A Request for Proposals to evaluate the decontrol process was released on September 9, 2018. Proposals were received on October 9, 2018. City staff selected and has contracted with Management Partners to review the vacancy decontrol process. The scope of work includes the following:

- Gather information to developing an understanding of the RRSO, how its implementation has changed over time, how the vacancy decontrol process works, and related issues;
- Analyze the City's role in the decontrol process;
- Review a sampling of decontrol application and arbitrator's decisions specific to petitions requesting review of the status of a unit as decontrolled;
- Evaluation of the improvement value threshold;
- Conduct analysis for the purpose of making recommendations to improve the ordinance or administrative policies and identify any opportunities for program improvements; and
- Prepare a draft staff report and presentation to City Council.

Management Partners started this work on January 18, 2019 and is anticipated to be completed in May 2019. Upon completion, the findings from this review will be presented to the City Council. At that time, staff will also determine if the decontrol moratorium can be ended or if it will require more time to implement any recommended changes. Additionally, the results from this work will inform any final recommendations related to more substantial amendments to the RRSO discussed in greater detail below.

II. Implementation of Improved Access to Information

While progress has been made to improve access to information related to the RRSO, implementation will require continued efforts to identify additional resources and disseminate information to residents. The Housing Division webpages have been updated to provide plain language information regarding the RRSO, which can be found at this link: www.hayward-ca.gov/housing. Staff will continue to make improvements to the website to assist residents with information regarding finding affordable housing, the affordable housing ordinance, affordable housing under development, and homebuyer/owner resources.

Additionally, a database to administer the RRSO is under development. The database will analyze public records to identify units that are covered by the ordinance, identify units with decontrol applications on file, and manage petition workflow. On the website, the public will have access to information about the units covered by the ordinance, summary information such as number of petitions and complaints filed, access to decontrol applications received, and access to arbitrator's decisions. Property owners will be able to notify the City regarding changes of ownership to maintain accurate information regarding responsible parties and units covered by the ordinance. It is anticipated that this first round of information will be available to the public in later this year. Subsequently, staff will continue to refine data as information, not readily available in public records, is provided by property owners.

Additionally, in anticipation of the roll out of the Alameda County's Downpayment Assistance Loan Program (DALP), the City has contracted with Bay Area Affordable Homebuyer Alliance (BAAHA) to increase Hayward residents awareness of the availability of homebuyer assistance offered by the County. BAAHA will also be providing support to Hayward residents interested in using Alameda County's DALP to increase the likelihood of a successful application. Initial outreach received response from nearly 200 Hayward residents. From the residents that responded 40 attended an informational workshop hosted by BAAHA on February 5, 2019. Additionally, the City is sponsoring two homebuyer education workshops provided by ECHO housing to educate Hayward Residents regarding the home buying process and to help residents complete the homebuyer education requirements. The first workshop will be held on February 23, 2019 at City Hall. Lastly, BAAHA will support residents by evaluating their loan readiness and helping them determine if they meet eligibility criteria established by the County. If determined that the resident will need additional support, they will be referred to one-on-one counseling provided by ECHO housing. While Alameda County has not yet officially announced the details of the program, staff felt it was necessary to be proactive about providing information to Hayward residents about resources available to support their pursuit of homeownership so they will be ready to apply when the program is rolled out.

III. Summary of Feedback from Tenant Focus Groups

In October 2018, staff conducted four focus groups, of which two were conducted in Spanish. A total of 19 people participated representing 14 households. The groups were kept small to ensure active participation from all participants. The topics discussed included rent increases and affordability, loss of services and maintenance issues, harassment and threats, retaliation, and loss of housing and evictions. Tenants that participated represented individuals who live in market

rate housing, affordable housing with rents restricted by a government agency, and tenant's receiving Housing Choice Vouchers (Section 8).

The feedback received during the focus groups documents concerns that the current housing market negatively affects the quality of life of Hayward renters and creates housing related stress and anxiety. On average, participants in market rate housing units not subject to rent limitations received 7.3% annual rent increases. There were 9 households in this category. While there was not specific questions about the cost of utilities, one group discussed added utility costs in addition to rent increases. The average utility costs for these five households was \$208 per month representing an average annual increase of 2% or, on average, 11% of their current rent. There was only one tenant whose unit was subject to rent increase limits. The annual average rent increase for this tenant was 1%; however, there is a pending rent increase of 5.9% as determined through an arbitration decision. While the issues summarized below are the major themes expressed by participants, they do not necessarily represent the experience of all participants or all renters in Hayward:

- Tradeoffs made to afford rent which include knowingly violating their lease by renting rooms in their apartments, working extra hours and losing family time, and reducing household expenditures on basic needs;
- Concerns that properties are not being properly maintained, landlords are slow to respond or unresponsive, and a fear of being retaliated against for requesting repairs or a rental inspection;
- Experiences of intimidation through threats of eviction, repeated offers to vacate property and threats of higher rent;
- Concerns with high utility costs and inability to control costs based on usage;
- Fears about changes in ownership potentially affecting their housing;
- Feeling stuck in housing and without recourse due to lack of affordable housing options; and
- Feeling reluctant to move because it would mean the loss of time with family, social networks, schools and community, despite high rents.

The focus groups illustrate the sentiment that tenants have little leverage in negotiations with landlords because of lack of other housing options and high rents, which prevents some tenants from leaving unsatisfactory housing. While there are many landlords that provide quality housing regardless of demand, there are examples indicating that there is a significant amount of housing instability in Hayward and that some landlords may be taking advantage of the housing crisis.