Homelessness-Housing Task Force
Vacancy Decontrol

Christina Morales, Housing Division Manager | Thursday, May 9, 2019

Vacancy Decontrol

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Vacancy Decontrol

Under the RRSO, vacancy decontrol provisions allows a landlord to permanently remove a unit from rent increase limitation when:

1. A unit is voluntarily vacated by a tenant; and

2. The landlord makes unit improvements exceeding threshold.
   $1,566-$3,132 depending on unit size

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Vacancy Decontrol
Issue

- The RRSO is vague regarding administration of the vacancy decontrol process.

- Consistent with the RRSO, City staff assumed a passive role regarding vacancy decontrol provisions and received almost 8,000 decontrol applications over 36 years without making a clear determination regarding the decontrolled status of a unit.

- A clear determination is only made if a tenant challenges the decontrol application through an arbitration process.

- Very few decontrol applications have been arbitrated over the years and some records are incomplete.

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City of Hayward
Vacancy Decontrol Ordinance and Process Review
Summary of Findings

**Presentation to Housing
Homelessness Task Force**

May 9, 2019

Scope of Work

Conducted an assessment of the vacancy decontrol process

Reviewed vacancy decontrol applications for consistency with Ordinance

Evaluated the City's role in the decontrol process

Analyzed the improvement threshold level

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Key Observations

Passive approach to administration	• Consistent with the Ordinance, the City has taken a passive role in administering the vacancy decontrol provisions.
Little benefit to current tenants	• Ordinance only benefits 7% of tenants and improvements made decades ago to decontrol units provides no benefit to current tenants.
City has served as recordkeeper	• Based on the Ordinance, City defined its role as a repository for decontrol applications as opposed to arbitrator
Proof of compliance not required	• No substantiation is required for the cost of repairs
Improvement value threshold too low	• Improvement thresholds value does not justify a unit being rent decontrolled permanently.

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City's Role in Vacancy Decontrol Process

City serves as recordkeeper
- The City has historically viewed its role as recordkeeper as opposed to arbitrator of vacancy decontrol decisions

Applicant landlords don't receive status confirmation
- Applicant landlords do not receive a positive notice of their unit status following submission of the application

Some historical records are incomplete
- Some historical records are incomplete and documentation provided at arbitration is left for arbitrator to maintain

Tenant noticing and arbitration process improvements needed
- Tenant noticing regarding a unit's status and the arbitration process needs to be improved

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Evaluation of Improvement Threshold

Low improvement threshold

- Improvement threshold is relatively low

Improvements do not provide long-term value

- Improvements allowed provide little to no long-term value to tenants in exchange for permanent exclusion from rent ceilings

Improvement threshold does not support policy goals

- Definition of improvements relative to the value of permanent release from rent stabilization accomplishes no clear long-term policy goals such as maintaining affordability or improving habitability of the rental inventory (e.g., painting, carpeting allowed improvements)

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Conclusions and Recommendations

If active rent stabilization and housing affordability is truly desired, the current ordinance is not providing it

- Even if improved, only 7% of the entire rental housing stock remains subject to rent stabilization
- Low improvement threshold allows landlords to permanently decontrol their units with little benefit to current tenants

Repeal and replace with comprehensive approach to rent stabilization

- Current ordinance may no longer be relevant
- Review best practices from other cities
- Develop unique approaches to address Hayward's specific needs

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Next Steps
Timeline

Meeting	Topic	Date
City Council	• Proposed Rent Stabilization Legislation to Amend RRSO	June 18, 2019 @ 7:00 pm

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Vacancy Decontrol
Staff's Conclusions

- Management Partner's report indicates that the permanent vacancy decontrol provisions may no longer be relevant in the current housing market and provide little benefit in terms of housing habitability and stability.

- Council has already expressed support for eliminating permanent vacancy decontrol.

- Consistent with Management Partner's recommendation, Council has already established a framework for a comprehensive set of housing policies.

- Retaining the vacancy decontrol provisions, even as improved, will likely cause confusion related to applicability of new versus old provisions.

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Vacancy Decontrol
Recommendation Options

Staff requests feedback from the Homelessness-Housing Task Force regarding:

1. Elimination of permanent vacancy decontrol to pursue a broader package of rent stabilization policies; or

2. Modify current ordinance and increase improvement value threshold, among other changes recommended by Management Partners.
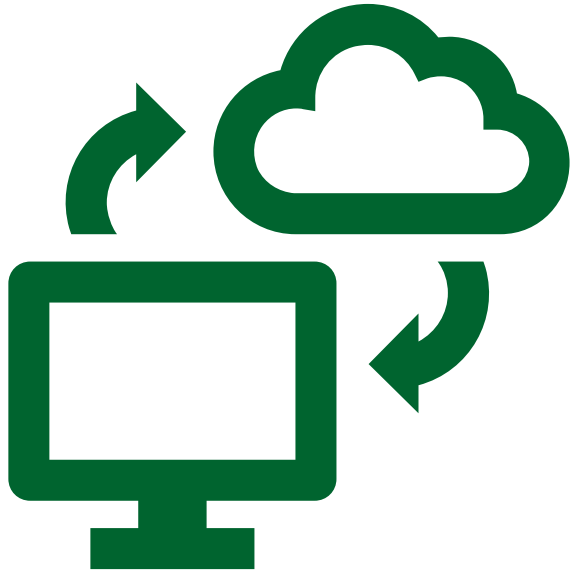
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Homelessness-Housing Task Force
Feedback on Proposed Rental Housing Database

Christina Morales, Housing Division Manager | Thursday, May 9, 2019

Presentation Purpose

- Staff is seeking HHTF feedback regarding the development of a rental housing database.

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Rental Housing Database
Summary

- Data will be obtained from public records.

- All rental properties included.

- Data will be refined over time based on documentation provided by owners and renters.

- Phased approach to database development based on complexity of data and implementation, as well as future direction from Council.

Rental Housing Database

Introduction to Knack Database Platform

- The advantages of the Knack platform are:
  - **Customizable** – can easily be modified for information changes
  - **Assessible to the Public**
  - **Allows Unlimited Users** – potential to be mechanism for receiving rent increase and eviction notices
  - **Customizable Reports** – improve analysis
  - **Contains Programming Interface** – data can be extracted and integrated into other systems
  - **Low Cost**

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Rental Housing Database
Database Implementation

- **Phase I**
  - Identify rental housing units and identify the policies applicable to each unit. Landlords and Tenants will be able to find which provisions apply to their units.

| Units | Owners | Managers | Decontrol | Petitions | Mediations & Arbitrations | Complaints | Report Test |

Logged in as **tester tester** - Acco

Units

| All | Covered | Rent Restricted Exempt |

search by keyword [search]

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50 per page ⌄ | Page 1

Details	Edit	Address	Complex	Owner	Petitions	Complaints	Status	Affordable	Decontrolled	Property Type	Year Built
details	edit	1222 Bellina St	Bellina Blvd	WELLS JEFFREY B TR	0	1	Not Covered	No	No	Single Family	
details	edit	1227 Bellina St	Bellina Blvd	COSTA CARLOS S JR & MARIA G	1	0	Not Covered	No	No	Single Family	
details	edit	1229 Bellina St	Bellina Blvd	CASTELLANOS CRISTINA TR	0	0	Not Covered	No	No	Single Family	
details	edit	1201 B St # 8	Camden Yards	NLB INVESTMENTS LLC	0	0	Covered	No	No	Multi-Family	

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Rental Housing Database
Database Implementation

- **Phase II**
  - Create a system to be used by the City and the City's consultant to track tenant petitions, outcomes, and reasons for withdrawal.

Petitions

search by keyword | search

Showing 1-20 of 20   ▼ Add filters

Details	Edit	Petition #	Meds/Arbs	Unit	Petition Date	Petition Type	Petition Status	Outcome	Reason Withdrawn
details	edit	P20142	A23, M25, M8	22470 Sonoma St	04/15/2014	Rent Increase	Petition Withdrawn	Original Terms	Tenant Changed Mind
details	edit	P201710	M4	66 Rhino St # 4	12/14/2017	Decontrol Status	Resolved Outside of Process	Agreement Reached Between Parties	
details	edit	P20179	A21, M20	195 Lund Ave	10/12/2017	Rent Increase	Resolved During Mediation	Agreement Reached Between Parties	
details	edit	P20181	M3	21751 Westpark St	01/08/2018	Rent Increase	Resolved During Arbitration	Lowered Rent Increase	
details	edit	P201811	M6	66 Rhino St # 5	01/22/2018	Rent Increase	Active		
details	edit	P201812	A21, M20, M6	66 Rhino St # 5	11/22/2018	Rent Increase	Petition Withdrawn	Not Pursued By Tenant	Tenant Feared Retaliation

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Rental Housing Database
Database Implementation

- **Phase II** – petition detail

Petition Details

P20181

Unit	21751 Westpark St
Petition Date	01/08/2018
Petition Type	Rent Increase, Reduction of Services
Petition Description	The property owner has increased rent more than 5%. Parking was free but now the owner will charge $50 per month for parking
Petition Status	Resolved During Arbitration
Outcome	Lowered Rent Increase
Reason Petition Withdrawn	
Other Reason Petition Withdrawn Details	
Filed Against Property Manager	Sally's Stupendo Apartments
Filed Against Owner Manager	
Petition Documents	www.cbs.com

Actions

- Edit Petition
- Send Petition Received Notification
- Add Mediation
- Add Arbitration

Rent Details

Owner's Reason for Rent Increase	Increases in Maintenance and Operating Expenses
Base Rent	$1,140.00
Proposed Rent Increase	$140.00
Reduced Services Value	$50.00
Proposed Rent Increase %	16.67%
Decision Rent Increase	$57.00
Decision Reduced Services Value	$0.00
Decision Rent Total	$1,197
Decision Rent Increase %	5%

Rental Housing Database
Database Implementation

- **Phase II**
  - Create repository for rental housing complaints, including units not covered by the mediation program (similar to BBB or Yelp).
  - Detailed information regarding complaints would not be available to the public, only aggregate data through reports.

Complaints

search by keyword | search

Showing 1-8 of 8 ▼ Add filters

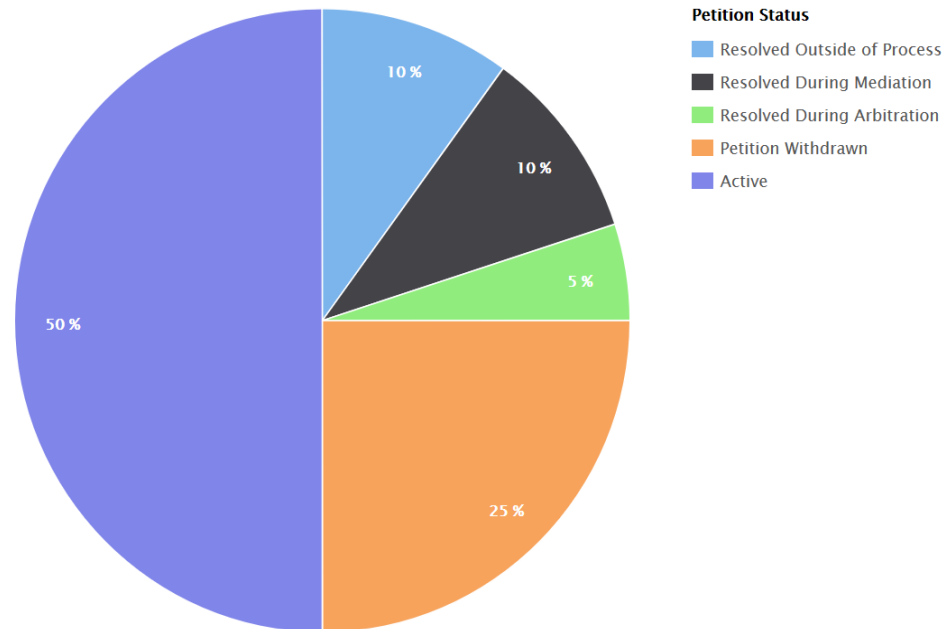| Details	Edit	Complaint #	Unit	Date	Category	Other Reason	Responded
details	edit	C20181	1218 D St	11/06/2018	Decreased Housing Services: Utilities, Other	asking about legal status	No
details	edit	C20182	22750 3rd St	09/11/2018	Owner Non-Responsive		No
details	edit	C20186	1289 Terrace Ave	07/16/2018	Requested Repairs Unaddressed		No
details	edit	C20193	1140 D St # 301	03/04/2019	Unhealthy/Unsafe Housing Conditions, Owner Non-Responsive		No
details	edit	C20194	1140 D St # 105	03/05/2019	Decreased Housing Services: Parking		No
details	edit	C20195	1140 D St # 105	03/05/2019	Owner Non-Responsive		No
details	edit	C20197	1201 B St # 17	03/18/2019	Unhealthy/Unsafe Housing Conditions		No
details	edit	C20198	1222 Bellina St	04/19/2019	Decreased Housing Services: General		No

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Rental Housing Database
Database Implementation

- **Phase II**
  - Reports will provide summary information such as units by program.
  - For petitions and complaints, only aggregate statistical information will be available to public through reports.
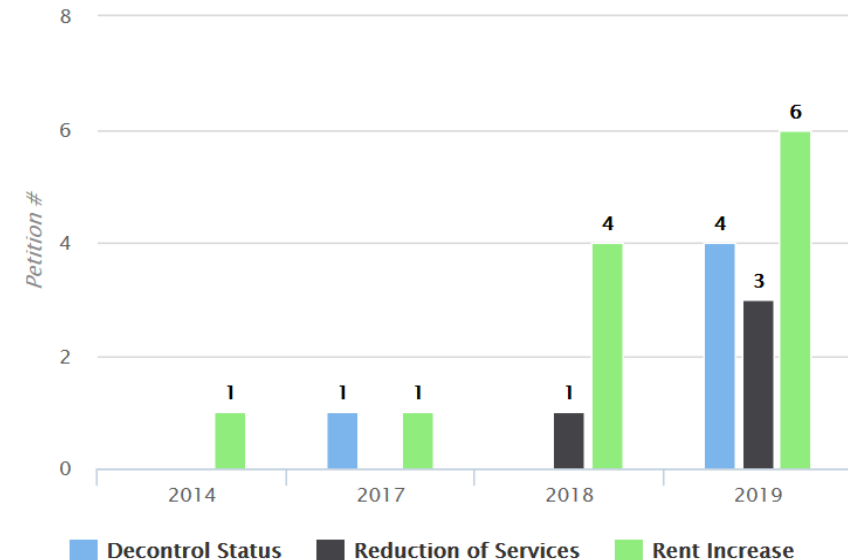

Petition Outcomes

print download

Petition Status
- Resolved Outside of Process
- Resolved During Mediation
- Resolved During Arbitration
- Petition Withdrawn
- Active

10 %
10 %
5 %
50 %
25 %

Petitions

Add filters

print download

Decontrol Status Reduction of Services Rent Increase

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Rental Housing Database
Database Implementation

- **Phase III**

    - Incorporate elements from any new legislation such as:
        - File rent increase notices and termination of tenancy notices

    - Staff will work with IT to evaluate system capabilities to potentially allow:
        - Landlords to upload information to the system

Rental Housing Database
Database Implementation

- **Phase IV**

  - Explore HHTF suggestions:
    - Automated noticing
      - Provide confirmation of receipt of petition
      - Provide resources to new property owner to help them understand legislation related to rental property

Next Steps
Timeline

Meeting	Topic	Date
City Council	• Proposed Rent Stabilization Legislation to Amend RRSO	June 18 @ 7:00 pm

- Over the next month, staff anticipates finishing the framework for the database and uploading the data in the following month.
- Proposed changes to the RRSO may delay the implementation of the database as modifications will be necessary.
- However, creation of this database is an administrative function and will not require Council action.
- Staff anticipates that information will be available to the public later this year.

Questions & Feedback