



DATE: May 21, 2024

TO: Mayor and City Council

FROM: Director of Development Services

SUBJECT: RRSO Mediation Services: Adopt a Resolution Authorizing the City Manager to Execute an Agreement with Project Sentinel for Fiscal Year 2025 in an Amount Not-to-Exceed \$180,000 to Provide Mediation, Arbitration, and Education Services Related to the Residential Rent Stabilization and Tenant Protection Ordinance and Mobilehome Space Rent Stabilization Ordinance

RECOMMENDATION

That the Council adopts a resolution (Attachment II) to authorize the City Manager to execute an agreement with Project Sentinel to provide mediation and arbitration services, administrative support, and outreach and educational services related to the Residential Rent Stabilization and Tenant Protection Ordinance (RRSO) and Mobilehome Space Rent Stabilization Ordinance (MRSO) in an amount not-to-exceed \$180,000 for Fiscal Year 2025.

SUMMARY

As part of the RRSO, the City provides a mandatory mediation program with binding arbitration to resolve rent increase disputes for tenants of covered rental units upon rent increases greater than five percent. Project Sentinel currently administers the RRSO rent dispute resolution process, including providing mediation and arbitration services, administrative support, and outreach and education support. Project Sentinel has reliably provided these services for many years and their current contract with the City will expire on June 30, 2024.

Since Council adopted the RRSO in July 2019, Project Sentinel has increased their cost rate beginning FY 2023, to accommodate the increase in rent review petitions after the conclusion of the last eviction moratorium. There had been an increase in volume and complexity of rent dispute resolution petitions submitted by tenants and landlords since FY 2020, resulting in a significant increase in demand on Project Sentinel without any corresponding increase to their capacity or accounting for inflation in costs since 2019. For FY 2025, Staff has accounted for an increase of \$20,000 in the proposed operating budget to adjust for inflation and to account for the additional hours required to complete complex multi-party mediations and arbitrations. The RRSO establishes timeframes in which the City must respond to petitions and move them

through the rent dispute resolution process. An increase in petition volume without an increase in organizational capacity puts the City at risk of not meeting the timelines mandated by the RRSO.

The Project Sentinel agreement is paid from Rent Review Fund and funded by payments from the annual Residential Rent Stabilization Fee. The fee supports the administration of the RRSO, the Mobilehome Space Rent Stabilization Ordinance (MRSO), and the Tenant Relocation Assistance Ordinance (TRAO). The Operating Budget will cover the cost associated with this contract with Project Sentinel. The total fiscal impact will be equal to the amount budgeted for FY 25, and there is no additional impact to the Rental Housing Program Fund.

BACKGROUND

On June 19, 2019, City Council approved adding Chapter 12 to the Hayward Municipal Code to adopt a new Residential Rent Stabilization and Tenant Protection Ordinance (RRSO) to mitigate displacement of Hayward residents.¹ Included in the RRSO is a mediation and binding arbitration program in which tenants living in units covered by the residential rent threshold provision of the ordinance (Section 12-1.05) have access to free mediation services when they receive a rent increase greater than five percent. The MRSO also includes an arbitration program. The City entered into agreements with Project Sentinel to support the City in its administration of the RRSO and MRSO since before FY 2018. Each year, staff provide an RRSO implementation update to the Homelessness-Housing Task Force (HHTF). The RRSO implementation update from the December 2023 HHTF meeting provides a more detailed discussion of Project Sentinel's role and the implementation of the RRSO.²

DISCUSSION

As part of the RRSO, the City provides a mandatory mediation program with binding arbitration to resolve rent increase disputes for tenants of covered rental units upon rent increases greater than five percent. Project Sentinel currently administers the mediation and arbitration program and provides educational workshops to advise tenants and landlords of their rights and responsibilities under the City's RRSO. A key component of the work Project Sentinel does to support the City's implementation of the RRSO is ensuring that petitions move through the workflow within the timeframes established by the RRSO and contracting with a panel of mediators and arbitrators to provide services established under the RRSO and MRSO.

¹ June 19, 2019 City Council Meeting Staff Report and Attachments:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=3985848&GUID=52D1B678-D6BB-401A-AB3C-8990885C0CDD&Options=ID|Text|&Search=rent+stabilization>

² December 7, 2023, Homelessness-Housing Task Force Staff Report and Attachments:
<https://hayward.legistar.com/LegislationDetail.aspx?ID=6441051&GUID=8D8DD8E0-BA0D-472C-BB98-71F2639FD70F&Options=&Search=>

The City has been in contract with Project Sentinel since before FY 2018, with their scope expanding in FY 2020 to account for the adoption of the new RRSO in July 2019. Project Sentinel has increased their cost rate beginning FY 2023 to accommodate the increase in rent review petitions after the conclusion of the last eviction moratorium. Due to rising cost inflation, Staff has accounted for an increase of \$20,000 in the proposed FY 2025 Operating budget to adjust for inflation and increase in time required to complete complex multi-party mediation and arbitrations.

Staff recommends Council adopt a resolution authorizing the City Manager to negotiate and execute an agreement with Project Sentinel to support implementation of the RRSO and MRSO in FY 2025.

ECONOMIC IMPACT

There is no immediate economic impact with consideration of this report.

STRATEGIC ROADMAP

This agenda item supports the Strategic Priority of Preserve, Protect, and Produce Housing. This item is not specifically related to a project identified in the Strategic Roadmap. Staff is bringing forth this item because the contract with Project Sentinel is necessary for implementing the RRSO.

FISCAL IMPACT

There are sufficient funds budgeted in the proposed FY 2025 Operating Budget to cover the cost associated with this item, and there is no additional impact to the Rental Housing Program Fund.

PUBLIC CONTACT

There has been no public comment related to this item.

NEXT STEPS

If this item is approved, Staff will enter into an agreement with Project Sentinel to provide the services described in this report.

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Approved by:



Dustin Claussen, Interim City Manager