

**CITY COUNCIL MEETING
TUESDAY, FEBRUARY 19, 2019**

PRESENTATIONS

ITEM 12 – WS 19-012

**UPDATE ON EFFORTS RELATED TO THE CITY'S
RESIDENTIAL RENT STABILIZATION
ORDINANCE AND PROVIDE DIRECTION ON
POTENTIAL AMENDMENTS TO THE
RESIDENTIAL RENT STABILIZATION
ORDINANCE**

Update on Efforts Related to Residential Rent Stabilization Ordinance (RRSO)

Seeking Direction on Potential Amendments to RRSO

February 19, 2019

Work Session Focus

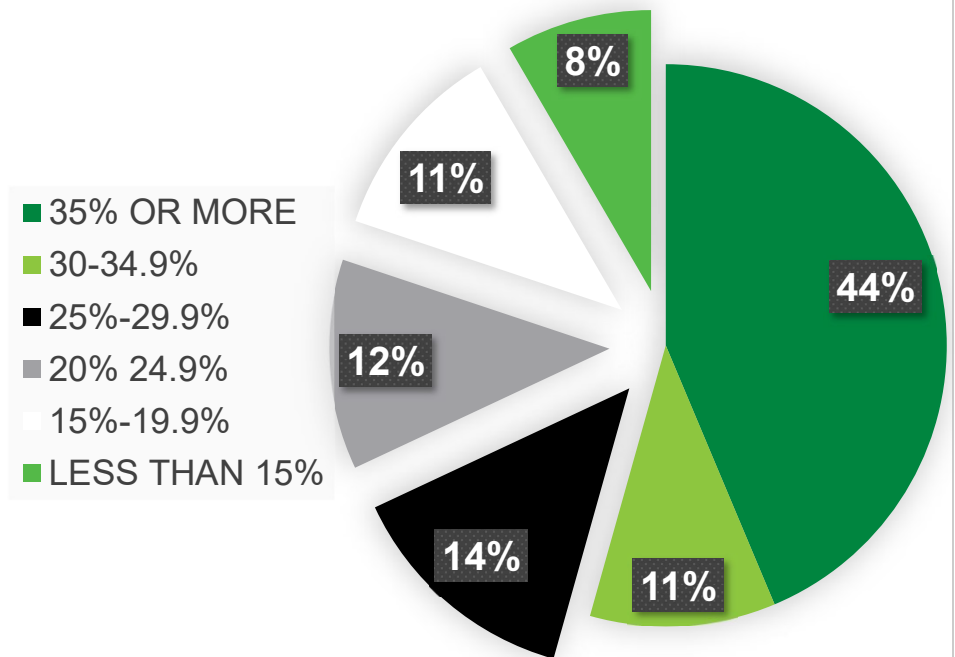
Seek Council direction regarding the following potential amendments to the Residential Rent Stabilization Ordinance (RRSO)

- Strengthened and enhanced communication via a mediation and binding arbitration process
- Vacancy decontrol process
- Eviction for cause
- Other tenant protections
- Address clarity and transparency

Background

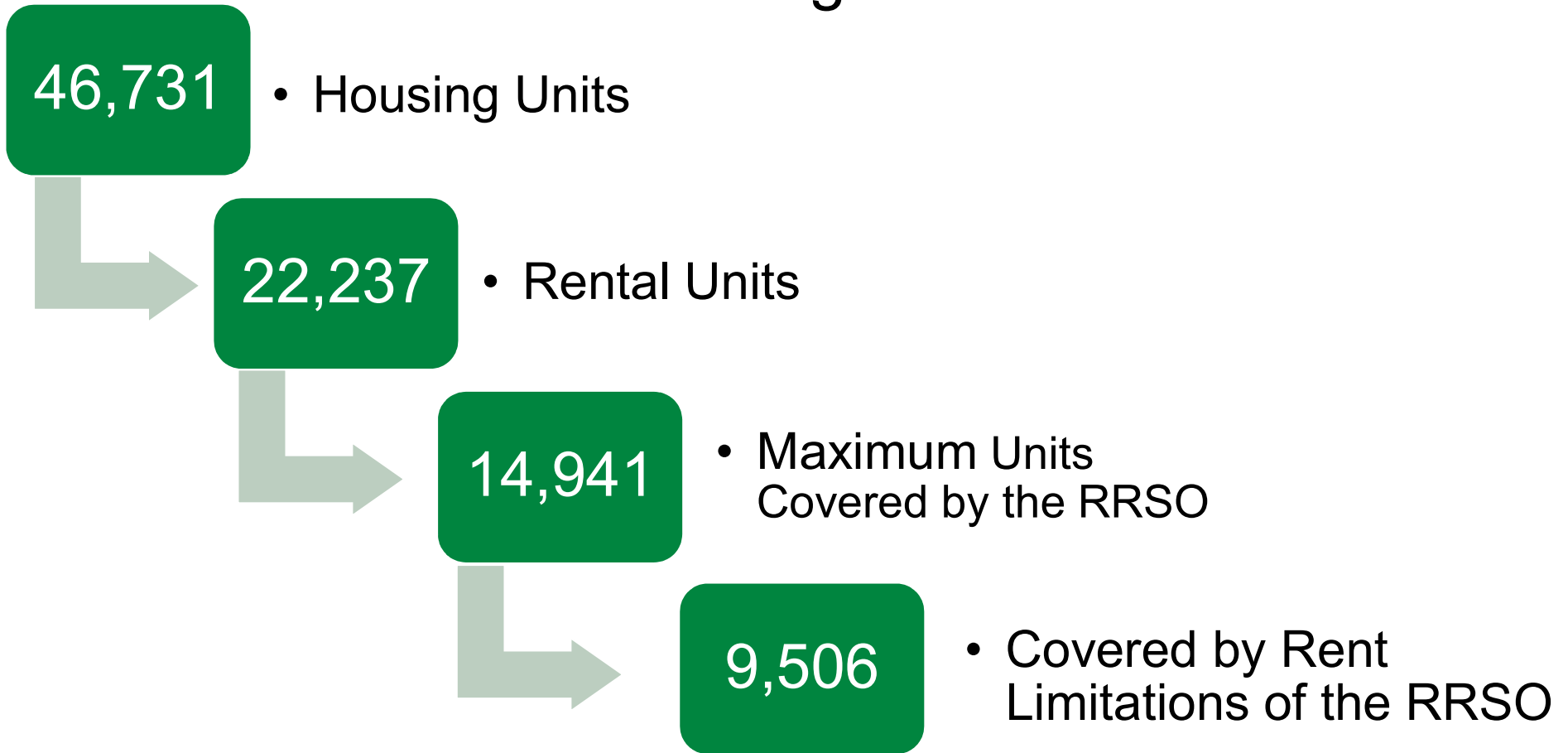
- Housing production has not kept pace with population growth
- 55% Hayward renters experience a housing cost burden- spending more than 30% of their income on housing
- There are only 1,000-1,600 rent controlled units
- On May 29, 2018 , the City Council adopted two ordinances:
 - Moratorium on vacancy decontrol
 - Clarification of Eviction for Cause provisions
- Staff has continued to meet with stakeholders

Rent as a Percentage of Income



Source: American Community Survey 2017

Background



Background

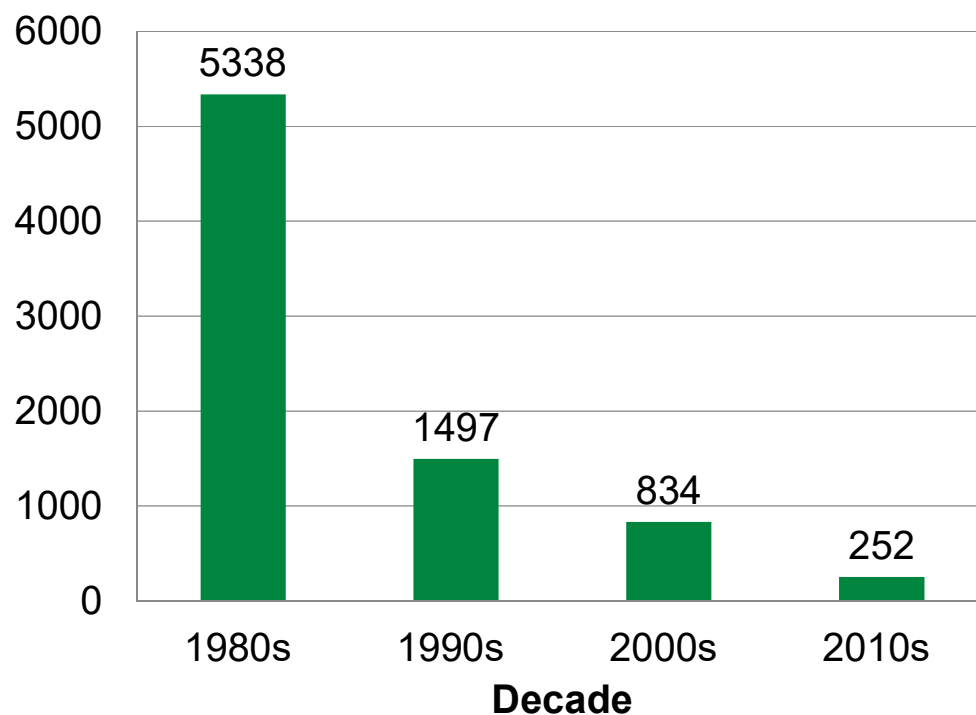
7,931

Total decontrol applications received by the City

1,000
to
1,600

Estimate of units subject to rent increase limitations

Number of Decontrol Applications Received by the City



Background-Updates



Moratorium on Vacancy Decontrol

- Hired consultant to review the vacancy decontrol process
- Report to be completed in May 2019



Access to Information

- Plain language information about the RSSO on website
- Developing databased to administer the RRSO
- Preparing Hayward residents to apply for County Homebuyer Assistance program



Focus Groups

- Housing related stress and anxiety due to current housing market, unsustainable rent increases, or poor housing quality
- Sentiment that tenants have little leverage to negotiate

Strengthen and Enhance Communication via a Mediation and Binding Arbitration Process

Recommendation

A Mediation process with binding arbitration

B 5% rent increase threshold for mediation consistent with existing RRSO

Alternatives

- 1 Rent control
 - 2 Mediation without binding arbitration
-
- 1 Tie the threshold to the consumer price index typically 1-3% (tenant advocates)
 - 2 7-8% (landlord advocates)

Strengthen and Enhance Communication via a Mediation and Binding Arbitration Process

Recommendation

C Make process applicable to all market rate rental units built prior to July 1, 1979 except:

- Single-family homes
- Owner occupied
 - Duplex
 - Triplex
 - Quadraplex

Alternatives

- 1** Maintain current definition *(5 units under common ownership, which is hard to track)*
- 2** Only exempt single-family homes
- 3** Exempt all complexes of 4 units or less including single-family homes

Vacancy Decontrol Process

Proposed Options

- 1 Eliminate the process for decontrolling units maintaining the 1,000 - 1,600 units currently covered by rent increase limitations
(Rents could still be raised to market rate upon voluntary vacancy per state law)
- 2 Maintain and update the vacancy decontrol process per consultant study
- 3 Suspend the vacancy decontrol process for a period of time, such as 5 years

Eviction for Cause

Proposed Options

- 1 Expand eviction for cause to more rental units in the City – *currently only applies to pre-1979 market rate housing where the landlord owns five or more units in the City*
 - A: *All units, including single-family homes*
 - B: *Exempt only single-family homes*
 - C: *Exempt single-family and owner-occupied 2-4 units complexes*
- 2 Maintain current definition - *5 units under common ownership, which is hard to track*
- 3 Exempt all complexes of 4 units or less - *some units current subject to ordinance will become exempt*

Eviction for Cause

Units Covered by Proposed Options	# of Units	Net Change from Max Units Covered
Maximum Units Covered by RRSO Built before 1979 (include all 1-4 unit properties)		14,941
Total Rental Units (excluding mobile homes) • Adds 7,062 units built after 1979	22,003	+7,089
Single Family Homes Exempt • Adds 7,062 units built after 1979 • Subtracts 7,016 single family homes	14,987	+46
Single Family Homes and Owner-Occupied 2-4 Unit Properties Exempt • Adds 7,062 units built after 1979 • Subtracts 7,016 single family homes • Subtracts 200 2-4 unit owner-occupied properties (200-600 Units)	14,787 to 14,387	-154 to -554
Single Family Homes and 2-4 Unit Properties Exempt • Adds 7,062 units built after 1979 • Subtracts 7,016 single family homes • Subtracts 2,115 units in 2-4 properties	12,872	-2,069

Other Tenant Protections

Proposed Options

- 1 Prohibition against discrimination of Section 8 voucher holders
- 2 Relocation assistance for no fault evictions
- 3 Retaliation protections for tenants that advocate for their rights
- 4 Promotion of a landlord code of conduct

Clarity and Transparency

Proposed Options

- 1 Require that rent increase and eviction notices be filed with the City
- 2 Maintain status quo in terms of data availability and require no additional notice filing
- 3 Require filing of eviction notices only
- 4 Address unclear provisions

Next Steps

Timeline	
Continue to work with community groups, stakeholders, and Council Homelessness-Housing Task Force based on Council direction and return to Council with draft amendments	Later 2019
Reducing barriers to development report	March 2019
Management Partners study on the vacancy decontrol process	May 2019

Work Session Focus

Seek Council direction regarding the following potential amendments to the Residential Rent Stabilization Ordinance (RRSO)

- Strengthen and enhance communication via a mediation and binding arbitration process
- Vacancy decontrol process
- Eviction for cause
- Other tenant protections
- Address clarity and transparency

Questions

