



DATE: May 18, 2021

TO: Mayor and City Council

FROM: Assistant City Manager

SUBJECT: Adopt a Resolution Authorizing the City Manager to Execute an Agreement with Project Sentinel for Fiscal Year 2022 in an Amount Not-to-Exceed \$150,000 to Provide Mediation Services Related to Rent Stabilization and Repayment Agreements and Support Implementing the Tenant Relocation Assistance Ordinance at the Same Level as Fiscal Year 2021

RECOMMENDATION

That the Council adopts a resolution (Attachment II) to authorize the City Manager to execute an agreement with Project Sentinel to provide administrative support, educational services, relocation assistance implementation support, and mediation services related to rent stabilization, rent repayment agreements for tenants unable to pay rent due to COVID-19 economic impacts in an amount not-to-exceed \$150,000 for Fiscal Year 2022.

SUMMARY

As part of the Residential Rent Stabilization and Tenant Protection Ordinance (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 provides administrative support, administers the mediation and arbitration program, develops and facilitates educational workshops to advise tenants and landlords of their rights and responsibilities under the City's RRSO, and provides recently expanded mediation services to help tenants and landlords enter into repayment agreements. Project Sentinel's contract with the City will expire on June 30, 2021.

As the economic impacts of the COVID-19 pandemic continue to negatively affect Hayward renters and landlords, and with the current State eviction moratorium set to expire on June 30, 2021, staff recommend the Council authorize the City Manager to execute an agreement with Project Sentinel not-to-exceed \$150,000 for Fiscal Year 2022. This agreement will enable the City to continue providing mediation services for both the RRSO mediation and arbitration program, as well as the expanded services to support renters and landlords as they negotiate repayment plans to recover non-payment of rent due to COVID-19, provide the City support with implementation of the Tenant Relocation Assistance Ordinance (TRAO), and provide educational workshops to landlords and tenants. The new contract would replace the current

contract and maintain funding at the same level approved by Council for the previous fiscal year, which included the expansion of services to mediate repayment agreements to address unpaid rent caused by the COVID-19 pandemic.

The Rental Housing Program Fund is funded by payment of the annual Residential Rent Stabilization Fee and goes to support the administration of the RRSO and the Mobilehome Space Rent Stabilization Ordinance. There are sufficient funds budgeted in the proposed FY 2022 Operating Budget to cover the cost associated with this contract with Project Sentinel. The total fiscal impact will be equal to the amount budgeted for FY22, 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. Further, in July 2020, City Council adopted an Ordinance implementing Tenant Relocation Assistance (Chapter 12, Article 2 of the Hayward Municipal Code).² The Tenant Relocation Assistance Ordinance (TRAO) requires that landlords 1) pay permanent relocation assistance in alignment with existing State law and 2) pay temporary relocation assistance when tenants are displaced due to substantial repairs or a government order to vacate when the repairs or order to vacate are not due to damage caused by the tenant or a natural disaster. The City entered into agreements in FYs 2020 and 2021 with Project Sentinel to support the City in its administration of rental housing legislation.

Since the onset of the COVID-19 pandemic in March 2020, several State, County, and local eviction moratoria have been implemented. Most recently, the Governor signed the COVID-19 Tenant Relief Act into law, which extended the tenant protections from the first State moratorium and created the State Emergency Rental Assistance Program (ERAP).³ The State's eviction moratorium is set to expire on June 31, 2021. In conjunction with passing a local eviction moratorium that was eventually superseded by State law, Hayward City Council also adopted a resolution authorizing the City Manager to negotiate and execute an amendment to

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 July 14, 2020 City Council Meeting Staff Report and Attachments:

<https://hayward.legistar.com/LegislationDetail.aspx?ID=4590663&GUID=ADB12ECB-15EB-4DB2-B096-5A6D9877359A&Options=&Search=>

³ COVID-19 Tenant Relief Act full text:

https://leginfo.legislature.ca.gov/faces/billNavClient.xhtml?bill_id=20210220SB91#:~:text=This%20bill%2C%20for%20the%20duration,rent%2C%20unless%20the%20tenant%20agrees

the FY 2020 agreement with Project Sentinel to expand mediation services to assist landlords and tenants impacted by COVID-19 to enter into repayment agreements. Staff anticipates that, even with State and County rent relief for low-income households, expanded mediation services for tenants and landlords impacted by COVID-19 will continue to be needed as the June 31, 2021 State eviction moratorium end date approaches. Staff also anticipates an increase in petition volume as part of the residential rent dispute process, as there may be additional rent increase petitions due to increased economic hardship as FY 2022 progresses.

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, educational workshops to advise tenants and landlords of their rights and responsibilities under the City's RRSO, and recently expanded mediation services to help tenants and landlords enter into repayment agreements. Additionally, staff expanded Project Sentinel's FY 2021 scope of work to include support for administering the TRAO. Project Sentinel's contract with the City will expire on June 30, 2021.

Based on the number of petitions filed since adoption of the new RRSO, the number of requests to negotiate repayment agreements resulting from COVID-19, the need for ongoing assistance in implementing the TRAO, and the current level of education seminars provided, staff recommends entering into a contract with Project Sentinel in an amount not-to-exceed \$150,000 for Fiscal Year 2022. This amount is consistent with the amount authorized by Council for Fiscal Year 2021 to maintain the same level of service, including response to the COVID-19 pandemic by providing tenants and landlords a forum to resolve disputes about past due rents while avoiding the court system.

Repayment Agreement Mediation

Upon authorization from Council to expand mediation services in FY 2020, staff worked with Project Sentinel to confirm the structure of the mediation services, including the design of an online application process for individuals to request free mediation services. Individuals without access to a computer are connected to City staff, who can complete the application on their behalf. Once a request is submitted, Project Sentinel staff reach out to the applicant and begin the process of contacting all parties and scheduling remote sessions with mediators. The mediators then work with parties to negotiate repayment plans to recover any non-payment of rent.

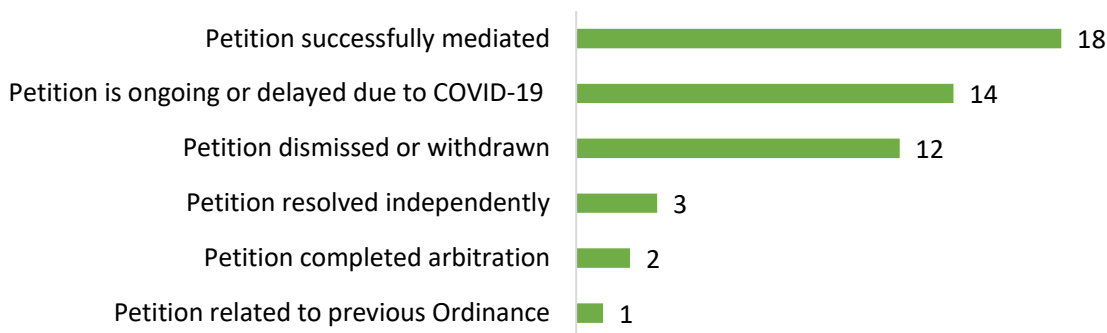
Since April 15, 2020, Project Sentinel has received 52 requests for mediation. Twelve of the requests are currently still in mediation, with outcomes pending. Of those that were completed, over half were resolved and approximately one-third were closed due to impasse or the inability for mediators to make contact with one of the parties. Project Sentinel has highlighted the value of working with tenants and landlords to both help them understand their rights and obligations and to provide a space for them to articulate their fears and

concerns, creating open dialogue and establishing a foundation for future discussion. It also provides an opportunity for resource sharing, as mediators provide relevant legal information and information about resources and programs available to assist landlords and tenants, including the Alameda County Emergency Rental Assistance Program. Staff recommends continuing to fund the expanded services, as the expiration of the State moratorium in June 2021 may increase the demand for services to prevent tenants and landlords from resolving unpaid rent disputes in the court system.

Rent Dispute Mediation and Arbitration

The new RRSO, revised in July 2019, expanded the mediation and arbitration process to include more Covered Rental Units. The process is initiated by a petition, either from a tenant or landlord/property owner. From July 25, 2019 through March 31, 2021, the Housing Division received 50 petitions, all but one of which was from tenants. As shown in Figure 1, the majority of petitions that are not currently active have been successfully mediated, with few needing to advance to arbitration. One landlord capital improvement pass-through petition is currently active. Staff anticipate an increase in petitions in FY 2022 due to expiring eviction moratoria and the increased economic hardship landlords and tenants have experienced over the last year.

Figure 1. Tenant Petition Outcomes, as of March 31, 2021



Education Services

In addition to conducting mediation and arbitration hearings for rent disputes, assistance with the TRAO, and COVID-19 repayment plan negotiation, Project Sentinel and City staff provide ongoing education services for Hayward residents. Together, staff and Project Sentinel have conducted 18 workshops since July 2020. Workshop topics include: overview of the RRSO and tenants’ and landlords’ rights and responsibilities under the revised ordinance; a “how-to” discussion of the petition process; review of the Just Cause provisions of the RRSO; an overview of fair housing law; and review of maintenance and habitability rights and responsibilities for tenants and landlords. Since the COVID-19 pandemic, staff and Project Sentinel have shifted to remote workshops, with topics focusing on review of local and State eviction moratoria and discussion of rent relief, including the City’s program, as well as the County’s new Emergency Rental Assistance Program operated by Centro Legal de la Raza.

Staff have also made a concerted effort to partner with Hayward Unified School District (HUSD), conducting five workshops with parents through HUSD. While workshops are tailored for either landlords or tenants, they are open for all individuals in Hayward.

To continue administering the mediation/arbitration program under the RRSO, facilitating the education programs to help tenants and landlords understand their rights, assisting with implementation of the TRAO, and to address the anticipated need for mediation services to assist landlords and tenants negotiate rent repayment plans to reduce the risk of displacement for Hayward residents, staff recommends authorizing the City Manager to enter into an agreement with Project Sentinel not-to-exceed \$150,000.

FISCAL IMPACT

There are sufficient funds budgeted in the proposed FY 2022 Operating Budget to cover the cost associated with this item. The total fiscal impact will be equal to the amount budgeted, and there is no additional impact to the Rental Housing Program Fund.

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 and TRAO.

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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Recommended by: Jennifer Ott, Assistant City Manager

Approved by:



Kelly McAdoo, City Manager