



Workshops:

December 12, December 14 and December 15, 2016

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Community Stabilization and Fair Rent Act (CSFRA)
&
Urgency Ordinance on Just Cause Terminations

www.mountainview.gov/rentstabilization

Agenda

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1. Welcome, purpose, background
2. Key Components of CSFRA
 - Rent Roll Back
 - Just Cause Terminations
 - Allowable Rent Adjustments
 - Rental Housing Committee
3. Next Steps
4. Resources
5. Q&A

Agenda

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Welcome, Purpose & Background

Purpose

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1. Explain rent stabilization under CSFRA and Urgency Ordinance for Just Cause Terminations,
2. **Review** Rights and Responsibilities of both Tenants and Landlords
3. **Provide information to facilitate** compliance,

Remember:

- City implementing new program (significant work item)
- City's role is to implement and provide a framework to assist the Rental Housing Committee. The RHC will administer the CSFRA.

Background

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February, 2010

- Tenant Relocation Assistance Ordinance

January 7, 2016

- Right to Lease Ordinance

May 26, 2016

- Rental Housing Dispute Resolution Program

June, 2016

- Signatures submitted to put Measure V on ballot

November 8, 2016

- Election day: Measure V received majority votes

November 15, 2016

- Just Cause Urgency Ordinance

December 23, 2016

- Community Stabilization and Fair Rent Act (CSFRA)

Rental Units covered under CSFRA:

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First Certificate of Occupancy:	Rent Increases	Just Cause	Rent Roll Back
Before February 1, 1995	Yes	Yes	Yes
Between February 1, 1995 & December 23, 2016	No	Yes	No
After December 23, 2016	No	No	No
Exempt: <ul style="list-style-type: none"> ✓ Single Family Homes ✓ Condominiums ✓ Companion Units ✓ Duplexes ✓ Units in hotels, motels, etc. rented out for less than 30 days ✓ Units in hospital, medical care facility, dormitory, etc. ✓ Government or subsidized rental units 	No	No	No

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Rent Roll Back

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Tenancy began:

On or before October 19, 2015

- Roll Back to Rent in effect on October 19, 2015

After October 19, 2015

- Roll back to Initial Rent at start of tenancy

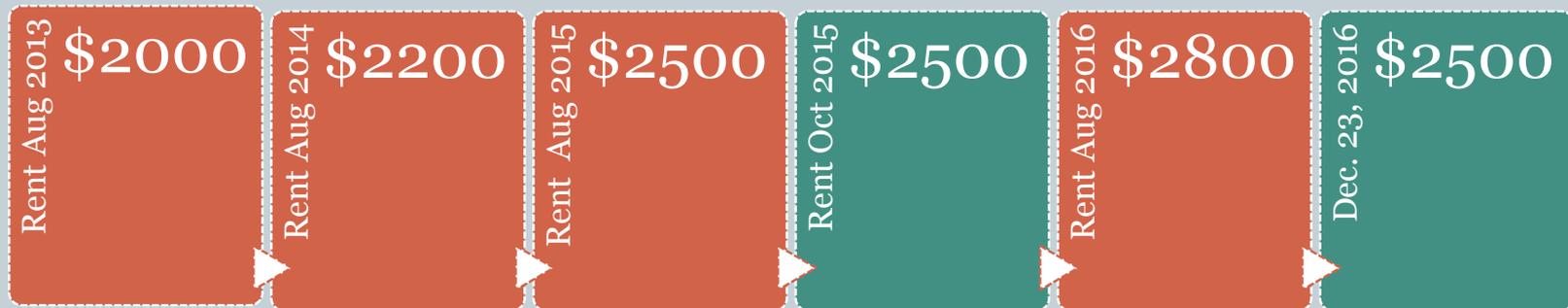
Rent Roll Back

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Scenario 1:

Tenancy started August 2013.

Every year in August tenant receives a rent increase:



Rent Roll Back

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Scenario 2:

Tenant started renting in March of 2016;
received rent increase in September 2016:



Rent Roll Back

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Questions?



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Just Cause Terminations

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BEFORE:

State Law allows “no cause” 30/60 day termination notice.

NOW landlord only permitted to issue **termination notice permitted** for the following reasons (**causes**):

1. Failure to pay rent
2. Breach of lease
3. Nuisance
4. Criminal activities
5. Failure to give access

Just Cause Terminations

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AND ALSO a landlord is permitted to issue a **termination notice** for the following reasons (**causes**):

6. Temporary vacancy due to necessary/substantial Repairs
7. Owner move-in
8. Withdrawal units from market
9. Demolition

Just Cause Terminations

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WHAT IS NEW?

CSFRA requires a landlord to provide to tenant a Written Notice to Cease

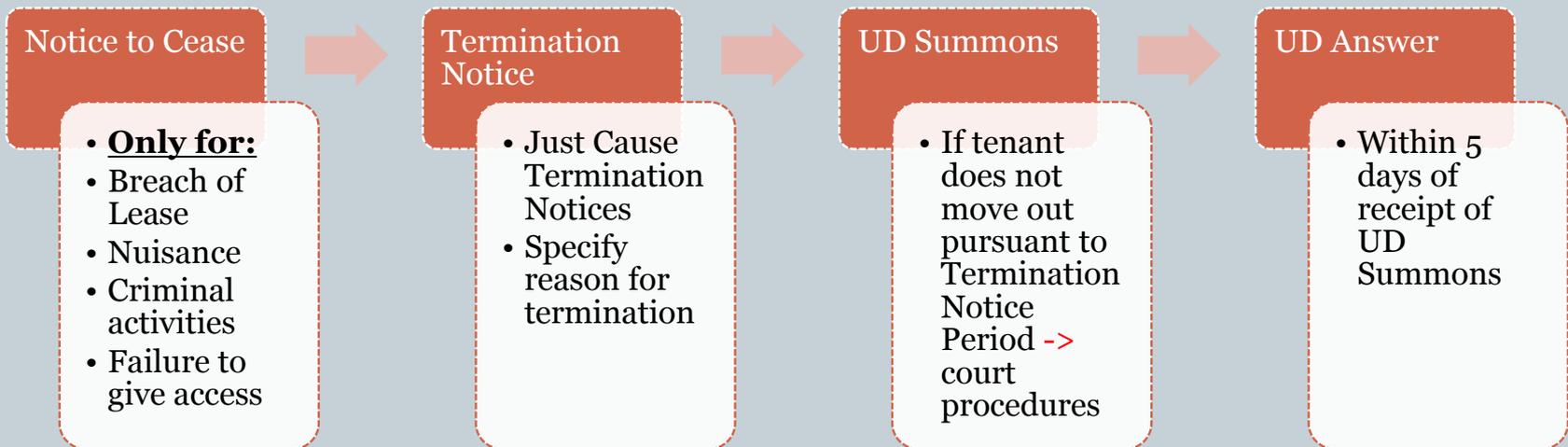
to give tenant the opportunity to cure an alleged violation or problem prior to the service of a Notice to Terminate. Notice to Cease must:

- (1) Provide tenant reasonable period to cure
- (2) Inform tenant that failure to cure may result in the initiation of eviction process
- (3) Inform tenant of right to request reasonable accommodation
- (4) Inform tenant of contact number for Rental Housing Committee
- (5) Include sufficient details about underlying conduct that allows a reasonable person to comply

Just Cause Terminations

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“Just cause” termination process:



Just Cause Terminations

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1. **Failure to Pay Rent:**
 - After proper service of three (3) day notice to pay rent or quit, provided rent is legally due

Just Cause Terminations

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2. Breach of Lease

- Written Notice to Cease
- Substantial violation of terms
- Lease terms reasonable and legal and signed by tenant
- **Subleasing** – not a violation **if**:
 - Tenant remains in unit
 - Sub-tenant replacement 1:1
 - LL unreasonably withheld approval
 - Close relative or domestic partner of Tenant

Just Cause Terminations

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3. Nuisance

- Written Notice to Cease
- A substantial interference with peace and quiet of other persons living in vicinity

Just Cause Terminations

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4. Criminal Activities

- Written Notice to Cease
- Behavior so disorderly that it destroys the peace and quiet or threatens the safety of other tenants or landlord, including violations of state or federal law

Just Cause Terminations

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5. Failure to give access
 - Written Notice to Cease
 - Tenant without good cause refuses to allow landlord access to property which is authorized under state or local law

Just Cause Terminations

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6. Temporary vacancy due to Substantial Repairs:
 - Necessary repairs over 30 days to comply with health and safety code, provided tenant is given option to relocate to comparable unit or right of first refusal to return to current unit
 - Rent maintained at prior level
 - Necessary repairs need to be initiated within 2 months of Notice
 - Otherwise tenant right of return to his/her unit for same rent and seek civil remedies
 - Tenant Relocation assistance is required

Just Cause Terminations

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7. Owner Move-in:

- Natural person with at least 50% ownership
- Notice must include name/relationship to landlord
- Does not apply to tenant **of** over 5 years, and 62 or disabled or terminally ill
- Owner move-in needs to be initiated within 2 months of Notice and remain at least 6 months in unit
- Otherwise tenant right of return to his/her unit for same rent and and seek civil remedies
- Tenant Relocation Assistance is required

Just Cause Terminations

8. Permanent Removal of all units from rental market:
 - 120 day notice required
 - 1 year notice for seniors or disabled
 - Removal of units needs to be initiated within 2 months of Notice
 - Otherwise tenant right of return to his/her unit for same rent and seek civil remedies if unit is not removed
 - Tenant Relocation assistance is required

Just Cause Terminations

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9. Demolition:

- All permits need to be obtained
- Notice as required by state law
- Demolition needs to be initiated within 2 months of Notice
- Otherwise tenant right of return to his/her unit for same rent and seek civil remedies if rental unit is not demolished
- Tenant relocation assistance is required

Tenant Relocation Assistance

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In Just Cause termination cases (#6-9 above), tenants **may** be eligible for tenant relocation assistance if Household Income is not greater than **120% AMI**

Includes:

- Refund security deposit
- 60-day subscription to Rental Agency
- 3-months median rent for similar unit in MV
- \$3000 for special circumstances: seniors, minors, disabled

First Right of Return

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- In Just Cause termination cases (#6-9 above), tenants have **right of first return** if their unit is returned to market by current or successor landlord.
- Rent shall be amount at time of termination notice.

Just Cause Terminations

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Requirements:

- All termination notices must specify the basis for the termination
- Any unlawful detainer action must allege compliance with CSFRA
- Tenant may not be terminated for rightfully exercising his/her rights
- Termination notice must be filed with Rental Housing Committee within 3 days of serving notice to tenant

Just Cause Terminations

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Questions?



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Allowable Rent Adjustments

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Annual Increase:

- RHC sets Annual Allowable Increase by June 30 each year
- 100% CPI (between 2-5%)
- Unlimited Banking
- Max 10% py (CPI+banked)
- First allowable rent increase September 1, 2017

By Petition:

- Landlord
- Upward petition:
- “Fair Rate of Return”
- Tenant
- Downward petition

CPI = Consumer Price Index (all urban consumers, San Francisco, Oakland, San Jose region) as published by US Dept. of Labor

Landlord Petition Process

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The Following factors may be considered in making any **Upward rent adjustments** to the rent

- Changes in property taxes
- Unavoidable changes in costs for repairs/maintenance
- Properly amortized costs for capital improvements necessary to comply with health and safety codes
- Changes in number of tenants, furnishings or housing services
- Substantial deterioration, not normal wear and tear
- Pattern of recent rent increases/decreases

Landlord must fully comply with CSFRA to be allowed upward rent adjustment or annual increase

Landlord Petition Process

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Upward rent adjustment, **EXCLUDED FACTORS:**

- Cost of debt service for any debt obtained after October 19, 2015 unless debt incurred to finance capital improvements to meet code compliance
- Penalties/fees violation of CSFRA or other housing law
- Costs of capital improvements not necessary to bring property into compliance with local codes affecting health or safety
- Income taxes

Tenant Petition Process

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Downward rent adjustment in the following scenarios:

- Failure to maintain rental premises in habitable condition
- Decrease in housing services or maintenance
- Landlord demands or retains rent in excess of lawful rent authorized by CSFRA

Allowable Rent Adjustments

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Requirements:

- Notice of rent increase required before imposed, after the Rental Housing Committee sets the yearly rent allowance increase or approval of petition for upward adjustment
- Banking of rent increases allowed:
 - ✦ Rent increase of 100% CPI + pulling from bank (if any) = max 10% annual increase
- Initial rent for new tenants may be set at market after voluntary vacancies or just cause terminations (“vacancy decontrol”)

landlords

Allowable Rent Adjustments

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Questions?



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Rental Housing Committee

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Administers CSFRA, including
setting Annual General Adjustment of rents

5 members (and 1 alternate) (Mountain View Residents)

Applications accepted until December 20, 2016

<http://www.mountainview.gov/civicax/filebank/blobdload.aspx?BlobID=21173>

Anticipated Next Steps:

- City Council appoints members end of January
- Committee begins meeting mid/late February

Rental Housing Committee

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Key Tasks:

- Set rent at fair and equitable levels
- Establish Rules and Regulations
- Determine Annual General Rent Adjustment
- Appoint Hearing Officers
- Establish Budget for CSFRA implementation
- Hold Public Hearings
- Conduct studies, surveys, investigations, hearings
- Report periodically to City Council
- Publicize Program
- Establish schedule of Penalties
- Pursue Civil Remedies
- Intervene in Litigation
- Administer withdrawal process for removal of rental units

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City's Next Steps

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RHC

- Complete application process for Rental Housing Committee
- Develop **draft** structure for RHC Meetings
- **City Council** appoints RHC **members**

Process

- Develop draft Rules & Regulations, **including petition & hearing process for RHC consideration**
- RHC begins meeting, **determines work plan/timelines**

Outreach

- **Education/outreach**
- Flyers & Materials
- Website updates

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Services for both Landlords and Tenants

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City Resources:

Website: www.mountainview.gov/rentstabilization

Updates: www.mountainview.gov/mymv

check “Rent Stabilization updates”

Services for both Landlords and Tenants

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Mountain View Rental Housing Helpline: (habla espanol)
(Information, Review your issues, options, resources)

Tel: (650) 282-2514

Email: ehislop@housing.org

Weekly Office Hours at City Hall:

Mondays 11am-1pm

Thursdays 12pm-2pm

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 - Fees
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5. **Questions?**

